



Llywodraeth Cymru
Welsh Government



Housing with Care Fund (HCF) Guidance 2022-2023 May 2022

Version 1

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Introduction

1. The ICF programme was established in 2014 as the Intermediate Care Fund, then the Integrated Care Fund. Between 2018-19 and 2021-22, the fund provided £145m capital through Regional Partnership Boards (RPBs) to support a range of regional specialist housing and accommodation, intermediate care and social care infrastructure projects. The capital programme supported the ICF revenue fund and addressed the needs of the same priority groups, drawn primarily from the Social Services and Well-being (Wales) Act 2014.
2. In autumn 2021, the Minister for Health & Social Services agreed to a 5 year successor fund to the ICF revenue programme and the Transformation Fund, known as the Health and Social Care Regional Integration Fund (RIF). In addition, capital funding was secured to support the Welsh Government's 2021 [Programme for Government](#) (PfG) commitments relating to strengthening the social services infrastructure, such as through the establishment of integrated health and care centres and community hubs.
3. The housing contribution to the cross-government regional integration agenda is underpinned by [A Healthier Wales](#) and PfG commitments to support innovative housing development to meet care needs and to fund regional residential services for children with complex needs, ensuring their needs are met as close to home as possible and in Wales wherever practicable. The Housing with Care Fund (HCF) is a 4 year capital programme with indicative funding of £181.5m for the first 3 years.
4. This guidance relates specifically to the HCF.
5. The primary objective of the HCF is to increase the stock of housing to meet the needs of people with care and support needs. Alongside HCF, additional capital funding will be available from the Regional Integration Fund (RIF) capital programme to support the development of community hubs and rebalancing of the residential care sector. Separate guidance will be issued in relation to the RIF capital funding. The two funds are complementary and are supported by the RIF revenue funding to support new models of preventative care. Together the two capital funds and the revenue fund represent a significant increase in funding to accelerate the move towards independent living and care closer to home, as set out in [A Healthier Wales](#). The funds will be overseen by the seven RPBs.
6. RPBs should also be aware of, and seek synergies with, Welsh Government investments in other community facilities, such as primary care and the Sustainable Communities for Learning programme (successor to 21st Century Schools). The location of these investments may have a direct bearing on how and where RPBs invest HCF funding in order to maximise benefits for people, as well as identifying opportunities for joint investment in housing with care and health, care and community facilities.

Part 1: Purposes

Rationale

7. The purpose of the HCF is to support independent living in the community for people with care and support needs, and to provide intermediate care settings in the community so that people who need care, support and rehabilitation can return to living independently or maintain their existing independence.
8. There are three principal reasons for the Welsh Ministers to invest in housing with care:

- a) **The ageing population.** The most significant long term trend is the ageing population of Wales. The 2018-based population projections estimate that the total population aged 65 and over will increase from 679,000 in 2021 to 856,000 in 2041, an increase of over a quarter. The trend is most marked in those aged 75 and over. The population aged 75+ will rise from 315,000 in 2021, to 393,000 in 2031 and 468,000 in 2041, an increase of 150,000 or almost 50%. As a proportion of the total population, the percentage of people aged 75 and over will rise from 9.9% in 2021 to 14.4% in 2041.

In addition to age-related poor health and disability, greater numbers of people with existing conditions are living longer into older age with cumulative health impacts, such as people with a learning disability or dementia.

Supporting these populations to continue to live independently with care and support at home is the principal objective of the HCF.

For a more in depth review of the housing needs of an older population, and the broader implication for housing choice and community cohesion, see [Our housing AGEnda](#), the report of the Welsh Government's Expert Group on housing an ageing population (2017).

- b) **Care closer to home.** The second driver is to ensure the accommodation and care needs of particularly vulnerable groups who are not able to live fully independently are met as close to home as possible.

For example, a number of children and young people with higher needs and challenging behaviours are placed each year in out of county or out of country placements. Out of area placements are costly, they reduce local control over the person's health and care management, have a severe impact on family contact and relationships, and are detrimental to the long term well-being and outcomes of the individual. Costs are difficult to estimate as each case is unique and placements may be more or less specialist and/or secure, but costs in excess of £200,000 a year are not uncommon. There are similar challenges in relation to placements of adults with moderate to severe learning disabilities and/or autism.

HCF can help ensure adequate provision of local accommodation with care but this must be accompanied by changes to models of care which in turn may require building local workforce capacity and capability to provide specialist care. These skills may have become diminished in the workforce

due to previous commissioning practices. Integration of the HCF and the RIF is critical in this regard.

- c) **Intermediate health and care services in the community.** The third driver is to ensure there are adequate facilities to provide step up/step down, reablement and rehabilitation in the community. Helping people to maintain their independence at home means it is essential to keep hospital stays as brief as possible and avoid the use of residential or nursing care unless absolutely necessary. Provision of appropriate bedded facilities in the community prevents escalation to hospital, residential care or safe accommodation (step up) and facilitates return to independence at home following a stay in hospital or care (step down). Community facilities which reflect home environments, supported by appropriate care and rehabilitation services, encourage the maintenance and strengthening of independence which might otherwise be lost in step up/step down facilities in hospitals or residential care.

Strategic Vision

9. The HCF is first and foremost a preventative programme. The majority of funding will be invested in housing designed to ensure people with care and support needs can continue to live independently in a home which meets their needs whilst allowing them to maintain their independence. Those homes must:
- be designed flexibly to meet the housing needs of current and future residents and service users;
 - meet Welsh Government design quality and decarbonisation standards;
 - be located preferentially in town centre locations, close to essential services and as part of mixed and cohesive communities; and
 - where appropriate, provide facilities and services which can be used by other members of the community.
10. HCF embodies the sustainable development principle set out in the Well-being of Future Generations (Wales) Act 2015, and takes into account the five ways of working.
- 1) The importance of balancing short term needs with the need to safeguard the ability to meet long term needs. Specialist housing designed to meet the care needs of residents in their own homes avoids the need to make many short term decisions which result in hospital admissions or residential care.
 - 2) The need to take an integrated approach, by considering how appropriate housing and accommodation can improve a resident's health and well-being and, in so doing, help health, care and other public services to meet their well-being objectives.
 - 3) The importance of involving residents and service users and ensuring those persons reflect the diversity of the local population.

- 4) How the members of the RPB act collaboratively together and with other stakeholders, including local authority housing departments and housing associations, to meet the well-being objectives.
- 5) How, by using the totality of capital and revenue resources available to it, the RPB can prevent problems occurring or getting worse.

Measuring success

11. The success of the HCF will be measured against the following outcomes:

Health & Social Care Outcomes Framework

- People reporting that their accommodation is suitable for their needs¹
 - Percentage of adults who use care and support services (either for themselves or for the person they care for) who strongly agree or tend to agree that their accommodation is suitable for their needs
 - Percentage of adults with a long term limiting illness or conditions who strongly agree or tend to agree that their accommodation is suitable for their needs (tbc)

HCF specific indicators

- number of older people and people with disabilities who are able to live independently for longer;
- number of children with higher needs accommodated closer to home;
- number of carers who can access respite for themselves or the people they care for;
- number of people requiring reablement, rehabilitation or who are learning to live independently who can access suitable accommodation in the community.

Benefits realisation

12. Investment in housing with care and intermediate care settings is a preventative approach which is designed to deliver financial savings to the health and care system as a whole.

13. The following are proposed indicators to measure the financial benefit to Local Health Board and local authority services of HCF investment:

- reduction in admissions to hospital and residential care
- reduced length of stay in hospital
- reduction in the number of out of area placements.

14. These measures are indicative only at this stage. Further work will be required during 2022.

¹ This is a 'candidate indicator' to replace the following outcome in the next update of the Welsh Government's statutory [Well-being statement for people who need care and support and carers who need support](#), 2019, "I live in a home that best supports me to achieve my well-being."

Priority Groups

15. The following priority groups are eligible for HCF. These are aligned with those of the Regional Integration Fund (RIF):

- Older people including people with dementia
- Children and young people with complex needs
- People with learning disabilities, neuro-diverse and neurodevelopmental conditions
- Unpaid carers
- People with emotional health and mental well-being needs

Older people including people with dementia

16. Older people with complex needs and long term conditions, including dementia, should be supported to maintain their independence and remain at home, avoiding unnecessary hospital admissions or a premature move into residential or nursing care.

17. The HCF should support older people to maintain their independence through provisions such as investment in extra care housing.

Children and young people with complex needs

18. The definition of children with complex needs:

- children with disabilities and/or illness;
- children who are care experienced;
- children who are in need of care and support;
- children who are on the edge of care/at risk of becoming looked after;
- children with emotional and behavioural needs.

19. The HCF should support an increase in intermediate and short-medium term care settings, such as small scale accessible residential accommodation for children with higher/complex needs, and intermediate care settings in the community which are accommodation and support based. These should be located as close to the child's home area as possible.

People with learning disabilities, neuro-diverse and neurodevelopmental conditions

20. The HCF should continue to support the housing, health and social care aspects of the [Learning Disability Improving Lives programme](#), published in June 2018. The recommendations in this report are extensive and focus on three key priorities – the reduction of health inequalities, increasing community integration and improving planning and funding systems. During the COVID-19 pandemic and recovery period, the HCF should also address the impacts of the pandemic

on people with learning disabilities, taking account of the re-focussed actions under the Improving Lives Programme, which is due to be published soon.

21. When commissioning independent living accommodation for people with learning disabilities, the [Guidance: Commissioning accommodation and support for a good life for people with a learning disability](#) issued by the National Commissioning Board in 2019 should be followed.
22. Care should be taken to ensure the housing and accommodation needs of people with different neurodevelopmental conditions are met appropriately e.g. the needs of people with autism may be different from those with a learning disability.

Unpaid carers

23. The Social Services and Well-being (Wales) Act 2014, defines a carer as someone of any age, child or adult, who provides unpaid care to an adult or disabled child. The cared for person may be a family member or a friend who, due to illness, disability, a mental health problem or an addiction, cannot cope without their support.
24. Unpaid carers play a vital role in our health and social care system caring for some of our most vulnerable citizens helping them to stay well at home. It is important to remember that unpaid carers may also have care and support needs of their own. An unpaid carer's role can be demanding and exhausting and it is essential they are supported to have good health and well-being outcomes themselves.
25. The HCF will continue to support services that provide an accommodation-based respite service for use by unpaid carers which can include carers being accompanied by those they care for.

People with emotional health and mental well-being needs

26. People with emotional health and well-being needs can sometimes find it difficult to maintain a home, such as a tenancy in the private or social rented sectors. This can make them vulnerable to harm and to experiencing homelessness, resulting in further deterioration of their mental health and well-being. A safe and secure home with appropriate support to meet their needs can provide stability and a strong platform for future independence and improved well-being.
27. Supported housing for people with emotional health and mental well-being needs may only be required for short to medium term periods before full independence can be maintained in suitable general needs housing.

Evidencing Need

28. In order to have sound basis for making judgements about how to invest HCF funding, Welsh Government requires each RPB to develop and maintain a Programme Plan and Objectives (PPO). This should build on previous work under the ICF capital programme. The PPO should set out the RPB's priorities over the next 4 years, with outline information on projects that could be brought forward in year 5 if further funding is secured in the future.

29. The PPO will be based on:

- the current housing supply (number of units of accommodation for each priority group);
- the unmet needs required (number of units for each priority group over the next 4 years, in order to respond to demographic pressures; changing population health profile; eliminating the need for out of county/country placements out of a person's local area within the home county, and other inappropriate placements; and changing models of care e.g. a shift from residential care to independent living);
- the projects planned over the duration of the 4 year programme which will meet the unmet need.

30. The HCF Programme Plan and Objectives will need to take into account the following sources of evidence, as and when they are updated:

- RPB population needs assessments, market stability reports and Area Plans.
- Local authority Local Housing Market Assessments (LHMA). New guidance on LHMA's to be issued in early 2022 will require a much more detailed assessment of the housing needs of specific groups. Housing strategies which derive from LHMA's should also be taken into account.
- Local authority Prospectuses and Programme Development Plans which set out the priorities for investment by local authorities and Registered Social Landlords in low carbon social rented housing.
- Administrative data. There should be close collaboration with health services and local authority social services departments who will hold detailed information about the needs of specific cohorts e.g. older people with dementia, young people with neurodevelopmental conditions (such as a learning disability or Autism Spectrum Condition) who may require repatriation or may soon be making the transition to adult supported living, or young people leaving care.

31. Regions are expected to update their PPOs as new evidence comes to hand. An updated version of the PPO must be submitted to Welsh Government by 30 June. HCF applications will be assessed for evidence of need, therefore the PPO is an important document for supporting applications.

Communities of Practice

32. Communities of practice will play an essential role in sharing learning and supporting RPBs with the development of national models of integrated care.

33. It is intended that each of the national integrated models of care will have its own community of practice:

- Community based care: prevention and community coordination
- Community based care: complex care closer to home
- Promoting good emotional health and well-being

- Supporting families to stay together safely, and therapeutic support for care experienced children
 - Home from hospital services
 - Accommodation based solutions
34. RPBs in receipt of HCF funding will be expected to lead participation in the community of practice on accommodation based solutions.
35. Additional cross cutting communities of practice will also be established, for example a community of practice to explore the role of technology enabled care.
36. These communities of practice will begin meeting in early 2022. They will be the vehicle to share examples of good practice, compare learning and experiences, shape the topics and create and test out resources and materials that can be shared widely across Wales. The workshops will be led by a commissioned facilitator who will manage the networking arrangements supported by a Welsh Government team.

Part 2: Financial Management

Budget and Financial Management

37. The HCF is a four year capital programme from April 2022 to the end of March 2026. RPBs will receive a nominal allocation each year determined by a formula based on standardised assessments of the health and adult social care needs of each region. Up to 10% of a region's nominal allocation can be used at the RPB's discretion on minor projects.
38. The Welsh Ministers have agreed a budget of £60.5 million for the first year of the programme, indicative for years 2 and 3. RPBs will be notified of their confirmed allocation of budget following the Welsh Government's Final Budget in March 2022. Indicative funding for year four (2025-26) will be agreed in the draft budget in autumn 2024.
39. UK Government Treasury rules do not permit funding to be carried forward from one financial year to the next. The Welsh Government's priority will be to ensure full spend in each financial year by approving funding for schemes which are investment ready. Unallocated regional funding and slippage will be directly managed by Welsh Government. This is broadly the approach adopted by the Social Housing Grant programme and the NHS Capital programme.
40. In order to ensure RPBs receive their full funding allocation, each RPB should consider prudently over-programming and maintaining a reserve programme of schemes to ensure full spend over the duration of the programme. RPBs will need to work closely with local authorities and housing associations to provide a pipeline of schemes.
41. We will aim for, but we do not guarantee, that each region will receive its full funding allocation over the 4 year duration of the programme. This can only be assured if regions maintain a strong investment profile over all four years of the programme. Regions which underinvest significantly in the early years of the programme may not be able to recoup funding in the later years.
42. The Welsh Government will monitor levels of uncommitted funding. RPBs will be required to submit a financial report at the end of each quarter. The Welsh Government will conduct quarterly monitoring meetings with each RPB following the submission of reports to review its funding position and delivery plans, and to agree whether, and how much funding can be reallocated to other proposals. Funding will be considered to be committed when applications have been approved. Slippages and delays may require the re-prioritising of committed funding, increasing commitments in future years and reducing or removing commitments in the current financial year.

Structure of the Fund

43. HCF has a tripartite structure. The next section sets out in more detail the types of schemes and projects that can be funded under each heading.
 - i. **Objective 1: housing with care**

Objective 1 schemes must account for a minimum of 50% of the spend in each year of the programme in each region. We will include discussion of a region's spending balance between Objective 1 and 2 as part of the quarterly monitoring meetings with each RPB.

When an RPB has approved an Objective 1 scheme for HCF funding following agreement with the delivery organisation, applications must be submitted directly to Welsh Government by the delivery organisation (local authority or Registered Social Landlord (RSL)) using the Social Housing Grant application and assessment processes. Further detail is provided in Section 3.

The level of Welsh Government grant funding will be determined using the Standard Viability Model (SVM). HCF projects can generally expect to attract more funding than general needs housing due to the additional space and specialist requirements.

The majority of projects are expected to have a blend of HCF and SHG funding. Where there is a blend of HCF and SHG funding, the funding split will be determined by the Welsh Government and will typically be 60% HCF, 40% SHG. The ratio may vary, depending on the extent of specialist, communal or community facilities, for example.

Where applications for SHG funding have been submitted and the schemes meet HCF criteria, it may be possible to convert the scheme to a blend of HCF and SHG funding. This would require agreement of the local authority, delivery organisation and the RPB and each case will require individual consideration. Please contact the Welsh Government at the earliest opportunity to discuss.

Applications can also be made for projects requiring HCF funding alone. RPBs should be aware this will reduce the number of projects they are able to support. This will limit the RPB's capacity to develop a pipeline of investment ready reserve projects, and increase the risk that funding will need to be reallocated due to slippage.

ii. **Objective 2: intermediate care and accommodation**

Objective 2 schemes must account for a minimum of 20% of the spend in each year of the programme in each region.

Applications may be submitted to Welsh Government by the RPB, with one of the RPB members acting as the 'banker'. If the lead delivery organisation is a local authority or an RSL, the RPB may decide to require the delivery organisation to submit the application directly to Welsh Government, as for Objective 1 schemes. This benefits the RPB by reducing financial, administrative, legal and monitoring requirements. If the delivery organisation is an RSL, it also permits payments to be made in advance at the construction stage. We strongly encourage RPBs to adopt the second approach whenever possible.

Due to the range and variability of projects under Objective 2, applications will be assessed and grant rates determined on a case by case basis.

iii. **Objective 3: minor projects**

Minor projects may account for a maximum of 10% of a region's nominal allocation in each year of the programme.

RPBs are responsible for determining how to allocate the discretionary funding for minor projects in their region. The grant funding will be awarded to the RPB at the beginning of the financial year and the RPB does not require Welsh Government approval for individual projects, except where projects cost more than £100,000 when Welsh Government approval should be sought. The RPB is responsible for managing and monitoring the fund, and ensuring spend is only allocated to projects which meet the fund criteria and achieve value for money. Projects which have been approved by the RPB must be entered in the regional Capital Investment Plan (CIP) and will be considered as part of quarterly monitoring meetings.

Types of projects which can be funded

Objective 1: housing with care

44. Housing and accommodation funded through Objective 1 investments must be let as social rented tenancies.

45. The types of projects the Welsh Government wishes to invest in include, but are not limited to:

- Extra care housing and other kinds of housing for older people with care and support needs, including dementia. These are likely to be medium to large scale developments of c.15 to 60 units. They will have communal areas and facilities, organised social activities, supporting people with a range of care and support needs, and with on-site care and therapeutic provision. These types of investments may be co-located with other facilities and services which are intended for wider community use.
- Supported living accommodation for adults with neurodevelopmental conditions, such as a learning disability or ASC, possibly accompanied by physical disabilities, who are able to live independently with care and support. The majority are likely to be small scale developments of 4 to 6 units, occasionally up to 10 or so if residents' care and support needs are lower. There will be some communal areas and accessible facilities and, depending on the needs of the residents, appropriate facilities for use by health, therapeutic, care and support staff.
- Supported housing for other groups with care and support needs, for example, adults with mental illness or young people with support needs, such as those leaving care. The scale of the developments and the extent of communal, therapeutic and care facilities will be appropriate to the residents' needs.

46. We encourage and will support innovative proposals, such as hybrid developments of tenanted units and intermediate care settings, and complex developments which co-locate tenanted units, such as extra care and supported living, with other health, social care and community facilities. If funding is being

sought from a number of Welsh Government grant schemes, early dialogue with the HCF team is essential.

47. The examples above are not exhaustive. If you are unsure whether a possible investment meets the criteria for HCF Objective 1 funding, please contact the Welsh Government at the earliest opportunity for advice and guidance.
48. Priority should be given to developments which are at the heart of the community, close to town centres and essential services and amenities, and as part of mixed age and mixed tenure communities. In addition, applicants will need to show they have taken into account the need for developments to be accessible by public transport, and that active travel considerations (e.g. walking, cycling) have been incorporated into design. See [Active Travel Act guidance | GOV.WALES](#).
49. As a minimum, Objective 1 investments must meet the [Welsh Development Quality Requirements 2021 \(WDQR 2021\)](#), or as amended at the time, which is applicable to new and refurbished general needs accommodation. Generally, they should be designed according to accessible housing standards, and comply with standards such as for those with low vision, cognitive impairment and/or physical disability, depending on residents' needs.

Objective 2: intermediate care and accommodation

50. Objective 2 investments must include accommodation, although the type of accommodation can vary widely, from emergency bed spaces to short term reablement and medium term moving on settings. Service users will not hold tenancies in these settings which will be managed by the principal service provider.
51. The types of projects the Welsh Government wishes to invest in under HCF Objective 2 include, but are not limited to:
 - New small scale (4-6 units) residential accommodation for children and young people with higher needs and/or challenging behaviour in order to bring children and young people back from, or avoid, out of area placements.
 - Short to medium term accommodation for adults with higher needs and/or behavioural challenges in order to bring them back from or avoid out of area placements, including secure accommodation.
 - Intermediate care settings in the community e.g. step up/step down, reablement and rehabilitation flats, training and moving on settings, assessment centres with emergency or short term beds etc.
 - Short term respite settings, for carers and cared for people with a variety of needs e.g. dementia, mental illness, neurodevelopmental conditions and physical disabilities.
52. As with Objective 1 investments, we encourage and will support innovative proposals.
53. The examples above are not exhaustive. If you are unsure whether a possible investment meets the criteria for HCF Objective 2 funding, please contact the Welsh Government at the earliest opportunity for advice and guidance.

54. Objective 2 proposals should identify the source of provision of health, care or therapeutic (rehabilitation) staff in order to make the settings effective and functional, including maximising people's ability to remain independent while in intermediate or respite care.
55. Objective 2 investments must be in community based settings. They may be attached or adjacent to other housing and accommodation developments or service provision facilities or hubs. HCF cannot support Objective 2 investment for these types of settings within hospitals or nursing homes.
56. Whilst WDQR 2021 will be applicable to some but not all types of Objective 2 investment, we will expect these projects to be of high quality, adaptable design which meets the health and care needs of the intended service users, that service users have been involved in the design and development process, and that settings meet the Care Inspectorate Wales standards for regulated settings, where required. They must also achieve high quality construction standards, including meeting Welsh Government's decarbonisation objectives. The applicable housing quality standard must be clearly identified by the housing provider for each project at inception.

Objective 3: minor projects

57. Minor projects can have a significant and disproportionately beneficial impact compared with their cost. The use of funding for Objective 3 projects is at the discretion of the RPB, so long as funded projects can be shown to contribute directly to achieving the HCF aims and objectives.
58. The types of projects that RPBs choose to invest in is not limited to the following examples:
 - repairs, refurbishments and improvements to existing housing with care or intermediate care settings;
 - equipment and adaptations to existing homes which are not supported by other Welsh Government adaptations grants (such as provision of storage space for equipment and mobility vehicles or wheelchairs), including supplementing the cost of Disabled Facilities Grants (DFG) over the £36,000 statutory maximum;
 - other smaller scale projects in support of HCF objectives e.g. community or third sector led; and
 - digital aids, monitoring and assistive technologies.
59. HCF Objective 3 funding may not be used for:
 - purchase of vehicles;
 - conversion or improvement of analogue to digital technology infrastructure.
60. RPBs are encouraged to adopt a flexible approach to grant management, especially where speed of response is a critical factor.
61. Welsh Government approval must be sought for projects whose cost exceeds £100,000. Where funding exceeds £100,000, the Welsh Government will provide

advice whether a legal charge and/or restriction may be required, for example where funding is being invested into a property.

Feasibility studies

62. The preparatory and developmental costs for new construction or refurbishment schemes under Objective 1 and Objective 2, including feasibility studies, must be recovered as part of the scheme costs.
63. We will only support the cost of standalone feasibility studies if they can demonstrate significant added value and are linked directly to new capital investment proposals e.g. a contribution to the development of a masterplan for a site or area which may involve economic, social and environmental regeneration and includes one or more proposals for investments which would be eligible for HCF funding.
64. We cannot fund feasibility studies which primarily relate to revenue service reconfiguration or reform.

Resourcing RPBs to manage the HCF

65. RPBs must have the resources (“programme resource”) to manage the HCF programme, including access to staff with expertise in commissioning and managing a portfolio of capital projects. This resource is additional to the expenditure on professional expertise incurred as part of individual projects which must be recovered as part of the project on-costs.
66. As RPBs are not able to employ staff directly, the RPB members must agree which partner or partners will act as the employer. We encourage joint funding of programme resource across the HCF and RIF capital programmes.
67. RPBs can claim funding from the HCF budget to cover programme resource costs. Programme resource costs must be capitalised as additional on-costs to schemes which the RPB is funding. The maximum amount that can be charged over the 4 years of the HCF as RPB programme resource costs is 3% of an RPB’s HCF allocation. RPBs are required to submit information on the use of programme resource costs in advance of quarterly monitoring meetings with Welsh Government. The upper limit of 3% will be subject to review at the end of year 2 of the programme (March 2024).

Capital Investment Plan (CIP)

68. The CIPs are an essential monitoring tool for RPBs and Welsh Government, providing key information on schemes, finances and the timescales for delivering RPB strategic priorities. RPBs are required to update their CIP as projects are approved and payments of grant made. The CIP must be formally updated and submitted to Welsh Government in advance of each quarterly meeting with Welsh Government.
69. The CIP includes a risk register to record and monitor risks, both programme level risks (such as construction sector capacity or phosphates) and project risks. RPBs must use the risk register to raise an early warning or red flag with the Welsh Government if a project has escalating or unforeseen risks, either through

the quarterly meetings with Welsh Government or earlier by correspondence according to circumstances.

70. The CIP should be developed by the RPB in consultation with regional partners. The CIP should set out:

- a) live schemes: an application has been approved, and work has or is about to commence;
- b) reserve schemes: schemes which are undergoing further development in the full expectation that an application will be submitted, with an estimated timescale for submission;
- c) potential schemes: schemes which are at an early stage or which have not been prioritised at present but which may come forward at a later date; and
- d) minor projects: all projects which the RPB is supporting with its Objective 3 minor projects spend.

Legacy projects

71. The CIP will need to include any schemes brought forward (“legacy projects”) from the ICF capital programme. This includes schemes which are in progress and any funding carried forward through programme management arrangements and any match funding contribution.

72. Legacy projects which are in progress will continue to be treated under the terms and conditions of the original grant award letter. If legacy projects in progress require further funding prior to completion, they will not be subject to a reassessment under this guidance, unless the Welsh Government believes there are compelling reasons for doing so e.g. the scheme has changed significantly

73. Where ICF has supported early stage works and that funding is fully spent or schemes only received in principle approval under ICF but the scheme has not yet progressed to acquisition and/or construction, an application for funding approval will need to be made following this HCF guidance.

74. ICF funded projects where programme management arrangements have been agreed will be assessed at quarterly monitoring meetings, and a plan for the programme managed funding will be agreed, depending on how each project is progressing. Programme managed funding for schemes which do not progress to the acquisition or construction stage in 2022-23 will be clawed back and centrally managed as HCF funding by Welsh Government.

Part 3: Programme Delivery

Overview

75. The programme delivery process may include some or all of the following stages:

- Technical scrutiny at concept stage and pre-planning stage
- Project approval and award
- Grant payment
- Technical scrutiny post completion review

76. RPB officials administering HCF should familiarise themselves with [Social Housing Grant: guidance for registered social landlords and local authorities](#). This document (or future amended versions of the document) will need to be read alongside the HCF guidance.

Roles and Responsibilities

Welsh Government

77. Objective 1 schemes which receive only HCF funding, as well as all Objective 2 and 3 schemes and projects, will be administered by the HCF team.

78. Objective 1 schemes which receive both HCF and SHG will be administered jointly by the HCF team and the Housing Funding team.

79. All Objective 1 schemes will be subject to technical scrutiny by the Housing Quality Standards (HQS) team in accordance with established SHG procedure guidance. The HQS team is responsible for:

- Undertaking concept, pre planning and post completion reviews of all schemes.
- Liaising with RSLs and local authorities to ensure design comments are taken into account.
- Liaising with the HCF/Housing Funding teams to ensure no construction stage applications are processed before design sign off (pre planning) has been achieved.
- Undertaking post completion reviews and reviewing post completion review reports.

80. The HCF team is responsible for:

- Reviewing CIPs and liaising/ working with RPBs.
- Liaising with the Housing Funding and Housing Quality Standards teams, as well as Health & Social Services teams and other policy areas within Welsh Government.
- Checking and processing scheme approval applications and grant claims.
- Liaising with applicants where applications are incomplete or appear incorrect.

- Determining the proportions of HCF and SHG funding for each scheme.
- Issuing scheme approvals by grant award letter and paying grant.
- Undertaking spot checks of documentation held on the review files.
- Monitoring CIPs and applications to ensure all grant is paid when due.
- Monitoring scheme completions to ensure outputs and benefits are recorded and post completion review reports are received.

81. All technical scrutiny submissions, scheme approval applications and grant claims relating to HCF funded schemes should be sent electronically to the HCF Mailbox:

HCF@gov.wales

82. RPBs, Local Health Boards, local authorities and RSLs are asked to clearly state the name of the scheme in the title of the e-mail and the type of correspondence e.g. “[Reference XXX] – Extra Care 1 – Concept stage”, “[Reference XXX] – Extra Care 1 – Construction application”, “[Reference XXX] – Extra Care 1– Combined Acquisition and Grant claim”.

Regional Partnership Boards

83. RPBs are responsible for:

- Managing and maintaining the regional CIP, and wider strategic regional capital planning to maximise the synergies between HCF and RIF.
- Approving Objective 1 and 2 schemes prior to applications being submitted to Welsh Government.
- Approving and committing funding to Objective 3 schemes, seeking Welsh Government approval for schemes over £100,000, and monitoring delivery.
- Maintaining a Decisions Log to record decisions by the RPB.
- Submitting applications for approval and claims for grant (except Objective 1 schemes, and Objective 2 schemes if the RPB decides the delivery organisation should be the applicant, see paragraph 116 below).
- Liaising with Welsh Government, delivery organisations, stakeholders and service users.
- Ensuring HCF capital schemes are sustainable and supported by appropriate revenue funded services.
- Ensuring legal charge and restriction obligations are discharged and recorded promptly.
- Recording, monitoring and escalating risks
- Monitoring value for money and reporting outputs and benefits.

Delivery organisations

84. Local authorities and RSLs (“delivery organisations”) delivering Objective 1 or Objective 2 schemes are responsible for:

- Liaising with RPBs, Welsh Government and others, as appropriate.
- Securing written RPB agreement to commit HCF funding. Local authorities will need to endorse applications for schemes in their PDPs which are seeking blended SHG and HCF funding.
- Submitting schemes for concept and pre planning technical scrutiny, complying with the recommendations of the HQS team, including post completion requirements.
- Submitting applications for approval and claims for grant, providing all supporting evidence required.
- Putting in place appropriate legal charges and/or restrictions.
- Monitoring, recording and escalating risks.
- Monitoring schemes continuously for VfM.

Early stage proposals

85. We do not wish RPBs to develop potential schemes which are unlikely to be approved for HCF grant funding.

86. RPBs may be uncertain whether a proposed scheme meets HCF investment criteria. The RPB should submit an outline of the proposal to the Welsh Government at the earliest opportunity. For Objective 1 proposals, this should be by exchange of correspondence. For Objective 2 proposals, this can be done by submitting a Part 1 application. The HCF team will assess whether a scheme meets the investment criteria of the HCF fund set out in Parts 1 and 2 above and provide advice to the RPB.

87. RPBs and delivery partners will also wish to assess potential schemes for financial viability at an early stage. The SVM tool may be used ‘offline’, using estimated costs, to obtain an indication of the likely grant rate. This will help delivery organisations to determine whether the combination of capital grant and future rental income provides sufficient security to underpin the commercial or other borrowing required to make the scheme viable. Although the Welsh Government may vary the grant rate calculated by the SVM, we will only exercise this flexibility in limited circumstances.

88. The application form for HCF Objective 1 and SHG schemes includes further information about the SVM and the assumptions on which it is based..

HCF Objective 1: technical scrutiny, grant approval and payment

89. This section explains the stages applicants must follow to receive approval for Objective 1 schemes from Welsh Government and how to claim grant. It explains the purpose of each stage and confirms the information applicants are required to submit for acquisition and construction grant.

90. There is an expectation that all Objective 1 schemes will be submitted for both concept and pre planning stage approval unless decided otherwise by Welsh Government. All schemes as a minimum will have received a pre planning stage approval. This is to ensure that Welsh Government is satisfied that the design is acceptable for the needs of potential residents and meets WDQR 2021.
91. Residential extra care schemes must meet the criteria for Building Research Establishment Environmental Assessment Method (BREEAM) accreditation. Schemes should target the same levels as noted for Non-residential Development based on floor area at the following link <https://gov.wales/sustainable-building-standards>
92. Further information on the technical scrutiny stages and the detailed requirements on RSLs and local authorities can be found in [Social Housing Grant: guidance for registered social landlords and local authorities](#).
93. When an RPB has considered and approved a proposal for grant application, this must be recorded on the CIP and the Welsh Government notified by submission of an HCF Objective 1 Scheme Authorisation form.
94. The RPB may then authorise the local authority or RSL responsible for delivering the project to make an application using the approved SHG application process. This ensures HCF and SHG projects are subject to the same application, assessment and approvals processes.
95. HCF grant approval and payment of grant is split into two parts:
- Acquisition (approval and payment)
 - Construction (approval and payment)
96. All schemes where land or property is being purchased require acquisition and construction approval. Schemes where the land or property is already owned require construction approval only. Approvals can be applied for separately or simultaneously depending on the circumstances of the scheme.
97. An acquisition application for scheme approval can be made before, during or after the Technical Scrutiny concept and pre planning stages have been completed. Technical Scrutiny sign off is not required in order to receive acquisition grant approval (except in the case of acquisition of an existing building) or construction grant payment. However, if submitting before the concept stage or if the scheme is being submitted for pre planning stage only, an explanation will need to be provided. Welsh Government reserves the right to withhold an acquisition approval if it considers a technical scrutiny submission or meeting is appropriate.
98. Following acquisition approval, applicants can submit a claim for acquisition grant. Applications may only be submitted electronically. Evidence of title is required before acquisition grant will be paid. We do not require original signed documents to be submitted but these should be retained on the post completion review file.
99. A construction application for scheme approval can only be made after pre planning approval has been received and the scheme has been procured. The construction costs stated in the application will be the sum certified in the consultant's cost report excluding any non-qualifying costs.

100. Evidence of detailed planning permission and a signed construction contract is required before construction approval will be granted.
101. Following construction approval, applicants can submit claims for construction grant. Applications may only be submitted electronically. We do not require original signed documents to be submitted but these should be retained on file for future review.
102. Payment of grant will be to the delivery organisation. Payment of grant to local authorities can only be made in arrears. Payment of grant to RSLs can be made in advance (in full or in two or more part payments, and subject to certain conditions) at the construction stage only, but not at the acquisition stage.
103. The CIP must be updated when a scheme has received acquisition and construction approval, on payment of grant at the acquisition and construction stages, and on completion.
104. Detailed information on the processes for submitting applications for approval, the documentation required at different stages, and making claims for grant can be found in the [Social Housing Grant: guidance for registered social landlords and local authorities](#) or in any successor to this guidance.

Objective 1: timescales for applications and claims

105. Applications for scheme approval (acquisition and construction) and grant claims can be made at any time during the year.
106. For scheme approvals and grant claims which fall in the final quarter of the financial year the following timescales apply:

Application	Deadline
Acquisition and construction applications	31 January or last working day of the month if the 31st falls on a weekend
Grant claims	28/29 February or last working day of the month if the 28/29 falls on a weekend

107. Failure to meet these deadlines could mean that your application will not be reviewed and funding will be moved to another scheme. Late claims may be subject to a lengthy delay in payment.

HCF Objective 2: technical advice, grant approval and payment

Objective 2: application and approval

108. Objective 2 schemes are not subject to the SHG application and assessment process (but see 112 below). Objective 2 schemes will be subject to a two or three stage application and approval process, depending on the type of scheme.

109. RPBs should put in place their own internal processes to appraise and approve projects before these are submitted to the Welsh Government. RPB approval should be recorded on the application form, the RPB's decisions log and on the CIP.
110. The first stage application sets out the principles, description and estimated costs of the project. The Welsh Government issue an 'in principle' approval for the scheme at this stage, confirming the scheme meets the HCF criteria for investment, subject to a full application. At this stage, Welsh Government may require the applicant to submit technical details of the scheme and must have regard to the advice of the HQS team's recommendations.
111. The second stage application is for acquisition approval, if relevant. A land or property valuation is required before approval will be granted. Following approval, applicants can submit a claim for grant. Applications may only be submitted electronically. Evidence of title is required before acquisition grant will be paid. We do not require original signed documents to be submitted but these should be retained on the post completion review file.
112. The third stage application is for construction approval. An application for construction approval can only be made after planning consent has been received and the scheme has been procured. The construction costs stated in the application will be the sum certified in the consultant's cost report excluding any non-qualifying costs.
113. Evidence of detailed planning permission and a signed construction contract is required before construction approval will be granted.
114. Following construction approval, applicants can submit claims for grant. Applications may only be submitted electronically. We do not require original signed documents to be submitted but these should be retained on file for future review.
115. When an Objective 2 scheme application for acquisition or construction grant is approved, the Welsh Government will issue a grant award letter in favour of the RPB's nominated 'banker'. An RPB is not a body corporate so cannot hold funds or employ people. Unless Welsh Government issues a grant award letter directly to the delivery organisation, the RPB must nominate one of its members to act as a 'banker' to manage funding on its behalf. The banker is the recipient of the grant award letter and is subject to the legal responsibilities and obligations conferred by the letter.
116. An RPB may decide that the delivery organisation, if it is a local authority or an RSL, should submit the application for an Objective 2 scheme directly to Welsh Government. This will reduce the need for the RPB and its banker to act as intermediaries between the delivery organisation and Welsh Government, simplifying both financial and legal administration. If the RPB chooses to exercise this discretion with the agreement of the delivery organisation, the Welsh Government must be informed and the information recorded on the decisions log and CIP.
117. Applications may be received at any point in the financial year, except in the final quarter when applications must be received by 31 January or the last working day of the month if the 31 falls on a weekend.

118. Claims may be submitted at any point in the financial year, except in the final quarter, when claims must be received by 28/29 February or the last working day of the month if the 28 or 29 falls on a weekend
119. The CIP must be updated when an Objective 2 scheme has received approval, on payment of grant at the acquisition and construction stages, and on completion.

Legal Charges and Restrictions

120. Objective 1 and 2 schemes in receipt of more than £100,000 of HCF funding are subject to legal charges and/or restrictions. The form of legal charge and restriction will be appended to Grant Award Letters.
121. Objective 3 schemes in receipt of more than £100,000 of HCF funding which is attached to a property, may also be subject to legal charges and/or restrictions. In these cases, you must consult the Welsh Government for advice.
122. If HCF funding is paid directly to an RSL, a legal charge and restriction must be placed on the land or property purchased at acquisition stage in favour of the Welsh Ministers. If the property is already owned by the applicant, the legal charge and restriction must be placed on the property at construction stage.
123. If HCF funding is paid directly to a local authority, a restriction must be registered against the land or property in favour of the Welsh Ministers.
124. If HCF funding is paid to the Local Health Board who pay it onwards to a delivery organisation, such as an RSL or a local authority, a legal charge and/or restriction in favour of the Local Health Board must be placed on the property.
125. If HCF funding is paid to the Local Health Board, and kept by the Local Health Board, there are no legal charge and/or restriction requirements. Please note that Local Health Boards require Ministerial approval to acquire or dispose of land or property.
126. If a project is in receipt of HCF and SHG funding, the delivery organisation will only be required to put in place a single charge and/or restriction in favour on the Welsh Ministers.
127. No grant payments will be made until confirmation is received via the grant certifications that an appropriate legal charge and/or restriction is in place.
128. When the completed homes are required as securitisation for borrowing, a deed of postponement should be requested, making the charge a second charge.

HCF Objective 3: grant approval and payment

129. RPBs may use up to 10% of their nominal annual allocation for minor projects. A single grant award letter for this amount will be issued to the RPB at the start of the financial year. RPBs may then commission minor projects or set up small grant schemes up to the value set out in the grant award letter.
130. Claims may be submitted at any point in the financial year, except in the final quarter, when claims must be received by 28/29 February or the last working day of the month if the 28/29 falls on a weekend.

131. If an RPB does not use the whole of its allocation under Objective 3 in a given year, the balance of funding is available to the RPB to support schemes under Objectives 1 and 2.
132. Projects and schemes funded under Objective 3 must be entered in the CIP. The Welsh Government will review the CIP in its quarterly monitoring meetings with each RPB. The RPB must satisfy itself it has appropriate governance and monitoring mechanisms to ensure Objective 3 funding is spent in accordance with the HCF purposes, aims and objectives.

Payment of grant to Local Health Boards: Objective 2 and 3

133. The Local Health Board may be the recipient of the HCF capital funding for some or all Objective 2 and 3 projects. Arrangements secured within the region and supported by the grant award letter itself should ensure the required governance and due diligence arrangements are in place to support the flow of funding to or from the Local Health Board to other project partners as required (including, but not exclusively, third sector bodies, local authorities and RSLs).
134. Local Health Boards have the power to pay HCF capital to local authorities and RSLs under section 194 of the National Health Service (Wales) Act 2006. Section 194 provides that a Local Health Board may make payments to specified bodies in relation to expenditure for community services. This includes payments to:
- Local authorities towards expenditure incurred in connection with its social services functions under the Social Services and Well-being Act 2014;
 - A housing authority towards expenditure incurred by it in connection with its functions in Part 2 of the Housing Act 1985; and
 - Registered social landlords in connection with expenditure incurred in connection with the provision of housing accommodation.
135. HCF capital will be paid in arrears and can be claimed on a quarterly or monthly basis. Financial monitoring and the legal charge register are required to be submitted at the same time as the claim.

Project Bank Accounts

136. All schemes in receipt of HCF funding with a contract value in excess of £2 million will be required to open a Project Bank Account (PBA). This is a key policy objective of Welsh Government to ensure prompt payment through the construction supply chain. Evidence that a PBA has been opened will be a requirement of the construction grant payment stage.
137. Further information on PBA policy can be found [here](#) and guidance on the deployment of PBAs can be found [here](#).
138. Queries in relation to Welsh Government's PBA policy can be directed to Welsh Government's Procurement Policy team on the following email address: CommercialPolicy@gov.wales

Procurement

139. All delivery organisations should ensure the procurement of both specialist design services and appropriate delivery agents are undertaken in line with the organisation’s standard procurement policies and procedures.
140. Procurement should also be aligned with the [Wales Procurement Policy Statement](#).
141. The use of existing framework agreements is acceptable provided they were awarded appropriately and are compliant with current public procurement regulations.

Programme Monitoring

142. Effective monitoring and evaluation arrangements are important to provide assurances that HCF capital funding is being fully utilised in the support of integrated and preventative housing and accommodation provision.
143. RPBs must ensure they have robust monitoring arrangements in place to ensure schemes funded via HCF capital deliver their intended outcomes on time and within budget.
144. The Welsh Government will hold quarterly monitoring meetings with each RPB to review progress and financial performance. More frequent meetings will be held as required, particularly in the second half of the financial year.
145. Welsh Government requires RPBs to submit quarterly monitoring reports, including:
- Finance
 - Delivery
 - Programme risks and RAG status of schemes and projects
 - Outputs and outcomes (by 30 September and 31 March)
 - Benefits realisation.
146. Other than risks, reporting must be cumulative and summarise the overall position at the relevant point of the financial year.
147. We will consult further with RPBs on the development of benefits realisation indicators.
148. A summary of the programme monitoring requirements is below:

Requirement	Frequency and deadlines
Submit updated CIP, financial report and risk register	Q1 - by 31 July 2022 Q2 - by 31 October 2022 Q3 - by 31 January 2023 Q4 - by 30 April 2023

Submit outputs and outcomes monitoring	6 monthly by 31 October 2022 and 30 April 2023
Benefits realisation (more information will be available in early 2022)	6 monthly by 31 October 2022 and 30 April 2023
Submit case studies	Annually – by 30 April 2023
Monitoring meetings	Quarterly - after CIP and monitoring submitted
Formal review meetings (to include RPB representatives)	6 monthly

Communications and Branding

149. Welsh Government support must be acknowledged on all publicity, press releases and marketing material produced in relation to the scheme, as well as on site signage during development.
150. Such acknowledgement must be in a form approved by Welsh Government and must comply with the Welsh Government's guidance <https://gov.wales/welsh-government-logo-guidance>.