

COUNCIL  
26<sup>TH</sup> NOVEMBER 2020

Report of the Director of Housing

## **HOUSING CAPITAL GRANT ALLOCATIONS**

### **PURPOSE OF REPORT**

This report sets out proposed capital allocations for affordable housing delivery and a further round of energy efficiency measures. The affordable housing programme continues the Council's work to deliver housing for rent and shared ownership across the district. The energy efficiency programme builds on the success of the Council's recent Green Homes Grant award and seeks support for a second funding programme announced by government.

### **RECOMMENDATION**

That Council be requested to approve the inclusion within the Capital Programme of £979,000 for the proposed affordable housing schemes and £880,000 for the improvements to homes as set out in the report.

### **WARDS AFFECTED**

All

### **STRATEGIC LINK**

Improving the energy efficiency of older homes can be an effective way of improving the wider environment, tackling poor housing conditions and supporting vulnerable people in their housing choices. Improving poorly insulated homes delivers on the Council's priorities of People, Place and Prosperity. It also supports a post covid19 economic stimulus package. Affordable Housing is the District Councils No.2 priority. The schemes listed below are a key part of alleviating housing need within the dales.

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## **1 SUMMARY**

- 1.1 The District Council recently funded a programme of external wall insulation improvements to 11 non traditional homes on Hurst Farm. A further round of works is underway thanks to the award of £760,950 of government funding through the Green Homes Grant: Local Authority Delivery (GHG:LAD) scheme (Phase 1A). This programme will support works to 104 homes across the district in partnership with private owners, Platform Housing Group and the Harrison almshouse trust. The government have announced another round of funding, GHG:LAD Phase 1B. A further bid for Phase 1B is in development and some match funding is sought from the District Council.
- 1.2 The District Council supports the delivery of affordable homes through financial support for housing associations, community land trusts and almshouse trusts. The Council is also becoming a direct provider of affordable homes. The report sets out proposals for

schemes across the district supporting the renovation and deep retrofit of almshouse properties, provision of council housing, supporting a community land trust and support to provide a significant affordable housing scheme in Wirksworth.

## 2 AFFORDABLE HOUSING

- 2.2 DDDC funding is critical to the development of homes locally, helping to ensure Homes England grant rates remain competitive and schemes remain viable. Working with two almshouse trusts, the Council is able to support the renovation of older homes, deliver our climate change ambitions and reduce fuel bills for tenants.
- 2.3 This programme also puts resources in place to deliver early wins in the Council housing programme by bringing empty homes back in to use and secures the future of Station House in Matlock.
- 2.4 The programme also delivers a significant investment for Wirksworth, securing 30 homes on the site adjacent to Haarlem Mills.
- 2.5 Bradwell CLT have continued their impressive start to affordable housing securing Homes England support for 4 affordable homes on a brownfield site in Bradwell.
- 2.6 These schemes can be funded from the Council's S106 programme.

Village/Town	Proposal	Provider	No. of Homes	Funding	Year funding required
Bradwell	Bradwell CLT	CLT	4	£40,000	2020/21
Calver	Samuel and Elizabeth Wild Almshouses	Almshouse Trust	1	£43,000	2021/22
Matlock	Harrison Almshouse Trust	Almshouse Trust	4	£212,000	2021/22
Matlock	Station House	DDDC	2	£104,000	2021/22
Wirksworth	Haarlem Mills	Platform	30	£280,000	2021/22
TBC	Empty Homes	DDDC	2	£300,000	2020/21
<b>Total</b>				<b>£979,000</b>	

## 3 ENERGY EFFICIENCY GHG:LAD Phase 1B

- 3.1 In October 2020 the government announced the GHG:LAD Phase 1B, a second round of funding totalling £130m to promote a 'green recovery' post covid19. The timetable for this programme is challenging, with bids to be submitted by the 4<sup>th</sup> December and works completed by September 2021. However the Council is well placed to meet this timetable given the successful Phase 1A bid.

- 3.2 Officers have been working on a potential external wall insulation scheme on streets neighbouring Hurst Farm. It is hoped that a programme of up to 25 properties could be generated for a further round of external wall insulation.
- 3.3 The Phase 1B programme can also include energy efficiency works to housing association properties. Platform Housing Group have again asked to join the Council's application. Platform are proposing works to 100 properties focussing on solar thermal photo voltaics and energy efficient doors, with a total project cost of £300,000. Half of these properties will be in another local authority area, with Derbyshire Dales acting as gateway for access to funding. This approach strengthens the Council's application and helps to meet the minimum funding requirement of £250,000. Platform are able to complete their proposed works by September 2021.
- 3.4 Two further elements of the Phase 1B programme include works with almshouse trusts, including a continuing programme of support for the Harrison Almshouse Trust and Samuel and Elizabeth Wild Almshouses (based in Calver) in combination with the affordable housing programme mentioned above. The final element includes a proposed project with Tideswell Climate Change group following a request by the group to undertake some local action. The proposed works will include a mixture of external wall insulation, cavity fill and loft insulation.
- 3.5 The size of the Phase 1B programme is estimated to be around £800,000 and target 162 properties.
- 3.6 The central themes of the GHG:LAD Phase 1B remain sustaining and creating jobs, reducing carbon emissions and tackling fuel poverty. This proposed programme delivers on all three themes;
- The solid wall insulation schemes will create help to sustain new apprentice opportunities and secure jobs
  - Lifetime carbon emissions will reduce significantly from the improved homes
  - The resulting savings in energy bills will be approximately 40% for households
- 3.7 The GHG:LAD programme is the second round in what appears to be several funding opportunities that will come forward in the short term. A further capital programme for councils and partnerships should be available from April 2021. Making successful applications and delivering these early programmes will help to demonstrate to government the Council's commitment to climate change and enhance the prospect of future grant awards.

### **Funding Solution**

- 3.9 The proposed programme involves combining government grant at £800,000 with further funding from the Council of up to £80,000 and Platform £200,000 (the Platform funding is their own funding and so is not part of the Council's capital programme).
- 3.10 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. As with Phase 1A, it is proposed to use another capital fund which has come about through the Council's relationship with Platform.
- 3.11 If Council approves this project for inclusion in the capital programme, it will also determine the capital financing. As well as government grant of £800,000, it is proposed

that this project be financed from £80,000 capital receipts from Platform, 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. The proposed allocation for Haarlem Mills set out in Section 2 above, delivers on this agreement.

- 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 cover the salary costs of temporary posts in the Housing Team. 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 Q1 2021 with a programmed finish by the end of Q2 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 In spending this additional funding the Council must ensure that all relevant procurement and contracting are complied with or that relevant waivers are completed.

### **4.3 Financial**

This report asks for approval within the Capital Programme of £979,000 for the proposed affordable housing schemes and £880,000 for the improvements to homes.

If Council approves these projects for inclusion in the capital programme (for consideration later on the agenda for this meeting), it will also determine the capital financing. However, it is proposed that the £979,000 for affordable housing schemes be financed from Section 106 contributions held for that purpose, and that the homes improvements scheme be financed by £800,000 government grant with the balance of £80,000 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**

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## **7 BACKGROUND PAPERS**

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