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**Report of the Executive Manager (Spatial Programmes)****Report to Director of City Development****Date: 28 July 2016****Subject: Report to direct appoint consultants (Cushman & Wakefield) for a contract fee of £44,875**

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): City and Hunslet, Burmantofts & Richmond Hill, Beeston & Holbeck		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" 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:		

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**Summary of main issues**

West Yorkshire Combined Authority has commissioned Cushman & Wakefield to undertake the HS2 Growth Strategy Funding and Finance modelling and report. This work has established the economic modelling for infrastructure investment in South Bank to deliver residential sites alongside the wider economic growth opportunities. Atkins has also been engaged in the HS2 Growth Strategy to identify strategic infrastructure investment and public realm modelling within the South Bank area as part of the Growth Strategy Infrastructure Delivery Plan.

In parallel to the HS2 Growth Strategy, Leeds City Council has been working with the Homes and Communities Agency (HCA) and Department for Communities and Local Government (DCLG) to develop proposals to unlock and accelerate growth in the city centre housing market. This work has developed into 'Leeds Living' a prospectus for the housing and infrastructure investment that will build investor/developer confidence and address site viability and technical issues to enable delivery of new homes at scale and quality. Further work is needed in the areas located outside the immediate South Bank area, at the city fringes, to establish economic modelling and opportunities for infrastructure investment alongside the HS2 Growth Strategy work. There will then be the opportunity to submit a bid to the Housing Infrastructure Fund by 28<sup>th</sup> September 2017 for significant funding to support delivery of the programme.

This report seeks the appointment of Cushman & Wakefield to expand the geographical remit of the HS2 Growth Strategy work to support the Leeds Living Programme to deliver a clear business case for investment in the residential markets in the city centre, alongside a bid to the Housing Infrastructure Fund by 28 September 2017.

## **Recommendations**

1. The Director of City Development is recommended to approve the waiver of the following contracts procedure rule(s):

Contracts procedure rules no 8.1 and 8.2 – intermediate value procurements

## **1. Purpose of this report**

- 1.1 To seek agreement for a direct appointment for a contract cost of £44,875, waiving contracts procedure rules no 8.1 and 8.2 – intermediate value procurements
- 1.2 To request approval from The Director of City Development to seek approval to award the contract to Cushman & Wakefield. This work is scheduled to begin in August 2017 with a completion date of end of September 2017. The contract is set at a fixed fee of £44,875.
- 1.3 To summarise the background and reasoning to the recommendation to appoint Cushman & Wakefield.

## **2. Background information**

- 2.1 West Yorkshire Combined Authority (WYCA) appointed Cushman & Wakefield to deliver the HS2 Growth Strategy Funding and Finance work package in January 2017. This work has developed detailed financial modelling on how infrastructure investment within the South Bank area and beyond can uplift land values and delivery of a mix of uses, including residential. The work is based on a number of infrastructure investment scenarios that have been developed under a separate, but linked commission, to deliver an Infrastructure Delivery Plan for the area. This work has been led by Mott MacDonald, with the high level connectivity, public realm and infrastructure strategy being initially delivered by Atkins.
- 2.2 The draft reports for the HS2 Growth Strategy Funding and Finance workstream and Infrastructure Delivery Plan workstream are almost complete and form a central part to the HS2 Growth Strategy which will be completed in October 2017.
- 2.3 Alongside the HS2 Growth Strategy work Leeds City Council has been working with HCA/CLG to develop proposals to unlock and accelerate growth in the city centre housing market. There are now a range of residential sites and investment opportunities in the city centre requiring final stimulus and developer confidence to convert to commitment. There is the opportunity to develop relationships with landowners, developers and funders to identify how cross sector work can be taken forward to tip the balance towards delivery to assist the city centre (and city centre rim) in becoming an area of much more rapid housing growth.
- 2.4 In advance of the anticipated market stimulus that HS2 will provide there is a need to turn immediate development potential into delivery and a focused housing discussion with CLG, HCA and development interests has started to identify how we get the market moving and work collaboratively to deliver city centre residential in a way that meets the 'strong economy, compassionate city' agenda. This has developed into 'Leeds Living' a prospectus for the housing and infrastructure investment that will build investor/developer confidence and address site viability and technical issues to enable delivery of new homes at scale and quality.
- 2.5 Additionally, on the 4th July the government released details of its £2.3bn Housing Infrastructure Fund (HIF), which CLG advises will be one of the key routes through which Leeds Living may be funded. There is therefore a major opportunity to secure significant funding and support for mixed tenure development that will support our housing and regeneration ambitions. The bids for HIF funding are required by 28<sup>th</sup> September 2017.

### **3.0 Main Issues**

#### **Reason for contracts procedure rules waiver**

- 3.1 Cushman & Wakefield were appointed by WYCA in early 2017 to undertake work within the HS2 Growth Strategy Funding and Finance workstream. This has resulted in significant economic modelling around infrastructure and value uplift for sites central to the HS2 Growth Strategy area.
- 3.2 Alongside this work, Leeds Living has developed an approach to stimulating residential development in central Leeds, covering a wider geography than that of the HS2 Growth Strategy work. There is a need to expand the work and modelling undertaken under the HS2 Growth Strategy commission to cover these areas and support the Leeds Living business case, which in turn will inform the evolving Housing Deal for the city and the bid to the HIF which is due for submission by 28<sup>th</sup> September 2017.
- 3.3 There is also recognition that Cushman & Wakefield will also need to engage Atkins in this work to ensure continuity in approach from the HS2 Growth Strategy Infrastructure Delivery Plan commission, ensuring link up and connectivity across the city centre market areas. As this is directly related to the Cushman & Wakefield modelling it is proposed that Cushman & Wakefield engage Atkins directly in this work via subcontracting arrangements. This is included for in the cost of the commission.
- 3.4 As Cushman & Wakefield carried out the work on the HS2 Growth Strategy, the modelling and detail within this work needs to be expanded to the surrounding city centre fringe areas on the same basis to ensure consistency of approach. The same is true for the infrastructure planning work that has been undertaken by Atkins. Without this connection to the HS2 Growth Strategy work, the whole of the Leeds Living work would be fragmented for the different market areas in the city centre which would result in modelling issues and lack of consistency, which ultimately make it harder to submit the HIF bid in September.
- 3.5 Moreover, given the timescales for the HIF bid in September, there is limited time to undertake procurement to support this process. The work needs to commence in August for delivery by 28<sup>th</sup> September. Cushman & Wakefield, as well as owning the modelling that has been developed, have confirmed that they have the capacity to deliver this work to support Leeds Living and HIF bid submission.
- 3.6 Cushman & Wakefield has submitted a cost for this work on the basis of the WYCA rates that were agreed as part of a competitive tender exercise which proved good value for money for WYCA. This is seen as an extension of the existing work so the same contract rates apply.
- 3.3 A direct appointment for a fixed fee of £44,875 therefore strikes the balance of retaining existing knowledge from the consultants, enabling a short period for completion of the work.

#### **4.0 Consequences if the proposed action is not approved**

- 4.1 Should the waiver not be approved it would be likely that the Leeds Living work would not progress at the scale and pace required for submission of the HIF bid in September. Moreover, if Cushman & Wakefield were not appointed for this work there would be significant loss of existing knowledge and modelling for the work,

which could jeopardise its ultimate success. There is a need to directly relate this work to the HS2 Growth Strategy modelling to ensure the Leeds Living business case is robust and integrates with the existing work.

## **5 Current Programme**

- 5.1 Should Cushman & Wakefield be commissioned early August 2017, work will take place over August and September, to be completed by 28<sup>th</sup> September 2017.

## **6 Corporate Considerations**

### **6.1 Consultation and Engagement**

- 6.2 Executive Members for Regeneration, Transport and Planning and Communities were briefed on the development of the Leeds Living programme and the submission of a HIF bid on 19<sup>th</sup> July 2017 and were supportive of proposals.
- 6.3 Further consultation is not required at this stage but will be developed further as the Leeds Living programme develops. Full stakeholder analysis will be undertaken as part of the Business Case for Leeds Living.

## **7 Equality and Diversity / Cohesion and Integration**

- 7.1 Appointing Cushman & Wakefield to carry out the commission would have no implications for equality and diversity or cohesion and integration.

## **8 Council policies and City Priorities**

- 8.1 The project will support the Best Council Plan 2013-17 objective to promote sustainable and inclusive economic growth. This will be achieved by improving the economic wellbeing of local people and businesses through increasing the potential for people to access jobs and housing.

## **9 Resources and value for money**

- 9.1 The £44,875 fee for the contract will be met from the South Bank HS2 Revenue budget. It is considered that the level of work being provided for this fee is good value for money. This fee level is possible due to LCC accessing the consultants as an extension to the WYCA HS2 Growth Strategy as an extension of this work with the same fee rates applying. LCC officers were involved in the appointment of Cushman & Wakefield for the WYCA contract.
- 9.2 The Council will also achieve costs savings for this work as the same modelling and background information can be applied to this commission following the work already completed for the HS2 Growth Strategy.

## **10 Legal Implications, Access to Information and Call In**

- 10.1 The total value of the proposal for the production of the outline business plan is £44,875 and therefore is not subject to Call in.
- 10.2 The Contracts Procedure Rules state that any decision to waive this rule by a Chief Officer will be in accordance with CPR27 which requires the completion of a delegated decision notice following the receipt of a Waiver Report.

- 10.3 In addition the CPR's state that a contract will only be offered where it represents best value. This report seeks to provide sufficient evidence that by directly appointing to Cushman & Wakefield, without seeking competition, still represents best value for the Council.

## **11 Risk Management**

- 11.1 Work with DCLG and HCA to date has been supportive of the Leeds Living approach and the development of this programme into a Housing Deal for the city and a HIF bid. Should the recommendation not be approved it would result the Council being unable to progress work at pace to support Leeds Living and a bid to HIF and wider Housing Deal. This may also result in a lack of confidence in the Council by HCA and DCLG.

## **12 Conclusions**

- 12.1 In order to progress the Leeds Living work further work is needed to capture infrastructure and housing investment/ uplift in city fringe locations and develop the HIF bid ready for submission at the end of September.
- 12.2 Cushman & Wakefield, alongside Atkins, has undertaken significant work on the HS2 Growth Strategy Funding and Finance and Infrastructure Delivery Plan workstreams. Under this commission this work and methodology is to be expanded to the city centre fringes, capturing greater housing delivery opportunities, infrastructure projects and value uplift for the city.
- 12.3 This work will culminate in a robust business case for Leeds Living and significant support from Cushman & Wakefield in the development of the HIF bid for Leeds Living, to be submitted by 28<sup>th</sup> September 2017.

## **13 Recommendations**

- 13.1 The Director of City Development is recommended to approve the waiver of the following contracts procedure rule(s):

Contracts procedure rules no 8.1 and 8.2 – intermediate value procurements

## **14 Background documents**

- 14.1 None.