

Report of Policy and Plans Group

Report to Chief Planning Officer

Date: July 2019

Subject: Design and Cost Report for instruction and spend for master planning services for the East of Otley mixed use allocation

Capital scheme number: 33010

Are specific electoral wards affected? If relevant, name(s) of ward(s): Otley & Yeadon	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. In February 2018, the Council was informed by Homes England (HE) that it had been successful in securing a significant grant of £6.3m as part of the government's Housing Infrastructure Fund Marginal Viability (HIFMV). The funding will be used to fill the viability gap that would enable for the design, planning and delivery of the major new relief road (East of Otley Relief Road – EORR). In order to construct the road there are significant design challenges that will need to be overcome due to the topography and land stabilisation issues.
2. Attached to the Council receiving the HIFMV funding are 19 conditions. A number of which relate to achieving key milestones by certain dates. One of these relates to the submission of a planning application for the 550 units and 5ha of employment land by autumn 2020. To reach that stage a holistic Masterplan for the whole site is necessary, firstly to reflect the policy requirement that there is an agreed framework to determine the location of housing, employment, greenspace, landscape and access points and provision of community facilities and secondly bring the multiple ownerships together to support a collaborative outline application and assist in determining equalisation of planning gain requirements.
3. The scheme is now at the point on the critical path where the master planning urgently needs to commence to tie into the design programme of EORR, informing the access points, layout of land uses and establishing a design code. Leeds City Council and

developer and land owner interests are represented in an East of Otley Joint Working party. All parties are in agreement with the joint procurement of Pegasus group to produce a masterplan for the site. All parties are also in the process of entering into a high level collaboration agreement and should the drawdown of HIF not be called upon then there is an agreement between the parties to equalize the costs of the master planning instruction.

4. This report explains the reasons for the expenditure, details the costs and requests authority to spend.

Recommendations

1. That authority was given to spend £24,600 from Capital Programme 33010 for the procurement of Pegasus Group for Urban and Landscape design services to produce a Master Plan for the East of Otley development site
2. That, in accordance with CPR 7.2 approval was given to award contract to Pegasus Group without the need for competition for the reasons set out in this report and that the contract will be registered on YORtender and Contracts Finder (in accordance with CPR3.1.12 and CPR19.4).

3.1. Purpose of this report

- 1.1 The purpose of this report is to seek authority to spend from the capital program to commission master planning services from Pegasus Group for the development of the East of Otley development site and seek approval in accordance with the Council's Contract Procurement Rules (CPR7.2) that the procurement does not need competition.

3.2. Background information

- 2.1 The land at the East of Otley is a major site that is allocated for residential and employment development in the Unitary Development Plan, 2006 under Policy H3-3A.30 and E4(20). The allocation has been carried forward into Site Allocation Plan (SAP).
- 2.2 The 30.2Ha allocation is for a mixed use development which includes a new 1.4km East of Otley Relief Road (EORR) which not only services the development but will help alleviate congestion in the centre of Otley. To satisfy policy H3-3A.30 and E4(20) an agreed planning framework is required to determine the location of housing, employment and greenspace, landscape and access points and provision of local community facilities. The Council have prepared a draft development brief which aims to be signed off Autumn 2019. This is a headline document and the aim was to support this document with a more detailed masterplan for the whole site.

3.3. Main issues

- 3.1 In order to maintain the progression of the site allocation and keep to the critical path it is important that momentum is maintained. Ground Investigations are commencing which are feeding into the programme to advance the design of the East of Otley Relief Road (EORR) and in parallel, master planning for the site is needed to

ascertain access and design requirements for the development site. The two processes need to run in parallel to ensure best design and efficiency in cost.

- 3.2 The East of Otley (EoO) site is made up of multiple parcels of land ownership, represented by individuals and developer interests and there has been a long history of interest in the site by Persimmon Homes. Back in February 2018, Litchfield's Planning and Development Consultancy, acting on behalf of Persimmon, tendered on a master planning brief for the whole site and appointed Pegasus Group; a multi-disciplinary company offering planning, heritage consultants, designers, architects, landscape architects, environmental planners and graphics. Subsequently, the announcement of the HIFMV funding has galvanised the developer and landowner interests and a strong working group has been established and clear progress is being made to a collaboration agreement, where the equalisation of costs is a key component.
- 3.3 Consideration of a joint commission, utilising the appointment of Pegasus for the working party, led by the Council has been considered at EoO Project Board in January 2019, the minutes of which are attached at Appendix 1. The board advised that Pegasus could be commissioned on the basis of urgency and that this would provide confidence of the partners. The Board also noted that if the master planning was to be done via a joint commission then LCC need to be able to reserve the right to have the final sign off on the master plan.
- 3.4 Officers in Policy and Plans have received a copy of Litchfield's original brief and re-drafted on the basis that the commission is amended to report to Leeds City Council and the Joint Working Party (consisting of Persimmon Homes, Lovell Homes, Miller Homes, Ogdens, Mr C. Smith and Mr R. Cooper (TBC)). The brief was also amended to ensure that the site boundary reflected adjacent areas of Leeds City Council owned land, as reflected in the development brief. A revised fee proposal was received in June 2019 and presented to the Joint Working Party on 9th July 2019 where parties agreed to move forward with a joint commission led by Leeds City Council.
- 3.5 In line with section 7.2 of the Contracts Procedure Rules the Chief Planning Officer must be satisfied that there is genuinely no competition. This report seeks to demonstrate that there are cost savings in the approach proposed. As set out in para 3.3 it is considered that a joint commission, led by the Council will continue to advance confidence and collaborative working on a complex development site and responds to the urgency of the critical path the project is on to ensure that the evidence to support a planning application is ready in time to satisfy the HIFMV Conditions (pre-draw condition 8).
- 3.6 Taking this forward, the Council will:
 1. Appoint Pegasus Group for the purpose of ensuring the commission reflects all parties as clients through the Joint Working Group and for Pegasus to undertake urban & landscape design services and report to the council directly by utilising the Councils framework contract; and
 2. Pay Pegasus for the professional costs thereby incurred, and

3. In accordance with CPR 3.1.12 the procurement will be placed on YORtender and contract finder in accordance with data transparency legislation.

3.7 It is expected the Council will sign up to the HIF grant determination agreement and the conditions for drawing down on the funding. The funding amounts would be paid directly to the Council in 6 monthly instalments through s31 of the Local Government Act. The expenditure amounts incurred in 5.6 below would then be paid back into the capital programme. All parties are also in the process of entering into a high level collaboration agreement and should the drawdown of HIF not be called upon then there is an agreement between the parties to equalize the costs of the master planning instruction.

4 Programme

4.1 The Council is looking to procure Pegasus as soon as approval is granted in order to swiftly progress the master planning for the site and work in parallel with the design process for East of Otley Relief Road (EORR). An inception meeting will be set up in August, with the bulk of the work, incorporating workshops and consultation estimated to conclude in Spring 2020 which will allow time to work up to submission of a planning application by end October 2021 to accord with HIFMV pre-draw condition 8.

5 Corporate considerations

5.1 Consultation and engagement

5.1.2 The mixed use allocation to the East of Otley has previously been subject to public consultation as part of the UDP and SAP. Implementation issues relating to the allocation have also been discussed with Otley Town Council in the preparation of the emerging Otley Neighbourhood Plan. Discussion has also taken place between local ward members, the developers and their agents and Otley Town Council regarding the issues associated with bringing this site forward. Council officers have also worked directly with the developers and their agents in working up the HIF bid and the due diligence exercise that followed.

5.1.3 Further consultation will take place with the Executive Member for Regeneration, Transport and Planning, ward members and other local stakeholders as further details are developed around the masterplan for the site in discussion with the developers and other landowners.

5.2 Equality and diversity / cohesion and integration

5.2.1 There are no EDC&I impacts associated with this report and services.

5.3 Council policies and the best council plan

5.3.1 The delivery of this mixed use site including 35% affordable homes underpins the Council's ambition for Leeds; providing homes of the right quality, type and affordability in the right places and supporting inclusive growth.

5.3.2 The Local Plan (adopted Core Strategy, saved UDP policies, natural resources for Waste DPD, Aire Valley AAP and SAP) plays a key strategic role in taking forward

the spatial and land use elements of Best Council Plan. Related to this overarching approach and in addressing a range of social, environmental and economic objectives, these plans seek to support delivery of our ambition to be a strong economy and a compassionate city. In particular, they support the Best Council Plan priorities on transport and infrastructure, low carbon, good growth, health and wellbeing and resilient communities.

Climate change

- 5.3.3 The East of Otley mixed use allocation identifies land for new homes and jobs in a location found to be sound and sustainable, consistent with the overarching framework of the Core Strategy so as to reduce the need for people to travel (providing attractive connections for pedestrians and cyclists to the centre of Otley (including public transport) and wider cycling links) and ensure local needs are met locally as far as possible.
- 5.3.4 Significantly also, the East of Otley allocation will create and integrate improved green space and landscaping; serving to provide important local amenity and recreation (having health and well-being benefits) but will also form part of a wider green infrastructure and habitats network (biodiversity benefits, tree protection/planting), which in turn contributes mitigating the effects of climate change through urban cooling, flood storage, sustainable drainage and reducing greenhouse gases. In addition the development can meet energy efficiency standards and tighter water consumption standards alongside provision of electric vehicle charging points and the potential to design in renewable energy generation, as set out in Core Strategy policy and these elements of design will be pursued through the master planning and application process to ensure that the development is consistent with policy and necessary responses to climate change issues are addressed.

5.4 Resources and value for money

- 5.4.1 Under the principles set out in this report the Council are seeking value for money. Pegasus have been through a tender process with Persimmon for the contract of undertaking urban design services for the production of a master plan for the site and the Council are piggy-backing on this procurement process, making the process more streamlined; freeing up Policy and Plans officer time. The Council are working jointly with partners (the East of Otley Joint Working Party) to share resources and spend less.

5.5 Full scheme estimate

- 5.5.1 The cost for the urban and landscape design services to produce a master plan for the East of Otley development site comes to £24,600.00 + VAT. This broken down as follows:

• Pre-Application Comprehensive Site-wide Masterplan (based on Technical Constraints, liaison with WSP regarding Highways and Access, liaison with LCC and Joint Working Partners, and initial LVIA findings from Pegasus' Environment Team)	£5,900
• Parameter Plans (including: Land Use; Extent of Development; Indicative Heights; Density; Open Space; Access & Street Hierarchy)	£2,900
• Landscape Masterplan	£1,950
• Design and Access Statement (including Design Code)	£10,400

- Attendance at Public Consultation Events (based on 3days £3,450
Sub Total £24,600

5.5.2 In addition there are associated admin fees consisting of £500 per meeting per Pegasus attendee) + VAT + expenses.

5.6 Capital funding and cash flow.

See table below:

Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2018 £000's	FORECAST				
			2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	0.0						
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	0.0						
OTHER COSTS (7)	0.0						
TOTALS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2018 £000's	FORECAST				
			2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	0.0						
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	24.6			24.6			
OTHER COSTS - Legal (7)	0.0						
TOTALS	24.6	0.0	0.0	24.6	0.0	0.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2018 £000's	FORECAST				
			2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022 on £000's
LCC Supported Borrowing	0.0						
Revenue Contribution	0.0						
Capital Receipt	24.6			24.6			
Insurance Receipt	0.0						
Lottery	0.0						
Gifts / Bequests / Trusts	0.0						
European Grant	0.0						
Health Authority	0.0						
School Fundraising	0.0						
Private Sector	0.0						
Section 106 / 278	0.0						
Government Grant	0.0						
SCE (C)	0.0						
SCE (R)	0.0						
Departmental USB	0.0						
Corporate USB	0.0						
Housing Infrastructure Fund	0.0						
Total Funding	24.6	0.0	0.0	24.6	0.0	0.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0

5.7 Legal implications, access to information and call-in

- 5.7.1 Leeds-based external legal advisors have been appointed by the Council to provide a joined up approach to the range of legal matters relating to the site, including the disposal of the Council's land, planning co-ordination, commercial and collaboration agreements that may be required to assure delivery and manage risks to the Council
- 5.7.2 As part of the detailed consideration of the proposals outlined in this report further regard will need to be given to any potential State Aid implication to ensure any final proposal brought forward is compliant with current legislation.
- 5.7.3 If the Council signs up to the HIF grant determination agreement and the conditions for drawing down on the funding, the monies would be paid directly to the Council in 6 monthly instalments through s31 of the Local Government Act. The Council would be responsible for spending any funding received in accordance with all the conditions.

5.8 Risk management

- 5.8.1 The cost estimates for the master plan (urban design and landscape services) are in excess of the amount borrowed from the capital programme.

6 Recommendations

- 6.1 That authority was given to spend £24,600 from Capital Programme 33010 for the procurement of Pegasus Group for Urban and Landscape design services to produce a Master Planning for the East of Otley development site
- 6.2 That, in accordance with CPR 7.2 approval was given to award contract to Pegasus Group without the need for competition for the reasons set out in this report and that the contract will be registered on YORtender and Contracts Finder (in accordance with CPR3.1.12 and CPR19.4).

7. Background documents¹

- 7.1 There are none.

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

NOTES AND ACTIONS

9th January 2019

Merrion House, Ninth Floor, Meeting Room 3 & 4

Attendees: Tim Hill, Angela Barnicle, Gary Bartlett, Adrian Dean, Paul Fleming, Gillian Macleod, Kathryn Holloway, Paul Russell, James Gray, Daniel Broadbent & Claire Simms.

Apologies: Martin Farrington, Adam Brannen, Sarah Blenkin, Oliver Priestly, Tony Clegg, Janet Howie, Andrew Thickett

1. Governance

All matters to be picked up in the agenda / highlight report.

2. Project updates

HIF MVF update

HE have made it clear that there is no room for movement on the principle of recoverable grant. The following enabling approaches were explored at the meeting that too place with HE.

- The recovery agreement is currently a pre-contract condition. HE would be willing to move this to a pre-drawdown condition. This would enable LCC to enter into a conditional contract in the timescale required by the HIF programme. HE would then allow a 6 month period to identify solutions with partners prior to fully committing to a draw down programme.
- HE to confirm, but in principle they are willing to extend the period of drawdown of grant by 12 months from March 2021 to March 2022.

AD has asked HE to confirm the above points in writing.

A workshop with the developers to discuss solutions will take place 13th March 2019.

Equalised Cost Plan

The equalisation plan which sets out how cost will be shared across the site has been developed and is awaiting agreement by all parties. The plan was drafted to enable an early collaboration agreement to be entered in to. The plan will be regularly reviewed and revised as the scheme progresses.

Development Brief

Cllr Lewis needs to be briefed on current position.

Master Planning

Pegasus have previously undertaken master planning work for Persimmon. One option is for LCC, Lovell, Persimmon and Ogdon Group to jointly commission Pegasus to undertake the master planning.

The board advised a project plan demonstrating that Pegasus need to be commissioned on the basis of urgency and for the confidence of partners is needed to enable the commission. If the work is done via a joint commission then LCC need to be able to reserve the right to have the final sign off on the master plan.

Draft Scope for GI

LCC Geotechnical Section have worked up a programme and costs to carry out the GI on the land where EORR will be aligned. 3 options have been chosen for this alignment. AEG have been chosen from the council's framework of consultants to undertake the GI and work on mobilising can commence within two weeks following signature/approval of DCR/DNN.

The costs can be reclaimed through the HIF grant. If the grant isn't accepted the costs will be subject to the equalisation plan. The equalisation costs to LCC will 24% of the total costs.

The board won't approve to underwrite the costs until all parties sign the collaboration agreement. It was agreed that once the agreement is signed Gary Bartlett would agree the £160,000 against the capital programme on the proviso that 76% will be paid back by all parties through equalisation.

AD to write to developers outlining the equalisation costs and timescales for signing the collaboration agreement.

Collaboration agreement

WBD are drafting a more in depth agreement. Progress to date will be covered at the next meeting.

Exec Board Report

The report is partially completed but will not be submitted until further clarity is gained around the council accepting the funding conditions from HE. Possible April submission

3. AOB

None

4. Actions from meeting

- AD to meet with Stephen Boyle to discuss available capital funds.
- Cllr Lewis needs to be briefed on current position
- The scope and cost for the proposed master planning is needed from Pegasus
- All parties need to sign the collaboration agreement in an agreed timeframe. AD to write to developers outlining the equalisation costs and timescales for signing the collaboration agreement.
- AD to circulate wording sent to HE asking to confirm in writing the enabling approaches put forward.

5. Date of next meeting

Wednesday 3rd April 2019, 2.00 -3.30pm – Merrion House 8th Floor, Meeting Room 3 & 4