

Council Housing Growth programme - Approval to enter a SCAPE Built Environment Consultancy Services Contract with Perfect Circle to support the delivery of new council housing at Middlecross, Armley extra care housing scheme

Date: 1st May 2024

Report of: Council Housing Growth team, Asset Management & Regeneration

Report to: Director of City Development

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 c750 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 provide extra care housing for older people requiring additional care and support at Middlecross, Armley.

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 Middlecross, Armley scheme (RIBA Stages 3-7 subject to performance at RIBA stages) via the Scape Consultancy Built Environment framework up to the total value of £1,184,677.55 inclusive of the PSC/PSSSC Fee set by the SCAPE Framework.

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 Middlecross, Armley 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 750 new affordable homes per annum over the next 3 years.

- 3 This report is seeking approval to complete any remaining work required for the Middlecross, Armley extra care housing scheme for the preconstruction phase to enable robust proposals to be developed in RIBA Stages 3-4 which will enable the scheme to commence construction during the 2024/25 financial year.
- 4 Perfect Circle provided the project management, technical advisory and quantity surveying resource, together with fulfilling the NEC contract management service that helped the Council successfully deliver its most recent extra care housing scheme at Gascoigne House, Middleton and their experience and expertise in dealing with a similar complex scheme will help give assurance of a similar successful outcome.
- 5 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 Middlecross, Armley.

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 6 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:
 - 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.
- 7 The project will directly contribute to the achievement of a number of the 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) Reducing the number of households in fuel poverty.
- 8 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”.
- 9 The scheme directly supports all three of the Council’s Three Pillars, which are at the centre of the Best City Ambition, through:
 - a) Addressing the challenges of housing quality and affordability, tackling fuel poverty and creating vibrant places where residents have close access to services and amenities;
 - b) 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
 - c) 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.
- 10 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: Armley

Have ward members been consulted? Yes No

- 11 The Executive member for Housing Cllr Lennox has been briefed on a number of occasions and most recently on 4th April 2024 and remains supportive of the scheme.
- 12 Local ward members in Armley have been briefed throughout the development of the scheme and most recently on 14th March 2024 about the proposed arrangements for delivering the scheme through an alternative contractor following the withdrawal of Equans and remain supportive of the scheme.
- 13 The Chief Officer Asset Management & Regeneration was briefed on 18th April 2024 and is supportive of delivering the scheme.
- 14 Public communications were issued to over 200 properties as part of the pre-planning consultation which took place between July and August 2022. This included the distribution of printed literature to local residential and commercial properties, as well as options to provide online feedback through various council channels. Despite limited responses the majority of feedback was in favour of the Middlecross Extra Care development.
- 15 In December 2022 the scheme went through a formal planning consultation process and planning permission was subsequently approved in April 2023.

What are the resource implications?

- 16 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.
- 17 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.
- 18 The services outlined in this report will be procured through direct award using the Scape BECS framework which has been competitively procured and the consultants appointed based on competitive tendered rates. 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.
- 19 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. 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?

- 20 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. The project team will continue to monitor the identified risks and will consider any new risks moving forward through the life of the project.
- 21 The Council has appointed contractor, Morgan Sindall Construction, to develop the design and cost proposals to take the scheme into construction, but if their submission proposals do not meet the affordability or value for money threshold set for the scheme, resulting in the scheme not proceeding to RIBA 5, then the delivery agreement with Perfect Circle would allow the Council to “terminate” on completion of Stage 4 services if necessary and Perfect Circle would only be entitled to submit invoice fees against completed work.

What are the legal implications?

- 22 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.
- 23 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.
- 24 The use of the SCAPE framework has previously been approved by the Council’s Procurement and Commercial Services team, as an alternative to the Yorbuild Framework, subject to consideration of the project requirements. The recently completed extra care housing scheme at Gascoigne House, Middleton was delivered through the SCAPE framework previously.
- 25 The legal and contractual obligations of the Council and Perfect Circle will be managed through the Scape Consultancy Built Environment framework and an NEC 4 Professional Services Contract (Option G).
- 26 Access to information: The information contained in Confidential 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.

Options, timescales and measuring success

What other options were considered?

- 27 Following the withdrawal of the existing contractor, Equans, in delivering the project, options for delivery were considered and approval was given to procure an alternative contractor, Morgan Sindall Construction Ltd, through the SCAPE construction framework as the best means of achieving the project objectives and maintaining pace in delivery of this priority scheme,
- 28 The project team has also considered options for commissioning the technical consultancy and NEC contract management resource and support requirements for the scheme, taking account of the existing joint venture agreement with Norse Property Services (NPS) Leeds which is utilised to deliver the majority of the Council's capital and construction projects.
- 29 Over the last 18 months there has been a rapid expansion of the programme which has created the need to seek additional resources to support the council requirements. This has resulted in a significant increase in the value of work commissioned through NPS Leeds, to take forward a number of sites from feasibility to RIBA stage 3 (to achieve planning approval).
- 30 Officers have undertaken a capability and capacity exercise to determine the optimum blend of Council and technical consultancy resource to assure delivery on this complex and specialist project. As a result of this assessment, officers are recommending that the Council now commissions the Perfect Circle consultancy (comprising Gleeds project management services and other specialist consultants) to provide the necessary services to enable the scheme to progress from the current stage through to scheme completion.
- 31 The primary reason for this approach is that the Council has been able to allocate officers from the delivery team with the most recent experience of the extra care housing scheme at Gascoigne House, Middleton, and Perfect Circle are able to offer the same project management team which helped the Council to deliver Gascoigne House and other specialist consultants with expertise in delivery of extra care housing, a key requisite for the selection of the contractor and procurement delivery route.

How will success be measured?

- 32 The delivery of new council homes at Middlecross, Armley will contribute to the number of new affordable homes as part of the city delivery target of c.750 new affordable homes per annum over the next 3 years. The successful completion of this scheme will ensure delivery of a further 65 homes toward those targets.

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

- 33 It is intended that the pre-construction period will formally commence in May 2024 and be completed by October 2024, with the aim of starting construction works on site before the end of this calendar year, subject to suitable contract terms being agreed. It is anticipated that the building contract period will last around 18 months with completion of the scheme in 2026/27.

Appendices

- Confidential Appendix A - Middlecross - Fee Proposal from Perfect Circle
- Appendix B - Equality, diversity, cohesion and integration screening

Background papers

- None