

Council Housing Growth Programme: Approval to enter into an NEC3 Engineering and Construction contract to deliver new council homes at Healy Croft, Tingley

Date: 7th July 2021

Report of: Council Housing Growth Team

Report to: The Director of City Development

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- The purpose of this report is to seek approval to enter into an NEC3 Engineering and Construction contract with Willmott Dixon Construction Ltd for the design and build of 9 new council homes at Healy Croft, Tingley.
- The delivery of 9 new homes under the construction contract will directly contribute to the achievement of a number of key performance indicators the Council will use to measure success including:
 - a. Growth in new homes in Leeds;
 - b. Number of affordable homes delivered;
 - c. Improved energy and thermal efficiency performance of houses; and
 - d. Number of households in fuel poverty
- In addition to enabling the Council to meet its housing targets, the 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 (see Appendix C).

Recommendations

- a) The Director of City Development is requested to authorise:-
 - a. Expenditure of £3,280,518 from capital scheme 33103/HEA to deliver 9 homes at Healy Croft, Tingley.
 - b. Entering into an NEC3 Engineering and Construction Contract (NEC3 ECC) Option A with Willmott Dixon Construction Ltd for the delivery of 9 new council homes at Healy Croft, Tingley for the sum of £2,586,115.13 (included within the £3,280,518 as included at recommendation a); enabling a contract start date of 2nd August 2021, a site access date of 2nd August 2021 and a completion date of 6th June 2022;

- c. Vary the current Delivery Agreement with Perfect Circle for on site management services of the Healy Croft contract for the sum of £215,570.97 throughout RIBA stage 5-7.

Why is the proposal being put forward?

- 1 The proposal is required to contribute towards the Council Housing Growth Programme’s (CHGP) target to deliver circa 300 new units of social housing per annum over the next five years.
- 2 Willmott Dixon Construction Ltd entered into a Pre-Construction Services Delivery Agreement (PCSDA) with the Council on 30th November 2020 to further develop the scheme for the sum of £282,911. This required Willmott Dixon Construction Ltd to design to RIBA level 4 and Gateway Process 4.
- 3 Willmott Dixon Construction Ltd have developed the designs and undertaken market testing. The tender has been assessed by the evaluation team which consists of the Council Housing Growth Team and Perfect Circle. Willmott Dixon Construction Ltd will submit their formal Stage Two tender via YORtender towards the end of July 2021 in line with the two stage procurement process.
- 4 The fees, preliminary and design costs have been priced by the contractor as part of the tender process and must not exceed the framework rates. Value for money and other costs will be evidenced using benchmarking and subcontractor tender analysis.
- 5 Perfect Circle were commissioned via the Scape framework to provide cost and technical consultancy services during the Preconstruction period. Perfect Circle have reviewed the proposed scope of works, programme and costs associated with these works and have confirmed their support for this approach, indicating that this is the most cost effective method to ensure the project programme is maintained.
- 6 The Council and Willmott Dixon Construction Ltd have already entered into an NEC Short Form contract to undertake enabling works on the site. This was subject to a separate decision report approved by the Director of City Development. The enabling works started on site on 12th July 2021 and are expected to take approximately 3 weeks.
- 7 The indicative timescales for the project are below:

Activity	Date
Construction Period	August 2021 to June 2022
All New Homes Occupied	June 2022

What impact will this proposal have?

Wards Affected:		
Have ward members been consulted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

- 8 The approval for this development will add social value through the provision of quality social housing in addition to employment and skills opportunities during the construction phase.

- 9 An Equality, Diversity, Cohesion and Integration (EDCI) screening was completed in 12th May 2020 and has been appended as Appendix 2.

What consultation and engagement has taken place?

- 10 The Council Housing Growth Programme has an established process for consulting and engaging with key stakeholders in relation to new build schemes delivered under the programme. As such, the CHGP has engaged with the Ardsley and Robin Hood Ward Members and also the Deputy Leader and Executive Member for Communities, all of whom are fully supportive. Members were fully briefed most recently on the outcome of the planning submission, scheme designs and programme on 30th June 2021.
- 11 Regular updates on the progress of the whole programme are presented at the Council Housing Growth Programme Board.
- 12 The Council Housing Growth Team and Willmott Dixon Construction Ltd will continue to engage with Members by facilitating 'meet the contractor' sessions and providing regular updates during the contract programme.

What are the resource implications?

- 13 Whilst £116m was injected into the Council Housing Growth Programme in early 2020, this site was not indicated within that injection. This report is seeking approval, via a key decision, to deliver this scheme
- 14 The approval to release the site to the Council Housing Growth Programme was taken by the Head of Asset Management in December 2020.

What are the legal implications?

- 15 The procurement process has been conducted in line with the Council's Contract and Procedure Rules and approval under CPR 3.1.8 (to procure a framework contractor through a direct award procedure via the Scape Major Works England and Northern Ireland framework) was given by the Director of Resources and Housing on 25th June 2020. The information contained in the exempt appendix is exempt under Access to Information Rule 10.4 (3) as it contains information relating to the financial or business affairs of any particular person / organisation (including the authority holding that information).
- 16 The terms of the NEC contract have been reviewed by colleagues in Procurement and Commercial Services to ensure robustness and provide appropriate protection to Leeds City Council.
- 17 As indicated at section 11, this scheme has not been captured within any previous key decisions and as such this report is seeking approval via a key decision to deliver this development.

What are the key risks and how are they being managed?

- 18 The CHGP is being delivered using the Council's agreed project management methodology and a programme risk log will be maintained and risk managed, monitored and escalated through the established governance process as appropriate. Provision has been made within the contract for any risks that may materialise during the development.
- 19 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.

Does this proposal support the council's 3 Key Pillars?

Inclusive Growth

Health and Wellbeing

Climate Emergency

- 20 The proposal supports inclusive growth for the wider community through the employment and skills opportunities generated by the scheme (see Appendix C).
- 21 The scheme will promote greater Health and Wellbeing among our residents through the provision of better quality social housing.
- 22 The proposal supports the Council's Climate Emergency strategy by providing housing 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.

Energy costs for Leeds Standard homes are over £500 per 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.

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.

Options, timescales and measuring success

a) What other options were considered?

- 23 Procurement through one of the existing Council approved frameworks (YORbuild2) was considered as an option. However, due to the restricted nature of the site, a feasibility study was required to ascertain whether it would be suitable for the provision of a small development of new council homes. As the Scape framework provided a free feasibility study and a collaborative approach with a single contractor, this was considered the most suitable option for the development. As this was a deviation from the established process of using the YORbuild2 framework, the Director of Resources and Housing approved the waiver of CPR 3.1.5.

b) How will success be measured?

- 24 Success will be measured by meeting the Key Performance Indicators outlined on page 1 of this report.

c) What is the timetable for implementation?

25 The timetable for implementation is a contract start date of 2nd August 2021, a site access date of 2nd August 2021 and a completion date of 6th June 2022.

Appendices

26 Appendix A – Tender Evaluation Report (confidential) under Access to Information Rule 10.4(3)

27 Appendix B – Equality, Diversity, Cohesion and Integration Screening

28 Appendix C – Employment and Skills

Background papers

None