

**PROCUREMENT OF A CONTRACTING PARTNER TO DELIVER
THE CHANNEL VIEW REDEVELOPMENT PROJECT &
ACQUISITION OF A NEW BUILD OPPORTUNITY**

**HOUSING AND COMMUNITIES (COUNCILLOR LYNDA THORNE)
AGENDA ITEM: 14**

Appendices 3 and 5 are not for publication as they contain exempt information of the description contained in paragraph 14 of Schedule 12A of the Local Government Act 1972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 approve the Council entering into a legal agreement with Ventura properties (Cardiff) Ltd for the acquisition of land comprising new flats to be built at Wyndham Crescent, Riverside for an agreed contract sum, subject to the satisfactory completion of due diligence, a robust financial viability assessment and the proposed scheme achieving a planning consent.
3. To approve the Council undertaking a procurement process to appoint a Contracting Partner via an approved framework to deliver all phases of the Channel View Redevelopment project.

Background

4. Cardiff Council is delivering an exciting and ambitious housing development programme which will provide more than 4,000 new homes of the highest quality in a wide range of locations across the City. At least 2,800 of these will be new council homes and 1,200 homes for sale.
5. The programme will deliver new homes of different size and design, but all built to meet key quality requirements, regardless of tenure, that will meet a wide range of identified housing needs.
6. A number of new-build delivery routes have been implemented. These include the Cardiff Living Programme, an additional build programme, the purchase of property from the market and developer led package deals.

7. A key aspiration is to build new low carbon homes at scale and pace directly complements the Welsh Governments house building and enhanced quality targets.

Progress to Date

8. As of February 2022 the new build programme has delivered 806 homes of all tenures which includes 613 council homes and 193 homes for sale. A further 522 homes are currently being built on site, 506 homes with planning consent in place and a further 1,729 homes in the pipeline.
9. The programme currently includes 59 confirmed sites which combined have the capability of delivering around 3,600 new homes in total. We continue to assess new sites to be added into the pipeline to ensure that the longer-term target of 4,000 new homes can be achieved.

Progress to date:



10. Although general progress is still hampered by the pandemic and on-going issues with the supply of materials and labour caused by the Pandemic and Brexit, progress is still good with notable achievements in the year including;
 - The approval of planning consent for a number of our large projects;
 - Bute Street, Community Living Project
 - Channel View regeneration scheme

- Riverside/Canton Community Centre redevelopment
- Waungron Road transport hub and supported housing scheme
- We have also achieved a start on site for our new community living buildings at Maelfa and on the former Community Centre at St. Mellons – these two schemes will deliver over 100 new older person flats, agile working spaces and a wide range of community facilities to provide services to the new residents and wider community.
- A start on site at Wakehurst Place, St. Mellons and Iorwerth Jones in Llanishen, both schemes delivering sustainable, low-carbon family homes. These will be completed and handed over in 2023.
- Our Passivhaus scheme at Highfields will be completed and handover over this summer and we have completed our first Net-Zero carbon modular build at Crofts Street in Plasnewydd.
- We will complete the first phase of energy efficient, low-carbon homes at the former Eastern High school site in Rumney this Spring. The interest in properties to buy on this site has been very impressive with over 500 buyers having registered to buy a new home. The first release of 20 homes for sale was extremely successful with all of the homes being reserved. This proves that the appetite to purchase new low-carbon, high quality, sustainable homes is very much there which bodes well for our new build aspirations.

Acquisition Opportunity

- 11 The council has been approached by developer Ventura properties (Cardiff) Ltd to consider an acquisition of new flats once built on the former Seal & Co building site on Wyndham Crescent, Cardiff. The scheme will deliver new flats suitable for older people that will meet a strategic housing need in an area of the city in which we have a very high demand for new council housing but scarce existing stock and extremely limited opportunities to build ourselves.
- 12 The site is very well located in terms of access to the city centre and to nearby amenities along Cowbridge Road. A bus stop is located directly outside of the site and a doctor's surgery adjoins the site.
- 13 The proposed scheme will deliver 30 x 1 bed older person apartments, all with access to private outdoor space. Indicative elevations of the proposed scheme are provided in appendix 1.
- 14 Pre-application planning advice has been sought by the contractor. This advice has led to the scheme being scaled back from the original proposal of 35 apartments and reorientated in order to improve access into the car park. The design process is on-going and entering into an agreement to purchase the property is conditional on the developer

obtaining a planning consent and securing the ownership of all of the land required to deliver the project.

- 15 The properties will be designed to be fully compliant with Welsh Government's Design Quality Requirements (DQR).
- 16 An in-principle agreement at this stage will enable the council to have an option on the acquisition opportunity whilst the scheme detail is developed and we are then able to undertake all necessary due diligence to determine if this opportunity is viable for us. This includes a robust review of the proposed fixed price.

Issues

- 17 Costs – the scheme is being offered to the Council under a 'package deal' arrangement. 'Package deals' are where a contractor takes the lead in procuring the acquisition, design and construction of a project. In such arrangements this must be an opportunity that only the developer can deliver to the council.
- 18 The Council will enter into an appropriate form of agreement to purchase the development only once the total schemes costs have been independently reviewed by Chartered Quantity Surveyors on behalf of Cardiff Council and confirmed to be consistent with current build costs and once a positive viability assessment is undertaken.
- 19 Procurement due diligence has been undertaken to ensure the council proposed acquisition/is compliant with the Public Contracts Regulations (2015). External Legal advice has been sought on this and contained in Exempt Appendix 5.
- 20 There are a number of conditions that must be discharged by the developer before the council can enter into a legal agreement. These are listed below:
 - a. A satisfactory planning permission being granted for a 30 unit scheme including for any Section 106 Agreement;
 - b. The developer owning the land within the project redline
 - c. A satisfactory review of the proposed scheme costs
 - d. A positive financial viability assessment of the total scheme costs using the Proval viability tool.
 - e. Formal approval of the SAB proposal for the scheme
 - f. Completion of due diligence of the developer to ensure ability to deliver the project
 - g. Satisfactory completion of the procurement due diligence as detailed in legal advice at Appendix [4]
- 21 The conditions relating to formal planning approval and SAB approval must be satisfied before completion of the acquisition but may not prevent an exchange of contract.
- 22 The scheme is accounted for within the current HRA Business Plan and within the current Housing development programme

Channel View Redevelopment Scheme

- 23 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, and the creation of well-managed, attractive public realm using green infrastructure and SUDS.
- 24 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.
- 25 In 2017 the council put on hold the plans and undertook detailed 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.
- 26 In December 2021 full planning consent was granted for the Overall Masterplan and the detail of Phase 1 and the Development team have recommissioned the design team to develop the tender documents needed to procure a Contractor.

Issues

- 27 The Channel View project is now at a critical stage with Planning consent in place, residents living within Phase 1 being relocated to enable the first phase of development taking place and a team appointed to develop the tender pack and undertake procurement.
- 28 Initially Cabinet gave approval to procure a contractor to build out phase 1. However, as the scheme has been developed further and we have undertaken more detailed resident engagement it has become obvious that a different approach to procuring a partner is needed. Appointing contractors separately for each phase of development will be a piecemeal approach, it will make the scheme longer to deliver and could be more costly in the longer term and this will not be a satisfactory approach for residents. It will also be very resource intensive for the council's Development team as we would need to manage a separate tender process for each phase of development and potentially have different consultants designing each subsequent phase.

- 29 Instead, Cabinet is being asked to approve the principle of tendering for a partner contractor to deliver the entire project as opposed to just phase 1.
- 30 The scope of the commission would include:
- The construction of Phase 1
 - The design development and planning for all future phases
 - Resident engagement
 - Demolition of existing homes
 - Construction of all future phases.
- 31 This approach mirrors many aspects of the Cardiff Living partnership and the successful bidder would need a core project team of staff and consultants capable of delivering a project of this scale, including a design team to develop options, plans and submit planning applications for all future phases, manage the pre-development process to discharge planning conditions and undertake all necessary work to start on site and manage the construction of each phase. This approach would ensure that there is better co-ordination between all phases, ensure better engagement with residents, provide better value for money, consistency of quality and ensure that the redevelopment can move forward at pace by removing the gap between phases of development.
- 32 Furthermore, Cabinet is being asked to approve the principle of using the UK Governments Crown Commercial Framework to procure a partner contractor. This UK Government Framework includes a Residential Construction Lot for Wales with contractors with a proven track record of delivering a redevelopment projects on the scale of Channel View. This would offer a sensible and robust route to market with identified contractors capable of delivering the scheme.
- 33 The gross costs of delivering the entire scheme are estimated to be in the region of £85 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 £41 million has been assumed in the current HRA capital programme, to deliver the Council homes 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.
- 34 A detailed cost assessment is currently underway, so the figures identified above are estimated, however a robust viability assessment for phase 1 and the remaining phases will be undertaken prior to a procurement process commencing.

Local Member consultation

- 35 Local members have been fully consulted regarding the Channel View project and wider public consultation is currently underway.
- 36 Local members have been consulted regarding the updated proposals for Wyndham Crescent

Reason for Recommendations

- 37 Firstly, to enable the council to take an opportunity to acquire new build scheme in a Ward of very high demand, particularly for accessible and adaptable older person flats.
- 38 Secondly, to enable the council to move to the delivery stage of the Channel View redevelopment scheme by tendering for a contractor partner to help deliver all phases of the project.

Financial Implications

- 39 The report proposes delegating the entering into a package deal for Housing. A sum of £5 million is included in the Housing Capital Programme as part of the budget proposals.
- 40 The report highlights a number of significant conditions and uncertainties still required to be met. The heads of terms includes estimated costs and values which are subject to independent valuation and are based on cost estimates from September 2020. Supply chain impacts and costs increases since that date may impact on any updated heads of terms.
- 41 Having regard to an updated viability assessment is essential in determining the affordability and sustainability of the HRA business plan and will this will need to be undertaken as part of the due diligence in the exercise of any approved delegation by Cabinet for the project.
- 42 The report also sets out an approach to undertake a procurement to secure a development partner in respect to Channel View redevelopment.
- 43 A report previously considered by cabinet in November 2020 highlighted the wider financial implications of the overall proposal. It is essential that prior to enter into any agreements to proceed with phased developments, a full business case and approved viability is agreed by Cabinet highlighting the gross costs, income streams, timing and risks that are consistent with the amounts included in the budget framework for the development of new housing. This will also need to include the cost of any wider community facilities to be included as part of the redevelopment.

Legal Implications

Legal Property Implications

- 44 Section 120 of the Local Government Act 1972 enables the Council 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 under Section 17 Housing Act 1985 enables the Council as local housing authority to acquire properties or land for housing accommodation.

- 45 Section 123 of the Local Government Act 1972 enables the Council to dispose of land in any manner it may wish.
- 46 The Council's Disposal and Acquisition of Land Procedure Rules requires the decision maker to have regard to advice from a qualified valuer, to ensure value for money.
- 47 External legal advice has been obtained in connection with the proposal at Wyndham as set out in Confidential Appendix [5], which Legal Services have been informed has been implemented and minimises risk to the satisfaction of the legal advisors. Due to the passage of time since the actions were taken, it is recommended that confirmation be obtained from that the position has not changed prior to proceeding . It is noted this matter is delegated to the Corporate Director for Housing and Communities, who will need to consider all the property and procurement legal implication relating to this matter before proceeding.

Procurement Legal Implications

- 48 The report recommends (in recommendation 3) that approval to commence procurement off a framework. Any Call off contract must be carried out in accordance with the Call off Process set out in the Framework Agreement. It should be noted that the terms and conditions will be those as set down by the Framework Agreement and the client department should satisfy themselves as to whether they are suitable for their requirements. “

Equalities & Welsh Language

- 49 In considering this matter the decision maker must have regard to the Council's duties under the Equality Act 2010 (including specific Welsh public sector duties). 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.
- 50 When taking strategic decisions, the Council also has a statutory duty to have due regard to the need to reduce inequalities of outcome resulting from socio-economic disadvantage ('the Socio-Economic Duty' imposed under section 1 of the Equality Act 2010). In considering this, the Council must take into account the statutory guidance issued by the Welsh Ministers ([WG42004 A More Equal Wales The Socio-economic Duty Equality Act 2010 \(gov.wales\)](#)) and must be able to demonstrate how it has discharged its duty.
- 51 An Equalities Impact Assessment aims to identify the equalities implications of the proposed decision, including inequalities arising from

socio-economic disadvantage, and due regard should be given to the outcomes of a Equalities Impact Assessment.

- 52 The decision maker should be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.

The Well-being of Future Generations (Wales) Act 2015

- 53 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. 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 wellbeing objectives are set out in Cardiff's Corporate Plan 2020 -23.

- 54 When exercising its functions, the Council is required to take all reasonable steps to meet its wellbeing objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the wellbeing objectives and must be satisfied that all reasonable steps have been taken to meet those objectives.

- 55 The wellbeing 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

- 56 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 on line using the link below:

<http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

Policy and Budget Framework

- 57 The decision maker must be satisfied that the proposal is within the Policy and Budget Framework, if it is not then the matter must be referred to Council.

HR Implications

- 58 There are no HR implications for this report.

Property Implications

- 59 The Strategic Estates Department has been providing advice and assistance on certain property matters in respect of the procurement of a contracting partner to deliver the Channel View Redevelopment Project and acquisition of a new build opportunity.
- 60 Specifically, the Estates team has been involved with the assessment and agreement of an in principle redline plan to define the area available for development. The Estates team will also instruct and advise on an independent valuation to inform any land transfers and financial appraisal. Any property transactions or valuations required to deliver any proposals should be done so in accordance with the Council's Asset Management process and in consultation with Strategic Estates and relevant service areas.
- 61 There are no further specific property implications to be reported at this stage, though it should be noted that the Corporate Property Strategy 2021-26 (CPS) was approved at Cabinet in December 2021. The CPS sets out in detail on the Council's wider property strategy going forwards, including relevant targets over the next five years such as on carbon reduction, which may have a bearing how the proposals are developed.

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 at least 4,000 low-carbon homes in the longer term.
2. delegate authority to the Corporate Director for People & Communities, in consultation with the Cabinet Member for Housing & Communities and Head of Estates to enter into a legal agreement (following satisfaction of the conditions highlighted in this report) with Ventura properties (Cardiff) Ltd for the acquisition of 30 new apartments on land at Wyndham Crescent, Cardiff in accordance with the Heads of Terms substantially in the form contained in at Appendix 3
3. approve the progression of the Channel View redevelopment scheme and agree that procurement commence for a Contracting Partner to deliver the entire project including phase 1, the design development,

consultation and planning of future phases, the demolition of the existing housing stock and the construction of future phases (subject to viability).

4. approve the use of the Crown Commercial Services Framework (RM6088: Construction Works and Associated Services, Lot 6.3: Residential - Wales) to procure the Contracting partner.
5. delegate authority to the Corporate Director People & Communities, in consultation with the Cabinet Member for Housing & Communities and the Corporate Director Resources to approve the evaluation criteria and tender documents and manage the procurement process to the stage of identifying the preferred bidder.

SENIOR RESPONSIBLE OFFICER	Sarah McGill Corporate Director People & Communities
	4 March 2022

The following appendices are attached:

Appendix 1 – Plans for Wyndham Crescent

Appendix 2 – Masterplan for the Channel View redevelopment scheme & consultation material.

Appendix 3 – Draft Heads of Terms for Wyndham Crescent (confidential)

Appendix 4 – Crown Commercial Framework, Lot 6.3 Residential Wales

Appendix 5 – Confidential legal advice