



Llywodraeth Cymru  
Welsh Government

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# **ACCEPTABLE COST / ON COSTS FOR USE WITH SOCIAL HOUSING GRANT FUNDED HOUSING IN WALES**

**August 2021**

## 1. Main Changes

### 1.1 Changes to Acceptable Cost Guidance (ACGs) take account of;

- Tender price movements and changes to Welsh Building Regulations.
- Recommendations made in the Independent Review of Affordable Housing Supply 2019 to move away from a fixed grant rate of 58% to a Standard Variable Model (SVM).
- Introduction of Works Only ACGs to replace Land and Works ACGs as follows;
  - **Local Authorities from April 2021 in receipt of grant calculated using the SVM will use the Works Only ACGs.**
  - **RSLs who continue to receive a fixed 58% grant based for schemes within this year's programme (2021-22) will use ACGs comprising Land and Works until they start using the SVM in 2022.**
- Simplification of ACGs for Shared and Supported housing.
- Simplification of Supplements and Exceptional Provision.

**1.2** This publication replaces 'Acceptable Cost Guidance / On Costs for use with SHG funded Housing in Wales – Feb 2015 and Revised Annexes A and B – January 2018.

**1.3** Cost guidance reflect current Welsh Development Quality Requirements 2021 (WDQR2021)

### 1.4 Use of ACG Guidance Document

Section	LA	RSL	Notes
1. Main changes	X	X	
2. Introduction	X	X*	*2.4, 2.5,2.6 only
3. General Needs	X	X*	*3.1,3.2 and Annex A, B only
4. WC supplements	X	X	
5. Generic WC	X	X	
6. Bespoke WC	X	X	
7. Exceptional Prov.	X	X	
8. Shared / Supported	X	X	
9. Types	X	X	
10. on costs	X	X	
11. Procurement	X	X	
Tables	A to F	C to F	
Annexe		A and B	

## **2. Introduction**

**2.1** Welsh Government provides works only Acceptable Cost Guidance information to;

- Assist housing providers in deciding on the acceptability of scheme costs on projects receiving grant e.g. Social Housing Grant (SHG).
- Indicate to Welsh Government whether schemes represent Value for Money (VfM).
- Act as a reference point when carrying out Post Completion reviews on schemes delivered under the new technical scrutiny process.

**2.2** The ACGs will allow for direct comparison of build costs on grant funded homes in Wales without the complication of site acquisition costs which can fluctuate according to ever changing market conditions etc. Acquisition costs must however still be evidenced and supported by a valuation. (See SHG Guidance)

**2.3** Works only ACGs are based on the cost of developing a 'reasonable site' with no major abnormalities, stringent planning, additional design requirements, or enhanced specification. They reflect the cost of building to the appropriate Welsh Government's quality standards (current at the time) and Welsh Building Regulations. They do not include the acquisition cost of the site.

**2.4** The guidance is based on the assumption that construction (works) costs of homes do not vary significantly wherever in Wales they are built. It does however recognise the higher cost of developing small schemes.

**2.5** It is expected the majority of General Needs (GN) schemes are capable of being produced at, or below, ACG. Where schemes are procured on a Package Deal (PD) basis the expectation is they will be delivered at or below 96% of ACG.

**2.6** GN schemes (including housing for Wheelchair Users) where costs exceed 100% of ACGs may be acceptable if the additional works costs are justified in the light of local conditions and / or housing need. Costs over 120% (110% for PD) excluding any SVM incentives i.e. Modern Methods of Construction and / or non-fossil fuel, presented at Construction Stage for grant will generally not be acceptable and will be checked Post Completion to ensure they provide VfM.

**2.7** ACG figures are made up of the Works Cost m<sup>2</sup> of schemes plus on costs. These are compared with the total works scheme costs and apply equally to new, Off the Shelf (OtS), refurbished and converted homes.

The guidance is set out as follows;

### **3.0 General Needs ACGs**

**3.1** Cost guidelines are provided for typical general needs homes and guidance on cost of houses that are not included can be provided on request by contacting Welsh Government.

**3.2** When building general needs homes for larger families than those indicated in the tables, consideration should be given to 'linking' smaller homes to meet the need. This will provide flexibility over the life span of the home.

**3.3** Works cost per home related to occupancy for general needs schemes are as follows;

- Schemes of 11 homes and over see **Table A**
- Schemes of 10 homes or less see **Table B**.

The costs apply to all schemes regardless of the method of procurement (see **Table F**)

**3.4** The figures are made up of the works cost plus the on cost and cover project administrative costs and fees including the cost of any consultants engaged (see **Table E**).

**3.5** When considering VfM the figures in the relevant tables (A or B) are compared with the total works scheme costs (works costs and relevant on costs) to give the Works Scheme Cost Index (WSCl). This represents in percentage terms how the total works costs compare with ACGs and will also indicate the level by which the total qualifying works scheme cost may exceed the Works ACG for the scheme.

#### **4.0 Wheelchair Supplements and Exceptional Provision**

**4.1** The supplement and exceptional provision are used where the housing provided goes beyond the general needs requirements to reflect specific housing need and to allow for any additional features.

**4.2** The supplement and exceptional provision should be **added to the appropriate general needs dwelling type (Tables A or B)** or any additional general needs house types provided on request.

Note, where an additional bedroom is required for carers it should be included as an additional bedroom (single or double as appropriate) and not claimed as exceptional provision.

#### **5.0 Generic Wheelchair Supplements**

**5.1** For homes designed for a generic Wheelchair user i.e. where no specific user has been identified.

**5.2** Features should include;

- Space to manoeuvre and to allow a wheelchair user to circulate and access all parts of the home.
- Suitable, nominally flat, access from a car space to the home
- Space for a bath / shower room that is usable by a wheelchair user, offering a range of transfer options and in properties with an occupancy of over 4 as a separate facility in addition to the family bathroom. Either way it is preferable for the facility to be accessed directly from the bedroom.

- Space for a kitchen that is usable by a wheelchair user with adjustable worktops, and with space under worktops at the sink and food preparation space.
- Sufficient storage to meet the family needs and for storing / charging a wheelchair.

**5.3 The additional notional space is shown in Table C and the supplement is £25,000 for each wheelchair user.**

## **6.0 Bespoke Wheelchair Housing**

**6.1** For homes designed for Wheelchair user(s) where a specific user and bespoke requirements have been identified.

**6.2** Additional features may include;

- Extra space to meet specific needs over and above the space in Table C e.g. Car Port, specialist fixed equipment (hoists, specialist toilets) etc.

**6.3 The additional space is shown in table C and the supplement is £25,000 for each wheelchair user. Exceptional Provisions (see 7.0) are added to meet any additional requirements.**

## **7.0 Exceptional Provision**

**7.1** Exceptional provision applies to;

- Specific features required for Wheelchair Housing additional to those allowed for in the WC housing supplement to meet the need of a known incoming tenant.( See Table D)
- Additional costs for features over and above that provided in a general needs homes and shared /supported housing projects. (See Table D)

**7.2** The additional costs should be claimed as the actual costs of additional specialised features.

## **8.0 Shared / Supported Housing (not provided as general needs), and housing for older persons.**

**8.1** The variety and complexity of these schemes means that there are rarely standard design solutions and as a result cost tables are not appropriate.

**8.2** For sheltered housing, supported housing that is not self- contained, refuges and extracare schemes VfM should be based on Works Cost m2 and be compared with historic data and BCIS data. This is based on the fact that only in

very exceptionally circumstances are cost ceilings imposed on these forms of housing and they are very much the outcome of the design.

**8.3** Welsh Government's design focused technical scrutiny process will ensure the design reflects the brief and is well executed.

**8.4** VfM will be considered at Post Completion but also discussed / monitored at Concept and Pre planning stages. A sample of schemes will be subject to formal Post Completion reviews.

## **9.0 Types of Supported Shared Housing and Housing for the Elderly**

**9.1** Supported / Shared Housing can vary from independent homes to specialist provision in line with Welsh Governments vision to maintain dignity and independence. It could include a wide ranging degree of communal space including lounges, offices, training rooms, kitchens, laundry rooms etc.

**9.2** Housing for the Elderly can include general needs homes, Extracare schemes with a range of communal facilities including lounges, commercial kitchens, assisted baths, craft rooms, buggy stores, communal dining rooms or Extra care light schemes with reduced communal facilities.

## **10.0 Standard On-Costs**

**10.1** On-costs are intended to cover expenditure on the items listed below. The on-cost percentage is determined by the Procurement Route which is described in **Table E**.

- Legal fees, disbursements and expenses
- Land Transaction Tax
- Legal and supervision fees where directly incurred in connection with statutory agreements.
- Building Society or other valuation and administration fees
- Fees for building regulations and planning permission (see Table F)
- In house or external consultants' fees, disbursements and expenses;
- Insurance premiums (except contract insurance included in works costs);
- Contractor's performance bond premium (see table below);
- Warranty premiums (e.g. NHBC, Foundation 15, HAPM, Shield)
- Development administration costs;
- Preliminary minor site development works (new build) and minor pre-tender works (rehabilitation);
- VAT on the above, where applicable.

## **11.0 Procurement Costs**

**11.1 Table F** shows the relationship between fees for Bonds, Planning applications, building regulation applications insurances and the Procurement

route. It identifies elements as either on-cost, eligible works costs or non-qualifying costs (NQC))

## Tables

### Acceptable Cost Guidance (ACG) Works 2021

#### Self - Contained Homes (General Needs)

##### Table A:

##### Schemes 11 Homes and Over

Type	GIA m2	ACG
10P7B H	152	<b>261,800</b>
10P6B H	146	<b>251,500</b>
10P5B H	142	<b>244,600</b>
9P5B H	136	<b>234,300</b>
8P6B H	132	<b>227,400</b>
8P5B H	128	<b>220,500</b>
7P4B H	114	<b>196,400</b>
6P4B H	110	<b>189,500</b>
6P3B H	102	<b>175,700</b>
5P4B H	98	<b>168,800</b>
5P3B H	94	<b>161,900</b>
4P3B H	88	<b>151,600</b>
4P2B H	83	<b>143,000</b>
3P2B H	74	<b>139,400</b>
2P1B H	58	<b>109,300</b>
5P3B F	86	<b>175,600</b>
4P2B F	73	<b>149,100</b>
3P2B F	65	<b>132,700</b>
2P1B F	53	<b>108,300</b>
1P1B F	40	<b>81,700</b>
8P6B B	125	<b>260,000</b>
7P4B B	108	<b>224,600</b>
6P4B B	99	<b>205,900</b>
5P3B B	86	<b>178,800</b>
4P3B B	74	<b>153,900</b>
4P2B B	70	<b>145,600</b>
3P2B B	58	<b>120,600</b>
2P1B B	50	<b>104,000</b>
1	2	3

##### Notes

1. House occupancy, designated by persons, bedrooms and type (F - Flat, B -Bungalow, H - House)
2. Gross Internal Area (GIA)
3. ACG 2021 (including on cost)



**Table B:****Schemes 10 Homes and under**

<b>_Type</b>	<b>GIA</b>	<b>ACG</b>
10P7B H	152	<b>288,000</b>
10P6B H	146	<b>276,700</b>
10P5B H	142	<b>269,100</b>
9P5B H	136	<b>257,700</b>
8P6B H	132	<b>250,100</b>
8P5B H	128	<b>242,600</b>
7P4B H*	114	<b>216,000</b>
6P4B H	110	<b>208,500</b>
6P3B H	102	<b>193,200</b>
5P4B H	98	<b>185,700</b>
5P3B H	94	<b>178,100</b>
4P3B H	88	<b>166,800</b>
4P2B H	83	<b>157,300</b>
3P2B H	74	<b>153,300</b>
2P1B H	58	<b>120,200</b>
5P3B F	86	<b>193,200</b>
4P2B F	73	<b>164,000</b>
3P2B F	65	<b>146,000</b>
2P1B F	53	<b>119,100</b>
1P1B F	40	<b>89,900</b>
8P6B B	125	<b>285,900</b>
7P4B B	108	<b>247,000</b>
6P4B B	99	<b>226,400</b>
5P3B B	86	<b>196,700</b>
4P3B B	74	<b>169,300</b>
4P2B B	70	<b>160,100</b>
3P2B B	58	<b>132,700</b>
2P1B B	50	<b>114,400</b>
1	2	3

**Notes**

1. House occupancy, designated by persons, bedrooms and type (F - Flat, B -Bungalow, H - House)
2. Gross Internal Area (GIA)
3. ACG 2021 (including on cost)

**Table C Notional Additional space for each User (Generic)**

<b>Room</b>	<b>Additional Area (m2)</b>	<b>Notes</b>
Bedroom (wheelchair user)	3	Mainly circulation
Kitchen /diner	10	Allows for circulation and spread of base units to accommodate space under worktops etc
Living	3	Extra circulation
Storage	3	Wheelchair and charging
Bathroom	3	Extra circulation and transfer
Corridors	3	Wider corridors /doors
<b>TOTAL</b>	<b>25m2</b>	

**Table D Exceptional Provision**

The following list gives examples of fixed or "structural" items which are eligible for grant only where it is demonstrated that the specific needs of individual tenants or groups of tenants require provision beyond the standard normally required by the current version of Welsh Development Quality Requirements. Costs are to be included in works costs.

<b>Item</b>	<b>Feature</b>	<b>Notes</b>
<b>External</b>	Handrails	Ramps or steps
	Boundary security	Above normal provision
	Parking spaces	Above normal provision
	Car port / covered walkway	
<b>Doors / Windows</b>	Wide doors	Extra over standard unit
	Specialised ironmongery	
	Door entry system	
	Remote openers	
	Large windows	Extra over standard unit
	Electromagnetic closers / restraints	
	Alarms	Door and or window
	Strengthened doors	Extra over standard units
<b>Circulation</b>	Toughened glass	
	Additional handrails	Stairs
	Stair lift	
	Vertical lift	
	Safety glass	Extra over standard
	Solid balustrading	
<b>Kitchen / Utility</b>	Dado rails	
	Specialist units /white goods	Extra over standard units

	Sink waste disposal unit	
	Heavy duty laundry equipment	
<b>Bathroom</b>	Specialist bath and or toilet	
	Sluice sink	
	Bath hoist	Fixed only
	Concealed taps	
<b>Services</b>	Low temperature hot water	Anti - scold
	Concealed pipework	
	Lever taps	
	Alarm call	
	Fire alarm system / protection	Extra over standard
	Low temperature radiators	Including guards
	Hoists and fixed tracking system	
	Wheelchair charger	
	Recessed lighting	
	Anti- tamper covers	Switches and sockets
	Warning systems / flashing lights	For people with poor hearing
<b>Structure</b>	Acoustic Insulation	
	Wall / partition reinforcing	
<b>Others</b>	Carpeting / non slip flooring	

**Table E Key On Costs**

<b>Procurement Route</b>	<b>On-cost %</b>
Conventional Newbuild	16.5
Design & Build	8.5
Package Deal	9
Collaborative Design & Build	10.5
Framework	10.5
Collaborative Package Deal	11
Off the Shelf	4.0

**Table F Procurement Costs**

<b>Procurement Route</b>	<b>Performance NHBC/Bond</b>	<b>Planning Fees</b>	<b>Building Regulations</b>	<b>Insurance</b>
Conventional Newbuild	Works	On-cost	On-cost	On-cost
Design & Build	NQC*	Works	Works	On-cost
Package Deal	NQC*	Works	Works	On-cost
Collaborative Design & Build	NQC*	On-cost	Works	On-cost
Collaborative Package Deal	NQC*	On-cost	Works	On-cost

\*Where similar cover is provided under a structural insurance policy.

## ANNEX A - ACCEPTABLE COST GUIDANCE (RSL ONLY)

### Self - Contained Units – General Needs & Elderly

Table A: Schemes 11 homes and over

Home	Band 1	Band 2	Band 3	Band 4	Band 5
7P4B H	226,400	241,400	256,400	276,400	296,400
6P4B H	214,900	227,600	240,300	257,200	274,200
5P3B H	183,900	194,900	205,900	220,600	235,300
4P3B H	172,300	182,100	192,900	206,600	220,400
4P2B H	163,700	173,500	184,300	198,000	211,800
3P2B H	157,100	166,900	177,700	191,400	205,200
2P1B H	124,300	134,300	144,800	158,600	172,300
3P2B B	146,000	158,700	171,400	188,300	205,200
3P2B F	143,100	148,200	153,400	160,200	167,100
2P1B F	117,500	122,100	126,700	132,800	138,900

Table B: Schemes 10 homes and under

Home	Band 1	Band 2	Band 3	Band 4	Band 5
7P4B H	246,000	261,000	276,000	296,000	316,000
6P4B H	233,900	226,600	259,300	276,200	293,200
5P3B H	200,100	211,100	222,100	236,800	251,500
4P3B H	187,500	197,300	208,100	221,800	235,600
4P2B H	178,000	187,800	198,600	212,300	226,100
3P2B H	171,000	180,800	191,600	205,300	219,100
2P1B H	135,200	145,200	155,700	169,500	183,200
3P2B B	158,100	170,800	183,500	200,400	217,300
3P2B F	156,400	161,500	176,700	173,500	180,400
2P1B F	128,300	132,900	137,500	143,600	149,700

## ANNEX B - ACCEPTABLE COST GUIDANCE

### DIY LCHO - Maximum Purchase Price Limits - 2021/22

Family Size	BAND 1	BAND 2	BAND 3	BAND 4	BAND 5
Family + 5 children	246,000	261,000	276,000	296,000	316,000
Family + 4 children	233,900	226,600	259,300	276,200	293,200
Family + 2 or 3 children	200,100	211,100	222,100	236,800	251,500
Family + 1 child	187,500	197,300	208,100	221,800	235,600
Couple	178,000	187,800	198,600	212,300	226,100
Single Person	171,000	180,800	191,600	205,300	219,100