

# Public Document Pack



The following reports are Information Items for the Housing and Regeneration Scrutiny Committee.

- 1 Affordable Homes in New Developments (2021 Update).
- 2 Caerphilly Homes - Building Together Update.



## **HOUSING AND REGENERATION SCRUTINY COMMITTEE – INFORMATION ITEM**

**SUBJECT: AFFORDABLE HOMES IN NEW DEVELOPMENTS (2021  
UPDATE)**

**REPORT BY: CORPORATE DIRECTOR SOCIAL SERVICES AND  
HOUSING**

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### **1. PURPOSE OF REPORT**

- 1.1 To provide an update to members on the delivery of Affordable Housing through the planning process and other mechanisms.

### **2. SUMMARY**

- 2.1 A report was previously presented to Scrutiny Committee in April 2018 to provide members with information on affordable housing delivery. Further updates on the delivery of affordable housing against targets in the Local Development Plan (LDP) were included in LDP Annual Monitoring Reports (AMR) reported to Council in October 2018 and October 2019. This report provides the latest update on the delivery of affordable homes in new developments, including the number of affordable houses secured through the planning system (Section 106 agreements) and the number of these units that have been delivered. This report also provides information on the level of commuted sums negotiated and the amounts received in lieu of the on-site provision of affordable housing, as well as affordable housing delivered by other mechanisms.
- 2.2 It was previously intended to report the affordable housing figures on a 6-monthly basis – to Scrutiny Committee in April of each year, and to Council in October of each year, as part of the LDP AMR process. However, it is difficult to provide information on affordable housing delivery on six-monthly intervals as much of the required information around delivery of affordable housing through the planning system and through other mechanisms is only collected on an annual basis, on timescales that feed into the AMR process.
- 2.3 Information is available more frequently on the number of applications approved where a Section 106 agreement has been signed. However, the number of applications is typically low – there have only been 18 approvals of private sector sites with a Section 106 agreement in the last 3 years (10 in 2018/19, 8 in 2019/20)

and none in the 2020/21 period up to 31<sup>st</sup> January 2021). There is therefore only limited new information available to report on a six-monthly basis. This report therefore recommends that the number of affordable homes delivered and secured is reported on an annual basis through the AMR rather than on a six-monthly basis.

### **3. RECOMMENDATIONS**

- 3.1 Members note the contents of this report.
- 3.2 That future information on affordable homes delivered and secured through Section 106 agreements be reported on an annual basis as part of the Annual Monitoring Report (AMR) for the Caerphilly County Borough Local Development Plan (LDP).

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 To allow members the opportunity to review, question and comment upon the level of affordable housing being delivered through the planning system.
- 4.2 To ensure consistency with existing monitoring processes.

### **5. THE REPORT**

- 5.1 Following a request by Members, a report was presented to Scrutiny Committee in April 2018 on Affordable Homes in New Developments. The purpose of this report was to provide an update on the delivery of affordable housing through the planning system. This report set out the number of applications approved where a Section 106 agreement had been signed securing an element of affordable housing, the number of units delivered on Section 106 sites, and the amount negotiated and received as commuted sums in lieu of the onsite provision of affordable housing. The report also provided figures on the number of affordable units delivered through all mechanisms of affordable housing delivery.
- 5.2 The delivery of affordable housing is reported annually through the AMR for the LDP. It is a statutory requirement that the Council submits an AMR to Welsh Government (WG) on an annual basis that monitors the strategy and policies of the adopted LDP.
- 5.3 The delivery of affordable housing through the planning system forms part of the monitoring process. The AMR is reported to Council in October of each year and includes figures on the number of affordable units that have been delivered during the monitoring period 1st April to 31st March each year, together with the cumulative number of affordable units that have been delivered specifically through the planning system and through all delivery mechanisms. It also considers delivery against the area specific targets set out in the LDP. The last AMR was approved by Council on 23rd October 2019 and submitted to Welsh Government in accordance with the regulations.
- 5.4 In July 2020, the Minister for Housing and Local Government wrote to Local Authorities in relation to 'Planning and the post Covid-19 recovery'. The letter indicated that, in light of the pandemic and the need to focus on plan preparation, there would be no requirement for an AMR to be submitted for the year 2019-20, although LPAs are strongly encouraged to continue with data collection. The next formal AMR should be submitted in October 2021.

- 5.5 As no AMR was prepared for 2020, this report provides an updated position in respect of affordable housing delivery through the planning system, and through other mechanisms, as part of the ongoing commitment to provide a regular update to members on affordable housing delivery.
- 5.6 It was previously agreed to report the affordable housing figures on a 6-monthly basis i.e. to Scrutiny Committee in April of each year, and to Council in October of each year as part of the LDP AMR process. However, it is difficult to provide information on affordable housing delivery on six-monthly intervals as much of the required information in respect of delivery of affordable housing through the planning system and through other mechanisms is only collected on an annual basis, on timescales that feed into the AMR process.
- 5.7 Information is available more frequently on the number of applications approved where a Section 106 agreement has been signed. However, the number of applications is typically low, there have only been 18 approvals of private sector sites with a Section 106 agreement in the last 3 years (10 in 2018/19, 8 in 2019/20 and none in the period up to 31<sup>st</sup> January 2021). There would therefore be only limited new information available to report on a six-monthly basis. This report therefore recommends that the number of affordable homes delivered and secured through Section 106 agreements is reported on an annual basis through the AMR rather than on a six-monthly basis.

### **Caerphilly County Borough Local Development Plan up to 2021**

- 5.8 The adopted LDP is the statutory framework for the development and use of land within the county borough.
- 5.9 Policy SP15 of the LDP and its supporting text identifies an affordable housing target of at least 964 units to be delivered through the planning system through the use of planning obligations (Section 106 agreements) on qualifying sites, and through affordable housing exceptions proposals over the lifetime of the LDP. The delivery of affordable housing through the planning system will make a contribution towards meeting housing need.
- 5.10 The delivery of affordable housing through the planning system is through the implementation of Policy CW11 which states:

*Legal agreements will be required to ensure that there is provision of an element of affordable housing, in accordance with an assessment of local need, for all allocated and windfall housing sites that:*

- A Accommodate 5 or more dwellings; or*
- B Exceed 0.15 ha in gross site area, or*
- C Where the combined product of adjacent housing site proposals would exceed the thresholds set in A or B above*

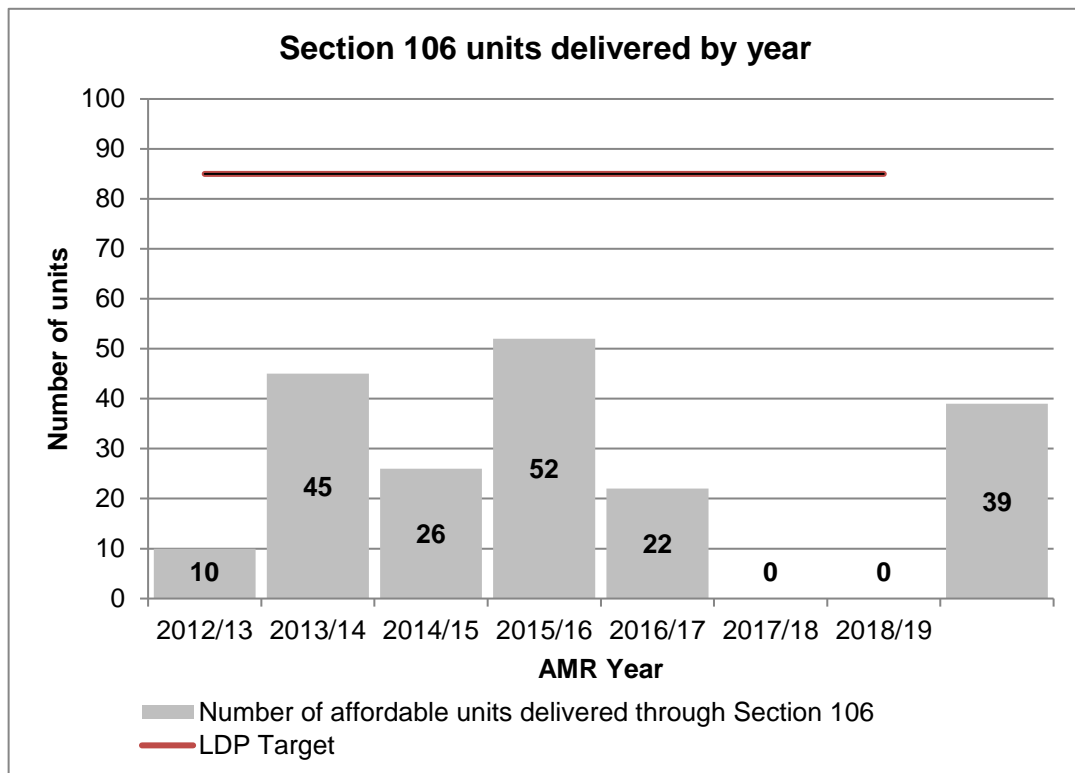
*Where there is evidence of need, the Council will seek to negotiate the following affordable housing targets of:*

- 40% of the total number of dwellings proposed on sites within the Caerphilly Basin (excluding Aber Valley);*
- 25% in the Northern Connections Corridor (excluding Newbridge); and*
- 10% in the Rest of Caerphilly County Borough (including Aber Valley and*

Newbridge but excluding the Heads of the Valleys Regeneration Area)

- 5.11 As of 2019/20, 290 affordable units had been built since the start of the plan period, which remains less than a third of the overall target. A total of 96 of these units were built before the adoption of the LDP. All of these units had been secured through Section 106 agreements, with no units being delivered through the affordable housing exceptions policy to date.
- 5.12 Figure 1 shows the number of affordable units delivered by year as part of Section 106 agreements since the LDP was adopted. The Figure also includes a comparison against the Affordable Housing Target set out in LDP Policy SP15 in annual terms, which equates to 85 units a year for the period between adoption and the end of the plan period. It is evident that the actual number of units delivered through Section 106 agreements is significantly lower than the annual target.

**Figure 1 Section 106 units delivered by year**



**Source: Caerphilly Annual Monitoring Reports**

- 5.13 It will be noted that in both 2017/18 and 2018/19, no affordable units were delivered in the County Borough through Section 106 agreements. This coincided with a period of low housebuilding rates overall, with only 190 units being constructed in 2017/18 and 122 units in 2018/19, which was the lowest housebuilding rate since records began 30 years ago. A significant proportion of the overall units built in these two years were affordable units, but these were delivered by the RSLs own build programmes rather than through Section 106 agreements with the private sector. Figures have increased in 2019/20 following progress on the construction of major schemes at Hawtin Park in Pontllanfraith (Hawtin Meadows), Pandy Road in Bedwas (Cae Sant Barrwg) and Oakdale Golf Club (Sycamore Gardens).

- 5.14 There are a number of reasons why affordable housing delivery has been lower than expected, but critically the number of Section 106 units that have been delivered is dependent on how many market sector units are delivered. Clearly, the decline in housebuilding as a result of the economic crash and recession resulted in a significant drop in housing completions compared to pre-2008 levels, and this remains the case with the 2019/20 completions figure still half that of 2007/2008 levels.
- 5.15 Supplementary Planning Guidance (SPG) LDP1 Affordable Housing Obligations provides further guidance on the implementation of the LDP affordable housing policies (SP15 and CW11), including setting fixed transfer values for the transfer of affordable units from a developer to an RSL or the LA. A comprehensive update of the SPG was last undertaken in 2017, although the fixed transfer values are updated on an annual basis, most recently in November 2020. Further consideration will be given to the need for additional amendments to the SPG in order to maximise affordable housing delivery.
- 5.16 In line with the requirements of Planning Policy Wales, LDP1 indicates that the percentages sought are a 'target' rather than a mandatory requirement and where it can be demonstrated that it would not be viable to deliver affordable housing at the levels set out within the LDP, then lower levels may be accepted.
- 5.17 There have been several planning applications submitted where developers have been able to clearly demonstrate through the submission of a viability assessment that there are viability issues on a site-specific basis. This has led to cases where there has been a reduction in the percentage of affordable housing required. All viability assessments are given detailed consideration by appropriate officers or independent experts such as the District Valuer Service (DVS) to ensure that the assumptions used are robust. As part of this, consideration is given to any exceptional abnormal costs linked to ground conditions or other site constraints.

#### **Affordable Housing secured through Section 106 agreements**

- 5.18 In the previous scrutiny committee report, information was provided on the number of affordable units that have been negotiated as part of Section 106 agreements. This table has been updated to include a breakdown of figures negotiated in each year since the LDP was adopted in 2010 until 31<sup>st</sup> January 2021.
- 5.19 The table identifies that there have been 611 units secured as part of signed Section 106 agreements, with £251,590 secured through commuted sums to be used for off-site affordable housing provision. It should be noted that there will be some double counting within these figures if an applicant has submitted more than one application on a site since the adoption of the LDP. Table 1 excludes Section 106s signed on sites that were expected to be delivered by Registered Social Landlords (RSLs), as the proportion of affordable units would normally exceed the policy requirements set out in the LDP. Recent RSL developments are included in Appendix 2.

**Table 1: Affordable housing secured through Section 106 agreements**

<b>Year</b>	<b>Number of affordable units granted permission as part of a signed Section 106</b>	<b>Commutated sums secured as part of a signed Section 106 agreement</b>
<b>2011/12</b>	22	
<b>2012/13</b>	18	
<b>2013/14</b>	49	
<b>2014/15</b>	16	
<b>2015/16</b>	42	
<b>2016/17</b>	170	
<b>2017/18</b>	181	£146,240
<b>2018/19</b>	33	£105,350
<b>2019/20</b>	80	
<b>20/21 (Up to 31st January 2021)</b>	0	
<b>Total (including 1st April to 31st January 2021)</b>	<b>611</b>	<b>£251,590</b>

**Source: CCBC Planning records**

- 5.20 The number of units identified in Table 1 is based upon the capacity of each site as identified as part of an outline or full planning application. Where subsequent detailed reserved matters applications are submitted, these numbers may be subject to change.
- 5.21 Policy CW11 sets out area-specific affordable housing targets based on an assessment of each area's ability to support the provision of affordable housing through the planning system. It is important to emphasise that these targets are indicative and, whilst it is expected that this level will be provided, consideration is given to any significant abnormal costs that may affect the viability of a scheme. This has resulted in lower levels of affordable housing being negotiated.
- 5.22 For completeness, a detailed list of all private sector sites that have secured planning permission with an affordable housing contribution since the adoption of the plan has been included in Appendix 1, together with those sites where the signing of a Section 106 is pending. This list was originally included in the previous report but has extended to include additional applications approved up until 31<sup>st</sup> January 2021.
- 5.23 Appendix 1 does not include sites that are expected to be delivered by RSLs. A list of RSL sites granted planning permission since the last report in 2018 are included in Appendix 2. All RSL sites have provided a minimum of policy compliant levels of affordable housing and in many cases 100% affordable housing will be delivered.
- 5.24 The level of affordable housing required by policy differs across the county borough so consideration should be given to the level of affordable housing secured on an area basis. Analysis of the delivery of affordable housing by viability area was included in the 2018 scrutiny report and in subsequent AMRs. The analysis below provides an updated position on schemes approved since the last scrutiny report and

covers those private sector applications approved with an affordable housing Section 106 agreement in 2018/19 and 2019/20. There have been no private sector schemes approved in 2020/21 up to the period 31<sup>st</sup> January 2021.

HOVRA (0%)

- 5.25 There are no indicative targets in the HOVRA, as a target could not be justified on viability grounds based on high level testing. However, it is recognised that there are some areas within this part of the county borough where the provision of affordable housing would be viable and this would therefore need to be considered on a site by site basis. This approach is set out within LDP1 Affordable Housing Obligations.
- 5.26 Even though there is no policy requirement, affordable units have been secured as part of a Section 106 agreement on one site within the HOVRA to respond to identified need. 15% was secured on the Former Bedwellty School site in Aberbargoed. The affordable housing on the first phase of this development will be transferred to the Council as new Council-owned homes as well as two properties being offered for Low Cost Home Ownership.

Rest of Caerphilly – Lower Islwyn, Newbridge, Aber Valley (10%)

- 5.27 The 10% affordable housing target for this viability area has been secured on 4 sites over the last three years – Gelli Pystyll Farm in Ty Sign (two applications), Station Approach in Risca, Suflex Estate in Pontymister and Dan Y Graig Works in Risca. Furthermore, a commuted sum equivalent to 10% has been secured on a phase on Land South of the Glade in Wyllie.

Northern Connections Corridor excluding Newbridge (25%)

- 5.28 The requirement of 25% affordable housing has been agreed at Fairview Garage in Pengam, the Rectory in Nelson and Land at Gelli Farm, Blackwood. Commuted sums have been secured on two sites during the period (Plots 2 and 4 of Land adjacent to Islwyn Indoor Bowls Centre, Pontllanfraith), equivalent to 25% affordable housing.
- 5.29 There has only been one site where a lower level of affordable housing has been secured, namely Gellideg Industrial Estate in Maesycwmmmer, where the requirement was reduced from 25% to 15% following the submission of viability evidence demonstrating significant abnormal development costs.

Caerphilly Basin excluding Aber Valley (40%)

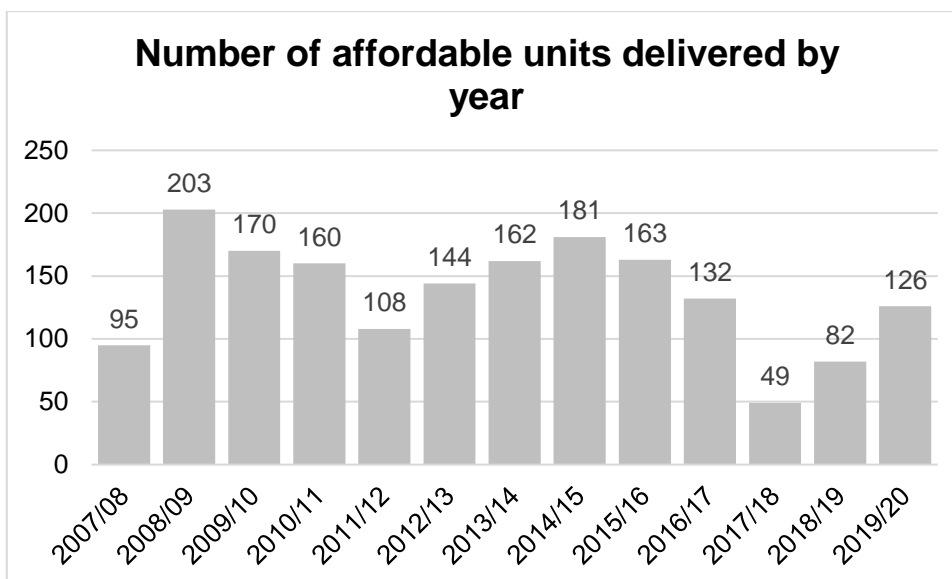
- 5.30 Since 2018 there have been four applications from the private sector in Caerphilly Basin that have been approved with a Section 106 agreement. Two of these secured a policy compliant level of affordable housing (40%) i.e. Land to the North of Meadowland Close, Caerphilly, and a change of use application at Pentrebanne Street in Caerphilly.
- 5.31 Two other major sites i.e. Catnic and Virginia Park Golf Club, both in Caerphilly, have signed Section 106 agreements with lower levels of affordable housing. On Catnic, 5% was secured, and 7.14% was secured on Virginia Park. In both cases, the viability of the schemes was considered by the District Valuer and in both cases there were substantial abnormal costs that necessitated a reduction in the affordable housing contribution.



## **Affordable Housing Delivery through all mechanisms**

- 5.32 The previous report highlighted that affordable housing delivered through the planning system represents only a small proportion of the affordable housing delivered overall, as most affordable housing in the county borough is developed by RSLs through the Programme Development Plan, funded in part by the Social Housing Grant (SHG) Programme, other grant programmes (subject to availability) and private finance accessed by the RSLs. The supporting text to Policy SP15 also sets out an overall affordable housing target for affordable housing delivery using all mechanisms of 3,664 units. To increase the development of affordable homes within the county borough, members will be aware that Caerphilly Homes are also embarking on a new development programme with a target to provide 400 affordable homes by 2025. However, whilst a number of projects are currently being progressed no new affordable homes had been provided at the time of writing this report.
- 5.33 The last published AMR (2019), which recorded information from the Joint Housing Land Availability Study from the previous study year (up to 31<sup>st</sup> March 2018), indicated that 1,065 affordable dwellings has been built, including those secured through Section 106 agreements.
- 5.34 The number of affordable units delivered is also monitored annually by the Welsh Government through a return on affordable housing provision. This affordable housing return is not directly comparable to the figures included in the AMR as it uses a wider definition of affordable housing. The latest definition includes the following:
- General Needs including Homebuy;
  - Vulnerable Households and Extra Care;
  - Mortgage Rescue;
  - Section 106 New Build Units (committed and windfall);
  - Affordable Housing Exception Site Policy (including Community Land Trusts);
  - Empty Homes initiatives;
  - Leasing Schemes (leases of more than one year);
  - Shared Ownership – Wales
- 5.35 This data has only been collected since 2007-8 but for the period up to 2019-20, an additional 1,775 affordable units have been recorded as being provided through new development, purchase, lease or conversion in Caerphilly County Borough. This figure includes the acquisition of long-term empty homes by Caerphilly Homes where they were not previously 'affordable'. This is still less than half of the overall target of 3,664 units to be delivered through all mechanisms as set out in the supporting text of Policy SP15.

### **Figure 2: Number of affordable units delivered by year**



**Source: Welsh Government Affordable Housing Provision**

5.36 It is important to note that affordable housing delivery is related to the amount of capital grant funding, such as Social Housing Grant, that RSLs receive from Welsh Government. However, grant funding is a limited resource and in order to meet the affordable housing need set out within the Council's Local Housing Market Assessment, a number of different approaches to affordable housing delivery without grant are being utilised. The planning system will also continue to play an important role in the delivery of affordable housing in the future.

#### **Commuted Sums**

5.37 The WG affordable housing return also records information on the amount the LA has received in commuted sums, and the amount spent. In the 2019/20 monitoring year, the Local Authority had received £51,067.03 in commuted sums for the provision of affordable housing. No commuted sums had been received in previous monitoring years, and this sum has not been spent to date, so the current balance available for affordable housing delivery is £51,067.03. To avoid confusion, these figures relate to development that has commenced and a payment has been received by the LA, rather than schemes with signed Section 106 agreements.

**Table 2: Commuted sums for affordable housing received**

	<b>Amount received</b>	<b>Amount Spent</b>
2018/19	£0	£0
2019/20	£51,067.03	£0
2020/21	£0	£0
<b>TOTAL</b>	<b>£51,067.03</b>	<b>£0</b>

**Source: CCBC Planning records**

#### **Strategy for the Disposal of Selected Land with Residential Development Potential**

- 5.38 A report was considered by Cabinet on 3<sup>rd</sup> October 2018 to consider the disposal of five parcels of land that are suitable for residential development. The report recognised the shortfall in affordable housing delivery and identified that there is an opportunity where the Local Authority sells land to ensure the provision of affordable housing, and to increase the proportion of affordable housing above LDP targets where appropriate, whilst recognising that this could reduce the value of the capital receipt.
- 5.39 Following the Cabinet approval, planning applications have now been submitted on two of the sites within the disposal strategy - Bedwellty School playing fields in Aberbargoed and the Former Pontllanfraith House site. At the time of writing this report, both applications had been deferred for the signing of a Section 106 agreement. In line with the Cabinet decisions, the Bedwellty School playing fields site will secure 15% affordable housing, which exceeds the LDP target for the area, and the Pontllanfraith House site will deliver an affordable housing led scheme comprising 66% affordable housing (33% social rented and 33% Low Cost Home Ownership) which also significantly exceeds the LDP target (25%).

### **Conclusion**

- 5.40 Affordable housing delivered through the planning system has been at a lower level than the requirement of 85 units per annum set out in Policy SP15 of the LDP in every year since the LDP was adopted. On a site-specific basis, affordable housing delivery has been varied. A number of sites have secured the target level of affordable housing set out within the LDP, whereas other sites have delivered a lower amount of affordable housing after demonstrating that a policy compliant level of affordable housing would not be viable. The affordable housing delivered through the planning system continues to represent only a small proportion of the overall affordable housing delivery.

## **6. ASSUMPTIONS**

- 6.1 There are no assumptions in this report.

## **7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 As this report is for information only, there is no requirement for an Integrated Impact Assessment (IIA) at this stage. A full IIA will be undertaken for any future changes to affordable housing policies.

## **8. FINANCIAL IMPLICATIONS**

- 8.1 There are no direct financial implications in respect of this report.

## **9. PERSONNEL IMPLICATIONS**

- 9.1 There are no direct personnel implications in respect of this report.

## **10. CONSULTATIONS**

10.1 All consultation responses are reflected in the report.

## 11. STATUTORY POWER

11.1 The Planning and Compulsory Purchase Act 2004 requires the Council to prepare and keep under review a Local Development Plan for the County Borough to act as a single framework for the control and use of land within its administrative boundary.

11.2 The Local Government Act 1998. The Local Government Act 2003. The Town and Country Planning (Local Development Plan) (Wales) Regulations 2005. The Planning (Wales) Act 2015

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Cllr. Lisa Phipps, Cabinet Member for Housing and Property  
Cllr. Andrew Whitcombe, Chair of Housing and Regeneration Scrutiny Committee  
Cllr Mrs Christine Forehead, Vice-Chair of Housing and Regeneration Scrutiny Committee  
Mark S. Williams, Corporate Director for Economy and Environment  
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Stephen Harris, Head of Financial Services and Section 151 Officer  
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Ryan Thomas, Planning Services Manager  
Jane Roberts Waite, Strategic Co-ordination Manager, Housing  
Mark Jennings, Principal Housing Strategy Officer  
Lynne Donovan, Human Resources Service Manager

Appendix 1 - Applications with signed Section 106 agreements by year (excluding RSL sites)

Appendix 2 – RSL sites with planning permission including an affordable housing Section 106 agreement since 2018/19

**Appendix 1 – Applications with signed Section 106 agreements by year (excluding RSL sites)**

Year	Target Achieved	Target Not Achieved
2010-11	<ul style="list-style-type: none"> <li>- 10/0327/OUT Former Holly House Nursing Home, Fleur de Lys (25%)</li> <li>- 07/1477/OUT Gryphonn Concrete Products, Hengoed (25%)</li> </ul>	<ul style="list-style-type: none"> <li>- 07/1354/OUT Cats House and Bedwas Workmen’s Club (25% in 40% area) – application submitted prior to LDP policy being adopted so determined against policies in previous development plan where there were no area specific targets – site later developed by RSL</li> </ul>
2011-12		<ul style="list-style-type: none"> <li>- 07/0447/FULL Land at Venosa Trading Estate (19% in 40% area) – application submitted prior to LDP policy being adopted so determined against policies in previous development plan where there were no area specific targets</li> </ul>
2012-13	<ul style="list-style-type: none"> <li>- 10/0215/OUT Former Enco Site, Quarry Court, Newbridge (10%)</li> <li>- 11/0634/FULL Pendinas Avenue, Croespenmaen (25%)</li> <li>- 10/0688/OUT Cefn Bach Farm, Deri (10% in HOVRA – no target)</li> <li>- 07/1011/OUT Land at Maerdy Crossing, Rhymney (15% in HOVRA – no target)</li> </ul>	
2013-14	<ul style="list-style-type: none"> <li>- 11/0370/OUT PC Diagnostics Ltd, Gilfach (10% in HOVRA – no target)</li> <li>- 12/0104/NCC Bedwellty Road, Aberbargoed (extension of time for RSM– 15% in HOVRA – no target)</li> <li>- 11/0904/FULL All Saints Rooms, Llanbradach (40%)</li> <li>- 13/0058/NCC Land off Pencoed Avenue (25%)</li> <li>- 12/0578/OUT West of Old Pant Road, Panside (10%)</li> <li>- 13/0416/FULL Land at Mill Road, Caerphilly, Phase 2 (40%)</li> </ul>	<p>08/1355/FULL Land to the rear of Victoria Road (19% in 25% area) - application submitted prior to LDP policy being adopted so determined against policies in previous development plan where there were no area specific targets</p>

	<ul style="list-style-type: none"> <li>- 12/0030/NCC Land at George Street, Cwmcarn (renewal – 10%)</li> </ul>	
2014-15	<ul style="list-style-type: none"> <li>- 12/0277/FULL Whitbread Enterprise Centre, Rhymney (10% in HOVRA – no target)</li> <li>- 13/0545/COU Panteg Hotel, Abertridwr (10%)</li> <li>- 12/0531/OUT Station Approach, Risca (10%)</li> </ul>	<ul style="list-style-type: none"> <li>- 08/0752/OUT Land at Hawtin Park (east), Pontllanfraith (15% in 25% area). A viability assessment was submitted and reviewed by the DVS. A significant part of the site needed to be retained for ecological reasons, with an associated commuted sum for long term management and other s106 requirements. The site had been purchased at the peak of the market at a time when the policy context was different. The fall in property prices as a result of the recession, together with a village green application on the land (dismissed), impacted on viability and it was considered that the site was unlikely to be delivered unless a lower amount of affordable housing was secured at a time when there was an urgent need to increase the housing land supply.</li> </ul>
2015-16	<ul style="list-style-type: none"> <li>- 15/0528/NCC Land at Maerdy Crossing, Rhymney - extension of time for RSM (15% in HOVRA – no target)</li> <li>- 14/0129/NCC Gryphonn Concrete Products, Hengoed – extension of time for RSM (25%)</li> <li>- 14/0411/OUT Land at Ton Y Felin, Croespenmaen (25%)</li> </ul>	<ul style="list-style-type: none"> <li>- 12/0269/NCC Land at Gellideg Heights, Maesycwmmmer – extension of time for RSM (15% in 25% area). A viability assessment was submitted which identified exceptional development costs associated with the infrastructure required to serve the site, ground conditions, the need for remediation and other onsite Section 106 requirements.</li> </ul>
2016-17	<ul style="list-style-type: none"> <li>- 15/1241/FULL Land off Victoria Road, Rhymney - (10% in HOVRA – no target)</li> <li>- 14/0239/NCC Land at Albertina Road, Treowen (10%)</li> <li>- 14/0674/OUT GLJ Recycling, Crosskeys (10%)</li> <li>- 14/0604/OUT Car Park, Aiwa Technology Park, Newbridge (10%)</li> <li>- 15/0156/NCC Former Enco Site, Quarry Court, Newbridge (10%)</li> </ul>	<ul style="list-style-type: none"> <li>- 15/0038/OUT Land North of Pandy Road, Bedwas (25% in 40% area). A viability assessment was submitted which identified abnormal costs in relation to earthworks due to sloping nature of site, gas main diversion, abnormal foundations, retaining walls and treatment of shallow mine workings.</li> </ul>

	<ul style="list-style-type: none"> <li>- 15/0038/OUT Land at Ty Mawr, Croespenmaen (35%)</li> <li>- 15/0252/OUT Land at Cwm Gelli, Blackwood (25%)</li> <li>- 14/0802/OUT Land at Hawtin Park, Pontllanfraith (25%)</li> </ul>	
2017-18	<ul style="list-style-type: none"> <li>- 16/0668/OUT Land to north of car park, Aiwa Technology Park, Newbridge (10%)</li> <li>- 16/0617/OUT Land South of the Glade, Wyllie (commuted sum – 10% equivalent)</li> <li>- 16/0373/OUT Land South of the A472, Ty Du, Nelson (25%)</li> <li>- 15/0782/FULL Land at Woodfield Park Lane, Oakdale (25%)</li> <li>- 15/0567/OUT Oakdale Golf Club, Oakdale (25%)</li> <li>- 16/0506/OUT Plot 2, Land adjacent to Islwyn Indoor Bowls Centre, Pontllanfraith (commuted sum equivalent to 25% affordable housing)</li> <li>- 16/0507/OUT Plot 1, Land adjacent to Islwyn Indoor Bowls Centre, Pontllanfraith (commuted sum equivalent to 25% affordable housing)</li> <li>- 16/0509/OUT Plot 3, Land adjacent to Islwyn Indoor Bowls Centre, Pontllanfraith (commuted sum equivalent to 25% affordable housing)</li> <li>- 15/0502/COU Caerphilly Indoor Market, 5 Pentrebane Street, Caerphilly (40%)</li> </ul>	<ul style="list-style-type: none"> <li>- 15/0412/OUT Land north of Hendredenny Drive, Caerphilly (23% in 40% area) – a viability assessment was submitted which identified abnormal costs including the removal of a gas pipeline, earthworks, abnormal foundations, retaining walls and a pumping station, due to the sloping nature of the site.</li> <li>- 15/0442/OUT Land at Abertridwr Road, Caerphilly (29% in 40% area) – the mix identified in the scheme was for 18-20 dwellings and 8 flats. Given the significant need for one bedroom accommodation in the County Borough, the Council’s housing development officer requested that the two blocks of 1 bedroom walk up flats should be included as the affordable housing contribution. If the number of market dwellings is lower (18 rather than 20), this would increase the affordable housing percentage to 31%.</li> </ul>
2018-19	<ul style="list-style-type: none"> <li>- 16/0510/OUT Plot 5, Land adjacent to Islwyn Indoor Bowls Centre, Pontllanfraith (commuted sum equivalent to 25% affordable housing)</li> <li>- 13/0667/NCC Suflex Estate Newport Road Pontymister Risca (10%)</li> </ul>	<ul style="list-style-type: none"> <li>- 16/0208/OUT Catnic, Pontygwindy Industrial Estate, Caerphilly (5% in 40% area) - a viability assessment was submitted and reviewed by the DVS. Abnormal costs including the demolition of the existing buildings, asbestos removal, abnormal foundations, capping to rear gardens.</li> </ul>

	<ul style="list-style-type: none"> <li>- 17/0113/FULL Land to the South of the Glade Wyllie Blackwood (commuted sum – 10% equivalent)</li> <li>- 16/0508/OUT Plot 4, Land adjacent to Islwyn Indoor Bowls Centre, Pontllanfraith (commuted sum equivalent to 25% affordable housing)</li> <li>- 18/0152/FULL Gelli Pystyll Farm, Ty Sign (10%)</li> <li>- 16/0076/OUT Land to the north of Meadowland Close, Caerphilly (40%)</li> <li>- 17/0617/COU 1 Pentrebane Street, Caerphilly (40%)</li> <li>- 18/0221/FULL Plot 2, Land adjacent to Islwyn Indoor Bowls Centre, Pontllanfraith (commuted sum equivalent to 25% affordable housing)</li> <li>- 18/1005/FULL Land at Former Bedwellty Comprehensive School, Aberbargoed (15% in HOVRA – no target)</li> </ul>	The viability assessment also took into account the relocation costs of the existing occupier.
2019-20	<ul style="list-style-type: none"> <li>- 18/0941/NCC Gelli Pystyll Farm, Ty Sign (10%)</li> <li>- 17/0545/NCC Land at Station Approach, Risca (10%)</li> <li>- 18/0286/OUT PD Edenhall Ltd, Dan Y Graig Works, Risca (10%)</li> <li>- 17/0088/OUT Land at Fair View Garage, Pengam (25%)</li> <li>- 18/1059/NCC Land at Gelli Farm, Blackwood (25%)</li> <li>- 18/0444/FULL and 19/0646/NCC The Rectory, High Street, Nelson (25%)</li> </ul>	<ul style="list-style-type: none"> <li>- 18/0289/NCC Gellideg Industrial Estate, Maesycwmmmer (15% in 25%) – a viability assessment was submitted, which identified abnormal costs associated with the ground conditions, together with a requirement for a new signalised junction.</li> <li>- Virginia Park Golf Club, Caerphilly (7.14% in a 40%) a viability assessment was submitted and reviewed by the DVS. There are extensive abnormal costs associated with the remediation of the site.</li> </ul>
2020-21 (Up to 31 <sup>st</sup> January 2021)		
Pending signing of s106	<ul style="list-style-type: none"> <li>- 20/0277/FULL Bedwellty Comprehensive School (former), Aberbargoed (Phase 2) (15% in</li> </ul>	



	<p>HOVRA – no target, exceeding requirements in line with Cabinet decision 3<sup>rd</sup> October 2018)</p> <ul style="list-style-type: none"><li>- 19/0002/FULL Unit A, 12 The Market Place Blackwood (25%)</li><li>- 18/0930/NCC Former BSW Saw Mills, Senghenydd (10%)</li><li>- 19/0465/NCC Unit A – Building 1 Whitbread Enterprise Centre, Rhymney (10% in HOVRA – no target)</li><li>- 19/1018/OUT Land at Brooklands, Nelson (25%)</li><li>- 20/0916/FULL Land Within Curtilage of Greystone House, Alexandra Place, Newbridge (Commutated sum equivalent to 10%)</li></ul>	
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**Appendix 2 – RSL sites with planning permission including an affordable housing Section 106 agreement since 2018/19**

2018/19	<ul style="list-style-type: none"> <li>- 17/1042/FULL Land at Former All Saints Church, Pencerrig Street, Llanbradach</li> <li>- 17/1027/FULL Caerphilly Magistrates Court, Mountain Road, Caerphilly</li> <li>- 17/0966/FULL The De-Winton, De Winton Terrace, Llanbradach</li> <li>- 17/0935/FULL Land at Virginia Park, Caerphilly</li> <li>- 18/0362/FULL Land at Winding Wheel Lane, Penallta</li> </ul>
2019/20	
2020/21	<ul style="list-style-type: none"> <li>- 17/0888/FULL Land at Ton-Y-Felin Farm Lane, Croespenmaen</li> </ul>
Pending s106 agreement	<ul style="list-style-type: none"> <li>- 20/0688/FULL Ty Yn Y Pwll Hotel, Newport Road, Trethomas</li> <li>- 20/0635/NCC Former Pontymister Service Station, Pontymister</li> <li>- 20/0047/OUT Land at Former Pontllanfraith House, Pontllanfraith</li> </ul>



## **HOUSING AND REGENERATION SCRUTINY – INFORMATION ITEM**

**SUBJECT: CAERPHILLY HOMES – BUILDING TOGETHER UPDATE**

**REPORT BY: CORPORATE DIRECTOR OF SOCIAL SERVICES AND HOUSING**

### **1. PURPOSE OF REPORT**

- 1.1 To provide an update to members of Housing and Regeneration Scrutiny on the progress made in relation to the Council's Development programme since the Building Together Report was approved by Cabinet on the 15<sup>th</sup> January 2020.

### **2. SUMMARY**

- 2.1 The Building Together report set out a high level strategy to build new Council owned homes for the first time in 17 years.
- 2.2 The target included within the report and endorsed by Cabinet was to build 400 new homes by 2025 using a variety of delivery options.
- 2.3 The report outlined a high level strategy that would be adopted and underpinned by a more detailed Development Strategy at a later date. It also highlighted a number of key development opportunities that would be explored throughout 2020/21 and a number of high level design ambitions including the delivery of zero carbon, beautiful homes that would meet Welsh Government's space and quality standards.
- 2.4 This report outlines the progress made to date in respect of the delivery of new homes and the acquisition of new and existing homes to add to the Caerphilly Homes stock portfolio.

### **3. RECOMMENDATIONS**

- 3.1 Members are asked to note the report for information.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 The report is for information hence members are asked to note the contents of the report.

### **5. THE REPORT**

- 5.1 Progress made to increase Council house supply to date includes the following activities:

## **Housing Acquisitions – Homelessness**

- 5.2 An additional 6 homes have been purchased during the 2020/21 financial year as a result of securing Welsh Government Homelessness Phase 2 grant funding of £348,254 including fees.

## **New Housing Acquisitions via Section 106**

- 5.3 8 properties (including 2 that are designated Low Cost Home Ownership) have been purchased via Section 106 from Llanmoor Homes who are currently in the process of developing phase 1 at the former Bedwellty School site, Aberbargoed.
- 5.4 A further 7 properties will be purchased via Section 106 as part of the phase 2 development by Llanmoor Homes in 2022/23.
- 5.5 Caerphilly Homes has first option on Section 106 purchases negotiated via the Planning system.

## **Trecenydd & Trethomas Innovative Housing Programme Update**

- 5.6 The Building Together report approved on 15<sup>th</sup> January 2020 noted the possibility of exploring the development potential of a site at the former 49 Club in Trecenydd and a former garage site at the rear of Llanfabon Drive in Trethomas.
- 5.7 During 2020, the Council formally appointed Willmott Dixon as its delivery partner via the Scape National Construction framework agreement to explore the feasibility of development on both the Trecenydd and Trethomas sites. The feasibility study and development appraisal were concluded during the summer of 2020 and on 9<sup>th</sup> September 2020 a report was presented to and approved by Cabinet which permitted Caerphilly Homes to enter into a Pre-Construction Services Contract (PCSA) and a delivery agreement with Willmott Dixon for the development of both sites with a view to obtaining financial support to part fund the development of new Council homes from Welsh Government via its Innovative Housing Programme (IHP).
- 5.8 The PCSA was signed on 15<sup>th</sup> October 2020 by the Council and Willmott Dixon.
- 5.9 An application to Welsh Government for £2.7m as part of its IHP was made as per the funding requirements on 25 September 2020. The total development costs were estimated to be £3.7m.
- 5.10 The Council received confirmation that the project would be supported and funded by Welsh Government on 18<sup>th</sup> December 2020. As noted in the report dated 9<sup>th</sup> September 2020 the approval of IHP funding from Welsh Government has resulted in a very tight delivery timescale. The design layout for both sites and the application were submitted for planning on 10<sup>th</sup> December 2020.
- 5.11 Neither site is without constraint or complexity. Both are brownfield sites and recent geotechnical investigations undertaken have identified a number of underground constraints which have ultimately influenced the size of the developable area on each and the design and layout of both sites.
- 5.12 The timetable that needed to be met in order to ensure compliance with Welsh Government Innovative Housing Programme expectations is as follows:

Design Review Meeting (Design Commission for Wales)	16 September 2020
Application deadline and date submitted:	25 September 2020
PSCA Signed	15 <sup>th</sup> October 2020
Planning Submitted	10 <sup>th</sup> December 2020
Planning Considered	3 March 2021
Signed Build Contract:	5 March 2021 (revised 19/03/21)
Start on Site (No later than)	30 April 2021

- 5.13 The Planning Committee approved the planning applications for both sites on 3<sup>rd</sup> March 2021.
- 5.14 The build contracts were due to be signed on the 5<sup>th</sup> March in accordance with the IHP requirements. On the 5<sup>th</sup> March, Caerphilly Homes were notified by Willmott Dixon that the detailed cost plans were suggesting a funding shortfall of £588,569 compared to the budget that was originally estimated and approved in the report to Cabinet dated 9<sup>th</sup> September 2020.
- 5.15 The explanation provided by Willmott Dixon for the increase in costs is due to unforeseen ground conditions and a requirement to excavate the site to 2m deep, install a frame and utilise isofix foundations in order to comply with Passivhaus requirements and ensure the air tightness of the building envelope. There are also increased costs relating to the insulation of the steel frame produced by Caledan Ltd and the proposed finish to the buildings.
- 5.16 Efforts during the last few weeks have focused on reducing the funding gap without compromising the integrity of the product, the finish and the passivhaus accreditation.
- 5.17 Managers of the SCAPE National Construction framework agreement have also been involved in discussions with Willmott Dixon in an attempt to address the challenges.
- 5.18 Welsh Government have agreed to part finance the funding gap which has reduced the gap to circa. £135,000.
- 5.19 Willmott Dixon have offered a contribution of £35,000 which has reduced the gap further.
- 5.20 The HRA will finance the remaining shortfall of circa. £100,000.
- 5.21 Build Contracts were signed as per the Welsh Government's 19<sup>th</sup> March 2021 deadline and work is progressing towards a start on both sites by 21<sup>st</sup> April 2021 as per the IHP funding requirements. Construction is likely to start in June.
- 5.22 The total cost of the Trecenydd and Trethomas demonstrator schemes is £4.4m. Welsh Government will fund £3.1m and the total cost to the HRA is £1.1m. A total of 18 new homes will be built as a result of this highly innovative scheme.
- 5.23 15% of the total contract value will be committed to providing social value or community benefits including employment opportunities, training and work placements for local people together with support for the Caerphilly Cares service. Discussions are ongoing to determine the exact detail of the social value contribution hence a further update will be provided in the Autumn.

### **Former Oakdale Comprehensive School**

- 5.24 The report presented to Cabinet on 9<sup>th</sup> September 2020 and the proposals for the Trecenydd and Llanfabon Drive sites also contained an approval for CCBC to sign a Pre-

Construction Services Agreement (PCSA) with Willmott Dixon to explore the viability of building new homes on the site of the former Oakdale Comprehensive School. This work is underway and will investigate the development potential of the site and its viability, taking into consideration climate change, climate resilience, the use of Modern Methods of Construction (MMC), the Beautiful Homes Standard, accessibility, flexibility, energy efficiency and an ambition to create healthier homes.

- 5.25 It is anticipated that the feasibility study will be concluded by May 2021 and that a further report will be brought forward to Cabinet for consideration on 7<sup>th</sup> July 2021.
- 5.26 The feasibility study is likely to explore the viability of creating an eco / zero carbon community of c100 accommodation units on the site.

### **Land at Heolddu Grove, Bargoed**

- 5.27 Since the Building Together report dated 15<sup>th</sup> January 2020, initial site investigations have been undertaken to determine the suitability of the site for development and an ecology survey, overseen by the Council's Ecologist, has also been undertaken.
- 5.28 Following the launch of the Cardiff City Region (CCR) Housing Investment Fund in September 2020 a decision was taken by Cabinet on 9<sup>th</sup> September 2020 that Caerphilly Homes would submit a proposal for funding to CCR for funding to examine the possibility of bringing the Heolddu Grove site forward for development. As a result, Caerphilly Homes engaged Local Partnerships LLP, a consultancy jointly owned by HM Treasury, the Local Government Association and the Welsh Government to assist with the production of a high level capacity and viability assessment in order to meet the requirements of the Housing Investment Fund.
- 5.29 The high level capacity assessment suggested that it may be possible to include 55 new homes on the site.
- 5.30 An application for funding from the CCR Housing Investment Fund to develop the land at Heolddu Grove, Bargoed was submitted on 8th January 2021 in accordance with the grant application criteria (deadline 11<sup>th</sup> January 2021).
- 5.31 CCR have advised that the project is currently on their reserve list and may be brought forward if other projects that have been approved in neighbouring boroughs are not deliverable.
- 5.32 It should be noted that the Heolddu Grove site is incredibly complex and there is significant work still to be undertaken to better understand the site, its abnormalities and constraints together with its development potential. Site investigations will continue on the site throughout 2021 in order to determine its suitability for development and the likely developable area.
- 5.33 If funding from Cardiff City Region (CCR) is awarded then the site investigation work will need to be accelerated as the timeframe in which CCR are expecting the project to be delivered is challenging.
- 5.34 If the project is brought forward onto the Cardiff City Region Housing Investment Fund Reserve list is likely that Caerphilly Homes will need to utilise the SCAPE National Construction Framework Agreement again in order to expedite the development process.
- 5.35 If the Cardiff City Region Housing Investment Fund does not fund the development at Heolddu Grove an application for funding may be made to Welsh Government's Land

Release Fund to further examine the site constraints. .

- 5.36 In the event that either occurs a formal report will be brought forward for consideration.

### **Ty Darren, Risca**

- 5.37 Ty Darren is a former residential care home which closed in 2010 and development of the site has been delayed pending improvements to adjacent river flood defences which have now been completed. The traditionally constructed building remains in place and the building envelope is in reasonable condition however, internally the condition of the building is poor.
- 5.38 The Aneurin Bevan Health Board (ABUHB) currently occupy the adjacent site and deliver a wide range of primary care services including adult mental health outpatient clinics, clinical psychology, physiotherapy and a range of preventative and support services including a first time parent group.
- 5.39 Caerphilly Homes are seeking to explore the options to build a new community that facilitates positive ageing and incorporates a range of health and wellbeing services (many of which are currently provided on the adjacent site which is owned by the ABUHB) and which would be made available to residents of the new scheme and also to the wider community.
- 5.40 In January 2020 Pentan Architects were commissioned by Caerphilly Homes to explore the opportunities for development across both the site owned by the Aneurin Bevan University Health Board (Risca Health Centre) and Ty Darren with the aim of creating an exemplar, zero carbon, integrated health, residential and community hub; the first of its kind within the county borough.
- 5.41 Housing with care, incorporating a restaurant, café, communal lounge, hairdresser, activity room etc is becoming more commonplace. Some may also have a library or a gym, computer access and shop. Many of the facilities are not only open to residents but also to the wider community, reflecting a more integrated approach to community health and adult social care, by sharing access to primary health care and social services between people living in the scheme and those living nearby.
- 5.42 The integration of older persons accommodation with community services helps reduce isolation and increases the cost effectiveness of local services through economies of scale and maximising preventative approaches to health and well-being.
- 5.43 The following surveys have been undertaken and the constraints identified:

<b>Activity</b>	<b>Constraint Identified</b>
Topographical survey	Surface water culvert located within the site along the north eastern boundary Welsh Water sewer asset crossing the site Western Power electricity asset crossing the site
Utility Searches	Welsh Water sewer asset crossing the site Western Power electricity asset crossing the site
Arboriculture/Tree Survey	Several mature trees which may warrant retention
Headline 'draft' Flood Consequence Assessment	South eastern portion of the site located in the flood zone

Drainage Desk Top Study	Drainage/flood risk on the site supplemented with SuD's screening information and recommendations Existing surface water flow paths, green corridors, infiltration potential, existing assets and utilities
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- 5.44 The constraints that have been identified have reduced the developable area of the site by 44% which may influence the level of the capital receipt that may result from apportioning the site from the general fund to the HRA. This will be explored further in a formal report during the Autumn.
- 5.45 At an operational level, colleagues from the ABUHB have been engaged by Pentan in workshops to determine the services that may be provided from the new hub and initial design and layout completed
- 5.46 Discussions are ongoing at a strategic level with colleagues at the ABUHB to determine whether the services that are currently delivered from Risca Health Centre will continue to be delivered in the same way or whether services will change and be delivered differently in a post Covid-19 environment as this will directly affect the footprint required by Health. We have requested a minimum of 40 units to be accommodated.

**Land Appraisal**

- 5.47 A tender has been issued in accordance with the Authority's Standing Orders for Contracts and the Public Contract Regulations for the engagement of a multi-disciplinary contractor to undertake development appraisals on specific sites that fall within the HRA, the general fund and privately owned sites that may be brought forward for consideration as part of a joint venture. The tender includes an initial list of 15 sites that include Brooklands, Risca; Western Avenue, Gilfach and Bryn Fedw, Trethomas.
- 5.48 The team appointed will also undertake the due diligence required on a number of the large strategic sites that the Council are exploring for mixed use development with Welsh Government.

**Conclusion**

- 5.49 The HRA and general fund sites within the Council's portfolio are not without their difficulties given the borough's historic industrial past and as a consequence, it will take time to bring the land that may be available for development forward.
- 5.50 Caerphilly Homes are committed to working in partnership in order to maximise opportunities for the development of affordable homes. In October 2020, the Council signed a Memorandum of Understanding (MOU) with partner Housing Associations which sets the basis for collaborative working to deliver more affordable, high quality, zero carbon homes which also deliver added benefits including new employment opportunities, apprenticeships, learning, training and work placements.
- 5.51 Community engagement will be integral to the success of the developments identified in this report however, due to Covid-19 it has been incredibly difficult to undertake the face to face engagement that would be preferred. As a result, work is underway with colleagues within the Communications Team to develop a detailed engagement programme for each Caerphilly Homes development. Communities will also be consulted as part of the formal Planning process.



- 5.52 Whilst Caerphilly Homes are leading the Council's development programme, colleagues from across the Council including those in Highways and Engineering, Legal Services, Planning, Environmental Health, Ecology, Procurement and Finance are all instrumental in ensuring the success of the programme.
- 5.53 Work has also started to develop a brand which transcends the delivery of both affordable and market sale Caerphilly Homes. A further report will be presented in the Autumn on a series of branding options.

## **6. ASSUMPTIONS**

- 6.1 The Housing Business Plan whilst accounting for the delivery of the proposals contained within this report, also considers a number of assumptions which could impact on the extent to which the proposals can be met. Some of these assumptions include the impact of Covid-19, inflationary increases in relation to salaries, materials, office accommodation, transport etc. and also rent increase levels, ongoing maintenance of the existing stock, Major Repairs Allowance (MRA) allocation, interest rates and other potential funding restrictions. The 2021/22 Housing Business Plan has recently been submitted to Welsh Government to include commitments which would facilitate the development of 228 new Caerphilly Homes.
- 6.2 Commercial terms and specifications for the new housing via Section 106 Agreements are assumed to result in properties being purchased at SPG rates.

## **7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 An IIA has not been completed to accompany this report as it is only for information. A detailed and comprehensive IIA will be completed for each individual proposal / project brought forward for consideration.

## **8. FINANCIAL IMPLICATIONS**

- 8.1 Council agreed on the 26<sup>th</sup> February to a £75m borrowing level in order to complete the WHQS programme and progress with the new build ambition. This was estimated to be in the region of £45m for WHQS and £30m for new build. As a result of the Covid-19 pandemic progress of the WHQS programme has prevented due to Welsh Government Tier 4 restrictions.
- 8.2 The Pandemic has also resulted in additional costs to the HRA including an increase in rent arrears, void costs and the higher cost of materials. However, the delay in completing the WHQS programme in 2020/21 due to the Covid restrictions has resulted in a high level of underspend projected at the end of this financial year in the region of some £13m. This level of funding has caused a shift in the funding and borrowing profile within the Housing Business Plan meaning that borrowing will not be necessary in 2020/21 and unlikely to be called on in 2021/22 due to the underspend being carried over from the previous year.
- 8.3 The Business Plan for 2021/22 has very recently been submitted to Welsh Government including, the projects listed in this report and all remain affordable at this stage. Each of the proposals will be tested for their financial viability prior to being brought forward for consideration as part of the development appraisal process.
- 8.4 Borrowing is now estimated to be in the region of £60m to include the completion of WHQS

by the new extended deadline of December 2021 and the commitment of 228 new build social housing. The borrowing level therefore remains within the limit agreed by Council. However, as pointed out in 6.1 above this is based on a mixture of assumptions going forward.

- 8.5 Welsh Government has awarded £3.7m towards the innovative housing costs associated with the Trecenydd and Trethomas developments. A further £2.5m has been allocated via the Welsh Government's Social Housing Grant (SHG) for development costs incurred to support the delivery of the Council's development programme during 2021/22. £348,254 has been obtained to support the acquisition of homes to add to the Council's stock portfolio as a result of Welsh Government's Phase 2 Homelessness funding.

## **9. PERSONNEL IMPLICATIONS**

- 9.1 A minor restructure has already been initiated within Caerphilly Homes to create a dedicated resource to focus on opportunities for increasing Council house supply.
- 9.2 An additional Development Manager post has been advertised to add value to the skills that already exist within the team and plans are underway to increase resources further through the appointment of a Project/Technical Officer, Quantity Surveyor and Clerk of Works. This will ensure that it has the team has the capacity and skills in place to develop 'shelf ready' schemes and be visionary, creative and ambitious in our approach to building new affordable Caerphilly Homes.

## **10. CONSULTATIONS**

- 10.1 Consultation responses have been included in the report.

## **11. STATUTORY POWER**

- 11.1 Local Government Act 1972 and the Housing Wales Act 2014

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