

## MUNICIPAL YEAR 2019/2020 REPORT NO.

### ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

### OPERATIONAL DECISION OF:

Sarah Cary  
Executive Director  
Place

<b>Agenda – Part: 1</b>	<b>KD Num: KD5020</b>
<b>Subject:</b> MW Strategic Infrastructure - Approval to Award Contract Civil Engineering -led Multidisciplinary Technical Services	
<b>Wards:</b> Upper Edmonton	

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## 1. EXECUTIVE SUMMARY

- 1.2 Meridian Water Programme Update (KD4033) report sought approval for the Council to assume the role of master developer to optimise the development potential and placemaking opportunities.
- 1.3 This report seeks approval to appoint a civil engineering-led multidisciplinary consultancy team support the site wide delivery of infrastructure works to progress the development of Meridian Water.
- 1.4 On February 2019 a Business Case was presented to the Procurement and Commissioning Board where the procurement of a civil engineering-led multidisciplinary consultancy team through the Homes England Multidisciplinary Framework 2018/S 127-289621 was approved.
- 1.5 Following completion of the procurement process, this report is seeking authority to award the contract to the successful supplier and approve drawdown of associated expenditure.

## 2. RECOMMENDATIONS

It is recommended that the Executive Director, Place:

- 2.1 Approves the appointment of Bidder A to provide civil engineering-led multidisciplinary consultancy services for Meridian Water for a 4 year contract (with an option to extend for a further year) through the Homes England Multidisciplinary Framework.
- 2.2 See part 2.

### **3 BACKGROUND**

#### **3.1 Introduction**

- 3.1.1 Meridian Water Programme Update (KD4033) report sought approval for the Council to assume the role of master developer to optimise the development potential and placemaking opportunities.
- 3.1.2 On 25<sup>th</sup> June the Programme Director – Meridian Water approved to go out to tender for a civil engineering-led multidisciplinary consultancy team to progress the development of Meridian Water.
- 3.1.3 A Business Case was presented to the Procurement and Commissioning Board and it was approved to procure civil engineering-led multidisciplinary consultancy team through the Homes England Multidisciplinary Framework 2018/S 127-289621.
- 3.1.4 The scope of the commission is to provide general civil engineering-led multidisciplinary planning and design support for site wide infrastructure works. The scope to support the delivery of Housing Infrastructure Fund infrastructure works included in this commission. The successful award of HIF fund for £156million worth of infrastructure works was announced by the Chancellor in August 2019 and the fund must be spent by March 2024.
- 3..1.5 This report is seeking authority to award the contract to the successful supplier and approve the associated expenditure.

#### **3.2 Scope of services**

- 3.2.1 The technical advisory services scope includes design and planning support for the delivery of strategic infrastructure and phase delivery at Meridian Water. The key areas that require support include the following categories under the Homes England Framework.

	<b>Homes England Core Services under Multidisciplinary Framework</b>
1	Project and Cost Management
2	Engineering Design
3	Planning
4	Consultation
5	Development Monitoring
6	Technical and Site Investigation

3.2.2 There are four distinct work packages expected through the commission and the tasks are set out as below:

- Develop funding strategies to deliver remaining strategic infrastructure at Meridian Water and provide support on all **funding activities** associated with the delivery of Housing Infrastructure Fund programme.
- Provide civil engineering-led multidisciplinary technical advisory services to support the delivery of all the **strategic infrastructure strategies and projects** at Meridian Water. The disciplines to include (but not limited to) environmental design, geotechnical services, transport planning and sustainability.
- Develop, manage and coordinate a **federated Meridian Water strategic infrastructure masterplan model**. Bring together all the geotechnical data produced to date and formulate a federated model to test the multiple development scenarios.
- Provide **town planning** services to support the delivery of all the strategic infrastructure components as well as the phased development projects at Meridian Water.

3.2.3 The services will require input from experts from various disciplines covering civil-engineers, transport planners, programme managers, EIA specialists (noise, energy, air quality, wind, solar, biodiversity), geo-technicians, data architects, city economists, infrastructure programme managers, HIA advisors, BREEAM assessors (CEEQUAL) , transport modellers, urban designers, highways designers, SUDS specialist, structural engineers, BIM managers, town planners and Site Supervisors

3.2.4 To allow flexibility of scope of services due to the changing nature of wider strategic infrastructure delivery strategy and the HIF funding programme deadlines, the bidders were asked to provide daily rates per service areas and by specialism. To ensure the successful bidder delivers value for the money, periodic reviews will be undertaken to monitor performance to key milestones based on key project stages.

3.2.5 Key Performance Indicators is included in the brief to monitor performance of the bidding team on a quarterly basis. As part of contract management process the review will be undertaken to drive continuous improvement, help reduce costs and mitigate risks.

The appointed team will be assessed against the following key performance indicators:

No.	KPI Heading	KPI Detail
1	<b>Strategic understanding of Council's issues and priorities</b>	<ul style="list-style-type: none"> <li>a. Planning and regeneration interdependencies with strategic infrastructure</li> <li>b. Commercial awareness</li> <li>c. Strategic issues and corporate challenges</li> <li>d. Strategic oversight on all facets of civil engineering workstream</li> <li>e. Awareness of industry trends and insights on sustainability</li> </ul>
2	<b>Coordination across Consultant teams</b>	<ul style="list-style-type: none"> <li>a. Coordinated communication and information transfer</li> <li>b. Project oversight and integration</li> <li>c. Coordinated output</li> <li>d. Consistency</li> </ul>
3	<b>Responsiveness of personnel</b>	<ul style="list-style-type: none"> <li>a. Timely delivery</li> <li>b. Ingenuity</li> <li>c. Problem solving</li> <li>d. Good communication</li> <li>e. Good organisation</li> <li>f. Professionalism</li> </ul>
4	<b>Quality of planning evidence and documents</b>	<ul style="list-style-type: none"> <li>a. Correctness</li> <li>b. Accuracy</li> <li>c. Sufficiency</li> <li>d. Representativeness</li> <li>e. Authority</li> <li>f. Clarity of expression</li> </ul>
5	<b>Technology and data management</b>	<ul style="list-style-type: none"> <li>g. Use of the latest technology</li> <li>h. Proficiency in the use of technology</li> <li>i. Adaptation</li> <li>j. Industry compliance</li> <li>k. Ability to manage, coordinate and align data provided by third party</li> <li>l. Good data governance</li> <li>m. Client empowerment on the use and management of geo-technical data</li> </ul>

### 3.3 Procurement Process and Evaluation

3.3.1 The Procurement and Commissioning Board agreed procurement through the Homes England Framework for Multidisciplinary Technical Services, as it offers a fast, efficient and OJEU compliant route, removing the need to undertake a costly and time-consuming full OJEU procurement process. Furthermore, the Homes England Framework was approved for use within the Council and offered the wide range of services required as well as a good list of suitable suppliers.

3.3.2 In compliance with the requirements of the Homes England Framework the procurement was run through the Homes England e-Tendering system as a three-stage procurement process:

- 1.) Expression of Interest (*determine interest*)
- 2.) Sifting Brief (*shortlist a maximum of 5 suppliers*)
- 3.) Invitation to Further Competition (*select successful supplier*)

3.3.3 The outcome of each evaluation stages are explained in part 2.

3.3.4 See Part 2 report

3.3.5 See Part 2 report

3.3.6 See Part 2 report

3.3.7 See Part 2 report

### **3.4 Contract**

See Part 2 report

### **3.5 Cost and Funding**

See Part 2 report

## **4. ALTERNATIVE OPTIONS CONSIDERED**

### **4.1 Do nothing**

Doing nothing would leave the Council without the support needed to for the delivery of strategic infrastructure and phase delivery at Meridian Water delaying provision of much needed affordable homes.

### **4.2 Re-tender**

The Council received three valid tender responses, which demonstrated a good understanding of the Council's requirements and value for money. Retendering the scope of services is unlikely to lead to better tender responses. Retendering would lead to a delay of the timings of the project, leaving the Council without the support needed for the delivery of strategic infrastructure and phase delivery at Meridian Water.

#### **4.3 Commission under the existing contract**

The existing contracts do not sufficiently cover the scope required for the services outline and expire before HIF delivery date which is March 2024

### **5. REASONS FOR RECOMMENDATIONS**

The successful bidder demonstrated the required expertise and experience to deliver the tasks set out in this report. The procurement used the Home England Framework for Multidisciplinary Services to ensure quality and value for money.

### **6. COMMENTS FROM OTHER DEPARTMENTS**

#### **6.1 Financial Implications**

See Part 2 report

#### **6.2 Legal Implications**

6.2.1 Section 111 of the Local Government Act 1972 permits local authorities to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of their functions. In addition, the Council has a general power of competence under Section 1(1) of the Localism Act 2011 to do anything that individuals may do, provided it is not prohibited by legislation and subject to Public Law principles. The Council therefore has sufficient powers to enter into the contract.

6.2.2 In awarding the contract, the Council must ensure that it has complied with the Public Contracts Regulations 2015 as well as the requirements of its Constitution including its Contract Procedure Rules in relation to the award of the contract. The Contract Procedure Rules and Public Contracts Regulations 2015 permit the Council to call-off from an existing framework if the framework terms permit. The Home England Framework for Multidisciplinary Services is available for local authorities to use. A three-stage procurement process was conducted in accordance with the framework requirements. This report describes the conduct of that process and the evaluation of bids.

6.2.3 The Contract Procedure Rules require that, where the value of the contract is £1,000,000 or more, the contractor must be required to provide sufficient security in the form of a parent company guarantee, performance bond or similar. No such security is being provided in relation to this contract for the reasons set out in paragraph 7.4 of this report. In accordance with the Contract Procedure Rules, the Director of Finance has approved this approach.

- 6.2.4 Officers have agreed that the total liability of the successful bidder under the contract will be limited to £10million in the aggregate per annum. This position has been approved by the Director of Finance.
- 6.2.5 Officers have advised that collateral warranties are not required under the proposed contract (para 7.5). Depending on the nature of the services provided under the contract, and particularly if there is an element of design, collateral warranties may be sought by third parties (e.g. potential contractors on site, developers and funders). In the event that a collateral warranty is later required by such third parties in respect of the contract proposed in this report, this may result in additional cost being incurred by the Council.
- 6.2.6 It is proposed that the contract will be funded in part from the proceeds of Housing Infrastructure Fund grant to the Council. On 17th August 2019 the Chancellor of the Exchequer announced the successful award of £156m HIF Grant for Meridian Water which will finance the delivery of strategic infrastructure across the Meridian Water site. The availability of this funding will be subject to the satisfaction by the GLA and the Council of numerous pre- and post-contract conditions and acceptance by the Council of funding terms which are currently being negotiated. Any project activity/expenditure incurred before receiving confirmation that pre-conditions have been met and the HIF grant agreement has been entered into is entirely at the Council's risk. Subject to agreement of terms, the Council will be able to recover any capital expenditure incurred on strategic infrastructure after 28<sup>th</sup> September 2017 provided such expenditure is included in the Council's HIF bid, MHCLG approves the claim and is satisfied with supporting information provided by the Council to evidence such claim.
- 6.2.7 Throughout the engagement of contractor, the Council must comply with its obligations of obtaining best value, under the Local Government Act 1999. The Council must keep a clear audit trail of its decision to award these services to demonstrate that best value has been, and will continue to be, obtained for the Council.
- 6.2.8 The value of the proposed contract is greater than £250,000 and therefore the Council must comply with the requirements of its Key Decision procedure prior to award of contract.
- 6.2.9 All legal agreements in relation to this matter shall be in a form approved by Legal Services on behalf of the Director of Law and Governance.

### **6.3 Property Implications**

The recommendations in this report do not have any property implications.

## 6.4 Procurement Implications

The tender was a call-off from the Homes England Multidisciplinary Framework 2018/S 127-289621. Due diligence was carried out by the Procurement and Commissioning Hub (P&C Hub) on the Council's ability to use the framework. Other frameworks were also considered but the Homes England Framework was chosen due to the length of the call off contract allowed under the framework and the range of suppliers. The project was mini-tendered in accordance with the guidelines provided by the Homes England who operate the framework. The tender returns were evaluated by the team, a moderation meeting was held on 27 November 2019 where the scores and final comments were agreed. The P&C Hub were involved in the procurement and the process was carried out fairly and transparently.

The tendered rates were compared with the competitively tendered framework rates and were the same as, or in some cases lower than, the tendered framework rates.

The Contract Procedure Rules require some form of security to be provided for contracts valued at £1,000,000 or over. It is noted that no security is being provided under this contract and that this has been approved by the Director of Finance.

The award of the contract, including evidence of authority to award, promoting to the Councils Contract Register, and the uploading of executed contracts must be undertaken on the London Tenders Portal including future management of the contract.

The awarded contract must be promoted to Contracts Finder to comply with the Government's transparency requirements.

## 7. KEY RISKS

### 7.1 Housing Infrastructure Funding is not or only partially secured

MHCLG has announced that the bid for funding has been successful. However, the award of funds will be subject to negotiation of detailed terms and the satisfaction of various pre-contract conditions. The services included in this commission related to the HIF Site Works will initially be covered from the Meridian Water Capital Programme and ultimately refunded from the HIF funding.

**Mitigation:** The Meridian Water Financial Model and Budget report going to Cabinet in October recommends the authorisation by Full Council (in November) for expenditure of the Meridian Water detailed budget for the remainder of 2019-20, 2020-21 and 2021-22 financial years, which includes money to finance the scope of services set out in this report within that budget period. If HIF funding is not or only partially secured, the Council will look to secure GLA funding, private

funding and council funding to fund the HIF Works. None of the work undertaken as part of HIF delivery will be abortive and will contribute to strengthening the deliverability of scheme.

## **7.2 The appointed team does not provide value for money**

The successful bidder does not offer value for money.

**Mitigation:** The successful bidder is an established firm with extensive experience delivering the services required. The Council received three tenders back and the successful bidder offered the economically most advantageous bid. As part of contract management process KPI reviews will undertaken on a quarterly basis to monitor performance and quality of service.

## **7.3 Limitation of liability**

The Call-off instruction will limit total liability of the successful supplier to £10million in the aggregate per annum.

**Mitigation:** The level of financial risk during the lifetime of the contract in case of negligence or poor quality of professional advise and design should not exceed £3 million, which is 50% of contract value of each projects to be delivered during the lifecycle of this contract. The £10million liability coverage will be available during the duration of the contract and for up to 12 years post termination of contract.

The Meridian Water Team will carefully manage the risks associated with the delivery of the services required under this appointment. Clear working protocols and instructions will be established and a competent project and contract manager will be allocated to ensure monitoring and quality assurance. The Council reserves the right to terminate the contract based on key performance indicators.

## **7.4 Parent Company Guarantee**

Under the call-off instruction the successful supplier is not required a Parent Company Guarantee (PCG). The requirement was deemed to deter market interest as it is unusual practice for design and planning practices to hold PCG. Requirements for PCGs are standard practice for commissioning contractors liable for losses incurred as a result of the contractor's breach of the building contract and/or insolvency but unusual for contracts related to design and advisory services .

**Mitigation:** All suppliers on the Home England Framework have undergone rigorous financial evaluation. Furthermore, as part of the ITT stage an assessment of economic and financial standing has been carried out to ensure suppliers are financially sound. Services are called off in smaller parts and instructed as when needs are identified, rather than fixed fee instructions in lump sums. Therefore, in case of financial failure of the company, the Council's risk of financial exposure is very low.

## **7.5 Information handover**

Some of the services provided under the contract is required to be handed over from the Council's existing provider including design information and technical modelling data.

**Mitigation:** Systematic handover process had been planned for that follows best practice from industry and the principles of PAS 1192-2. A common data environment (CDE) will be established by the provider to ensure safe and efficient information handover process.

## **8. IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD**

### **8.1 Good homes in well-connected neighbourhoods**

The recommendation in this report do provide the authority to start procuring a project management consultancy to manage the HIF Site Works. The HIF Site Works will unlock new housing development in Meridian Water.

### **8.2 Sustain strong and healthy communities**

The HIF Site Works include several green spaces linking up with existing green spaces in the Meridian Water area and thereby enhancing the value of the local green infrastructure. These works can contribute to the health and wellbeing of the existing and future communities in the area.

### **8.3 Build our local economy to create a thriving place**

The delivery of strategic road and flood alleviation works will unlock the Meridian Water area and significantly increase accessibility of the site, especially by public transport. It is expected that increased accessibility will support local businesses, as well as attract new jobs and business growth in the area supporting Enfield residents and the local economy.

## **9. EQUALITIES IMPACT IMPLICATIONS**

Corporate advice has been sought in regard to equalities and an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report.

However, it should be noted that the any contracts awarded should include a duty on the successful applicant to assist us with meeting our obligations under the Equalities Act 2010.

## **10. PERFORMANCE AND DATA IMPLICATIONS**

Once the civil-engineering led multidisciplinary consultancy team is appointed the performance will be overseen by Meridian Water Team. Systematic reviews of all relevant aspects of performance and the relationship with the appointed team and will take place on a quarterly basis. The reviews will assess how the appointed team is performing against the key performance indicators (KPIs) identified in the ITT. The reviews are a forum to drive continuous improvement, help reduce costs and mitigate risks.

## **11. HEALTH AND SAFETY IMPLICATIONS**

The recommendations in this report do not have any health and safety implications.

## **12. PUBLIC HEALTH IMPLICATIONS**

Meridian Water is poorly connected by public transport, walking and cycling and although the site lies adjacent to the North Circular Road and Meridian Way, a strategic north-south route, the central and eastern part of the site have no direct connection to the proposed railway station, the most important piece of new infrastructure. The intervention proposed for the development should address these site constraints and design-in foundations to prioritise walking and cycling. The infrastructure designs should be grounded on an urban structure that improves the environment and to encourage healthy lifestyle. The utilities corridor should also be designed to provide specs for smart technologies, introduce suitable energy infrastructure to help residents save energy bills and improve air quality.

## **Background Papers**

None