



**Report of Regeneration Service**

**Report to Chief Officer Asset Management and Regeneration**

**Date: 19 May 2021**

**Subject: Morley Town Investment Plan Stage 2**

Are specific electoral wards affected? If yes, name(s) of ward(s): Morley North, Morley South	<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**

- In preparing the Morley Town Investment Plan, Leeds City Council procured Mott MacDonald to carry out socioeconomic baselining analysis of Morley. This evidence base was then used in developing the seven projects outlined in the Morley Town Investment Plan.
- Mott MacDonald also provided specific technical and professional advice to the Council pertaining to the development of projects across transport, the environment, skills, heritage-led regeneration and business growth. A multi-disciplinary team was provided and assisted the Council in developing business cases to a strategic outline level.
- Mott MacDonald were procured through a competitive tender procurement using YORtender and the contract was funded through MCHLG capacity funding. The contract ended on 31 January when the Morley Town Investment Plan was submitted to MCHLG. On Wednesday 3 March 2021 it was learnt that the bid to the Town's Fund for Morley had been successful and that £24.3million had been awarded. At the point of designing and tendering this initial package of work there was little clarity over the next phases of the Towns Fund bidding process, of the ongoing availability of capacity funding, or of the nature of projects that may come forward through the Morley Towns Fund bid.
- Further guidance has now been issued and the next phase of the bid process will require detailed full business cases with finalised costs to be developed in line with

a robust assurance process and consistent with HM Treasury Green Book methodology.

- Leeds City Council now have secured further capacity funding for developing Business Cases for the seven projects outlined in the Town Investment Plan. Mott MacDonald have embedded knowledge from the work undertaken in the first stage and this should be carried into the next stage of work. This includes project specific knowledge, evaluation and baselining exercises, familiarity with the bid and familiarity with the key stakeholders, partners and delivery organisations. This report proposes that the new capacity funding is used to secure Mott MacDonald to carry out further multidisciplinary support via a direct award.

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

- The Town Investment Plan for Morley will provide £25 million of funding to Leeds City Council to undertake a programme of investment and regeneration in this part of South Leeds.
- The combined impact of projects delivered through the Town Investment Plan will have wide ranging and substantial Best Council Plan positive impacts, including the delivery of inclusive growth benefits.
- This will encompass skills, employment and business growth outputs; positive environmental and climate change impacts; health and wellbeing benefits; supporting the city's COVID-19 recovery and wider impacts.

## **3. Resource implications**

- The contract will be entirely funded through central government grant funding.

## **Recommendations**

- a) In respect of Morley Towns Fund, the Chief Officer of Asset Management and Regeneration is recommended to approve the waiver of Contracts Procedure Rules No 8.1 and 8.2 – Intermediate Value Procurement and award a contract to Mott MacDonald in the sum of £50,000. The contract shall commence on 10 May 2021 and expire on 31 March 2022.

### **1. Purpose of this report**

- 1.1 This report is to request that Contract Procedure Rules 8.1 and 8.2 are waived and that a direct award is given to Mott MacDonald to provide technical and professional support in stage 2 of developing the Morley Town Investment Plan.

### **2. Background information**

- 2.1 Mott MacDonald were initially procured through a competitive tender process through YORtender in August 2020. The original value of the commission was £45.118. Their contract in supporting the development of the Morley Town Investment Plan ran from September 2020 through to January 2021.
- 2.2 The work provided was to an extremely high standard. A large amount of research and report writing was turned around against extremely tight deadlines, helping to

shape the delivery of the Morley Town Investment Plan. Their work was essential to the development of the Plan and their input was appreciated by a variety of stakeholders as noted through the Morley Town Deal Board.

### **3. Main issues**

- 3.1 The initial contract terms were driven primarily by funding certainty provided by the capacity funding through MCHLG. The initial contract expired on 31 January 2021 with the submission of the Morley Town Investment Plan. On 3 March 2021 it was learnt that the bid had been successful and the Morley had been awarded £24.3million, meaning that the Council can now move into the next phase of business case development. In the tender instruction for this work it was set out that the successful bidder should demonstrate their ability to support this next phase of work to ensure continuity. Leeds City Council now have an opportunity to bid for additional funding to support the next stage of project development but need to commit this via a contract before the end of the financial year.
- 3.2 As an appropriate competitive process has been undertaken as recently as August 2020 we have assessed what other providers can offer. Mott MacDonald were successful in that process. The services required have not changed, or the disciplines and scope of work, although it is extended in timescales and quantity.
- 3.3 Mott MacDonald have embedded knowledge from the work undertaken in the first stage and this should be carried into the next stage of work. This includes project specific knowledge, evaluation and baselining exercises, familiarity with the bid and familiarity with the key stakeholders, partners and delivery organisations.
- 3.4 The tender instruction for the phase 1 work set out that if the bid was successful, the procured contractor should then be able to support phase 2 work around supporting the development of business cases, to ensure a consistency of approach. Now that we have learnt of the success of the Town's Fund bid support is required for phase 2.
- 3.5 The phase 1 work was delivered within budget, demonstrating a strong value for money case for continuing to work with Mott MacDonald. Leeds City Council still has some of the initial capacity funding left over to support the phase 2 work, in addition to the extra funding to be provided by central government.
- 3.6 As with the procurement carried out in August 2020 there is no internal service provider who could produce the work that Mott MacDonald will be carrying out.
- 3.7 For these reasons a direct award to Mott MacDonald is the most appropriate means of securing the required support. Once approval to award has been obtained a contract will be entered into using the Council's standard tender documentation.
- 3.8 Phase 2 work will consist of the following:
- 3.9 At a programme level:
  - Monitoring and evaluation plan – building on the baseline evidence to structure a programme-level approach to capturing and evaluating outputs. At project level developing specific plans to monitor and evaluate project inputs and outputs.

- Assurance and appraisal – supporting the setup of an appropriate framework and process to assure projects and business cases, including establishing programme level expectations around project outcomes, BCR, match and value for money
- Programme level prioritisation exercise, in order to deliver maximum outputs within the allocated funding and to provide a robust methodology to value engineer, re-scope and identify efficiencies across the programme

### 3.10 At a project level:

- Support to project teams developing the economic case, including appropriate options testing, benefit capture, BCR assessment and value for money assessment. Support to demonstrate the incentive effect and additionality and to construct a green book compliant approach to demonstrating the economic case for investment
- Economic appraisal of projects – with appropriate ‘walls’ in place to ensure separation between the writing and appraisal of economic cases. Outputs to be RAG rating with summary comments and conditions at OBC and FBC stage for seven projects. This may require attendance at Programme Board to talk through case appraisal key points.
- Project specific support including with options testing

3.11 Phase 2 may include wider economic, technical or professional services as required

## **4. Corporate considerations**

### **4.1 Consultation and engagement**

- 4.1.1 A major consultation exercise has been undertaken in Morley to inform the development of the Town Investment Plan bid for Towns Fund monies.
- 4.1.2 The Morley Town Deal Board has been consulted regarding the reappointment of Mott MacDonald and are supportive. The Board is made up of local residents, local businesses, voluntary organisations, the Executive Member for Infrastructure and Climate, Ward Members, Morley Town Councillors and the MP for Morley.
- 4.1.3 Detailed consultation will be undertaken at every stage of the process, particularly during 2021 as projects are designed in detail, subject to the government’s response to the submitted Town Investment Plan.

### **4.2 Equality and diversity / cohesion and integration**

- 4.2.1 As Town Investment Plan projects are developed an EDCI screening will be undertaken to assess potential impacts from proposed projects and as appropriate, further equality, diversity, cohesion and integration impact assessments may be undertaken on specific projects. These assessments will be reviewed and updated through the process of developing projects during the development of the Town Investment Plan and through the detailed design process

### **4.3 Council policies and the Best Council Plan**

- 4.3.1 The Morley Town Deal offers a key opportunity for Leeds City Council to secure up to £25 million of funding to invest in an ambitious regeneration programme in this part of South Leeds with major Best Council Plan implications.
- 4.3.2 The Morley Town Investment Plan will deliver substantially against the Best Council Plan and Leeds Inclusive Growth Strategy, with particular benefits at a local level in Morley, and wider impacts across South Leeds, the wider district and region
- 4.3.3 The Leeds Inclusive Growth Strategy (LIGS) sets out an ambition to ensure all people and communities can contribute towards and benefit from our economy, tackling inequality and supporting all sections of our society into better jobs. The LIGS also sets out an objective to support people to live healthy and active lives, providing the necessary infrastructure to enable this, and to raise skills levels and increase productivity.
- 4.3.4 These ambitions are aligned to the overall objectives of the Towns Fund, and can be specifically realised through the Town Investment Plan for Morley. This Plan identifies low skills levels, low levels of greenspace provision, connectivity challenges and poor health outcomes as key areas of focus for the town. The Investment Plan seeks to address these challenges through a programme of projects and interventions which will create long term and sustainable change.
- 4.3.5 The Town Investment Plan for Morley will address health challenges through the provision and improvement of infrastructure which will enable the population of the town to live healthier and more active lives. In addition, specific interventions may be targeted at improving local infrastructure for the elderly, including the accessibility of the train station, housing provision and the town centre environment. This will build upon existing local strategies to create a dementia friendly town.
- 4.3.6 Morley also has lower overall skills levels than the wider district. Projects and interventions are being explored which may address this through employer backed programmes and local skills initiatives.
- 4.3.7 A key objective of the Town Investment Plan will also be to improve local economic resilience, supporting recovery from COVID-19. Projects and interventions will focus on supporting the creation of employment opportunities, and improving the accessibility of employment for the local community.

#### Climate Emergency

- 4.3.8 Morley has lower green space provision than many other parts of the city and has among the lowest tree canopy coverage. These deficits have an impact on health and wellbeing and on local air quality and the city's carbon emissions. The Town Investment Plan will explore opportunities to address this challenge through the provision of new and high quality greenspace, tree planting and encouraging modal shift.
- 4.3.9 The Morley Town Investment Plan will directly seek to address the quality and provision of green space and tree coverage in Morley, in addition to exploring opportunities to encourage modal shift and create green infrastructure routes from the town to wider economic centres
- 4.3.10 In addressing these areas of need the Town Investment Plan will have positive impacts on biodiversity and carbon emissions and will uplift the quality of the local environment for residents and visitors to the town.

#### **4.4 Resources, procurement and value for money**

- 4.4.1 The contract will be entirely funded by central government grant funding. Applicants to the initial procurement in August 2020 were evaluated on cost as well as quality. This contract marks a continuation of that work.

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

- 4.5.1 This is a Significant Operational Decision which is not subject to call-in. The report itself does not contain any exempt or confidential information under the Access to Information Rules.
- 4.5.2 The value of the direct award detailed within this report is below the threshold for the application of the Public Contracts Regulations 2015 for the procurement of public services contracts and therefore it is not subject to the full EU procurement rules. However, the Contracts Procedure Rules 8.1 and 8.2 require competition for procurements valued between £25k and £100k and the invitation of at least four written tenders. A waiver of these Contracts Procedure Rules is required to award a contract direct to Mott MacDonald. Awarding new contracts direct to the provider in this way could leave the Council open to a potential claim from other potential providers, to whom this contract could be of interest, that it has not been wholly transparent. In terms of transparency it should be noted that case law suggests that the Council should always consider whether contracts of this value could be of interest to contractors in other EU member states, and if it could, the opportunity should be subject to a degree of European wide advertising.
- 4.5.3 It is up to the Council to decide what degree of advertising would be appropriate. In particular, consideration should be given to the subject-matter of the contract, its estimated value, the specifics of the sector concerned (size and structure of the market, commercial practices, etc.) and the geographical location of the place of performance.
- 4.5.4 The Chief Officer of Asset Management and Regeneration has considered this and, due to the nature of the services being delivered, the relatively low value of the contract, the substantial knowledge which Mott MacDonald possesses in regards to this project and relationships already built with the council and its stakeholders, is of the view that the scope and nature of the services is such that it would not be of interest to providers in other EU member states.
- 4.5.5 There is a risk of an ombudsman investigation arising from a complaint that the Council has not followed reasonable procedures, resulting in a loss of opportunity. Obviously, the complainant would have to establish maladministration. It is not considered that such an investigation would necessarily result in a finding of maladministration however such investigations are by their nature more subjective than legal proceedings.
- 4.5.6 Although there is no overriding legal obstacle preventing the award of this contract in this manner, in making their final decision, the Chief Officer of Asset Management and Regeneration should note the above comments and be satisfied that the course of action chosen represents best value for the Council.

#### **4.6 Risk management**

- 4.6.1 A risk management plan will be produced in parallel to the Town Investment Plan. Revenue implications to the Council will be mitigated and it will be a key objective of project development to ensure interventions are revenue neutral.

## **5. Conclusions**

- 5.1 Capacity funding has become available through MCHLG to support the development of the seven projects outlined in the Morley Town Investment Plan. It is proposed that a direct award to Mott MacDonald be given for the provision of technical and professional support for the development of business cases for these projects.

## **6. Recommendations**

- 6.1 In respect of Morley Towns Fund, the Chief Officer of Asset Management and Regeneration is recommended to approve the waiver of Contracts Procedure Rules No 8.1 and 8.2 – Intermediate Value Procurement and award a contract to Mott MacDonald in the sum of £50,000. The contract shall commence on 10 May 2021 and expire on 31 March 2022.

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

- 7.1 None

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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.

### What is your reason for waiving CPRs?

There is a genuine, unforeseeable emergency meaning there is no time to go through a procurement process e.g. to deal with the consequences of extreme weather.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
To purchase supplies or services on particularly advantageous terms due to liquidation/administration.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Requirement to put a contract in place with a current provider whilst a review of the services is completed.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Ran out of time to undertake a new procurement exercise	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<p>Other (please provide summary here)</p> <p>The initial contract terms were driven primarily by funding certainty provided by the capacity funding through MCHLG. Leeds City Council now have an opportunity to bid for additional funding but need to commit this via a contract before the end of the financial year.</p> <p>As an appropriate competitive process has been undertaken as recently as August 2020 we have assessed what other providers can offer. Mott MacDonald were successful in that process. The services required have not changed, or the disciplines and scope of work, although it is extended in timescales and quantity.</p> <p>Mott MacDonald have embedded knowledge from the work undertaken in the first stage and this should be carried into the next stage of work. This includes project specific knowledge, evaluation/baselining exercises, familiarity with the bid and the key stakeholders, partners and delivery organisations.</p>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No