

Please note Part 2 report is now confidential appendix.

London Borough of Enfield

Portfolio Report

Report of Programme Director Meridian Water

Subject: Meridian Water Housing Infrastructure Fund – Approval to Award Project Management and Quantity Surveying Services for the Strategic Infrastructure Works

Cabinet Member: Cllr Nesil Caliskan, Cabinet Member for Meridian Water

Executive Director: Sarah Cary, Executive Director - Place

Ward: Upper Edmonton

Key Decision: 5170

Purpose of Report

1. Meridian Water Housing Infrastructure Fund (HIF)– Approval to Award Project Management and Quantity Surveying Services for the Strategic Infrastructure Works (SIW) contract

Proposal(s)

2. **Approve the appointment of Bidder A to provide project management and quantity surveying services for the delivery of the HIF Site Works through the Homes England Multidisciplinary Framework.**
3. **Authorise expenditure for the scope of services and contingency costs set out within the body of this report.**
4. **Note budget and funding sources for the expenditure (see Confidential Appendix).**

Reason for Proposal(s)

5. The Strategic Infrastructure Works (SIW) funded by the HIF required in the early stages of the programme to unlock further development Meridian Water scheme. The proposal will enable housing development, boost local economy and employment, and contribute to health and wellbeing of local communities. It is key that the right project management and quantity surveying arrangements are in place to ensure the required level of experience and expertise to manage large infrastructure project to deliver the SIW.
6. The Council needs to commence the SIW in time in order to claim funding. It is a requirement of HIF funding contract that £156m of funding secured by the Council is spent by March 2024.

7. The expenditure for the tasks set out within this report are to be funded from within the existing Capital Programme initially and the amount spent by March 2024 will be reimbursed from the HIF funding on a quarterly basis.
8. It is key that an infrastructure project of this scale and complexity is managed by the right project management and quantity surveying firm to ensure the required level of experience and expertise.
9. The procurement through the Homes England Framework for Multidisciplinary Technical Services was identified as preferred and approved by the Council as an operational decision made on 22nd October 2019.
10. There will be a corresponding decrease in STACE time charge fees once this appointment is in place (see Confidential Appendix).

Relevance to the Council's Corporate Plan

11. This appointment would contribute to the Council's priorities:

a) Good homes in well-connected neighbourhoods

The recommendation in this report do provide the authority to award a contract to a project management and quantity surveying consultancy to manage the HIF Site Works. The HIF Site Works will unlock new housing development in Meridian Water.

b) 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.

c) 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.

Background

Introduction

12. In July 2018, Cabinet Approved the scope of Housing Infrastructure Fund, a central government funding programme enabling a delivery of strategic infrastructure at the Meridian Water scheme (see Housing Infrastructure Fund Cabinet Report dated 25 July 2018 (KD 4711)). It also approved planning strategy for HIF delivery works and delegated authority to the Programme Director – Meridian Water to authorise procurement procedure.
13. In early December 2018 a funding bid of £156m for the Housing Infrastructure Fund (HIF) was submitted to central government by the GLA on behalf of

Enfield Council. The Housing Infrastructure Fund is a government capital grant programme from the Ministry for Housing, Communities and Local Government (MHCLG) aimed to unlock housing sites and help deliver new homes.

14. The scope of works proposed for HIF funding includes rail enhancement works amounting to a value of circa £40m (HIF Rail Works) and strategic road and flood alleviation works for a value amounting to circa £116m (HIF Site Works). These works are required as a first phase of strategic infrastructure to unlock housing delivery in Meridian Water.
15. In August 2019 Central Government announced that the Council / GLA have been successful in their HIF bid for the full amount of £156m. In September the Council received the HIF funding conditions from Central Government, which are currently being assessed and will be the subject to negotiation.
16. All SIW must be completed before the delivery deadline of March 2024. To ensure timely delivery ahead of the funding deadline, the Council started the procurement of a Contractor to deliver the HIF Site Works. The HIF Rail Works are procured separately due to the specialist nature of the works. The programme for the contractor procurement for the HIF Site Works is anticipated to be as follows:

Contractor Procurement Stages	Target Dates
Tender returns	May 2020
LBE Cabinet Decision to award Framework Agreement	September 2020

17. The HIF Contractor procurement is currently managed by Stace Project Management, who are expected to oversee and manage the full procurement process of the HIF Contractor up until award of the Framework agreement.
18. A need has been identified to appoint an external project management consultancy to carry out the role of Project Manager and Quantity Surveyor following award of the Framework Agreement. It is envisaged that the new project management and quantity surveying consultancy will come on board during the Contractor Procurement Process, so they can get up to speed with the project ahead of contract award and support on in remaining procurement activities.
19. On the 22th of October, Programme Director - Meridian Water approved the procurement of the project management services for the delivery of the HIF Site Works through the Homes England Framework for Multidisciplinary Technical Services.

Scope of Works

20. The proposed contract award is seeking to appoint the Council's team to provide project management and quantity surveying services for the delivery of the SIW.

21. The Council's Project Management and Quantity Surveying Team is expected to fulfil Project Management and Quantity Surveying roles which will form part of the 'client's team'. This will assist the council in exercise of its duties as client under the forthcoming contracts for design and delivery of the infrastructure. The purpose of the Project Manager's and Quantity Surveyors role is to ensure that the Main Contractor executes the contracted works safely, on programme and to the agreed Contract Sum.
22. The Council's Project Management and Quantity Surveying Team will be required to fulfil specific duties for each of the project stages.

Pre- Contract – PCSA

- Carry out the pre-contract duties of the Project Manager and Quantity Surveyor noted within the appended scope of service.
- Manage the PCSA process such that the Contractor meets the objectives and therefore enters into the NEC contract at the appropriate juncture.
- Carry out the relevant Project Manager and Quantity Surveyor duties required by the Professional Team and the Pre-contract service agreement.
- Manage and Monitor Performance of the Contractor in accordance with the defined KPIs'
- Manage the change control process
- Undertake the administration duties of the PCSA
- Support the council in discharge of planning and funding conditions
- Attendance at all meetings required by the council in regard to the SIW

Contract Period - NEC4

- Carry out the contract duties of the Project Manager and Quantity Surveyor noted within the appended scope of service.
- Carry out the relevant Project Manager and Quantity Surveyor duties required by the Professional Team
- Carry out Project Management duties required by the NEC4 ECC any other duties required under the contract.
- Manage and Monitor Performance of the Contractor in accordance with the defined KPIs'
- Manage the change control process
- Undertake the administration duties of the Construction Contracts.
- Manage any compensation events and advise on damages
- Support the council in discharge of planning and funding conditions
- Attendance at all meetings required by the council in regard to the SIW

Post Contract

- Carry out the post contract duties of the Project Manager and Quantity Surveyor noted within the appended scope of service.
 - Carry out the relevant Project Manager and Quantity Surveyor duties required by the Professional Team
 - Manage and Monitor Performance of the Contractor in accordance with the defined KPIs'
 - Manage the collation of handover documentation
 - Manage the defects process and provide final sign off in conjunction with the retained design team.
 - Attendance at all meetings required by the council in regard to the SIW
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23. 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 Council reserved the right to add further duties beyond the scope of services indicated above, including Project Management and Quantity Surveying services for other projects related to the wider Meridian

Water development, in accordance with the rates schedules. The bidders were asked to provide daily rates per service areas and by level of qualification. Framework Contract stipulates the right to inspect and examine any of the work being performed as part of the provision of the Services at any reasonable time.

Procurements Process

24. The Procurement and Commissioning Board agreed procurement through the Homes England Framework for Multidisciplinary Technical Services on 10/09/2019, 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.

25. The Homes England framework requires all procurements to be run through the Homes England e-Tendering system. Given the fact that the estimated value of the scope of services exceeded the OJEU threshold, the procurement process was run 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)

26. The outcomes of each evaluation stages are explained in Confidential Appendix.

Contract

27. See Confidential Appendix.

Cost and Funding

28. See Confidential Appendix

Main Considerations for the Council

29. Following award of the contract the newly procured project management and quantity surveying consultancy will work in collaboration with the Contractor to drive the delivery of the HIF Site Works under the contractual arrangements of the Contractors appointment and within the context of the Council's vision and objectives.

30. Given the funding deadline of March 2024 to deliver the HIF Site Works, it is key that the right project management and quantity surveying arrangements are in place to ensure the required level of experience and expertise to manage large infrastructure project to deliver the SIW. As timely delivery is of importance, the activities of the Project Management and Quantity Surveying Team should be persistently conducive to adequately resource and administer the project aimed at 'on time' and 'on budget' delivery of the works.

31. It is aimed to get the new Project Management and Quantity Surveying Team on board before the responsibilities of the current management come to an end in order to allow the new Project Management and Quantity Surveying Team to get up to speed.
32. 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.
33. As explained in Relevance to the Council's Corporate Plan, this appointment is instrumental to unlocking development that contributes to the Council's priorities.
34. There will be a corresponding decrease in STACE time charge fees once this appointment is in place (see Confidential Appendix).

Safeguarding Implications

35. The recommendations in this report do not have any safeguarding implications.

Public Health Implications

36. The appointment of a project management team and quantity surveying service in themselves do not have any significant public health implications.

Equalities Impact of the Proposal

37. 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.
38. Framework Contract stipulates that the consultant shall not, and shall take all reasonable steps to procure that no employee, servant or agent of the Consultant engaged in the provision of the Services shall, unlawfully discriminate within the meaning and scope of the provisions of the Sex Discrimination Act 1975, the Equality Act 2010 or the Human Rights Act 1998.

Environmental and Climate Change Considerations

39. Evaluation Criteria for this appointment did not include questions on Sustainability and Climate Change. However, it should be noted that the appointed Consultant will project manage SIW contractor. Evaluation Criteria for HIF contractor role does include questions on Sustainability and Climate Change (see KD 5181 report for details):
 - Bidders were required to set out the practical approaches they will take to deliver best practice standards of sustainability and help achieve the key environmental sustainability outcomes for Meridian Water: Carbon positive (beyond net zero carbon emissions), Climate resilient, Radical increase in biodiversity, Zero waste & circular economy by design.

- All Final Tenders were be required to confirm they are able to meet a minimum of CEEQUAL Very Good Rating (or equivalent).
40. On 24th March 2020, the Council's Planning Committee has reviewed the application for Strategic Infrastructure Works and recommended for approval subject to several conditions, noting that the development has regard to climate change and seek to address some of the key elements to delivering a sustainable development at Meridian Water by:
- Proposing a comprehensive strategy to address flood risk;
 - Improving connectivity and opportunities for active travel thus reducing reliance on the motor vehicle;
 - enhancing the biodiversity value of the site through the naturalisation of part of Pymmes Brook and the creation of two new parks;
 - provision of the necessary infrastructure to facilitate future connectivity to the decentralised energy network.

Risks that may arise if the proposed decision and related work is not taken

41. Delivery of strategic infrastructure and phase delivery at Meridian Water could fail or be delayed if project management and quantity surveying support needed is not secured in time.
42. Council's housing and employment objectives could be put at risk if infrastructure necessary to unlock development is not delivered in time.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

43. 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: 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 SIW. None of the work undertaken as part of HIF delivery will be abortive and will contribute to strengthening the deliverability of scheme. In a case HIF funding agreement is not met for the project none of the work undertaken will be abortive.

44. 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.

45. Financial security of the appointed bidder

Suppliers informed the Council that under Homes England Framework Agreement they are not obliged to provide a Parent Company Guarantee. This form of financial security is not appropriate for a consultant in this role.

Mitigation: All suppliers on the Home England Framework have undergone rigorous financial evaluation. Furthermore, as part of the IIT stage an assessment of economic and financial standing has been carried out to ensure suppliers are financially sound. It was agreed with the Acting Executive Director of Resources that Parent Company Guarantee was not required. Up to date financial records will be maintained on all Framework members. If insufficient information is available in the public domain Homes England's Customer Due Diligence team may be in touch to request additional information in order to get comfort of continued good standing. The Instructions for Tendering stipulate that The Council will continue to monitor the financial standing and stability of the tenderer. The Tenderer shall notify the Council of any circumstances that it considers will have a material impact on the financial standing of the Tenderer.

46. Discontinuity of Project Management and Quantity Surveying arrangements results in loss of valuable time and knowledge on the project

The Project Management and Quantity Surveying Team to be appointed through this procurement will need to build up knowledge of the project in order to efficiently and effectively carry out their responsibilities and the knowledge and expertise of the existing project management consultancy will be lost.

Mitigation: The Invitation to Tender for the Project Management and Quantity Surveying services included full details of the HIF Site Works Project. Furthermore, it is aimed to get the new Project Management and Quantity Surveying Team on board before the responsibilities of the current management come to an end in order to allow the new Project Management and Quantity Surveying Team to get up to speed.

Financial Implications

47. See Confidential Appendix.

Legal Implications

MD 16th July 2020 (based on report received on 15th July 2020 at 22:57)

48. The Council has the power under s.1(1) Localism Act (2011) to do anything individuals generally may do providing it is not prohibited by legislation and subject to Public Law principles. There is no express prohibition, restriction or limitation contained in a statute against use of the power in this way. The

Council therefore has sufficient powers to enter into the contract as proposed in this report.

49. The Council must comply with all requirements of its Constitution (including its Procurement Procedure Rules) and the Public Contracts Regulations 2015 in respect of the procurement and award of contract for project management and quantity surveyor services. The Procurement Procedure Rules and Public Contracts Regulations 2015 permit the Council to call-off from an existing framework if the framework terms permit. The Homes England Framework permits local authorities to call-off from it and sets out the procedures for calling-off contracts. The resulting call-off contract must be based on the framework terms and the Council must ensure that it follows the rules of the Framework.
50. Notwithstanding the anticipated value of the contract and the requirements of the Procurement Procedure Rules, the Executive Director of Resources has agreed that the appointed contractor will not be required to provide security.
51. It is proposed that the contract fees will be funded by HIF grant funding to be made available by MHCLG. Although the Council's bid for HIF funding was successful, MHCLG and the Council are yet to enter into an agreement in respect of HIF funding. Any contract entered into, or any expenditure incurred by the Council prior to entry into the HIF grant agreement and prior to receiving formal confirmation that any preconditions to funding have been met, is at the Council's own risk. Any services provided after 31st March 2024 will not be recoverable out of the HIF grant funding. Unless otherwise agreed by MHCLG, the Council will be required to provide to MHCLG with a copy of the executed project management contract as well as a collateral warranty from the contractor in favour of MHCLG as a condition to funding.
52. Throughout the engagement of the contractor, the Council must comply with its obligations of obtaining best value as set out in the Local Government Act 1999.
53. All legal agreements arising from the matters described in this report must be approved in advance of contract commencement by the Director of Law and Governance. Given the anticipated contract value, the contract must be sealed and retained by Legal Services for safekeeping.
54. The anticipated contract value exceeds £500,000. Therefore this is a Key Decision and the Council must comply with its Key Decision procedure.

Workforce Implications

55. Not applicable.

Property Implications

56. There are no property implications arising directly from this report however it is anticipated that there may be future Property Implications as each section of the works progresses. Any future reports arising as a result of these proposals will need to be further reviewed and when property transactions are included Strategic Property Services will comment on the individual deals.

Other Implications

Procurement Implications

provided by Samantha Rose on 03/07/2020

57. 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 tender process commenced with an Expression of Interest, followed by a Sifting Brief which was used to provide a shortlist of bidders. After the shortlist was complete, the project was mini-tendered to 3 providers in accordance with the guidelines provided by the Homes England who operate the framework. The tender returns were evaluated by members of the Meridian Water and Highways teams, a moderation meeting was held on 28 May 2020 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.
58. The tendered rates were compared with the competitively tendered framework rates and were the same as the tendered framework rates.
59. The procurement was undertaken using the Homes England London Tenders Portal (ref DN434422).
60. A business case was presented to the Procurement & Commissioning Review Board on 10/09/2019 where the procurement route was reviewed and approved.
61. The award of the contract, including evidence of authority to procure and award promoting to the Councils Contract Register, and the uploading of executed contracts must be undertaken on the Enfield London Tenders Portal including future management of the contract.

Options Considered

62. 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.

63. 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.

Conclusions

64. Strategic Infrastructure Works (SIW) are required in the early stages of the programme to unlock further development Meridian Water scheme. The proposal will enable housing development, boost local economy and employment, and contribute to health and wellbeing of local communities.
65. It is key that the right project management and quantity surveying arrangements are in place to ensure the required level of experience and expertise to manage large infrastructure project to deliver the SIW.
66. Procurement approach has been approved and rigorous evaluation of bidders was undertaken to ensure best value for the Council. It is therefore recommended to appoint the successful bidder as to enable future development at Meridian Water.

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13.07.2020

Appendices

- Appendix 1 – Confidential Appendix

Background Papers

The following documents have been relied on in the preparation of this report:

- KD 4469
- KD 4711
- KD 5181