



CABINET – 16TH NOVEMBER 2022

SUBJECT: TY DARRAN DEVELOPMENT – PRE-CONSTRUCTION SERVICES AGREEMENT (PCSA) INCLUDING ENABLING WORKS

REPORT BY: DIRECTOR OF SOCIAL SERVICES AND HOUSING

1. PURPOSE OF REPORT

- 1.1 To advise members of the progress made towards delivering a net zero carbon ambition for a 46 unit later living scheme at the former Ty Darran care home, Risca.
- 1.2 To obtain approval to enter into a Pre-Construction Services Agreement (PCSA) with Willmott Dixon via the SCAPE Public Sector National Construction Framework Agreement.
- 1.3 Commence detailed site investigations and enabling works on the Ty Darran site in order for the demolition and sewer diversion to commence in January 2023 with a view to commencing construction on site in Autumn 2023 (subject to the receipt and approval of a detailed Delivery Agreement (DA), cost plan and viability appraisal).

2. SUMMARY

- 2.1 Since September 2020 Caerphilly Homes have been working with Willmott Dixon to explore the possibility of delivering a net zero carbon development of 85 homes on the site of the former Oakdale Comprehensive School.
- 2.2 Delivering a net zero carbon development whether, embodied, operational or whole life is not easy, and the conversation continues to involve a number of net zero carbon and sustainability experts together with construction and material specialists.
- 2.3 The work to determine the environmental credentials of the Oakdale development is ongoing and to make an informed decision, the Council needs to fully understand the impact of choosing different environmental options on the cost of the development and also understand, future maintenance requirements and the benefits or implications for customers.
- 2.4 In parallel to the conversation regarding the environmental credentials of the Oakdale development, the Council has delivered two Passivhaus schemes, funded by the Welsh Government's Innovative Housing Programme. The aim of this programme was to pilot new construction methods and materials to mitigate the impact of climate change, lower energy costs and increase the energy efficiency of homes. The programme then encouraged grant recipients to learn from the pilot projects and

apply the positive lessons learnt to other developments at scale and pace. Caerphilly Homes partnered with construction expert Willmott Dixon and Caledan Ltd to develop a fabric first, steel frame construction solution; manufactured in Caerphilly, for Caerphilly. The benefit of having a local manufacturer involved in the development of the solution has resulted in benefits to the circular economy and ensuring that the investment in new homes delivers wider benefits for the local population and community.

- 2.5 On 4th June 2019 Council formally declared a climate emergency as a Notice of Motion. It is therefore the aim to deliver a net zero carbon later living development at Ty Darran which results in an exemplary building that uses fabric first principles to maximise energy efficiency, results in low carbon emissions and affordable fuel costs for tenants. The steel frame solution manufactured locally and tested on the pilot sites also met these ambitions and could be applied to the Ty Darran proposal.
- 2.6 The Council's insurance team also advised that for any development over 3 storeys, a steel frame solution would be most appropriate.
- 2.7 To expedite the Ty Darran development and ensure the most efficient use of resources (time and cost) it would be beneficial to seek to evolve the steel frame fabric first solution developed for the pilot sites and apply an evolution of the solution to the Ty Darran project.
- 2.8 As a result, this report seeks approval for Caerphilly Homes to enter into a Pre-Construction Services Agreement (PCSA) with Willmott Dixon to explore the opportunity to deliver a net zero carbon later living development at the site of the former Ty Darran care home in Risca using the steel frame primaframe solution developed by Caledan Ltd. The PCSA also enables demolition and the sewer diversion in advance of the formal build contract.

3. RECOMMENDATIONS

- 3.1 Members consider the challenges and merits of developing the Ty Darran site against the demand for such accommodation and offer their views on the proposals to develop the site.
- 3.2 Members approve the signing of a pre-construction agreement with Willmott Dixon via the SCAPE public sector compliant framework to ensure the demolition of the existing building and the start of the enabling works in January 2023.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To deliver 46 new affordable homes as replacement for the following sheltered housing schemes; Castle Court - Crosskeys, St Mary's Court - Risca and Waunfawr House - Crosskeys.
- 4.2 Deliver the Council's ambition to deliver 400 new affordable homes by 2025 and meet the Welsh Government's commitment to deliver 20,000 new homes during the period of the current administration.
- 4.3 Deliver high quality later living accommodation that meets the expectations and needs of current and future occupants.

- 4.4 Commence the enabling works on site at the former Ty Darran care home in January 2023 which will include the demolition of the current building and the sewer diversion necessary to accommodate the new later living accommodation which will be the subject of a separate report to Cabinet in the Spring 2023 (to include the cost plan, development appraisal, construction timetable and social value plan).

5. THE REPORT

- 5.1.1 In January 2020 a decision was taken by Cabinet to award a contract to Willmott Dixon to deliver certified Passivhaus schemes in Trecenydd and Trethomas. In total 18 apartments have been constructed using an innovative steel primaframe solution which is manufactured on Penallta Industrial Estate by Caledan Ltd. As a result of the order from Willmott Dixon for the 18 units, they have been able to invest in new technology and employ an additional two team members.
- 5.1.2 The efficiency of the building fabric developed for Trecenydd and Trethomas is being monitored via a sophisticated network of hardware built into the envelope by The Active Building Centre at Swansea University and will provide important intelligence as to the efficiency of the building fabric and energy costs which can be learnt from and applied to other schemes that feature within the Council's development programme.
- 5.1.3 A significant amount of time and resource has been spent by Willmott Dixon, their partners including Caledan Ltd, Warm Ltd (Passivhaus Consultants), Holder Mathias Architects and the Council in developing the innovative, climate resilient, non-combustible, energy efficient solution that has been utilised on the two pilot projects. The next stage is to evolve the solution and apply it to a net zero carbon (in use / whole life) development of 85 new homes (50% market sale and 50% affordable) at the former Oakdale Comprehensive School site which is scheduled to start in Summer 2023 (pending approval by Cabinet of an environmental options report, social value plan, marketing and sales strategy, cost plan and contract award in the Spring 2023 and a reserved matters application early in 2023).
- 5.1.4 In parallel with the work being undertaken on Oakdale, the Development Team have been exploring net zero carbon options with Pentan Architects for the development of Ty Darran. During conversations with various teams across the organisation regarding the proposed development, the Council's Insurance team have advised that they are unable to insure a timber framed structure over 3 floors (parts of the Ty Darran later living proposal extend to 4 storeys in some places) due to fire risk. Ty Darran also lies just outside of the flood plan and timber is not considered a climate resilient solution; therefore, the only construction solution is steel.
- 5.1.5 If the Council are seeking to deliver a net zero carbon (either in use or whole life) steel frame solution scheme at Ty Darran it would make sense to build on what we have learnt from the construction of the pilot sites in Trecenydd and Trethomas. An evolution of the fabric first, Passivhaus certified solution utilised on the pilot sites and applied at scale could deliver against the Council's net zero carbon in addition to helping reduce carbon emissions, supporting the circular economy, ensuring delivery of a non-combustible envelope and lowering energy costs for Caerphilly Homes' customers.
- 5.1.6 This approach would avoid spending additional funds to pursue the same ambition with another provider and expedite the construction element of the Ty Darran scheme. Given that Caerphilly Homes' tenants have been waiting to occupy the new

later living scheme for some time, this approach would undoubtedly bring momentum to its delivery, avoid Caerphilly Homes incurring additional costs for another net zero carbon (either in use or whole life) steel frame solution to be designed and tested, provide assurance as to the quality of the product (including its resilience and non-combustibility) and deliver added circular economy benefits resulting from the creation of additional employment opportunities at Caledan Ltd. and through the local supply chain.

- 5.1.7 The opportunity to increase the momentum on this project may also make available three additional development sites at an earlier opportunity in the Council's development programme (Waunfawr House (Crosskeys), St Mary's Court (Risca) and Castle Court (Crosskeys)).
- 5.1.8 It is therefore proposed that Caerphilly Homes enter into a Pre-Construction Services Agreement (PCSA) with Willmott Dixon via the SCAPE Public Sector National Construction Framework Agreement. The framework agreement will provide the Council with a compliant route to market in accordance with the Public Contracts Regulations (PCR) 2015 and the Councils Standing Orders for Contracts (SOfC). If agreed this will allow the Authority to undertake more detailed investigations on the site, develop an M&E Strategy and begin enabling works, including the demolition of the existing building and the diversion of a main sewer in January 2023.
- 5.1.9 The PCSA would also enable Willmott Dixon and their suite of sub consultants to determine a detailed cost plan for the scheme which would be presented to Cabinet in Spring 2023 together with a request to progress the scheme through to contract agreement and delivery by Autumn 2023.
- 5.1.10 The contract agreed with Pentan Architects dated 14/01/2020 was procured via a framework agreement from the Welsh Procurement Alliance (WPA). The agreement will be terminated as a result of the PCSA with Willmott Dixon. Pentan Architects will be engaged as a sub consultant by Willmott Dixon to ensure continuation of their design input and this will be reviewed periodically throughout the PCSA period.
- 5.1.11 The SCAPE National Construction Major Works Framework is a fully compliant public sector Framework developed by a partnership including Derby City Council, Derbyshire County Council, Nottingham City Council, Nottinghamshire County Council, Gateshead Council, Warwickshire County Council which has delivered over 1200 public sector led schemes across the UK.
- 5.1.12 Caerphilly Homes has utilised the Framework on the IHP funded schemes in Treceynydd and Trethomas and on the former Oakdale Comprehensive School site.
- 5.1.13 An initial meeting has taken place between the Strategic Coordination Manager, Contracts Manager and the SCAPE Framework Manager to ensure compliance with procurement regulations and the SOfC. Additionally, Legal Services have also reviewed the framework agreement documents and confirmed that the arrangement is suitable to use.
- 5.1.14 The enabling works (including demolition and diversion of the sewer) amount to - £477,140

The PCSA including further site investigation works, the development of an M&E Strategy, internal specification, cost plan and social value strategy) will amount to – £631,312.

5.1.15 The total cost of the PCSA (including the enabling works) is – £1,108,452.

5.2 Conclusion

- 5.2.1 The work undertaken in partnership with Willmott Dixon on the pilot sites and the Oakdale development is closely aligned to what the Council are seeking to deliver on the proposed Ty Darran later living scheme using the steel frame primaframe solution developed and manufactured by Caledan. It would therefore seem sensible to apply the learning that is underway in relation to the delivery of a net zero carbon construction and development solution on Oakdale, to Ty Darran.
- 5.2.2 The evolution of the solution used on the pilot sites to Oakdale and Ty Darran should bring efficiencies in relation to professional services utilised on both schemes and economies of scale in relation to the use of the steel frame and standardised materials and products. It will also bring greater opportunities to deliver improved social value through minimising environmental waste and impact, strengthening the local supply chain, shared apprenticeship and employment opportunities, training and community benefits.

5.3 Indicative High Level Timeline

Approval to sign the PCSA – November 2022

Intrusive site investigation works – November / December 2022

Commence enabling works and demolition – January 2023 to March 2023

First draw down of SHG construction funding – March 2023

Submission of Reserved Matters application (8-week consideration) – May 2023

Report to Cabinet on Delivery Agreement, Cost Plan and Social Value Plan – Summer 2023

Start on site – October 2023

Estimated completion date – January 2025

6. ASSUMPTIONS

- 6.1 The demolition and enabling works will commence in January 2023.
- 6.2 The official start on site (subject to the receipt and approval of a detailed viability appraisal, cost and social value plan) will commence in Summer 2023.
- 6.3 A reserved matters application will be submitted and approved in the final quarter of 2022/23. Outline planning permission was approved by Planning Committee on 23rd March 2022.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 There is no requirement for an IIA to be completed at this point in the development process. A comprehensive IIA will be completed upon presentation of the detailed Delivery Agreement (Contract), cost plan and commercial / marketing strategy for

Oakdale due for consideration in Spring 2023.

8. FINANCIAL IMPLICATIONS

- 8.1 The costs of the PCSA will be part financed via the HRA and Welsh Government's Social Housing Grant (SHG). The appropriation of the site from the General Fund to the HRA has already been undertaken and was also part financed by the HRA and SHG.
- 8.2 The exact SHG grant allocation will be determined by the Welsh Government's Standard Viability Model (SVM) once more detailed costs have been confirmed.
- 8.3 **The total cost of the PCSA including enabling works is £1,108,452.**
- 8.4 The construction costs will be determined as a result of the detailed site investigations undertaken via the PCSA. A comprehensive cost plan will be available for consideration by Cabinet in Spring 2023.

9. PERSONNEL IMPLICATIONS

- 9.1 There are no personnel implications arising from the report.

10. CONSULTATIONS

- 10.1 Responses from the consultee's named below have been included in this report.
- 10.2 In addition the following teams have commented on the draft PCSA:
- Legal
 - Building Consultancy
 - Insurance
 - Information Unit
 - Development & Strategy – Caerphilly Homes
 - Procurement – representatives have been involved in discussions with the national SCAPE Framework Manager
- 10.3 Cllr C Wright and Cllr B Owen have been consulted on the report (17th and 18th October 2022) and are supportive of the Council entering into a PCSA with Willmott Dixon to expedite the start on site and demolition of the building.
- 10.4 Both Risca West ward members are keen to see the redevelopment of the site progressed as soon as possible.

11. STATUTORY POWER

- 11.1 Local Government Act 1972, Housing Wales Act 2014

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Consultees:

Cllr Shayne Cook, Cabinet Member for Housing
Cllr Bob Owen, Local Ward Member Risca West
Cllr Ceri Wright, Local Ward Member, Risca West
Christina Harray, Chief Executive
Dave Street, Corporate Director for Social Services and Housing
Nick Taylor-Williams, Head of Housing
Rhian Kyte, Head of Regeneration and Planning
Liz Lucas, Head of Customer and Digital Services
Rob Tranter, Head of Legal Services and Monitoring Officer
Stephen R Harris, Head of Financial Services and Section 151 Officer
Lesley Allen, Principal Group Accountant (Housing)
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Mark Noakes, Development Manager
Chris Boardman, Development Manager
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