SUPPLEMENTARY PLANNING GUIDANCE
Affordable Housing

Adopted 14th September 2015

For use alongside:

Local Development Plan: from Adoption – 2021

PEMBROKESHIRE COUNTY COUNCIL
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Introduction

i. This Supplementary Planning Guidance (SPG) provides guidance on the way in which the affordable housing policies in the Council’s adopted Local Development Plan (LDP) will be implemented.

ii. This guidance applies to all areas of Pembrokeshire excluding the National Park.

iii. The SPG has been subject to a formal six week consultation period before adoption by Cabinet. It is therefore a significant material consideration in determining planning applications.

iv. The SPG is structured as follows:

1. What is affordable housing and why do we need it?
2. When is affordable housing required?
3. What evidence is required for planning applications?
4. How are affordable housing policies implemented?

v. Additional technical information and a list of useful contacts are provided in the Appendices.
1. What is affordable housing and why do we need it?

1.1 Affordable housing is a type of housing available exclusively to people in housing need for sale or rent below market rates.

1.2 Pembrokeshire has a high level of need for affordable housing, as evidenced by the number of people identified as being in need on the Common Housing Register - over 2,150 at March 2015 and by evidence from the 2014 Local Housing Market Assessment (a need of 1,641 Affordable Homes each year).

1.3 Both National planning policy issued by the Welsh Government and the Council’s LDP seek to maximise delivery of affordable housing.

1.4 National planning policy on affordable housing is contained in Planning Policy Wales, supplemented by guidance in Technical Advice Note 2: Planning and Affordable Housing and Technical Advice Note 6: Planning for Sustainable Rural Communities. These documents explain the role of Local Planning Authorities in providing affordable housing and set out what information and policies are required in the Local Development Plan.

1.5 The Local Development Plan (LDP) policies relating to affordable housing are:

SP 8 Affordable Housing Target
A strategic policy outlining the overall affordable housing target for the plan area over the whole plan period

GN.27 Residential Allocations
Indicative site-specific affordable housing contributions sought on LDP housing allocations

GN.28 Local Needs Affordable Housing
General approach to affordable housing provision, including the affordable housing contribution sought from all windfall developments

GN.29 Exception Sites for Local Needs Affordable Housing
A policy enabling affordable housing development on land that would not otherwise be released for housing

1.6 The LDP policies were developed when the economy was in recession and the targets set for contributions on housing sites were based on financial viability tests at that time. In order to achieve flexibility and resilience, the LDP monitoring section identified that the Authority would monitor house prices and other local housing market indicators.
and consider whether or not it needed to re-examine the evidence used to set targets in the Plan. Appendix 4 sets out the other local housing indicators that will be used as part of this ongoing monitoring of targets. Should any of the targets be amended, they will be published in an updated version of this SPG.

1.7 All affordable homes must be affordable to initial and subsequent tenants / buyers, as it is important to ensure that such housing is available to future generations. Section 4 describes the mechanisms used for implementing affordable housing and making sure that properties remain affordable in perpetuity.

1.8 There are two main types of affordable homes, those for rent and those to buy. Both are discussed in more detail below:

**Affordable housing for rent**

1.9 Affordable housing for rent will normally be managed by a Registered Social Landlord (RSL), or occasionally by private management companies or Community Land Trusts. The contact details of the RSLs designated to develop Affordable Housing under the Social Housing Grant programme in Pembrokeshire can be found in Appendix 6.

1.10 Affordable homes for rent will either be ‘social rent’ or ‘intermediate rented’ housing. Rent levels for social housing are set at a level significantly below market rental value by the Welsh Government and are known as benchmark rents, which are provided in Appendix 3. Intermediate rents are higher than benchmark rents but below market rental values. Intermediate rents in Pembrokeshire are considered to be those that fall within the Local Housing Allowance.

**Low cost home ownership**

1.11 Low cost home ownership (LCHO) is affordable homes for sale below the market price to households in need of affordable accommodation. It is designed to be an affordable option for households who want to get onto the housing ladder but lack the resources to pay the deposit or monthly repayments necessary for an open market home. In order to ensure that such properties remain as affordable homes, there is usually a limit set on the re-sale price, for example a percentage discount from open market values. In some cases a shared equity approach, where a purchaser owns a percentage of the property may also be used.
1.12 The Council’s favoured approach, following good practice guidance is a defined percentage discount from open market values\(^1\). Other options will be considered however, if supported by evidence of deliverability and where the developer can demonstrate that the approach ensures that a property remains affordable in perpetuity.

**Self-build and Community Land Trusts**

1.13 The Council’s policies enable the development of self-build LCHO homes and developments by individuals and by Community Land Trusts.

1.14 As with other forms of affordable housing applicants will need to ensure that they can demonstrate need and that appropriate mechanisms to ensure the property/ies remains affordable are in place (see section 4 for more information).

1.15 Where a community wishes to provide affordable housing, it may support self build or other methods of provision through the vehicle of Community Land Trusts. Community Land Trusts own land for the benefit of people living and working in the community. They may provide either social rented and/or LCHO types of affordable housing, depending on the development.

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2. When is affordable housing required?

2.1 The LDP policies establish when affordable housing is required as a planning obligation, or in cases where the only type of development which can take place is affordable housing. In addition to this, in some cases, an individual, developer, community or RSL may choose to build an affordable home.

Planning obligations on market sites

2.2 The Plan establishes that an affordable housing contribution will be sought from all new build development, in accordance with the requirements of LDP policies GN.27 and GN.28. Affordable housing should be provided on the development site except in circumstances where this is not feasible (either because of the size of the site, or because of development viability issues) and a financial contribution (commuted sum) is more appropriate.

Planning obligations – provision of Affordable Housing Units

2.3 Most allocated housing sites, and some windfall sites, will be large enough for affordable housing to be provided on-site.

2.4 The Authority is committed to ensuring delivery of the most appropriate type of affordable housing to meet the needs of the community. The Pembrokeshire 2014 Local Housing Market Assessment indicated that the predominant need for affordable housing in all parts of Pembrokeshire is for social rented properties (83%). The Authority also has compelling evidence from monitoring work of LCHO properties encountering difficulties in gaining mortgages, hampering delivery. In the immediate future it is likely that the increasingly risk averse approach of mortgage lenders in relation to these types of properties will continue to mean a limited number of products are available on the market. This results in difficulties for applicants in gaining a suitable mortgage. Further issues experienced around LCHO properties include evidence that even where mortgage lenders are prepared to lend, in some cases the deposits required are so high as to render properties essentially unaffordable. LCHO properties also represent a significant administrative burden to the Authority at a time of reducing resources. Furthermore, the Authority’s experience of the re-sale of these properties has been that occupants who have benefited from the LCHO property have often not fully understood the nature of the ties associated with the property and are discontent with the process involved. There are also other mechanisms available which deliver
owned affordable homes, for example through the Help To Buy scheme\(^2\). For all of these reasons, the Council is keen to prioritise the delivery of rented affordable properties, where this is a requirement through a S.106 agreement on market sites. As a result of this evidence, on market sites, where an onsite contribution or provision is necessary, the Authority will require the delivery of social and/or intermediate rented properties. LCHO properties will not generally be sought.

2.5 The property types provided as affordable homes should reflect the identified need for bedroom sizes within the Local Housing Market Assessment (a copy of which is available on the Council's website or on request from the Council’s Housing Department).

2.6 On some development sites the percentage target will result in a requirement which is a fraction of one affordable home. For example, on a site of 24 dwellings with a 10% target, the Council will seek “2.4 affordable dwellings”. In this example, the developer may choose to round up and provide a 3rd affordable dwelling on site; alternatively the developer can provide two affordable dwellings for social or intermediate rent and pay a commuted sum equivalent to 0.4 of an affordable home. In this case it would be a commuted sum based on a 10% requirement, for the 24 units to be provided minus the onsite provision (20 units providing 2 on-site units, therefore 4 units providing a commuted sum (4 X £5,087.50 = £20,350). Further details on how commuted sums will be calculated are provided below.

2.7 On smaller sites the percentage target may mean that a whole affordable dwelling is not capable of being delivered. In these instances the developer may choose to provide a whole dwelling, or to pay a commuted sum which will contribute towards providing off-site affordable housing.

**Serviced Plots – Provision of Land in the place of Dwellings**

2.8 Where a market site is required to provide on-site affordable housing, the Council’s preferred option is for the developer to provide completed units as social or intermediate rented properties. This meets the greatest need for affordable housing and also provides a property which is immediately available to meet such need. However, in cases where it is not possible for a Registered Social Landlord or other agreed body to purchase and operate social rented or intermediate rented properties, the Council’s preferred alternative arrangement is for serviced plots to be supplied either to a Registered Social Landlord or other appropriate body agreed by the Council (for example a

\(^2\) Help To Buy cannot be used in conjunction with LCHO properties and therefore does not assist with mortgage accessibility for these types of homes.
Community Land Trust). This fall-back option will be identified in the Section 106 legal agreements entered into by a developer.

2.9 Serviced plots are areas of land with planning permission provided on a site with services already connected to the plot (for example water, sewerage, electricity and highways access). The provision of serviced plots will be required to match financially the contribution which would otherwise have been provided through completed affordable housing properties. This might mean either provision of a greater proportion of serviced plots, or that serviced plots are transferred to an approved body (generally a RSL) at no cost to them or for a nominal £1 amount.

Planning obligations – commuted sums

2.10 Commuted sums will be used in one of two situations – where an entire affordable housing unit cannot be provided and where a fraction of a unit is required, or where an off-site contribution is required. Commuted sums will only be sought on new open market housing development, in accordance with paragraph 6.120 of the LDP. These sums will only apply where there is a net gain of one or more dwellings. Circumstances in which an entire affordable housing unit cannot be provided on site will depend on the percentage of affordable housing required in that location. For example, where affordable housing contributions are based on a 10% level, on-site provision will only be possible on sites of 10 units or more. Where affordable housing contributions are based on a 50% level, on site provision will only be possible on sites of 2 units or more. In such cases below these thresholds, commuted sums will be used. Commuted sums will not be required in the case of replacement dwellings.

2.11 The contribution under the commuted sum approach would be the equivalent of the percentage contribution that would otherwise be sought on site. The precise methodology for establishing this contribution is set out in Appendix 1 of this document.

2.12 If during the lifetime of the Plan the market improves and higher percentage requirements are established as a result of monitoring and further viability testing, commuted sum requirements will also vary, to ensure consistency across all requirements. This document will be kept up to date to reflect the current policy position.

2.13 The Authority will seek to prioritise spending commuted sums in the communities in which they are generated. In order to do this, the Authority will spend any contributions from commuted sums on Affordable Housing schemes within the Town or Community Council and adjoining Community Council areas within which it was generated within 3 years. If, following 3 years, no suitable scheme has been
commenced and the sum has not been spent, the Authority will then allocate spending the contribution on any Affordable Housing scheme across the whole of Pembrokeshire (including the National Park) for a further 2 years. If following a total of 5 years from receipt of the original sum the contribution has not been spent, it will be returned to the developer at a rate adjusted to reflect inflation over 5 years.

Local Villages

2.14 The LDP seeks to restrict new market housing development in Local Villages but permits affordable housing for local needs in both Large and Small Local Villages. Schemes that are likely to be realised within Local Villages would be small scale windfall sites where landowners are willing to release land at a price that ensures the construction of affordable units will be viable. An example of this would be a landowner assisting a family member with local connections to secure a home within their community. Other landowners may adopt the same approach for altruistic reasons. Experience locally suggest that in many of these cases the houses would be self build projects where labour and some other costs are lower to a significant degree assisting with viability and affordability. In all cases applicants will still need to demonstrate that there is a need for the type of affordable housing that they are proposing within that area (this can include evidence of their own individual need). This need should reflect both the type eg LCHO properties and bedroom number.

2.15 The LDP states that in Large Local Villages 50% of housing must be affordable; if only one new home is proposed it must either be affordable or pay a commuted sum based on the 50% rate. In Small Local Villages all new homes must be affordable.

Exception sites

2.16 Exception sites are those housing sites permitted in locations in which market housing would not usually gain planning permission.

2.17 The policies of the LDP require that a need for affordable housing be demonstrated and state that it is important that these properties remain affordable in perpetuity. In the case of LCHO properties, no mortgage lender will lend without a mortgagee in possession clause being included within a section 106 legal agreement. As such a clause enables the re-sale of the property without any restriction (in circumstances where the property is re-possessed), this does not guarantee that it will remain affordable in perpetuity. The Authority is keen to ensure that exception sites do not become market sites over time as a result of such clauses. Given this situation, exception sites will only be permitted for social or intermediate rented properties.
3. What evidence is required for planning applications?

Section 3.1 sets out the type of evidence will be considered by the Council when considering proposals for affordable housing or where affordable housing is required as a contribution.

Section 3.2 sets out the evidence that a developer will need to provide where they are seeking to negotiate the level of affordable housing contribution being asked for by the Council based on viability evidence.

3.1 Evidence of need for planning applications

Affordable Housing Statement

3.1 An affordable housing statement brings together all the information necessary for the Council to process a planning application and is essential when dealing with planning applications involving affordable housing (including reserved matters applications). For a single property (including self-build) it may simply include evidence that an applicant is local and in need, and a draft section 106 agreement for Low Cost Home Ownership.

3.2 For larger sites the following information must be provided:

- The proportion of affordable to market housing (with reference to LDP policy GN.27 and/or GN.28);
- The number, type, and size of dwellings including:
  - Bedroom numbers;
  - Market and affordable rent or intermediate rent numbers;
  - Terraced, flats, detached etc.
- A site plan showing how affordable homes will be integrated into the development;
- Intended management of affordable homes and transfer arrangements i.e. sell to RSL or management company, Community Land Trust;
- Confirmation of transfer arrangements from the RSL management company etc; and
- Draft section 106 agreements.
- Where pre-application negotiations have led to a reduction in the affordable housing requirement additional evidence should include:
  - A viability appraisal;
Evidence of need

3.3 This section establishes the level and type of information which will be used to evaluate evidence of need for affordable housing. A number of the affordable housing policies require applicants to demonstrate evidence of need in support of a planning application. The Authority will also consider evidence of need when it requires the provision of a planning obligation for affordable housing.

3.4 The Local Housing Market Assessment is the main source of evidence of housing need. This document is available on the Council’s website or on request from the Council’s Housing Department and provides a breakdown of need by Community Council, type of affordable housing and bedroom number. The main source of data for the LHMA is the Common Housing Register - the register is held by the RSLs and Pembrokeshire County Council and includes people requiring affordable rented housing.

3.5 In addition to the LHMA and Common Housing Register, local housing need surveys provide evidence of housing need in rural areas.

3.6 An individual may also demonstrate that they individually are in need of affordable housing. The Local Housing Authority in Pembrokeshire categorises people’s need for housing by a system of bands – these are published in the Council’s Allocations Policy. Anyone who is in the Silver or Gold bands is considered to be in need. In order to demonstrate that they are in housing need, individuals not on the Common Housing Register will need to demonstrate that they meet the criteria set out within the Council’s allocations policy. Any individual requiring a copy of the Council’s allocations policy should contact the Council’s Housing Department.

Bedroom type

3.7 Developers should ensure that proposed affordable housing provision in terms of bedroom number matches the existing identified need.

Definition of Local Area

Consideration of information on need to support a new development

3.8 When assessing whether or not there is evidence of local need to support a development proposal for a new affordable home or homes, the Council
will consider the “local area” to be a community council and its adjoining community councils for rural areas. Adjoining community councils exclude those community councils separated physically by the river Cleddau. The Towns (Haverfordwest, Milford Haven, Neyland, Fishguard and Goodwick, Narberth, Pembroke and Pembroke Dock) will be considered separately as self-sufficient areas. It is important that affordable homes are developed in those areas where there is an existing identified need in the local community. Where an individual is proposing a LCHO property for their own occupation, demonstrating a connection with Pembrokeshire will be considered sufficient demonstration of local need.

Consideration of information on need when seeking to lift a rural enterprise dwelling/affordable housing tie

3.9 Where a planning application seeks to lift a condition restricting the occupancy of a property to a rural enterprise worker’s dwelling or affordable housing, the authority will require evidence that there is no need for a similar type of property from any part of Pembrokeshire.

Need for Exception Sites

3.10 In the case of exception sites, the Council will require evidence that there is housing need above the levels that would be delivered by extant planning permissions and are anticipated to be provided on allocated sites within the local area and through RSL programmed schemes. This is to ensure that the land beyond defined settlement boundaries and therefore within the countryside, is only developed for affordable housing where there is a demonstrable local need which cannot otherwise be met within the local area.
3.2 Information required for developer viability appraisals

3.11 The indicative affordable housing contribution rates set in policies GN.27 and GN.28 are based on viability appraisals undertaken by the Council using the 3-Dragons Development Appraisal Toolkit (DAT). The appraisals analyse whether affordable housing contributions, other planning obligations and any exceptional development costs can be paid for, developers and contractors can make a fair profit, and income from the development still allows a reasonable amount to be paid to a landowner for the land. The percentages expressed in the policies are indicative targets and the Council is therefore prepared to negotiate with developers, if sites have constraints or extraordinary costs that affect viability. The intention of negotiations will be to reach agreement on a level of provision of affordable housing that meets the Council’s objective of increasing the supply of affordable homes, whilst ensuring the development remains viable. The Council considers that the percentages set out in policy are reasonable and will constitute the norm; only in exceptional circumstances will lower percentages be justified.

3.12 Where a developer believes that delivering the level of affordable housing sought by LDP policies is not viable the Council will expect a viability appraisal to be provided explaining why the policy requirements cannot be met and what level the developer believes is viable. The Council will use a DAT or an assessment undertaken by the District Valuer's Office to assess the robustness of the developer’s appraisal. Further detailed advice on how the Council will approach viability assessments is included in the Planning Obligations SPG.

3.13 The following information will need to be provided to enable the Council to do this. In cases where full information is not provided, the Council will not undertake an appraisal.

1.) Total number of units proposed

2.) Site Area, site plan and location plan

3.) Number of units for Private Sale

4.) Number of Affordable units (Social rent/Low cost home ownership)

5.) Number and type with price / value, e.g. 7 five bed detached, 3 two bed semis, 7 one bed flats

6.) Floor area of each type of unit
7.) **Build cost per square metre is desirable if applicant can provide** (if they have recent, local, comparable, evidence based on actual contracts)

8.) For flats the number of storeys and the type of parking (surface, under storey or basement?)

9.) Example of Layout of Information Required

<table>
<thead>
<tr>
<th>Description of Dwelling e.g. 3 Bed terrace</th>
<th>No. Of Bedrooms</th>
<th>No. Of Units</th>
<th>Size in sq.m Affordable</th>
<th>Size in sq.m Market</th>
<th>Sale Value</th>
</tr>
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10.) **Sale Prices** proposed for each type of unit. Details should be provided of the sales of similar properties, preferably with photo, address, date of sale, sale price, number of bedrooms, etc.

11.) **Exceptional Development Costs** for the development. These are items such as off site sewerage works, abnormal foundations, flood prevention works, archaeological works, contamination remediation works. To be relevant these must be works that are essential to enable the development to occur. The cost will be the additional cost in excess of the standard costs of the item.

**Please identify the standard cost and the additional cost.**

For example, if raft foundations are required, the cost of ordinary strip foundations will need to be deducted from the cost of raft foundations, to arrive at the exceptional cost to be incurred.

Applicants should provide a detailed analysis of individual items and cost, and an explanation of why exceptional costs are essential to enable development to take place.

This should include details such as; the service provider’s costs, quotations, all quantities, and rates used for roads and drainage, etc.
4. How are affordable housing policies implemented?

Section 4.1 explains who can occupy affordable homes. Section 4.2 describes the legal agreements that are used to secure the delivery of affordable housing obligations.

4.1 Who can occupy affordable homes?

Social Rented Affordable Housing

4.2. Social rented affordable housing is normally managed by the social landlords (Registered Social Landlords and/or the County Council). The criteria for assessing housing needs are set out in the ChoiceHomes@Pembrokeshire Allocation Policy. The criteria are based on points such as:

i. Customers who are currently unintentionally homeless;
ii. Customers sharing accommodation with family and/or friends and/or others who will not be rehoused with the customer; and,
iii. Customers that need to move because they cannot afford to live at their current accommodation.

4.3. A full list of the criteria can be found at www.choicehomespembrokeshire.org.

4.4. When a customer is accepted onto the Register they will be placed in one of three ‘bands’. Which band will depend on the customer and their households housing need, based on the information provided on the application form.

4.5. Customers in Gold and Silver bands are classed as being in housing need and those in Bronze as low priority need.

4.6. When a property is advertised, customers on the Register who would like to live there can apply for the property. The customer with the highest need and the earliest date of application will then be offered a tenancy.

4.7. The social landlords operate local connection policies that apply to rural and urban areas of the County which requires customers to demonstrate they meet certain criteria. Households who demonstrate these criteria are given additional preference in respect of properties advertised for letting with local connection in that area. For more information please contact the social landlords.
Private Affordable Rental and Low Cost Home Ownership

4.8. For intermediate affordable rental properties operated by a private rental company, applicants will need to demonstrate that they are in housing need and have a local connection. For LCHO properties as well as demonstrating that they are in housing need, an applicant or person seeking to purchase an LCHO property will need to demonstrate that they have a local connection and are in financial need. An applicant’s eligibility for accommodation must be confirmed by the Council’s Planning Obligations Monitoring Officer prior to occupation.

Definition of local for Private Affordable Rental and Low Cost Home Ownership properties:

4.9. A customer will qualify for a local connection if they, or a member of their household meet the criteria set out in paragraph established in the Council’s local connection criteria. However for the purposes of private affordable rental and Low Cost Home Ownership the “area” referred to is Pembrokeshire, including the National Park.

Financial need for LCHO properties

4.10. Eligibility for Low Cost Home Ownership in financial terms will be assessed by taking into account the person’s income and capital and other financial circumstances. A form provided by the Council’s Planning Obligations Monitoring Officer sets out the level of information which will be required. Income will be assessed by using the standard mortgage industry “income multiplier”. This multiplier will be reviewed and amended as necessary.

4.11. With a single income mortgage, if the price of suitable housing is greater than three times the gross salary then the suitable housing will be deemed to be not affordable.

4.12. With a joint mortgage with a partner or friend, if the price of suitable housing is greater than 2.5 times the joint gross salaries or 3 times the higher salary plus 1 times the lower salary, whichever is the higher, the suitable housing will be deemed not to be affordable.
4.2 Legal agreements

4.21. Developers will be required to enter into a legal obligation (known as a section 106 legal agreement) to secure the delivery of affordable housing obligations.

4.22. A developer will be expected to submit draft legal agreements with their planning application. There is an administration charge of between £100 and £500, payable to Pembrokeshire County Council, for overseeing the legal agreement process.

Unilateral Undertakings for Commuted Sums

4.21. For smaller sites where a commuted sum is required as a planning obligation in lieu of on-site provision, a developer must submit a signed unilateral undertaking to accompany a planning application in accordance with the template that is available on the Council website. Developers are encouraged to use this template as the alternative is a bilateral section 106 agreement that will result in a considerably greater processing time.

4.22. In all cases the unilateral undertaking must specify that a commuted sum will be paid to the Council prior to commencement of the development.

Legal agreements providing Affordable Housing properties

4.23. Where a site is providing affordable housing properties either on or off-site, the legal agreement will establish how these properties are to be provided and will ensure that they remain available to local people in need and at an affordable rent or price for the lifetime of the home.

4.24. As set out in Section 2 of this document, the Council will require all affordable housing provided as a planning obligation on market sites to be for social or intermediate rent. The legal agreement will identify that in cases where an RSL or other agreed body does not choose, or cannot take the social rented properties, that the preferred arrangement is for serviced plots to be supplied to the RSL or other agreed body as a fall-back position. In exceptional cases where serviced plots cannot be provided, a commuted sum will be charged.

Registered Social Landlords developing 100% Affordable Housing Schemes
4.25. Registered Social Landlords developing 100% affordable schemes will not be required to enter into a legal agreement — in such cases however a condition may be attached to a planning permission to ensure that the development is delivered by the RSL.

Low Cost Home Ownership Legal Agreements

4.26. The cost of LCHO dwellings will be capped at 70% of their open market value, as determined by an independent General Practice Chartered Surveyor and approved by the Local Planning Authority prior to marketing. In areas of the County where there is a particularly pronounced affordability problem, with higher house price to income ratios, developers may be required to consider setting the price at a lower percentage discount of market value.

4.27. The legal agreement will ensure the same discount from full price is used in all future sales of the property.

4.28. Where an individual wishes to build an affordable unit for themselves or members of their family, they will have to prove that the intended occupant has a local connection and is in need of affordable housing, and sign a legal agreement (section 106 agreement) restricting, in perpetuity, all future sale prices to an affordable level and occupancy to local people in housing need.

4.29. The Council will actively monitor the sale and valuation process for LCHO properties, including requiring the parties to provide details and allow 28 days for the Council to consider the valuation and proposed sale price prior to any exchange of contracts. The valuation should be made by a professionally qualified surveyor. If the Council considers that the proposed sale price does not represent the correct percentage of fair market value it will be able to prevent sale until the value and consequent sale price have been determined by an independent arbitrator. The Council will reserve the right to charge an administration fee to recover its reasonable costs.

Cascade Approach

4.30. Government guidance suggests leaving the control of occupancy to RSLs rather than imposing conditions on them. However RSLs have agreed, where possible, to encourage local people to join the Common Housing Register and apply for newly available affordable rented homes through that avenue (as described in Section 4.1).

4.31. Where a Trust or private management company manages affordable rented homes, or the properties are for sale, they will be made

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3 Technical Advice Note 2: Planning and Affordable Housing, 2006. s.13.2-13.3.
available to local people in housing need, based on the criteria set out in Section 4.1.

4.32. The length of time that a property must be advertised and available for is set out in the table below:

<table>
<thead>
<tr>
<th>Cascade level</th>
<th>Type of affordable home</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>To rent</td>
</tr>
<tr>
<td>Pembrokeshire wide</td>
<td>12 weeks</td>
</tr>
<tr>
<td>Total marketing time before seller may offer the property on the open market</td>
<td>12 weeks</td>
</tr>
</tbody>
</table>

4.33. Should the marketing be unsuccessful the property may be offered for sale on the open market, on the basis that the definition of qualifying occupier shall be extended for the proposed sale to mean “any willing purchaser”. Any such sale shall be subject to provisions required by the Authority to protect its future affordability this will ensure that when a property is sold again, all restrictions re-apply to subsequent sales, including the cascade approach.

Phasing development
4.34. To ensure the timely delivery of affordable housing, legal obligations may include a phasing plan for larger sites or a clause requiring affordable dwellings to be completed before the market housing or a proportion of the market housing can be occupied. If off-site provision is provided, a section 106 planning agreement will be required to ensure that market development does not start until the offsite provision has been provided prior to the commencement of the development.

Design
4.35. Developers should refer to national guidance on design in Technical Advice Notes 12: Design, to relevant policies in the Local Development Plan and to specific Supplementary Planning Guidance.

4.36. Schemes should respect the character and distinctiveness of the area in which they are being built and must be externally indistinguishable from general market housing provided on the site. Affordable units on larger sites should not be concentrated in one area of a development but dispersed, or pepper-potted, in small groupings throughout the site. This will help produce mixed and diverse communities. Schemes

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4 Marketing time is the time during which the property is advertised prior to the receipt of an offer. If a sale or rental agreement collapses, the cascade approach and time available for marketing begins again.
should also be sufficiently flexible to offer a bespoke aesthetic solution where necessary (whilst recognising the need to comply with Design Quality Requirements (DQR) and other design standards). In the right context a wholly contemporary good quality solution is encouraged whilst a more traditional appearance would be expected where the contextual cues support such an approach. A number of case studies and best practice documents now exist that provide evidence that design quality in affordable housing can be delivered without impacting undesirably on viability.

4.37. All accommodation built using Social Housing Grant will be required to meet Welsh Government Design Quality Requirements (DQR). These set out minimum space standards and technical specifications and are available from the RSL (see contacts). All affordable housing for rent must meet the Welsh Housing Quality Standard.

What a developer will receive for building or renting affordable homes

4.38. The amount a developer will receive for providing affordable homes depends on:

- Whether it is for rent or for sale;
- The number of bedrooms;
- The dwelling type – house, bungalow or flat;
- Whether it is kept and managed by the developer, sold to an RSL or sold to another party (e.g. Community Land Trust).

<table>
<thead>
<tr>
<th>Type of affordable housing</th>
<th>Revenue (i.e. Selling Price/Rent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Cost Home Ownership</td>
<td>Defined percentage of open market (usually 70%)</td>
</tr>
<tr>
<td>Affordable rented sold to an RSL</td>
<td>55% of Acceptable Cost Guidance</td>
</tr>
<tr>
<td>Affordable rented sold to a management company, Community Land Trust etc</td>
<td>To be negotiated privately and agreed by the planning authority</td>
</tr>
<tr>
<td>Affordable rent managed by developer</td>
<td>Benchmark/Intermediate rent</td>
</tr>
<tr>
<td>Serviced plots</td>
<td>No financial contribution or a £1 payment</td>
</tr>
<tr>
<td>Exception Site sold to an RSL</td>
<td>96% of Acceptable Cost Guidance</td>
</tr>
</tbody>
</table>

4.39. RSLs will pay 55% of Acceptable Cost Guidance (ACG) for affordable homes for rent. The ACG figure is different for each different type and size of home, with a selection of the most recent (August 2012) figures included in Appendix 3. ACG is updated periodically by the Welsh Government. The latest ACG figures will be used in any planning agreement. Given the significant levels of need for social rental
properties in Pembrokeshire, the Authority will prioritise delivery of this type of affordable housing when securing planning obligations on market schemes. LCHO units will not generally be required.

4.40. A developer can sell LCHO properties directly to the purchaser, or through an agent, at the price level specified above. Prospective purchasers of LCHO property must either be registered on the LCHO register or satisfactorily prove to planning and housing officers at Pembrokeshire County Council that they are eligible for affordable housing.
Appendices
Appendix 1: Commuted Sums Calculation

a. A commuted sum will be charged on each new dwelling on developments where on-site contributions are not feasible.

b. On small sites, where the general contribution is 10%, the commuted sum is set at **£5,087.50 per property**.

c. How the sum was calculated:

- The sum should be directly related or linked to what a developer contributes towards providing on-site affordable housing; the sum will enable a Registered Social Landlord to develop a new affordable home.
- Policy GN.28 states that on windfall sites within settlements, other than ‘local villages’, the affordable housing target is 10%. This means that 1 in 10 new homes on a windfall site will be affordable; 9 market dwellings and 1 affordable dwelling.
- Acceptable Cost Guidance (ACG) is the notional development cost of an affordable home (including land acquisition).
- The Plan area has settlements in ACG Bands 1, 2 & 3. The average ACG value of an affordable home to be provided by developers in Bands 1 & 2 is £97,301.
- On a typical development site, when providing an affordable home the developer will receive 55% of ACG from a Registered Social Landlord (RSL). On the ‘average’ affordable house this equates to £53,515.
- The notional remainder is 45% of ACG - £43,785.
- This value is *theoretically* covered jointly by the 9 market dwellings on the development site. Therefore it can be said that each market dwelling makes a financial contribution of £4,865 (£43,785 / 9) towards affordable housing.
• The average size of new dwellings in the Plan area is approximately 92.5 square metres. The cost per square metre of floorspace for the 9 market dwellings, assuming an average floorspace of 92.5m² = £52.60 (£43,785 / (92.5 x 9))

• A further consideration is that when an RSL pays 55% of ACG for an affordable home it does not need to pay to acquire land to build an affordable dwelling. However, on receipt of commuted sums the RSL will usually need to acquire land to develop the affordable dwelling. Therefore the 9 market dwellings should also pay the theoretical land acquisition element of the remaining 55% of ACG.

• The cost of plots for affordable housing varies. Using 90 of the most recent dwellings built by Pembrokeshire Housing Association as evidence, it is assumed that a reasonable land cost for an affordable home on an exception site is £4,640. (This is the 25th percentile cost of plots purchased by PHA recently). 55% of this figure is £2,551, and split evenly across the 9 market homes it is calculated as £3.07 per square metres.

• The Commuted Sum is therefore £52.60 + £3.07 per square metre of floorspace = £55.67. This is rounded to £55 for convenience.

d. In summary the approach has sought to identify the nominal cost incurred by a developer in providing the onsite cost to Affordable Housing. From that figure it goes on to calculate the comparable contribution that ought to be sought for off-site contributions. In essence it seeks to recognise the fact that the off-site contribution should include the provision of land which would normally be provided on-site.

e. The calculation above relates to a general 10% affordable housing contribution level. In some areas, the contribution level will be different, and it may also change over time. The table below shows how the commuted sum will relate to different levels of affordable housing contributions.
**Table 1: Affordable Housing Requirements**

<table>
<thead>
<tr>
<th>Affordable housing requirement</th>
<th>5%</th>
<th>10%</th>
<th>15%</th>
<th>20%</th>
<th>25%</th>
<th>50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commuted sum/m²</td>
<td>£27.50</td>
<td>£55</td>
<td>£82.50</td>
<td>£110</td>
<td>£137.50</td>
<td>£275</td>
</tr>
<tr>
<td>Commuted sum provided per property</td>
<td>£2543.75</td>
<td>£5087.50</td>
<td>£7631.25</td>
<td>£10175</td>
<td>£12718.75</td>
<td>£25437.50</td>
</tr>
</tbody>
</table>

f. So using the table above a single property in a location expected to provide 10% affordable housing would contribute £5087.50.

g. A development of 96 properties in a location expected to provide a 10% affordable housing contribution - resulting in a requirement for 9.6 affordable homes. This would generally be delivered by providing 9 units on site and a 0.6 of a property via a commuted sum. 90 properties are providing 9 units on site and the remaining 6 properties should provide a commuted sum at the 10% rate (£5087.50 X 6 = £30,525).
Appendix 2: List of settlements with Affordable Housing Percentage required on windfall development (including commuted sums).

<table>
<thead>
<tr>
<th>Settlement</th>
<th>Affordable Housing Indicative Percentage sought on windfall development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hub Towns</strong></td>
<td></td>
</tr>
<tr>
<td>Haverfordwest</td>
<td>25%</td>
</tr>
<tr>
<td>Milford Haven</td>
<td>5%</td>
</tr>
<tr>
<td>Pembroke Dock</td>
<td>5%</td>
</tr>
<tr>
<td>Pembroke</td>
<td>10%</td>
</tr>
<tr>
<td>Neyland</td>
<td>10%</td>
</tr>
<tr>
<td>Fishguard</td>
<td>10%</td>
</tr>
<tr>
<td>Goodwick</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Rural Town</strong></td>
<td></td>
</tr>
<tr>
<td>Narberth</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Service Centres</strong></td>
<td></td>
</tr>
<tr>
<td>Crymych</td>
<td>5%</td>
</tr>
<tr>
<td>Johnston</td>
<td>10%</td>
</tr>
<tr>
<td>Kilgetty</td>
<td>20%</td>
</tr>
<tr>
<td>Letterston</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Service Villages</strong></td>
<td></td>
</tr>
<tr>
<td>Abercych</td>
<td>10%</td>
</tr>
<tr>
<td>Begelly</td>
<td>10%</td>
</tr>
<tr>
<td>Blaenffos</td>
<td>5%</td>
</tr>
<tr>
<td>Boncath</td>
<td>5%</td>
</tr>
<tr>
<td>Broadmoor</td>
<td>10%</td>
</tr>
<tr>
<td>Bwlch-y-Groes</td>
<td>10%</td>
</tr>
<tr>
<td>Carew/Sageston</td>
<td>10%</td>
</tr>
<tr>
<td>Cilgerran</td>
<td>5%</td>
</tr>
<tr>
<td>Clarbeston Road</td>
<td>15%</td>
</tr>
<tr>
<td>Clunderwen</td>
<td>5%</td>
</tr>
<tr>
<td>Cosheston</td>
<td>10%</td>
</tr>
<tr>
<td>Croesgoch</td>
<td>5%</td>
</tr>
<tr>
<td>Crundale</td>
<td>25%</td>
</tr>
<tr>
<td>Eglwyswrw</td>
<td>5%</td>
</tr>
<tr>
<td>Hayscastle Cross</td>
<td>10%</td>
</tr>
<tr>
<td>Hermon</td>
<td>10%</td>
</tr>
<tr>
<td>Hook</td>
<td>10%</td>
</tr>
<tr>
<td>Houghton</td>
<td>10%</td>
</tr>
<tr>
<td>Hundleton</td>
<td>5%</td>
</tr>
<tr>
<td>Jeffreyston</td>
<td>25%</td>
</tr>
<tr>
<td>Lamphey</td>
<td>10%</td>
</tr>
<tr>
<td>Location</td>
<td>Percentage</td>
</tr>
<tr>
<td>---------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Llanddewi Velfrey</td>
<td>10%</td>
</tr>
<tr>
<td>Llandissilio</td>
<td>10%</td>
</tr>
<tr>
<td>Llangwm</td>
<td>15%</td>
</tr>
<tr>
<td>Maenclochog</td>
<td>5%</td>
</tr>
<tr>
<td>Mathry</td>
<td>5%</td>
</tr>
<tr>
<td>Milton</td>
<td>10%</td>
</tr>
<tr>
<td>New Hedges</td>
<td>10%</td>
</tr>
<tr>
<td>Penally</td>
<td>25%</td>
</tr>
<tr>
<td>Pentlepoir</td>
<td>25%</td>
</tr>
<tr>
<td>Pont-yr-Hafod</td>
<td>10%</td>
</tr>
<tr>
<td>Puncheston</td>
<td>5%</td>
</tr>
<tr>
<td>Robeston Wathen</td>
<td>25%</td>
</tr>
<tr>
<td>Roch</td>
<td>20%</td>
</tr>
<tr>
<td>Rosemarket</td>
<td>15%</td>
</tr>
<tr>
<td>Simpson Cross</td>
<td>20%</td>
</tr>
<tr>
<td>Spittal</td>
<td>15%</td>
</tr>
<tr>
<td>St Dogmaels</td>
<td>5%</td>
</tr>
<tr>
<td>St Florence</td>
<td>25%</td>
</tr>
<tr>
<td>Tavernspite</td>
<td>10%</td>
</tr>
<tr>
<td>Tegryn</td>
<td>10%</td>
</tr>
<tr>
<td>Templeton</td>
<td>15%</td>
</tr>
<tr>
<td>Tiers Cross</td>
<td>5%</td>
</tr>
<tr>
<td>Wolfscastle</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Large Local Villages</strong></td>
<td><strong>50%</strong></td>
</tr>
<tr>
<td><strong>Small Local Villages</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
Appendix 3: Affordable rents and Acceptable Cost Guidance.

a. The table below provides an example of rents, costs and prices for different properties. The Acceptable Cost Guidance figures shown are for Band 2 of the most recently published figures (August 2012). An online version of this table will be updated when necessary.

<table>
<thead>
<tr>
<th>Dwelling type</th>
<th>Benchmark rent £/w</th>
<th>Acceptable Cost Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 bed, 2 person flat</td>
<td>£63.45</td>
<td>£81,200</td>
</tr>
<tr>
<td>2 bed, 3 person flat</td>
<td>£64.00</td>
<td>£101,800</td>
</tr>
<tr>
<td>2 bed, 4 person house</td>
<td>£77.05</td>
<td>£124,200</td>
</tr>
<tr>
<td>3 bed, 4 person house</td>
<td>£75.00</td>
<td>£129,800</td>
</tr>
<tr>
<td>3 bed, 5 person house</td>
<td>£78.53</td>
<td>£138,600</td>
</tr>
<tr>
<td>4 bed, 6 person house</td>
<td>N/A</td>
<td>£161,600</td>
</tr>
</tbody>
</table>
Appendix 4: Monitoring of the Council’s LDP targets for Contributions

a. Calculating the financial viability of affordable housing provision is complex and involves multiple variable inputs, where any changes may have an effect on the overall outcome (residual land value). The main influence on viability is changing house prices, but an increase does not necessarily lead to an improvement in viability. Within its LDP monitoring framework the Council has committed to monitoring local house prices and when there is an increase of 5%, sustained over two successive quarters, the Council will look for changes in other local housing market indicators to assess whether it would be appropriate to reassess development viability evidence that has influenced the LDP indicative targets. Data from the Land Registry will be used to monitor the median dwelling price of properties sold in Pembrokeshire against a baseline of September-December 2012 as an indicative quarter.

b. The other indicators will include:

- Average build costs (source: Royal Institute of Chartered Surveyors Building Cost Information Service);
- Number of new dwellings completed (source: PCC Annual Monitoring Report); and
- Number of sales of dwellings (source: Land Registry data).

c. Should these indicators suggest that the housing market has improved the Council will undertake further viability testing of a selection of housing allocations using the 3 Dragons Toolkit. If subsequently the viability work indicates that higher affordable housing contributions could be provided, the Council will publish on its website updated affordable housing targets for allocated sites (GN.27) and windfall sites (GN.28). These updates will also be communicated directly to stakeholders such as county councillors, town and community councillors, registered social landlords and planning agents.

d. New targets would replace those published in the Local Development Plan.
## Appendix 5: Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Acceptable Cost Guidance (ACG)</strong></td>
<td>ACG is a schedule of the standard cost of providing affordable housing in a particular location calculated by the Welsh Government. These figures are considered to represent all of the costs of development i.e. land purchase, construction works and on-costs. Each area in Pembrokeshire is placed in one of four ACG bands to reflect differences in costs, such as land. ACG costs for Band 2 are provided as an example in section 14.</td>
</tr>
<tr>
<td><strong>Affordable Housing</strong></td>
<td>The definition of ‘Affordable Housing’ for the purposes of the land use planning system is housing where there are mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers.</td>
</tr>
<tr>
<td><strong>Benchmark Rents</strong></td>
<td>Rent levels set by the Welsh Government which are affordable.</td>
</tr>
<tr>
<td><strong>Common Housing Register</strong></td>
<td>The register for people who wish to be considered for affordable rented accommodation owned by Pembrokeshire County Council, Pembrokeshire Housing or Cantref. Applicants are assessed and placed in bands on the register, with those in the gold and silver band found to be in housing need.</td>
</tr>
<tr>
<td><strong>Design Quality Requirement (DQR)</strong></td>
<td>Minimum space and technical standards required of all affordable homes constructed with the benefit of Social Housing Grant. These standards are set by the Welsh Government.</td>
</tr>
<tr>
<td><strong>Exception sites</strong></td>
<td>These are sites for 100% affordable housing to meet local needs, within or adjoining settlements, on sites where housing would not normally be permitted. Allowing housing on land with little or no development value can enable housing to be built at a low cost and sold or rented at affordable levels.</td>
</tr>
<tr>
<td>---------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Floorspace</strong></td>
<td>This is the Gross External area of a building including porches and balconies which are physically connected to the main property but excluding garages.</td>
</tr>
<tr>
<td><strong>Intermediate Rent</strong></td>
<td>Intermediate housing is housing for rent or for sale, at prices above those of social rent but below market housing prices or rents. In Pembrokeshire Intermediate rent will be considered to be rents that fall within the Local Housing Market Allowance.</td>
</tr>
<tr>
<td><strong>Low Cost Home Ownership (LCHO)</strong></td>
<td>Affordable Housing that is available to purchase at a price below what is provided on the open market. Low Cost Home Ownership homes in Pembrokeshire are available to purchase by eligible people at 70% of Open Market Value Prices vary according to the individual property.</td>
</tr>
<tr>
<td><strong>Nominations</strong></td>
<td>Nomination agreements are used to ensure that the affordable housing units of the development are held for local people in affordable housing need. Those nominated for affordable housing should be listed on Pembrokeshire Common Housing Register which is operated by all social housing providers across the County.</td>
</tr>
<tr>
<td><strong>Perpetuity</strong></td>
<td>Affordable homes should remain affordable for the lifetime of the property. This has been described as “in perpetuity” for the purposes of this SPG.</td>
</tr>
</tbody>
</table>
### Registered Social Landlord (RSL)

Registered Social Landlord (RSL) is the term for a landlord registered with the Welsh Government. Most are Housing Associations but they may also be trusts or co-operatives. They are run as not-for-profit businesses. Any surpluses are ploughed back into the organisation. They are run by committees or boards of management made up of volunteers. A typical board might include tenants, local authority members, business / professional people and representatives from voluntary organisations.

### Section 106 Agreements

A legal agreement made under section 106 of the Town and Country Planning Act 1990, between a Local Planning Authority and the person, organisation or business that owns the land subject of a planning application, specifying, how various planning obligations are to be achieved. Section 106 agreements run with the land and apply to successive owners. The delivery of affordable housing will normally be through a section 106 agreement as its future retention is often too complex to be suitable for inclusion within a planning condition.

### Social Housing Grant

The grant paid by the Welsh Government to Housing Authorities to aid the building of social housing programmes.
| **Viability** | A development scheme is considered viable if overall revenue is greater than costs, by sufficient margin for the developer to make a reasonable profit and the landowner to be paid an acceptable residual value. Pembrokeshire County Council assesses the viability of development sites using the 3-Dragons Development Appraisal Toolkit (see section 16). |
| **Welsh Housing Quality Standard (WHQS)** | A standard set by the Welsh Government to ensure that dwellings are of good quality and suitable for the needs of existing and future residents. It relates to both existing and new dwellings. |
Appendix 6: List of Useful Contacts

Pembrokeshire County Council

**Planning**
For policy issues and queries relating to this guidance:

**Sara Morris**
Principal Planning Officer
Development Plans team
Pembrokeshire County Council
County Hall
Haverfordwest
SA61 1TP

Tel: 01437 764551
Email: sara.morris2@pembrokeshire.gov.uk

**Housing**
For general housing issues across the County and housing need queries:

**Andrew Davies-Wrigley**
Private Sector Housing and Housing Strategy Manager,
Social Care and Housing
Pembrokeshire County Council
County Hall
Haverfordwest
SA61 1TP

Tel: 01437 764551
Email: Andrew.Davies-Wrigley@pembrokeshire.gov.uk

For section 106 issues and queries:

**Eirian Forrest**
Section 106 Monitoring Officer
Pembrokeshire County Council
County Hall, Haverfordwest
SA61 1TP

Tel: 01437 764551
Email: Eirian.Forrest@pembrokeshire.gov.uk
Registered Social Landlords operating in Pembrokeshire
To discuss selling affordable housing units or land on to the RSL and for information of Design Quality Requirements, Rental Levels and Acceptable Cost Guidelines.

Pembrokeshire Housing Association
Nigel Sinnett
Director of Technical Services
Pembrokeshire Housing Association
Meyler House, St. Thomas Green
Haverfordwest
SA61 1QP

Tel: 01437 763688
Email: nigel.sinnett@pembs-ha.co.uk

Cantref
Gareth Thomas
Cantref
Llys Cantref
Lôn yr Eglwys
Newcastle Emlyn
Carmarthenshire
SA48 9AB

Tel: 01239 712000
Email: garetht@cantref.co.uk

Hilary Jones
Chief Executive
Bro Myrddin Housing Association
Plas Myrddin, Merlin St
Carmarthen, Carmarthenshire
SA31 1RU

Tel: 01267 232714
E-mail: info@bromyrddin.co.uk