

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **EXECUTIVE**

DATE: **27 MARCH 2012**

REPORT BY: **HEAD OF HOUSING**

SUBJECT: **DELIVERY OF HOUSING RENEWAL SERVICES – 6**
MONTHLY UPDATE

1.00 PURPOSE OF REPORT

- 1.01 To update Members on delivery of the Council's first Neighbourhood Renewal Area.
- 1.02 To inform Members of progress towards the appointment of a loans administrator, to deliver equity and non equity loans for home repair, improvement and adaptation.
- 1.03 To provide Members with up to date information in relation to private sector empty homes and the £5M empty homes recyclable loan fund recently announced by Welsh Government.

2.00 BACKGROUND

- 2.01 At the full Council and Special Executive meetings held on 17th February 2010, Members approved the declaration of the Connah's Quay, Shotton & Queensferry Renewal Area.
- 2.02 The Renewal Area is part funded through a Specific Capital Grant (SCG) from the Welsh Government (WG) and amounted to £400K 11/12. In addition £181K was rolled over from 10/11 in to 11/12. Further to that, the Council provided match funding of £330K for Renewal Area projects.

3.00 CONSIDERATIONS

- 3.01 **Delivery of the Connah's Quay, Shotton & Queensferry Neighbourhood Renewal Area**
- 3.02 The work programme for the Renewal Area consists of 3 main themes, group repair, environmental improvements and energy efficiency measures. Linked to these themes the Council is always mindful of the need to ensure that any works benefit local people in terms of their health, safety and well-being and linked to that, employment, skills and training.

3.03 Group Repair and the Solid Wall Insulation Pilot

- 3.04 The Group Repair Programme is currently split in to 2 phases, the initial phase being Queen Street, Queensferry, Alexandra Street, Shotton and Church Street, Connah's Quay. Within this Phase 90 properties are included and to date 26 have been completed.
- 3.05 The second phase of the Group Repair Scheme comprises of Glynne Street, Queensferry, Kind Edward Street, Shotton, Dee View Road, Bank Road and Church Road, Connah's Quay. To date 120 properties have been surveyed and a further 29 are awaiting survey.
- 3.06 In terms of supporting local employment there are currently 22 local tradesman working on the Group Repair Scheme. These numbers have reduced slightly, as certain tradesman have failed to meet the standards required by the main contractor in terms of their performance. An example of this would be the local scaffolder, who was not erecting and dismantling the scaffolding in a timely manner.
- 3.07 The solid wall insulation pilot properties on Chester Road East, Shotton are now complete. In addition to featuring in the BRE Wales good practice publication, the properties have now had an official opening by Derek Vaughan MEP. He requested a visit, as Welsh Government ARBED funding is matched by European Regional Development Funding (ERDF) and he is the MEP with responsibility for this. A local resident who had participated in the scheme commented that she now rarely has the heating on and this has reduced her bills significantly.
- 3.08 A further 10 properties on Church Road in Connah's Quay are in the process of receiving this solid wall treatment. These are technically more of a challenge as they are currently of red brick appearance. In order to retain their character, the intention is to clad the exterior insulation with what is known as brick slips, which will give the appearance of brick to the properties. In this terrace, there are 7 Council and 3 private properties in the scheme.

3.09 Environmental Improvements

- 3.10 The Housing Renewal Service has been working in partnership with Groundwork UK and other Council Departments in the delivery of the Environmental Improvement Programme. Each of the 3 areas, Connah's Quay, Shotton and Queensferry had access to a combined budget of £250K for priority improvements. These were identified both through community consultation and the Renewal Area Community Leaders Group.
- 3.11 The improvements undertaken continue to be a mix of major capital schemes and general clean ups and landscaping work. The smaller scale work has been undertaken by work placement trainees through the Future Jobs Fund (FJF) Scheme. This Scheme was brought to an

end on 30th September 2011 by the Westminster Government.

3.12 In order to continue the good work achieved through the partnering arrangement with Groundwork, the Council agreed to access their Intermediate Labour Market (ILM) placed employees, as previously reported to Scrutiny. The purpose of ILM is similar to that of FJF, targeting long term young unemployed (NEET), however, they would spend 6 weeks in each placement, as opposed to 6 months on FJF. To date 17 young people have worked on Renewal Area projects over the last 6 months.

3.13 Environmental Improvement Recently Completed Includes:-

- Dee View Road Car Parking Spaces
- Extension of railings at Queen Street
- Installation of a series of dropped kerbs in Queensferry
- Work to Court Leighton Play Area, Connah's Quay
- Tree planting and painting of the railings in Higher Shotton
- Boundary wall improvements and landscaping to the front of the War Memorial Institute building in Queensferry

3.14 Environmental Improvement Work due to be completed shortly includes: -

- Work to re-site 'The Giant of Hawarden Bridge' and associated landscaping work at Chester Road West, Shotton
- Tree planting on Station Road, Queensferry
- Further enhancements around the War Memorial
- Improvements to access and the pathways at Wepre Brook Ecology Park

3.15 Community Energy Savings Programme (CESP)

3.16 This programme, which Members will be aware of, delivers energy efficiency measures to homes and continues to perform well. It is now operating in 5 areas across the County, within eligible LSOA's and the most recent area to be targeted is Connah's Quay. An agreement continues to be held with NPower and the Scheme in Connah's Quay officially opened for applications approximately 3 weeks ago.

3.17 To date, the Council has received in excess of 200 applications to participate. These homes will obtain significant grant funding from the utility company, to assist with replacement of energy inefficient 'G' Rated boilers, solid wall insulation, new central heating systems and photovoltaic panels to produce electricity. It is a requirement that this Scheme must be completed by 30 September 2012.

3.18 Given the size of this project, contact has been made with Deeside College and their construction department. It has been agreed that a series of work placements will be provided by the contractors for

students over the course of this academic year. Placements outside term time will also be available for those students who wish to do this. It will offer a good opportunity for students to learn, not only about traditional heating system installation, but also more about the emerging PV Panel and Solid Wall Insulation Markets.

3.19 Funding arrangements for the Renewal Area 2012/13 and Beyond

3.20 It has been confirmed by Welsh Government (WG) that the Council's SCG allocation for 12/13 will be £344K. This reduction is due to a pro rata cut being imposed on all Council's by WG. Early indications are that this will be the final year a SCG for Renewal Areas will be made available.

3.21 Discussions are ongoing with WG colleagues about a successor to the SCG, which will be less well funded. WG is keen to explore with Local Authorities different models for delivering loan funding, with the intention that any SCG for Housing Renewal activities will be delivered through loans to homeowners in the future.

3.22 As any new money for Housing Renewal is unlikely to be ringfenced to Renewal Areas (but will be restricted to housing projects), Members will need to make strategic decisions about where best to invest any resource.

3.23 The 5 year draft group repair programme was based upon anticipated investment over the period, which now falls short of the initial projections. Therefore, a decision has been taken not to declare any new streets for Group Repair during 12/13, with the existing programme due to come to an end in September 2012.

3.24 Deeside Community Structures

3.25 The Renewal Area project has always tried to closely align itself to the wider Regeneration programmes and ambitions for the County. Good partnership working between Housing Renewal and Regeneration has been essential to deliver on a number of Environmental Improvement Projects.

3.26 Following the announcement of the Enterprise Zone for Deeside, it is felt timely to review the current consultation and programme management structures for the Renewal Area, to determine whether they remain appropriate. Further meetings are to take place with Regeneration colleagues to discuss this. Options arising out of this meeting may include a merger of the Renewal Area Programme Board and Renewal Area Community Leaders Group with the wider Regeneration Groups. This will remove duplication of meetings and ensure maximum efficiency for management of the Programme. A further report with an options appraisal will be provided for consideration to both the Programme Board and to Scrutiny post

elections in May.

3.27 Appointment of a Loans Administrator

- 3.28 Following a Member workshop and a report to this Scrutiny Committee, Members will be aware of the proposal to appoint a loans administrator. This will allow the Council to provide equity and non equity loans to eligible homeowners. There will also be occasions when interest free loans, as currently being provided, may be most appropriate. An example of this would be cases where the loan is too small to justify the loan set up fee. However, it is anticipated that most of the assistance provided in future would be delivered through the administrator.
- 3.29 As previously stated the rationale for the appointment of a loans administrator is the lack of capacity within Council's generally to manage this complex legal process. Denbighshire and Gwynedd Council's remain committed to the project and the remaining 3 North Wales Councils, currently not participating, have all expressed an interest in joining the scheme.
- 3.30 A competitive tendering exercise has now taken place and the winning tender is Street UK LTD, a joint venture with Smlhomes. This company is currently the largest nationally providing support to 17 London Boroughs with an Empty Property initiative and 19 Council's in the West Midlands to repair and improve homes through a further Loan Initiative. It also supports individual Councils with the most local being Salford City Council.
- 3.31 The proposed contract term is 3 years, with an option to extend on an annual basis in years 4 and 5. The Council is only locked in to the agreement for the first 12 months, after which time, either side can give notice.
- 3.32 The activity of the loan administrator will be as follows:-
- **Individual Loan administration**
 1. Logging cases, initial assessments, liaison with the Councils as required.
 2. Telephone contact/visits with purchasers.
 3. Liaison with the property valuer.
 4. Obtaining credit reference.
 5. Making loan offers following discussion with the Council.
 6. Liaison with the purchaser's solicitor.
 7. Issuing completion cheques direct to the contractor
 8. Confirmation of access to Independent Financial Advice (if required) for the Council's approved list
 9. Liaison with contractors

- **Provision of individual loans**
 1. Development of appropriate loan documentation
 2. Conveyancing process to ensure the correct loan is put in place
 3. Ensuring that appropriate security is available
 4. Relevant documentation for purchasers solicitor

- **Annual Fund Management**
 1. Monitoring and reporting
 2. Responding to queries from borrowers and solicitors
 3. Regular contact with borrowers
 4. Legal and development issues
 5. Administration of loan redemptions
 6. System review and development

3.33 Street UK LTD submitted an overall contract fee of £79K, which is the full fee for the 3 Council's involved. Flintshire's fee is therefore circa 26K which equates to approx £9K per year over the duration of the contract. This does not include the funding for the loans, or associated costs such as valuation fees.

3.34 Each loan will cost a £500 administration fee, plus associated costs such as legal and valuation fees.

3.35 If the Councils fail to achieve, as a minimum, 20% of the forecast number of annual loans, then this sum will be automatically payable over the term of the contract and charged on a monthly basis. For example, if no loans are made in month one of the contract the lender would invoice for one twelfth of 20% of the annual contract sum for each authority. There is a break clause to terminate the contract by providing notice. As a minimum, a contract of 12 months must be delivered unless the contract is terminated for non performance by the lender.

3.36 The legal agreement - Next Steps

The will now work to agree a legal contract. The key heads of terms of that agreement will reflect that:-

- The contract period is for 3 years and each Council will hold an individual legal agreement with the preferred lender. This will be a cloned agreement.
- The lender will hold the loan fund on trust for the Council. The Council will pay monies to the lender to form the Loan Fund. The Parties may top up the Loan Fund from time to time.
- The lender will grant a legal charge over both the cash and the loans granted under the project. The legal charge is set up as a debenture which forms a floating charge over the cash held by the

lender and the loans granted. It is floating because the amount of money held in cash or as loans will change as loans are made and repaid. The debenture means that if the preferred lender were to stop trading, the asset that forms the Councils money would retain in the ownership of the Council and could not be used to pay the debts of the preferred lender. It provide a legal guarantee to the Councils.

- The lender will provide loan documents for approval by the Council which support individual loan policies
- The Council undertakes regular contract monitoring to ensure contract standards are met, evaluate lender performance and consider areas for improvement. Regular meetings will be held between the Council and the successful lender throughout the period of the contract.
- The lender shall invoice on a monthly basis with a detailed breakdown of the costs) and this will be paid by the Councils after satisfactory delivery of goods (or performance of the contract).
- Estimated requirements (where indicated) are provided for the lenders guidance only and a greater or lesser amount may be required.
- Professional indemnity insurance will be held by the lender throughout the term of the contact and the lender must remain authorised by the Financial Services Authority over the term of the contract.

The Councils reserves the right to terminate this contract, giving not less than three month's notice, if it is found that the quality of work produced or service provided by the lender does not meet with the standard required by the Council.

3.37 Should Executive approve that the Council enters into this agreement, it can move to draw up the exact criterion and types of support available through a revised Private Sector Housing Renewal & Improvement Policy. This will follow on from the Member task and finish groups, which are ongoing and be returned to Scrutiny for further discussion in May.

3.38 During this current financial year 11/12, the Council has spent circa £400K on loans and committed a further £300K, this is where loans have been approved but the work is yet to take place. Based on this number it is forecast that £300K will need to be made available to ensure that sufficient monies are available to the administrator. The reduction from £400K (as already expended) to £300K, is to take account of the fact that currently loans are interest free and some applicants may try and access support elsewhere e.g. through family.

All existing applications will be dealt with under the interest free system currently in place and will be dealt with by the Council.

3.39 Empty Homes Recyclable Loans Fund

3.40 Welsh Government is treating the reoccupation of long term vacant homes as a priority and has therefore made £5M available nationally so that Councils can undertake further work towards addressing this issue.

3.41 A meeting has now taken place with Welsh Government in relation to the above fund, which is being made available from April 2012 onwards. The fund is being distributed based upon the number of private sector homes in each County (regardless of occupancy status) and via the 6 regions. Therefore, the North Wales region has been granted £1.2M and Flintshire's share is currently £241K. However, Ministers were clear that the Councils within each Region should collaborate, to ensure full spend of the allocation as quickly as possible. Therefore, if one Council were unable to spend their full allocation, then it could be transferred to another Council within that Region.

3.42 This announcement is timely, as Flintshire has spent much of the last 12 months improving the data it has in relation to empty homes. The activity has consisted of:-

- Carrying out a data cleanse exercise of Council tax records to ensure the data is accurate and reflects the current position with regard to empty homes.
- Issuing letters to the owners of all empty properties recorded as vacant between 1993 and 2007.
- Following up with enforcement action, via Environmental Health where properties were reported, or found to be open to access
- Building up a database of empty properties, which can provide information by ward area.

3.43 In addition, a further 5 properties are currently in the process of receiving financial assistance to bring properties back to use, for the purpose of providing affordable rental accommodation. The Council is therefore well placed to deliver on its allocation of the new fund, particularly with its experience of delivering interest free loans to date.

4.00 RECOMMENDATIONS

4.01 That Members note the update on the delivery of the Council's first Neighbourhood Renewal Area.

4.02 That Members support in principle the appointment of Street UK LTD and the proposal to provide £300K from the Housing Capital

Programme during 12/13 so that they can provide this resource as loans.

- 4.03 That Members note the announcement of the Empty Homes Recyclable Loans Fund and the work that is ongoing to ensure the efficient delivery of this fund.

5.00 FINANCIAL IMPLICATIONS

- 5.01 There will be a need to provide up to £300K to the loans administrator Street UK LTD from the Council Fund Capital Programme: Community Services (Private Sector Renewal and Improvements). However, it is the manner in which this money is distributed that will have changed and therefore this is not an additional resource requirement. Fees in the region of £9K are also payable to Street UK Ltd during the first year of the contract. Fees can rise or fall depending upon the number of loans issued and this fee is based upon a forecast by each of the Council's involved.

6.00 ANTI POVERTY IMPACT

- 6.01 All financial assistance within the Housing Capital Programme is designed to assist those on a means tested benefit, or others on a very low income. Therefore, the resource assists those who could not access a decent home without the support this Council.

7.00 ENVIRONMENTAL IMPACT

- 7.01 Much of the physical improvement work centres around property improvements to reduce carbon emissions and raise people out of fuel poverty.

8.00 EQUALITIES IMPACT

- 8.01 None arising out of this report

9.00 PERSONNEL IMPLICATIONS

- 9.01 None arising out of this report

10.00 CONSULTATION REQUIRED

- 10.01 None required

11.00 CONSULTATION UNDERTAKEN

- 11.01 None

12.00 APPENDICES

None

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

None

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