



SPECIAL HOUSING AND REGENERATION SCRUTINY COMMITTEE – 10TH FEBRUARY 2022

**SUBJECT: RESIDENTIAL DEVELOPMENT PROPOSAL – FORMER
OAKDALE COMPREHENSIVE SCHOOL**

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

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to outline the proposed Caerphilly Homes development opportunity at the former Oakdale Comprehensive School site and seek approval in principle to develop the site for Caerphilly Homes' first, flagship, mixed tenure residential development (subject to receipt of a detailed cost plan (to be presented via a separate report in early Summer 2022).
- 1.2 Subject to confirmation from the District Valuer approval is sought to appropriate the site from the General Fund into the HRA by the end of the financial year 21/22 in order that Social Housing Grant can be drawn down from Welsh Government to part fund the acquisition. The valuation from the District Valuer is not expected until early February 2022.
- 1.3 The report is seeking the views of the Housing and Regeneration Scrutiny Committee prior to its presentation and final, in-principle approval from Cabinet.

2. SUMMARY

- 2.1 The site of the former Oakdale Comprehensive School was vacated in 2016 and cleared as a result of demolition in 2019.
- 2.2 In 2019, following the creation of a dedicated Strategy and Development team, Caerphilly Homes began the process of exploring the potential viability of the site for residential development. Willmott Dixon were procured as development partner and carried out an initial feasibility study.
- 2.3 On the 9th September 2020, Cabinet made a decision to sign a Pre-Construction Services Agreement (PCSA) with Willmott Dixon to move to the next phase of development, in order to undertake detailed site investigation work and a detailed development appraisal. With over 100 development appraisals undertaken, this work is now almost concluded, and a report will follow in summer 2022 which will include a detailed cost plan and a detailed development proposal.

- 2.4 The site is particularly challenging, not least because of the significant difference in levels on the site and the number of constraints including the need to retain trees and provide ecological enhancements.
- 2.5 The site currently falls within the General Fund and will need to be appropriated to the HRA prior to development by Caerphilly Homes. As a result, a valuation has been requested from the District Valuer and is expected early February 2022.
- 2.6 The site is included in the Programme Development Plan (PDP) to obtain SHG acquisition funding to part finance the appropriation from the General Fund to the HRA for this financial year. However, in order to draw down Social Housing Grant (SHG) acquisition funding by the end of the financial year, the valuation has to have been undertaken, approved by Cabinet and outline planning permission obtained.
- The valuation is expected early February 2022.
 - The report is scheduled to be discussed by Cabinet on the 23rd February and Planning Committee on the 23rd March 2022.
- 2.7 The timescales are tight, and it is vital that Caerphilly Homes meet these timeframes in order to achieve outline planning permission with the in-principle support of Cabinet.
- 2.8 There is no doubt that this site represents an exciting opportunity for Caerphilly Homes' first, flagship, mixed tenure, development. However, there are a number of challenges that must be overcome in order to maximise the development opportunities.
- 2.9 The relocation of the existing MUGA is one consideration that has yet to be determined however, the valuation request to the District Valuer includes this area of the site so that alternative options can be fully reviewed and developed.

3. RECOMMENDATIONS

- 3.1 Members consider the content of the report and support, in-principle, the development of the former Oakdale Comprehensive School site by Caerphilly Homes. Support is subject to, the receipt and presentation of a detailed cost plan which will be available in summer 2022.
- 3.2 Members support the principle of appropriating the site from the General Fund to the HRA at a cost to be determined by the District Valuer.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To deliver the Council's ambition of building 400 new affordable, zero carbon homes by 2025. This site contributes a considerable proportion of this target
- 4.2 To meet an ever-increasing need for affordable homes in Caerphilly County Borough, as identified through the Local Housing Market Assessment process, whilst also supporting the foundational and circular economies, creating great places, mitigating the impact of climate change, addressing fuel poverty and creating a new housing led economic catalyst.

- 4.3 To contribute towards the Welsh Government target of delivering 20,000 affordable low carbon homes by 2026.
- 4.4 To mitigate the impact of climate change and meet the Council's commitments contained in its Decarbonisation Strategy – Reduce, Produce, Offset, Buy (2020).

5. THE REPORT

Background

- 5.1 On 9th September 2020, Cabinet approved the signing of a Pre-Construction Services Agreement (PCSA) with Willmott Dixon to undertake the feasibility work necessary to understand the development potential of the former Oakdale Comprehensive School site.
- 5.2 In order to undertake feasibility work, Willmott Dixon sought to determine the Council's 'Needs, Musts and Wants' in relation to the site. This has resulted in the undertaking of over 100 different development appraisals containing different variables and tenure mix.
- 5.3 In early discussions the following 'Needs, Musts and Wants' were identified as a requirement:
- The site should seek to accommodate a minimum of 100 homes.
 - At least 50% of the homes must be affordable (to comply with Welsh Government policy). The definition of 'affordable' in this context refers to both social rent and Low Cost Home Ownership housing.
 - The site should include market sale homes (% to be determined according to viability).
 - Homes should be future ready / net zero carbon (recognising the climate emergency and to comply with the Authority's ambition to deliver a zero carbon borough by 2030 and a Welsh Government ambition by 2050).
 - Employ the use of Modern Methods of Construction (MMC) which reduce the requirement for wet trades, are precision manufactured in a factory environment and are quicker to assemble on site (policy requirement).
 - Homes should meet the Welsh Government's Beautiful Homes and Space Standards as a minimum (policy requirement).
 - The SuDS solution should be value engineered to ensure lower maintenance costs.
 - Support the foundational and circular economies through the development of a local supply chain (Caerphilly post Covid-19 recovery and support local economic growth) and the creation of new employment and training opportunities for local people engaged in Welsh Government funded employment support programmes delivered by the Council.
- 5.4 Willmott Dixon were asked to examine the viability of the site utilising a mix of different tenures ranging from 10% affordable up to 70% and also to run a series of appraisals to examine the cost that would result from meeting various energy efficiency targets including net zero carbon and EPC A.

- 5.5 Due to the desire not to have to retrofit properties in the future and the Council's commitment to delivering a zero carbon borough by 2030, it was deemed appropriate to seek to deliver affordable homes with the highest standard of energy efficiency possible. As a result, all affordable homes built on the site will be delivered to net zero carbon standards).
- 5.6 The development appraisals undertaken by Willmott Dixon on behalf of Caerphilly all factor in the higher costs of the materials associated with delivering a net zero carbon scheme.
- 5.7 In relation to the market sale properties on the site, Willmott Dixon have undertaken research which suggests that private purchasers of market sale homes are not yet prepared to pay a premium for energy efficient homes. Green mortgages are new to the market and currently there is a limited take up. As a result, it is proposed that market sale homes on the site will be constructed to EPC A standard and prospective buyers will be able to purchase 'green' add-ons which will increase the energy efficiency of their home and potentially lower fuel costs if they wish. This area of work is subject to further research and may change in the future.
- 5.8 Caerphilly Homes intends to develop new homes for market sale to help create balanced and sustainable developments and to help to cross subsidise the delivery of affordable homes. The HRA cannot subsidise the delivery of homes for market sale, hence, Caerphilly Homes has to ensure that where new homes are developed for market sale they are attractive to prospective purchasers.
- 5.9 All appraisals undertaken have been based upon the use of a steel framed MMC (modern methods of construction) solution which has been manufactured in Caerphilly by Caledan Ltd. This method of construction was pioneered on the Caerphilly Homes Innovative Housing Programme funded demonstrator developments at Trecenydd and Trethomas.
- 5.10 The use of the steel framed MMC solution developed in collaboration with Willmott Dixon, Caledan and Caerphilly Homes is the preferred construction solution on this site and has been adopted by Willmott Dixon as part of their corporate construction solutions arm, 'Collida'.
- 5.11 Caerphilly Homes intend to enter into discussions with the Procurement Team and the SCAPE framework manager to ensure the development and continuation of the scheme through the SCAPE construction framework.

The Site – Challenges and Opportunities

- 5.12 The topography of the site presents a number of significant challenges largely resulting from the 26m drop from the top of the site to the bottom, the levels and natural plateau's within the site which directly influence the capacity, layout and eventual SAB solution. The levels on the site have also been identified as a particular challenge by the Welsh Government Technical Scrutiny team who are having significant input into the evolving design and layout of the scheme.
- 5.13 The site boundary currently includes the MUGA area which borders the road frontage to the site. It is proposed to relocate the MUGA to an alternative location in Oakdale

thereby enabling the provision of between 8 to 12 affordable homes. It also improves the frontage of the site, street scene and place making aspects on Oakdale Terrace along the junction with Penmaen Estate. The preferred location for the new MUGA is still to be determined. It will also help increase the marketability of the development to prospective owner occupiers.

- 5.14 There is no doubt that given the views across the valley from this site and the retention of the majority of category A and B trees on the site, that this is a prime development site for a flagship Caerphilly Homes development. The design and place making principles adopted on the former Oakdale Comprehensive School site will influence the design standards that Caerphilly Homes, as a developer, will adopt in the future across all its development sites.
- 5.15 Caerphilly Homes have been working closely with colleagues in Planning and Regeneration to ensure that 'place making' lies at the heart of the development and a 'Team Caerphilly' approach has been adopted since the inception of the project.

Pre-Construction Activities

- 5.16 Whilst the Pre-Construction Services Contract (PCSA) was signed in September 2020, the intrusive site investigation and ecological survey works did not commence until March 2021. Between September 2020 and March 2021 a desktop exercise was undertaken to examine the existing documentation and survey information that was available for the site and to run a series of viability scenarios. In essence, this was an academic exercise as until the detailed site investigation work was undertaken it was impossible to determine the number of units that may be accommodated on the site, the Sustainable drainage systems (SuDS) solution required and a potential layout.
- 5.17 Detailed site investigation and extensive ecology survey work took place throughout Summer 2021 and as a result, throughout the Autumn of 2021 work concentrated on evolving the design and layout of the site together with exploring engineering and access options together with an emerging SuDS solution with the aim of submitting an outline planning application (with all matters reserved) in December 2021.
- 5.18 An outline planning application with all matters reserved was submitted on 7th December 2021. It is anticipated that the outcome of the application will be determined by Planning Committee on the 23rd March 2022.
- 5.19 Securing outline planning permission (with all matters reserved) will enable Caerphilly Homes to draw down Social Housing Grant (SHG) funding to part finance the acquisition and appropriation of the site from the General Fund to the HRA by the 31 March 2022 which is the deadline for the draw-down of Social Housing Grant.
- 5.20 In order to determine the amount of grant to be applied for it is necessary to obtain a re-valuation of the land. A valuation was requested by Property Services and provided by the District Valuer on 23rd June 2020 however, the valuation undertaken at that time did not take into account: the extent of the abnormalities on the site, the commuted sums resulting from a SAB approved scheme or the proportion of affordable housing. The original valuation requested by Property Services assumes a clean site and a policy compliant level of affordable housing as a minimum. The initial valuation of the site was £1,785,000.
- 5.21 The revised valuation of the site, will now take into consideration the known abnormalities and constraints together with the planned provision of 50% affordable housing. The revised valuation is awaited from the District Valuer and is expected

mid-February 2022.

- 5.22 A decision by Cabinet to appropriate the site from the General Fund to the HRA is required as soon as possible in order to draw down Social Housing Grant for the acquisition of the site.
- 5.23 Running in parallel to the planning application and the valuation is the Welsh Government Technical Scrutiny process. This process is mandatory (where LA's and housing associations are seeking access to SHG) and requires Caerphilly Homes to involve the WG Technical Scrutiny team in the inception and evolving design of any SHG funded scheme. The WG Technical Scrutiny Team comprise a number of experienced Architects who are responsible for ensuring the quality of SHG funded developments through advising on aspects of the Design Commission for Wales Place Making Charter, Welsh Government's Beautiful Homes and Spaces (July 2020) and Building Better Places (July 2020) guidance.
- 5.24 Caerphilly Homes have engaged the Technical Scrutiny team in the evolving design and development of the former Oakdale Comprehensive School and are currently in the process of receiving feedback.

Conclusion

- 5.25 There are a number of critical timeline issues directly impacting upon Caerphilly Homes' ability to move this site forward and to draw down SHG in line with Welsh Government guidelines.
- 5.26 The SHG is for acquisition funding and has to be drawn down by 31 March 2022. It will part fund the appropriation of the site from the General Fund to the HRA.
- 5.27 To meet the 31 March 2022 deadline, Caerphilly Homes require receipt of the valuation undertaken by the District Valuer (expected early February 2022) and a Cabinet approval to appropriate the site prior to 31 March 2022.
- 5.28 Cabinet has been scheduled for the 23rd February 2022. Hence, the timelines for receipt of the valuation and the Cabinet decision, followed by a decision from the Local Planning Authority are extremely tight.
- 5.29 It is important to note that the application for outline planning permission with all matters reserved means that the design, tenure, access and place making aspects of the scheme are all 'reserved' for later determination and have yet to be finalised. There is still flexibility to discuss all options relating to the scheme before the proposals are finalised and the reserved matters are submitted in summer 2022.
- 5.30 Pending approval, Caerphilly Homes intend to work closely with colleagues in Procurement and the SCAPE Framework Manager to maintain the momentum of the project and facilitate the move from pre-construction into the construction phase of the SCAPE process.
- 5.31 It is imperative that the 'Team Caerphilly' approach to Caerphilly Homes' developments is maintained. The continued involvement of the SAB, Highways, Ecology, Planning and Place making teams is critical to the success of this flagship development.

6. ASSUMPTIONS

6.1 There are a number of assumptions that are pertinent to the report:

- 1) That outline planning permission will be secured.
- 2) The valuation from the District Valuer will be received early February.
- 3) The deadline for SHG drawn down will be met.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 To be completed when the detailed report is brought forward with the cost plan in summer 2022.

8. FINANCIAL IMPLICATIONS

8.1 The redevelopment of the former Oakdale Comprehensive School site is included within the HRA business plan and also the Planned Development Programme (prepared on behalf of Welsh Government), which identifies SHG allocations for both the Council and HA's. The appropriation of the site from the General Fund to the HRA is identified for 21/22 in the PDP as acquisition funding.

8.2 SHG funding is also indicatively identified in the PDP for the construction phase but is subject to change pending determination of a construction method and a detailed cost plan.

9. PERSONNEL IMPLICATIONS

9.1 There are no personnel implications resulting from the development of the former Oakdale Comprehensive School site.

10. CONSULTATIONS

10.1 Comments received from Consultee's are reflected in the report.

10.2 Ward member comments are reflected in Appendix 1.

11. STATUTORY POWER

11.1 Local Government Act 1972, Housing Wales Act 2014

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Chris Boardman, Development Manager
Mark Noakes, Development Manager
Mark Jennings, Principal Housing Strategy Officer
Lesley Allen, Principal Group Accountant (Housing)

Appendix 1 – Ward Member Comments

Both Penmaen ward members have been involved in the dialogue regarding the potential development of the former Oakdale Comprehensive School since early 2021.

Ward members are supportive of the development in principle however, concerns have been raised, with regard to the need to ensure the relocation of the MUGA to an appropriate location within the Oakdale community.