



RHONDDA CYNON TAF COUNCIL CARDIFF CAPITAL REGION CITY DEAL JOINT OVERVIEW AND SCRUTINY COMMITTEE

Minutes of the hybrid meeting of the Cardiff Capital Region City Deal Joint Overview and Scrutiny Committee meeting held on Friday, 2 July 2021 at 10.00 am

County Borough Councillors - Cardiff Capital Region City Deal Joint Overview and Scrutiny Committee Members in attendance:-

Councillor J P Blundell – Bridgend County Borough Council (Chairperson)
Councillor J Ridgewell – Caerphilly County Borough Council (Vice Chairperson)
Councillor V Crick – Torfaen County Borough Council
Councillor G Davies – Blaenau Gwent County Borough Council
Councillor G Thomas – Rhondda Cynon Taf County Borough Council
Councillor S Marshall – Newport City Council
Councillor Tim Thomas – Bridgend County Borough Council
Councillor S Powderhill – Rhondda Cynon Taf County Borough Council

Officers in attendance

Mr C Hanagan, Service Director of Democratic Services & Communication
Ms Kellie Beirne CCRC Director
Ms Louise Corbett, Homes for the Region Programme Manager
Mr Justin Carty, Senior Director from CBRE
Mr George Richards Senior Director CBRE
Mrs Sarah Daniel – Senior Democratic Services Officer RCTCBC

19 Election of Chairperson

RESOLVED:

Cllr J P Blundell was elected as Chairperson for the 2021-22 Municipal Year

20 Election of Vice Chairperson

RESOLVED:

Cllr J Ridgewell was elected as Vice Chairperson for the 2021-22 Municipal Year

21 Apologies for Absence

Cllr Ramesh Patel – Cardiff Council
Cllr Nigel Howells – Deputy Member Cardiff Council
Cllr Darren Roberts Merthyr Tydfil CBC
Cllr James Clarke Newport Council
Cllr Jason Hughes Deputy Member Newport Council
Cllr John Hill Blaenau Gwent CBC

22 Declarations of Interest

Cllr V Crick (Torfaen) declared a personal interest as she is a Board Member on a local housing association

Cllr G Davies (Blaenau Gwent) declared a personal interest, as he is a Board Member of the Registered Social Landlords.

23 Minutes

RESOLVED:

To approve the minutes of the Cardiff Capital Region City Deal Joint Overview and Scrutiny Committee held on the 26 February 2021

24 Work Programme

The Service Director Democratic Services and Communications presented the report to members, which detailed a draft work programme for the 21-22 municipal year.

Members were reminded that the work programme remained flexible to allow for emerging and changing priorities. Members were also sighted on the CCRCD Cabinet Work Programme to support them in identifying items for pre-scrutiny. He added that officers would also have a discussion with the CCRCD Programme Director to identify these items for pre-scrutiny.

A Member asked if the item scheduled for the 18 March 2022 could include detailed information on the Towns Fund. The Service Director replied that this would be added to the information required for that item.

25 Housing Development Fund

The Chairperson welcomed the following officers to the meeting:

Kellie Beirne CCRCD Director
Louise Corbett, Homes for the Region Programme Manager
Justin Carty, Senior Director from CBRE
George Richards Senior Director CBRE

Mr George Richards, Senior Director for CBRE introduced the report and advised of the progress made in respect of the 'Homes for all the Region' Programme, following the approval of the Viability Gap Fund Full Business Case in March 2020 and the associated Evaluation Framework in September 2020. He supplemented the report with a [presentation](#) to members which provided the following information:

The Housing Viability Gap Fund is a £35m targeted funding programme to bring forward new homes on key strategic housing sites across South East Wales. The Fund is a mechanism to unlock sites that would have no other means of coming forward due to financial viability.

The objectives of the Fund are to:

- Unlock stalled sites that are unviable for housing delivery.
- Invest in projects that will deliver housing in areas needed most,

- whilst demonstrating value for money and delivery certainty.
- Kick-start construction, generating jobs and delivering sustainable developments.
- Enhance the long-term growth prospects and competitiveness of the region through improved infrastructure, increased connectivity and regeneration.

The Fund is an opportunity for:

- Local authorities to support key strategic housing projects in their area.
- Developers to work with local authorities on bringing their sites forward.
- Local communities to benefit from derelict land remediation and new homes

He went on to explain that examples of potential schemes included: site specific infrastructure, site clearance, groundworks or land remediation works. All schemes will be subject to State Aid compliance.

He advised the Joint Committee that funding awards of up to £8m would be awarded to local authorities on a highly competitive basis (max 3 per LA). The funding will to be deployed at a local level by Councils towards prioritised schemes.

To be eligible for Housing Viability Gap Funding bids must meet the following criteria:

- Sites delivering minimum of 40 new homes
- Located in Cardiff Capital Region
- Local Authority support
- Planning permission in place (or if not a clear route to achieving planning)
- Able to complete required due diligence including evidence of a viability gap
- Ability to meet the CCR spend deadline for full drawdown of funds by 31 March 2024

A Member asked for more information on a funding recovery plan and a clawback of funds at development stages and how this was recovered.

The Senior Director CBRE replied that as the funding was public money they ensure the correct strict processes and structures are put in for due diligence. This includes ensuring that funds are recovered so they are able to be re-invested. The Senior Director CBRE advised that the Local Authority are responsible for deploying funds directly into project. He added that there are regulations in place for Local Authorities to put protection in place to get appropriate clawbacks.

A member asked what happened if any of the projects went beyond the 2024 completion date deadline. The Senior Director CBRE clarified that the the deadline of 2024 was to ensure funds had been drawdown and spent on infrastructure by this time. He added if the dates were not met that the funding

could be recovered. He reassured members that the priority was for new homes to be built.

A Member referred to criteria that stated applicants have to demonstrate a commitment to local supply chains and concentrate on medium sized sites. He asked if officers were able to expand on this point and how applicants had to demonstrate their commitment to small to medium builders and ensure they are not excluded during this process.

The Senior Director CBRE advised that they didn't want to insist they use a local supply chain as a balance does need to be applied, taking into account cost and quality also. The evaluation criteria greater does allow for higher marks to be gained during the process for a SME supply chain. He added that the vast majority of applicants do have a commitment to local supply chain. He confirmed that there were no restrictions on bidders from outside of Wales.

A Member asked if there was any consideration given on the type of housing applied for, e.g affordable, social housing.

The Senior Director CBRE responded that it is based around market need. If the projects are not viable then private housing is prioritised. He added that the Locals Authorities are insistent on a fully compliant scheme. He advised members that the fund is not intended to create affordable housing and that is not the schemes intention.

A Member asked what formulas and analysis was undertaken in order to target funding in low socio-economic areas.

The Director CCRC advised that when the contracts are signed at a Local Authority level, many cases create social benefit, targeted recruitment and training, though we cannot control where this may or may not happen. We do try and leverage maximum benefit all the time. She added that Homes for the region is a programme split so that part of the fund attracts local SME builders to compliment wider intervention. She commented that the criteria also tries to ensure that investment is going into all areas of the CCRC Region but for example of transport connectivity isn't going to be developed in that area then a judgement has to be made at an early stage.

A Member stated that he was disappointed to hear that there was no specific criteria for an affordable housing scheme and had hoped that there would have been a minimum fund set up specifically for this.

A Member asked for clarification as the fund seemed to be oversubscribed with over £50m applied for which meant some of the schemes would have to source funding from elsewhere. It was also referred to that there were two authorities referred to that have not been able to make an application to the fund due to deadlines/ criteria.

The CCRC Director advised members that two Local Authorities in the lowest areas didn't submit compliant schemes, which she added were out of their control. There were two sites that could make a significant impact and regional cabinet made the decision to support and assist so they can bring the schemes together. However, there were still deadlines in place. She added it is a Local

Authority lead scheme so we have to place reliance on the Local Authorities to come forward. These are local lead schemes, that have to come from Local Authorities in a compliant way. She added that whilst they would like to see more affordable housing delivered, the Homes for the Region scheme was not specifically designed for this initiative and if this was enforced we could see sites left undeveloped for many years.

A Member asked if the proposals that had been put in so far were viable.

The CCRCD Director advised that we do not yet know if all the schemes are viable as they are in the early stages and further exploration was needed. She advised that until the final evaluation and analysis was completed would we know of the viability.

A Member asked how the creation of jobs in local economy and apprenticeships as a result of the scheme were monitored.

The CCRCD Director stated that all applicants have to report the number of those employed due to scheme and any training opportunities that arise as a result. He added that they are asked to report figures on a quarterly basis as well as energy standards.

A Member referred to the HS2 inflationary impact together with increasing land costs and if this has been considered/ discussed.

The CCRCD Director replied that it had been raised by many of the local Authorities and that the costs were likely to continue to rise over the next 24 months. As a result of this she reassured members that all applicants had to have a robust level of contingency funds available.

The Chairperson commented that house prices in the valleys are rising rapidly due to the Covid-19 pandemic and property developers were building more in industrial areas. He asked if we needed to be worried about land prices.

The CCRCD Director advised that most of industrial sites are ultimately unviable and if they do become viable then we can step away from them. She added if the lands worth was consistently higher then it wouldn't be picked up through the fund.

Members wished to make the following recommendations:

- Members recommended that the *Homes for All* fund also works towards, and has consideration for social housing schemes with the benefit of delivering affordable housing
- Members asked for SME and local supply chain participation in the Fund applications to be monitored and reported back to the Committee
- Members asked for further information to be communicated to them through the “Jobs for the Region” scheme on apprenticeships for the Homes for All fund

NONE