

## London Borough of Enfield

### Operational Report

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**Subject:** Meridian Four - The Appointment of Quantity Surveying Services Off the Project Management and Multidisciplinary Services Framework Agreement Via Fusion 21

**Executive Director:** Sarah Cary

**Ward:** Upper Edmonton

**Key Decision:** 5262

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#### **Purpose of Report**

1. Meridian Four - Approval to award the Quantity Surveying Services for the delivery of Meridian Four.

#### **Proposal(s)**

2. **Approve the appointment of Bidder A to provide quantity surveying services for the delivery of Meridian Four through the Fusion 21 Multidisciplinary Framework for RIBA Stages 0-3, with further budget approval required to continue the contract for RIBA Stages 4-6.**
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. On 16<sup>th</sup> September 2020, Cabinet approved KD5174 the preferred option for proceeding with Meridian Four as direct delivery. This preferred option requires the Council to procure consultancy and development management support. The same Cabinet paper authorised the procurement of the professional team and delegated authority to the Programme Director – Meridian Water, acting in accordance with all relevant procedures and protocols, to authorise and enter into individual contract appointments. This decision to procure quantity surveying services is one of several procurement decisions which will be supporting the phase until at least 2026.

6. Meridian Four is the fourth development opportunity within the 85-hectare Meridian Water site, located in the northern half of the Phase 2 Outline Planning Permission (OPP) area.
7. In 2021, the Council will launch the design for the Reserved Matters application and proceed with directly delivering Meridian Four as a mixed-use scheme comprising new Build to Rent, Affordable and a small proportion of market homes along with commercial and community space.
8. The Council has a significant role in the design and project management and will be required to appoint a high-quality professional team to reduce related design and construction risk and provide confidence to the investor market who are forward funding the scheme. Authorising the expenditure of the budget at this stage and delegating the appointments of the professional team enables the Council to commence the preparation of the Reserved Matters Planning Application for Meridian Four in April 2021.

### **Relevance to the Council's Corporate Plan**

9. Meridian Water is a key component in contributing to the vision, aims and priorities of the Council's Corporate Plan.
10. **Good Homes in well-connected neighbourhoods:** Meridian Water will contribute to the Council continuing its pioneering approach to regeneration to create thriving, affordable neighbourhoods and places, and increasing the supply of affordable, quality housing options for ownership, social rent and private rent. Meridian Four will deliver up to 806 new homes.
11. **Safe, healthy and confident communities:** Meridian Four will contribute towards the overall strategy for Meridian Water which aims to deliver on the Council's aims to improve public health and people's well-being. Along with new homes Meridian Four will deliver community and social infrastructure; new amenity spaces and open up access to the River Lee.
12. **An economy that works for everyone:** Meridian Four will deliver new ground floor commercial premises, workspace. Through the appointment of the Meridian Water Design Team a number of Social Value outcomes will also be achieved, including educational programme and training opportunities.

### **Background**

13. Meridian Four comprises the following development plots, as below, with indicative numbers of residential units per plot based on the illustrative OPP scheme:
  - Z04-01: 152 units
  - Z04-05: 121 units
  - Z05-04: 199 units
  - Z05-06: 208 units
  - Z05-07: 126 units

**Total: 806 units**

Figure 1: Plan of Meridian Four Development Plots



14. In September 2020 (report KD5174), Cabinet approved direct delivery of Meridian Four. Cabinet also authorised the procurement of the professional team and delegated authority to the Programme Director – Meridian Water, acting in accordance with all relevant procedures and protocols, to authorise and enter into the individual contract appointments.

### **Scope of Services**

15. The Quantity Surveyor will represent the Council as Employer to fulfil the Employer's obligations throughout all the stages of the project from inception to handover across the RIBA Plan of Work 2020.

### **Procurement Process**

16. Given the estimated value of the scope of services exceeded the OJEU threshold it was determined to go out to tender for Quantity Surveying Services. On the 10<sup>th</sup> December 2020, Programme Director - Meridian Water approved the procurement of the quantity surveying services for the delivery of Meridian Four through the Fusion 21 Framework for Multidisciplinary Services. This framework was selected due to the track record and experience of practices on the framework and involved a single stage tender process.

17. Of the eighteen suppliers on the framework ten expressed an interest in the opportunity to tender for the Quantity Surveyor services. All suppliers that expressed an interest were invited to submit a tender.
18. Mid-tender review meetings were held the week commencing 11<sup>th</sup> January. Five suppliers requested a mid-tender meeting.
19. Four of the five suppliers provided valid ITT submissions. The fifth declined to tender during the tender period, due to the inability to submit a quality tender.
20. The tenders submitted in response to the Council's ITT were evaluated against price (30%) and quality (70%) criteria to establish the most economically advantageous tender. Six Council officers evaluated including officers specialising in social value and sustainability scoring the ITT responses in accordance with the evaluation criteria and the scores were moderated by the Council's Procurement Team.
21. The outcomes of each evaluation stages are explained in Confidential Appendix.

## **Main Considerations for the Council**

### Delivering Meridian Four as Master Developer

22. In September 2020 (report KD5174), Cabinet approved direct delivery of Meridian Four. As Master Developer the Council will lead the design and the delivery of the scheme. The Meridian Water Delivery Director, has oversight of the delivery of the project with day to day management being led by the Senior Development Manager supported by other members of the Meridian Water project team (viability; social value; sustainability; design). As the project runs a "lean client" team it is necessary to procure a full Design Team, including Quantity Surveying services in order to ensure the timely delivery of the project and secure the delivery of first units in 2026.
23. The appointed Quantity Surveyor will support the Project Manager a review of the project feasibility work undertaken to date and will coordinate the development of a detailed construction cost plan, in the preliminary stages of the project. Bidder A has demonstrated that they have a track record in developing construction budgets, undertaking cost control and value management on schemes of the scale and complexity of Meridian Four. In particular they demonstrated they have the understanding and expertise to deliver Build to Rent schemes and understanding of Modern Methods of Construction.
24. Within their submission Bidder A has demonstrated that they have the relevant experience to successfully coordinate a project of this scale and complexity through all of the RIBA work stages including contractor procurement and delivery.

25. As previously described Meridian Four is a complex development project including complex building construction and considerations around the delivery of homes within the Build to Rent (BtR) tenure. It is also proposed to consider the delivery of the scheme using Modern Methods of Construction (MMC) (as advocated by the Ministry of Housing; Communities and Local Government). The bidding process has focused on identifying a Quantity Surveying team with a demonstrated track record in providing cost and budget advice on equivalent schemes. Bidder A has addressed the requirements of Meridian Four by assembling a team comprising BtR specialists; Affordable Housing specialist and who are have experience in schemes delivery using Modern Methods of Construction.
26. The Quantity Surveyor is also required to support the production of a Procurement Strategy, which is to be approved by the Meridian Water Programme Director and assist in the procurement of main contractor(s) for Meridian Four. The procurement process confirmed that Bidder A has experience in the developing procurement strategies and is conversant in the risks and opportunities presented by differing approaches.
27. Bidder A has been subject to a rigorous evaluation process considering their ability to deliver Meridian Four taking into account the different technical considerations as set out above and it is the view of the panel of moderators and the Delivery Director that Bidder A should be appointed to provide Quantity services.

#### Benefits to all Meridian Water and LBE Projects

28. There is great importance in putting together a highly skilled design team to deliver the Meridian Four project as the Council are leading the project as Master Developer. The appointment of the Quantity Surveyor is a key role within the team and key to successful delivery. In the selection of Bidder A it is considered that the correct team has been selected not only to develop the Council's experience and understanding in the construction cost of delivery of Build to Rent tenure but also in understanding the project gains that can be achieved in utilising Modern Methods of Construction.
29. The intention will be to share the learnings of Meridian Four on future phases of the Meridian Water development project. The greater understanding of best practice; procurement; innovation and how the industry is responding to changing legislation can be shared by updates in the Phase Delivery Board on Meridian Water and the Sustainable Buildings Board of LBE.

#### Benefits to Council Residents

30. Bringing on board Bidder A as skilled Quantity Surveyor will be of direct benefit to the delivery of Meridian Four. They will bring skills and understanding acquire from other projects delivered in both the commercial and the private sector enabling the project to be delivered on time and on budget.

31. A key driver for the project is the delivery of new homes within the borough. Appointing an external design team, in particular Quantity Surveyor services will enable this delivery. It would not have been feasible to deliver a scheme of this scale through a team of Council staff due to the range of technical skills required.

### **Contract**

32. See Confidential Appendix

### **Costing and Funding**

33. Each of the bidders as part of the Tender Evaluation was asked to provide fee percentages for each discipline for each of the RIBA work stages. The total fee percentage for the RIBA stages has been multiplied by the estimated construction value to obtain a figure for tender evaluation purposes stages. This was further refined by the information being provided on a block basis for the following blocks:

- Plot Z05-04 – Build to Rent
- Plot Z05-07 – Build to Rent
- Plot Z04-01 – Build to Rent
- Plot Z04-10 – Pavilion
- Plot Z05-06 – Affordable
- Plot Z04-05 – Affordable
- Plot Z05-08 – Pub

34. Bidder A's financial proposal is detailed in Confidential Part 2.

### **Safeguarding Implications**

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

### **Public Health Implications**

36. The appointment of a quantity surveying services does not have any significant public health implications.
37. Climate change has been described as the greatest threat to public health in the 21st Century. With that in mind, Meridian Water is committed to zero-carbon construction, renewable and sustainable resources and to generate more energy than it uses. This is in line with Enfield Council's pledge to become a carbon neutral local authority by 2030. The appointment of Quantity Surveying services will not affect environmental impact, and merely assist in delivering the development.

### **Equalities Impact of the Proposal**

38. The Council has a duty to promote equality, diversity and inclusion, and it recognises the issue of diversity specifically within the construction sector.
39. The bidders' approach to Equality, Diversity and Inclusion has been assessed as part of the tender process. Within their submissions bidders were asked the following questions:
  - a. Please set out how you will support and create new opportunities for underrepresented and marginalised groups as part of the Meridian Four project.
  - b. Please set out your organisations approach to improving equality, diversity and inclusion in the workplace.
40. The tenders submitted in response to the Council's ITT were evaluated against price (30%) and quality (70%). 5% of the quality score is attributed to Equality, Diversity and Inclusion.
41. Bidders were asked also to complete Equality and Diversity monitoring forms to be submitted as part of their tender response, albeit the information included within the forms did not form part of the assessment.
42. An Equalities Impact Assessment (EQIA) by Ottaway Strategic Management Ltd was commissioned by the Council to consider the impacts of the Meridian Water (Strategic Infrastructure Works) Compulsory Purchase Order. The EQIA concluded that there are no direct negative equality impacts identified against any of the protected characteristics. However, there are some groups with protected characteristics who are likely to experience proportionately higher consequences of the regeneration of Meridian Water and these are:
  - a. White other staff, including Eastern European, Turkish and Greek;
  - b. BAME Staff;
  - c. Women in properties in third party ownership; and
  - d. Older members of the workforce potentially less able to re-engage in the labour market if their jobs are lost to the relocation programme.
43. The EQIA proposed several mitigation measures to address these indirect impacts which the Council intends to implement including the implementation of effective equalities monitoring by the Council and development and construction partners. The EQIA also acknowledges significant potential positive impacts of the regeneration of Meridian Water (including for example, new homes, social infrastructure and employment growth) and that these benefits will likely impact on all the aforesaid groups having protected characteristics.
44. An EQIA was also prepared by the Council's Strategic Planning Team to support the ELAAP submission. The planning application for Phase 2 was

also subject to an EQIA. The Phase 2 application was accompanied by a socio-economic analysis as part of the Environmental Statement. No substantive negative impacts to persons or groups with protected characteristics were identified.

### **Environmental and Climate Change Considerations**

45. The Council has a goal to become carbon neutral by 2030 and in July 2018 the Cabinet declared a climate emergency. Meridian Water must seek to use zero-carbon construction, renewable and sustainable resources, generate more energy than it uses, foster active travel and support low-carbon communities.
46. Whilst the appointment of Quantity Surveying services does not have any direct environmental and climate change considerations the tender process sought to evaluate how the bidder could ensure that the project met the requirements of the Meridian Water Environmental Sustainability Strategy.
47. Bidder A's submission confirmed that they are conversant with the aims and objectives of the Environmental Sustainability Strategy and that they have been active in supporting their clients and design teams in reducing carbon consumptions within their development projects.

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

48. The appointment of an experienced and capable Quantity Surveying consultancy will reduce the risk to the Council of non-delivery, cost exposure, reputation in the market and poor agreements with partners. Not appointing the Quantity Surveyor will increase these risks.

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

49. The key risk in appointing Quantity Surveying Services is that the Consultant does not deliver the services required by the contract to a suitable standard, within the project timelines and on budget.
50. Working with the Finance Team, the Meridian Water Senior Development Manager will monitor the Quantity Surveying Services contract closely.
51. The services will be reviewed on a monthly basis included fees spent and work delivered against programme. At the end of each RIBA work stage the Project Manager will be required to provide a RIBA Stage Report which in accordance with the contract will be reviewed and approved by the Council before instruction to proceed with the next work stage is given.

### **Financial Implications**

52. In September 2020 (report KD5174), Cabinet approved direct delivery of Meridian Four. The report approved the procurement of the Design Team



to develop the RIBA 0-3 design. The appointment of Bidder A falls within the scope of the Cabinet approved decision.

53. The financial implications are considered in detail in the Confidential Appendix. It is considered that the appointment represents value for money for the Council for the services tendered and the financial standing of the company has been verified to protect the Council from potential risk.

### **Legal Implications (MD 12th April 2021)**

54. 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.
55. The Council must comply with all requirements of its Constitution (including its Contract Procedure Rules) and the Public Contracts Regulations 2015 in respect of the procurement and award of contract for project management 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 Fusion 21 Framework permits local authorities to call-off from it and sets out the procedures for calling-off contracts. The resulting call-off contract is based on the framework terms and the Council has followed the rules of the Framework.
56. Full details of the contract terms are set out in the Confidential Appendix. The Council's Contract Procedure Rules require that, for contracts valued between £500,000 and £1,000,000, sufficient security should be considered to manage risk. Officers have concluded that no security will be required in this instance. Evidence of why no security is being required must be stored and retained on the Council's E-Tendering Portal for audit purposes. Collateral Warranties between the Council and the contractor and key subcontractors will be provided. The levels of insurance to be maintained by the contractor are also set out in the Confidential Appendix. The contract requires the Council's approval to proceed to each phase of services and further budget will need to be allocated before any instruction to proceed beyond RIBA Stage 3.
57. All legal agreements arising from the matters described in this report must be approved in advance of contract commencement by Legal Services on behalf of the Director of Law and Governance. Given the anticipated contract value, the contract must be sealed and retained by Legal Services for safekeeping
58. 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**

59. Meridian Four is a complex scheme which requires a number of architectural services including Lead Architects, Plot Architect, Landscape Architects, Principle Designer and BIM coordinator. Currently the Meridian Water team does not have the number of staff required nor the specialist skills set to deliver the design work for Meridian Four.
60. To bring a team in of the requisite level of experience to successfully deliver Meridian Four would be neither cost effective or feasible.
61. The appointment of Bidder A will bring benefits to the local community. For each year of the appointment as required under the contract the bidder will be offering a work, experience placements of a minimum duration paid in accordance with the London Living Wage.

### **Property Implications**

62. There are no property implications arising directly from this report.

### **Other Implications**

### **Procurement Implications**

63. The tender was a call-off from the Fusion21 Consultancy Framework Lot 1: Programme Project Management and Multi-Disciplinary Works. Due diligence was carried out by Procurement Services on the Council's ability to use the framework. Other frameworks were also considered but the Fusion21 Framework was chosen due to the range and quality of suppliers.
64. The tender process commenced with an Expression of Interest where 10 out of the 18 framework suppliers expressed an interest and were invited to tender. Four tenders were returned and were evaluated by members of the Meridian Water Team, moderation meetings were held on 15, 18 and 22 February 2021 where the scores and final comments were agreed. Procurement Services were involved in the procurement and the process was carried out fairly and transparently.
65. The award of the contract, including evidence of authority to procure and the uploading of executed contracts must be undertaken on the London Tenders Portal including future management of the contract.
66. The awarded contract must be published on Contracts Finder to comply with the Government's transparency requirements.
67. All contracts over £100,000 must have a nominated contract manager in the London Tenders Portal. Contracts over £500,000 must show evidence of contract management of KPI's to ensure VFM throughout the lifetime of the contract.

### **Options Considered**

68. It is considered that the option to appoint an internal Quantity Surveying team to lead and deliver Meridian Four is not cost effective or feasible to

## **Conclusions**

69. It is considered that appointment of Bidder A has been robustly assessed with due regard to their technical competency and with due regard to ensuring that the Council obtains best value from their services.
70. It is considered that their appointment enables the successful and timely delivery of the Meridian Four project and should be authorised.

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## **Appendices**

n/a

## **Background Papers**

n/a