



Report of: Council Housing Growth Team Report to: Director of Resources and Housing Date: 30th March 2020

Subject: Approval to Enter into a Pre-Construction Services Delivery Agreement (PCSDA) to deliver General Needs and Extra Care Housing at Throstle Recreation Ground and the Former Middleton Skills Centre sites, Middleton, Leeds.

Are specific electoral wards affected? If yes, name(s) of ward(s): Middleton Park	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Will the decision be open 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
Appendix number: 1	

Summary 1. Main issues

- On the 22nd October 2019 the Council Housing Growth Programme (CHGP), on behalf of Leeds City Council (LCC), sought and obtained approval from the Director of Resources and Housing to appoint Wates Construction Limited via direct call off from the Scape Framework (Major Works UK) to undertake the feasibility exercise in relation to part of Throstle Recreation Ground and the Former Middleton Skills Centre site, which will deliver c174 new homes across two sites.
- This report sets out recommendations and requests approval to enter into a Pre-Construction Services Delivery Agreement (PCSDA) with Wates to further develop the scheme.
- The CHG team will work with Wates during the Pre-Construction stage to further develop their designs and costs, and submit a planning application. Following planning approval, a further delegated decision notification (DDN) will seek Director

approval to spend and authority to award the NEC3 build contract for Throstle Recreation Grounds and former Middleton Skills Centre sites.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- Housing is one of the Best City priorities as set out in the Best Council Plan, and this programme 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 programme 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.
- The delivery of Extra Care Housing through the Council Housing Growth Programme ties in closely with the Best Council Plan by providing housing as the city grows and supports the delivery of the Better Lives programme through:
 - a. Supporting the health and well-being of older people who wish to live independently
 - b. Providing an alternative to residential care
 - c. Ensuring that older people have a wider choice of housing and care option including the provision of person centred care and support

3. Resource Implications

- Full Council approved an injection of £90.9m into the Council Housing Growth Programme on 27th February 2019. Full Council approved a further capital injection of £116m into the Council Housing Growth Programme in February 2020, taking the overall funding injected and available for the Council House Growth Programme to £337.1m.
- On 26th June 2019 Executive Board approved the proposed investment required to deliver c174 additional new build council houses, which included the general needs properties and working age adult bungalows to be delivered on the two sites in Middleton.
- This was in addition to Executive Board approval in July 2017 of a £30m investment in the delivery of council owned Extra Care Housing which included the Extra Care element of this scheme.
- With the exception of requested surveys, the feasibility exercise was carried out at no cost to the Council.
- Authority to spend will be sought for all costs associated with the delivery of the scheme on completion of the preconstruction services agreement to allow greater cost certainty. This authority will be requested prior to entering into a NEC3

Construction Contract for the scheme. The fee proposal for the Professional Services Contract is £787,435.

Recommendations

It is recommended that the Director of Resources and Housing grants approval for the following:

1. Enter into a Pre-Construction Services Delivery Agreement (PCSDA) with Wates to further develop their proposals for Throstle Recreation Ground and former Middleton Skills Centre sites.
2. Delegate approval to Head of Council Housing Growth Programme, as per the scheme of delegation, to approve any costs incurred through the Pre-Construction stage for additional surveys or third party consultancy costs.
3. Note that a further report will follow in due course, to seek Director approval to spend for the total scheme costs, and to enter into the NEC3 Construction Contract.
4. It is also recommended that the Director of Resources and Housing notes that **Appendix 1** should be designated as exempt from publication.

1. Purpose of this report

- 1.1 The purpose of this report is to set out Wates' findings from the feasibility exercise, which they completed in December 2019, and to seek approval to enter into a Pre-Construction Services Delivery Agreement (PCSDA) with Wates. This will enable Wates to further develop their designs and costs and to submit a planning application for the proposed development at Throstle Recreation Ground and former Middleton Skills Centre sites, with a view to entering in to a NEC3 Construction contract (subject to a separate report).

2. Background information

- 2.1 A report to Executive Board in December 2018 approved the delivery of extra care housing on the Throstle Recreation Ground site as the Middleton Skills centre was deemed too small for the delivery of extra care housing. A further report to Executive Board in June 2019 approved the delivery of general needs housing and working age adult bungalows on Throstle Recreation Ground and general needs housing to be delivered on the Middleton Skills site. These sites were identified through the city's Site Allocation Plan (SAP), as potential locations across the city for housing developments.
- 2.2 The Throstle Recreation Ground site is 6.3057 hectares in total. Within the site allocation plan 2.27 hectares of the site is allocated as greenspace and this is the minimum amount of the site that will be retained as greenspace. The ownership of the greenspace is split between Wades Charity (2.18 hectares) and LCC. The remainder of the site is allocated for housing within the site allocation plan.
- 2.3 An indicative capacity study has been developed for both sites and we believe the sites would enable the delivery of the following house types –

No. of Homes	Property Type	Additional Information
60	Extra care apartments	
16	Bungalows for working age adults	M4(3) homes – wheelchair accessible
76	General needs houses (Throstle Rec. site)	M4(2) accessible home
22	General needs homes (Middleton Skills site)	M4(2) accessible home
174 homes		

2.4 Wates' feasibility report indicates that the delivery of 174 new council homes is achievable across the two sites.

2.5 All of the council's new build homes will be delivered to the Leeds Standard specification, which ensures excellence in delivery through design quality, space standards and supports the wellbeing of tenants through good use of space and energy efficient designs which in turn reduce running costs. They will also be built in such a way to facilitate future adaptations should they be required to meet the changing needs of our tenants.

3. Main Issues

3.1 Feasibility Exercise – Summary of Findings

Wates have undertaken a Feasibility Exercise of the two sites which has indicated that the scheme is achievable. A Feasibility Report was submitted to the CHGP's Project Team on the 18th December 2019. The key findings are summarised below. All findings are subject to change. Design

- Designs proposals include a 60 apartment extra care scheme on Throstle Recreation Ground, with provision for community facilities within the building
- 16 bungalows for working age adults on Throstle Recreation Ground
- 98 general needs houses across the two sites
- Design proposals are aligned with the Leeds Standard
- Proposals include green space improvements, to include a football pitch to Sport England specification and biodiversity enhancements to the area

Social Value & Performance Management

- The Scape Framework has a commitment to social value, including use of local labour, local spend and SME engagement. Wates will offer work experience placements, adult job opportunities, and apprenticeship and NVQ opportunities. Commercial
- Wates have developed an in-depth cost plan which includes an overall estimated total cost for the project (see Appendix 1 CONFIDENTIAL).
- Wates and LCC have agreed to use the NEC3 form of contract, should the project progress to the construction stage, as per the Scape framework.

Programme & Logistics

- Key programme dates are as follows:
 - PCSDA Period: Spring 2020 – Winter 2020
 - Construction Period: Winter 2020 – Autumn 2022
- Based on the current programme we would expect Wates aim to submit the planning application for the development in mid 2020

Risk & Opportunity

- LCC and Wates undertook a high level joint risk and opportunity workshop during the feasibility stage and risk will be monitored as the project progresses Key project risks are included in section 4.7 below.

Team & Relevant Experience

- Wates have appointed the following sub-contractors to work on the project, based on their experience in delivering similar projects and their location: ○ Watson Batty Architects (Leeds Office)
 - Desco (Mechanical, Electrical & Plumbing) (Leeds Office)
 - White Young Green (Civil & Structural Consultants) (Leeds Office)

3.2 Next Steps - Pre-Construction Stage

Following approval from the Director of Resources and Housing to enter into a PreConstruction Services Delivery Agreement (PCSDA), the project would progress into the pre-construction stage. During this stage designs are developed in order to obtain sub-contractor costs so that LCC can issue Wates with a Delivery Agreement to commence construction works, with a view to entering in to a NEC3 Construction contract (subject to a separate report).

- 3.3 This report seeks approval for to enter into a Pre-Construction Services Delivery Agreement (PCSDA) with Wates following a feasibility exercise. The scheme will provide new build council housing, including extra care housing at Throstle Recreation Ground and the former Middleton Skills Centre site.

- 3.4 Wates completed a feasibility study of the two sites and submitted a feasibility report to LCC in December 2019. The findings of that report are summarised in this report and indicate that the scheme is achievable and ready to progress to the preconstruction stage. Findings are subject to change.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 As part of developing the proposals for the scheme, the CHGP has engaged the Middleton Park Ward Members, all of whom are supportive of the proposals. The most recent briefing was provided on 9th January 2020 via a meeting to provide an update following the feasibility study and to discuss the next steps.

4.1.2 The Ward Members confirmed during the meeting that they are, overall, happy with the proposals so far and would support the scheme progressing into the PreConstruction stage based on the update provided.

4.1.3 The Ward Members are keen to push progress with West Yorkshire Combined Authority regarding the purchase of the currently owned WYCA strip of land to the western boundary of Throstle Recreation Ground.

4.1.4 The Ward Members are supportive of the progressing the land swap with Wades Charity. Wades Charity have also been consulted on the proposals for the site and are supportive of the development.

4.1.5 To support the delivery of this scheme, the Council House Growth Team will engage with Ward Members at the following points, as a minimum, in the scheme development process:

- Design Brief – Briefing on the design brief for the site and any constraints.
- Design Development – Site specific briefings will be arranged with the contractor's architect prior to planning submission.
- Award of construction contract– Briefings will be held to inform Ward Members about the decision to award a construction contract.
- Construction Phase – Ward Members will be informed of the start on site date and briefed on progress regularly throughout the construction phase.

4.1.6 The CHGP has also engaged a wide range of relevant council teams and officers including seeking input and guidance from Planning, Highways, Urban Design, Localities, Housing Leeds, and Adults and Health.

4.1.7 Pre-planning meetings will be held with officers from Planning, Highways and building control prior to the submission of the planning application.

4.1.8 Local pre-planning public consultations in the form of drop in events will be arranged prior to the planning submission. This will cover both the development of the housing and the green space improvements to Throstle Recreation Ground.

4.1.9 Regular updates on progress across the whole programme are presented at Council Housing Growth Programme Board, and to Executive Board as appropriate.

4.2 Equality and diversity / cohesion and integration

4.2.1 An Equality, Diversity, Cohesion and Integration (EDCI) screening was completed for the second phase of the council housing new build programme and accompanied the November 2018 Executive Board report.

4.2.2 An Equality, Diversity, Cohesion and Integration (EDCI) screening was completed in 2017 which looked at the potential impact of the delivery of up to 200 new Extra Care homes on equality, diversity, cohesion and integration as part of the wider Council Housing Growth Programme (CHGP). The proposals reflect differences in need in relation to existing and predicted supply of Extra Care housing across the city's neighbourhoods and seek to facilitate an increase in supply to meet current and predicted localised gaps in provision. This EDCI screening document was updated for the Executive Board in December 2018.

4.2.3 An updated EDCI for this particular scheme has been appended at Appendix 2.

4.2.4 These proposals will contribute to delivering an increase in supply of high quality, genuinely affordable homes to meet current and predicted localised gaps in affordable housing provision across the city's neighbourhoods.

4.3 Council policies and the Best Council Plan

4.3.1 Housing has been identified as one of the Best City priorities and this programme will directly support the following priorities

- i. Housing of the right quality, type, tenure and affordability in the right places;
- ii. Minimising homelessness through a greater focus on prevention;
- iii. Tackling fuel poverty

4.3.2 The project will also directly contribute to the achievement of a number of the key performance indicators the council will use to measure success including: i.

Growth in new homes in Leeds; ii. Number of affordable homes delivered;

iii. Improved energy and thermal efficiency performance of houses; and iv. Number of households in fuel poverty

4.3.3 As well as enabling the council to build to meet its housing needs, such a significant development programme will also contribute to delivering against our social value charter aspirations via the creation of employment, skills and apprenticeship opportunities within the City.

4.3.4 The delivery of extra care housing underpins the Council's ambition for Leeds to be a city where people live with dignity and stay independent for as long as possible.

4.3.5 Implementing the Better Lives Programme is key to delivering the Council's 'Best Council Plan 2015-2020'. The Plan also refers to Leeds intention to "become a more efficient, enterprising and healthy organisation", which again is reflected by the move towards wider provision of extra care.

4.4 Climate Emergency

4.4.1 Leeds City Council declared a climate emergency in March 2019.

4.4.2 All of the homes being delivered via the CHGP will be built to the Leeds Standard specification which focusses on cutting carbon, improving air quality and tackling fuel poverty and which will play 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.

4.4.3 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).

- 4.4.4 As the programme moves forward, it will continue to explore how it can further contribute to delivering against the council's aspirations around carbon reduction and this will include, as well as implementing energy efficiency measures, considering what opportunities exist for energy generation within our schemes.
- 4.4.5 The council is committed to ensuring that our new housing is delivered in sustainable locations, and the process of assessing potential sites for their suitability for new council housing includes due regard to considerations such as availability and proximity to public transportation, and cycling and pedestrian infrastructure, as well as access to other services and amenities and employment hubs in the local area. This is to help reduce dependency on car travel, and ensure tenants have a range of affordable transport options, as well as encouraging and contributing to a reduction in carbon. All major schemes are required to submit transport assessments as part of the planning process, and if improvements are required, such as enhancements to bus stops, these will also be delivered and funded as part of the schemes.
- 4.4.6 The council will seek to develop a scheme that results in a 10% net gain in biodiversity for this site.

4.5 **Resources, procurement and value for money**

- 4.5.1 The total funding for the Council Housing Growth Programme currently stands at £337.1m of which £65.6m is spent to date.
- 4.5.2 A bespoke cost plan for this scheme is included in appendix 1 (confidential).
- 4.5.3 Value for money will be ensured via a range of mechanisms. Many of the core cost elements are fixed upfront by the framework and these rates benefit from economies of scale and reflect the collective buying power of a long term partnering arrangement. All other project costs are sub-contracted work packages that are tendered open book to a managed supply chain to ensure competitive tensions are maintained, with effective price benchmarking and cost targeting to achieve value for money.
- 4.5.4 Funding for the scheme will be a combination of either retained Right to Buy (RtB) receipts or Homes England Grant, blended with HRA borrowing. The council will determine the optimum funding mix for the scheme subject to confirmation of what grant rates are available from Homes England and whether these compare favourably to the RtB funding that could otherwise be utilised.
- 4.5.5 The scheme will be delivered by the CHGP programme team. The team includes colleagues from Housing Management, Adults and Health, Housing Finance, Land and Property, Property and Contracts, Urban Design, Planning, Highways, Parks and Countryside, and all other relevant internal stakeholders in relation to this potential scheme.
- 4.5.6 The preferred procurement approach for this scheme was set out in a report to the Director of Resources and Housing in October 2019. Following the approval of the recommendations within this report Wates were directly appointed to carry out a

feasibility study for this scheme using the Scape Procure Major Works UK framework.

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

4.6.1 The recommendations set out in this report are a direct consequence of a previous Key Decision (taken by Executive Board in June 2019) and therefore the proposal constitutes a Significant Operational Decision which is not subject to call in.

4.6.2 The use of the Scape framework has been approved by the Procurement and Commercial Services legal team.

4.6.3 **Appendix** to this report has been marked as exempt under Access to Information Procedure Rules 10.4 (3). The information contained in the Appendix relates to the financial or business affairs of a particular person, and of the Council. This information is not publicly available from the statutory registers of information kept in relation to certain companies and charities. It is considered that since this information was obtained through one to one negotiations for the purchase of the land/property referred to then it is not in the public interest to disclose this information at this point in time. Also the release of such information would or would be likely to prejudice the Council's commercial interests in relation to and undermine its attempts to acquire by agreement similar properties in the locality in that owners of other similar properties would be aware about the nature and level of consideration which may prove acceptable to the Council. It is considered that whilst there may be a public interest in disclosure, much of this information will be available from the Land Registry following completion of the purchase and consequently the public interest in maintaining the exemption outweighs the public interest in disclosing this information at this point in time. It is therefore considered that this element of the report should be treated as exempt under rule 10.4. (3) of the Access to Information Procedure Rules.

4.7 Risk management

4.7.1 The Council Housing Growth Programme is delivered using the council's agreed project management methodology and a project risk log will be established for this project and risks managed, monitored and escalated through the established governance process as appropriate.

4.7.2 Delivery of the proposals set out in this report will contribute to mitigating one of the council's corporate risks around the failure to meet additional housing supply targets and the consequent lack of homes for people in Leeds.

4.7.3 As set out above, based on current RTB rules, if the 'one-for-one' element of the receipt generated by a RTB purchase is not spent within 3 years then it must be returned to central government. This programme will contribute to mitigating this risk by utilising some of the receipts which would otherwise be at risk of being handed back.

4.7.4 The scheme specific risks currently identified for this project include:

- Risk of cost increases – Until detailed design and site investigations are undertaken, there is a risk that unforeseen ground conditions could result in additional costs. This risk is mitigated by the inclusion of provisional sums within the overall project budget and undertaking surveys at an early stage of the project (feasibility).
- Land ownership - From the title checks it has been identified that WYCA own a strip of land alongside Middleton Park Avenue. This could potentially reduce the amount of developable space and affect potential access options for the site. Mitigating actions include working with WYCA to understand whether the land could be re-purchased by LCC and designing a layout that mitigates the impact of the strip of land, which could potentially see a reduction in the number of units delivered.
- 2.18 hectares of the site is owned by Wades Charity, LCC have a 999 year leasehold on this land to use as greenspace. Discussions are currently being had with Wades as to whether a land swap could be undertaken on site to relocate the greenspace on site.

4.7.5 The project team will continue to monitor the identified risks and consider any new risks moving forward through the design development phase, contract award and mobilisation.

5. Conclusions

5.1 The council has set itself a challenging target to deliver a minimum of 300 new council homes a year going forward on an ongoing basis as part of our direct contribution to an overall affordable housing target of 1,230 homes p.a. across the city from 2019.

5.2 A report to Executive Board in November 2018 approved funding to deliver c358 new build general needs council homes, across 7 sites in Leeds, including the proposed general needs homes at Throstle Recreation Ground and Middleton Skills Centre.

5.3 This was in addition to Executive Board approval in July 2017 of a £30m investment in the delivery of council owned Extra Care Housing which included the Extra Care element of this scheme.

5.4 These sites are allocated for housing in the city's Site Allocation Plan (SAP).

5.5 The Council Housing Growth Programme identified the Scape Procure Major Works UK framework as a suitable procurement route to deliver this scheme. The Director of Resources and Housing granted approval in October 2019 to appoint Wates as a direct appointment via the Scape framework to carry out a feasibility exercise across the two sites.

5.6 Wates have now completed the feasibility exercise and their report indicates that the scheme is achievable and is ready to proceed to the pre-construction stage.

6. Recommendations

It is recommended that the Director of Resources and Housing grants approval for the following:

1. Enter into a Pre-Construction Services Design Agreement (PCSDA) with Wates to further develop their proposals for Throstle Recreation Ground and former Middleton Skills Centre sites.
2. Delegate approval to Head of Council Housing Growth Programme, as per the scheme of delegation, to approve any costs incurred through the PreConstruction stage for surveys or third party consultancy costs.
3. Note that a further report will following due course, to seek Director approval to spend for the total scheme costs, and to enter into the NEC3 Construction Contract.
4. It is also recommended that the Director of Resources and Housing notes that **Appendix 1** should be designated as exempt from publication.

7. Background documents¹

None.

¹ 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.