

Meeting of:	<b>Cabinet</b>
Date of Meeting:	<b>Thursday, 03 July 2025</b>
Relevant Scrutiny Committee:	Place Scrutiny Committee
Report Title:	Cardiff and Vale Housing Partnership – Gateway Site Approval Process
Purpose of Report:	To advise Cabinet of the Gateway Site Approval Process that would govern the award of contracts to Lovell Partnerships under the Partnership Agreement and to seek Cabinet approval to delegate to Officers, decisions in relation to the award of contracts to Lovell Partnerships.
Report Owner:	Cabinet Member for Public Sector Housing and Tenant Engagement
Responsible Officer:	Director of Environment and Housing
Elected Member and Officer Consultation:	Monitoring Officer/Head of Legal and Democratic Services / Head of Finance / S151 Officer Head of Housing and Building Services
Policy Framework:	This report is within the policy framework and budget and is a matter for Executive decision by Cabinet.
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>At Cabinet on 19th December, 2024, the Executive Leader presented a report on the outcome of the joint procurement with Cardiff Council to appoint a Development Partner to deliver the Council's Housing Development Programme as part of the Cardiff and Vale Housing Partnership (CVHP).</li> <li>Minute C219 resolved: <ul style="list-style-type: none"> <li>(1) T H A T the outcome of the Competitive dialogue procurement process be noted and the appointment of the preferred bidder, identified as Lovell Partnerships, be approved as the Council's development partner for the CVHP.</li> <li>(2) T H A T delegated authority be granted to the Director of Environment and Housing Services in consultation with the Executive Leader and Cabinet Member for Performance and Resources (as a Public Sector Housing and Tenant Engagement Portfolio matter) and the Head of Finance/Section 151 Officer to award the contract to the preferred bidder Lovell Partnership on expiry of the Standstill period as referenced in the report.</li> </ul> </li> <li>The overarching Partnership Agreement with Lovell Partnerships will shortly be completed and signed in accordance with Resolution 2 above and it is now necessary to seek Cabinet approval to</li> </ul>	

award individual construction contracts and development agreements to Lovell Partnerships for the sites committed to the Cardiff and Vale Housing Partnership.

- The means by which sites will progress from concept to construction is known as the Gateway Site Approval Process, which includes key activities and stage approvals, based on scheme viability.
- To increase the pace of developments and as the process is robust and well defined, it is proposed that authority to progress through the Gateway Site Approval Process and award individual construction contracts and development agreements to Lovell Partnerships is delegated to Chief Officers.

## **Recommendations**

- 1.** That delegated authority be granted to the Head of Housing and Building Services, in consultation with the Cabinet Member for Public Sector Housing and Tenant Engagement and the Head of Finance / Section 151 Officer to approve, progress and incur costs relating to RIBA Stage 0-5 activities of the Gateway Site Approval Process, including authority to proceed through each Gateway (0-2), to the eventual award of a construction contract or development agreement to Lovell Partnerships, subject to the continued viability of each scheme.
- 2.** That Cabinet authorises the Monitoring Officer / Head of Legal and Democratic Services to prepare and execute the appropriate form of construction contract and/or development agreement with Lovell Partnerships, as well as any third party or statutory agreements relevant to each site.

## **Reasons for Recommendations**

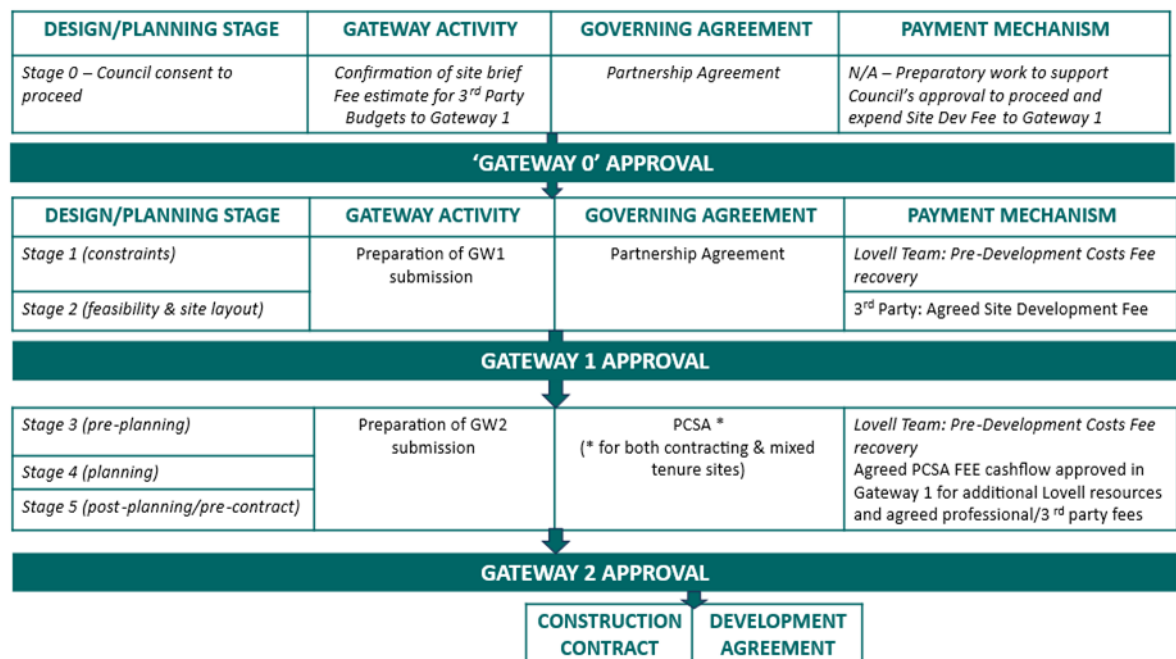
- 1.** To progress the due diligence, feasibility, design, planning and contract award processes for each site.
- 2.** To enter into various forms of contract and/or development agreement with Lovell Partnerships.

## **1. Background**

- 1.1** At Cabinet on 19th December, 2024, the Executive Leader presented a report on the outcome of the joint procurement with Cardiff Council to appoint a Development Partner to deliver the Council's Housing Development Programme as part of the Cardiff and Vale Housing Partnership.
- 1.2** Cabinet resolved to appoint Lovell Partnerships as preferred bidder on the expiry of the Standstill period which occurred at midnight on 23rd December, 2024. No formal challenges were received from the two unsuccessful bidders.
- 1.3** The legal, commercial and governance arrangements are nearing conclusion and it is anticipated that the Council will be able to enter into the overarching Partnership Agreement with Lovell Partnerships at the end of June 2025.
- 1.4** To coincide with entering into the Partnership Agreement with Lovell Partnerships, it is necessary to seek Cabinet approval to award individual construction contracts and development agreements to Lovell Partnerships for the sites committed to the Cardiff and Vale Housing Partnership.
- 1.5** The means by which sites will progress from concept and construction is known as the Gateway Site Approval Process, which includes key activities and stage approvals based on continued scheme viability.

## 2. Key Issues for Consideration

2.1 The Gateway Site Approval Process contains three distinct approval gateways – Gateways 0 to 3 – as illustrated below: -



- 2.2 Each gateway describes a pre-development stage based on the Royal Institute of British Architects (RIBA) Plan of Work; a trigger activity required as part of the Gateway control; the Governing Agreement relevant to the stage and a cost/fee attributable to that stage and recoverable by Lovell Partnerships.
- 2.3 Development viability appraisals will be undertaken at RIBA Stages 1-5 to ensure that the scheme remains viable to the point at which a construction contract or development agreement is awarded to Lovell Partnerships.
- 2.4 Should a scheme not be financially viable at any of the RIBA Stages, the scheme can be removed from the programme in accordance with the terms of the Partnership Agreement.
- 2.5 The Council uses a bespoke MS Excel based financial model to assess financial viability of a scheme. The model assesses development expenditure against long term income.
- 2.6 The Council utilises the length of project 'Loan Repayment Year' as a measure of scheme performance.
- 2.7 For a 100% affordable scheme (or the package price for the affordable housing of a mixed tenure scheme) to be considered viable, in other words achieve the hurdle rate, it must have a loan repayment period within 60 years.

- 2.8** As part of its governance process, the Council will generally carry out a development viability appraisal at the five RIBA Stages shown below, aligned to the Gateway Site Approval Process under the Partnership Agreement.

<b>Development Appraisal</b>	<b>Viability</b>	<b>Gateway Site Approval Process</b>
<b>Stage 1 – Capacity/Concept design – used to mitigate site constraints, test the proposed mix and number of properties before agreeing a preferred option</b>		<b>Gateway 1</b>
<b>Stage 2 – Preferred option stage and ahead of entering into a PCSA.</b>		<b>Gateway 1</b>
<b>Stage 3 – Pre-planning which considers consultation responses from key internal and external stakeholders.</b>		<b>Gateway 2</b>
<b>Stage 4 – Post planning. A re-run of viability will take on board any changes required from planning.</b>		<b>Gateway 2</b>
<b>Stage 5 – Ahead of entering into a Construction Contract / Development Agreement (as applicable).</b>		<b>Gateway 2</b>

- 2.9** The development viability parameters and assumptions will be updated by the Council annually and Lovell Partnerships will be informed of any changes to these parameters within 28 days of the amendments being confirmed.
- 2.10** It is proposed to delegate approval to officers to progress and incur costs relating to RIBA Stage 0-5 activities of the Gateway Site Approval Process, including authority to proceed through each Gateway (0-2), to the eventual award of a construction contract or development agreement to Lovell Partnerships, subject to the continued viability of each scheme.

- 2.11** This will help to ensure prompt progress with the development approval process and increase the pace of the Council's house building programme.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1** Looking to the long term - The Housing Business Plan 2025/26 allocates significant resource, some £891 million, towards the development of new Council homes over the next thirty years. The CVHP would seek to complete a minimum of 850 new homes over the next eight years. Homes will be considered for development where development could be made viable by including other tenure models to cross-subsidise the development of homes at social rent. In this way the Council could further add to the overall numbers of affordable homes in the borough without adversely impacting on the Housing Business Plan.
- 3.2** Taking an integrated approach - In April 2018, Welsh Government announced an independent review of affordable housing supply in Wales. The purpose of which was to examine whether more can be done to increase the supply of affordable housing in Wales, maximising the resources available to meet the clear commitment to deliver 20,000 affordable homes during this term of Government. The Council is committed to working with Welsh Government, its housing partners, communities and the private sector in maximising the delivery of affordable housing in the Vale of Glamorgan.
- 3.3** Involving the population in decisions - In arriving at a decision to provide new affordable housing, the Council will fully consult with its tenants and residents on development proposals and consider their responses, from the feasibility stage through to the determination of the planning application and when the Scheme is being delivered.
- 3.4** Working in a collaborative way- The Council has strong established links with several Housing Associations which make a significant contribution to housing supply in the Vale of Glamorgan. The CVHP would further strengthen a regional collaborative approach. Therefore, the Council intends to work alongside our partners and envisages a complimentary approach to the delivery of affordable homes.
- 3.5** Understanding the root causes of issues and preventing them - The 2023 Local Housing Market Assessment (LHMA) highlighted the chronic shortage of affordable housing in the Vale of Glamorgan. In assessing the housing market, the LHMA calculates the net need for affordable housing, including social rented housing, intermediate rented housing and low-cost home ownership housing products, over the coming years. This assessment projects the headline annual need for affordable housing in the Vale of Glamorgan to be 1,075 units per annum between the years 2019 and 2024. The LMHA identified an overwhelming need for all types and tenures of affordable housing in the Vale of Glamorgan. The Council has recognised this and is acting to invest significantly in new Council homes and enable housing association development.

**3.6 This proposal:**

Meets the relevant Strategic Objective 3 of the Corporate Plan 2020-25  
Meets the Objectives 1-5 of the Well Being Plan 2023-28  
Meets all the Strategic Aims 1-4 of the Local Housing Strategy 2021-26  
Meets Strategic Objectives 1-4 of the Housing Development Strategy 2019-24

**4. Climate Change and Nature Implications**

- 4.1** In 2019 the Council declared a 'Climate Emergency' and the Climate Change Challenge Plan was approved by Cabinet in 2021, with Project Zero being established as the Council's blueprint to become carbon neutral by 2030.
- 4.2** All new homes built after 2030, will need to be whole life zero carbon and Welsh Government will introduce regulations and grant conditions which require social landlords to account for and reduce the levels of carbon associated with the construction of new homes, prior to the 2030 target date.
- 4.3** The CVHP will utilise building systems which deliver high quality, net zero carbon homes at scale and at an affordable price in advance of this target date. It will also provide clear evidence that the Council is responding to the climate and bio-diversity emergency in a progressive and appropriate manner, in advance of regulatory requirements.
- 4.4** The CVHP will utilise Modern Methods of Construction (MMC) and timber structural solutions will predominantly be used for three key reasons:
- timber is a low carbon construction material;
  - the use of timber in construction acts as a carbon store, locking up the CO2 sequestered by the tree whilst growing, for the lifespan of the building;
  - timber lends itself to re-use at the end of the buildings life which means the CO2 stored as bio-genic carbon in the structure of the home is not necessarily released at the end of the homes' lifespan.
- 4.5** Wales has a thriving timber frame manufacturing sector (which makes up the majority of the MMC sector in Wales) and the CVHP will seek to engage with Wales based timber framed producers to provide a boost to the foundational economies of the regions of Wales.

**5. Resources and Legal Considerations**

**Financial**

- 5.1** The Cardiff and Vale Housing Partnership will be funded by the Housing Improvement Programme. The Housing Business Plan 2025/26 approved by Cabinet in January 2025 currently commits £214m over a 9-year period from 2025/26 to 2033/34, for the construction of new Council homes.

## **Employment**

**5.2** No further implications to report.

## **Legal (Including Equalities)**

**5.3** The Housing Development Team will continue to liaise with Legal Services and Procurement on all legal and procurement aspects and matters concerning the continued development of the CVHP.

## **6. Background Papers**

None.