

**Report of Head of Council House Growth Programme**

**Report to Director of Resources and Housing**

**Date: 10<sup>th</sup> Febraury 2021**

**Subject: Procurement of Technical Consultants via the Scape Built Environment Consultancy Services Framework (BECS) for use on the Throstle Recreation Ground and Middleton Skills Centre scheme for RIBA stages 5 and 6.**

Are specific electoral wards affected? If yes, name(s) of ward(s): Middleton Park	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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?	Yes <input type="checkbox"/> <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**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 Perfect Circle via the Scape Built Environment and Consultancy Services (BECS) framework to support the delivery of new build council housing at Throstle Recreation Ground and Middleton Skills Centre for RIBA stages 5 and 6.

**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

- Full Council approved an injection of £90.9m into the Council Housing Growth Programme on 27<sup>th</sup> February 2019. Full Council approved a further capital injection of £116m into the Council Housing Growth Programme in February 2020, taking the overall funding injected and available for the Council House Growth Programme to £337.1m.
- On 26<sup>th</sup> June 2019 Executive Board approved the proposed investment required to delivery c174 additional new build council houses, which included the general needs properties and working age adult bungalows to be delivered on the two sites in Middleton. This was in addition to Executive Board approval in July 2017 of a £30m investment in the delivery of council owned extra care housing which included the extra care element of this scheme.
- 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 Perfect Circle via the Scape BECS framework to support Scape specific schemes on the programme.
- As Perfect Circle are the Scape consultancy services partner, they are better placed to deliver projects through this framework.

## Recommendations

It is recommended that the Director of Resources and Housing approves the proposed procurement option to extend the appointment of Perfect Circle for NEC Project Management, NEC Supervisor, Technical Advisory and Quantity Surveying services for the Throstle Recreation Ground and Middleton Skills Centre scheme (RIBA stages 5 -6) via the Scape Built Environment Consultancy Services framework (BECS). The fee proposal is £771,883.39 excluding VAT.

### 1. Purpose of this report

- 1.1 The purpose of this report is to seek authority to extend the appointment of technical consultancy resource from Perfect Circle for the Throstle recreation Ground and Middleton Skills Centre scheme (RIBA stages 5 and 6) which is being delivered through the Scape National Construction framework, Major Works UK lot.

### 2. Background information

- 2.1 This decision is required to deliver one of the current schemes within the Council Housing Growth Programme. 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 board noted the additional sites being included and approved investment of £17.5m.

### 3. Main issues

- 3.1 Approval has already been granted (April 2020) to use Perfect Circle via the Scape Built Environment Consultancy Services framework (BECS) for Scape specific projects. This is due to their experience of the framework which gives them the ability to support the project team alongside the provision available to the team from the Scape Framework Manager. These roles in supporting the delivery of a major complex new build construction programme are not readily available within the Council and this additional professional support has therefore been put in place to ensure the delivery of the Council's ambitious housing targets for direct delivery.
- 3.2 Approval was further granted (April 2020) to appoint Perfect Circle to provide Technical Consultancy services to the Throstle Recreation Ground and former Middleton Skills Centre site for RIBA stages 1 -4. This commission commenced in April 2020 and will continue until the end of RIBA 4 the point of NEC construction contract award. The RIBA 5/6 commission will start 10 weeks prior to the NEC Construction contract award. The current proposed timescale for contract award, subject to all required approvals is early April 2021
- 3.3 The services provided by Perfect Circle to date have enabled LCC to work successfully with Wates Construction to develop a compliant, viable scheme that is currently in the planning process.
- 3.4 We are now seeking approval to extend the appoint of Perfect Circle for the Throstle Recreation Ground and Middleton Skills Centre site, for RIBA stages 5 -6. The approval is being requested at this point in the project so we can ensure we retain the same project team from Perfect Circle for continuity and to ensure there is sufficient time to mobilise prior to entering into the construction contract with Wates Construction Limited.
- 3.5 The framework partner 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.
- 3.6 The team provided by Perfect Circle will consist of
- Technical Lead – Senior level support for escalation of issues as and when required
  - Technical Advisor – Continuation of role from pre-construction phase and will provide support during mobilisation of the NEC team. Support will be phased out as the contract progresses
  - NEC Project Manager – Will co-ordinate the whole team and will be the lead contact with LCC. The NEC Project Manager, in addition to undertaking the task as required of the NEC Project Manager will be required to provide a monthly checkpoint report to the Council Housing Growth team and attend a monthly Programme Delivery Group meeting if there are any concerns in relation to the delivery of the project.
  - Quantity Surveyor
  - NEC Supervisor
  - NEC Supervisor M&E
  - CDM Advisor
- 3.7 The support from Perfect Circle for RIBA stage 5/6 will be delivered in line with the construction programme and through the defects liability period. This is expected to be April 2021- June 2023 for the construction period and up to June 2024 for the defects liability period. These dates may be subject to change.
- 3.8 Perfect Circle have been appointed to the Built Environment Consultancy Services Framework through a competitive tendering process. The charges made by Perfect

Circle for the services are based on pre-agreed rates. Most services are charged at a fixed time charge and some services including the NEC PM and Quantity Surveyor are charged on a % of the contract value. For the use of multiple services a discount is applied

3.9 The Perfect Circle commission for Throstle Rec for all RIBA stages represents 2.6% of the estimated construction cost, we believe this is a competitive cost for the services being provided as we normally estimate these costs to be around 5% of the total construction cost.

3.10 The commission also includes Social Value targets-

- Supporting unemployed people into work by providing career mentoring, including mock interviews, CV advice and careers guidance (over 24 yrs old) – 40 hours
- Supporting unemployed people into work by providing career mentoring, including mock interviews, CV advice and careers guidance (under 24 yrs old) - 75 hours
- Meaningful work placements or pre-employment course – Workplacement – 2 weeks in total

If possible Perfect Circle will look to join up with Wates to deliver these targets, alongside the social value targets Wates will need to deliver as part of the construction contract.

## **Procurement Approach**

3.11 In arriving at the decision to use this framework for the delivery of consultancy services the following procurement options were considered.

3.12 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.

3.13 Scape Framework – the recommended procurement route is to appoint Perfect Circle via the Scape BECS framework for the Throstle Recreation Ground and Middleton Skills Centre scheme. Perfect Circle have the necessary experience of the Scape framework to support the project team on Scape specific schemes. 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.

3.14 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 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. The reasons for the Council Housing Growth team's proposal to use Perfect Circle for Scape specific projects have been set out in this report.

## **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 BECS framework to support Scape specific projects as 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. The fee proposal for this scheme is £771,883.39 excluding VAT and is based on the framework tendered rates along with time charges based on the estimated number of hours for the Project Manager and Quantity Surveyor.

4.4.4 The Perfect Circle commission for Throstle Rec for all RIBA stages represents 2.6% of the estimated construction cost, we believe this is a competitive cost for the services being provided as we normally estimate these costs to be around 5% of the total construction cost.

4.4.5 The Council Housing Growth Programme will manage the contract to ensure that good performance and Value for Money are achieved. Perfect Circle will be engaged using an NEC Professional Services Contract which is the industry standard. Payments on this contract will be made monthly on the successful

completion of tasks listed in the Activity Schedule. This will be managed and monitored by the Project Team to ensure that costs do not exceed the fee proposal.

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

- 4.5.1 This is being taken as a significant operational decision as the potential costs incurred in the commissioning of the services outlined in this report will exceed £100k. The appointment of Perfect Circle is also a direct consequence of the key decision (details [here](#)) to approve the use of the Scape BECS framework for additional technical resource.
- 4.5.2 The legal and contractual obligations of the Council and bidders will be managed through the Scape BECS framework and an NEC 3 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 Council House Growth Team has no previous experience of working with Perfect Circle** – as we are engaging Perfect Circle for the first time, there is always some risk that the working relationship may prove less effective. However, this will be mitigated through regular scheduled meetings to prevent misunderstandings and project slippage. Furthermore we should be reassured by the support of the Scape framework manager and the professionalism of Perfect Circle which is a joint venture between three leading consultancy firms.
  - **Expiry of the BECS Framework**  
The current BECS framework through which we have appointed Perfect Circle expired 4<sup>th</sup> January 2020, but any and all existing arrangements can continue for up to four years. The services to be provided under the RIBA 5/6 commission will be administered as addition to the current NEC Professional Services contract in place with Perfect Circle.

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 The Council House Growth Team seeks the approval to extend the appointment of Perfect Circle for NEC Project Management, NEC Supervisor, Technical Advisory and Quantity Surveying services for the Throstle Recreation Ground and Middleton Skills Centre scheme via the Scape Built Environment Consultancy Services framework

(BECS). Perfect Circle were initially commissioned for RIBA stages 1 – 4 and this report is requesting approval to extend the appointment for RIBA stages 5 – 6.

- 5.2 Perfect Circle has already been approved for Scape specific projects across the programme due to their experience of the framework.
- 5.3 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.
- 5.4 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.
- 5.5 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 extend the appoint of Perfect Circle for NEC Project Management, NEC Supervisor, Technical Advisory and Quantity Surveying services for the Throstle Recreation Ground and Middleton Skills Centre scheme (RIBA stages 5 -6) via the Scape Built Environment Consultancy Services framework (BECS). The fee proposal is £771,883.39 excluding VAT.

## **7. Background documents<sup>1</sup>**

- 7.1 None.

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<sup>1</sup> 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.