

Council Housing Growth Programme: Authority to Spend and approval to appoint NPS to design new council homes at the Queenswood Drive site in the Kirkstall Ward

Date: 25 January 2024

Report of: Council Housing Growth Team

Report to: Chief Officer Asset Management & Regeneration

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

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 circa 800 new affordable homes per annum over the next 3 years.

In September 2022, Executive Board approved the inclusion of the Queenswood Drive site into the CHGP as a Key Decision.

This report seeks authority to spend and approval to appoint the Council's design and technical partners, NPS Leeds Ltd (NPS), via the Joint Venture Agreement already in place with the Council to design new council homes at the Queenswood Drive site in the Kirkstall ward. The design will enable a planning application to be submitted.

The new homes will be designed to meet the housing needs of our residents.

Recommendations

It is recommended that the Chief Officer of Asset Management & Regeneration:

- a) Approves Authority to Spend for up to £419,146 for the design of new council homes at the Queenswood Drive site in the Kirkstall ward to enable a planning application to be submitted. Design development is subject to successfully meeting viability gateways through the RIBA stages.
- b) Approves the appointment of NPS Leeds Ltd via the Joint Venture Agreement already in place with the Council to undertake the design.

What is this report about?

- 1 This report is seeking approval to progress the Queenswood Drive CHGP scheme into the pre-construction phase to enable design proposals to be developed. It seeks authority to spend and authority to appoint NPS to deliver design, technical and quantity surveying services to RIBA Stage 3, which will enable the planning application to be submitted.

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 circa 800 new affordable homes per annum over the next 3 years.
- 3 This report is seeking approval to progress the Queenswood Drive council housing growth project into the pre-construction phase to enable design proposals to be developed to RIBA Stage 3 which will enable the planning application to be submitted.
- 4 NPS has already undertaken a RIBA 1 feasibility study for the site, which shows that the site may be suitable for residential development for up to 27 homes to meet the housing needs of the area. Desk top surveys have been received which have helped our understanding of the site conditions and in relation to utility connections. Based on this work, NPS have submitted a scope of service to deliver RIBA Stages 2 and 3, proposals for more detailed surveys, and a provisional sum for specialist design services which NPS are likely to need to support them to design the scheme. The project team are satisfied that the scope of service meets the requirements of the Council. NPS have advised that a budget of up to £419,146 should be allocated to deliver this work. A detailed fee proposal will be submitted by NPS in line with the fees agreed in the joint venture agreement.
- 5 Design development is subject to successfully meeting viability gateways through the RIBA stages.
- 6 The Council Housing Growth team recommends the appointment of NPS under the joint venture partnership arrangement already in place with the Council to support the delivery of new build council housing at the Queenswood Drive site in the Kirkstall ward.
- 7 Subject to securing satisfactory design proposals and a 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 4-7 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 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. Options for low carbon heating and hot water energy solutions will be considered at the next stage. Work will be undertaken to determine the most suitable solution, 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: Kirkstall

Have ward members been consulted? Yes No

13 Local Ward Members have been consulted and are supportive of proposals to deliver new homes on the site. Further consultation to take place prior to commissioning NPS. The Executive Member for Housing receives regular briefings on the programme.

14 The site is not listed for disposal and the delivery of council housing on this site is supported by colleagues in Land & Property.

15 The Chief Officer of Housing is supportive of new social housing in this area of the city and supports this proposal.

16 The Finance, Legal Services, and Procurement and Commercial Services (PACS) teams have been consulted and they support the recommendations in this report.

What are the resource implications?

- 17 The Council Housing Growth Capital Programme has a total approved budget of £337m until March 2027 and incorporates sufficient funding to meet the costs of delivering the scheme contained in this report.
- 18 All schemes in the programme are required to meet viability requirements, whereby the estimated rental income is sufficient to repay the borrowing costs over a 40 year period as set out in the Executive Board report of September 2022. The Council is pursuing additional funding from West Yorkshire Combined Authority's (WYCA's) Brownfield Housing Fund to reduce the amount that needs to be borrowed. If funding cannot be secured from WYCA, the council has the option of using commuted sums secured from developers on other housing schemes in Leeds. The market rental values within the area suggest that the rental income will repay the borrowing costs over the 40 year period. Any borrowing requirement is assessed at a council level rather than at a project level. As such the interest and loan repayment for this scheme will be calculated using the prudential borrowing model. A viability assessment will be undertaken at each RIBA stage to ensure viability remains positive before proceeding.
- 19 A project team is in place to progress the scheme for the Council working with colleagues and stakeholders across many other departments.
- 20 The project team will oversee the commission to ensure that good performance and value for money are achieved. Payments will be made on a monthly basis in line with the joint venture agreement.
- 21 The overall management and delivery of council housing growth schemes are discussed at a senior level between the Council and representatives from NPS on a quarterly basis.

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

- 22 A risk log for the programme is being managed by the CHGP Board. A key objective of the pre-construction period is to understand the site, including any risks it presents. The mitigation and allocation of these risks will be managed and considered during the design process. Client risks will be set out within the construction contract and any remaining risks will be transferred to the contractor. As part of the approval to award the construction contract, the report will set out the Council risks and the costs associated with transferring the remaining risks to the contractor.
- 23 The project team recognises that the current market for residential development has experienced significant levels of inflation due to wider issues and continued demand within the sector. The current predictions are that inflationary pressures will continue to stabilise and result in a readjustment of prices over the next 12 months. The proposed approach for this project enables the Council to make an assessment about value for money at the point when the market should have gone through this adjustment process.
- 24 There are no specific risks associated with the proposed appointment of NPS recommended in this report.

What are the legal implications?

- 25 On 21 September 2022, Executive Board approved the proposal to add six additional council owned sites to the programme, which included Queenswood Drive as a Key Decision.
- 26 The recommendations in this report are a direct consequence of this Key Decision and constitutes a Significant Operational Decision which is not subject to call in.
- 27 The legal and contractual obligations of the Council will be managed through the joint venture agreement. The legal and contractual implications of this proposal are set out throughout this report particularly in risk management section above.
- 28 There is a requirement to confirm to officers in Legal Services and Land & Property the extent of any ancillary agreements which are essential to deliver the scheme (for example utility section

agreements and wayleaves) and which require approval, so that Legal Services can plan resources effectively. The full detail will be communicated in the RIBA 3 design stage once a design has been developed and formal quotes have been received, and a further administrative decision to proceed will be taken by the Head of Council Housing Growth in consultation with the Chief Officer of Asset Management & Regeneration.

Options, timescales and measuring success

What other options were considered?

29 No other options were considered as the joint venture partnership agreement requires design and technical consultancy services of this nature to be offered to NPS Leeds in the first instance and NPS are suitably qualified to undertake the work. The majority of the council housing growth programme is already being supported by NPS Leeds.

How will success be measured?

30 The delivery of new council homes at Queenswood Drive will contribute to the number of new affordable homes as part of the city delivery target of c.800 new affordable homes per annum until 2026/27. Success will be measured by the number of new homes of the right type that are delivered on the site.

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

31 The project will be implemented by the LCC Council Housing Growth Team. It is intended that the design period will formally commence in February 2024, with a view to submitting a planning application in Autumn 2024.

Appendices

- Appendix A – Equality, Diversity, Cohesion and Integration Screening

Background papers

- None