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

Appendices 3, 5 and 6 are not for publication as they contain exempt information of the description contained in paragraph 14 of Schedule 12A of the Local Government Act 1972.

Purpose of Report

1. To provide Members with background information to enable their pre-decision scrutiny of the report to Cabinet. Members are to note there are two key aspects of the Cabinet Report. The first is regarding the acquisition of properties through a package deal arrangement at Wyndham Crescent, the second is to approve the Council undertaking a procurement process to appoint a Contracting Partner at the Channel View Redevelopment project.
2. Committee Members are to note, proposals in relation to both schemes have been previously been through this Committee and this report provides insight into areas previously discussed. At the meeting, Members will receive a presentation providing an overview of the attached Cabinet Report, along with background information on why further cabinet approval is now sought.
3. The Cabinet Report, attached at **Appendix A** (*and its subsequent Appendices*) are due to be considered by Cabinet at its meeting on 10 March 2022.
4. Members should note that Appendices 3, 5 and 6 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

5. This item will be considered in two parts: an open session, where Members will receive a briefing by officers and can 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 the detail of the confidential Appendices.
6. 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.
7. Following this item, 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.

Structure of the Papers

8. To facilitate the scrutiny, the following appendices are attached to this report:

Appendix A – Cabinet report

The following appendices are attached to Appendix A:

- **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 for Wyndham Crescent*
- **Appendix 5** – *Legal advice for Wyndham Crescent (**confidential**)*
- **Appendix 6** – *Letters following previous scrutiny of Wyndham Crescent (**one letter and response is confidential**)*
- **Appendix 7** - *Letters following previous scrutiny of Channel View.*

Wyndham Crescent

9. The Cabinet Report, attached at **Appendix A** advises the Council has been approached by the developer Ventura properties, to consider an acquisition of new flats suitable for older people on Wyndham Crescent. This proposition is termed a 'package deal'.

10. Committee Members are to note, should the draft Cabinet Report and its proposals be agreed, the Council would 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. **Point 22** of the Cabinet Report states the scheme is accounted for within the current HRA Business Plan.
11. If agreed, the package deal would 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**.
12. Members are to note when this item came through Committee in March 2021, it was originally intended to purchase 31, 1 bed older persons apartments from Ventura. However, following pre-application planning advice the scheme had to be scaled back.
13. Committee Members are to note the design process for the scheme is ongoing, and so, entering into an agreement to purchase these properties is conditional on the developer obtaining a planning consent and securing the ownership of all of the land required to deliver the project. Further detail on this is at **points 11 – 16** of the attached Cabinet Report and will be discussed at the Committee meeting.

Issues

14. The draft Cabinet Report outlines a number of areas for consideration under this acquisition, the first of which being costings. The Report outlines that the council will enter into an appropriate form of agreement to purchase the development only once the total schemes costs have been independently reviewed and confirmed to be consistent with current build costs. The current estimated costs for the acquisition are detailed in **confidential Appendix 3**.
15. 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 satisfactory planning permission being granted for a 30 unit scheme including for any Section 106 Agreement;

- The developer owning the land within the project redline
- A satisfactory review of the proposed scheme costs
- A positive financial viability assessment of the total scheme costs using the Proval viability tool.
- Formal approval of the SAB proposal for the scheme
- Completion of due diligence of the developer to ensure ability to deliver the project
- Satisfactory completion of the procurement due diligence as detailed in legal advice at **Appendix 4**.

16. To ensure the council's proposed acquisition is compliant with the Public Contracts Regulations external legal advice has been sought. This is attached at **confidential Appendix 5**.

Channel View Redevelopment Scheme

17. 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.

18. 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*). Committee Members will note that a masterplan of the scheme is attached at **Appendix 2**.

19. It is proposed that the 360 new homes will be of mixed tenure. In November 2020, Committee Members were informed tenure for the site would be 60% council houses and 40% market sale, which represents the current split of ownership on the estate. Further, Committee Members were also informed 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

within the blocks and the wider community. There is also the opportunity to provide a café and a shop for the wider community.

20. The November 2020, Cabinet Report related to progression of Phase 1 of the Channel View Redevelopment Scheme (*Phase 1 of the scheme pertained to the replacement of the tower block*).
21. The Cabinet Report, considered in November 2020, detailed that the costs of delivering the entire Channel View scheme was estimated to be in the region of £60 million, and the cost for Phase 1 was estimated to be in the region of £16 million.
22. Members will note, the Cabinet Report attached at **Appendix A**, states the estimated costs for the overall project has risen to an estimation of £85million, with Phase 1 estimation remaining in the same region of £16million. Further, **point 33 of Appendix A** states £41million has been assumed in the current HRA capital programme.
23. **Point 34 of Appendix A** states costings for the project, are estimates and a detailed cost analysis for the site is currently underway and a robust viability assessment for phase 1 and the remaining phases will be undertaken prior to a procurement process commencing.
24. Although Cabinet gave approval to procure a contractor for Phase 1 in November 2020, as the scheme has developed further it has been identified that identifying contractors for each 'phase' of the development, could lengthen the scheme and prove more costly.
25. As such, the Cabinet Report attached at **Appendix A** seeks Cabinet approval to approve the principle of tendering for a Contracting Partner to deliver the entire project as opposed to just Phase 1. This contract would therefore include 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). Further information on the proposal is contained in **points 29 – 34 of Appendix A**.

Previous Scrutiny – Wyndham Crescent

26. In March 2021, this Committee considered a Cabinet Report which sought cabinet approval to enter into a package deal at Wyndham Crescent. However, as the scheme needed to be redesigned the Report was subsequently deferred for Cabinet consideration.

27. When Members originally considered this scheme, two letters were sent to the Cabinet reflecting Committee's observations. The first letter related to information in the public domain, and the second letter was confidential in relation to the information exempt from publication.

28. Both letters are attached at **Appendix 6** along with the Cabinet response. As Members will note, the discussion held at Committee included timeline for the scheme, the council's influence on design of the development and confidential matters such as costings.

Previous Scrutiny – Channel View Redevelopment Scheme

29. In November 2020, this Committee considered a Cabinet Report which sought Cabinet approval to procure a contractor for Phase 1 of the Channel View development. However, as detailed in **point 28 of Appendix A**, following further work, Cabinet are now being requested to instead, approve the principle of tendering for a partner contractor to deliver the entire project.

30. Attached at **Appendix 7** is the letter sent to Cabinet following Committee's consideration of the November Cabinet Report, along with the Cabinet response. Committee Members will note areas raised by Committee during their consideration in November 2020 included costings, design, deliverability, and implications for current occupants.

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

3 March 2022