

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 Rail Project Management Office for the Strategic Infrastructure Works

Cabinet Member: Cllr Nesil Caliskan, The Leader of the Council

Executive Director: Sarah Cary, Executive Director - Place

Ward: Upper Edmonton

Key Decision: 4888

Purpose of Report

1. Meridian Water Housing Infrastructure Fund (HIF)– Approval to Award Project Management Services for the Strategic Rail Infrastructure Works (SRIW) contract

Proposal(s)

2. **Approve the appointment of Bidder A to provide project management, cost consultancy and principal designer for the delivery of the HIF Rail Works through the Transport for London Professional Services Framework 2 Project & Programme Management Services.**
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 SRIW 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.
6. The Council needs to complete the rail works by March 2024 in order to claim the full amount of available funding. HIF grant may only be claimed by the Council until 31st March 2024 and the Council can submit claims in respect of expenses incurred up to this date.

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 firm to ensure the required level of experience and expertise.
9. The procurement through the Transport for London Professional Services Framework 2 Project & Programme Management Services was identified as preferred and approved by the Council as an operational decision made on 19th May 2020.

Relevance to the Council's Corporate Plan

10. 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 rail PMO consultancy services to manage the HIF Rail Works. The HIF Rail Works will unlock new housing development in Meridian Water.

b) Safe, health and confident communities

The HIF Rail Works will include ecological and diversity assessments in line with Network Rail standards. The rail works will contribute to the achievement of long-term carbon emission goals, through improved energy efficiency, helping others make more carbon efficient journeys, which reduces the need to use a car. These works can also contribute to the health and wellbeing of the existing and future communities in the area.

c) An economy that works for everyone

The delivery of strategic rail 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

11. 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.

12. In August 2019, Central Government announced that the Council's bid had been successful. The detailed terms and conditions of the grant agreement are currently being negotiated and it is envisaged that the parties will enter into the agreement in October 2020. Availability of funding will be contingent on the Council satisfying certain conditions to funding
13. All claims for HIF funding must be submitted by 31st March 2024. To ensure timely delivery ahead of the funding deadline, the Council is commencing with the necessary procurements in advance of entry into the HIF grant agreement and confirmation that all conditions to funding have been satisfied. It is envisaged that the grant agreement will be entered into in Q4 2020.
14. A need has been identified to appoint an external project management consultancy to carry out the role of Project Manager, Cost consultant and PD for the HIF rail project. It is envisaged that the new project management consultancy will come on board late October 2020, so they can progress the negotiations with DfT, Network Rail and other key industry stakeholders prior to the main contractor being appointed in September 2021.
15. On the 26th of June, Delivery Director - Meridian Water approved the procurement of the project management services for the delivery of the HIF Site Works through the Transport for London Professional Services Framework

Scope of Services

16. The proposed contract award is seeking to appoint the project management, cost consultant and principal designer consultancy services for the delivery of the SRIW.
17. The new Project Management Team will be fully integrated and 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 role is to ensure that the Main Contractor executes the contracted works safely, on programme and to the agreed Contract Sum.
18. The new Project Management Team will be required to fulfil specific duties for each of the project stages.

Pre- Contract –

- Carry out the pre-contract duties of the Project Manager noted within the appended scope of service.
 - Manage the stakeholder process such that the project is successful through the Final Business Case (Decision to Deliver) with the DfT.
 - Carry out the relevant Project Manager duties required by the Professional Team
 - Manage and Monitor Performance of the design and city economics team in accordance with the defined KPIs'
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- Manage the change control process
 - Attendance at all meetings required by the council in regard to the SIW
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Contract Period - NEC4

- Carry out the contract duties of the Project Manager
 - Carry out the relevant Project Manager 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 SRIW
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Post Contract

- Carry out the post contract duties of the Project Manager noted within the appended scope of service.
 - Carry out the relevant Project Manager 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 SRIW
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Procurements Process

19. The Procurement and Commissioning Board agreed procurement through the Transport for London Professional Services Framework 2 Project & Programme Management Services on 19th of May 2020, 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 Transport for London 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.

20. Given the fact that the estimated value of the scope of services exceeded the OJEU threshold, the procurement process was run as a two-stage procurement process:

- 1.) Expression of Interest (determine interest)
- 2.) Invitation to Further Competition (select successful supplier)

21. The outcomes of each stage are explained in Confidential Appendix.

Contract

22. All suppliers on the TfL Professional Services Framework 2 Project & Programme Management Services have been appointed under framework contracts, which have been prepared by TfL's Legal Services. The successful supplier will be appointed in accordance with the Framework Agreement

which provides that required services can be drawn down by issuing an Instruction to the Consultant. The Framework Agreement provides a template Instruction Form that will need to be completed on behalf of Enfield.

Cost and Funding

23. See Confidential Appendix

Main Considerations for the Council

24. Following award of the contract the newly procured project management and consultancy will work in collaboration with the Contractor to drive the delivery of the HIF Rail Works under the contractual arrangements of the Contractor's appointment and within the context of the Council's vision and objectives.
25. Given the funding deadline of March 2024 to deliver the HIF Rail Works. As timely delivery is of importance, the activities of the Project Management Team should be persistently conducive to adequately resource and administer the project aimed at 'on time' and 'on budget' delivery of the works.
26. It is aimed to get the new Project Management Team appointed prior to GRIP 3 (October 2020)
27. The successful bidder demonstrated the required expertise and experience to deliver the tasks set out in this report. The procurement used the Transport for London Professional Services Framework 2 Project & Programme Management Services to ensure quality and value for money.
28. As explained in Relevance to the Council's Corporate Plan, this appointment is instrumental to unlocking development that contributes to the Council's priorities.

Safeguarding Implications

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

Public Health Implications

30. The appointment of a project management team service in themselves do not have any significant public health implications.

Equalities Impact of the Proposal

31. 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.
32. 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

33. It should also be noted that the appointed Consultant will project manage the SRIW contractor with the evaluation Criteria for the HIF contractor role including questions on Sustainability and Climate Change will be included in the rail contractor appointment. In addition, the overall Meridian Water development is being designed to be carbon positive, with whole life carbon emissions being reduced over time and offsetting being put in place.

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

34. Delivery of strategic rail infrastructure at Meridian Water could fail or be delayed if project management support needed is not secured in time.
35. 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

36. 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 Rail 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.

37. 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.

38. Financial security of the appointed bidder

Suppliers informed the Council that under TFL Framework Agreement they are obliged to provide a Parent Company Guarantee. This form of financial security is appropriate for a consultant in this role.

Mitigation: All suppliers on the Transports for London 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. Up to date financial records will be maintained on all Framework members. If insufficient information is available in the public domain Transport for London 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.

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

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

Financial Implications

40. See Confidential Appendix.

Legal Implications

MD 9th October 2020 (based on report received on 8th October 2020 at 14:28)

41. 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.

42. The public sector equality duty under section 149 of the Equality Act 2010 requires the Council to have due regard to: (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; and (ii) the need to advance equality of opportunity between persons who share a protected characteristic and persons who do not share it. Officers have confirmed (para 31 above) that there are no equalities implications in agreeing the recommendations in this report. It is recommended that further advice is obtained throughout the strategic infrastructure works programme to ensure that any required equality

impact assessments are completed, updated and duly considered by the Council.

43. 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 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 Transport for London 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.
44. Given the value of the proposed contract, the appointed contractor will be required to provide security in the form of a parent company guarantee.
45. 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.
46. 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.
47. 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.
48. 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

49. Due to the nature of this appointment, it is clear that the London Borough of Enfield does not have the required rail PMO expertise to progress the project. It is therefore appropriate to engage an industry respected rail PMO to manage the project on behalf of the Council.

Property Implications

50. 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 06/10/2020

51. The tender was a call-off from the Transport for London Professional Services Framework 2 Project & Programme Management Services 2019/S 124-303043. 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 Transport for London Framework was chosen as it is a specialist rail framework and contained a wide range of suitable suppliers. The tender process commenced with an Expression of Interest, all of the framework suppliers expressed an interest in tendering, the project was mini tendered to 10 providers in accordance with the guidelines provided by Transport for London who operate the framework. The tender returns were evaluated by members of the Meridian Water Rail Team and an external rail expert, a final moderation meeting was held on 2 October 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.
52. The tendered rates were compared with the competitively tendered framework rates and were lower than the tendered framework rates.
53. The procurement was undertaken using the London Tenders Portal (ref DN478435).
54. A business case was presented to the Procurement & Commissioning Review Board on 19th of May 2020 where the procurement route was reviewed and approved.
55. 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 London Tenders Portal including future management of the contract.
56. The awarded contract must be promoted to Contracts Finder to comply with the Government's transparency requirements.

Options Considered

57. 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.

58. 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

59. Strategic Rail Infrastructure Works (SRIW) 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.
60. It is key that the right project management arrangements are in place to ensure the required level of experience and expertise to manage large infrastructure project to deliver the SIW.
61. 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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Appendices

- Appendix 1 – Confidential Appendix