

Report for: Cabinet – 19th September 2023

Title: Contract award to KCA for design and architectural services for the Selby Urban Village masterplan

Report authorised by : David Joyce – Director of Placemaking and Housing

Lead Officer: Peter Exton – Head of Area Regeneration (North Tottenham)

Ward(s) affected: Bruce Castle

**Report for Key/
Non Key Decision:** Key Decision

1. Describe the issue under consideration

- 1.1. This report sets out a number of recommendations which allow for the next stages of development work supporting the delivery of the Selby Urban Village project.
- 1.2. Specifically, this report recommends a budget for the RIBA Stage 3 design development and the development of a contractor procurement strategy of £1.7m inclusive of the consultant fee and LBH internal re-charges as set out in Table 2. This report seeks authority to allocate and draw down this budget of £1.7m from the General Fund to take forward the scheme to planning submission.
- 1.3. As part of this, following a cost optimisation exercise, the report seeks authority to award a contract for a multidisciplinary design team, led by Karakusevic Carson Architects (KCA) through a direct award call-off from the Notting Hill Genesis (NHG) framework to transition the project from RIBA 2 to RIBA 3 and facilitate a planning submission for a cost of £757,172.
- 1.4. The report also notes a revision to the proposed delivery approach into two broad phases.

2. Cabinet Member Introduction

- 2.1. From the outset the ambition of both the Council and the Selby Trust has been that Selby Urban Village project would be an exemplar placemaking project. To date, the project has been developed through a co-production process with the local community and our third sector partners. It has the potential to bring about substantial benefits to our residents and local communities through the delivery of high-quality Council homes and much need community and leisure assets.
- 2.2. That ambition was supported and partly funded by the allocation of £20m Levelling Up Funding which the report in April 2023 allowed us to accept and

start drawing down. This forward funding has not only allowed the Council to recover its investment to date but to also proceed to planning and tender without recourse or risk to Council Funds.

- 2.3. Sports England recently announced that ‘The government’s new sport strategy, with its strong focus on increasing participation and ensuring sport and physical activity is accessible to everyone regardless of background or postcode, is hugely welcome and comes at an important time for our sector’. This is particularly so on this project which will give access to residents in four of the most deprived wards in the Country and contribute to community wealth building. This report is the next step in realising this ambition, and if approved will unlock progression to the next stage of the development process.

3. Recommendations

- 3.1. It is recommended that Cabinet:
- 3.2. Approve an indicative capital project budget of £1.7m for the development of the design of the Selby Urban Village project to RIBA 3, inclusive of internal re-charges and additional services.
- 3.3. In accordance with CSOs 7.01. (b) and 9.07.1 (d). approve the contract award to Karakusevic Carson Architects (KCA) to the sum of £757,172 to lead a multidisciplinary design team in the design of the Selby Urban Village Masterplan.
- 3.4. Note the two-phase approach to delivery of the Selby Urban Village project.

4. Reasons for decision

- 4.1. Since 2018, the Council have been working with the Selby Trust to develop the Selby Urban Village masterplan. Located in North Tottenham, the masterplan seeks to repurpose an old school site and the Bull Lane playing fields, to deliver a mixed-use development that will deliver new council homes and community infrastructure for the local community.
- 4.2. In early 2022, the Council bid for Levelling Up Fund (LUF) funding to the Department of Levelling Up, Housing and Communities (DLUHC). For the bid, the Council split the masterplan into two phases. Phase one would see the delivery of a new community centre and sporting facilities and phase two the delivery of c.200 new Council homes.
- 4.3. A condition of the LUF monies was for any awarded money to be spent by March 2025. At the time, following coproduction with Selby Trust and numerous rounds of engagement with the local community and stakeholders, the project was approaching planning submission with a design well advanced into RIBA 3, meaning that this condition could be met.
- 4.4. In January 2023, DLUHC awarded the Council £20m LUF grant for phase one of the Selby Urban Village scheme. Following the LUF funding announcement,

in the context of a substantially more challenging delivery environment, the scheme still has faced significant cost pressures. As a result, a significant cost optimisation exercise has been carried out for both phases of the scheme to ensure a deliverable scheme is submitted for planning.

- 4.5. Currently, the whole scheme is at RIBA 3, but elements of the scheme will be required to go back to RIBA 2 due to significant design changes required to reduce cost. This includes Phase 1 - community infrastructure, and phase 2 – housing which will additionally be amended to address changes to building regulations following the Grenfell tragedy.
- 4.6. As such, this report asks that Cabinet approve the £1.7m budget to progress with the development of the Selby Urban Village masterplan to RIBA stage 3. This will enable officers to continue to develop the design of the masterplan with the community and local organisations, with the aim of submitting a planning application for the scheme in Winter 2023.
- 4.7. This report also seeks approval to award a contract to KCA to lead the multidisciplinary design team to develop the design of the masterplan to RIBA 3 and submit a planning application for the scheme. This award would be made via a direct award through the Notting Hill Genesis (NHG) Development Framework.
- 4.8. The report further notes a two stage approach to the scheme. The first phase of the scheme will be delivered through the General Fund capital programme; including the sports, leisure, work/community space, parks and biodiversity investment. The second phase, the housing site on the site of the current Selby Centre will be delivered instead within the Housing Revenue Account. This is to allow a clear focus on the initial delivery of phase 1, and the subsequent separate delivery of phase 2. By separating the phases out in this way there is no need for the General Fund to forward fund the delivery of the homes in phase 2, and instead these costs can be met by the Housing Revenue Account in due course.

5. Alternative options considered

- 5.1. The £1.7m budget has been calculated and tested through a project forecasting exercise. Not approving the spend of the budget will prevent the scheme from being developed to a deliverable design, therefore risking the overall deliverability of the scheme, the LUF funding, and the associated reputational risks of non delivery.
- 5.2. The Council could have pressed ahead with planning and undertaken a value engineering exercise post-planning with a contractor. However, given the scale of the challenge, this could lead to the scheme having to return to planning as material changes to design could occur. This could lead to additional costs and delays leading to reputational damage.
- 5.3. The Council could have competitively tendered for a new multidisciplinary design team. This could have increased programme delay, placing the LUF at

risk and resulted in a loss of continuity if an alternative supplier were to have been successful.

- 5.4. The proposals set out in this report mitigate against the risks identified above and ensure that the experience of the existing architects is brought to bear on the revisions to the scheme design.

6. Background information

Scheme Objectives

- 6.1. The Haringey Local Plan adopted in 2017 recognised the Selby Centre as an Asset of Community Value, recognising its current and possible future purpose of furthering the social wellbeing of the local community. To this end, the Site Allocations Development Plan Document (DPD) proposed the Selby Centre as a site for Community-use led, mixed development, including the consolidation of community uses, with a potential for housing development. The DPD also identified an opportunity to link the adjacent Bull Lane playing fields with the Selby Site development.
- 6.2. In 2019 the Council entered into a Memorandum of Understanding (MOU) with the Selby Trust, the tenant and principal occupier of the Selby Centre. The Selby Trust have been operating from the Selby Site for 30 years and currently host 34 organisations. The majority of these organisation are small, voluntary sector organisations which offer a range of services, not limited to recreation, work, play, teaching and training. The objective of the MOU was a joint approach to bring forward development of a Selby Urban Village.
- 6.3. Principles of the project were agreed by Cabinet in 2019 and include:
 - **Connected** - To support the creation of a connected and integrated community and promote safe accessibility and connectivity to new and existing amenities.
 - **Sport** - To deliver high quality accessible and affordable sports and recreational facilities on the adjacent Bull Lane playing fields that achieve a range of social, health and educational benefits.
 - **Community** - To re-provide the Selby Centre, which provides social, economic and community benefits and supports a sustainable and mixed-use scheme.
 - **Housing** - To deliver around 200 residential units on the site, a minimum of 50% of which are council rented homes.
 - **Sustainability** - To deliver new spaces which are lean, green and clean embodying sustainable materials, reuse and recycling and principles of circular economy.

LUF Funding and Programme

- 6.4. The design proposals for the scheme have been developed with clear proposals for all facilities. The current masterplan proposals envisage the creation of 3G pitches, the pavilion and sports centre plus landscaping on the Bull Lane playing fields, along with the construction of the new community centre and workspace buildings. A phased approach to delivery would then allow the decanting of the current community centre and the construction of the housing scheme on the vacated site.
- 6.5. In 2022, the scheme was impacted by changes in the delivery environment, including construction cost inflation and rising interest rates. In addition to this, Greater London Authority (GLA) had reduced the amount of grant that is available for the proposed 50% sale / 50% affordable housing scheme. The combination of increased development costs and reduced scheme income worsened the scheme's then viability, necessitating further efforts to bring in additional income, and to examine the scope of the programme.
- 6.6. To help secure additional funding for the scheme, the Council submitted a bid for round two of Levelling Up Funding seeking £20m towards the delivery of the sports and leisure facilities and the reprovision of the Selby Centre.
- 6.7. In January 2023, DLUHC confirmed the Council was successful in its bid and announced the full award of grant, to the sum of £20m. Following an approval by the Cabinet Member for Council House Building, Placemaking and Development in April 2023, the Council entered a Memorandum of Understanding (MOU) to receive the £20m to contribute to the costs of phase one of the Selby Urban Village scheme. The MOU sets out the non-legally binding terms and conditions of the funding award.
- 6.8. Since the award of LUF grant in January 2023, the project has re-mobilised to meet a grant spend deadline of March 2025. This includes developing and agreeing a procurement strategy and mobilising internal departments who will take on the responsibility of project management throughout to delivery.
- 6.9. The programme has been updated with the following milestones subject to approval being obtained. These milestones need to be met to comply with the conditions of the grant and ensure a deliverable scheme is submitted for planning.

Table 1:

| Item | Date |
|------------------------------|--------------------|
| Planning submission | January - March 24 |
| Contractor Procurement Start | March – June 24 |
| Planning determination | March – June 24 |
| RIBA 4 | January – March 24 |

- 6.10. To achieve this, the Council requires a budget of £1.7m to allow for project spend, including the costs of a multidisciplinary design team to develop the

design to planning and start contractor procurement. The budget will also fund additional specialist services and internal staff recharges.

A move to a two-phase delivery approach

6.11. The original scheme envisaged that the General Fund capital programme would fund the whole scheme and that the HRA would then “buy” the completed units from the General Fund. Part of the strategy for applying for LUF grant and resolving the viability issues was to split the scheme into two phases. The first phase will deliver the community infrastructure and the second would deliver Council homes. The impact of this revised approach will result in a reduction in the General Fund capital programme from the current allocation of £133m to £40m.

Scheme Viability

6.12. As explained above, there have been significant changes to the delivery environment since the conception of the scheme which have placed challenges on the deliverability of the Selby Urban Village proposals. Whilst the LUF award is very welcome and essentially “unlocks” the scheme, there remains further work to ensure that the scheme can be delivered viably.

6.13. In August 2023, the project team extensively explored various options to decrease the capital cost in collaboration with the Selby Trust (see below). While there has been significant progress and areas of potential efficiency identified, current estimates suggest a working deficit of between £3m and £5.5m.

6.14. One condition of the LUF funding was for all grant monies to be spent by March 2025. Whilst the fund administrator, DLUHC, acknowledges there was a six-month delay in the decision-making and has indicated flexibility regarding the completion date, there has yet to be a decision on whether the expenditure deadline will be postponed. Therefore, to comply with funding, the Council must make every effort to advance the scheme to achieve a start on-site.

6.15. To proceed on this basis means that the team are progressing with a scheme that has yet to identify all of the funding to make the scheme net neutral to the General Fund. However, while the council works to close the remaining gap, it should be noted that the development funding drawn down in this report makes use of existing external funding, and there is not a risk to the council of this funding being recouped.

6.16. The project will subsequently come back to Cabinet to seek approval to proceed with the scheme and to appoint a contractor. For this to be a recommendation to come forward, the scheme will have to be fully funded at that point.

Additional Funding

- 6.17. In addition to the Levelling Up Funding, the Council has already confirmed an allocation of an additional £2m of funding from the Football Foundation which can be drawn following planning approval.
- 6.18. Other known sources of funding, include an element which will be met from the capitalised rent from the Selby Centre, and there will also be a contribution to phase 1 of the scheme from the appropriation of land from the General Fund into the HRA for phase 2. A valuation has been commissioned to establish this amount. In addition, the council is in discussion with the GLA about bringing further funding into the scheme.
- 6.19. Finally, in order to address any outstanding gap, in addition to cost optimisation, further sources of funding, including a potential £2m from the Brownfield Land Release Fund have been identified. Work will be ongoing in the coming months to seek to secure the remaining funding required and an update will be provided to Cabinet at the next key decision.

Reducing the Capital Cost of the Scheme

- 6.20. In addition to securing additional income, the project is working to reduce the capital costs of phase 1. In collaboration with the Selby Trust, the team have identified two elements, the Sports Hall and the Selby Centre, where there is a opportunity to materially save on the capital cost whilst maintaining the scheme's original outcomes.
- 6.21. **Sports Hall Options Appraisal** - In collaboration with the Selby Trust, the project team has conducted an options appraisal for the Sports Hall. This evaluation explores ways to significantly reduce the capital cost of delivering a fit-for-purpose sports hall.
- 6.22. **Selby Centre Building Optimisation** - KCA architects and Selby trust are reviewing floor plans for the Selby Centre to identify opportunities to reduce the build cost within the room schedule, design and material specification without significantly impacting the Selby Trust's ability to deliver their business plan.
- 6.23. It is anticipated this work to reduce costs will be completed in Autumn 2023.

Commissioning of Architect and related services

- 6.24. In 2020 Karakusevic Carsen Architects were appointed to work with the Council, the Selby Trust and the community to develop a masterplan and planning applications for the Selby Urban Village project. Following delays driven by the Covid-19 pandemic and to cover the cost of additional consultancy work and reports, in 2022 Cabinet approved the variation of the KCA contract to include an extension of time and budget.

6.25. *In exempt part only.*

Procurement of the next stage of architectural and related services

- 6.26. Prior to the cost optimisation exercise, the whole scheme was at close to completion at RIBA 3. However, due to significant changes to design to reduce cost, elements of the scheme will be required to go back to RIBA 2. To meet the planning submission milestone, scheme design is required to be developed to RIBA 3.
- 6.27. As the previous contract with KCA has already been extended, officers were required to consider how design could be progressed. Consideration was given to competitively retendering the RIBA 3 design contract however, it was deemed that this option would be unviable due to the cost and delays associated with potentially awarding an alternative design team.
- 6.28. It was concluded that remaining with KCA as principal designers for the scheme would be beneficial due to their significant experience of the project, relationships built with the local community and their ability to generate efficiencies from the work that had already been commissioned.
- 6.29. To ensure that the procurement of KCA and the associated team complied with procurement regulations, a strategy was formed with the Strategic Procurement Team to seek a public procurement framework which allowed for a direct award under certain conditions.
- 6.30. The framework identified was the NHG's Development Framework; a compliant framework agreement that offers the Council access to a pool of pre-selected consultants, including KCA. The framework allows for a direct award '*where the Authorised User has unique insight and understanding of a project and/or the project's key stakeholders*'.
- 6.31. The Council entered into an Access Agreement in order to call off from the Framework and as an authorised user, was not charged a fee for using the Framework.
- 6.32. Following a procurement exercise through NHG Framework, where KCA demonstrated their ability to meet a minimum threshold, officers recommend the direct award of KCA for Stage 3 design development works for the Selby Urban Village. The total fee agreed for this additional work was £757,172.
- 6.33. The cost of this procurement up to the Planning stage, potentially including some elements of RIBA 3b and RIBA 4 relating to the procurement of construction contractor, is £757,172. This money will be drawn down from monies received in 2023 as part of the LUF grant award of £20m.
- 6.34. Further budgetary approval will be sought and will include an updated procurement strategy for the remaining RIBA stages in the construction contract report which will follow the approval of the planning application.
- 6.35. The council will direct appoint KCA to deliver RIBA 3 and the planning application. The services to be awarded include an Architect/Lead Consultant and a multi-disciplinary team.

6.36. This team also includes the following consultants/services:

- Environmental Impact Assessors
- Planning Consultant
- Principal Designer
- Daylight / Sunlight
- Mechanical & Electrical, including energy/Sustainability consultants
- Landscape Designer
- Structural and Civil Engineers
- Waste Consultant
- Fire Engineer
- Arboricultural Consultant
- Transport Consultant

6.37. The Design Team will be appointed to deliver RIBA 3, which is expected to last about 6 months, including submitting a planning application. It is proposed to award a single contract expected to start in September 2023 and conclude in March 2024. This award is for one RIBA stage (stage three) only.

Additional Appointments

6.38. In addition to appointing a lead architect, the project also requires an independent quantity surveyor (QS) and employer's agent (EA).

6.39. The QS will lead the cost planning exercise through RIBA 3 and provide a detailed cost ahead of planning. Their appointment will also cover the construction period to provide a monitoring role.

6.40. The EA will lead the development of a contractor procurement strategy and assemble the procurement works package. Further, the EA will administer the construction contract as the Council's agent.

6.41. At the end of each RIBA stage, the council will not be obliged to roll both contracts over and will continue to reserve the right to terminate and re-tender for each subsequent RIBA stage. This will ensure that the appointed supplier is incentivised to provide both high quality and the best value and ensure the Council can assess the viability and deliverability of the scheme.

6.42. The team are developing a procurement strategy, and it is envisioned that these services (QS and EA) will be out to tender in the forthcoming financial quarter.

Internal Re-Charges

6.43. The project team also seeks expert construction project management from the internal capital projects team. This resource will reduce the Council's reliance on external advice and is a cost-effective method to manage the project through delivery. The proposed budget includes the Capital Teams recharges as defined in Table 2 below.

Budget and Draw Down

6.44. *In exempt part only.*

7. Contribution to the Corporate Delivery Plan 2022-2024 High-level Strategic outcomes'

7.1. The Selby Urban Village holds significant potential in achieving the Council's corporate delivery plan outcomes. Despite the project's scheduled completion extending beyond the delivery plan timeline, evaluating the scheme's ability to deliver anticipated and current outcomes is imperative. Therefore, this report identifies how the scheme 'has', 'is', or 'will' meet the outcomes in the Delivery Plan.

Table 3:

| Delivery Plan Outcomes | Scheme Assessment |
|--|---|
| Theme: Resident experience, participation and collaboration | |
| Outcome 1: Inclusive Public Participation | The project strives to be an exemplar as a model for collaboration between the public and third sectors for the benefit of the wider community. The design process has undergone thorough community co-design, ensuring equitable participation and incorporation of diverse perspectives to ensure that the final outcome aligns with the needs of the local community. |
| Outcome 2: Enabling Community Collaboration | |
| Theme: Responding to the Climate Emergency | |
| Outcome 3: A Greener and Climate Resilient Haringey | The central aim of the scheme is to achieve a financially and environmentally sustainable outcome. This involves ensuring that the designs conform to the stringent standards that are typically associated with new council development, while also taking into account the project's future energy consumption during its operational phase. Where possible, efforts will be made to reduce the project's carbon footprint. |
| Theme: Homes for the Future | |

| | |
|--|---|
| <p>Outcome 4: Everyone has a home that is safe, sustainable, stable and affordable</p> | <p>The second phase of the project will be the delivery of new homes at Council rent to meet the growing housing need of the Borough.</p> |
| <p>Theme: Placemaking and Economy</p> | |
| <p>Outcome 5: Placemaking</p> | <p>The Selby Urban Village's design process has been anchored on social and economic revitalisation, with the community's best interests at the core of the decision-making. The design choices prioritise the essential needs of the community, such as access to health and leisure facilities, affordable workspace, and a secure and safe places.</p> |
| <p>Outcome 6: Leveraging Social Value</p> | <p>The Council acknowledges the considerable potential of both Bull Lane and the Selby Centre assets to significantly enhance the community. However, the full realisation of this potential can only be achieved through the Selby Urban Village project.</p> |

8. Carbon and Climate Change

- 8.1. The energy strategy for the proposed Selby Urban Village development has been developed in line with the energy policies of the London Plan and the Local Plan policies of the London Boroughs of both Haringey and Enfield. In line with these policies, both the residential and non-residential parts of the development would need to achieve a 'zero carbon' target for regulated CO2 emissions.
- 8.2. The methodology used to determine the expected operational CO2 emissions for the development is in accordance with the London Plan's three-step Energy Hierarchy – Be Lean (Use less energy), Be Clear (Supply Energy efficiently) and be Green (Use renewable energy).
- 8.3. The proposed development is targeting the achievement of BREEAM 'Very Good' approaching 'Excellent' and with SAP10 emissions factors is expected to reduce on-site regulated carbon emissions significantly.
- 8.4. The project has been designed to accommodate/mitigate the effects of climate change; a flood risk assessment has been carried out to determine current and future flood risk (including an allowance for climate change). On-site attenuation

has been designed to accommodate increased surface water run-off resulting from climate change. The development will be designed to mitigate the risk of overheating resulting from climate change.

- 8.5. A full energy and sustainability statement will be completed as part of the RIBA 3 planning stage.

9. Statutory Officers comments

Procurement

- 9.1. Strategic Procurement have been consulted on the approach to appointing KCA for RIBA Stage 3 of the Selby Project and agrees with the Direct Award recommendation as detailed in this report.
- 9.2. Strategic Procurement have reviewed the Notting Hill Genesis Framework and confirms that the process followed for Direct Award is compliant under the framework rules.
- 9.3. Strategic Procurement is satisfied that this Direct Award recommendation is compliant pursuant of CSOs 7.01. (b) and the request for approval pursuant of CSO 9.07.1 (d).
- 9.4. Strategic Procurement supports the proposed appointment of KCA via a framework Direct Award up to the completion RIBA Stage 3. Any further stage development is to be competitively Tendered with the support of Strategic Procurement.

Finance

- 9.5. The scheme for the Selby Urban Village is within the approved General Fund capital programme on the basis of being self-financing and the budget also includes provision for the development of the housing component. The revised arrangements are for the scheme to be split into 2 phases with the community centre and sports facilities being phase one and the housing phase 2. It is also proposed that the housing element is delivered directly through the HRA.
- 9.6. *In exempt part only.*
- 9.7. *In exempt part only.*
- 9.8. *In exempt part only.*
- 9.9. *In exempt part only.*
- 9.10. Advice has been received that there is no clawback mechanism in the MOU with DLUCH so the continued due diligence and design development cost can be met from the grant with minimal risk to the Council.

Head of Legal & Governance

- 9.11. The Head of Legal and Governance (Monitoring Officer) has been consulted in drafting this report.
- 9.12. **The contract which this report relates to has been procured by direct award from** the Notting Hill Genesis Framework (Framework). Strategic Procurement have confirmed this is compliant with the rules of the Framework and the Public Contracts Regulations 2015.
- 9.13. Pursuant to Contract Standing Order 9,07.1(d) Cabinet has authority to approve the award of contract to Karakusevic Carson Architects.
- 9.14. The Head of Legal and Governance (Monitoring Officer) sees no legal reasons preventing Cabinet from approving the recommendations in the report.

Equality

- 9.15. Equalities implications were supplied when the LUF funding report was approved, there are no additional equalities implications at this time, there will be additional implications when the Cabinet report for construction contract award comes in Spring 2024.

10. Use of Appendices

- 10.1. **APPENDIX 1: EXEMPT REPORT – NOT FOR PUBLICATION** - The exempt information is not for publication as it contains information classified as exempt under the following categories (identified in the amended Schedule 12A of the Local Government Act 1972):

Paragraph (3) Information relating to the financial or business affairs of any particular person (including the authority holding that information).

11. Background papers

None