



Report of Civil Engineering Manager

Report to Chief Officer Highways and Transportation

Date: 17 November 2020

Subject: East of Otley Relief Road – Approval to Tender

Are specific electoral wards affected? If yes, name(s) of ward(s): Otley & Yeadon	<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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open 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

1. Main issues

- An area of land to the East of Otley is a major site that has been allocated for residential and employment development since the adoption of the 2006 Unitary Development Plan. The allocation has been carried forward into the Core Strategy and Site Allocation Plan (SAP). A new highway link, the East of Otley Relief Road, is required to serve this development which will also have a relieving benefit on the centre of Otley.
- In November 2018, the Council was successful in securing a significant grant allocation of £6.3m through the government's Housing Infrastructure Fund (HIF) to contribute to a large part of the costs for the design, planning and delivery of the East of Otley Relief Road (EORR). In May 2019, the Director of City Development approved injection of the £6.3m sum into the Capital Programme.
- In February 2020 the Executive Board approved the drawdown of £2.245m from the Capital Programme (Scheme 33010) for the provision of funding to cover further fees and additional costs to progress the EORR project up to and through the planning process.
- A key part of the planning process is not only to secure planning permission for EORR but also to have an implementable scheme capable of being delivered within the agreed timeframe. In order to accomplish this, construction works need to commence in autumn 2021.

- The proposed procurement strategy allows for Early Contractor Involvement (ECI) which will run concurrent with the planning application determination period. The ECI stage will enable a contractor to work with the designer giving advice on buildability, programme, supply chain and cost.
- Subject to the necessary approvals being in place, including a further report to Executive Board, this will enable construction to commence shortly after planning permission is obtained.
- To satisfy the above, a contractor will need to be appointed early in 2021 following the submission of the planning application.

2. Best Council Plan implications (see the [latest version of the Best Council Plan](#))

- The vision for Leeds is to be the best city in the UK: one that is compassionate and caring with a strong economy, which tackles poverty and reduces inequalities.
- The Site Allocation Plan plays a key strategic role in taking forward the spatial and land use elements of the Leeds Best Council Plan and by doing so addresses a range of social, environmental and economic objectives.
- The delivery of EORR is a key element which is required for the development of this site and will include for sustainable infrastructure, inclusive growth, health and wellbeing and safe, strong communities.

3. Resource implications

- This procurement will provide additional resource within Highways and Transportation to enable the detailed design of EORR to progress utilising the skills, knowledge and expertise of the successful contractor.
- It will ultimately also provide the necessary resource to construct the EORR.

Recommendations

The Chief Officer Highways and Transportation is asked to give authority:

- a) to tender the East of Otley Relief Road Contract through the YorCivils Major Schemes lot; and
- b) to approve the tender evaluation procedure of quality 60% and price 40% and to waive CPR 15.1 to depart from the quality-price separated approach

1. Purpose of this report

- 1.1 The purpose of this report is to seek approval to procure a contractor to deliver the EORR. The procurement will be 2-stage with stage 1 being ECI and an optional stage 2 being construction.

2. Background information

- 2.1 The East of Otley site was first identified as a development opportunity in 1995, and became allocated for mixed uses (residential and employment development) in the adoption of the 2006 Unitary Development Plan. The development site is saved and identified in the adopted Site Allocation Plan (SAP) as contributing to the important

role in delivering new homes and jobs for this part of the district. It is the largest single allocation within the Outer North West Area of Leeds.

- 2.2 A key priority is the delivery of the EORR to unlock development through the provision of a major new access road and to achieve the wider environmental, social and economic benefits this would bring for Otley. The EORR will be a highly technical, and challenging engineering project with costs significantly exceeding that of a standard highway, requiring collaboration and motivation of all the landowners across the site. The site is also in multiple ownerships with complex commercial, legal, land and planning challenges to be addressed.
- 2.3 As reported to Executive Board in June 2019, the Council has been successful in securing a significant grant allocation of £6.3m through the government's Housing Infrastructure Fund (HIF) to contribute to a large part of the costs for the design, planning and delivery of the EORR, and the Director of City Development approved injection of the £6.3m sum into the Capital Programme.
- 2.4 The Council entered into a conditional contract with Homes England (HE) for this funding in October 2019. Once draw down of the funding commences it is to be fully spent by March 2022, and the Council is required to recover the equivalent amount of the HIF grant from the developers of the East of Otley site upon completion of the scheme, to be reused to support other residential development schemes in the city.
- 2.5 The Council has appointed WSP to develop the outline design and to prepare the planning application for EORR. The Council is also working with the Developer's Agents to prepare a hybrid planning application for the wider site consisting of a detailed application for phase 1 (circa 100 houses) with an outline for the remaining site.
- 2.6 The project is now at a position where in order to move forward with sufficient pace and diligence to meet timescales related to the availability HIF grant, the procurement of a contractor to deliver EORR is also required.

3. Main issues

- 3.1 A hybrid planning application for the East of Otley development consisting of;
 - a full application for the EORR
 - a full application for phase 1 of the housing development, and
 - an outline application for the remaining development siteis programmed to be submitted in February 2021 with a determination expected late summer.
- 3.2 To maintain the current momentum with the delivery of this housing development allocation, and to satisfy the conditional completion date with Homes England, construction of the EORR needs to commence by late 2021.
- 3.3 The detailed design of the road will run concurrent with the planning application to be in position when the application is determined, the finalised design including cost, specification and programme is completed.
- 3.4 The procurement strategy for construction of EORR, approved by the East of Otley Project Board, includes for Early Contractor Involvement (ECI) to assist in the detailed design process thus allowing a contractor to work alongside the designer to

provide advice on issues such as buildability, materials and supply chain, cost and programme.

3.5 In order for this to happen, tenders need to be invited to enable a contractor to be appointed shortly after the planning application is submitted.

3.6 Three options were considered for the procurement strategy:-

- i) Traditional with early contractor involvement - WSP take the scheme to planning, complete detailed design and a contractor is appointed to cost and build the scheme;
- ii) Design and Build – WSP take the scheme to planning and a D&B contractor (with designer) is appointed to design, cost and build the scheme; and
- iii) Design and Build with WSP novation - WSP take the scheme to planning and are novated to a D&B contractor to design, cost and build the scheme.

3.7 Option i) was approved by the East of Otley Project Board as the preferred option as it delivers innovation from early contractor involvement in the design process, retains scheme knowledge, safeguards the programme and provides the most cost-effective procurement route

3.8 The tender will be a 2 stage tender with the first stage being ECI with an optional stage 2 which will be construction. The Council, as employer, will retain the option whether to award stage 2 which will be dependent on all statutory processes being complete including planning and securing the necessary funding.

3.9 Owing to the fact that the tender will consist of 2 stages, ECI then construction, the tender submissions will rely heavily on the quality submission element and is not suitable for the price-quality separated approach whereby tenderers passing a quality threshold are then judged purely on price. The price element cannot be finalised until detailed design is completed at the end of stage 1. The Chief Officer is requested to waive this requirement under CPR 15.1. (Note. Justification of this departure does not require a waiver report)

3.10 Tenders will be sought using the YorCivils framework utilising the recently awarded Major Schemes lot.

4. Corporate considerations

4.1 Consultation and engagement

4.1.1 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 as part of the HIF bid.

4.1.2 Further consultation will take place with the Executive Member for Climate Change, Transport and Sustainable Development, ward members and other local stakeholders as further details relating to the masterplan and development brief are developed in discussion with the developers and other landowners.

4.2 Equality and diversity / cohesion and integration

4.2.1 There are no Equality and Diversity, Cohesion and Integration issues arising from this procurement

4.3 Council policies and the Best Council Plan

4.3.1 The delivery of the proposed development to the east of Otley supports the Best Council Plan to assist in the delivery of Sustainable Infrastructure, Inclusive Growth, Health and Wellbeing and Safe, Strong Communities.

Climate Emergency

4.3.2 The contract document will require bidders to provide details on how they will contribute towards to goals of the climate emergency.

4.3.3 The East of Otley Relief Road will reduce congestion in the centre of Otley with the associated benefit of improving air quality in the town centre.

4.3.4 Non-motorised users will also be paramount to the design development of the relief road and the development site as a whole especially for the short trips from the development site into Otley which will be promoted without the need to use the private car.

4.4 Resources, procurement and value for money

4.4.1 The total cost of the EORR is estimated at circa £18m. Stage 1 of the contract, ECI, is estimated at a maximum of £500,000 which can be funded from the current approval of £2.245m.

4.4.2 The completion of the detailed design and stage 1 of the contract will ensure a robust cost and programme are produced to inform the construction stage.

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

4.5.1 There are no specific legal implications arising from this report. All activities relating to this procurement are being executed in accordance with the Public Procurement Regulations 2015 and the LCC Contract Procedure Rules.

4.6 Risk management

4.6.1 The HIF funding is conditional on achieving programme milestones – the Council will work with all parties to the site to move the EORR design, masterplanning, and planning through to delivery ensuring that milestones are met. A key element of ensuring the delivery timeline is to appoint a contractor through ECI.

4.6.2 The detailed design and ECI will run concurrent with the planning application determination period at risk. Should the planning be unsuccessful, and were EORR not to proceed, abortive fees and costs will be recoverable through a Collaboration Agreement and will be shared proportionally by the landowners.

5. Conclusions

- 5.1 The East of Otley site is a major mixed use development allocation in the Outer North West area and will play a key role in delivering housing and employment needs for Otley and the wider city, meeting ambitions set out in the Best Council Plan, the Core Strategy and the Inclusive Growth Strategy.
- 5.2 There is a need for the Council to take a key role in facilitating the development of the site, particularly through leading on the design, planning and delivery of the EORR project.
- 5.3 Following Executive approval in February 2020, the next logical step in this process is to appoint a contractor through ECI to assist in the process for which this report seeks approval to tender.

6. Recommendations

- 6.1 The Chief Officer Highways and Transportation is asked to give authority:
 - i) to tender the East of Otley Relief Road Contract through the YorCivils Major Schemes lot; and
 - ii) to approve the tender evaluation procedure of quality 60% and price 40% and to waive CPR 15.1 to depart from the quality-price separated approach.

7. Background documents¹

- 7.1 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.