

Report of Head of Council House Growth Programme

Report to Director of Resources and Housing

Date: 6th February 2020

Subject: **Procurement of Technical Consultants via the Scape Built Environment Consultancy Services Framework (BECS) for use on the Council House Growth Programme.**

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| Are specific electoral wards affected? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| If yes, name(s) of ward(s): Middleton Park and Farnley and Wortley | | |
| Has consultation been carried out? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Are there implications for equality and diversity and cohesion and integration? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Will the decision be open for call-in? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Does the report contain confidential or exempt information? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| If relevant, access to information procedure rule number: Appendix number: A | | |

Summary

Main issues

- The Council House Growth Programme (CHGP) aims to deliver a new generation of new build council housing for Leeds to meet housing needs of our residents. The target is to deliver circa 300 new units of social housing per year for the next five years.
- This report seeks approval to procure Technical Consultants via the Scape Framework to support the delivery of new build council housing schemes as part of the CHGP.
- The consultants will be procured via the Scape Built Environment Consultancy framework (BECS).

Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- Housing is one of the Best City priorities as set out in the Best Council Plan, and this programme will directly support the following priorities by delivering additional social housing stock:
 - a. Housing of the right quality, type, tenure and affordability in the right places
 - b. Minimising homelessness through a greater focus on prevention
- The programme will also directly contribute to ensuring that “everyone in Leeds Live(s) in good quality, affordable homes, in clean and well cared for places”

Resource Implications

- The meeting of the full council on 27th February 2019 approved an injection of £90.9m into the Council Housing Growth Programme. A subsequent report to 26th June 2019 Executive Board obtained approval of the investment required to deliver c.176 additional new build council houses.
- The CHGP now has total inject funding available of £221m as at September 2019 and incorporates sufficient funding to meet the costs of delivering the services contained in this report.
- The rapid expansion of the programme has created the need to seek additional resources to support our work going forward. Approval has already been granted to use the Scape National Construction framework to supplement construction projects currently being undertaken via YORbuild2.
- As Scape have their own dedicated consultancy services framework, it is more practical to use a consultant which has experience of delivering projects through Scape and this will enable the programme to increase its technical consultant capacity as the programme expands rapidly over the next 18 months.

Recommendations

It is recommended that the Director of Resources and Housing:

- a) Approves the proposed procurement option to secure additional external Technical Advisory and Quantity Surveying resources by appointing The Perfect Circle via the Scape Built Environment Consultancy Services framework (BECS) in line with CPR 3.1.6 (a decision to procure should be undertaken at the point the procurement route is chosen).
- b) Notes that further reports will follow for the appointment of Technical Consultants on individual CHGP schemes.

1. Purpose of this report

- 1.1 The purpose of this report is to seek authority to procure additional technical consultancy resource to assist programme delivery for schemes engaged through the Scape National Construction framework.

2. Background information

- 2.1 This decision is required to deliver the CHGP. Background information is contained within the reports submitted to Executive Board as follows:
 - In November 2018, a decision approved the delivery of 358 new build council homes.
 - In December 2018, a decision approved the delivery of extra care housing.
 - In June 2019, a progress report on the programme was provided and the Board noted the additional sites being included and approved investment of £17.5m.

3. Main issues

- 3.1 Scape is a public sector partnership which offers a suite of construction related direct call off pre-qualified frameworks. Approval has already been granted to use

the Scape National Construction framework for the Throstle Recreation Ground and Middleton Skills Centre site. The framework partner, Wates Construction Limited have produced a feasibility study for this scheme consisting of 60 Extra Care units, 98 General Needs homes and 16 Bungalows. Scape have also been engaged for the Oldfield Lane scheme using framework partner Willmott Dixon. This scheme consists of 45 General Needs homes and 2 fully wheelchair compliant bungalows.

- 3.2 Scape offers a Built Environment Consultancy Services framework (BECS), delivered by their framework partner Perfect Circle. Perfect Circle JV Ltd (Perfect Circle) is an incorporated joint venture between Pick Everard, Gleeds and AECOM which was set up exclusively to deliver the BECS framework. The BECS framework has been created to offer a comprehensive suite of design and consultancy services that can be delivered by local based teams.
- 3.3 The intention is for the CHGP to utilise this framework for Scape specific projects within the programme. However, we may explore using them on other schemes where appropriate. The use of Perfect Circle provides additional technical support and capacity to the CHGP team in addition to the support commissioned through NPS.
- 3.4 As the use of the Scape process is new to the CHGP, one of the benefits of using Perfect Circle is that they have experience of the suite of scape frameworks and are able to support the project team alongside the support that is available to the team from the Scape Framework Manager.
- 3.5 The use of the BECS framework on the CHGP will bring in additional expertise to the programme and will benefit the programme in terms of promoting good practice and incorporating lessons learnt from Perfect Circle consultants.
- 3.6 Perfect Circle have 200+ supply chain partners, the majority of which are SME organisations. This strengthens their delivery capability, providing clients with more choice and access to the best possible resources.
- 3.7 The scope of works for the external consultant will include but not be limited to;
 - Adopting a proactive approach on the Council's behalf to provide the services for all required RIBA plan of work stages unless instructed otherwise by Leeds City Council
 - Attend project client briefings and all other required meetings throughout the RIBA Stages
 - Review project specific documentation produced by LCC
 - Take a lead role in providing technical and commercial advice throughout the delivery of the project
 - Attend and contribute at project specific meetings
 - Undertake a CDM Advisor role on behalf of LCC
 - Review, comment and advise on contractor proposals and documentation
 - Provide support, advice, guidance and action in ensuring all commencement planning conditions are discharged
 - Perform the role of NEC Supervisor included roles of general build, mechanical, electrical and fire safety.
 - Provide commercial and technical support to LCC project manager
 - Attend and contribute to lessons learnt workshops.

Procurement Approach

- 3.8 Perfect Circle have 200+ supply chain partners, the majority of which are SME organisations. This strengthens their delivery capability, providing clients with more choice and access to the best possible resources.
- 3.9 In arriving at the decision to use this framework for the delivery of consultancy services the following procurement options were considered.
- 3.10 Utilise the services provided by NPS Leeds, which is a joint venture partnership with the Council. NPS currently provide a range of consultancy services to the Council House Growth Programme and this is set to continue. The use of the Scape BECS framework will provide additional capacity in terms of technical consultants on specific schemes as the programme grows.
- **External Framework** – the recommended procurement route is to use the Scape BECS framework as the external resource is required to manage the scale of the Council Housing Growth Programme. The proposed procurement route is to appoint Perfect Circle through direct award on the Scape BECS framework. Perfect Circle has been appointed as the partner on this framework and have had their suitability assessed in compliance with Public Procurement Regulations 2015. This allows for a much swifter procurement process as a mini-competition is not required. This supports achieving the timescales set for the CHGP.
 - **Full procurement** – run a full OJEU compliant tender in order to procure external consultancy services. This option has been discounted due to the timescales of undertaking this type of procurement.
- 3.11 The BECS framework is a fully OJEU compliant procurement route created by Scape Group and was awarded to Perfect Circle in 2016 for a four year term with a cumulative value of £350m. As the BECS framework is a direct award framework, the timescales for commissioning technical support can be relatively short. Through the framework Perfect Circle have a regional framework manager who will work with the CHGP Project Manager to determine the scope of the work required and produce a project specific proposal for the work covering the services to be provided, costs and local labour and spend.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The proposal to engage Perfect Circle has been discussed with our joint venture partners Norfolk Property Services (NPS). NPS would prefer to undertake the commissions identified in this report utilising the SCAPE framework, but have accepted the Council Housing Growth team's proposal to secure technical consultancy support through Perfect Circle for the reasons set out in this report. NPS remain willing to support the work on the programme should it not be possible to secure the necessary resources in respect of quality, time or cost and this support is acknowledged and valued by the Council Housing Growth team.
- 4.1.2 Consultation has taken place with officers within City Development providing support to the joint venture arrangements with NPS regarding the use of Perfect Circle. The proposals have also been discussed with the Chief Officer Asset Management and the Director of Resources and Housing,

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An Equality, Diversity, Cohesion and Integration screening (EDCI) has been undertaken for the Council House Growth Programme and has determined that the proposals have a positive impact in terms of Equality and Diversity and that a full assessment is not required.
- 4.2.2 The screening document has been updated for this scheme and sets out how the requirements of certain groups have been considered in the specification. The screening document is attached.
- 4.2.3 This project will contribute to the Council's Equality Improvement Compassionate City Priority of 'living safely and well, living at home and valuing communities' specifically the indicators on tackling fuel poverty and reducing inequalities.

4.3 Council policies and the Best Council Plan

- 4.3.1 Housing has been identified as one of the Best City priorities and this programme will directly support the following priorities
- I. Housing of the right quality, type, tenure and affordability in the right places;
 - II. Minimising homelessness through a greater focus on prevention;
 - III. Tackling fuel poverty
- 4.3.2 The project will also directly contribute to the achievement of a number of the key performance indicators the Council will use to measure success including:
- I. Growth in new homes in Leeds;
 - II. Number of affordable homes delivered;
 - III. Improved energy and thermal efficiency performance of houses; and
 - IV. Reducing the number of households in fuel poverty
- 4.3.3 As well as enabling the council to build to meet its housing needs, such a significant development programme will also contribute to delivering against our social value charter aspirations via the creation of employment, skills and apprenticeship opportunities within the City.

Climate Emergency

- 4.3.4 All of the homes being delivered via the CHGP will be built to the Leeds Standard specification which focusses on cutting carbon, improving air quality and tackling fuel poverty and which will play a key role in ensuring excellence in delivery through design quality, space standards and energy efficiency standards. It sets out challenging targets for our contractors to meet in terms of carbon emissions for these new homes. It includes:
- High Insulation levels (60% increase than current building regulations)
 - High Performing Windows to minimise heat loss and maximise natural light
 - Energy Efficient hot water and heating systems
 - Installation of Solar Panels providing free electricity
 - Water saving devices
- 4.3.5 Energy costs for Leeds Standard homes are over **£500 a year lower** when compared to averages in England and Wales. The average household in England

and Wales produces an assessed 6 tonnes of carbon with Leeds Standard homes assessed at 1 tonne.

- 4.3.6 In addition to this, as the programme moves forward, it will continue to explore how it can further contribute to delivering against the council's aspirations around carbon reduction and this will include, as well as implementing energy efficiency measures, considering what opportunities exist for energy generation within our schemes.
- 4.3.7 The council will seek to develop a scheme that results in a 10% net gain in biodiversity for this site. Contributions include:
- Protection and retention of as many trees / hedges / shrubs and planting as possible and enforcing a 3 for 1 replacement new tree requirement.
 - Encouraging Wildlife such as gaps in fencing for hedgehogs, creation of habitat piles, inclusion of bat and bird boxes / insect houses
 - Low maintenance soft landscaping and inclusion of allotments / fruit trees / herb gardens

4.4 Resources, procurement and value for money

- 4.4.1 The programme and budget is managed through the Council Housing Growth Team in conjunction with Corporate Resources and Housing Finance Teams.
- 4.4.2 The rapid expansion of the programme has created the need to seek additional resources to support our work going forward. Approval has already been granted to use the Scape National Construction framework to supplement construction projects currently being undertaken viaYORbuild2. As Scape have their own dedicated consultancy services framework, it is more practical to use a consultant which has experience of delivering projects through Scape.
- 4.4.3 The services outlined in this report will be procured through direct award using the Scape BECS framework. While a competitive procurement process more easily demonstrates value for money, this framework has been pre-procured and the contractor has been appointed based on competitive tendered rates, which will be fixed to ensure value for money is achieved in this procurement.
- 4.4.4 The Council Housing Growth Programme will manage the contract to ensure that good performance and Value for Money are achieved.

4.5 Legal implications, access to information, and call-in

- 4.5.1 This is being taken as a Key Decision and is subject to call in as the potential costs incurred in the commissioning of the services outlined in this report are likely to exceed £500k.
- 4.5.2 The legal and contractual obligations of the Council and bidders will be managed through the Scape BECS framework and an NEC Professional Services Contract (Option A). The legal and contractual implications of this proposal are set out throughout this report particularly in section 4.6 (risk management) below.
- 4.5.3 The use of the Scape BECS framework has been approved by the Procurement and Commercial Services legal team.

4.6 Risk management

4.6.2 A risk log for the programme is managed by the Council Housing Growth Programme Board.

4.6.3 The main risk specific to this proposed route:

- **Uncompetitive pricing due to the direct award process** – there is a risk that the prices received from Perfect Circle are not competitive. However, this has been mitigated by Scape’s own tendering process which ensures that prices will be based on pre-tendered competitive rates.

The project team will continue to monitor the identified risks and consider any new risks moving forward through the life of the project.

5. Conclusions

5.1 Removal of the HRA borrowing cap has enabled the Council to commence the delivery of a significant ongoing programme of much needed new housing in the city, with an aspiration to deliver c.300 new Council homes per year on an ongoing basis, with a target of delivering 1,500 new homes over the next five years.

5.2 The new homes being delivered will make a significant contribution to the shortfall in truly affordable accommodation in Leeds and take account of the affordability context for the city, whilst ensuring that the new homes programme remains sustainable in its own right without being subsidised by existing tenants.

5.3 Since the last reports to Executive Board at the end of 2018, significant progress has been made in further developing the new build council programme with almost 800 out of the 1,500 homes now in progress, including sites with the capacity to deliver 599 general needs homes and provide 200 extra care housing places for older people already identified and in various stages of development for delivery over the next five years.

6. Recommendations

6.1 It is recommended that the Director of Resources and Housing:

- Approves the proposed procurement option to procure additional external Technical Advisory and Quantity Surveying resources by appointing Perfect Circle via the Scape BECS framework in line with CPR 3.1.6 (a decision to procure should be undertaken at the point the procurement route is chosen).
- Notes that further reports will follow for the appointment of Technical Consultants on individual CHGP schemes.

7. Background documents¹

7.1 None.

¹ The background documents listed in this section are available to download from the council’s website, unless they contain confidential or exempt information. The list of background documents does not include published works.