

## BARNESLEY METROPOLITAN BOROUGH COUNCIL

This matter is a Key Decision within the Council's definition and has been included in the relevant Forward Plan.

### REPORT OF THE EXECUTIVE DIRECTOR PLACE

#### Purchase and Repair of Empty Properties Utilising Section 106 Funding

#### 1. PURPOSE OF REPORT

- 1.1 To seek Council approval for Berneslai Homes, in conjunction with the Housing & Energy Team, to implement a program of purchase & repair of empty properties.

#### 2. RECOMMENDATIONS

##### **It is recommended:**

- 2.1 That a programme of empty property purchase and repair works is procured and delivery managed by Berneslai Homes, in line with current Standing Orders.
- 2.2 That the programme is developed and monitored jointly by the Council's Housing & Energy Team and Berneslai Homes Investment & Regeneration Team, against both financial and trainee / apprentice engagement performance targets.
- 2.3 That relevant authorisation for individual work streams is authorised by Berneslai Homes SMT, in line with approved levels of delegated authority, up to the overall approved total budget of £600K, be agreed.

#### 3. INTRODUCTION

- 3.1 Berneslai Homes continues to successfully deliver an Empty Homes Purchase and Repair programme. This includes:

- A programme of 39 units delivered over three years using Homes England grant funding. To qualify for this funding, the properties have to have been empty for 6 months or more.
- A programme of purchase and repair of former council houses, bought back for management reasons / maintenance economies.
- Purchase and repair of empty properties that are having a detrimental effect on their neighbourhood.
- Purchase and conversion to housing, of redundant former commercial buildings.

All of the above is built into the current capital programme and has successfully delivered over 200 homes into the Councils' housing stock. The majority of the building work has been undertaken by our partner contractors Construction Services and Kiers. This has added further value offering work to local people, local supply chain and apprentice / training outputs.

- 3.3 This proposal looks to extend the community benefit further by engaging with Social Enterprise type organisations with a strong emphasis on utilising Trainees and apprentices to deliver the work elements.
- 3.4 Historically, this has worked reasonably well utilising the services of Barnsley Community Build (BCB) to deliver the building work and Big Local in Goldthorpe and Thurnscoe receiving the properties as owners / landlords. However, this has relied heavily on officers of the Council identifying suitable properties and guiding Big Local through the process. Or alternatively, Berneslai Homes allocating the work to BCB having identified and purchased the property on behalf of the Council.
- 3.5 We believe that the process will be far more efficient and effective if the property identification purchase and delivery of work and future management is under the control of a single organisation, Berneslai Homes in this case. This has the added advantages of additional empty properties being brought back into use and these units being added to Council stock. Overall control would be retained by the Council's Housing and Energy Team.
- 3.6 We believe that up to six properties can be delivered using this route within the total budget available, using a mixture of funds from Section 106, Empty Homes Grant from within Housing and Energy resource allocation (£17.5K per property) and the approved HRA Empty Homes Acquisition Program.
- 3.7 In terms of measurable outputs the programme will deliver:
- Up to six empty properties brought back into use and to a minimum lettable standard defined by "Barnsley Homes Standard" for council housing.
  - A cost effect of package for each property, based on the total cost of acquisition and works, measured against the "value" of the finished property.
  - An agreed and set number of trainee / apprentice days per property to be delivered by the partner organisation.
  - A regular monitoring reporting mechanism of units acquired, delivered and their training / apprentice outputs.

### **Current Position**

- 3.8 Berneslai Homes have met with representatives of the Council's Housing & Energy team and discussed and agreed the respective roles of the parties:

The Council – overview monitoring and programme approval.

Berneslai Homes – purchase of suitable property, procurement of work and management of delivery programme / supervision of partner organisation.

Partner organisation - delivery of work and training targets.

- 3.9 We are now ready to proceed to the implementation stage and begin to purchase suitable properties, commission the works and set the specific targets.
- 3.10 Approval of individual property purchases and parcels of work will be subject to current standing orders and where appropriate, approved by Berneslai Homes' Senior Management Team, in line with current approval limits.

- 3.11 The total cost is derived from the anticipated programme to undertake the purchase and repair of six empty properties.
- 3.12 The works will be procured and supervised by Berneslai Homes' Investment and Regeneration Team. There will be a small element of Professional Fees for design and specification work commissioned from NPS. This is not expected to exceed £15K and will be contained in the total budget.

#### **4. PROPOSAL AND JUSTIFICATION**

- 4.1 It is proposed that Berneslai Homes and the Council's Housing & Energy Team be authorised to commission and deliver the programme in line with current Standing Orders.
- 4.2 The works identified are in line with the priorities arising from the Council's housing strategy for Empty Homes and officer consultation.

#### **5. CONSIDERATION OF ALTERNATIVE APPROACHES**

- 5.1 The approach and methodology adopted is in line with good practice, the Council's Standing Orders and Berneslai Homes' procedures. The Berneslai Homes delivery team has a good track record in delivering Purchase & Repair and the programme will sit alongside other similar initiatives.
- 5.2 The previous approach of encouraging BCB and Big Local to identify and purchase property was not efficient and the programme was falling behind. Both the Big Local groups and BCB were heavily reliant on Council officers doing much of the work for them.
- 5.3 By adopting the approach suggested, the partner organisations can focus on what they do best in terms of delivering building work and training.

#### **6. IMPLICATIONS FOR LOCAL PEOPLE/SERVICE USERS**

- 6.1 The end user "tenant" will benefit from the additional properties made available to a high standard of repair and management services.
- 6.2 The properties delivered will reduce the number of long term empty properties.
- 6.3 The programme will deliver a specified amount of training and apprentice hours and contribute to the employability of those participating.

#### **7. FINANCIAL IMPLICATIONS**

- 7.1 Consultations have taken place with representatives of the Service Director – Finance (S151 Officer).
- 7.2 Berneslai Homes will identify and prioritise the properties to be purchased, in line with the Council's housing priorities. Works will be undertaken to the properties to bring the properties up to the Barnsley Homes Standard, with the approved budget to be spent over an 18 month timescale commencing in October 2019.

- 7.3 The current estimated cost of the purchase of the property and the identified works is based on £100K per unit, therefore equating to 6 properties being brought into use.
- 7.4 The funding for this proposal is made up as follows:

<b>Funding Breakdown</b>	<b>£</b>
Funding set Aside in Principle by the Section 106 Panel	0.450M
Empty Homes Grant Funding (6 x £17.5K grants)	0.105M
HRA Empty Homes Acquisition Programme	0.045M
	<b>0.600M</b>

- 7.5 The funding in respect of the Section 106 contributions (£0.450M) was earmarked in September 2018 by the Council's Section 106 Strategic Panel, approved by the Cabinet Spokesperson for Place under delegated authority. This delegated decision was presented to Cabinet in October 2018 (Cab.31.10.2018/4 refers).
- 7.6 The nature of this scheme means that the Council is eligible for Empty Homes Grant from the Government, equating to £17,500 per property, £0.105M in total.
- 7.7 The remaining £0.045M is to be utilised from the current HRA Empty Homes Acquisitions Programme that was approved by Cabinet in April 2019 (Cab.17.4.2019/11 refers).
- 7.8 The indicative rental income to the HRA is estimated to be in the region of £3,756 per annum, per property using the latest average rental amount of £78.26 over 48 weeks. In total, this indicatively equates to an additional £22,536 in rent to the HRA per annum.
- 7.9 There are also additional costs to the Housing Revenue Account relating to additional repairs and maintenance and management of the new stock. The repairs and maintenance element relating to the new properties is estimated to total £0.005M p.a. from 2021/22, which is indicatively based on an assumed average cost per dwelling of £750 per annum.
- The impact on the management of the new stock is expected to total £0.003M p.a. which again, is indicatively based on an assumed average cost of stock management of £500 per annum.
- 7.10 The financial implications are summarised in the attached Appendix A.

## **8. EMPLOYEE IMPLICATIONS**

- 8.1 The works will be undertaken using resources identified and approved as part of the development proposal and contained within Berneslai Homes Investment and Regeneration Team.

## **9. COMMUNICATIONS IMPLICATIONS**

- 9.1 The monitoring of the programme will be undertaken as part of the regular liaison meetings held between the Berneslai Homes Investment and regeneration team and the Housing and Energy Team and reported to Berneslai Homes SMT and the Housing and Energy Board.
- 9.2 Specific project teams will be set up for the delivery of individual properties and the programme overall with the delivery partner(s).

## **10. CONSULTATIONS**

- 10.1 .Consultation has taken place between officers of Berneslai Homes

## **11. RISK MANAGEMENT ISSUES**

- 11.1 Contractual – The work is divided into small packages and commissioned via the development agreement which has prescribed contractual rules. This mitigates the level of risk.
- 11.2 Health & Safety – The project is not-notifiable for CDM purposes. The contractor currently meets the minimum requirements of competency as Principle Contractor for the project and has provided sufficient evidence to support.
- 11.3 Works delivery will be regularly monitored and inspected on site by qualified staff.
- 11.4 An appropriate Data Protection Impact Assessment has been undertaken in connection with the implementation of the project and appropriate safeguards and procedures put in place to effectively manage personal data and mitigate the risks associated.

## **12. LIST OF APPENDICES**

Appendix A - Financial Implications

## **13. BACKGROUND PAPERS**

If you would like to inspect background papers for this report, please email [governance@barnsley.gov.uk](mailto:governance@barnsley.gov.uk) so that appropriate arrangements can be made

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