

14 SEPTEMBER 2020

HOMES FOR ALL THE REGION – UPDATE

REPORT OF CCR CITY DEAL DIRECTOR

AGENDA ITEM 6

Reason for this Report

1. To provide Regional Cabinet with an update on progress made in respect of the 'Homes for all the Region' Programme, following its approval in March 2020.
2. In particular, to report on progress made in operationalising the Viability Gap Fund and seek Regional Cabinet's approval of the proposed Evaluation Framework as set-out in Appendix 1.
3. To further provide an update on the Prior Information Notice (PIN) and Market Briefing exercise conducted in respect of the SME Finance Fund, conclusions and next steps.

Background

4. At its meeting of 9th March 2020, Regional Cabinet established its Housing Investment Fund entitled 'Homes for all the Region', consisting of two interconnected sub-funds - £35M Viability Gap Fund and a £10M SME Finance Fund.
5. Regional Cabinet received and approved the Full Business Case (FBC) in respect of the Viability Gap Fund and provided the necessary delegations to allow the Fund to be set-up and operationalised. A key activity that formed part of the next steps is the design and preparation of the proposed Evaluation Framework – the methodology, criteria and weightings that will be used to evaluate and prioritise applications received in respect of the Fund.
6. Given its significance, Regional Cabinet requested that the proposed Evaluation Framework be brought back for their consideration and formal approval, ahead of it being made available to Local Authorities and their respective partners as part of the Fund's suite of documentation.

7. In respect of the SME Finance Fund, the attached report provides an update on the work completed since March 2020, along with details of the next steps and associated timescales.

Issues

Viability Gap Fund Update

8. As outlined in the March Cabinet report, the key next step in order to progress the operationalisation of the Viability Gap Fund was the need to procure and appoint the Technical Advisory Panel. This requirement was completed, following the appointment of CBRE in June.
9. CBRE completed a baseline review of the Fund's objectives, design and draft documentation, which had prepared as part of the FBC. The review allowed the Fund to be operationalised over summer period through the completion of the following key activities:
 - preparation of Fund Supporting Documentation;
 - completion Local Authority Engagement Sessions x10;
 - development of the Fund's Marketing & Communications Strategy;
 - arrangements to manage Document/Information via an agreed platform;
10. The next section of the report summarises findings of the baseline review and how these have been used to inform Fund design and associated documentation.

Fund Overview

11. The aim of the Fund is to get housebuilding started quickly on sites where the upfront infrastructure costs render the scheme unviable and are subsequently 'stalled' for delivery. The Fund will optimise economic returns by investing in the most strategically located sites which maximise value for money. It will also enable inclusive economic returns by ensuring that development outcomes are spread throughout the geography.
12. The role of the Fund is to operate on a strict policy of 'funder of last-resort' such that the proposed development could not proceed in the absence of the Cardiff Capital Region's (CCR) intervention. The CCR funding programme of up to £35M will be used to provide the final, or missing, funding injection required to enable development to be carried out soon after schemes have been awarded funding, and for homes to follow at pace.
13. CCR is seeking schemes that are well advanced – either with planning permission in place or a clear route to achieving planning and have the majority of funding already secured or identified.
14. The Fund will target schemes of 40 to 350 units that are able to demonstrate a viability gap of up to a maximum of £8M. Schemes of higher unit numbers will also be considered subject to satisfying the Fund eligibility criteria, which includes

ensuring the site is not being considered by Welsh Government' as part of their 'Strategic Stalled Sites Fund'.

15. Funding can be awarded to sites owned by either the private or public sector, and sites in mixed and multiple ownership provided that the Local Authority (LA) Partner assumes primary responsibility for the CCR investment. LA Partners will need to demonstrate why sites are of strategic importance along with a robust delivery plan for all sites put forward.
16. Due to State Aid restrictions, funding is strictly only available for capital investment in certain site-specific infrastructure works, referred to as 'Qualifying Expenditure'. It is a matter for the LA Partners, as recipients of the funding, to satisfy themselves that the funding is being deployed in a State Aid compliant manner. The Applicant will assume the entire State Aid risk associated with the funding award.
17. In all cases, funding can only be awarded to sites that can prove a viability gap on site, and only to the extent that the viability gap is closed as a result of the CCR funding award.
18. For those bids that are successfully awarded funding, the LA Partner will be required to enter into a funding agreement with CCR. This will include all terms and conditions, including the requirement to meet delivery milestones, operate on an open-book basis, and adhere to monitoring and reporting arrangements. In addition, Applicants and delivery partners will be required to share any surplus with CCR via an overage arrangement where the out-turn position performs better than the agreed development appraisals in terms of sales, costs, values etc.
19. As further set out in paras below, the fund aims to provide viability gap funding to support economic growth in those areas suffering consequences of deindustrialisation and depopulation – as per the Housing Market Review carried out as part of the business case development. This will make a contribution to CCR targets to increase GVA and leverage private investment via improved viability. The metric therefore used to identify areas for a first phase of intervention is the UK Competitiveness Index 2019 since this is the measure of whole LA-level economic competitiveness and productive capacity. More hyper-local issues of housing deprivation will not be dealt with by this Fund, since its purpose is principally an economic one, in addressing viability gaps that unlock broader economic potential operating at regional scale. Given the opportunities to co-ordinate the viability gap fund with others that can play a role in housing poverty and deprivation, the goal is to ensure optimal interfaces and connections.

Application, Due Diligence & Contracting Process

20. Applications can only be submitted LA Partners, in their capacity as project sponsors and managers of any funding awards. CCR will not accept direct applications from other third parties (such as private developers or Registered Providers) and the LA Partner will be expected to assume primary responsibility for any funding awarded under this initiative.

21. Third parties and LA Partners will need to work collaboratively to develop funding applications and it will be a matter for the LA Partner to pass down the funding conditions to the relevant third-party developer to the extent considered necessary.
22. LA Partners can submit **up to 3 submissions** that will be assessed on a competitive basis for funding award. The application and evaluation process will follow a clear, structured and transparent approach to ensure equal treatment of all parties. CCR's staged approach and indicative timescales leading up to conditional Funding Award and beyond are set out in Table 1.0 below.

Table 1.0

Fund Stage/Activity	Indicative Timeframe	Indicative Period
1. Fund Applications (Call for Sites)	Sept – Dec 20	4 months
2. Bid Evaluation & Initial Due Diligence (Phase A)	Jan – Feb 21	2 months
3. Prioritised List of Bids & Cabinet Approval (incl. Reserve List)	Mar 21	1 month
4. Scheme Contracting & Detailed Due Diligence (Phase B)	April – Sept 21	6 months
5. Post Award Monitoring, Drawdown & Reporting	Oct 21 – Mar 24	30 months

Fund Applications (Call for Sites)

23. LA Partners will need to consider and complete an internal 'options appraisal' in order to reduce their long-list of potential sites down to a short-list, as a maximum of 3 submissions will be permitted per LA.
24. LA Partners and their delivery partners will need to complete the Fund Application Form for each shortlisted site and collate the necessary documents e.g. site investigations, surveys, technical information etc. in support of their application/s.
25. During the 'Call for Sites' window, there will be the opportunity for Applicants to engage with CCR and its appointed Fund Co-ordinator via a series of fund engagement meetings to discuss emerging proposals and seek guidance on any aspects of the process.
26. To assist LA Partners and their delivery partners a suite of documents have been prepared to support the effective deployment of the Fund. These include:
 - Fund Guidance Document;
 - Eligibility Checklist;
 - Viability Assessment Guidance;
 - Application Form;
 - Financial Appraisal Template;
 - Funding Agreement Heads of Terms;

- Potential State Aid Exemptions;
 - Welsh Government Requirements and associated Terms & Conditions.
27. This full suite of documents have been made available to all LA Partners via the officer contacts established, as part of the ongoing engagement sessions. In addition, Regional Cabinet members and/or their officers can request a copy of these documents from the City Deal Office.

Scheme Evaluation & Due Diligence (Phase A)

28. Following the Call for Sites deadline (anticipated to be the 31st December 2020), CCR's appointed Technical Advisory Panel and Legal advisors will carry out an independent evaluation of all submissions received, alongside initial due diligence (Phase A).
29. This assessment and any subsequent prioritisation of Funding Awards will be carried out in accordance with the proposed Evaluation Framework, set-out at Appendix 1. This stage will involve a site visit by CCR and its advisors together with a meeting with the Applicants and their delivery partners to discuss the proposed scheme(s) and ensure the submission is fully understood and the required evidence has been provided.
30. If deemed necessary, clarification sessions will be held with Applicants and their delivery partners. Once all clarifications have been resolved, a final evaluation assessment will be made by CCR's appointed advisors and recommendations put forward for consideration and approval by Regional Cabinet. A reserve list of compliant schemes will also be held in the event those projects put forward fail to meet the required contracting conditions and milestones.

Scheme Contracting & Due Diligence (Phase B)

31. During this stage, Applicants will be tasked to progress schemes in order to satisfy all pre-contract conditions as set out in the letter of Funding Award. Regular review meetings will be put in place with Applicants, CCR and its advisors to review progress against key milestones.
32. Where insufficient progress is being made or there have been significant changes to approved schemes, these will be escalated to CCR for further consideration and appropriate action.
33. Subject to satisfying all pre-contract conditions, the Funding Agreement will then be signed by all parties and the project will move into the Post Award Monitoring stage.

Post Award Monitoring and Reporting

34. This final stage is likely to cover a number of years and will be linked to the delivery of phases of each development, through to its conclusion.

35. This stage will involve LA Partners providing regular reporting to CCR to ensure robust on-going monitoring of developments, and they are progressed in-line with agreed Project Plans and associated timescales.
36. The CCR appointed Project Monitor will ensure all necessary conditions are met prior to drawdown of funding (including periodic site inspections), providing a recommendation when milestone payments should be released by the Accountable Body in accordance with terms of the individual Funding Agreements.
37. The LA Partner will be required to report to the CCR Project Monitor on the final out-turn position against the original development appraisal, who will assess the extent overage clauses have been triggered and advise on the payment of profit share sums that may become due.

Evaluation Framework

38. The prioritisation process will be carried out by CCR's technical and legal advisors in accordance with the Evaluation Framework set-out at Appendix 1.

In summary, this consists of a 2 stage process:

Stage 1: Gateway Criteria

The initial stage consist of a series of 8 Pass/Fail questions, all applications received must pass ALL 8 questions in order to progress to Stage 2.

Stage 2: Weighted Criteria

All applications progressing from Stage 1 will be evaluated against the Weighted Criteria included under Stages 2A and 2B. Weightings have been allocated as follows:

Stage 2A: Will amount to 65% of the overall weighting and cover 5 sub-criterion relating to **Site Deliverability**. Applications must achieve a weighting of 30% in order to be considered any further.

Stage 2B: Will amount to 35% of the overall weighting and cover 4 sub-criterion relating **CCR Objectives, Value for Money and Use of SMEs 35%**.

Funding Availability & Prioritisation

39. This section sets out how CCR will evaluate the information provided to it by bidding local authorities as part of the due diligence stage, to prioritise those schemes to be taken forward and into the contracting stage for Viability Gap Funding.
40. The overall £35M Fund comprises of £30m CCR funding (the "Base Fund") and a further £5m capital grant allocation from Welsh Government (the "Welsh

Government Fund”). Applications that have been evaluated and achieved the minimum requirements, will be prioritised/ranked by their overall score and will be eligible for a funding allocation on the following basis.

£30m Base Fund

41. The CCR Funding Programme has been structured to target the areas of lowest economic competitiveness in the region – as informed by the UK Competitiveness Index 2019. This will be achieved via the following split fund prioritisation approach:
42. £15,000,000 Sub-Fund 1: shall be allocated to the bottom 5 ranking local authorities which are: Rhondda Cynon Taf; Torfaen; Caerphilly; Blaenau Gwent; and Merthyr Tydfil; (as determined by the UK Competitive Index 2019) on a prioritised scored basis; and
43. £15,000,000 Sub-Fund 2: shall be open to **all** local authorities evaluated submissions which remain, on a prioritised scored basis and shall not exclude, for the avoidance of doubt, any local authority successfully securing funding support from Sub-Fund 1 i.e. where more than one site has been successfully evaluated in respect of any one local authority.
44. If either Sub-Fund is not fully allocated, CCR will refer back to Regional Cabinet on options and recommended approach, providing an analysis of the scheme to date and potential options for further consideration.

£5m Welsh Government Fund

45. In addition, a further £5,000,000 is accessible by Applicants subject to meeting the additional conditionality imposed by the Welsh Government. Such conditions principally relate to the requirement to deliver Welsh Government policy aspirations in respect of space standards and the provision of 50% affordable housing. Further details are set-out within the Fund documentation.
46. Applicants will be asked to confirm whether their scheme satisfies the Welsh Government Funding Conditions, and, if so whether some or all of the funding support is capable of being utilised from that source.
47. The Fund reserves the right to explore options to utilise such additional funding support for any scheme (in whole or in part) and CCR shall assess this option, to the extent applicable, on a scheme by scheme basis. The evaluation of Welsh Government Funding will be based on similar principles outlined for the Base Fund below. Further information will be made available as part of the Fund Application Process.
48. In the event that the Welsh Government Fund is not committed in full, then Regional Cabinet may wish to consider re-purposing its use. For example, there may be an opportunity to use this capital grant funding alongside the emerging SME Finance Fund (as detailed below). In such an event, an update will be reported back to Regional Cabinet during the autumn, so a decision can be

taken in a timely manner. Any such re-purposing of the Welsh Government funding will require their express approval, with the funding terms and conditions being amended accordingly.

Revenue Funding Support

49. In addition to the £35M funding being made available as part of the Viability Gap Fund, the FBC also set out the need to provide £500k of revenue funding support. This would be made available to LA Partners on a 'match funding' basis to assist them with putting in place the necessary resources to complete the application and subsequent Fund processes, if successful.
50. Following engagement with LA Partners and advice for CCR's advisors, up to 50% of the CCR revenue funding support will be made available (on an equal basis i.e. £25k per LA Partner) to cover Fund processes to the 31st March 2021. A short application form will need to be completed to confirm adherence with the requirements set-out by CCR. Full details of how to access revenue funding support and the conditions attached (including timescales), have been sent to each LA Partner.

SME Finance Fund Update, Conclusions and Next Steps

51. On 27 May 2020, CCR issued a Prior Information Notice (PIN) and market briefing paper in respect of the SME Housing Fund (the "**Fund**"). The purpose of the PIN and market briefing paper was to obtain feedback in respect of CCR's proposals for the Fund and the role of a fund manager in respect of the Fund.
52. The principal objectives of the market feedback were to understand: the level of interest in the market to undertake the fund manager role for the Fund; the viability of the Fund from the market's perspective; and how CCR may enhance the attractiveness of the opportunity for the fund manager and improve the viability of the Fund.
53. CCR received a total of 4 responses from key Market Segments operating Funds of the type being considered. A summary of the feedback received and the common themes / conclusions which can be drawn from the feedback is outlined below with a full summary of the responses received to each question raised in the market briefing paper being attached at Appendix 2.

Summary of Responses Received (Market Feedback)

54. The market feedback helped to identify the following common themes / conclusions:
 - all parties which had responded to the PIN would be interested in participating in a procurement process for the opportunity to perform the fund manager role for the Fund;
 - all parties agreed that there is a need and demand for the Fund;
 - the optimum duration of the Fund would be circa 10 years;

- the fee structure for the fund manager would comprise various fee elements, these varied from party to party but indicated a menu approach;
- the operation costs of the relatively smaller Fund would be disproportionately higher than a larger fund due to the intensive resources which will be required for the type of SME developers being targeted, the size of the loans and the nature of the investment products which have a higher risk of recovery; and
- the Fund would benefit from a clear investment strategy and criteria from the outset, including clear objectives and expected outputs/KPIs, such that the fund manager has clear and agreed parameters to operate within.

55. The market feedback also provided useful insight as to how the impact of the Fund could be enhanced by:

- allocating the £10M capital sum across the three investment products and allowing any such allocations to flex as required to adapt to prevailing market demand. The following allocations were suggested:
 - (a) £5M into 'standard' property development funding proposals to support 100% of build costs up to a maximum ratio of 70% LTV and within a £300k - £1m deal range which (in DBW's experience) would achieve a high recovery rate;
 - (b) £3.5M into 'pre-planning' proposals with a deal range of £25k-£100k, this would have lower recycling rates due to limited recovery of investment on unsuccessful applications;
 - (c) £1.5M into 'mezzanine' proposals supporting gap funding requirements above the circa 75% LTV threshold and within a £25k-£300k deal range,
- allocating some of the £10M funding to support works post-planning e.g. upfront infrastructure and site preparations which is also under-funded and less risky than pre-planning activity;
- targeting more well-resourced and successful regional delivery partners to reduce risk; and
- ensuring the funding requirements include sustainability targets for the SME developers (environmental and social factors) as these may be neglected by developers of this size.

Conclusions and Next Steps - SME Finance Fund

56. In conclusion, the market feedback has served to confirm to CCR the attractiveness of the opportunity to the market to perform the fund manager role for the Fund, as well as the demand / need for the Fund.
57. However, the various market feedback also confirmed that due to the size of the Fund, the Fund's target market which will be less well-resourced and the nature of the investment products themselves (in particular, funding for pre-planning activity), there is an increased risk that full recovery may not be possible, which

must be acknowledged by CCR. However, taking account of the market feedback (as set-out above) and building these into the ‘design’ of the Fund will help to mitigate the risks identified to some extent.

58. The principal next steps are to update the Fund design to reflect the market feedback i.e. Investment Strategy, Criteria, Objectives, Fund Management KPIs, Fund Structure (including values, duration) etc. and to prepare the necessary documentation ahead of a formal procurement exercise to appoint a FCA accredited Fund Manager. The key stages and indicative timescales are set out in Table 2.0 below.

Table 2.0

Activity/Task	Indicative Timeframe	Indicative Period
1. Fund Design and Procurement Documentation	Aug – Sept 20	2 months
2. Issue OJEU Notice	Sept 20	N/A
3. Evaluation of Standard Selection Questionnaires (SSQs) received	Oct 20	1 month
4. Issue and Evaluate Tenders received	Nov – Jan 21	3 months
5. Award Tender and Complete Contracting Arrangements	Feb 21	1 month
6. Complete FBC, seek Cabinet Approval and Commence Contract	Mar 21	1 month

Reasons for Recommendations

59. To provide Regional Cabinet with an update on progress made on the ‘Homes for all the Region’ Programme, since its approval in March 2020.
60. To seek Regional Cabinet’s approval of the proposed Evaluation Framework as set out in this report and as endorsed by CCR Investment Panel at its meeting on 8 September 2020. Once approved this document will be made available to applicants as part of the Fund’s suite of documents and in-line with the timetable outlined in this report.

Financial Implications

61. Regional Cabinet received a Full Business case in March 2020 to create a Cardiff Capital Region Housing Investment Fund. This report proposes an Evaluation Framework for the Viability Gap Fund (£35M) and provides an update on progress in implementing a SME Finance Fund (£10M).
62. The level of CCR investment proposed from the Wider Investment Fund is £30M and this can be accommodated within the 5 year Joint Working Agreement Business Plan. This represents a significant investment as part of the £200M infrastructure indicative allocation based on the CCRCD Joint Working Agreement and the core aims and objectives (Jobs, Private Sector Leverage, GVA and Economic Inclusion).

63. Processes will need to be put in place to measure and capture the outcomes and performance of the funds against stated outcomes in the business case, as well as financial monitoring and accounting processes to manage distribution and recovery from both funds.
64. Funding amounting to £15M is from Welsh Government (WG) (£5M cash grant and £10M repayable loan). The detailed terms and conditions from WG require that this funding is to one local authority to accept the key terms and any loan liability to Welsh Government. The Evaluation Framework and legal agreements to be set out as part of the CCR Housing Fund will need to ensure any approved project sponsors indemnify CCR, particularly in respect to any projects agreed to be supported from the SME Loans Fund.
65. The two funds identified will incur revenue costs. The first element of this is cost of managing and operating the fund such as additional staff costs or services and advice to be the subject of external procurements. A detailed revenue resourcing plan was set out as part of the Final Business Case. The second element is £500,000 to match fund applicants' own funds for supporting the development and submission of bids for funding. These costs will need to be met from the Wider Investment Fund 'Approved Projects' budget set aside for such costs. Ongoing costs and proportionality to outcomes need to be reviewed periodically as part of the overall performance monitoring of the funds.

Legal Implications

66. The purpose of this report is in the main to provide an update to members. Detailed legal implications in respect of the Homes for All the Region Programme and the Viability Gap Fund were provided at the approval stage in the report to Cabinet dated 9th March 2020.
67. Members are being asked to approve a Framework Evaluation method for assessing eligibility and priority for funding from the Viability Gap Fund. Members will also need to satisfy themselves that any future investment also meets the terms attached to any funding provided by Welsh Government, is consistent with the objectives of CCRCO, and is compliant with state aid legislation.

Well-being of Future Generations (Wales) Act 2015

68. In developing the Plan and in considering its endorsement regard should be had, amongst other matters, to:
 - a) the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards;
 - b) public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good

relations on the basis of protected characteristics. Protected characteristics are: a. age; b. gender reassignment; c. sex; d. race – including ethnic or national origin, colour or nationality; e. disability; f. pregnancy and maternity; g. marriage and civil partnership; h. sexual orientation; i. religion or belief – including lack of belief, and;

- c) the Well-being of Future Generations (Wales) Act 2015. The Well-being of Future Generations (Wales) Act 2015 ('the Act') is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language and is globally responsible. In discharging their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRCD) must set and published wellbeing objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national wellbeing goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards meeting the wellbeing objectives set by each Council and in so doing achieve the national wellbeing goals. The wellbeing duty also requires the Councils to act in accordance with a 'sustainable development principle'. This principle requires the Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

Put simply, this means that Regional Cabinet must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, Regional Cabinet must:

- look to the long term;
- focus on prevention by understanding the root causes of problems;
- deliver an integrated approach to achieving the 7 national well-being goals;
- work in collaboration with others to find shared sustainable solutions;
- involve people from all sections of the community in the decisions which affect them.

69. Regional Cabinet must be satisfied that the proposed decision accords with the principles above. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought, an assessment has been undertaken, which is attached at Appendix 3.

RECOMMENDATIONS

70. It is recommended that the Cardiff Capital Region Regional Cabinet:
- a) note the progress made in operationalising the Viability Gap Fund, including the preparation of Fund documents, process and indicative timescales to prepare, submit and evaluate Fund applications;

- b) approve the Viability Gap Fund Evaluation Framework attached at Appendix 1;
- c) note that in the event the Viability Gap Fund is not fully committed, that this will be brought back to Regional Cabinet for further consideration along with proposed options and suggested recommendations;
- d) note the outcome of the Prior Information Notice (PIN) and Market Briefing exercise conducted in respect of the SME Finance Fund, conclusions and next steps.

Kellie Beirne
Director, Cardiff Capital Region City Deal
14 September 2020

Appendix 1 Proposed Evaluation Framework (Viability Gap Fund)
Appendix 2 Responses to PIN and Market Briefing Paper (SME Finance Fund)
Appendix 3 Well-being of Future Generations Assessment

CARDIFF CAPITAL REGION

Housing Viability Gap Fund

Evaluation Framework (Appendix C)

This document sets out how the Cardiff Capital Region (“CCR”) will evaluate the information provided to it by bidding local authorities to prioritise those schemes to be taken forward to the contracting phase for Viability Gap Funding. The overall Fund comprises £30m of CCR funding (the “Base Fund”) and a further £5m allocation from the Welsh Government (the “Welsh Government Fund”).

£30m Base Fund

The CCR Funding Programme has been structured to target the areas of lowest economic competitiveness in the region – as informed by the UK Competitiveness Index 2019. This will be achieved via the following split fund prioritisation approach:

- £15,000,000 Sub-Fund 1: shall be allocated to the bottom 5 ranking local authorities which are: Rhondda Cynon Taf; Torfaen; Caerphilly; Blaenau Gwent; and Merthyr Tydfil; (as determined by the UK Competitive Index 2019) on a scored basis; and
- £15,000,000 Sub-Fund 2: shall be open to **all** local authorities on a scored basis and shall not exclude, for the avoidance of doubt, any local authority successfully securing funding support from Sub-Fund 1 e.g. where more than one site has been submitted by an individual local authority.

If either Sub-Fund is not fully allocated, CCR will refer back to Regional Cabinet on options and recommended approach.

£5m Welsh Government Fund

In addition, a further £5m is accessible by Applicants subject to meeting additional conditionality imposed by the Welsh Government. Such conditions principally relate to the requirement to the to deliver Welsh Government policy aspirations in respect of space standards and the provision of 50% affordable housing. Please see Appendix H for further details.

Applicants are asked to confirm whether the scheme satisfies the Welsh Government Funding Conditions, and, if so whether some or all of the funding support is capable of being procured from that source.

CCR reserves the right to explore options to utilise such additional funding support for any scheme (in whole or in part) and CCR shall assess this option, to the extent applicable, on a scheme by scheme basis. The evaluation of the Welsh Government Funding will be based on similar principles outlined for the Base Fund below.

The Evaluation Framework

The evaluation is divided into a set of pass/fail questions (Stage 1) followed by more detailed evaluation to weight the outcomes CCR is seeking to achieve using the Viability Gap Fund (Stage 2). CCR intends to then take forward a total number of applications which in aggregate appear (at evaluation stage) to require approximately £30,000,000 of Viability Gap Funding (Base Fund).

CCR reserves the right to:-

- increase or decrease the overall fund amount subject to review of the submissions received;
- hold some applications in reserve should any applications which are initially successful subsequently fail to progress to signed funding agreement; and
- only take forward applications that score a minimum of 30% (out of 65% available) under Deliverability (Stage 2A).

STAGE 1: GATEWAY CRITERIA

Ref.	Pass/Fail Questions	Criteria to pass (otherwise response will be marked as a fail)
1.1	Is the submission from an eligible Local Authority?	<i>Submission must be from one of the CCR Local Authorities and able to demonstrate relevant that all relevant internal approvals have been secured or will be secured in good time.</i>
1.2	Is the Development Site identified in the current Local Development Plan or will it be during the likely delivery timeline? If not, has it already secured an outline planning consent which would remain implementable for the likely delivery timeline?	<i>Scheme must be identified within the current Local Development Plan or (if not); already has outline planning consent which would remain implementable; or is able to demonstrate a significant chance of planning permission being secured in sufficient time, which provides comfort that funds will be able to be drawn down in line with CCR's spend timetable (see point 1.7).</i>
1.3	Is there a clear link between the delivery of homes and the infrastructure works?	<i>Scheme to be funded must demonstrate either a physical or clear strategic link with the delivery of housing.</i>
1.4	Does the financial appraisal template demonstrate the need for gap funding?	<i>Financial appraisal template must show a funding viability gap post verification of assumptions by CCR's technical advisers.</i>
1.5	Do the works constitute Qualifying Expenditure?	<i>Scheme and works to be funded constitute Qualifying Expenditure having regard to 'Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) 2018; and State Aid requirements following a preliminary assessment by CCR's legal advisers.</i>

Ref.	Pass/Fail Questions	Criteria to pass (otherwise response will be marked as a fail)
1.6	What is the £ CCR investment per home?	<i>Funding request must fall below maximum threshold cap of £37,500 per home to be eligible for Funding Award. However, local authorities may choose to contribute funding to schemes to bring them within the threshold.</i>
1.7	Does delivery of the works meet CCR's spending timetable of drawdown of all CCR funds prior to 31 March 2024?	<i>Bid clearly demonstrates that the scheme can meet the spending timetable of the CCR Housing Fund i.e. all CCR funds to be drawn-down prior to 31 March 2024.</i>
1.8	Has the applicant confirmed they are not currently under consideration for and do not intend to apply for the Welsh Government's 'Stalled Sites Fund' programme?	<i>The site is not under consideration and the Applicant does not intend to apply for the Welsh Government's 'Stalled Sites Fund' programme.</i>
1.9	How much funding is required?	<i>Appraisal shows a shortfall in funding which is a maximum of £8,000,000. Where funding shortfall is greater than £8,000,000 sufficient evidence has been provided to demonstrate how the additional funding shortfall will be met.</i>
1.10	Has the Applicant confirmed acceptance to the principles set out in the Heads of Terms for the Funding Agreement?	<i>Applicant confirms acceptance of the principles set out in the Heads of Terms for the Funding Agreement (see Appendix F).</i>
If application passes all of the pass/fail questions, move on to Stage 2 (Weighted Evaluation)		

STAGE 2A: WEIGHTED EVALUATION – DELIVERABILITY 65%*

Ref.	Focus Area	Weighting	Evaluation Criteria
2.1	Delivery strategy for the works and the overall development including land assembly.	25%	<p><i>4 - Robust delivery strategy has been developed for the works and overall development with limited risks.</i></p> <p><i>3 - Clear delivery strategy has been developed for the works and overall development with some elements less detailed than others and the strategy identifies some risks which are not significant and which the strategy demonstrates are appropriately mitigated.</i></p> <p><i>2 – High-level delivery strategy for the works and overall development has been developed and a more detailed strategy is still being finalised and some risks have been identified but those risks are not significant and/or there is a detailed delivery strategy but significant risks have been identified which the strategy demonstrates would be appropriately mitigated.</i></p>

Ref.	Focus Area	Weighting	Evaluation Criteria
			<p>1 - High-level delivery strategy for the works and overall development which requires considerable further work and/or there is a detailed delivery strategy but significant risks have been identified which are not appropriately mitigated.</p> <p>0 - No or limited information around the proposed delivery strategy for the works and/or overall development.</p>
2.2	Risk identification and mitigation strategy.	5%	<p>4 - Detailed understanding of risks and robust mitigation strategy provided, and risk lies with the most suitable party for managing them.</p> <p>3 - Good understanding of risks and mitigation strategy provided but some risks/mitigation strategies are not as detailed or fully explored as they could be, and the risk lies with the most suitable party for managing them.</p> <p>2 - Understanding of most project risks and high-level mitigation strategy provided but most risks/mitigation strategies are not as detailed or fully explored as they could be and/or some work to be done to determine the appropriate party to manage the risks.</p> <p>1 - Limited understanding of project risks and mitigation strategy provided, some risks and/or consideration of the most appropriate party to manage risks have been missed.</p> <p>0 - No or limited understanding of project risks and/or mitigations, and/or majority of risks have been missed. Further work to be done to determine the appropriate party to manage risks.</p>
2.3	Extent the works and overall scheme are fully costed, and all funding sources identified.	10%	<p>4 - Detailed costings provided for works and overall scheme with all funding sources identified.</p> <p>3 - Clear costings provided for works and overall scheme with over 90% funding sources identified.</p> <p>2 - Some costs unknown and/or lack clarity and/or less than 90% of funding sources identified.</p> <p>1 - Significant gaps and/or lack of clarity in costings provided and/or less than 50% of funding sources identified.</p> <p>0 - Limited or no cost information provided and significant gaps in funding sources.</p>
2.4	Capability and capacity of proposed contracting organisation(s) to deliver the works and overall development.	10%	<p>4 - Robust evidence of capacity and capability of organisation(s) to deliver the works to be funded and overall development.</p> <p>3 - Good evidence of capacity and capability of organisation(s) to deliver the works to be funded and overall development but some areas require more detail to evidence a robust capability or capacity.</p> <p>2 - Evidence of capacity and capability of organisation(s) to deliver the works to be funded and overall development provided but several areas where evidence is not provided.</p> <p>1 - Limited capacity and capability of organisation(s) to deliver the works to be funded and/or overall development.</p> <p>0 - No clear capacity and capability to deliver the works to be funded and/or overall development.</p>
2.5	Robustness of delivery programme including feasibility of timescales.	15%	<p>4 - Robust delivery programme provided that outlines all key project milestones with realistic dates for achieving these.</p>

Ref.	Focus Area	Weighting	Evaluation Criteria
			<p>3 - Delivery programme provided that outlines most but not all key project milestones with realistic dates for achieving these.</p> <p>2 - Delivery programme provided which identifies most key project milestones with some over optimistic dates for achieving these.</p> <p>1 - Outline delivery programme which has not identified all or most key project milestones and several unrealistic dates applied.</p> <p>0 - No clear delivery programme provided.</p>

*NB minimum 'Deliverability' threshold score of 30% required for schemes to qualify for Funding Award.

STAGE 2B: WEIGHTED EVALUATION – CCR OBJECTIVES, VALUE FOR MONEY AND USE OF SMES 35%

Ref.	Focus Area	Weighting	Evaluation Criteria
2.6	Number of homes per £ invested.	15%	<p>4 - £7,500 per home or lower</p> <p>3 - £7,501 to £15,000 per home</p> <p>2 - £15,001 to £22,500 per home</p> <p>1 - £22,501 to £30,000 per home</p> <p>0 - £30,001 to £37,500 per home or higher</p>
2.7	<p>Alignment with and contribution to CCR objectives:</p> <ul style="list-style-type: none"> • Jobs • Private Sector Leverage • GVA 	10%	<p>4 – Excellent alignment with and contribution to CCR objectives, supported by evidence to demonstrate the case.</p> <p>3 – Good alignment with and contribution to CCR objectives, supported by evidence to demonstrate the case.</p> <p>2 – Reasonable alignment with and contribution to CCR objectives supported by evidence to demonstrate the case.</p> <p>1 – Alignment with and contribution to CCR objectives although limited evidence has been provided to support the case.</p> <p>0 – Limited or no alignment with or contribution to CCR objectives and limited or no evidence has been provided.</p>
2.8	Connectivity of the development.	5%	<p>4 – Excellent connectivity to nearest key settlement (as defined in the Wales Spatial Plan) by available public transport.</p> <p>3 – Good connectivity to nearest key settlement (as defined in the Wales Spatial Plan) by available public transport.</p> <p>2 – Reasonable connectivity to nearest key settlement (as defined in the Wales Spatial Plan) by available public transport.</p>

Ref.	Focus Area	Weighting	Evaluation Criteria
			<p>1 – Limited connectivity to nearest key settlement (as defined in the Wales Spatial Plan) by available public transport.</p> <p>0 – No connectivity to nearest key settlement (as defined in the Wales Spatial Plan) by available public transport.</p>
2.9	<p>Extent of supply chain for development and/or works to include SMEs.</p> <p><i>SMEs defined as: a small, medium or micro enterprise where the number of employees does not exceed 250.</i></p>	5%	<p>4 - Minimum commitment of 30% of supply chain for overall development and/or works to include SMEs.</p> <p>3 - Minimum commitment of 20% of supply chain for overall development and/or works to include SMEs.</p> <p>2 - Minimum commitment of 10% of supply chain for overall development and/or works to include SMEs.</p> <p>1 - Commitment to include SMEs within supply chain for overall development and/or works but no minimum threshold commitment provided.</p> <p>0 - No commitment to include SMEs within supply chain for overall development and/or works but no minimum threshold commitment provided.</p>

SUMMARY TABLE OF MARKET FEEDBACK

Question	Supplier 1	Supplier 2	Supplier 3	Supplier 4
<p>How commercially attractive is the opportunity for the Fund manager?</p>	<p>What are expected outputs for the Fund? What are the driving KPIs? The ability to deliver commercially depends on what the driving KPIs are e.g. PSL, jobs, number of investments, number of developers supported, expected returns, etc.</p> <p>Fund is complimentary to the three live funds that Supplier 1 is currently delivering – attractive opportunity for Supplier 1.</p>	<p>Commercially attractive but several considerations which impact on extent of commercial attractiveness:</p> <ol style="list-style-type: none"> 1. Scale of the fund – limited fund will inhibit the investment pipeline and overall transaction volumes. 2. Nature of investment – small loans to small developers are time intensive unless heavy-handed approach to security is taken. Fee arrangements will need to reflect extent of resource required. 3. Loan size and target developers - SME developers are less well-resourced so likely to carry more risk on non-delivery and repayment. Target more well-resourced and successful regional delivery partners. 4. Recovery risk – risk of non-recovery is likely to be very high. Type of investments and minimum required recovery rates need 	<p>Given the size of the Fund, the appeal is to smaller asset managers.</p>	<p>Both individuals are from Cardiff and cite this as part of the reason they find the opportunity attractive.</p> <p>Residential and commercial clients are finding it difficult to obtain finance.</p>

Question	Supplier 1	Supplier 2	Supplier 3	Supplier 4
		to be understood to ensure FM is not presented with an impossible task.		
How could CCR optimise the scope of the Opportunity to increase market attractiveness of the Project?	<p>Agree operating guidelines of the Fund from the outset so Supplier 1 can manage within such parameters without all investments going back to the investment board. Regular reporting to investment board and only exceptional cases being referred back to CCR investment board.</p> <p>Otherwise, longer lead times for customers.</p> <p>Duration - 5 to 15 years.</p>	<p>CCR to recognise risk of recovery is very high for the type of loans proposed.</p> <p>FM should maximise recovery within agreed risk parameters, standardised documentation and reporting with a realistic expectation of % of non-recovery.</p> <p>Increase overall scale of Fund and minimum loan size.</p>	No comments	<ol style="list-style-type: none"> 1. Increase LTV offerings. 2. Establish specific offerings / products. 3. Established developers with proven track record, offer a 'pre-planning product'. 4. Annual / bi-annual events targeted at SME developers to highlight products offered by the Fund.
What would be your preferred fee structure?	<p>% fee charged against full capital committed for investment phase (reduces in realisation phase, usually by half).</p> <p>Deal arrangement fee.</p> <p>Exit fee.</p> <p>Allows accurate forward modelling rather than operating off the live book.</p>	<p>Initial fee for fund set-up.</p> <p>Annual management fee for reporting and day to day management.</p> <p>Individual transaction fees.</p> <p>Additional fees (loan monitoring and third party costs including legal and valuation).</p>	A combination of being milestone driven and an ongoing fee.	<p>Potential agreed menu tariff upfront, key costs:</p> <p>Initial costs for an interactive webpage and period reviews.</p> <p>Periodical newsletter.</p> <p>One part-time resource in the first year to manage information flow and compliance of developments.</p>

Question	Supplier 1	Supplier 2	Supplier 3	Supplier 4
				<p>Fixed management fee based on loan amount.</p> <p>Fixed project management fee based on % of project.</p> <p>Legal costs per project.</p>
<p>What do you think is the optimum duration of the Fund based on CCR's objectives?</p>	<p>Minimum term of 5 years and up to 15 years.</p> <p>The longer the term, the more that Supplier 1 can deliver. Could have regular review points of the contract.</p>	<p>10 years.</p> <p>Loans are very high risk so may only recover 50-60% of the Fund.</p> <p>Loan period no more than 3 years. 2 cycles are likely to be the maximum period that can be achieved unless the fund is 'topped-up' during its operating period.</p>	<p>Indefinite duration, reviewed every 5 years to ensure appropriateness of the fund.</p>	<p>5 to 10 years.</p>
<p>Would you be able to participate in a procurement process?</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>
<p>Do you have any comments on the proposed procurement strategy (restricted procedure)?</p>	<p>Simplest route but requires contract terms to be agreed prior to issue of ITT so structure of fund management arrangement must be fully considered.</p>	<p>Procurement can be carried out via OJEU, Council's procurement arrangements or via a framework. Supplier 2 is a member of CCS.</p>	<p>No comments.</p>	<p>Preparation framework is key to delivering the Fund effectively and using metrics to keep it open and pause it any time when key indicators are met.</p>

Question	Supplier 1	Supplier 2	Supplier 3	Supplier 4
<p>Please provide any observations on the need and demand for the Fund.</p>	<p>Demand continues to outstrip supply.</p> <p>Growing gap in private funding market, particularly for SME developers. Exacerbated by retrenchment following Covid-19. More than enough demand for the Fund.</p>	<p>Unable to comment on need/demand for the Region but based on elsewhere in the UK, consider it likely to be a demand for this funding.</p>	<p>There is a definite need. SME developers are disadvantaged with respect to funding rates which impacts on the quality of the product delivered.</p>	<p>Very difficult for SME developers in the Region to obtain funding from traditional development finance lenders.</p>
<p>Could the Fund's objectives, investment criteria and strategy be amended to enhance its impact and increase impact of housing delivery in the Region?</p>	<p>£5m for 'standard' property development funding proposals (support 100% build costs up to a maximum ratio of 70% LTV) within £300k - £1m deal range. Supplier 1's track record suggests high recovery rates could be achieved which would allow regular recycling.</p> <p>£3.5m pre-planning proposals. Supplier 1 doesn't provide funding for this, it is a gap. Recycling rates would be lower. Limited recovery on unsuccessful applications. £25k to £100k.</p> <p>£1.5m mezzanine proposals. Complement Supplier 1's current offering by supporting gap funding requirements above the circa 75% LTV threshold. £25k-£300k.</p>	<p>Concerns the overall fund is not ambitious enough to become a cornerstone of development support for the next 10 years.</p> <p>Pre-planning investment still requires the next phase of development (site servicing and infrastructure) to be funded for homes to be delivered. Support works post planning e.g. upfront infrastructure and site prep which is also under-funded.</p>	<p>No mention of non-financial targets and criteria e.g. social housing targets, build quality targets, sustainability (green targets), job creation.</p>	<p>Strategy should be developed and criteria outlined at the outset before the Fund is launched.</p> <p>Property to be energy efficient and energy generating by long life solar.</p> <p>Property covenant to target homeowners in the first [x] number of years rather than landlord ownership (except housing associations).</p> <p>Properties could be part of Help to Buy Wales.</p> <p>Catering for the future – hybrid charging points, smart lighting.</p>

Question	Supplier 1	Supplier 2	Supplier 3	Supplier 4
				<p>Energy incentives.</p> <p>Development product offering to drive incentives to build.</p>
<p>Any comments/observations on the proposed investment products and/or portfolio approach under the Fund?</p>	<p>Indicative split set out above but Fund needs to be flexible in accordance with prevailing market demand.</p>	<p>See above; also recommend the Fund operates complementary to other CCR / WG funding / investment products.</p>	<p>A focus on sustainability measures as this segment of the market is less likely to have in place a robust sustainability framework. This includes both environmental and social factors as SME developers will typically neglect one or the other.</p>	<p>Have attractive incentives to build with strict timeframes to help incentive delivery and returns.</p>
<p>What impact do you think Covid-19 will have on the requirement and demand for the Fund?</p>	<p>Further retrenchment of private sector support in the property development space.</p>	<p>Reduced debt supply.</p> <p>Demand for the Fund may be reduced due to lack of funding available for development post-planning consent.</p>	<p>No impact on need for housing in the medium-term. In the short term SME developers may hesitate to take on Projects / slow down construction due to scarcity of labour and wanting to remain well capitalised.</p>	<p>High street and other lenders withdrawing funds for development project.</p> <p>High street and other lenders inconsistent development products.</p> <p>Mortgage products for residential buyers changing e.g. mortgage products at 90% and above being withdrawn which causes uncertainty for the SME developer.</p>

Question	Supplier 1	Supplier 2	Supplier 3	Supplier 4
<p>Mindful of the size of the Fund and the associated transaction costs, please provide any thoughts or comments you have on how the viability of the Fund can be advanced.</p>	<p>Smaller funds have disproportionately higher operation costs than larger funds due to the fixed costs required.</p> <p>As the fund grows, economies of scale will allow for reduced fee levels e.g. Supplier 1 original Property Dev fund capital committed was £10m. This was then recycled 3x during Fund life creating a direct impact of minimum £30m.</p> <p>Where investment recovery rates are higher than anticipated, interest rates and fees can be reduced to reflect lower risk. Where recovery rates lower than anticipated, pricing could be increased to reflect the greater risks and increased income for Fund offsets unexpected losses.</p>	<p>Increase scale of the fund.</p> <p>Target larger regional developers who are likely to also require early pre-development finance and are well resourced to work across multiple sites.</p> <p>Support pre-development finance including works post-planning.</p> <p>Consider the treatment of transaction costs as borrowers will be unwilling to 'front' these costs but CCR must also be mindful of State Aid.</p>	<p>A boutique investment manager would be best placed to deliver on this service.</p> <p>More intricate support will need to be provided by the asset manager to ensure effectiveness of the scheme which will be an issue for large / medium sized fund managers who are set up to service more established developers.</p>	<p>Research from current lenders catering for SME developers and Housing Associations:</p> <ol style="list-style-type: none"> 1. LTV – below 60% land and construction. 2. LTV 60-70% LDGV. 3. Development phase – start rate 5% to 8%. 4. After development – 2.7% to 5%. 5. 1.5% arrangement. 6. Costs for pre-planning activity (only aware of one financial institution who offer this). 7. Housing Associations can obtain funding for pre-planning activity via Caff Venture Trust or National Lottery.

Future Generations Assessment Evaluation

(includes Equalities and Sustainability Impact Assessments)

Name of the Officer completing the evaluation: Hrjinder Singh Phone no: 07971 899465 E-mail: h.singh@cardiff.gov.uk	Please give a brief description of the aims of the proposal Development and operation of a Housing Viability Fund and a SME Finance Fund
Proposal: Homes for all the Region	Date Future Generations Evaluation form completed: 8 September 2020

1. Does your proposal deliver any of the well-being goals below? Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	Genuinely shared prosperity is feature of the funds with a focus on programme minima for economic inclusion, viability analysis and prioritization of low competitiveness areas that can show connections with public transport, jobs and regeneration opportunities.	The scheme seeks to move beyond creating wealth – to spreading wealth. The SME Finance Fund has also been introduced as a secondary fund to stimulate local house-building, promoting local skills growth and development and ensuring local benefits and retained and recycled back into local areas.
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	The scheme sets the conditions only for unlocking sites and the weight of responsibility around delivering on core objectives will be through local-led delivery and effective partnership working.	Resilience is embedded through the focus on areas of lower competitiveness and productivity and the need for demonstrations of connections to jobs, public transport and community infrastructure. Independent assessments have been carried out as part of the business case development stages with CHC, RSLs, home builders federation, CBRE, DBW and Savills to comprehensively tests assumptions and

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
		<p>deliverability and contributions to sustainability and resilience.</p> <p>Business case development work has been built on during the project mobilization and engagement stages (March 20 to Sept 20).</p>
<p>A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood</p>	<p>The focus on connections to multi-modal public transport is front and centre as well as the SME Fund which seeks to maximize local benefits and effects.</p>	
<p>A Wales of cohesive communities Communities are attractive, viable, safe and well connected</p>	<p>Improving regional infrastructure and building new homes (improving the overall quality of housing stock within the region) will make a key contribution to travel to work modes, denser labour market creation and development of human connections</p>	<p>This will feature as a core part of the viability assessment and VFM checks</p> <p>Local planning policies will need to be complied with</p> <p>Technical Advisors have been procured to support the Fund's design and implementation, as well as monitor and review such conditions.</p>
<p>A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing</p>	<p>CCR could have prioritized easier-commercial led development. However the evidence base points to the need to solve the problems brought by market failure. The Fund also recognizes other existing initiatives that may be available and seeks to address gaps in existing provision.</p>	
<p>A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation</p>	<p>The Cardiff Capital Region City Deal is uniquely Welsh – but pitches towards being world leading in areas of competitive strength. This enables a strong reflection on our rich culture and heritage.</p>	<p>The fund will be accessible by all LAs within the Region, key stakeholders e.g. landowners, developers, housebuilders etc for the benefit of their citizens and local communities.</p>

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A more equal Wales People can fulfil their potential no matter what their background or circumstances	The scheme has a strong ‘tilting the playing field’ component and is aimed at levelling up provision, accessibility and opportunities in the region. Economic Inclusion is a central objective of this initiative.	The SME fund management will operate on criteria to open up opportunities that enable and help local providers.

2. How has your proposal embedded and prioritized the sustainable governance principles in its development?

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>The scheme operates over four years and yet, will build legacy for the future around which denser labour markets can be created and access to new opportunities such as Metro and Metro Plus</p>	<p>The scheme viability criteria and VFM credentials have been tested and validated by CCR’s appointed Technical Advisors and secured onward recommendation from Investment Panel to Regional Cabinet for approval.</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>The scheme is a partnership across public and private and involves all ten councils, RSLs, developers and land owners and agents.</p>	<p>Ongoing co-ordination and support is being offered through a Fund co-ordinator role and the establishment of a dedicated fund to support all LAs</p>
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>WG are the Funds partners and there will be opportunities for comprehensive public engagement as part of the full scheme operation and delivery.</p>	<p>Local planning policies will need to be adopted and adhered to in relation to local consultation and public engagement.</p>
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>The evidence base shows such sites have blighted communities. Continuing to ‘do nothing’ will ensure problems will grow worse and situations that impact communities negatively will not improve</p>	

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>At the front of the FBC is a consideration of wellbeing objectives and the potential of the scheme to maximize contributions towards resilience and prosperity in particular.</p>	<p>Each scheme will need to demonstrate contribution to wellbeing goals as part of investment criteria.</p>

3. Are your proposals going to affect any people or groups of people with protected characteristics? Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	<p>LAs will be required to inform the shape, type and nature of provision required including tenure, flexibility, lifetime homes and so on...</p>	<p>None arising at this time – needs to be assessed through scheme delivery and compliance.</p>	<p>Relevant criteria to be developed via CCR's Technical Advisors and key stakeholders progress individual schemes.</p>
Disability	<p>As above – the LA will be required to comply with local planning requirements and to demonstrate the value it is adding through scheme development in accordance with local housing needs assessments.</p>	<p>As above</p>	<p>This will be demonstrated at criteria application stage</p>
Gender reassignment	<p>As above As regards any allocation of affordable or social housing, this will be done in strict compliance with adopted lettings policies and procedures for the fair and independent allocation of homes</p>	<p>As above</p>	<p>Ongoing and long-term monitoring frameworks for demonstrating scheme benefits</p>

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Marriage or civil partnership	As above	As above	As above
Pregnancy or maternity	As above	As above	As above
Race	As above	As above	As above
Religion or Belief	As above	As above	As above
Sex	As above	As above	As above
Sexual Orientation	As above	As above	As above
Welsh Language	As above	Not at this time but the situation will be kept under review.	As above

4. Safeguarding & Corporate Parenting. Are your proposals going to affect either of these responsibilities?

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	Describe any negative impacts your proposal has on safeguarding and corporate parenting	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	Not directly relevant –however, building the future economy should have a profoundly positive impact on ability to safeguard the future of our residents.	All Councils will have individual adopted safeguarding procedures and policies which must be complied with.	
Corporate Parenting	Not directly relevant – however building strength in the economy should create opportunities for all of the young people entrusted in our care.	As above	

5. What evidence and data has informed the development of your proposal?

- Engagement with LAs and their key partners 2020
- PIN Notice – July 2020
- Evidence of market supply and demand – Savills 2019
- KPMG SOC 2019
- KPMB OBS – 2019
- Testing site viability and deliverability – Savills 2019-20
- Partner data and evidence
- WG evidence on Innovative Housing Fund
- Soft market testing
- Evidence from similar Homes England programmes

6. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?

As the ensuring he criteria to be developed and adopted through the Technical Advisory Panel is robustly tested and challenged prior to adoption

7. MONITORING: The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.

The impacts of this proposal will be evaluated on:	Ongoing from Sept 20 through to March 2024
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