

**COUNCIL NEW BUILD DELIVERY PROGRAMME AND THE
PROGRESSION OF PHASE 1 OF THE CHANNEL VIEW
REDEVELOPMENT SCHEME.**

**HOUSING AND COMMUNITIES (COUNCILLOR LYNDA THORNE)
AGENDA ITEM: 6**

**Appendix 1 & 3 to this report are not for publication as they contain
exempt information of the description contained in paragraph 14 of
Schedule 12A of the Local Government Act 1972**

Reason for this Report

1. To provide an update to Cabinet regarding the progress to date of the council's house building programme
2. To note the procurement plan for the council's new build housing programme, giving authority to undertake tender exercises for contractors for those schemes identified over £5million in value.
3. To approve the progression onto Phase 1 of the Channel View redevelopment scheme, which includes the submission of a planning application for the redevelopment masterplan and the detailed planning application for phase 1.
4. To approve the payment of 'home loss payments' to those private owners and tenants of property on the estate who do not wish to be involved in the redevelopment scheme and to approve the delegation of authority to the Assistant Director, Housing & Communities in respect of matters outlined in Appendix 3.

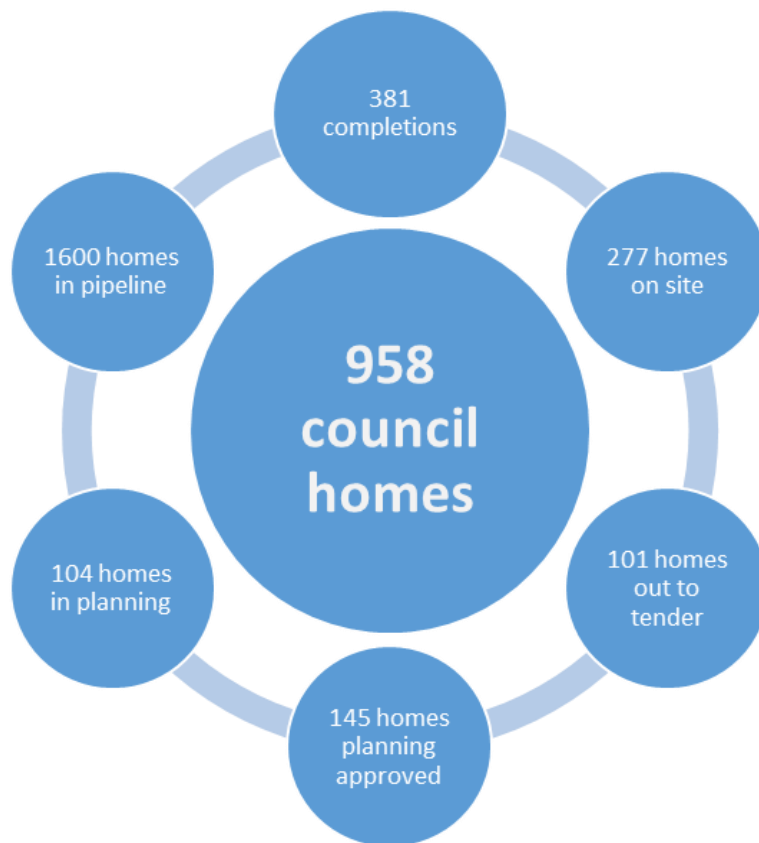
Background

5. Through Capital Ambition the Council has set a target of delivering at least 1,000 new council homes by 2022 and to have a development programme capable of delivering over 2,000 new council homes in the longer term. These targets have been set in direct response to the increasing demand we face for affordable housing in our city.
6. The housing need is increasing year on year and there are currently around 8,000 people on the waiting list. The most recent Local Housing Market Assessment indicated that 2,024 new affordable homes are

required each year to meet the current demand. However, on average over the last 5 years the social housing sector has delivered around 250 new homes each year in Cardiff. This represents a significant gap between demand and supply.

7. The council's programme can also directly target specific housing need, accessibility issues and promote downsizing by delivering larger family homes, specialist properties or adapted properties that are not currently being delivered in volume through more traditional delivery routes.
8. The council's aspiration to build new homes in volume and at pace directly complements the Welsh Government's target of delivering new affordable homes throughout Wales at pace and scale.

Progress to date



9. As of September 2020 the new building programme has delivered 381 new homes through the delivery routes of the Cardiff Living programme, Package Deals, the development of new homes through the Additional Build programme and the purchase of property from the open market.
10. Through these routes there are a further 178 new homes currently being built on site, 101 new homes out to tender for a contractor, 145 homes with planning consent in place and 104 homes submitted for planning approval. This represents a total of 909 new council homes currently going through the development process.

11. The development programme currently includes 59 development sites and has the capability of delivering a further 1650 new homes through its pipeline schemes. This means that the programme has the capability of delivering over 2,500 new council homes should all the sites be built out and should there be sufficient Capital funding to do so.
12. The in-year outturn of new council homes for 2019/20 was 230 compared to a total of 226 from the RSL sector in Cardiff. This represents an overall affordable housing outturn for Cardiff of 456 in the year. Our projected council completions for the next 3 years are;

Projected Programme				
	2019/20	2020/21	2021/22	2022/23
In year	230	233	470	512
Cumulative	316	549	1019	1531

13. Our developments have won a number of national awards including;
 - 2019 Constructing Excellence award winners for Integration & Collaboration
 - 2019 What House? Gold winners for the best starter home scheme
 - RICS 2020 social Impact awards for a large residential scheme (Silvervale)
 - Highly commended in the CIH 2019 Welsh Housing Awards for best large development.

Issues

14. The programme is reliant on a significant Housing Revenue Account (HRA) Capital budget allocation, funded primarily from undertaking additional borrowing. External income towards costs is also available in the form of planning gain, bidding for external grants and income from the sale of land or low-cost homes through the Assisted Home Ownership scheme. To date just under £31 million has been achieved through these routes, including the award of 5 Welsh Government Innovative Housing programme grants for innovative schemes.
15. From April 2021 onwards the council will be able to apply for Welsh Government Social Housing Grant providing a Capital subsidy for its developments in the same way that a Registered Social Landlord can. Schemes approved for SHG funding will be required to meet the standards and viability parameters set by Welsh Government. Social Housing Grant is limited across Wales and not every council scheme will benefit from this but it is anticipated that a number of schemes will be approved for funding through this route subject to Welsh Government approval.
16. Whilst the development pipeline has the capacity to deliver in the region of 2,500 new council homes currently this will be dependent on successful

planning for each scheme. Importantly however this will also be dependent on the continued affordability, prudence and sustainability of additional borrowing within the HRA. This will be considered in annual updates to the HRA 30 year business plan with re-profiling of the HRA Capital Programme. For the new build programme there is inherent risk associated with development projects such as market appetite to tender for development schemes, internal resources within the Development team and unknown site factors when schemes are being built out. The business plan will be subject to key assumptions such as rent levels as well as other priorities for expenditure which will include maintaining the condition of existing stock as well as new initiatives such as decarbonisation.

17. Furthermore, the effect of the Covid-19 national pandemic on the development programme and affordability is not fully known. Although schemes are progressing and consultants are still working, we have seen an impact on the programme getting schemes into planning, out to tender and site programmes are currently longer than pre-Covid levels as Covid-safe working practices are adopted across development sites.

Procurement Plan

18. Many of the projects within the development programme are over £5 million in value and will therefore require Cabinet approval in order to tender for and appoint contractors.
19. Due to the volume of appointments required through the development process at both the pre-development planning stage and construction stage a procurement plan has been written and Cabinet are being asked to review and approve this plan, noting the sites over £5 million in construction costs and approving a delegation to the Corporate Director People & Communities and Corporate Director for Resources to oversee the procurement process for those sites including approving the tender packs, evaluation criteria and concluding the appointments by entering into contracts for construction.
20. By doing so this will remove the need to bring each scheme currently identified on the plan anticipated to be over £5 million in construction cost to Cabinet for approval separately and will help to reduce the time it takes to appoint contractors once a planning consent is granted.
21. The procurement processes to be used to appoint contractors is identified in the procurement plan and includes an open procedure route through Sell 2 Wales or the use of approved frameworks. For each scheme a Pre-Tender report will be written to be approved by the Corporate Director which will detail the specific tender route and evaluation criteria for that project. The procurement plan and the identified sites and approximate values are detailed in **appendix 1**.
22. In order to drive consistency of approach, a Cardiff standard suite of tender documents has been produced from pre-qualification through to invitation to tender documentation including use of standard forms of

contract in order to support the market with a standard template approach to procuring house build packages.

23. The procurement plan (appendix 1) sets out the requirement to secure under pre-construction, consultants in order to support the authority to developing schemes ready for open procurement (post contract) following the RIBA plan of work. Use of the council's Construction Consultancy dynamic purchasing system (framework) is currently being successfully used with the ability to access local independent consultants.
24. In respect of the house build packages of work, it is planned to utilise an open procedure on a scheme by scheme basis to fully provide access to local developers, new frameworks will be used if they are considered to provide access to the local market. The evaluation approach will generally for pre-contract work where there is more focused on design, there will be a higher score allocated to the quality part of the bid. We will target a 70:30 ratio where 70% is quality and 30% is cost. Additionally, for the post-contract work, where this is more focused on delivery, there will be a higher score allocate to the cost part of the bid. We will target a 60:30:10 ratio where 60% is cost, 30% is quality and 10% is social value. This is a target and may vary on a project by project basis.
25. Sustainable, environmentally friendly buildings will be outcomes laid down in the Employer's Requirement specifications. For example recently a number of modular build contracts have been let to encourage construction at pace, also referred to as Modern Methods of Construction (MMC). This is where a supplier/contractor is manufacturing homes in a factory either as panelised solutions to be constructed and fitted together on site or as volumetric solutions where completed pods are installed on site.

Community Benefits

26. As part of the Council's Capital Ambition, and Socially Responsible Procurement Policy, all of the House build schemes will seek to incorporate a number of the deliverables that seek to support the skills shortage across Construction but will look to focus consultant and developer activity across the following priority areas:-
 - **Local Training and Employment:** We want to create employment and training opportunities for local people in order to reduce unemployment and raise the skills level of our local workforce, especially in target groups such as long term unemployed
 - **Think Cardiff First:** We want to take account of the social and economic impacts of buying locally when commissioning and contracting, and want our suppliers and contractors to do the same
 - **Partners in Communities:** We want to play an active role in the local community and community support organisations, especially in those areas and communities with the greatest need

- **Green and Sustainable:** We want to protect the environment, minimise waste, reduce energy consumption and use other resources efficiently.
- **Ethical Employment:** We want to employ the highest ethical standards in our own operations and those within our supply chain.
- **Promoting Wellbeing of Young People and Vulnerable Adults**
We want to safeguard and promote the welfare of children, young people and vulnerable adults businesses together with the support of entire community including local businesses

Channel View redevelopment scheme

27. This project represents the largest and most exciting holistic estate redevelopment proposal in the council's development programme. Proposing the redevelopment of around 180 existing properties on Channel View road including a council owned 13 storey tower block, replacing these with the construction of around 360 new mixed tenure homes for the existing community across various phases. Objectives include low-carbon development, delivering highly energy efficient homes, better connectivity for the estate and for the wider community, improvements to the public open Space at the Marl, a potential pedestrian and cycle connection from the Marl to Hamadryad Park over the river Taff, and the creation of well-managed, attractive public realm using green infrastructure and SUDS.
28. The council has been consulting with residents on this estate since 2016 when an estate improvement scheme and the refurbishment of the existing tower block was being proposed. During the development of both proposals it was discovered that much of the low-rise houses and blocks of flats on the estate were suffering from significant structural movement. Many blocks seemingly beyond economic repair and the costs to retain and refurbish the tower block, dealing with the external and internal issues the block faces were becoming increasingly unviable.
29. In 2017 the council put on hold the plans and undertook detailed resident consultation with all residents affected by the proposals to instead bring forward a holistic redevelopment of the estate. A master-planning design team was appointed to develop a high-level masterplan and residents were consulted on these proposals in July 2018 and again in September 2019.
30. A high level of support has been received from residents during these consultation events and a new design team were appointed in January 2020 in order to undertake a more detailed masterplan and develop detailed plans for Phase 1 which will be the replacement tower block.
31. In March 2020 a further 2 day public consultation event took place, led by the appointed design team lead Architects Powell Dobson. The intention of this event was to introduce the design team to residents, better understand issues and concerns, propose a time line for the scheme and to discuss the vision for the redevelopment. The intention was to submit

a planning application by December 2020. The consultation material is provided in **Appendix 2**.

32. Again, a good level of support for this approach was received from residents and the plans are now at a stage that a wider resident and stakeholder consultation is currently taking place. Subject to this consultation being successful a planning application for the masterplan and detail of phase1 will be submitted.
33. The details of the proposed scheme is provided in the form of the Master-planning document in **Appendix 2**. The scheme proposes the replacement of the existing 180 properties with around 360 new homes of mixed tenure (currently around a split of 60% council houses and 40% market sale), roughly representing the current split of ownership on the estate. There will be a mix of houses and flats and the replacement for the existing tower block in Phase 1 will be a new 'Community Living' scheme providing independent living for older people and a hub of older person services to the wide community.

Issues

34. The existing community is well established consisting of private owners and council tenants. One of the main objectives is to deliver a redevelopment in phases so that the existing residents are able to remain living on the estate transferring from their existing home into a new property once built.
35. However, in order to begin the redevelopment programme an initial phase must commence requiring the property within that phase to be demolished first. We have been working over the last few years with residents affected by the proposals to determine if they want to remain involved in the scheme or if they would prefer to sell their property back to the council and relocate elsewhere.
36. Within phase 1 we have acquired a number of homes from private residents who wanted to relocate elsewhere. Whilst the Council to-date have chosen not to propose a compulsory purchase approach, we have thought it fair and reasonable to apply the tenets of such an approach when it comes to compensating householders who we have effectively compelled to relocate. These tenets are intended to ensure that the householder is no worse off from the Council's plans by paying their costs of relocating (including conveyance fees and removals costs) and these are commonly known as Disturbance Payments. In addition as the householder is being asked to move then compulsory purchase legislation provides for what is called Home Loss Payment, which are payments of up to 10% of the market value of the property as compensation effectively for their time and inconvenience. Cabinet is being asked to approve the continuation of this approach as we are determined to work with the community and to follow a reasonable and fair approach when dealing with householders.

37. There are currently 3 remaining owner-occupiers within phase 1 who we are negotiating with to acquire their property all of whom have indicated that they do want to sell their property back to the council and move elsewhere.
38. Once these purchases have been completed all of the existing property within phase 1 will be owned by the council enabling Phase 1 to progress subject to consultation, planning and the approval of the scheme having undertaken all due diligence including an assessment of the scheme viability.
39. Phase 1 is detailed within appendix B and will provide around 78, 1 and 2 bedroom flats for older people across 2 blocks as a direct replacement for the existing tower block. Phase 1 will also be a 'Community Living' scheme providing a range of communal facilities for older people both living with the blocks and within the wider community. There is also the opportunity to provide a café and shop for the wider community.
40. The gross costs of delivering the entire scheme are estimated to be in the region of £60 million and Phase 1 is currently estimated to be in the region of £16 million due to the early infrastructure work required. A sum of £39 million net was assumed in the current HRA capital programme, after making assumptions for income in the form of property sold on the open market and new homes sold through the Council's Assisted Home Ownership Scheme. It is important that a new development of this scale retains a mix of tenure.
41. A detailed cost analysis has not been undertaken at this stage, so the figures identified above are estimated, however a robust viability assessment will be undertaken prior to a planning application being submitted. Once again at the detailed scheme design following a planning consent and, the tendering of a contractor for phase 1 would only begin once the due diligence and cost analysis and scheme viability work has been reviewed and approved by the Corporate Director. Where delegations are made, this needs to be done having consideration of viability thresholds for payback in respect to grant funding as well as for 100% Council funded developments and agreed rationale for variations.
42. In accordance with best practice approval of scheme viability assessments should take place at the following stages:
 - Land Acquisition & initial viability
 - Pre-planning & Pre- tender
 - Tender approval
43. Cabinet is being asked to review and approve the Masterplan for Channel View project and the progression of phase 1 subject to successful public consultation, planning and scheme viability. All subsequent phases will be brought back to Cabinet for approval.
44. The proposed connection between the Marl and Hamadryad Park is an important aspect of the project, however work is required to determine

how this new bridge can be paid for. It is estimated that a footbridge will cost in the region of £9 million. Some capital funding may be provided through the development in the form of planning gain. However, the HRA is unable to provide the rest of the capital required. A design team for the bridge is currently being appointed and part of this commission is to identify external funding and grants that can be applied for to help make this new connection a reality.

Local Member consultation

45. Local members have been fully consulted regarding the Channel View project and wider public consultation is currently underway.

Scrutiny Consideration

46. The Community & Adult Scrutiny Committee considered this item on 4 November. Any comments will be reported to the Cabinet meeting.

Financial Implications

47. The report sets out progress on delivering an increase in the level of Council affordable social housing units from various routes. Assumptions for increases in expenditure on the acquisition and development of new build housing are included in the five year capital programme for the Housing revenue account and HRA business plan. These will need to be refreshed as part of annual iterative updates to reflect estimated construction costs set out in this report, to ensure that the programme remains affordable, prudent and sustainable when considered with other assumptions such as projected rental income certainty and other investment priorities such as decarbonisation and maintaining Welsh Housing Quality Standards in respect to existing stock.
48. Where delegations provided by Cabinet are to be actioned these should be accompanied by a viability assessment as set out in the report at stages including Land acquisition and initial viability; Pre Planning and Pre Tender; Tender approval.
49. In respect to the construction values for projects identified in this report, these are estimates only and will change subject to tender. Any procurement plan should also consider whether there is any value for money in packaging up sites for development rather than separate tender processes for each site.
50. The report sets out a proposal in respect to Channel view. Where private open market or assisted home ownership sales are assumed these should be actioned promptly to ensure any income assumed is received to support affordability. The report sets out proposals for wider community facilities, however no details are available in respect to the running costs of such a facility. This will need to be captured in any subsequent Officer Decision Reports on the assumption that these can be managed within existing revenue budgets. Where private properties are still to be acquired to deliver phase 1 and subsequent phases, the risks to the development

need to be considered and managed at an early stage and costed within updated cost assumptions for the overall project cost.

51. The report refers to a potential new bridge connection. No Council funding exists to create such a connection if deemed essential for the development, with a review being undertaken to consider alternative options, which would need to be considered by a Cabinet report as part of future phases of the scheme. Whilst costs are being incurred on design and development, there is a risk that these may be abortive costs to be charged to the Housing Revenue Account.

Reason for Recommendations

52. To note the progress on the Channel View redevelopment scheme and to approve the progression onto the first phase of development, the submission of an outline masterplan and a detailed planning application for Phase1. In doing so approve the payment of home-loss compensation payments to private owners on the estate who do not wish to be involved in the scheme. To delegate authority to undertake the procurement exercises necessary to deliver the new build development programme.

Legal Implications

53. The report notes progress on and sets out proposals for, delivering an increase in the level of Council affordable social housing units. Detailed legal advice should be sought on the various elements of the scheme as the proposals are further developed. The various proposed procurements referred to in the report must be carried out in accordance with procurement law requirements and the provisions of the Council's contract standing orders. Adequate time and resource should be factored in to allow for this.
54. The procurement plan, which is submitted for approval, refers to evaluation criteria and weightings. The evaluation criteria and weightings are of high importance, as they will serve to determine who will be appointed. Therefore, the decision maker needs to be satisfied as to the evaluation criteria and the weightings proposed.
55. Legal Services will work with the Directorate in order to prepare/arrange for the preparation of the draft forms of contracts required for the various parts of the scheme. The proposals involve a considerable number of high value schemes and in order to progress will require additional legal resource and or funding for external legal advice.
56. The report seeks that delegated authority is granted to the Corporate Director People & Communities to undertake all aspects of the procurement process, up to and including contract award. The proposed delegation is extensive and the body of the report sets out the rationale why such extensive delegation is sought. The Council's Constitution permits such delegation if Cabinet so agrees.

57. In determining the way forward the decision maker will need to be satisfied that the proposed models of procurement will serve to achieve best value and can be achieved within the approved budget.
58. The report refers to consultation. It should be noted that consultation gives rise to a legitimate expectation that the decision maker will have due regard to the outcome of the consultation in determining the way forward.
59. The body of the report refers to the requirements in respect of planning permission and other statutory consents and requirements. Consideration will need to be given to the timetable for letting of the works and services contracts proposed so as to ensure contracts are awarded after planning permission and other consents required are obtained or are awarded on a conditional basis. To the extent that preparatory works are carried out and or services obtained to facilitate the obtaining of such permissions and consents, then there is a risk that expenditure on such works and services could prove abortive.

Property and planning implications

60. The proposed redevelopment scheme will require the Council to purchase a number of privately owned homes. The Council has power pursuant to Section 120 of the Local Government Act 1972 to acquire land for either a) the benefit, improvement or development of its area, or (b) for any of its functions under any enactment. Specific power is also available to acquire properties or land for housing accommodation pursuant to Section 17 Housing Act 1985. Further legal and valuation advice should be obtained in connection with the agreed terms of each purchase under the delegated process for acquisition of properties for Housing Revenue account purposes set out in the Cabinet report of the 26th September 2019.
61. In the event an agreement for acquisition of private properties cannot be concluded by agreement with the owners, the Council may need to resort to use of compulsory purchase powers. The Council has power pursuant to section 226(1)(a) of the Town and Country Planning Act 1990 to compulsorily acquire land if they think it will facilitate the carrying out of development, redevelopment or improvement of the land and it is not certain that they will be able to acquire it by agreement. The Council must be satisfied that the acquisition of this land will promote or improve the economic, social and environmental well-being of the Council's area. The decision to use compulsory purchase powers, if necessary, will be subject to further reports setting out the justification for use of such powers and subject to detailed legal and financial advice.
62. Pursuant to section 29 to 33 of the Land Compensation Act 1973, the Council may make Home loss Payments to any person who has suffered inconvenience or distress suffered from the loss of their home. Such payments are limited in Wales to no more than 10 percent of market value and may be made following a compulsory purchase order, but may also apply if properties are acquired by agreement in lieu of use of compulsory

purchase powers, subject to qualifying criteria. Furthermore, the Council has power to make payments under its well-being powers set out in section 2 of the Local Government Act 2000 if it is satisfied that such action would promote the economic, social or environmental well-being of its area. The payment of a home loss payment over and above market value will require detailed consideration as to entitlement when negotiating terms of acquisitions of the property and subject to valuation advice.

63. The decision maker will need to take into account the risk of expenditure incurred in acquiring properties and incurred costs of the scheme in the event a planning permission for demolition and redevelopment cannot be obtained.

General Legal advice

Equalities

64. In considering this matter the decision maker must have regard to the Council's duties under the Equality Act 2010. Pursuant to these legal duties Councils must, in making decisions, have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: (a) Age, (b) Gender reassignment, (c) Sex (d) Race – including ethnic or national origin, colour or nationality, (e) Disability, (f) Pregnancy and maternity, (g) Marriage and civil partnership, (h) Sexual orientation (i) Religion or belief – including lack of belief.
65. The report identifies that an Equality Impact Assessment has been carried out and is appended at Appendix 4. The purpose of the Equality Impact Assessment is to ensure that the Council has understood the potential impacts of the proposal in terms of equality so that it can ensure that it is making proportionate and rational decisions having due regard to its public sector equality duty. The decision maker must have due regard to the Equality Impact Assessment in making its decision.

Well Being of Future Generations (Wales) Act 2015

66. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.
67. In discharging its duties under the Act, the Council has set and published well-being objectives designed to maximise its contribution to achieving the national well-being goals. The well-being objectives are set out in Cardiff's Corporate Plan 2020-23. When exercising its functions, the Council is required to take all reasonable steps to meet its well-being objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the well-being

objectives and must be satisfied that all reasonable steps have been taken to meet those objectives.

68. The well-being duty also requires the Council to act in accordance with a 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:
- Look to the long term
 - Focus on prevention by understanding the root causes of problems
 - Deliver an integrated approach to achieving the 7 national well-being goals
 - Work in collaboration with others to find shared sustainable solutions
 - Involve people from all sections of the community in the decisions which affect them
69. The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>
70. The decision maker should also have regard to, when making its decision, to the Council's wider obligations under the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.

RECOMMENDATIONS

Cabinet is recommended to:

1. note the progress made to date on the Council's new build housing programme and the ambition to deliver over 2,500 low-carbon council homes in the longer term.
2. note the Procurement Plan attached to this report and to approve the procurement of contractors for each of the identified projects carrying out procurement in line with the plan.
3. Delegate authority to the Corporate Director People & Communities, in consultation with the Corporate Director Resources and the Cabinet Member Housing & Communities and the Cabinet Member Modernisation & Performance, to undertake all aspects of the procurement process including determining tender criteria, approving the tender packs, evaluating criteria and concluding the appointments.
4. approve the progression of the Channel View redevelopment scheme, the submission of a planning application for the Masterplan and a detailed application for Phase 1 of the scheme.

5. provide authority to make 'Home-loss' compensation payments to owners and tenants of dwellings displaced by the redevelopment scheme and delegate authority to the Assistant Director in Housing & Communities to conclude terms as outlined in Appendix 3.

SENIOR RESPONSIBLE OFFICER	SARAH McGILL Corporate Director People & Communities
	13 November 2020

The following appendices are attached:

- Appendix 1 – Development Procurement Plan & Identified projects (confidential)
- Appendix 2 – Masterplan for the Channel View redevelopment scheme & consultation material.
- Appendix 3 – Home-loss payments (confidential)
- Appendix 4 – Equality Impact Assessment