
A NEW HOUSING DEVELOPMENT PARTNERSHIP

Appendix B is not for publication as it contains exempt information of the description contained in paragraph 14 and 16 of Part 4 and paragraph 21 of Part 5 of Schedule 12A to the Local Government Act 1972

Purpose of Report

1. The Cabinet Report, attached at **Appendix 1** (*and its subsequent Appendices*), are due to be considered by Cabinet at its meeting on 17 November 2022. The purpose of this Cover Report is to provide Members with background information, and to act as a signposting tool to enable their pre-decision scrutiny of the report to Cabinet.

2. Members are to note there are three key aspects of the Cabinet Report (**Appendix 1**). Those key elements are:
 - Request for Cabinet to approve the implementation of a second Cardiff Housing Partnership. If this is approved, this will in turn commence a procurement exercise to appoint a development partner. Following completion of the procurement exercise, a further decision will be brought back to Cabinet to approve the preferred partner.
 - Request for Cabinet to approve the list of specific development sites to be included in the partnership programme (*Confidential - Appendix B*)
 - To delegate authority to the Corporate Director for People and Communities in consultation with the Cabinet member for Housing and Communities, to manage all matters relating to the procurement process.

3. Committee Members are advised at the meeting on Monday 14 November, they will receive the presentation attached at **Appendix A**, which provides an overview of the attached Cabinet Report.
4. Members are further advised that **Appendix B** is 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.

Scope of Scrutiny

5. As **Appendix B** is confidential and exempt from publication, this agenda item will be considered in two parts at the meeting. The first part will be an 'open session', where Members will receive a presentation by officers (**Appendix A**) and will then be invited to ask questions on the issues and papers that are in the public domain (**Appendix 1** and **Appendix A**). This part of the meeting will be made available to the public and webcasting will occur.
6. Should Members have any questions on the confidential Appendix, (**Appendix B**) a closed session will ensue, where members of the public will be excluded, and the webcast will be paused.
7. Councillor Lynda Thorne (Cabinet Member – Housing & Communities), Sarah McGill (Corporate Director – People & Communities) and Dave Jaques (Operational Manager – Development & Regeneration) will be available to answer Members questions.
8. During this scrutiny, Members will have the opportunity to:
 - Explore the proposals for the new housing partnership including the proposed benefits of a new housing partnership and how the housing development partner for this partnership will be determined.
 - Assess the achievability and deliverability for the proposed development pipeline.
 - Investigate any financial implications arising from the proposals.

9. Following Scrutiny Members' review of the proposals, they will decide what comments, observations or recommendations they wish to pass on to the Cabinet for their consideration.

Background – Cardiff Council's Housing Development Programme

10. As detailed in the Cabinet Report, the Council's, 'Housing Development Programme' is the largest council led development programme in Wales and currently aims to deliver 4,000 new homes to the city. With 2,800 of those being new council homes and 1,200 being homes for sale.
11. To achieve the above-mentioned targets, the Housing Development Programme has the following delivery routes:
 - ❖ A partnership programme with the external developer Wates Residential, this partnership is most commonly called 'Cardiff Living'.
 - ❖ An additional new build programme (outside of the Cardiff Living partnership programme with Wates)
 - ❖ Open Market Buy-Backs
 - ❖ Developer Package Deals (whereby the Council purchases property from developers)
 - ❖ Converting buildings to Council Homes
 - ❖ Meanwhile Use of Land
12. As mentioned above, the Council currently has one Housing Development Partnership, known as 'The Cardiff Living Programme' and is a development partnership between Cardiff Council and Wates Residential.
13. In 2016, Wates Residential was appointed as the partner developer for the Cardiff Living Programme, with a Developer Agreement specifying the terms and conditions. The Cardiff Living programme is across 26 sites, spread over nine years and will deliver 1,500 new homes, of which 800 are council homes for social rent and 700 for market sale.

14. As detailed in **point 15** of **Appendix 1**, the value of the Cardiff Living partnership programme is in the region of £320 million, and of the 26 sites held within the programme, 10 have been completed with 5 currently on site. Further information on the achievements of the partnership can be found in **points 16 & 17** of **Appendix 1**.

How a Second Partnership will be determined

15. **Point 18** of **Appendix 1** advises that Savills (a national property agent) has been appointed to determine the delivery options and structure for a second partnership, which will include advice on the procurement routes and timetable, a viability and costing exercise, and collaboration options (et al.).
16. **Points 22** and **23** advise of the different procurement routes available to help determine the partnership and of the Council's preferred procurement options and its reasons why. Members are further advised, an overview of these procurement routes will be provided at the meeting when the presentation (**Appendix A**) is delivered.
17. **Point 25** and **26** detail the Council's current role under the Cardiff Living Programme, with **point 27** advising a second partnership could allow for the Council to have a wider role in partnership arrangements which includes a full return of the sale profits for homes for the market, and adopting a more *'open book approach and risk sharing methodology to better manage unknown aspects of development and improve the returns to the Council'*.
18. Further, **point 28** of the Cabinet Report details a list of 'lesson learnt' from the current housing partnership (Cardiff Living) which Committee Members may wish to explore at the meeting.

Issues

19. In consideration of this proposal, the Cabinet Report recognises the issues of the current context and identifies these as:
- ❖ Significant material price increase
 - ❖ Rising energy costs
 - ❖ Shortages in labour supply and materials
 - ❖ Uncertainty around borrowing and financing
 - ❖ Procuring schemes on an individual basis (which this partnership would not require) can be slow and resource intensive, with little interest from companies.
20. **Point 21** of the Cabinet Report notes the identified benefits of developing a second housing development partnership. Further, **point 36** recognises the need for adequate resources to be in place to support this proposal, noting that if there are insufficient internal resources in these areas these gaps will need to be filled by external consultants.

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

The Committee is recommended to:

- i. Consider the information provided in this report, its Appendices and information received at the meeting;
- ii. Decide what any comments or observations it wishes to relay to the Cabinet.

DAVINA FIORE

Director of Governance and Legal Services

8 Nov 2022