

Council Housing Growth Programme: Approval to enter a SCAPE Built Environment Consultancy Services Contract with Perfect Circle for Pre-Construction Services to support the delivery of new council housing at Hough Top Court, Pudsey

Date: 22nd March 2023

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

The information contained in Appendix A attached to this report relates to the financial or business affairs of particular persons, or organisations, and of the Council. This information is not publicly available from the statutory registers of information kept in respect of certain companies and charities. It is considered that since this information was obtained through one-to-one negotiations between parties, it is not in the public interest to disclose this information now. Also, it is considered that the release of such information would or would be likely to prejudice the Council's commercial interests in relation to other similar transactions in that prospective parties involved in other similar transactions could use this information to influence the level of consideration which may prove acceptable to the Council. 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.

Brief summary

The Council Housing Growth Programme (CHGP) contributes to the Leeds Affordable Housing Growth Partnership Action Plan 2022-25 which has an affordable housing pipeline that targets delivery of c800 new affordable homes per annum over the next 3 years.

This report seeks approval to procure Perfect Circle JV Ltd (Perfect Circle) via the Scape Consultancy Framework (Lot 1: Built Environment) to support the delivery of new build council housing to meet the housing needs of our residents at Hough Top Court, Pudsey.

Recommendations

It is recommended that the Director of City Development

- a) approves the proposed procurement option to use Perfect Circle for Project Management, Technical Advisory and Quantity Surveying services for the Hough Top Court scheme (RIBA Stages 1 – 4) via the Scape Consultancy Built Environment framework. The fee proposal for this stage is £533,850.31 excluding VAT.

What is this report about?

- 1 The purpose of this report is to seek authority to procure a project management, technical and quantity surveying resource from Perfect Circle for the Hough Top Court scheme, which is being delivered through the Scape National Construction framework, Major Works England and Northern Ireland.

What impact will this proposal have?

- 2 There is a need to develop good quality, sustainable, affordable housing across the city and the Council Housing Growth Programme is contributing to the Leeds Affordable Housing Growth Partnership Action Plan 2022-25 which sets out an affordable housing pipeline that targets delivery of c 800 new affordable homes per annum over the next 3 years.
- 3 This report is seeking approval to progress the Hough Top Court council housing growth project into the preconstruction phase to enable robust proposals to be developed in RIBA Stages 2-4 which will include securing planning approval.
- 4 The Project team have developed the scope of service to be provided by Perfect Circle and are satisfied that this meets the requirements of the Council and that the pre-construction costs provide appropriate market pricing in line with similar schemes in the programme.
- 5 The scope of services included in the Hough Top pre-construction package is includes some additional support at an earlier stage across a range of disciplines- architectural, mechanical, electrical and sustainability and to develop the specification and review energy strategy options for the scheme.
- 6 The Council Housing Growth team recommends the appointment of Perfect Circle JV Ltd (Perfect Circle) via the Scape Consultancy Framework (Lot 1: Built Environment) to support the delivery of new build council housing at Hough Top Court, Pudsey.
- 7 Subject to securing satisfactory design proposals and commercial position, further approval will be sought to enter a construction contract to deliver the homes on site. A further report for the commissioning of services for RIBA Stages 5 – 7 will be submitted once the project is ready to progress to this stage.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 8 The delivery of new homes will directly contribute to the priorities outlined in the Best City Ambition and this programme will directly support the following priorities by delivering additional social housing stock:
 - 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.
- 9 The project will 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. Reducing the number of households in fuel poverty.

- 10 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”.
- 11 The scheme directly supports all three of the Council’s Three Pillars, which are at the centre of the Best City Ambition, through:
- Addressing the challenges of housing quality and affordability, tackling fuel poverty and creating vibrant places where residents have close access to services and amenities;
 - Addressing challenges of housing quality and affordability against the trends of rising housing costs and the concentration of older, poor-quality, housing in low-income communities; and
 - Supporting progress towards our ambitious net zero carbon target, focusing on: improving energy efficiency so that in 2030, Leeds will have made rapid progress towards carbon neutrality, reducing impact on the planet.

The scheme will support the Council’s Best City Ambition through the provision of high quality, affordable, energy efficient housing, which also supports the health and wellbeing of individuals, families and communities in the Pudsey Ward and across the city, as well as supporting tenants at risk of fuel poverty.

Development of the scheme will involve a Team Leads approach, with a focus on: working in partnership; sharing ideas and learnings and being ambitious about the environmental impact.

The scheme will also 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; and
- c) Improved energy and thermal efficiency performance of homes

- 12 All homes will be highly energy and thermally efficient contributing to other Council objectives relating to climate emergency, sustainability and fuel poverty. Initial options and assessment for suitable alternative low carbon heating and hot water energy solutions have been considered at feasibility stage. Further work will be undertaken to determine which solution is the most suitable, taking account of capital investment costs, running costs for residents, overall carbon impact and the need to meet statutory requirements.

What consultation and engagement has taken place?

Wards affected: Pudsey

Have ward members been consulted? Yes No

- 13 Local Ward Members have been consulted regarding proposals and are supportive of the proposals to deliver new housing on this site. The Lead Member for Infrastructure and Climate has also been consulted on the proposals to deliver affordable housing on this site and is keen to see the development progress. Ward Members are keen to ensure that homes are developed in line with the Council’s sustainability ambitions in terms of carbon output and fuel poverty.

What are the resource implications?

- 14 The Council Housing Growth Capital Programme has a total approved budget of £324m and incorporates sufficient funding to meet the costs of delivering the scheme contained in this report. A dedicated project team is in place to progress the scheme for the Council working with colleagues and stakeholders across many other departments.

- 15 Perfect Circle is a company jointly owned by Gleeds, Pick Everard and AECOM, set up to realise value and opportunity for public authorities and has successfully supported the Council on a number of other completed and in-construction schemes, where the SCAPE Built Environment framework has been utilised. Perfect Circle were selected as Delivery Partner in competition with 8 other bidders selected to tender based on a 70/30 Quality/Price split. In addition to the professional services offered under the framework, the Scape Consultancy Framework requires social value outputs to be delivered by Perfect Circle which will be realised as the project develops.
- 16 The project team will manage the contract to ensure that good performance and value for money are achieved. Perfect Circle will be engaged using an NEC4 Professional Services Contract, which is the industry standard and which may be terminated for any reason, including non-viability of the scheme. Payments on this contract will be made based on the successful completion of tasks listed in an agreed Activity Schedule. This is further supported by the SCAPE framework management team.
- 17 In addition, the overall management and delivery of schemes being supported by Perfect Circle are discussed at senior level between the Council and representatives from Perfect Circle on a regular basis.

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

- 18 A risk log for the programme is being managed by the CHGP Board. There are no specific risks associated with the proposed appointment recommended in this report.
- 19 The project team will continue to monitor the identified risks and will consider any new risks moving forward through the life of the project.

What are the legal implications?

- 20 A Key Decision to appoint Perfect Circle via the Scape Consultancy Built Environment framework (formerly the Scape Built Environment Consultancy Services) was made on 19th February 2020. The approval noted that further appointments of technical consultants on individual CHGP schemes would be subject to separate reports. Therefore, this approval is being taken as a Significant Operational Decision (as the costs incurred in the commissioning of the services outlined in this report will exceed £100k) which is not subject to call-in.
- 21 The legal and contractual obligations of the Council and bidders will be managed through the Scape Consultancy Built Environment framework and an NEC 4 Professional Services Contract (Option G). The legal and contractual implications of this proposal are set out throughout this report particularly in risk management section above.
- 22 On 21st September 2022, Executive Board approved the proposal to add six additional council owned sites to the programme, which included Hough Top Court, Pudsey and noted that subsequent procurement and contract approvals would be approved by the Director of City Development under the Council's existing approved scheme of delegation.

Options, timescales and measuring success

What other options were considered?

- 23 The majority of the Council Housing Growth programme is being supported by NPS Leeds, as part of the joint venture partnership arrangements already in place with the Council. NPS provide a range of consultancy services to the programme and currently have a significant number of schemes in progress at planning, pre-construction and in construction stages, together with additional commissions for the next batch of sites that the Council expects to deliver as part of its programme.

24 The rapid expansion of the programme over the last few years has created the need to seek additional resources to support delivery at pace. The use of the Scape Built Environment Consultancy framework provides additional capacity in terms of technical consultants on specific schemes to ensure that the programme can be delivered as quickly as possible.

25 Perfect Circle has previously provided support to the Council on a number of other schemes, where these have been delivered through the SCAPE framework due to their familiarity with the framework and a regular monitoring framework exists to ensure that appropriate advice and performance is delivered across our schemes. The proposed procurement route is to appoint Perfect Circle through direct award on the Scape BECS framework as a result.

How will success be measured?

26 The delivery of new council homes at Hough Top will contribute to the number of new affordable homes as part of the city delivery target of c.800 new affordable homes per annum over the next 3 years.

27 The most recent programme update to Executive Board was issued in September 2022 and noted that 565 homes have been acquired, completed or were in construction with around 540 at feasibility stage or forecast to be complete or in delivery by March 2025.

What is the timetable and who will be responsible for implementation?

28 The site has been cleared and the demolition of the former buildings concluded in early 2022. It is intended that the pre-construction period will formally commence in March 2023, with a view to submitting a planning application in summer 2023. It is anticipated that the building contract will be awarded following planning approval some time in 2024 and the works start on site in spring/summer 2024. The build period is likely to be around 18 months.

Appendices

- Appendix A - Perfect Circle Cost Breakdown (Confidential) v1.0

Background papers

- None