



Llywodraeth Cymru  
Welsh Government

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

**June 2023**

## **1. Main Changes**

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

- Tender price movements to houses and bungalows and the relatively higher cost of building flats.
- The higher cost of smaller schemes of twenty or less dwellings.
- Ancillary Provision space clarification.

## **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 technical scrutiny process.

**2.2** The ACGs 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. 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 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 smaller schemes.

**2.5** It is expected that 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 21 homes and over see **Table A**.
- Schemes of 20 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 (WSCI). 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 where required, 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 Ancillary Provision**

**8.1** Where it is demonstrated that design requirements or the specific needs of individual tenants or groups of tenants require the provision of communal spaces in addition to dwelling areas, such spaces will be eligible for SHG as Ancillary Provision. Ancillary Provision space may include staff areas (offices and rest areas), service areas (laundry, kitchen and plant rooms), resident's common areas (lounges, hair salon, shops, assisted bathrooms, toilets and guest bedrooms), general circulation space and stores.

**8.3** Extracare schemes with Ancillary Provision space representing between 20% and 35% of gross internal floor area will be described as Extracare. Similar schemes with Ancillary Provision space less than 20% of gross internal floor area will be described as Extracare Light.

**8.4** Where it can be demonstrated in general need/older person accommodation that the inclusion of communal space other than circulation areas within the building envelope is desirable for the most effective operation of facilities or for efficiencies in design (eg bin stores), such space may be eligible for SHG as Ancillary Provision.

## **9.0 Supported (and Extracare) housing**

**9.1** Supported housing can vary from independent homes to specialist provision in line with Welsh Government's vision to maintain dignity and independence. The variety and complexity of these schemes means that there are rarely standard design solutions and as a result cost tables are not appropriate.

**9.2** For supported housing that is not self-contained and extracare schemes VfM will be based on Works Cost m<sup>2</sup> and be compared with historic and BCIS data. This is because only in very exceptionally circumstances are cost ceilings imposed on these forms of housing and they are very much the outcome of the design.

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

**9.4** 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.

## 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 2023

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

**Table A - Schemes 21 Homes and Over**

Type	GIA m2	ACG £
10P7B H	152	337,180
10P6B H	146	323,955
10P5B H	142	315,100
9P5B H	136	301,760
8P6B H	132	292,905
8P5B H	128	284,050
7P4B H	114	253,000
6P4B H	110	244,030
6P3B H	102	228,390
5P4B H	98	217,350
5P3B H	93	208,495
4P3B H	88	195,270
4P2B H	83	184,230
3P2B H	74	179,515
2P1B H	58	140,760
5P3B F	86	255,710
4P2B F	73	217,100
3P2B F	65	193,180
2P1B F	53	157,690
1P1B F	40	118,950
8P6B B	125	334,880
7P4B B	108	289,340
6P4B B	99	265,190
5P3B B	86	230,345
4P3B B	74	198,260
4P2B B	70	187,565
3P2B B	58	155,365
2P1B B	50	133,975
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 2023 (including on cost)

**Table B - Schemes 20 Homes and under**

<b>Type</b>	<b>GIA m2</b>	<b>ACG £</b>
<b>10P7B H</b>	<b>152</b>	<b>370,990</b>
<b>10P6B H</b>	<b>146</b>	<b>356,385</b>
<b>10P5B H</b>	<b>142</b>	<b>346,610</b>
<b>9P5B H</b>	<b>136</b>	<b>331,890</b>
<b>8P6B H</b>	<b>132</b>	<b>322,115</b>
<b>8P5B H</b>	<b>128</b>	<b>312,455</b>
<b>7P4B H</b>	<b>114</b>	<b>278,300</b>
<b>6P4B H</b>	<b>110</b>	<b>268,525</b>
<b>6P3B H</b>	<b>102</b>	<b>248,860</b>
<b>5P4B H</b>	<b>98</b>	<b>239,200</b>
<b>5P3B H</b>	<b>93</b>	<b>229,425</b>
<b>4P3B H</b>	<b>88</b>	<b>214,820</b>
<b>4P2B H</b>	<b>83</b>	<b>202,630</b>
<b>3P2B H</b>	<b>74</b>	<b>197,455</b>
<b>2P1B H</b>	<b>58</b>	<b>154,790</b>
<b>5P3B F</b>	<b>86</b>	<b>281,320</b>
<b>4P2B F</b>	<b>73</b>	<b>238,810</b>
<b>3P2B F</b>	<b>65</b>	<b>212,550</b>
<b>2P1B F</b>	<b>53</b>	<b>173,420</b>
<b>1P1B F</b>	<b>40</b>	<b>130,910</b>
<b>8P6B B</b>	<b>125</b>	<b>368,230</b>
<b>7P4B B</b>	<b>108</b>	<b>318,090</b>
<b>6P4B B</b>	<b>99</b>	<b>291,640</b>
<b>5P3B B</b>	<b>86</b>	<b>253,345</b>
<b>4P3B B</b>	<b>74</b>	<b>218,040</b>
<b>4P2B B</b>	<b>70</b>	<b>206,195</b>
<b>3P2B B</b>	<b>58</b>	<b>170,890</b>
<b>2P1B B</b>	<b>50</b>	<b>147,315</b>
<b>1</b>	<b>2</b>	<b>3</b>

**Notes**

1. House occupancy, designated by persons, bedrooms and type (F - Flat, B -Bungalow, H - House)
2. Gross Internal Area (GIA)
3. ACG 2023 (including on cost)



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

Room	Additional Area (m2)	Notes
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.

Item	Feature	Notes
<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.