
OVER-CLADDING OF COUNCIL HIGH RISE BLOCKS

Appendices 1 & 2 to this report are exempt from publication on the basis that it contains information of the description set out in paragraphs 14 and 21 of Part 4 of schedule 12 A of the Local Government Act 1972 and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Appendix 3 to this report is exempt from publication on the basis that it contains information of the description set out in paragraph 16 of part 4 of schedule 12A of the local government act 1972.

Purpose of Report

1. This report provides background information to enable Members to carry out pre-decision scrutiny of the draft report to Cabinet titled, 'Over-cladding of Council High Rise Blocks' prior to its consideration by the Cabinet on the 23rd September 2021.
2. Members should note that the three Appendices of the Cabinet report are exempt from publication. Members are requested to keep this information confidential, in line with their responsibilities as set out in the Members Code of Conduct and the Cardiff Undertaking for Councillors. Should Members hold any questions that pertain to the detail of the Appendices, the meeting will enter a closed session where members of the public will be excluded.
3. A copy of the draft Cabinet Report is attached at **Appendix A**, which in turn contains, the following confidential Appendices.
 - **Appendix 1** Lydstep Flats Cladding Project – Summary of Cost Movement
 - **Appendix 2** Cost Movement Explanations
 - **Appendix 3** Exempt Legal Implications

Background

3. During the 1990's, 6 Council owned blocks were retrofitted with external cladding. These flats were;
 - Lydstep Flats in Llandaff North (3 blocks)
 - Nelson House (1 block)
 - Loudoun House in Butetown (1 block) and;
 - Channel View in Grangetown (1block)

4. In the wake of the Grenfell Tower tragedy, Cardiff Council undertook testing on the cladding of these blocks. **Point 3 of Appendix A** details that although the cladding used on these blocks was not the highly flammable ACM cladding used on Grenfell Tower, they did not meet current fire safety standards. As a result, the cladding was removed from the properties, excluding Loudoun House due to the property having two stairwells and being deemed a lower risk.

5. Since the removal of the cladding, a number of tenants have experienced issues such as condensation and mould. As a result, the Council procured a building investigation consultation to help determine the best way to forward the 5 blocks. The report produced by the consultants confirmed that it was necessary to re-clad the blocks if appropriate thermal efficiency was to be achieved, and a report to progress the recladding of the blocks was considered and agreed by Cabinet in April 2020. Members are aware the Channel View high-rise block is due to be demolished as part of the regeneration of the area, and so is excluded from the re-cladding programme.

6. Atkins, building engineering consultants were appointed to determine the best cladding to use in terms of safety, thermal efficiency and cost effectiveness. Following their review, they determined that ceramic brick-based cladding was the most appropriate option as detailed in **Point 8 of Appendix A**.

Costings

7. The route proposed to appoint a contractor to deliver the works was using Lot 8 of the South East & Mid Wales Collaborative Construction Framework (SEWSCAP3). The draft Cabinet Report notes that the procurement process has two stages in order to provide greater understanding of the works required and associated costs. The stages of the procurement process are as follows:
 - Stage 1 – outline scope/design
 - Stage 2 – construction works

8. Members are to note that **Point 7 of Appendix A** details that Stage 1 of the procurement process has now been complete for Lydstep Flats, however the projects for Loudoun and Nelson House have not yet progressed through the procurement process and their proposals will be subject to a further report which will address affordability and funding.
9. The indicative value of the works presented to Cabinet in April 2020 prior to stage 1 of the procurement process were as follows;
- Lydstep flats - £8.9m,
 - Loudoun House - £5.7m;
 - Nelson House is £2.4m.
- These costs also included a 25% uplift for associated "risk allowance".*
10. As detailed in **point 14 of Appendix A**; following stage 1 of the procurement process, the updated cost plan for Lydstep Flats is £15,109,023. Which equates to a cost movement increase of £7,700,764 or 103%. Members are to note that **confidential Appendix 1 & 2** sets out the change of cost in detail and **point 15** of the draft Cabinet report provides insight into why the cost has increased.
11. **Point 18 of Appendix A** details that an external consultant has been appointed to assist the Council with the project and its cost management. It further confirms the consultants have taken a review and market valuation of the proposed costs with 96% of costs are supported by 3 or more market quotes.
12. Member's attention is further drawn to **points 18-22 of Appendix A** which details the considerations and actions applied given the significant increase in cost.
13. Due to the nature and scale of the project, the April 2020 Cabinet Report sought to reduce the projects financial impact on leaseholders and it was agreed no contribution from leaseholders/homeowners toward the cost of the cladding would be expected. However, they would be expected to pay for windows to their flats and a proportion of the costs of any windows in communal areas.
14. As detailed in the April 2020 Cabinet Report, Lydstep Flats has 11 leaseholders and 115 Council tenants, equating to 126 flats in total.

Schedule of Works

15. The April 2020 report proposed that the work to reclad the blocks be carried out in two phases under the following indicative timeline;

Phase 1 – Lydstep Flats

Procurement / appoint contractor: May to September 2020

Start on site: September / October 2020

Complete all 3 blocks: September 2021

Phase 2 – Nelson and Loudoun House

Procurement / appoint contractor: July to December 2020

Start on site: January 2021

Complete on site: December 2021

16. **Points 8-10 of Appendix A** provides detail on the factors which have impacted the delivery of the scheme and **Point 12** advises completion of Lydstep Flats is now estimated as early 2023. **Point 22** confirms that the delivery route for taking forward the Lydstep Flats project is still under discussion and will be captured in the Officer Decision Report referred to in Recommendation 4 of **Appendix A**.

Way Forward

17. At this meeting, the following witnesses will be in attendance:

- (i) Councillor Lynda Thorne, Cabinet Member, Housing & Communities
- (ii) Sarah McGill, Corporate Director for People and Communities
- (iii) Jane Thomas, Director Adults, Housing & Communities
- (iv) Colin Blackmore, Building Improvement & Safety Operational Manager

18. Pre-decision scrutiny aims to inform the Cabinet's decisions by making evidence based recommendations. Scrutiny Members are advised to:

- i) look at the information provided in the report to Cabinet to see if this is sufficient to enable the Cabinet to make an informed decision;
- ii) check the financial implications section of the Cabinet report to be aware of the advice given;
- iii) check the legal implications section of the Cabinet report to be aware of the advice given;
- iv) check the recommendations to Cabinet to see if these are appropriate.

19. Members will then be able to decide what comments, observations or recommendations they wish to pass on to the Cabinet for their consideration prior to making their decisions.

Legal Implications

The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATIONS

It is recommended that the Committee:

- i. Consider the draft report and its subsequent appendices and decide whether it wishes to relay any comments or observations to the Cabinet at its meeting on the 23 Sep 2021; and
- ii. Decide the way forward with regard to any further scrutiny of this issue.

DAVINA FIORE

Director of Governance and Legal Services

9 Sep 2021