

Report of: Council Housing Growth Team

Report to: Director of Resources & Housing

Date: 4th February 2020

Subject: Council Housing Growth Programme:
Beeches & Nevilles – Authority to Spend

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): Gipton and Harehills, Temple Newsam		
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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number: 10.4 (3) Appendix number: A		

Summary

Main issues

1. The Beeches & Nevilles housing development consists of two sites; the Beeches in Gipton (Beech Mount and Beech Walk); and the Nevilles in Osmondthorpe (two sites on Neville Close and one on Neville Garth).
2. The developments are now nearing completion, and the Council Housing Growth Programme (“CHGP”) are preparing to commence handover of the first of the 59 new homes to Housing Leeds in the next few weeks. All of the units will be handed over by July 2020.
3. As per its usual process the CHGP provided for a prudent amount of contingency in its total scheme cost estimates during the design and construction phases - to allow for unforeseeable changes and/or cost increases, e.g. for abnormal ground conditions. As the projects are now nearing completion and the project outturns are more certain, much of the residual contingency can now be released.
4. This report provides an updated view of the total estimated scheme costs for the two schemes, reflecting both the reduced contingency, and all other forecast project delivery and on-costs, and requests final Director Authority to Spend for the revised estimates, details of which are included in confidential Appendix A

1. Best Council Plan Implications

- Housing is one of the Best City priorities as set out in the Best Council Plan, and these schemes 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 schemes will also directly contribute to ensuring that “everyone in Leeds Live(s) in good quality, affordable homes, in clean and well cared for places” which is one of the target outcomes set out in the Best Council Plan.

2. Resource Implications

- The Director of Resources & Housing granted Authority to Spend for a construction cost estimate of £10.314m in February 2019.
- As part of that request for approval, the Council Housing Growth Programme committed to providing a further report in due course, once the final out turn costs including all project delivery, on costs and contingency used were closer to being finalised.

Recommendations

It is recommended that the Director of Resources and Housing notes the detailed breakdown of expected total scheme outturns for each of the Beeches and Nevilles schemes included in Confidential Appendix A, and confirms final Authority to Spend for these revised costs.

Purpose of this report

- 1.1 The purpose of this report is to seek Director Authority to Spend in relation to the revised total scheme costs for the Beeches & Nevilles schemes.

Background information

- 1.2 The Key Decision to develop the Beeches and Nevilles sites for council housing was taken by Executive Board in June 2014. Authority to procure followed on 26th September 2017.
- 1.3 Following stage 1 of the 2 stage tender process, Willmott Partnership Homes Ltd entered into a Design Service Agreement with Leeds City Council on the 19th June 2018. This was followed by approval to enter into an Early Works Agreement on 9th November 2018, and Authority to Award the construction contract in February 2019.
- 1.4 The schemes are now nearing completion, with handovers to commence from February. All homes will be complete by July 2020.
- 1.5 The Director of Resources & Housing granted Authority to Spend for a construction cost estimate of £10.314m in February 2019.

Main issues

- 1.6 59 new council homes are being delivered by Wilmott Partnership Homes Ltd as part of this scheme, at the Beeches in Gipton, and Nevilles in Osmondthorpe. Both schemes are on track to complete to programme with handovers commencing February 2020, and all units to be handed over by June.
- 1.7 As the projects are now nearing completion and the project outturns are more certain, much of the residual contingency can now be released.
- 1.8 This report provides an updated view of the total estimated scheme costs for the two schemes, and requests final Director Authority to Spend for the revised estimates.

Corporate considerations

1.9 Consultation and engagement

- 1.9.1 The Council Housing Growth Programme has an established process for consulting and engaging with key stakeholders in relation to individual schemes and this has been followed throughout this scheme. This has included regular engagement with Local Ward Members. Regular updates have also been provided to Council Housing Growth Programme Board.

1.10 Equality and diversity / cohesion and integration

- 1.10.1 Equality screenings are undertaken for all Council Housing Growth Programme schemes.
- 1.10.2 The equality screening for this scheme established that the delivery of affordable housing will have only a positive impact in terms of Equality and Diversity. The screening form is attached at Appendix B to this report.

1.11 Council policies and the Best Council Plan

- 1.11.1 Housing is one of the Best City priorities as set out in the Best Council Plan, and these schemes will directly support the following priorities by delivering additional social housing stock:
 - 1.11.1.1 Housing of the right quality, type, tenure and affordability in the right place.
 - 1.11.1.2 Minimising homelessness through a greater focus on prevention.
- 1.11.2 These schemes will also directly contribute to ensuring that “everyone in Leeds Live(s) in good quality, affordable homes, in clean and well cared for places” which is one of the target outcomes set out in the Best Council Plan.

1.12 Climate Emergency

- 1.12.1 Leeds City Council declared a climate emergency in March 2019.

1.12.2 All of the homes being delivered via the CHGP including those at the Beeches & Nevilles sites, are being built to the Leeds Standard specification. This focusses on cutting carbon, improving air quality and tackling fuel poverty and plays 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.

1.12.3 Energy costs for Leeds Standard homes are estimated to be over £500 a year lower than averages for England and Wales, and the carbon footprint is also significantly lower (the average household in England and Wales produces an assessed 6 tonnes of carbon with Leeds Standard homes assessed at 1 tonne).

1.13 Resources, procurement and value for money

1.13.1 The total estimated delivery cost for these new homes is now expected to be c£10.9m. This includes design, construction, remediation and abnormal ground conditions, and all associated project delivery and on costs. A detailed breakdown is provided in Confidential Appendix A.

1.14 Legal implications, access to information, and call-in

1.14.1 This is a Significant Operational Decision and as such is not eligible for call in.

1.14.2 Appendix A to this report has been marked as exempt under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person or of the Council. The information is exempt if and for so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. In this case the report author considers that it is in the public interest to maintain the exemption.

1.15 Risk management

1.15.1 The Council Housing Growth Programme is being delivered using the council's agreed project management methodology and a joint, site specific risk log has been managed throughout these schemes with the appointed contractor, Wilmott Partnership Homes Ltd. Emerging risks have been managed, monitored and escalated through the governance process as necessary.

1.15.2 Delivery of these schemes will contribute to mitigating one of the council's corporate risks around failure to meet additional housing supply targets and the consequent lack of homes for people in Leeds.

Conclusions

1.16 Confidential Appendix A sets out the revised out turn for the Beeches & Nevilles housing schemes.

1.17 Based on these costs, and the previously agreed rents for the new homes, viability of the scheme has been checked and re-confirmed.

Recommendations

It is recommended that the Director of Resources and Housing notes the detailed breakdown of expected total scheme outturns for each of the Beeches and Nevilles schemes included in Confidential Appendix A, and confirms final Authority to Spend for these revised costs.

Background documents*

None.

* 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.