

COUNCIL
27TH AUGUST 2020

Joint Report of the Director of Housing and Director of Regulatory Services

NON TRADITIONAL HOMES IMPROVEMENT SCHEME

PURPOSE OF REPORT

This report sets out a proposal for a bid to the government's recently announced Green Homes Grant: Local Authority Delivery (GHG: LAD). The funding package could reach £1,000,000 comprising government grant, council funding and further contributions from Platform Housing Group. The focus of the programme is a further round of improvement works to non-traditional homes in the Derbyshire Dales together with energy efficiency measures to Platform housing stock.

RECOMMENDATION

That Council be requested to approve the inclusion of £1,000,000 within the Capital Programme for 2020/21 for the improvements to homes as set out in the report.

WARDS AFFECTED

All

STRATEGIC LINK

Improving the energy efficiency of non-traditional homes can be an effective way of improving the wider environment, tackling poor housing conditions and supporting vulnerable people in their housing choices. Improving non-traditional homes delivers on the Council's priorities of People, Place and Prosperity. It also supports a post covid19 economic stimulus package and delivers on the Housing Team's Regeneration Strategy for Hurst Farm

1 SUMMARY

- 1.1 The Council recently funded a programme of external wall insulation improvements to 11 non-traditional homes on Hurst Farm. This work is a central feature of the Hurst Farm Regeneration Project and is one of many projects currently in progress. Across the Derbyshire Dales there remain 68 non-traditional homes, including Hurst Farm (33), Brookside, Ashbourne (24), Hognaston (6), Oker, Darley Dale (4) and Tansley (1). These properties are some of the least energy efficient homes in the district.
- 1.2 Since March 2020 officers have been working on a proposed second round of insulation improvements on Hurst Farm and potentially adding further properties in Tansley and Darley Dale, subject to the identification of suitable funding.
- 1.3 On the 4th August 2020 the government announced the GHG: LAD, a new £200m funding package to promote a 'green recovery' post covid19. The timetable for this programme is very challenging, with bids to be submitted by the 1st September and

works completed by March 2021. However the Council is well placed to meet this timetable given the experience of the previous insulation scheme on Hurst Farm and the work already undertaken to prepare for a second round of works. The additional funding available through the GHG: LAD programme also provides scope to include the non-traditional homes in Hognaston and Ashbourne.

- 1.4 The GHG: LAD programme can also include energy efficiency works to housing association properties. Platform Housing Group have asked to join the Council's application. Platform are proposing works to 50 properties focussing on solar thermal photo voltaic and energy efficient doors, with a total project cost of £342,000. Including Platform strengthens the Council's application and helps to meet the minimum funding requirement of £500,000. Platform are able to complete their proposed works by March 2021.
- 1.5 The central themes of the GHG: LAD are sustaining and creating jobs, reducing carbon emissions and tackling fuel poverty. This proposed programme delivers on all three themes;
 - The non-traditional homes project will create 5 new apprentice opportunities and secure 67 jobs
 - Lifetime carbon emissions will reduce significantly from the improved homes
 - The resulting savings in energy bills will be approximately 40% for households
- 1.6 The GHG: LAD programme appears to be the first of several funding opportunities that will come forward in the short term. A scheme that provides vouchers for homeowners is likely to go live in the next few months and a further capital programme for councils and partnerships should be available from April 2021.

2 REPORT

Non Traditional Homes

- 2.1 After WW2, at a time of labour and building material shortages, successive Governments commissioned significant house building programmes using new methods of system built construction. Many of these system built homes were later found to be defective. During the 1980s Councils across the country accessed Government grants to reinstate many of the defective homes that were owner occupied. In the Derbyshire Dales, estates in Matlock, Darley Dale, Tansley and Ashbourne received funding to improve the majority of the homes. A further round of improvements was undertaken by Dales Housing after stock transfer in 2002 of the social housing units in their ownership. However, like many councils, there remains a spread of owner occupied homes across the district, all in their original state. Some of the residents who bought their homes in the late 1970s and early 1980s missed the application deadline for government funding to reinstate their property.
- 2.2 Non-traditional homes are difficult to heat and cannot benefit from a mortgage, leaving owners at a particular disadvantage. Property values are significantly depressed. When properties come on to the market, they typically sell for cash at auction. Chesterfield BC commissioned a survey of the non-traditional homes in their ownership in 2014. The defective 'Unity' house types which are the same as those in Matlock, had an estimated reinstatement cost of £51,000 per home. The likely cost in 2020 will be closer to £60,000

per home. This leaves owners of non-traditional homes in a property with a lower market value, high energy bills and reinstatement costs beyond their reach.

3 Hurst Farm and Estate Regeneration

- 3.1 Estate regeneration remains a priority for the Government, though the means to improving estates tends to be linked to the development of additional market homes so that profits from one, can fund improvements of the other. This approach is not feasible on Hurst Farm, given the development constraints that exist. Despite approaches to the Government, there simply is not the funding to fully modernise the non-traditional properties. At today's prices, it is estimated that over £2m for Hurst Farm alone would be needed. Whilst increased housing investment has been announced by the government, there is no sign that estate regeneration will receive any specific funding.
- 3.2 Several Hurst Farm projects are progressing well including the Community Café, support for the Social Club, with a detailed stock condition survey and planning consent for the improvement of the building. The Spider Park has also been improved following a successful application for government funding.

The Local Characteristics of non-traditional properties

- 3.3 Of the remaining 32 non-traditional homes on Hurst Farm, 23 have expressed a desire to take part in a second phase of improvement works. All are in private ownership, with the majority owner occupied and two owned by private landlords. Many of the occupiers are retired and some have complex health issues. The average age of owner occupier residents is 69 years old. A further 3 households in Darley Dale, 1 in Tansley, 6 in Hognaston and 11 in Ashbourne have also expressed a desire to be part of the project (further households may have applied to the Council by the 27th August).
- 3.4 The properties themselves are relatively sound with owners generally keeping the properties in good order. Though some are in poor repair, this is generally due to condition of gardens and windows etc. The external appearance of the properties is in stark contrast to the neighbouring properties, which have been modernised and have a brick skin finish. Improving the external appearance of the homes would make a significant contribution to the regeneration of the wider area.
- 3.5 The thermal efficiency of non-traditional buildings is very poor, comparable to solid wall properties built before 1919. Taking into account the age and characteristics of occupiers, many would be considered to be in fuel poverty, i.e. households have required fuel costs that are above average (the national median level), and were they to spend that amount, they would be left with a residual income below the official poverty line. The Hurst Farm Estate is within 10% of the most deprived wards in England and so there is a strong likelihood that many owners and private tenants are in fuel poverty. The impact on the health of households in fuel poverty is well documented, with access to health services and admission to hospital often resulting from cold homes, particularly for older people.
- 3.6 The reduction in CO₂ emissions resulting from the insulation scheme will have a significant impact. Each semi-detached house such as those in Matlock, Darley Dale, Tansley and Hognaston would save 30.4 lifetime tonnes of carbon if heated by gas. A mid terrace property such as those in Ashbourne would save 15.1 lifetime tonnes of carbon. For homes heated by oil or electricity, the carbon savings are significantly higher.

Funding Solution

- 3.7 The proposed programme involves combining government grant at £750,000 with further funding from the Council of £250,000 and Platform £92,000 (the Platform funding is their own funding and so is not part of the Council's capital programme).
- 3.8 The Council's usual capital resources such as S106 and Right To Buy receipts are either not eligible for improvement works or risk diminishing the ambition of the Council on other capital projects. There is another capital fund which has come about through the Council's relationship with Platform.
- 3.9 If Council approves this project for inclusion in the capital programme, it will also determine the capital financing. It is proposed that this project be financed from capital receipts, subject to an agreement with Platform that will permit the Council to use monies that Platform has paid to the Council for Disposal Properties and that, in return, the Council will ring fence the same amount of funding for Platform projects within the Council's S106 programme.
- 3.10 Platform own many of the homes neighbouring the non-traditional homes that will benefit from this programme. It is in Platform's interests to support the wider regeneration of the area and see the improvement of homes that neighbour their properties.
- 3.12 As well as funding for capital works, the government grant can also be used to recover some of the costs of delivering the programme. It is proposed that the Housing Team apply a fee to recover the costs of delivering the project. This income would be used to maintain the Regeneration Officer post. In addition the grant funding can also be used to remedy building defects that might arise when making a home suitable to retrofit.
- 3.13 Subject to approval by Council, the works will begin in Q3 2020 with a programmed finish by the end of Q4 2020. The GHG: LAD programme is described by government as a competition. There are stringent quality assurance and monitoring requirements in place that will take up considerable officer time. However the carbon savings, job creation, reduced fuel bills and wider environmental impact are substantial.

4 RISK ASSESSMENT

4.1 Legal

The Regulatory Reform (England and Wales) (Housing Assistance) Order 2002 (the RRO) has radically changed the way in which government seeks to encourage private sector home improvement in England and Wales. The RRO introduced a general power on local authorities to provide "assistance" "in any form" "to any person", to improve, repair, adapt or rebuild residential premises. The legal risk is therefore low.

4.2 Financial

Phase 2 would cost around £1m in total, with £750,000 being financed by government grants and £250,000 from the District Council. If Council approves this project for inclusion in the capital programme, it will also determine the capital financing. It is proposed that the District Council element of this project be financed from capital receipts, subject to an agreement with Platform that will permit the Council to use monies that Platform has paid to the Council for Disposal Properties and that, in return,

the Council will ring fence the same amount of funding for Platform projects within the Council's S106 programme.

It is possible that the amount to be funded from capital receipts might be reduced by government grants. However, the exact level of external funding will not be known until the chosen installer undertakes their assessment of the properties and the household income levels and a bid for 'Green Homes Grant: Local Authority Delivery' has not yet been submitted so the outcome is unknown at the time of writing this report.

It is proposed that the Housing Team apply a 10% fee to recover the costs of delivering the project. This income would be used to maintain the Regeneration Officer post.

Given the level of investment required, and the possibility of external funding, the financial risk is assessed as medium (as the programme could be adjusted if the external grant funding is not achieved).

5 OTHER CONSIDERATIONS

In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

6 CONTACT INFORMATION

Robert Cogings - Director of Housing
Email: robert.cogings@derbyshiredales.gov.uk
Telephone: 01629 761354

Tim Braund - Director of Regulatory Services
Email: tim.braund@derbyshiredales.gov.uk
Telephone: 01629 761118

7 BACKGROUND PAPERS

Date	Description	Location
2016	Community and Environment Committee 2 nd June 2016, Estate Regeneration Programme: Expression of Interest	Head of Housing
2016	DCLG regeneration programme bid documents	https://www.gov.uk/government/publications/estate-regeneration-fund
2017	Environment Committee 16 th March 2017, Hurst Farm Regeneration Bid	Head of Housing
2018	Community and Environment Committee 11 nd January 2018, Estate Regeneration Programme: Hurst Farm Regeneration Project	Head of Housing
2020	BEIS information GHG:LAD	https://www.gov.uk/government/publications/green-homes-grant-local-authority-delivery-scheme-entering-a-bid