

Operational Report

Subject: Meridian Four - The Approval to Award Structural and Civil Engineers Services for Meridian 4

Executive Director: Sarah Cary

Ward: Upper Edmonton

Key Decision: 5263

Purpose of Report

1. Meridian Four - Approval to Award Structural and Civil Engineers Services for Meridian 4.

Proposal(s)

2. Approve the appointment of Bidder A to provide Structural and Civil Engineers services for the delivery of Meridian Four through the Notting Hill Genesis Framework agreement CF2 Lot 3 – Structures and Civils.
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 16th 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 structural and civil engineer 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.

Please note Part 2 report is now confidential appendix

7. In 2021, the Council launched the design for the Reserved Matters application and will 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 will lead 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 incoming investor 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

Relevance to the Council's 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 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 canal side.
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: 177 units
 - Z04-05: 119 units
 - Z05-04: 207 units
 - Z05-06: 181 units
 - Z05-07: 146 units
 - Total: 830 units

Figure 1: Plan of Meridian Four Development Plots



Scope of Services

14. The Structural and Civils (S&C) Engineering Team will represent the 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

15. Given the estimated value of the scope of services exceeded the OJEU threshold it was determined to go out to tender for S&C Services. On the 11 of February 2021, the Programme Director - Meridian Water approved the procurement of the Structural and Civil Engineers services for the delivery of Meridian Four through the Notting Hill Genesis Framework. This framework was selected due to the track record and experience of practices on the framework and involved a single stage tender process.
16. The procurement process was run as a single-stage procurement process:
 - 1.) Expression of Interest (determine interest)
 - 2.) Invitation to Further Competition (select successful supplier)

Please note Part 2 report is now confidential appendix

17. In total ten suppliers on the framework expressed an interest in the opportunity to tender for the S&C services out of a total of sixteen on the framework. All suppliers that expressed an interest were invited to a mid-tender interview.
18. Mid tender review meetings were held on the 1st to 9th March 2021, at which interested parties were given an overview of the Meridian Water regeneration programme and the Meridian Four project.
19. Eight of the ten suppliers completed the ITT following the mid-tender interviews. One of the suppliers declined to tender after the mid-tender interview, due to the inability to meet the timescales required. Eight suppliers provided valid ITT submissions.
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. Five Council officers evaluated including officers specialising in social value and sustainability and scored 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 Structural and Civil Engineers services in order to ensure the timely delivery of the project and secure the delivery of first units in 2026.
23. The appointed S&C engineer will support the Project Manager in developing and monitoring the project risk register. Due to the nature of the site understanding the sites civil and structural engineering risks is of key importance. Bidder A has demonstrated that they have a track record in understanding the potential issues of schemes with a similar level of complexity and working to mitigate potential risks across the RIBA work stages.
24. Within their submission Bidder A has demonstrated that they have an experienced team with the relevant experience of large, scale complex schemes to successfully coordinate engineering work on a project of this scale and complexity through all of the RIBA work stages. They have

Please note Part 2 report is now confidential appendix

demonstrated a track record in working with architecture teams, designing in BIM to coordinate building design and engineering requirements.

25. As engineers they have demonstrated that they have designed buildings that take account of matters such as spatial efficiency, cost efficiency, safety and durability including experience in developing operational and whole life costs. They have shown that they have a track record in structural design to enable to the delivery of development using Modern Methods of Construction.
26. Whilst the S&C engineers are not project lead for the delivery of the ESS objectives for Meridian Four they will have a significant role in delivering design which is carbon and environment positive. Bidder A have developed significant understanding of this field and will bring this knowledge to the delivery of the Meridian Four project.
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 Structural and Civil Engineers 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 S&C Engineer 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 to develop the Council's experience and understanding of complex engineering and the opportunities of 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 S&C Engineers 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 Structural and Civil Engineers services will enable this delivery. It would not have been

Please note Part 2 report is now confidential appendix

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 proposal conclusion. – reference to Confidential Part 2.

Safeguarding Implications

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

Public Health Implications

36. 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.

37. The appointment of a Structural and Civil Engineers service will enable the Council's pledge by bring understanding and best practice to the delivery of zero carbon construction. The appointment of the S&C engineer therefore has positive public health implications.

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.

Please note Part 2 report is now confidential appendix

The bidders' approach to Equality, Diversity and Inclusion has been assessed as part of the tender process. Within their submission's bidders were asked the following questions:

- a. Please set out how you will support (i.e. collaboration, incubation of smaller/new practices, sub-contracting as part of the project team, not only for the purposes of community consultation); and create new opportunities for under-represented and marginalised groups as part of the Meridian Four project.
 - b. Please set out how you will Source; Motivate; Train; and Retain staff to improve equality, diversity and inclusion in your organisation throughout the duration of this contract.
39. 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.
40. 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.
41. 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.
42. 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.
43. 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

Please note Part 2 report is now confidential appendix

substantive negative impacts to persons or groups with protected characteristics were identified

Environmental and Climate Change Considerations

44. The Council has a goal to become carbon neutral by 2030. Meridian Water must use zero-carbon construction, renewable and sustainable resources, generate more energy than it uses, foster active travel and support low-carbon communities.
45. The S&C engineers will not be the sustainability lead for the project but do have a key role working within the project team to deliver a scheme design that meets the objectives set out in the Meridian Water ESS. Accordingly, within the ITT the bidders were asked having considered the ESS guidance for schemes 'launched' between 2020 and 2024, set out how you would seek to meet the sitewide ESS on Meridian Four in relation to Structural and Civil Engineering using the following headings:
 - i. Carbon Positive
 - ii. Environment Positive
 - iii. Zero Waste and Circular
46. Bidder A's submission demonstrates that they have been active in advising their clients on best practice for reduction of carbon consumption within their development projects.

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

47. The appointment of an experienced and capable S&C engineering 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 S&C Engineer consultancy will increase these risks.

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

48. The key risk in appointing Structural and Civil Engineers 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.
49. Working with the Finance Team, the Meridian Water Senior Development Manager will monitor the Structural and Civil Engineers Services contract closely.
50. The services will be reviewed against the key performance indicators to be included within the contract including monitoring 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

Please note Part 2 report is now confidential appendix

51. 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.
52. 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 5th July 2021)

53. 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.
54. 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 Contract Procedure Rules and Public Contracts Regulations 2015 permit the Council to call-off from an existing framework if the framework terms permit. The Notting Hill 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.
55. Full details of the contract terms are set out in the Confidential Appendix. Given the value of the proposed contract, the appointed contractor will be required to provide security in the form of a parent company guarantee. 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.
56. 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
57. The anticipated contract value exceeds £500,000. Therefore, this is a Key Decision, and the Council must comply with its Key Decision procedure. As the contract is over £1M the supplier must be required to provide

Please note Part 2 report is now confidential appendix

sufficient security in accordance with Clause 7 (Financial Security) of Councils Contract Procedure Rules.

Workforce Implications

58. 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.
59. To bring a team in of the requisite level of experience to successfully deliver Meridian Four would be neither cost effective or feasible.
60. The appointment of Bidder A will bring benefits to the local community. As part of the contribution to delivering a schools and college engagement programme, Bidder A provided a statement committing to providing work experience within their organisation during the duration of the contract for young people residing in the Edmonton Wards.

At least one placement must be offered each year for a minimum of 6 weeks and should be paid in accordance with the London Living Wage. The minimum of one placement for a minimum of 6 weeks should be recorded on the TOMs on the Social Value Port

Property

61. The property implications are contained throughout the body of this report.

Other Implications

Procurement Implications

62. The tender was a call-off from the Notting Hill Genesis Framework agreement CF2 Lot 3 – Civils and Structures. Due diligence was carried out by Procurement Services on the Council's ability to use the framework. Other frameworks were also considered but the Notting Hill Genesis Framework was chosen due to the range and quality of suppliers.
63. The tender process commenced with an Expression of Interest where 10 out of the 16 framework suppliers expressed an interest and were invited to tender. Eight tenders were returned and were evaluated by members of the Meridian Water Team, moderation meetings were held on 1, 6 and 12 April 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.
64. 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

Please note Part 2 report is now confidential appendix

65. As the contract is over £1M the supplier must be required to provide sufficient security in accordance with Clause 7 (Financial Security) of Councils Contract Procedure Rules.
66. 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. The award will be promoted to the Councils Contract Register.
67. The awarded contract must be published on Contracts Finder to comply with the Government's transparency requirements.

Options Considered

68. It is considered that the option to appoint an internal Structural and Civil Engineers team to deliver Meridian Four is not cost effective or feasible to the Council

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.

Report Author: Emma Beardmore
Senior Development Manager
emma.beardmore@enfield.gov.uk
07814075069

Date of report 2nd July 2021

Appendices

- Appendix 1 – Confidential Appendix

Background Papers

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

N/A