

NORTH LONDON WASTE AUTHORITY

REPORT TITLE: TRANSPORT YARD CONSTRUCTION CONTRACT

REPORT OF: PROGRAMME DIRECTOR

FOR SUBMISSION TO: PROGRAMME COMMITTEE

DATE: 22 JULY 2019

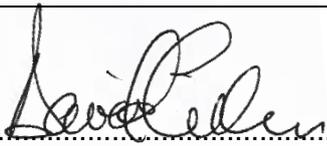
SUMMARY OF REPORT:

To enable the North London Heat and Power Project to construct the new waste management facilities it is necessary to temporarily relocate LondonEnergy Ltd's (LEL) current transport yard off the EcoPark. Members have approved taking the lease of a site on Hawley Road, London N18 3QU which can meet the operational requirements once some upgrade works have been carried out. This paper seeks the authority to progress with the procurement and commissioning of these works to maintain the Project's timescales.

RECOMMENDATIONS:

The Programme Committee is recommended to:

- A. Delegate authority to the Programme Director to procure, award and manage a contract to carry out works to a site on Hawley Road, London N18 3QU on the basis set out in section 5 of this report and in the appendix to this report in Part II of the agenda.
- B. Note the update on the Hawley Road lease negotiations and progress with the planning application.
- C. Note the recommended procurement process and associated costs related to the construction contract for the construction works to the Hawley Road site as detailed in the appendix to this report in Part II of the agenda.

SIGNED:  **Programme Director**

DATE: 10 July 2019

1. BACKGROUND

- 1.1. This report relates to the North London Heat and Power Project, the Authority's project to provide a replacement Energy Recovery Facility (ERF) at the Edmonton EcoPark, which was authorised in February 2017 by a Development Consent Order (DCO). Work has started on preparation of the laydown area, and other preparatory works are being procured. This report relates specifically to the need to relocate the LondonEnergy Ltd (LEL) transport yard off the EcoPark, which was not included in the DCO. At the Programme Committee on 3 June 2019. Members authorised the Programme Director to proceed with the acquisition of a lease for the Hawley Road site to be the replacement transport yard for use by LEL. This report provides an update on the lease negotiations and the preparation for a planning application for the required works.
- 1.2. This report provides information on the estimated contract value and timescales for construction works to be carried out to the Hawley Road site and seeks authority to procure and let the contract for those works.
- 1.3. The relocation of the LEL Transport Yard operations from the EcoPark is time critical to the Project. The space occupied by the existing transport yard is required for the construction of enabling works preparatory to the Thames Water sewer diversion
- 1.4. Heads of Terms for the Authority to lease land at Hawley Road, London N18 3QU ("the site") from the London Borough of Enfield (LBE) have been agreed subject to minor comments. The lease agreement is to be agreed with LBE in accordance with the agreed Heads of Terms.
- 1.5. The Authority is applying for planning permission from LBE to enable the site to be used for LEL transport yard operations. An outline scope of works to adapt the Hawley Road site for LEL transport yard operations has been produced and continues to be developed leading to a detailed design and planning submission.
- 1.6. In support of the recommendation to delegate authority for the Hawley Road site construction works this paper provides further details on:
 - 1.6.1. The status of the lease agreement with London Borough of Enfield
 - 1.6.2. The progress towards a planning application
 - 1.6.3. The status of the design of the construction works
 - 1.6.4. How a competitive procurement will be achieved giving the Authority value for money.

2. LEASE AGREEMENT

- 2.1. Following the instruction to proceed with the procurement of the lease, negotiations have been conducted between the Authority and London Borough of Enfield (LBE) as the owners of the Hawley Road site. The negotiations have established Heads of Terms for the proposed lease agreement which are agreed subject to minor comments.
- 2.2. The proposed timetable for activity relating to the replacement transport yard is set out in section 6.

3. PLANNING MATTERS

- 3.1. It is necessary to obtain planning permission for the use of the Hawley Road site as a transport yard and for the associated construction works.
- 3.2. Formal pre-application advice is being sought from LBE planning department to investigate whether there are any issues that may hinder the grant of permission.
- 3.3. Following further consultation and design development it is intended to present a planning application to London Borough of Enfield on 2nd September 2019. The statutory period for determination of the application is 13 weeks from receipt, and it is expected that the application will be determined in early December 2019.
- 3.4. LBE officers have informally indicated that they would not expect there to be objections from LBE to the proposed use as the transport yard for the operations associated with LEL, and consideration of local issues has not indicated any likely local opposition.
- 3.5. The transport yard construction works are scheduled to start immediately following the grant of planning permission. The permission to commence construction activities is dependent upon the discharge of pre-commencement planning conditions which will be appended to the anticipated planning permission. The content of the anticipated planning conditions is not yet known but expected to be made available through both the current pre-application consultation and the later issue of draft conditions.
- 3.6. Given the physical area of the Hawley Road site there may be a requirement for an Environmental Impact Assessment (EIA). However, a review of this requirement and initial discussions with the LBE indicate that an EIA screening exercise would conclude that a full EIA would not be needed. An EIA screening exercise is currently underway by the Authority's technical advisors and will be concluded in advance of the submission of the planning application and supplied to LBE.

4. DESIGN

- 4.1. A scope of works has been designed in outline to meet LEL operating requirements and expected planning conditions. The confirmation of the full scope of works and its design is dependent on further surveying of the site.
- 4.2. At present the Hawley Road site is occupied by LBE's tenant. We are advised that this tenant will be vacating the site at the end of July 2019. Once the site is clear

the Authority's technical advisors will carry out the necessary ground investigation survey to complete and validate the design.

- 4.3. The design has identified the potential need for additional water storage and associated pumping plant to accommodate the discharge volume from the new surface water drainage.

5. PROCUREMENT

- 5.1. It is planned to engage the construction contractor for the works in time to assist with discharge of the planning conditions and prior to the granting of planning permission.

- 5.2. The works will be let for a fixed price using the NEC4 Engineering Construction Contract Short Form.

- 5.3. Three procurement route options were considered:

5.3.1. Frameworks held by others but available to the Authority:

5.3.1.1 The Authority has only been able to identify one framework agreement that clearly identifies the Authority as a contracting authority that can call off it. Responses from this framework provider have been intermittent and unclear. Therefore, confidence is low regarding the ability of the Authority to rely upon an efficient and timely response to achieve the stated requirements of the procurement process.

5.3.1.2 The required timeline for the procurement and the reliance on the framework administration which is not within the control of the Authority represent a considerable risk to the project.

5.3.2. Advertisement on Contracts Finder:

5.3.2.1 This approach would involve the advertisement of the tender on Contracts Finder to attract interest from the wider construction industry. There would be a need to assess an unlimited number of organisations capability either through a two-stage process involving supplier qualification or a single stage tender process. Both these processes would take more time than the option of inviting four tenders.

5.3.3. Inviting Four Tenders:

5.3.3.1 A review of the previous procurement options utilised within the Programme has established that the contractors selected by the Authority to tender for other civil works such as the Laydown Areas and Sewer Diversion Enabling Works possess the required capabilities to undertake and deliver the scope of works for the Hawley Road site. Four suitable contractors have been identified as suitable for the proposed works.

- 5.4. As officers believe that there is no cross-border interest for these works, it is considered beneficial to seek four tenders from these contractors, and to award the contract following an evaluation process based on quality and price as detailed in section 5.6. Our recommended option is to invite four tenders as detailed in Section 5.3.3. Contract Standing Orders (CSOs) 4.3 provide for contracts with a value of over £150,000 to be let following a competitive tendering process. Members are recommended to waive CSO 4.3 because of the urgency of Transport Yard works which is on the critical path for the delivery of the NLHPP. The waiver of CSO 4.3 is sought under CSO 6.1(iv) which permits a waiver where it is in the Authority's overall interest.
- 5.5. It is proposed to utilise a version of the evaluation criteria employed on the procurement processes associated with the Sewer Diversion Enabling Works (E2b). These criteria will be amended to reflect the differences in scope appropriate to the transport yard development as the detailed design is completed.
- 5.6. It is proposed that a weighting of 60% cost and 40% quality will be applied in the evaluation of the most economically advantageous tender. These criteria have been used in earlier procurements and will be amended to reflect the requirement for programme certainty driven by the specific issues associated with the Transport Yard project.
- 5.7. The estimated contract value for the construction works is £2,850,000.

6. HAWLEY ROAD SITE WORKS

- 6.1. The site was previously used as office accommodation and associated warehousing. These buildings have been demolished prior to the site being offered for development.
- 6.2. The existing condition of the Hawley Road site needs adapting to provide the necessary facilities for the safe operation of the transport yard facility. The scope of these works has been determined following a survey of the site together with detailed consultation between the Authority's technical advisors and the planning authority and includes the following scope:
- 6.2.1. Installation of new surface water drainage including below ground water storage and pumping equipment
 - 6.2.2. Repair of the existing concrete slab
 - 6.2.3. Resurfacing of the slab to meet required standards
 - 6.2.4. Provision of portacabin type office and welfare facilities
 - 6.2.5. Fuel storage facility
 - 6.2.6. Security / CCTV installation
 - 6.2.7. Utility connections
 - 6.2.8. Site-wide lighting

6.2.9. On-site vehicle repair workshop

6.2.10. Widening of vehicle entrance

6.3. It is intended to carry out the above scope of works by procuring a single construction contract from a competent supplier selected after a competitive tendering process as detailed in Section 5.

6.4. The table below identifies the planned dates

1.1. Activity	Date
Anticipated completion of lease agreement	27 August 2019
Planning Application submission date	2 September 2019
Issue of invitation to tender (ITT) for the works	27 September 2019
Issue Contract award letter	15 November 2019
Anticipated Planning Determination date	6 December 2019
Application for discharge of pre commencement conditions	7 January 2020
Construction works commence	3 March 2020
Construction works complete	6 July 2020

6.5. The procurement, award and management of the works will be carried out by the Authority's Project Team.

7. EQUALITIES IMPLICATIONS

7.1. Contractors invited to tender for the works will be required to demonstrate that they hold and comply with appropriate equality policies.

8. COMMENTS OF THE LEGAL ADVISER

- 8.1. The estimated contract value is below the EU threshold for public works contracts (currently £4,551,413) and the full rigours of the Public Contracts Regulations 2015 will not apply. The recommendation in this report is in accordance with the Contact Standing Orders of the Authority.

9. COMMENTS OF THE FINANCIAL ADVISER

- 9.1. The Financial Adviser has been consulted during the preparation of this report and all comments have been incorporated.

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