

Homes & Neighbourhoods Directorate  
Town Hall, Upper Street  
London N1 2UD

Report of: Executive Member for Finance, Planning and Performance

Meeting of: Executive

Date: 13 October 2022

Ward(s): All

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## Subject: Procurement Strategy for Multi-Discipline and Architectural Consultant Services

### 1. Synopsis

- 1.1. This report seeks pre-tender approval for the procurement strategy in respect of consultant services to support the council's capital programme in accordance with Rule 2.8 of the council's Procurement Rules.
- 1.2. The council has a capital programme providing significant investment to support key council priorities on affordable housing, net zero carbon and much-needed replacement, modernisation and enhancement of a wide variety of community assets.
- 1.3. The support of multi-disciplinary consultants providing a range of professional and technical services is required by the council to effectively support the delivery of its capital programme.
- 1.4. This strategy aligns with the principles of maximising community wealth building opportunities and social value benefits as set out in the council's Progressive Procurement Strategy 2020/27.

### 2. Recommendations

- 2.1. To approve the strategy for procuring the professional and technical services required to support the delivery of the council's capital programme for the reasons outlined in this report.

## 3. Background

- 3.1.1. The council's capital programme supports council priorities by funding projects across the Homes and Neighbourhoods, Environment and Regeneration and Community Wealth Building directorates.
- 3.1.2. **Social Value**
- 3.1.3. The Council is committed to leveraging the benefits of its capital programme to secure additional social value for local residents and businesses. To date this is being achieved through creation of high quality professional and trade apprentices based within our contractors and directly within the Council's workforce, and through providing opportunities for locally based small and medium-sized enterprises (SME) trade suppliers through individual construction work package procurement.
- 3.1.4. Within the Council's new build housing programme we have completed 19 apprentices placed with framework contractors, and have 10 currently on site in a range of roles, including site management and quantity surveying, providing local residents from a range of backgrounds with an opportunity to gain valuable skills and helping our contractors gain talent in a time of huge demand, our approach and one of our current apprentices have recently been nominated for London Council apprenticeship awards. We are also extending this opportunity within our workforce with apprentices appointed into both the new build and community wealth building teams for construction site management, quantity surveying, and architectural technician.
- 3.1.5. The proposals in this report provide an opportunity to extend these benefits into the procurement of professional services.
- 3.1.6. By way of example, the Council has already procured services using the SCAPE framework to provide professional consultants for the Finsbury Leisure Centre project and although the project is at an early stage has already achieved 42% of the target in appointments with SME supply chain providers based in Islington.
- 3.1.7. All social value delivered through the council's procurement of professional services will be developed in consultation with the inclusive economy service to seek measurable contractual commitments. These will be closely tracked and monitored on each project to ensure genuine outcomes in education, training, and employment opportunities for our residents.

## **Homes and Neighbourhoods**

- 3.1.8. The council's Housing New Build Programme is a major programme of investment in the delivery of new affordable housing in Islington.
- 3.1.9. The delivery of this large and complex new build programme is managed by the council's Housing New Build Team, supported by external consultants providing the professional and technical services the council does not have in-house.
- 3.1.10. The Housing Major Works and Improvements Programme delivers investment in council homes and estates through cyclical improvement, mechanical and electrical, fire safety and energy efficiency improvement projects.
- 3.1.11. It is envisaged that there will be an increased need for professional services over the next 5 years to support delivery of net zero carbon and building safety priorities through the Housing Major Works and Improvements Programme.

## **Environment and Regeneration**

- 3.1.12. The Environment directorate is responsible for managing and delivering over 40 projects in varying scale and complexity. From large scale infrastructure projects such as heat networks, upgrading the vehicle fleet infrastructure and developing our road networks through traffic and safety schemes. As well as supporting the Net Carbon Zero programme through Greenspace and Energy projects across the borough.
- 3.1.13. To support the delivery these of these projects, there will be a need to use external consultants whom can provide technical and professional advice. Over the next 5 years there will be a need to use consultants for transport planning, mechanical and electrical engineering, energy performance, quantity surveying, quality control, highways engineering and project management.

## **Community Wealth Building**

- 3.1.14. On the 1st April 2021, the Community Wealth Building (CWB) directorate was formed and became directly responsible for day to day management of the council's corporate estate consisting of over 700 assets. Furthermore, CWB is now responsible for managing a large and growing capital building works programme consisting of over 100 projects ranging in complexity and in value from £100k to £50m+.
- 3.1.15. For CWB to effectively manage its assets and its capital building projects and programmes, the full support of multi-disciplinary consultants, who can be called

on at short notice to provide specialist technical advice and services relating to a wide range of building and property matters is required.

3.1.16. The professional services required to support capital projects include but are not limited to: architecture and design; employer's agent; civil and structural engineering; mechanical and electrical engineering; energy performance, quantity surveying; quality control; fire safety, landscape architecture and planning consultant.

3.1.17. The council has significant experience of successfully engaging with, and managing multiple professional services contracts procured through various routes, including via third party framework agreements offering a range of core consultant disciplines.

### 3.2. **Estimated value**

3.2.1. The total value of fees for core consultant services to support capital programme projects over the next 5 years (2023-27) is estimated to be £55m.

3.2.2. Approximately £30-35m of the overall value in 3.2.1 will be spent on consultant fees for professional services to support the council's housing new build programme for the duration of this strategy.

3.2.3. The remainder of the estimated total value represents the fees for professional services required for capital projects delivering against other priorities across the council.

3.2.4. The fees for consultant services procured to support the delivery of capital projects will be funded through the council's approved capital programme budget. Consultant fees are capitalised and included as part of the overall projects' costs on a project-by-project basis.

### 3.3. **Timetable**

3.3.1. To avoid interruption to the council's capital programme delivery it is necessary for this procurement strategy to be approved and any subsequent framework access agreements to be in place by January 2023.

3.3.2. Consultation has been undertaken with strategic procurement, legal services, colleagues in Housing Property Services and Community Wealth Building. In addition, several other Local Authorities with active capital programmes including council-led new build programmes have been contacted to investigate how they resource the various core professional services needed to deliver their respective programmes.

### 3.4. **Options appraisal**

- 3.4.1. The scale of the council's capital programme and the number of external consultants, across a range of core professional services required to support the programme demands an efficient and flexible procurement approach.
- 3.4.2. **Option 1: insource all or part of the professional services required**
- 3.4.3. It is not considered viable for the council to insource at the scale required to negate the need partially or fully for external professional services provided by consultants.
- 3.4.4. Previous efforts to insource specialist or technical roles to support the delivery of the housing new build programme have had mixed success with the construction-related job market being particularly competitive.
- 3.4.5. In-house resources are fully utilised where there is capacity and expertise, and additional in-sourcing opportunities will continue to be explored where the benefits of doing so can be clearly demonstrated based on informed analysis and market evidence.
- 3.4.6. **Option 2: procure a competitive framework**
- 3.4.7. Significant time and resources would be required to undertake a process to procure a framework of consultants to meet the scale and range of professional services required to deliver the capital programme.
- 3.4.8. The council would be replicating procurement routes that are already available to it with no guarantee of any improved outcomes, including value for money. Though it is intended that the council keep this option under review.
- 3.4.9. The timescale to develop and procure a council framework at this time would prevent the council from being able to deliver some of its core priorities, e.g., the 750 new council homes under construction between 2023-27.
- 3.4.10. **Option 3: utilising existing consultant services frameworks**
- 3.4.11. There are several consultant services frameworks that have been established through a competitive and compliant procurement process and that are available for use by local authorities.
- 3.4.12. Several consultant frameworks provided by third party organisations have been assessed as part of developing this strategy and three framework providers have been identified as providing consultant frameworks covering the range of professional services required to support the council's capital programme and achieve wider objectives of securing social value through procured contracts.

3.4.13. On this basis it is recommended that approval be given to proceed with Option 3, to approve the use of the consultant frameworks detailed in section 3.5 for procuring professional and technical services to support the council's capital programme.

### 3.5. **Key Considerations**

3.5.1. The three framework providers offering frameworks the council proposes to access for professional services are:

- London Housing Consortium (LHC)
- SCAPE
- Notting Hill Genesis (NHG)

#### **LHC**

3.5.2. LHC are a not-for-profit organisation with a well-established record of administering a range of compliant frameworks for the public-sector. Principles of social value and equity, diversity and inclusion have been embedded as part of the consultant selection process and this aligns with the council's progressive procurement strategy.

3.5.3. LHC provide a Multi-Discipline Consultant (MDC) Framework and Architectural Design Services (ADS) Framework that enable access to consultants with the experience and expertise required.

3.5.4. LHC's ADS Framework will expire on 7th October 2024. At this stage, it has not been confirmed that a new ADS Framework will replace the existing one. However, LHC have advised that due to the success of their ADS Framework it is highly likely that it will be re-procured. Once the new LHC ADS Framework is available for use, it is proposed that the council will access it for the remaining duration of this strategy as set out in 3.2.1. LHC's MDC Framework is due to expire on 11th January 2028.

3.5.5. LHC's MDC and ADS frameworks each have spending limits of £500m, with SCAPE having £350m (building) and £250m (infrastructure) which should provide sufficient financial headroom for the council's estimated spend.

3.5.6. LHC provide active procurement support to their public sector clients as part of their service offer and it is anticipated that this will have added value of speeding up procurement activity.

3.5.7. The council will work with LHC and the appointed framework consultants to promote, identify, implement, and monitor the delivery of social value and community benefit initiatives alongside the delivery of the contracted professional services.

- 3.5.8. LHC's competitive framework selection process included additional focus on Equality Diversity and Inclusion and social value-related criteria. The approach adopted ensured no positive discrimination and that all successful candidates were selected on merit and via a fair and open process resulting in the appointment of a range of diverse consultant practices, with several of them being based in Islington. The ADS Framework includes several minority-led practices.
- 3.5.9. Lot 7 of the LHC ADS Framework was created to specifically remove the barriers some smaller or emerging architect practices regularly face when trying to secure public sector work. More than 80% of Lot 7 appointed companies were not on any other public sector framework at the point of being appointed to LHC's ADS Framework.

### **SCAPE**

- 3.5.10. The SCAPE Consultancy Framework commenced in January 2021 and is for four years with a possible extension of a further two years.
- 3.5.11. SCAPE provide two professional services frameworks that cover built environment and infrastructure related services. Both frameworks are delivered via Perfect Circle, a company jointly owned by Pick Everard, Gleeds and AECOM. Since 2016 Perfect Circle and SCAPE have collaborated to offer a complete suite of design and construction consultancy services via SCAPE's consultancy frameworks delivering commissions through their extensive supply chain.
- 3.5.12. As well as offering access to a comprehensive range of multi-disciplinary services and supporting the management of framework procurement activity, this framework has robust arrangements for social value monitoring, and offers pre-prepared tender documentation.
- 3.5.13. The SCAPE/Perfect Circle framework also allows the appointment of client nominated consultants or the running of a mini competition through one the framework's core consultants i.e. as sub consultants. The Perfect Circle sub-framework comprises three large multidisciplinary practices, who bid between themselves for services. However, they are also obliged to ensure that at least 70% by value is delivered by SMEs. This flexibility in appointment provides the council with the opportunity to procure a team of consultants, which can also address the council's value for money and social value criteria.

### **NHG**

- 3.5.14. NHG is one of the largest housing associations in London and the south east with a development pipeline of over 12,000 homes in London, the majority of which are affordable housing. They have procured a framework of consultants to specifically deliver high standards for build quality, service levels and value for money.
- 3.5.15. The majority of core consultant services to support the council's housing new build programme between 2019-2022 were procured through the NHG Consultant Framework which expired on 31 May 2022.
- 3.5.16. NHG have completed the procurement of a new consultant framework open for local authorities to use via an access agreement, very similar to the previous arrangement between the council and NHG. This framework commenced on 9 June 2022, and runs for four years initially, with two x one year options to extend.
- 3.5.17. The LHC, SCAPE and NHG frameworks provide access to a wide pool of suitable consultants offering the core services the council's capital programme requires. The selection process undertaken by each provider affords the council with a high degree of confidence that the consultants appointed to the frameworks are competent with the necessary skills and experience to deliver the service requirements.
- 3.5.18. The frameworks proposed will enable the council to have a clear, flexible and compliant route to call-off consultants providing the professional services required for the full 5 year duration of this strategy.
- 3.5.19. The impact of a percentage reduction in budgeted resources would add an additional cost pressure to the new build programme, challenging the council's ability to deliver financially viable schemes and likely resulting in a reduced level of affordable housing.
- 3.5.20. Effectively managing the procurement activity through a robust selection process will offer value for money and an opportunity to benchmark consultant performance and cost across the capital programme.
- 3.5.21. Other frameworks assessed as part of developing this strategy fell short in certain key areas, typically failing to offer access to consultants across the range of core professional services required or with a comparatively short period of time remaining until the framework expired.
- 3.5.22. Other local authorities delivering construction or asset-related programmes are largely procuring consultants via frameworks procured by other organisations. LHC's ADS Framework was delivered in partnership with Southwark Council and has been procured specifically with local authorities in mind.



- 3.5.23. Social value will be included within the award criteria and assigned a minimum of 20% weighting as part of the direct award or mini-competition process on a project by project basis and in close collaboration with Strategic Procurement and Inclusive Economy and Jobs.
- 3.5.24. The contracts placed via these frameworks will vary in financial value and social value will be proportionate to the value of the contracts. Added social value and environmental benefits will also be required to align with council priorities and community need.
- 3.5.25. High quality work experience, local employment, apprenticeships and training opportunities will be obtained through some of the professional services contracts procured in a similar approach to how new build construction contracts successfully deliver apprenticeship and employment opportunities for Islington residents.
- 3.5.26. All social value delivered through the council's procurement of professional services will be closely tracked and monitored to enable wider visibility of the added value achieved.
- 3.5.27. The key cost driver of this strategy is to ensure all capital projects are financially viable, achieve the quality outputs required, represent value for money and to generate community wealth and social value benefits.
- 3.5.28. London Living Wage will be a condition of the call-off contracts.
- 3.5.29. There are no TUPE, pensions and staffing implications as a result of this procurement strategy.

### 3.6. **Evaluation**

The council will primarily call-off the LHC frameworks, as this has a greater financial limit than the NHG Consultants Framework. With the scale of consultant support required it is, however, likely that it will be beneficial to spread the procurement activity across both LHC's and the NHG Frameworks at certain times, and/or consultants better suited for a specific project need on the NHG Consultant Framework.

Larger one off or infrastructure projects can also call of the SCAPE framework which provides for direct call off for core consultancy services and makes provision for additional services to be commissioned through mini competition including requirements for local supply chain provision and social value benefits.

As is typical with frameworks there are two routes to call-off consultants:

- Direct award without further competition, where all terms and conditions of the call-off project are within the terms and conditions of the framework.

- Mini-competition, terms and conditions of the call-off may vary or be modified from the framework or at the client's request.

The fee rates for all frameworks are treated as the bidder's "maximum rates". It means that consultants are committed to not exceeding those rates when it comes time to price for an actual call-off contract. LHC's Technical Team undertake a price validation exercise to compare to market rates to ensure value for money. This will provide us with greater confidence that tenders/quotes received represent value for money.

It is proposed that most of the consultant procurement will be via a mini-competition on a 60% quality and 40% price split. Where deemed appropriate and advantageous to select via direct award this will be undertaken in accordance with New Build Team governance arrangements and the terms of the framework. Procurement via direct award from LHC's frameworks will include a price and quality benchmarking undertaken by LHC to ensure value for money and competency is met.

Consultants will be assessed based on their suitability to meet a range of quality award criteria for the specific appointment/project brief. Typically, this will evaluate some or all the following:

- the consultant's proposed team resource to manage the project brief and objectives
- the consultant's proposed work method;
- the consultant's ability to meet the programme for the delivery of the required services;
- the consultant's ICT related proposals, including BIM (Building Information Management) experience;
- the consultant's quality management policy/proposals;
- the consultant's equality, diversity, and inclusion policy;
- the consultant's social value proposals (fixed at 20% of the overall quality score).

The evaluation will be undertaken by Project Managers with support provided by LHC and oversight from New Build Team Leaders or Heads of Service, as required – typically determined by the value of the specific procurement activity.

LHC provide input at the project brief stage to identify the consultants best suited to meet the requirements of each specific brief.

SCAPE and Perfect Circle provide core consultant services and support to commission further appointments through mini competition.

NHG provide access only with commissioning authorities needing to manage and complete commissioning, the Council has completed procurement on the previous NHG framework successfully.

### **3.7. Business risks**

- 3.7.1. Several consultant frameworks have been assessed to identify those that are the most appropriate to meet the needs of the council's capital programme.

- 3.7.2. By selecting multiple frameworks from three providers with proven track records, the council has the flexibility required when determining the best procurement route for procuring the professional services needed.
- 3.7.3. Accessing these frameworks will enable the council to work with a varied range of consultants and specialist professionals, some of which the council have already worked with successfully before. This will provide a wide range of experts through which the council can continue to develop improvements to our service, monitor changes across the sector and support our Continuing Professional Development training offer for the in-house teams leading on and engaged with capital projects across the council.
- 3.7.4. The performance of the consultants procured will be managed effectively to ensure that there are no direct service user implications.
- 3.7.5. There are no other implications that should be taken into consideration.
- 3.8. The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale, or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.
- 3.9. The following relevant information is required to be specifically approved in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
1. Nature of the service	<p>Construction of new homes within Islington, maximising the delivery of genuinely affordable housing to tackle the housing crisis and investment in community and public assets across the capital programme.</p> <p>See paragraph 3.1.2 to 3.1.11</p>
2. Estimated value	<p>The estimated spend on consultant fees procured via the frameworks is between £30m and £55m over the duration of this strategy.</p>

	See paragraph 3.2.1
3. Timetable	Internal approvals: July to September 2022 Executive: 13 October Access Frameworks: November 2022  See paragraph 3.3.1
4. Options appraisal for tender procedure including consideration of collaboration opportunities	The outcome of the options appraisal is to utilise existing framework agreements to provide access to an extensive range of consultants meeting the council's requirements  See paragraph 3.4.10
5. Consideration of: <ul style="list-style-type: none"> <li>• Social benefit clauses;</li> <li>• London Living Wage;</li> <li>• Best value;</li> <li>• TUPE, pensions and other staffing implications</li> </ul>	Call-offs from these frameworks will achieve social value ambitions for inclusion of local supply chain, a commitment to pay the London Living Wage and best value through mini-competition and cost benchmarking.  There are no TUPE, pensions or staffing implications  See paragraph 3.5
6. Award criteria	The evaluation and award criteria for consultant selection is set out in 3.6
7. Any business risks associated with entering the contract	Minimal risks identified will be mitigated  See paragraph 3.7
8. Any other relevant financial, legal or other considerations.	None

## 4. Implications

### 4.1. Financial Implications

- 4.1.1. This report is seeking approval to access consultants framework agreements to facilitate the delivery of the Council's new build prog. covering the 5 calendar years 2023 to 2027.

- 4.1.2. It is anticipated that over this period the Council will achieve a start on site in respect of around 1,400 new homes (representing a combination of social and for sale properties). The fees associated with the delivery of these new build schemes is including; Architects, Design, EA's, Engineers, Planning consultants etc. are estimated to total in the region of £33m (current prog £3m and new site finder £30m)
- 4.1.3. The 3 year approved new build capital budgets/10 year indicative prog. 2022-2023 to 2031-2032 (included as part of the 22-23 budget setting process) includes an element for fees totalling £35m
- 4.1.4. However, it is important to note that before schemes can proceed, they must be deemed financially viable irrespective of budget provision.

## 4.2. **Legal Implications**

- 4.2.1. This report seeks pre-tender approval for the procurement strategy to procure consultant and technical services to support the council's capital programme using the London Housing Consortium (LHC), SCAPE, Notting Hill Genesis (NHG) frameworks over a 5 year period (2023 to 2027).
- 4.2.2. The council has power to enter into the proposed contracts under section 1 of the Local Government (Contracts) Act 1997.
- 4.2.3. The Local Government Act 1999, requires the council to make arrangements to achieve Best Value in the exercise of its functions when considering a service provision, which includes services detailed in the body of the report.
- 4.2.4. The total value of fees for core consultant services to support capital programme projects over the 5 year period (2023-27) is estimated to be £55m.
- 4.2.5. Service contracts over the financial threshold of £213,477 (including VAT) need to comply with the Public Contracts Regulations 2015 (PCR). Compliance with the PCR is met under regulation 33 by utilising an existing framework which is accessible to the council. Compliance with the PCR is also met by the council selecting a supplier from a framework established under Section 33 of the PCR provided the services required is within the scope of the framework and the framework has not expired. In selecting a supplier the council must comply with award processes set out in regulation 33 PCR, whereby awards can be made by direct award, mini competition or both, the terms of the framework will set out which procedure is applicable.
- 4.2.6. The proposed procurement must also comply with the councils Procurement Rules. The use of a frameworks to procure goods, services and supplies is permitted under Rule 1.7.

- 4.2.7. Under Procurement Rule 16.2 the Executive may delegate its responsibilities to Corporate Directors or the Chief Finance Officer.
- 4.2.8. The decision maker can approve the recommendations provided they are satisfied with the contents of the report and the recommendations represents best value for the council.
- 4.3. **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**
- 4.3.1. Engaging with consultants to support the council's capital programme delivery will have a minor environmental impact like most office-based contracts. This will include energy use in the building, internet servers, water use, waste generation and resource usage, potentially including the printing of project-related documents. There are also likely to be some travel-related impacts (emissions and congestion) as consultants will travel to Islington's offices or project sites for meetings and site inspections. The increased use of MS Teams and other tools enabling virtual meetings will assist to reduce travel-related impacts.
- 4.3.2. The consultants may have an indirect environmental impact as a result of any building work that takes place with their input, or long-term impacts related to the use of any asset built with their input. These impacts, which include material, energy and water use, as well as construction waste, will be identified in reports at the relevant approval stages and mitigated through the council's decarbonising new homes strategy.
- 4.3.3. Several of the consultants on these frameworks have made their own corporate net-zero carbon commitments.
- 4.4. **Equalities Impact Assessment**
- 4.4.1. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.
- 4.4.2. An Equalities Impact Assessment (EQIA) is not required in relation to this report, as an EQIA is undertaken for each individual project delivered through the council's new build programme.

## 5. Conclusion and reasons for recommendations

- 5.1. To consider the options appraised and the recommendation to utilise the selection of frameworks provided by LHC, SCAPE and NHG to provide the council with professional services required to deliver its capital programme.

**Appendices:** N/A

**Background papers:** N/A

**Final report clearance:**

Signed by:

*Diarmuid Ward*

**CIlr Ward, Executive Member for Finance, Planning and Performance**

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