



**Report of** Council Housing Growth Team  
**Report to** Director of City Development  
**Date:** 14<sup>th</sup> May 2021  
**Subject:** Council Housing Growth Programme: Approval to enter into an Enabling Works Delivery Agreement (NEC3 Short Contract) for the Throstle Recreation Ground and the Former Middleton Skills Centre scheme at 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 type="checkbox"/> Yes <input checked="" 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? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

## Summary

### 1. Main issues

- On 27<sup>th</sup> April 2020 the Director of Resources and Housing granted approval for the Council to enter into a Pre-Construction Services Delivery Agreement (PCSDA) with Wates Construction Ltd to further develop the Council Housing Growth scheme at Throstle Recreation ground and Middleton Skills Centre.
- The combined scheme of 176 homes consists of a 60 unit extra care scheme with associated communal facilities for older people with care and support needs, 100 general needs properties, providing a mixture of 2, 3 and 4 bedroom family houses and 16 x 1 bed M43 bungalows (designed for adults with Physical and Sensory impairments) and the total contract value is over £40 million.
- This report sets out recommendations and requests approval to enter into an Enabling Works Delivery Agreement (EWDA) (NEC3 Short Contract) for the sum of **£1,414,725.53 (excluding VAT)**. The EWDA covers early design, procurement and construction activities that are required to be undertaken in order to meet the critical path of the main works programme and to help mitigate against further cost increases due to specific items being subject to volatile market pricing.

- The Council intends to enter into an NEC3 Engineering and Construction contract (NEC3 ECC) with Wates Construction Ltd which will be subject to a separate DDN and report.

## 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 the CHGP 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.
  - c. Tackling fuel poverty.
- 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:
  - d. Growth in new homes in Leeds;
  - e. Number of affordable homes delivered;
  - f. Improved energy and thermal efficiency performance of houses; and
  - g. Number of households in fuel poverty
- As well as enabling the Council 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.

## 3. Resource Implications

- The development at the Throstle Recreation Ground and former Middleton Skills Centre site is being funded from capital scheme 33103/THR/000 via Right to Buy receipts blended with HRA borrowing.
- 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

## Recommendations

It is recommended that the Director of City Development grants approval to:

- a) Enter into an Enabling Works Delivery Agreement (EWDA) (NEC3 Short Contract) with Wates Construction Ltd for the sum of **£1,414,725.53** to enable the completion of early design, procurement and construction activities prior to entering into the main NEC3 ECC.

## 1. Purpose of this report

- 1.1 The purpose of this report is to seek approval to enter into a EWDA with Wates Construction Ltd to enable the completion of early design, procurement and construction activities at the Throstle Recreation Ground and former Middleton Skills Centre.
- 1.2 These activities are required prior to entering into the main NEC3 Engineering and Construction contract in order to meet the critical path of the main works. The budget for these activities has been included in the cost plan and will reduce the value of the NEC3 ECC.

## 2. Background information

- 2.1 The scheme consists of sites at the Throstle Recreation Ground and former Middleton Skill Centre and is being delivered as part of the Council Housing Growth programme through the Scape framework following a direct appointment process.
- 2.2 The contractor Wates Construction Ltd entered into a Pre-Construction Services Design Agreement with Leeds City Council on 27th April 2020.
- 2.3 The development was presented to South and West Plans Panel on Thursday 1<sup>st</sup> April where the panel voted in favour of awarding planning approval to the scheme.
- 2.4 The formal planning decision notice was issued on 13<sup>th</sup> May 2021. There are two pre-commencement conditions required to be discharged prior to the enabling works starting on site which are a highways condition survey and confirmation of the contractors site set up and access arrangements which will be submitted by Wates Construction for approval by officers which means that enabling works can commence shortly.
- 2.5 The estimated start date for the enabling works contract is 24<sup>th</sup> May 2021, with the works starting on site on 7<sup>th</sup> June 2021 with completion by 23<sup>rd</sup> July 2021. It is expected that the start of the main contract works (subject to separate approval) will overlap with the completion of the enabling works.

## 3. Main issues

- 3.1 The enabling works comprise of the activities identified in table 1 below
- 3.2 These activities are required to be undertaken in order to meet the critical path of the main works programme. The key benefits are that these works;
  - remove existing live services that have been identified in the site prior to the main works starting;
  - will de-risk programme delays and costs for utilities;
  - provide a Covid safe site set up from the start of the main works contract on both Throstle Rec and Middleton skills centre site; and
  - enable a new entrance way to the site be established to reduce traffic issues once the main contract starts
- 3.3 Additionally some procurement of materials have been included in the enabling works contract to protect LCC from rising material costs – particularly for steelwork.

**Table 1 – Enabling works summary**

Enabling Works Summary	Prices (excluding VAT)
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PCSDA Fee	£49,310.94
Enabling Works Preliminaries	£159,974.39
Phase 1 A Prep works	£122,140.23
Main Area compound Prep works	£117,728.44
Drainage	£147,943.93
Access Roads/Paths	£77,484.66
Services	£35,912.85
Temporary Fencing	£108,644.05
Traffic Management	£28,782.90
Miscellaneous (Early design and Procurement requirements)	£504,587.68
Contingency Allowance (3%)	£27,050.20
Direct Fee (2.60%)	£35,165.26
<b>Total</b>	<b>£1,414,725.53</b>

## 4. Corporate considerations

### 4.1 Consultation and engagement

- 4.1.1 As part of the developing the proposals for the scheme, the project team have engaged the Middleton Park Ward Members both via face to face meetings (via video call) and regularly written updates. All three members are supportive of the proposals and the most recent briefing was held prior to the planning submission.
- 4.1.2 A leaflet will be issued to local residents and businesses prior to any works starting on site so they are aware of the works to be undertaken and have contact details to raise concerns/ issues.

### 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 1.
- 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 Please see Section 2 above for the Best Council Plan implications.

#### Climate Emergency

4.3.2 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. It includes:

- A 'Fabric first' approach, meaning we will achieve high insulation levels (60% increase over current building regulations).
- High Performing Windows to minimise heat loss and maximise natural light
- Energy Efficient hot water and heating systems
- Water saving devices

4.3.3 Energy costs for Leeds Standard homes are over **£500 a year lower** when compared to averages in England and Wales. The average household in England and Wales produces an assessed 6 tonnes of carbon with Leeds Standard homes assessed at 1 tonne.

4.3.4 In addition to this, 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. Energy efficiency standards are to comply with the 'Basic Requirements' of the 'Good Practice Standard' and the Contractor will provide SAP certificates and calculations for each dwelling.

4.3.5 The Throstle Rec scheme includes a district heating system powered by air source heat pumps and gas fired condensing boilers which will provide heating and hot water to all 176 properties. The inclusion of the district heating system, alongside meeting the Leeds Standard, is expected to provide a saving to the residents on the annual cost of heating and hot water and also provide an annual saving of approx. 50,000kg CO<sub>2</sub>/annum.

4.3.6 The Throstle Rec scheme also meets exceeds the soon to be implemented planning policy of providing a 10% net gain in biodiversity on site. This has been achieved in part through the inclusion of SUDS and associated planting, additional tree planting and inclusion wildflower meadow.

### 4.4 Resources, procurement and value for money

4.4.1 The total funding for the Council Housing Growth Programme currently stands at £328.2m of which £71.9m is spent to date.

4.4.2 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 with that report, Wates Construction were directly appointed to

carry out a Feasibility study for this scheme using the Scape Procure Major Works UK Framework.

- 4.4.3 Following the completion of the Feasibility study a further report was submitted to the Director of Resources and Housing to recommend entering into a Pre-Construction Services Delivery Agreement with Wates to further develop their proposals for the Throstle Recreation Ground and former Middleton Skills Centre site. This was approved in April 2020 and LCC entered in to a PCSDA with Wates in April 2020, this agreement oversees the design and cost of the proposed scheme up to the end of RIBA stage 4 as which point a further decision will be taken to enter into a NEC3 Construction Contract with Wates Construction to deliver the scheme.
- 4.4.4 The EWDA has been reviewed by Perfect Circle who are providing commercial and technical advice on this scheme to the project team.

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

- 4.5.1 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 Risk management**

- 4.6.1 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.
- 4.6.2 The specific risk of commissioning these activities, prior to entering into the NEC3 Engineering and Construction contract, is that the Council decides not to proceed with the scheme. The main body of the enabling work will improve the site conditions if we were to take the site forward with an alternative contractor.
- 4.6.3 An element of the enabling works contract is undertake the steelwork design and procurement of raw materials. This has been included as, from market intelligence we know the price of steelwork is increasing, if not ordered at this point in the project, will be subject to a significant price increase by the time we enter into the main contract. The cost included for steelworks includes an additional increase which is expected by British Steel imminently, if this increase isn't put in place prior to the order being made then this cost will not be charged to LCC. There is a risk of abortive costs if we were to not go ahead with the project, but this has been viewed as a low risk due to the point of project we are at and the increased costs vs the abortive cost.

### **5. Conclusion**

- 5.1 The Council has received quotations for the activities required under the EWDA. Following the completion of the EWDA, a works contract (NEC3 ECC Option A) will be entered into with Wates Construction Ltd based on the price and design to be submitted in their Stage 2 tender and a further delegated decision.

### **6. Recommendations**

It is recommended that the Director of City Development approves:

6.1 Entering into a EWDA (NEC3 Short Contract) with Wates Construction Ltd for the sum of **£1,414,725.53** to undertake the activities outlined in this report.

**7. Background documents<sup>1</sup>**

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<sup>1</sup> 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.