

COMMUNITY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Wednesday 15 th November, 2017
Report Subject	Strategic Housing and Regeneration Programme (SHARP)
Cabinet Member	Deputy Leader of the Council and Cabinet Member for Housing
Report Author	Chief Officer (Community and Enterprise)
Type of Report	Strategic

EXECUTIVE SUMMARY

This report provides Elected Members with an update of the progress of the Strategic Housing and Regeneration Programme (SHARP).

The report aims to provide details on the individual schemes being undertaken or being considered as part of the programme going forward. The detail of each scheme includes the number of Council and affordable homes to be developed on each site, details of any consultation undertaken, as well as status in terms of starting development including planning. A summary of the capacity of the sites are provided for those schemes identified for future development.

The report gives an overview of financial sources, including Welsh Government Affordable Housing grant (AHG).

Finally, the report provides a summary of performance against targets established to monitor the delivery of community benefits.

RECOMMENDATIONS

1	Scrutiny Committee supports the overall approach for the delivery of new Council and affordable homes through the SHARP and reviews the progress of the programme.
2	Scrutiny Committee nominate a representative to the Council's Project Review Team of the Flintshire House Standard.

REPORT DETAILS

1.00	STRATEGIC HOUSING AND REGENERATION PROGRAMME (SHARP) UPDATE
1.01	Introduction
1.02	At Cabinet in September 2014, approval was given to the Council's Strategic Housing And Regeneration Programme (SHARP) to undertake a major procurement exercise to appoint a development partner to assist it in delivering its ambitious Council and Affordable housing programme.
1.03	Following the completion of the procurement process, the Cabinet in June 2015, approved the appointment of Wates Living Space as the Council's development partner for five years with the view of developing 500 new council and affordable housing at a range of sites across Flintshire, alongside commissioning a range of linked regeneration initiatives and community benefits.
1.04	The report provides an update to Scrutiny Committee members on progress made on the delivery of new Council and affordable homes through the SHARP. The programme is being delivered in phases known as 'batches' and this report provides an update of the progress on each batch to date.
1.05	Batch 1
1.06	<p>Batch 1 will deliver 104 new Council and Affordable homes at the following sites:</p> <ul style="list-style-type: none">• Custom House, Connah's Quay- was completed on 16th December 2016 and consists of 12 new Council homes; 8 NO. 2 bedroom and 4 NO. 3 bedroom properties.• The Walks, Flint - Good progress is being made with the construction of 92 new homes. 30 of these new homes will be managed by the Council through the Housing Revenue Account (HRA). The remaining 62 Affordable properties will be managed by NEW Homes, the Council's wholly-owned housing company.• There is a mix of property types including: 1 and 2 bed apartments; and 2 and 3 bed houses.• The first phase of the new properties on the scheme have now been handed over to the Council and NEW Homes respectively and new tenants have moved into their new homes. Furthermore, 4 of the ground floor apartments have been adapted to meet the needs of people on the Council's Specialist Housing Register. The scheme will be fully completed in April 2018.

1.07	Batch 2
1.08	<p>Batch 2 will deliver 49 new Council properties at the following sites:</p> <ul style="list-style-type: none"> • Red Hall, Connah's Quay was completed in October 2017 and consists of 5 NO. 2 bed houses. These have now been transferred to the Council and the new tenants have moved in; • Former HRA garage sites at Maes y Meillion and Heol Y Goron, Leeswood are being redeveloped and will deliver 13 new Council homes (4 NO. 2 Bed apartments, 4 NO. 2 Bed bungalows, 2 NO. 2 Bed Houses, 3 NO. 3 Bed Houses). Both schemes are projected to be completed early in 2018; • Ysgol Delyn, Mold will deliver 16 new Council homes (10 NO. 2 Bed houses, 6 NO. 3 Bed houses). This scheme will be completed in March 2018; • Dairy Site, Connah's Quay will deliver 6 new Council (3 NO. 2 Bed and 3 NO. 3 houses) and the construction work is planned to start on site in January 2018; • Former Melrose Centre, Aston will deliver a total of 9 Council homes (4 NO. 1 and 2 bed apartments and 5 NO. 2 bed houses). Construction is scheduled to start on site in December 2016.
1.09	All of the above scheme will be subject to Local Lettings Policies.
1.10	Next phase
1.11	<p>Following Cabinet approval in March 2017, the Council is currently progressing the next batch of sites and these are all at various stages of the approval process. These sites will deliver a mixture of Council, Affordable and Shared Equity properties at the following locations;</p> <ul style="list-style-type: none"> • Maes Gwern, Mold; • Ffordd Hiraethog, Mostyn; • Ffordd Pandarus, Mostyn; • Llys Dewi, Penyffordd (Holywell); • Borough Grove, Flint; • Former Council Depot, Dobshell; • Nant y Gro, Gronant; • Former Canton Depot, Bagillt; • Llys Alun, Rhydymwyn;

	<ul style="list-style-type: none"> Land at Sealand Avenue, Garden City.
1.12	These sites could deliver a further 233 properties. This will bring the total number of properties committed to date to be delivered by the SHARP to 386.
1.13	Funding for social housing
1.14	The Council's position is strong given the voluntary agreement for Housing Revenue Account (HRA) self-financing. Alongside completion of the Welsh Housing Quality Standard (WHQS) for the existing stock, the Council has been successful in securing an allocation of borrowing headroom for a HRA new build programme. The Council has already utilised prudential borrowing for its Council building programme as it offers routes to long-term debt which remain the most cost effective and most stable funding product available. The HRA is likely to generate further revenue and borrowing headroom during the life of this programme.
1.15	Local Authorities in Wales currently have equivalent to £156M borrowing headroom in the Housing Revenue Account (HRA). This includes circa £17m which WG held back when self-financing was introduced. The Welsh Government (WG) recently announced it is proposing to allocate this to councils who can demonstrate they need it; and take away the headroom from LAs which have no confirmed plans to utilise it for new build and to share it with those who have clearly set out Council house building programmes. Further announcement by WG on how this will be achieved is anticipated later in 2017.
1.16	Welsh Government Affordable Housing Grant (AHG)
1.17	<p>Welsh Government has made Affordable Housing Grant (AHG) available to stock retaining Local Authorities who are developing new homes from 2018/19. Flintshire's indicative allocation is as follows:</p> <ul style="list-style-type: none"> 2018/19 = £1.9m 2019/20 = £1.2m <p>The grant covers up to a maximum of 58% of total scheme costs.</p>
1.18	Flintshire's proposed housing programme is well advanced compared to other areas in Wales and Welsh Government have indicated that if there is underspend in other areas, Flintshire will be able to apply for the additional AHG funding. In addition to AHG, Flintshire will explore all potential grant funding schemes to supplement its programme.
1.19	Welsh Government Innovative Housing Programme (IHP)
1.20	In 2016-2017, as part of the Welsh Government's <i>20,000 additional affordable homes</i> target, the Innovative Housing programme (IHP) was launched to support the development of new approaches to delivering housing in Wales. £20m has been set aside to support schemes in 2017-18 and 2018-19.

1.21	<p>The bids can be either innovative in terms of:</p> <ul style="list-style-type: none"> • Construction techniques – new and emerging forms of construction, materials or processes; • Delivery pathways – alternative approaches to commissioning, procurement or participation; • Housing models – house types that respond to a specific need to promote increased applicability.
1.22	<p>Flintshire Council was unsuccessful with a bid for Stage 1 funding for the IHP to deliver a new housing model of shared accommodation for single people under 35 who have been affected by Welfare Reform. The Council has received feedback from the Welsh Government and will be submitting a new bid for Stage 2 funding for the programme.</p>
1.23	<p>A further £10m is available in 2018/19 for round 2. Round 1 was available to Local Authorities and Housing Associations, and round 2 will be open to private sector developers as well.</p>
1.24	<p>In addition, on occasions the Council receives payments for affordable housing through planning conditions, Section 106, when it is not possible to deliver affordable housing on site, known as commuted sums. The Council is considering the use of the commuted sum funding already received to contribute to the delivery of the SHARP development programme. Currently the Council has £683,000 Commuted Sums available.</p>
1.25	<p>Flintshire House Standard</p>
1.26	<p>Properties and land associated with the scheme will be designed to comply with the Council's Flintshire House Standard. The Standard informs the design and specification of all the new housing delivered through the SHARP and forms a benchmark to ensure consistent, good quality of internal layout, and fixtures and fittings, high standards of energy efficiency and external appearance in keeping with local circumstance, low maintenance product specifications, adequate parking and a public realm designed to promote cohesive and inclusive communities.</p>
1.27	<p>It is proposed to establish a project team consisting of tenants, Elected Members and officers to review the Flintshire House Standard to ensure it continues to provide quality homes which provide value for money to both the Council and NEW Homes. The council will also use this opportunity to assess the Flintshire standard against the Welsh Government Technical Standards, making it eligible for Affordable Housing Grant (AHG).</p>
1.28	<p>Performance and Community Benefits</p>
1.29	<p>Monitoring of performance against key performance indicators is carried out monthly however final performance outcomes will be reported at the end of the financial year. Table 1 provides the detail of the key regeneration targets:</p>

Table 1.			
KPI	Target 16/17	Performance up to Oct 2017	Notes
Local (Flintshire) SME spend: Locality Radius	25%	23%	Spend locally is projected to increase as the SHARP rolls out across the County.
Local (Flintshire) Labour Usage	50%	51%	This exceeds the target figure agreed with the Council. Wherever possible, the Council will look to maximize opportunities for local labour.
Percentage of Supply Chain Opportunities Advertised	100%	100%	A number of "Meet the Buyer" events have been held with Wates Residential to maximize the supply chain opportunities for Flintshire-based businesses.
Performance against CITB Client Based Approach Performance Levels	100%	Yearend target	Exceeded apprenticeship target of 6, anticipate 11 apprentices recruited by the end of the year. Wates Residential are actively working with Communities First and have so far placed 3 employees within the construction sector.

Table 2 provides a summary of the Community Investment Performance to date for the Batch 1 and 2 schemes.

Table 2. SHARP Community Investment Performance	
Benefit	Narrative
Employment and Training	
471	Local people have benefited from Employment & Training Initiatives on this project

6,040	Training/employment weeks have been created for local people
41,733	Hours have been invested to support these people by Wates staff
£2,230,374	Value of investment into training local people
Investing in the local economy	
£4,470,309	Has been spent with local small businesses on this project
£7,286,604	Economic Benefit has been generated for the local community as a result of this spend
£19,460	Has been invested into Social Enterprises on this project
Investing in the Community	
£4,463	have been invested into volunteering in the community
£244,851	Has been invested into local charities / community causes
£9,782,377	Worth of Economic, Environmental and Social Value has been generated on this project
*According to FSB, 63 pence of every £1 spent locally with an SME is reinvested into the local economy for the Batch 1 sites (Custom House and The Walks).	

2.00	RESOURCE IMPLICATIONS
2.01	The SHARP is managed through the Housing Programmes Team with support from other internal teams including Property and Design Consultancy; Finance; Legal; Housing Management and NEW Homes.
2.02	The projected scheme costs for the Cabinet-approved Council house schemes funded through the HRA via prudential borrowing to date is £13.6m.
2.03	In September 2016 NEW Homes Board approved the development of 62 affordable rented properties on The Walks, Flint at a total projected scheme cost of £7.532m. Flintshire Council has secured approval from NEW Homes Board to fund the 62 affordable rent units on The Walks, Flint through a capital financing loan. The terms of the loan are European State Aid compliant which ensure that the company can meet its own scheme development viability criteria and the Council's requirements for the properties to be built to the Flintshire House Standard; let at sub market rents and offered to local people for whom the housing market has failed. The process for lending are that the council borrows from the market and on lends to NEW Homes.

2.04	Flintshire has been allocated £3.1m Affordable Housing Grant (AHG) funding for 18/19 and 19/20 from Welsh Government, with the potential of accessing underspend from other Local Authorities with an allocation. The funding needs to be allocated to the most appropriate schemes in terms of viability and other potential constraints, providing best value in terms of investment.
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3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	All schemes are approved by Cabinet and the Community and Enterprise Overview and Scrutiny Committee.
3.02	Consultation is undertaken on individual schemes with local Elected Members and the community through information events.
3.03	In addition, internal stakeholders are consulted at a very early stage including Streetscene; Planning; Highways and Housing Management.

4.00	RISK MANAGEMENT
4.01	Figure 1 details the SHARP Strategic Risk Register which is overseen by the SHARP Community and Enterprise Programme Board.
4.02	Wates Residential develop a Risk Register for each live scheme and this is overseen by the SHARP Project Team, which includes Officers from both Wates Residential and Flintshire Council and meet on a monthly basis.
4.03	Joint Design meetings also take place monthly on an individual scheme basis.

5.00	APPENDICES
5.01	Appendix 1 – SHARP Strategic Risk Register

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None. Contact Officer: Melville Evans, Housing Programmes Manager Telephone: 01352 701436 E-mail: Melville.Evans@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	<p>Strategic Housing and Regeneration Programme (SHARP) – Flintshire County Council House Building Programme which will build 500 new homes, of which 200 are to be Council (Social Rent) and 300 are to be affordable rent (also known as Intermediate Rent) through NEW Homes.</p> <p>Affordable Housing Grant (AHG) – is a grant from Welsh Government to support the development of Local Authority house building scheme.</p> <p>Innovative Housing Programme (IHP) - programme to support the development of new approaches to delivering housing in Wales. £20m has been set aside to support schemes in 2017-18 and 2018-19.</p> <p>Housing Revenue Account – The Council is required by the Local Government and Housing 1989 (Section 74) to keep a Housing Revenue Account (HRA) which records all revenue expenditure and income relating to the provision of Council dwellings and services.</p> <p>Community Benefits – the SHARP has contractualised Community Benefits which must be delivered as part of the programme. The Council sees an important outcome of the programme is the promotion of quality of life for Flintshire residents through improved employment, training and education opportunities.</p> <p>North East Wales Homes, (NEW Homes) - is a Housing company based in Flintshire and owned by Flintshire County Council. NEW Homes owns, leases and manages properties across Flintshire. The company was established to increase the quantity and quality of affordable housing available across the county; increasing housing choice for those who may not qualify for social housing but for whom market housing is unaffordable or difficult to access.</p> <p>Specialist Housing Register – is a register which sits alongside the Council’s Housing Register for people who have disabilities and require specially adapted properties.</p> <p>Local Lettings Policy – is a lettings policy which sits alongside the Council’s housing allocation policy and considers local connection as part of the assessment criteria for allocation.</p>