

**CYNGOR CAERDYDD
CARDIFF COUNCIL**

COMMUNITY & ADULT SERVICES SCRUTINY COMMITTEE

4 Nov 2020

**Council New Build Delivery Programme and the Progression of Phase 1 of the
Channel View Redevelopment Scheme.**

Appendix A is not for publication as it contains exempt information of the description contained in paragraphs 14 and 21 (Appendix 1) and paragraph 16 (Appendix 2) of Schedule 12A of the Local Government Act 1972

Purpose of Report

1. To provide Members with background information to enable pre-decision scrutiny of the report to Cabinet regarding the procurement plan for the council's new build Housing Programme and the progression onto Phase 1 of the Channel View redevelopment scheme.
2. The Cabinet Report, attached at **Appendix 1** (*and its subsequent Appendices*) are due to be considered by Cabinet at its meeting on 12 November 2020. Members are to note that **Appendix 1** contains the draft Cabinet Report which is awaiting legal implications, this is to be reissued to Members as a supplementary as soon as it is received.
3. Members should note that **Appendix A** 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.

Structure of the meeting

4. This item will be considered in two parts: an open session, where Members will receive a briefing by Officers and be able to ask questions on the issues and papers that are in the public domain; and a closed session, where members of the public will be excluded, should Members hold any questions that pertain to **Appendix A**.

Background

5. Currently, there are just under 8,000 people on the housing waiting list. A Local Housing Market Assessment indicated that 2,024 new affordable homes are required each year to meet the demand. However, on average over the last 5 years the social housing sector has only delivered around 250 new homes each year.
6. The Administration's 'Capital Ambition: Our Continuing Commitments for Cardiff' policy statement contains a commitment to deliver at least 2,000 new Council homes, of which 1,000 will be completed by 2022, and to work with developers and partners to deliver 6,500 affordable homes across the city by 2026.
7. In order to achieve this, the Council has established a number of development delivery routes as follows:
 - Cardiff Living Development (300 target)
 - Additional New Build Programme (outside of Cardiff Living) (400 target)
 - Open Market Buy-Backs (100 target)
 - Developer Package Deals (100 target)
 - Convert buildings to Council Homes (50 target)
 - Meanwhile Use of Land (50 target)

(N.B The targets listed above relate to the 1,000 properties aimed to be complete by May 2022)

Progress to Date

8. The Cabinet Report details that as of September 2020, the Council House build programme has delivered 381 new homes. With an additional 178 homes on site, 101 out to tender for a new contractor, 145 with planning consent in place and 104 homes where planning has been submitted for approval (*totaling 909 homes going through the development process*).
9. In terms of finance, the report outlines that the programme benefits from a significant HRA Capital allocation but also attracts external funding in the form of Grants, Planning Gain and income from the sale of land or low-cost homes through the Assisted Home Ownership scheme. Currently, just under £31 million has been achieved through these routes.
10. To date, the Council House build programme has successfully bid for 5 Welsh Government Innovative Housing Grants attracting over £8.7 million to deliver innovative and low-carbon schemes.
11. Previously, the Social Housing Grant (SHG) had only been available to Housing Associations however the Welsh Government has recently confirmed that from April 2021, Council's with a Housing Revenue Account will be able to apply for the Grant, which in turn will help provide a Capital subsidy for its developments.
12. As outlined in the draft Cabinet Report, schemes approved for SHG funding will be required to meet the standards and viability parameters set by Welsh Government and that the Social Housing Grant is limited and not every council scheme will benefit from it.

Procurement Plan

13. Many of the projects within the Housing Development Programme will be over £5million in value and would therefore require Cabinet approval in order to tender for, and appoint, contractors. Due to the volume of appointments scheduled in the Programme, the Cabinet Report seeks approval from Cabinet that sites over £5 million in construction costs be delegated to the Corporate Director People & Communities (in consultation with the Corporate Director Resources) to oversee the

procurement process including approving the tender packs, evaluation criteria and concluding the appointments.

14. The procurement process to appoint contractors is identified in the Procurement Plan attached at **Appendix A**.

Channel View Redevelopment Scheme

15. The Channel View redevelopment scheme proposes the redevelopment of around 180 existing properties on Channel View road including a council owned 13 storey tower block; replacing these properties with the construction of around 360 new mixed tenure homes for the existing community. Objectives within the scheme 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 Hamdryad Park over the river Taff, and the creation of well-managed, attractive public realm using green infrastructure and SUDS (*sustainable urban drainage systems*).
16. It is proposed that the 360 new homes will be of mixed tenure (60% council houses and 40% market sale), which represents the current split of ownership on the estate. The scheme will also provide a mix of houses and flats and the replacement for the existing tower block will be a new 'Community Living' scheme providing 78, 1 and 2 bedroom flats for older people across 2 blocks along with 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.
17. Phase 1 of the re-development scheme pertains to the replacement of the towerblock.
18. The draft Cabinet Report details that the Council has been consulting with residents on the estate since 2017 and has received a high level of support within its consultation events. **Appendix B** serves as the Masterplan for the redevelopment scheme and also provides the consultation material used during public consultation.

19. *Point 34* of the draft Cabinet Report details that the costs of delivering the entire Channel View scheme is 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. The report notes that income will be received in the form of property sold on the open market and through the Council's Assisted Home Ownership Scheme and that the continued affordability, prudence and sustainability of additional borrowing within the HRA will be considered in annual updates to the HRA 30 year business plan with re-profiling of the HRA Capital Programme.

20. The draft Cabinet Report outlines that figures are currently estimates and a detailed cost analysis for the site will be completed as part of 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.

Schedule of the Scheme

21. One of the main objectives for the scheme is to deliver redevelopment of the site 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.

22. *Points 28-31* of the draft Cabinet Report acknowledge that although the site will be developed in phases, in order to begin the re-development programme an initial phase must commence requiring the property within that phase to be demolished first and the Council has been working with residents 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 move elsewhere.

Previous Scrutiny

23. At its October meeting, Committee Members received an update on the Council House Build Programme which included an update on the current status of property developments, the impact of Covid-19 on the programme, progress of the Design Standards Update and an overview of the June Cabinet Report which included proposals

to purchase additional properties from Wates along with the proposal for a potential change in Council contracts; moving from Developer partnerships to Contracting partnerships. Although this movement in contracts would mean the Council taking a developers risk, Members were informed it provides the opportunity to reinvest profits fully back into the development programme and greater control of tenure.

24. Members were informed that the Council's approach within the Channel View and Gasworks schemes will be to manage the development process in its entirety, setting the standards and building new homes for sales as well as council rent.
25. During the October meeting Members were further advised this potential change in Partnership arrangements requires significant further consideration and will be examined in detail as part of the proposed way forward for the delivery of the Channel View development.
26. Members were also advised that the Channel View and Gasworks schemes will be built to a low-carbon and sustainable standard at volume. With the Channel View site in particular providing the opportunity to trial new ways of tackling waste management; looking at innovative solutions.

Proposed Recommendations to Cabinet

27. The report to Cabinet contains the following recommendations:

'Cabinet is recommended to:

- 1. To note the progress made to date on the council's new build housing programme and the ambition to deliver over 2,700 low-carbon council homes in the longer term.*
- 2. To agree 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. Furthermore, to Delegate authority to the Corporate Director People & Communities (in consultation with the corporate Director Resources) to undertake all aspects of the procurement process for the identified projects including determining tender criteria, approving the tender packs, evaluating criteria and concluding the appointments.*

3. *To 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.*
4. *To provide authority to make 'Home-loss' compensation payments, payable under the terms of the Land Compensation Act 1973, to owners and tenants of dwellings displaced by the redevelopment scheme.*

Scope of Scrutiny

28. During this scrutiny, Members have the opportunity to review the Cabinet Report and explore:

- I. Key factors shaping the re-development scheme, identified issues and proposed solutions
- II. Proposed procurement plan
- III. Financial implications
- IV. Risks to the Council
- V. Next Steps and timelines.

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

Way Forward

29. Councillor Lynda Thorne, Cabinet Member for Housing & Communities has been invited to attend for this item and may wish to make a statement. She will be supported by the Corporate Director for People & Communities and the Housing Development Manager who will take Members through the proposals.

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 whether it wishes to relay any comments or observations to the Cabinet.

DAVINA FIORE

Director of Governance and Legal Services

29 Oct 2020