

Policy and Sustainability Committee

10.00am, Thursday, 28 May 2020

Award of Contract – Employer’s Agent and Quantity Surveyor for Western Villages, Granton

Executive/Routine Wards	Executive 4
Council Commitments	1, 4 and 10

1. Recommendations

- 1.1. It is recommended that Policy and Sustainability Committee:
- 1.1.1 approves the award of contract to Arcadis Consulting UK Limited as a direct award waiver of the Council Standing Orders under the Scotland Excel (SXL) Engineering and Technical Consultancy Framework to include Quantity Surveyor (QS) and Employers Agent (EA) services for the Western Villages new build affordable housing as part of the Granton programme. The notional value is £350,000; and
 - 1.1.2 notes that the Council, on completion of each stage, retains the option to review the scope or terminate the contract.

Paul Lawrence

Executive Director of Place

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2. Executive Summary

- 2.1. This report seeks approval to make a direct award via waiver of the Council’s Contract Standing Orders (CSOs) to Arcadis Consulting UK Limited under the SXL Engineering and Technical Consultancy Framework. The award is to provide Quantity Surveyor (QS) and Employers Agent (EA) services for the Western Villages new build affordable housing project as part of the Granton Waterfront regeneration.
- 2.2. Following the approval of the Granton Waterfront Development Framework by the Planning Committee on [26 February 2020](#), Western Villages will be the first phase of the Council’s regeneration within the development area.
- 2.3. The role of QS and EA is required to ensure the proposals submitted provide value for money as well as providing commercial management in line with industry benchmarking.
- 2.4. The scope of service is split into three key stages:
 - 2.4.1. Pre-Contract Services;
 - 2.4.2. Post Contract Services; and
 - 2.4.3. Defects Liability Services (Post-handover).
- 2.5. On completion of each stage, the Council retains the option to review the scope or terminate services.
- 2.6. By progressing pre-contract affordable housing construction projects, the Council can build economic resilience within the supply chain, helping to mitigate the effects of the current Covid-19 pandemic.

3. Background

- 3.1. In September 2018, the Council appointed Collective Architecture to lead a multi-disciplinary team to prepare a Development Framework for Granton Waterfront.

This was approved by the Planning Committee on [26 February 2020](#), as non-statutory planning guidance.

- 3.2. On [6 December 2019](#), the Finance and Resources Committee approved the award of contract to Arcadis Consulting UK Limited under the SXL Engineering and Technical Consultancy Framework to provide Project and Commercial Management Support to the Council's inhouse delivery team for the regeneration of Granton Waterfront.
- 3.3. On [25 February 2020](#), the Policy and Sustainability Committee noted the Programme Delivery Plan (PDP) for Granton Waterfront which set out Western Villages as an early action project.

4. Main report

- 4.1. The PDP set out the opportunity to accelerate the delivery of affordable homes within the Western Villages area of Granton Waterfront. It is anticipated Western Villages will deliver around 450 homes across a range of tenures and will act as a pilot for enhanced sustainability measures. In line with the Development Framework, Western Villages will champion low carbon, sustainable and urban living.
- 4.2. By accelerating Western Villages, invaluable live information will inform the wider business case helping towards forming a fully robust case based on actual and local due diligence.
- 4.3. The construction industry plays a vital role in Scotland and Edinburgh's economy providing a range of jobs and supporting local small and medium sized enterprises (SMEs). By progressing pre-contract affordable housing construction projects like Western Villages, the Council can ensure there are market ready opportunities for the industry, helping to build economic resilience within the supply chain to mitigate the effects of the current Covid-19 pandemic.
- 4.4. QS services are essential to establish an accurate and realistic budget throughout the evolution of the design and ensure value for money for the Council in line with industry benchmarking.
- 4.5. EA services are also required to ensure budgets are met, the work is completed on time, safety procedures are followed, and the desired quality standards are achieved.
- 4.6. Arcadis have been appointed to provide project and commercial management services to the wider Granton project and development of the outline business case (OBC). To ensure that the knowledge from this early action could be built into the OBC, Arcadis were asked to prepare a fee proposal to provide additional QS and EA services for the Western Villages project. The cost returned by Arcadis for the scope of service is notional value of £350,000 which is in line with the previous Professional Services Framework Agreement rates of 0.35% of construction value.

This demonstrates value for money and will enhance efficiencies in terms of financial modelling and project management for the programme.

- 4.7. The scope of service to be provided by Arcadis is split into three key stages:
 - 4.7.1. Pre-Contract Services;
 - 4.7.2. Post Contract Services; and
 - 4.7.3. Defects Liability Services (Post-handover).
- 4.8. Full breakdown of the fee proposal is available in [Appendix 1](#). On completion of each stage, the Council retains the option to review the scope or terminate services. The fee draw-down will be in arrears for work completed, ensuring that the Council is not exposed to undue risk of the consultant going in to administration during these uncertain times.
- 4.9. Arcadis have provided assurance that they will be able to progress the project during the current Covid-19 pandemic. While uncertainty remains on the duration of current working restrictions it is anticipated progress will be made as far as possible. Should the current situation change, and progress can no longer be made there will be a stand down period in the commission which will recommence once restrictions are lifted.
- 4.10. A Pre-Application Notice (PAN) was submitted to the planning authority on Monday, 2 March 2020 and Pre-application advice has been undertaken by the design team.

5. Next Steps

- 5.1. If approved, Arcadis Consulting UK Limited will be appointed to undertake QS and EA services to enable the Council to accelerate the development of the Western Villages at Granton. At the end of each stage of the project, the Council can review the scope or terminate services if necessary.
- 5.2. As set out in paragraph 4.9, Arcadis have confirmed that they will be able to progress this project during the Covid-19 pandemic. The internal project team will work closely with them and will take any necessary action if this activity cannot be progressed.
- 5.3. Public Consultation for the Western Villages proposal will be undertaken. In light of the current Covid-19 pandemic full details of how the Council will seek to engage with the public will be driven by the emerging advice from Scottish Government on statutory consultation.

6. Financial impact

- 6.1. The value of this contract to provide QS and EA services is notionally estimated at £350,000. This will be contained within the Housing Revenue Account.

7. Stakeholder/Community Impact

- 7.1. There are no direct stakeholder or community impacts as a result of this contract.
- 7.2. Significant consultation has taken place over the last 12 months with partners and the local community on developing the Framework to guide future development in Granton Waterfront.
- 7.3. Public consultation will be undertaken as part of the planning process for the detailed design of Western Villages.

8. Background reading/external references

- 8.1 None.

9. Appendices

- 9.1 Appendix 1 - Arcadis Consulting UK Limited EA and QS Service Fee Proposal for Western Villages.

Fee Proposal for Western Villages

Summary

Stage	Duration	Cost Per Month	Total Cost
Pre-Contract Services	16 Months	£6,539.31	£104,628.96
Post Contract Services	36 Months	£5,428.45	£195,424.42
Defects Liability Services	12 Months	N/A	£11,525.15
Total			£311,578.53

The fee is inclusive of all reasonable expenses and disbursements including travel costs within Scotland only.

Payment is required in accordance with the Terms and Conditions issued as part of the Granton Waterfront commission, subject to any subsequent agreement made.

Should any additional services require to be provided out with the scope of services or timescales detailed above, such work would be charged at a mutually agreeable sum.