



CABINET - 18TH OCTOBER 2023

**SUBJECT: REDEVELOPMENT OF THE FORMER OAKDALE
COMPREHENSIVE SCHOOL SITE BY CAERPHILLY HOMES**

REPORT BY: DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To seek approval from Members to sign the Delivery Agreement with Willmott Dixon to enable the construction of the first Caerphilly Homes mixed tenure development to start in Autumn 2023.
- 1.2 Approve the inclusion of a later living scheme within the Oakdale development which is designed specifically to replace the sheltered housing scheme (scheduled for decommissioning) at Ty Melin.
- 1.3 Approve the signing of a PCSA (Pre-Construction Delivery Agreement) to further progress the design and development of the newly proposed later living element of the scheme.
- 1.4 Approve the signing of a PCSA to undertake the investigatory site investigation works and design development of the Ty Melin site which will be brought forward for inclusion in the Caerphilly Homes development programme. It is proposed that due to the proximity and relationship of the existing Ty Melin site to the former Oakdale School site, the development of the site be added to the Oakdale development programme in order to ensure the continuity of the scheme through a 2.5-3 year development period.
- 1.5 The report was considered by the Housing and Environment Scrutiny Committee on the 19th September 2023; comments from the Committee are included in Section 10 of the report.

2. SUMMARY

- 2.1 In 2021 Caerphilly Homes signed a Pre-Construction Services Agreement (PCSA) with Willmott Dixon via the public sector compliant SCAPE Framework.
- 2.2 The signing of the agreement signalled a desire by Caerphilly Homes to bring forward the former Oakdale Comprehensive School site for its first flagship mixed tenure scheme.

- 2.3 Since the signing of the PCSA a significant amount of work has been undertaken to develop a scheme that has placed placemaking at the heart of the proposal. The design team have ensured that they have worked with the topography and biodiversity of the site retaining a number of category A and B trees and not over densifying the site. Outline planning permission was secured in 2022 and a reserved matters application is under consideration.
- 2.4 Subject to members agreeing to sign the Delivery Agreement with Willmott Dixon at Cabinet on the 18th October 2023, work will start on site on 30 October 2023. The timeline for practical completion is October 2025.
- 2.5 Subject to members agreeing the inclusion of a replacement later living scheme for Ty Melin and agreeing the signing of a PCSA, the scheme will include 26 later living apartments.
- 2.6 If members approve the inclusion of a later living scheme into the current proposal as a replacement for Ty Melin, it is further proposed that Caerphilly Homes sign a PSCA agreement with Willmott Dixon to begin the exploratory site investigation and design work to bring forward the Ty Melin site following the move by existing residents from Ty Melin into the new scheme on the Oakdale site. The Ty Melin site already lies within the HRA and subject to receipt of positive site investigations will be brought forward for affordable housing as part of the Caerphilly Homes development programme.

3. RECOMMENDATIONS

- 3.1 Cabinet approve the inclusion of the later living element of the scheme which will result in the residents of Ty Melin, Croespenmaen relocating into the new accommodation on the former Oakdale Comprehensive School site and the existing Ty Melin site being redeveloped post 2025.
- 3.2 Cabinet approve the signing of the Delivery Agreement with Willmott Dixon which will allow the development to start on site in October 2023.
- 3.3 Cabinet approve the signing of a PCSA with Willmott Dixon to undertake the design work necessary to include the later living scheme into the wider site and also approve the signing of a separate PCSA to undertake the site investigatory and design work necessary to bring forward the Ty Melin site into the Caerphilly Homes development programme.
- 3.4 Members endorse the proposal to develop a Social Value Plan which will relate to all developments undertaken by Willmott Dixon in the county borough. Under the SCAPE Framework arrangement 20% of the contract value will be attributed to the delivery of social value including an extensive construction related employment programme.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To deliver the ambitions contained within the Caerphilly Homes Governance and Development Strategy (Cabinet 20th September 2023).
- 4.2 To bring back the former Oakdale Comprehensive School site into beneficial use and provide an alternative later living scheme to the one in existence at Ty Melin (Croespenmaen).

- 4.3 Bring forward the existing Ty Melin site following decommission into the Caerphilly Homes development programme to deliver additional affordable homes.
- 4.4 To provide high quality, low carbon, energy efficient homes for current residents of Ty Melin.
- 4.5 Ensure that Caerphilly Homes' investment in new homes delivers wider social, economic and environmental outcomes for residents, communities and businesses throughout the county borough.

5. THE REPORT

- 5.1.1 The site of the former Oakdale Comprehensive School was vacated in 2016 and cleared as a result of demolition in 2019.
- 5.1.2 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.
- 5.1.3 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 and a significant number of design iterations, this work is now almost concluded, and the design and development proposal has been submitted to Planning as a reserved matters application. Outline planning was approved in March 2022.
- 5.1.4 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.
- 5.1.5 The site originally fell within the general fund portfolio and was appropriated to the HRA in March 2022.
- 5.1.6 The proposed mixed tenure development comprises 92 homes. This is not only the Council's first flagship development but also the first mixed tenure site that the Council will deliver.
- 5.1.7 The Caerphilly Homes Occupational Therapist has been engaged in the scheme and two accessible bungalows will be provided within the development to meet the specific needs of two families who are currently on the Common Housing Register.
- 5.1.8 In order to ensure the site is as attractive and marketable as possible and due regard is given to placemaking and facilitating the creation of a cohesive community which sits neatly within an existing, well-established community. The design team have been very sensitive to the immediate surroundings, existing ecology and habitats that exist within the site. Every effort has been made to ensure that 'quality' runs throughout the design, the materials, and the environment. It sets the bar high for future Caerphilly Homes developments.
- 5.1.9 Caerphilly Homes will build to Building Regulations 2025 across the site regardless of tenure and to WDQR (Welsh Design Quality Requirements). This will result in a

larger floor space across the market sale homes than those provided by competitors and hopefully result in people seeking to purchase plots off plan. It will also mean higher costs per square metre however, if plots fail to sell, Caerphilly Homes will look to absorb those homes back into the affordable element of the scheme thereby mitigating the financial risk resulting from any unsold market sale homes.

- 5.1.10 Willmott Dixon have undertaken a commercial assessment of the local market on behalf of Caerphilly Homes which has involved undertaking comparisons of house types, floor space etc offered by competitors. Our homes have been designed and priced to sell.
- 5.1.11 Building to Building Regulations 2025 across the site also means that all homes will offer occupants the highest level of energy efficiency and comfort thereby lowering energy costs for occupants, (both Caerphilly Homes customers and those which are owner occupied).
- 5.1.12 Caerphilly Homes has commissioned a significant amount of research into the sourcing and supply of photovoltaics and battery storage and the benefits of their use on the site. Both were considered as options on this scheme in order to achieve the EPC A rating requested by Welsh Government. However, the research (undertaken by Mark Morant Consulting) suggested that on a site of this size, the use of photovoltaics would offer very little benefit. The ethics behind the sourcing of the materials contained in photovoltaics and battery storage were of concern as was the ongoing liability relating to maintenance and the fact that they are currently unable to be recycled at end of life. Caerphilly Homes intends to keep a close eye on this market as the technology is evolving and Welsh Government direction re EPC ratings as these solutions may be appropriate for other Caerphilly Homes sites in the future.
- 5.1.13 Caerphilly Homes have discussed the fabric first approach and the Mechanical and Electrical strategy that will be adopted on site with the Welsh Government's Technical Scrutiny team who are content that the solution proposed (which is based on the IHP funded pilot sites and delivery to Building Regulations 2025) will deliver new, energy efficient low carbon homes as per the Welsh Government's WDQR standards. From an EPC perspective they will have an EPC rating of B. Welsh Government acknowledge that EPC ratings are not the best method by which to evaluate the energy efficiency and air tightness of a home. It is likely that the EPC measurement will be reviewed shortly and will take in account the use of electric heating systems. The focus on fabric first, air tightness and ventilation will result in the creation of 92 new, low carbon, low energy cost, healthy homes.
- 5.1.14 Part F of the 2025 Building Regulations include new standards for ventilation whilst Part L sets out minimum energy performance targets, air tightness and improved insulation.
- 5.1.15 The high-level specification to which all new, Caerphilly Homes will conform is set out in the Development and Governance Strategy Report that was considered and approved by Cabinet on 20 September 2023. All Caerphilly Homes developments will seek to meet Building Regulations 2025 as a minimum.

Ty Melin / Agile Aging Proposal

- 5.1.16 In a report that was discussed and approved by Cabinet in 2018 approval was given to consider remodelling the Ty Melin sheltered housing scheme at Croespenmaen in accordance with WHQS. It has since become apparent that the costs to remodel the scheme to ensure compliance with WHQS23 would be unachievable. As a result, the

project team (including Caerphilly Homes, Architects Holder Mathias, Engineers Cambria and Willmott Dixon) were asked in April 2023 whether it would be possible to incorporate a new, low carbon, contemporary sheltered housing scheme within the parameters of the former Oakdale Comprehensive School site.

- 5.1.17 The site is hugely challenging in relation to the topography and levels of the site. In exploring the art of the possible, the Architects and Engineers have advised that a new, low carbon, agile aging scheme could be accommodated within the area of the site that is currently occupied by the existing MUGA. This would enable the existing residents of Ty Melin to move into a new modern, energy efficient scheme which is situated in sustainable location opposite the post office, public house, shop and on a main transport route. It would also provide a light and open area for communal events and facilitate and encourage greater interaction with the wider community. The vacant Ty Melin site would then be incorporated into the Caerphilly Homes development programme for delivery of a new residential scheme post 2025.
- 5.1.18 The inclusion of an agile aging scheme within the former Oakdale Comprehensive School site has helped to improve the design in an area of the proposed development that is quite challenging. It has also increased the financial viability of the scheme as Caerphilly Homes can draw down SHG grant on an increased proportion of affordable homes.
- 5.1.19 Following receipt of approval from Cabinet, an engagement and involvement strategy will be drafted to ensure that prospective residents remain apprised of the scheme and have the opportunity to input into the emerging design. There are current 14 households (16 residents in total) based in Ty Melin. An initial conversation has taken place with ward members and residents to outline the new proposals. Existing residents living at Ty Melin were supportive of the proposals and are excited to be involved in the design of the scheme and to move into the new accommodation.

Contract Arrangements

- 5.1.20 Willmott Dixon will be procured via the Public Sector Compliant SCAPE Framework to deliver 92 new homes on the former Oakdale Comprehensive School site. The Pre Construction Services Agreement (PCSA) for the new later living scheme will also be procured via the Framework and Ty Melin, which is a separate arrangement appended to the Oakdale development, via the SCAPE Framework.
- 5.1.21 The SCAPE National Construction 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. The Framework permits the direct award of projects to Willmott Dixon worth between £7.5m - £75m. The Framework expires in September 2025.
- 5.1.22 Working with a Tier 1 contractor that has a regional base and employs a significant number of people from within the region, assists in supporting the circular economy and helps mitigate risk to the Council.
- 5.1.23 Caerphilly Homes has utilised the Framework on the IHP funded schemes in Treceyndd and Trethomas and also via a PCSA on Ty Darran.
- 5.1.24 As per the IHP funded schemes in Treceyndd and Trethomas, Willmott Dixon continue to work closely with Caledan Ltd, a light-weight steel frame manufacturer

based on Penallta Industrial Estate. The delivery of this project together with the flagship later living scheme at Ty Darran, will result in the creation of 8 new employment opportunities at Caledan who will be part of a new, social value programme that will be informed and influenced by Caerphilly Cares and be delivered by Willmott Dixon and its wider supply chain. As per the requirements of the SCAPE public sector compliant Framework, 20% of the total contract value will be committed to delivering social value obligations that will be set out in a specific social value plan (which will include Oakdale, Ty Darran and Ty Melin) which is currently under development.

- 5.1.25 A social value plan containing employment, education, community and environmental targets is under development together with a specific employment workstream for veterans which links directly to the Council being a signatory to the Armed Forces Covenant. This element or workstream will seek to engage ex-armed forces personnel / veterans directly in the project to provide them with training and skills to obtain secure employment but also a home. Caerphilly Homes have started the process of scoping out how the project would be organised and financed and have engaged with a national charity Alabare (who support ex-veterans), the Regional Armed Forces Covenant Officer, Caerphilly Cares and Willmott Dixon (who have an affiliation with the British Army) to discuss how the project may work. A project team have visited a similar project that is underway in Wilshire. Further details will be provided as part of the finalised social value plan.
- 5.1.26 The total project cost of the scheme is £35.2m of which £31.4m is attributed to Willmott Dixon and will be the figure included in the Delivery Agreement (DA). Caerphilly Homes will seek Social Housing Grant finance to part fund the delivery of the affordable element of the scheme. The market sale homes will need, as a minimum, to break even as the HRA cannot subsidise private sales.
- 5.1.27 Willmott Dixon have been working closely with local estate agents and mortgage providers to understand the local market for new build homes for sale. A showhome will be erected on site so that people interested in both the affordable offer and the market sale homes can engage in a customer experience thereby receiving an insight into the look, quality and feel of Caerphilly Homes and the surrounding community.
- 5.1.28 A Sales and Marketing Strategy is under preparation and the commercial element of the project will be led in partnership with Willmott Dixon. A commercial group comprising officers from the Council's Legal and Communications team will be established to oversee this element of the scheme.
- 5.1.29 This report seeks approval for the Council to enter into the next phase of the development process with Willmott Dixon via the signing of a Delivery Agreement that will see 92 new homes delivered on the former Oakdale Comprehensive School site at a total Delivery Agreement cost of £31.4m out of a total project cost of £35.2m (excluding any Welsh Social Housing Grant contribution). Excitingly it will be the first mixed tenure Caerphilly Homes development and will set the standard and the bar for future developments.
- 5.1.30 The report also seeks approval for Caerphilly Homes to enter into a PCSA agreement to undertake the design work necessary to include the later living scheme and a PCSA to undertake the site investigatory work and design work necessary to bring forward the Ty Melin site for development.

5.1.31 It is anticipated that, subject to approval, work will start on site in Oakdale on 30th October 2023 and be complete by October 2025 (104 calendar weeks). A second phased reserved matters application will be submitted for the new later living scheme following the satisfactory conclusion of the PCSA and the design work.

5.2 Conclusion

5.2.1 There is no doubt that the development of the former Oakdale Comprehensive School site represents an exciting opportunity for Caerphilly Homes' first, flagship, mixed tenure, development however it is not without its challenges.

5.2.2 Financial viability on this site is a challenge despite it being in a well-located, attractive and sustainable location. Viability has been tracked throughout the scheme development and an updated appraisal will be presented to Cabinet on the 18th October 2023.

5.2.3 The mortgage market is volatile, and the Bank of England are increasing rates further which could present a significant challenge to selling homes on the site. In the event that market sale homes are not purchased then Caerphilly Homes will give consideration to changing the designation of those homes thereby mitigating financial risk to the Council and the HRA.

5.2.4 The inclusion of a new later living scheme to replace the accommodation at Ty Melin is an exciting addition to the scheme and presents a unique opportunity to create a diverse, mixed tenure community which is already in part, integrated within the wider Penmaen / Crumlin ward area.

5.2.5 If, exploratory site investigations on the existing Ty Melin site are deemed positive, the site will be brought forward for inclusion into the Caerphilly Homes development programme.

6. ASSUMPTIONS

6.1 That the site will be seen as an attractive and vibrant place to live that is accessible and well located in a sustainable location.

6.2 Ground conditions are as assessed and there are no unforeseen challenges on the site.

6.3 Caerphilly Homes will be viewed as a developer that delivers quality homes.

6.4 That prospective purchasers will be willing to purchase off plan and be able to secure appropriate mortgage products.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 The Integrated Impact Assessment suggests that the Redevelopment of the former Oakdale Comprehensive School site to deliver 92 new homes, which includes 26 later living apartments, will have a positive impact upon all persons seeking all types of homes within the Penmaen and adjacent wards.

7.2 **[Hyperlink to the Integrated Impact Assessment](#)**

8. FINANCIAL IMPLICATIONS

- 8.1 The total cost of the scheme based on 92 units is £35.2m of which, £31.4m is attributed to the costs of delivery by Willmott Dixon and will be included in the Delivery Agreement (DA). The affordable element of the scheme will be part funded by Social Housing Grant. The exact amount of grant that will be drawn to help deliver the scheme has yet to be determined.
- 8.2 The PCSA agreement to further the design and delivery of the later living scheme is estimated to be circa. £500,000. The PCSA agreement to bring forward the Ty Melin site is estimated to be circa. £650,000.
- 8.3 The exact cost of the Delivery Agreement and the PCSA's will be determined by the time the report is presented to Cabinet on the 18th October 2023 and a verbal update will be presented.
- 8.4 The development of the former Oakdale Comprehensive School Site is included in the HRA Business Plan over the next 3 years, along with an element of assumed SHG funding, together with an expectation of capital receipts at the end of the development for the sale of the non-affordable properties. Capital receipts at this stage are only assumed to recover the initial development costs of the non-affordable properties, but any surplus that may arise will be reinvested back into future development schemes.
- 8.5 The current Business Plan also assumes that borrowing will be necessary to progress schemes of this nature and the level of borrowing remains viable within the plan. The HRA has an agreed borrowing cap of £100m which has not yet been reached. The financial viability model has been calculated over a 50 year period.

9. PERSONNEL IMPLICATIONS

- 9.1 Caerphilly Homes are in the process of recruiting a Construction Manager to oversee the delivery of the scheme. The Construction Manager will be supported by a Project Manager and a Clerk of Works.
- 9.2 The resources allocated to the project will be continually reviewed. Should additional resources be required, the need will be discussed with the Head of Service.

10. CONSULTATIONS

- 10.1 The ward members for Penmaen have been consulted and engaged in the development of the former Oakdale Comprehensive School site since the scheme inception.
- 10.2 Consultation has also been undertaken with the local community as part of the statutory PAC process. Following approval of the delivery agreement, the cost plan, the social value plan and the sales and marketing strategy a community engagement and involvement plan will be formulated.
- 10.3 Following discussion by PDM the following teams have had sight of the draft Delivery

Agreement prior to its consideration at Cabinet.

- Legal
- Building Consultancy
- Insurance
- Information Unit
- Procurement
- Caerphilly Homes (landlord services and repairs and maintenance)

- 10.4 Elected Members for the Crumlin ward were appraised of the proposal to decommission Ty Melin and to move the existing residents into a new later living scheme on the former Oakdale Comprehensive School site during a meeting on 27 July 2023. Both ward members were keen to understand how the residents of Ty Melin would feel about the move and could appreciate the benefits that new, more efficient accommodation would bring.
- 10.5 Existing residents at Ty Melin were engaged in a session on 31 July 2023 during which the plans were explained and some initial drawings shared. All residents were excited by the proposals and expressed their desire to be involved in discussions as the design of the new scheme evolves.
- 10.6 This report was presented to the Housing and Environment Scrutiny Committee on the 19th September 2023.
- 10.7 Members sought clarification on the MUGA equipment on site and were advised that officers are discussing this with Islwyn High School to seek to set up a new MUGA. The intention is to keep the existing MUGA at Oakdale site until the new MUGA is available, which is estimated at 5-6 months. The scrutiny committee asked about the increased distance from Oakdale to Islwyn High and were advised that there is another MUGA on the Persimmon site nearby.
- 10.8 The scrutiny committee asked for the reasons why the Ty Melin and other sites were not re-developed as part of the WHQS programme. Members were advised that there were a number of factors including the configuration and building materials used at these sites. This would have meant extensive costs to bring them up to WHQS standards, and were therefore deemed prohibitive. In addition, the apartments at these sites are very small and not fit for purpose, making them very difficult to let.
- 10.9 Members queried the plans for the new build which shows one-bedroom apartments and suggested that two bedroomed apartments would be required for couples or people who have carers. It was confirmed that although most apartments are one bedroomed there are also two bedroomed apartments planned.
- 10.10 The scrutiny committee sought further detail on the plans to include training in the employment programme and asked if training on new technology will be included. Members were assured that the intention is to provide opportunities to learn new skills for technology such as Heat Pumps, and modern methods of construction.
- 10.11 Members asked if the land being used (which is owned by CCBC) is reflected in the sale prices for the new homes, as compared with homes sold by private developers who must pay for the land. In addition it was asked if there a way to limit sales to local people. The scrutiny committee was advised that the land had to be paid for by Caerphilly Homes based on a valuation by the District Valuer. The land has to be appropriated to the HRA from the General Fund at market value. It isn't necessarily a

'cash' transaction. A further explanation can be provided by the Housing Accountant if required. Members were advised that it is not possible to limit sales to local people.

- 10.12 The scrutiny committee asked how many apartments are utilised at Ty Melin at present compared to the 33 that will be available at the new site. Members were advised that there are 16 occupiers at Ty Melin, some are couples. This development will increase the number of apartments available and there is an identified need for later living accommodation in the area.
- 10.13 Members asked if the later living accommodation will be prioritised for development ahead of the other builds, and were advised that the later living accommodation cannot proceed until the new MUGA is completed at Islwyn High School, but it is intended to discuss this with Wilmott Dixon.
- 10.14 The Armed Forces Champion stated that she was pleased to hear of the intention to provide opportunities to ex-service personnel. Members were advised that discussions have been held with the Armed Forces Covenant Officer, and are also working with the Charity Alabare. We are hoping to engage with ex-service people on the project and also seek to move those from temporary accommodation if they are on the waiting list.
- 10.15 Members were pleased to see the plans to use sustainable materials and modern methods of construction on the site and were informed that this is an important factor, to use sustainable materials where we can and to learn from previous projects.
- 10.16 Members congratulated officers on an excellent presentation and gave their support for the proposals. It was moved and seconded that the recommendations be approved. By way of Microsoft Forms confirmation this was unanimously supported.

11. STATUTORY POWER

11.1 Local Government Act 1972, Housing Wales Act 2014

Author: Jane Roberts-Waite, Head of Development and Strategy
(roberj2@caerphilly.gov.uk)

Consultees: Councillor Sean Morgan, Leader of Council
Councillor Andrew Whitcombe, Chair Housing and Environment Scrutiny Committee (whitca@caerphilly.gov.uk)
Councillor Shane Williams, Vice Chair Housing and Environment Scrutiny Committee (willis42@caerphilly.gov.uk)
Councillor Shayne Cook, Cabinet Member for Housing (cooks3@caerphilly.gov.uk)
Christina Harray, Chief Executive (harrhyc@caerphilly.gov.uk)
Dave Street, Deputy Chief Executive (streed@caerphilly.gov.uk)
Mark S Williams, Corporate Director for Economy and Environment (willims@caerphilly.gvo.uk)
Richard (Ed) Edmunds, Corporate Director for Education and Corporate Services (edmunre@caerphilly.gov.uk)
Nick Taylor-Williams, Head of Housing (taylon1@caerphilly.gov.uk)
Rob Tranter, Head of Legal Services and Chief Monitoring Officer (trantrj@caerphilly.gov.uk)
Stephen R Harris, Head of Financial Services and Section 151 Officer

(harrisr@caerphilly.gov.uk)

Lynne Donovan, Head of People Services (donov1@caerphilly.gov.uk)

Elizabeth Lucas, Head of Customer and Digital Services

(lucasej@caerphilly.gov.uk)

Ian Evans, Procurement and Information Manager

(evansi1@caerphilly.gov.uk)

Fiona Wilkins, Housing Services Manager (wilkie@caerphilly.gov.uk)

Catherine Edwards, Head of Asset Maintenance and Repair

(edwarc9@caerphilly.gov.uk)

Kerry Denman, Housing Solutions Manager (denmak@caerphilly.gov.uk)

Lesley Allen, Principal Group Accountant – Housing

(alleni@caerphilly.gov.uk)