



RHONDDA CYNON TAF

RECORD OF DELEGATED OFFICER DECISION

SUBJECT: Bid for Arbed 2 funding for Penywaun 2 Lower Super Output Area

PURPOSE OF ATTACHED REPORT:


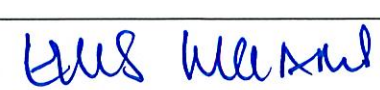

To seek authorisation to submit a bid for Arbed 2 funding for Penywaun 2 lower super output area (LSOA) and agree to provide financial assistance from within existing resources from the Housing Capital Programme to enable successful delivery of this external investment. To also agree to deliver external wall insulation grants for private sector households in Penywaun to further enhance the CESP external investment and compliment all other energy efficiency improvements undertaken in the area.

The scheme is a partnership between Environmental Services and Community and Children's Services Directorates, with the strategic lead provided by Housing Strategy, Public Health & Protection and the operational delivery of the scheme provided by Private Sector Housing Unit.

DELEGATED DECISION (Date):

Approval is granted to submit a bid to Welsh Government for Arbed Phase 2 funding for Penywaun 2 LSOA and agreement is granted to provide financial resources from the Housing Capital Programme that can be used to support successful delivery of this potential scheme.

Agreement is granted to deliver an external wall insulation grants for private sector households in Penywaun.

 Chief Officer Signature	 Print Name	 Date
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The decision is taken in accordance with Section 15 of the Local Government Act, 2000 (Executive Functions) and in the terms set out in Section 5 of Part 3 of the Council's Constitution


CONSULTEE CABINET MEMBER SIGNATURE

15/11/2011
DATE


OFFICER CONSULTEE SIGNATURE

15/11/2011
DATE

Directorate:	Commissioning Housing & Business Systems
Contact Name:	Phillip Howells
Designation:	Head of Community Housing Services
Tel.No.	01443 425746

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2011-2012 REPORT TO ACCOMPANY DECISION OF GROUP DIRECTOR, COMMUNITY & CHILDREN'S SERVICES

Part 1 (Non-Confidential)

BID FOR ARBED 2 FUNDING FOR PENYWAUN 2 LOWER SUPER OUTPUT AREA

1.0 PURPOSE OF THE REPORT

- 1.1 In accordance with the Council's Scheme of Delegation, this report has been prepared to accompany the intended Officer decision of the Group Director, Community and Children's Services as described below.
- 1.2 The purpose of this report is to seek authorisation to submit a bid for Arbed 2 funding for Penywaun 2 lower super output area (LSOA) and agree to provide financial assistance from within existing resources from the Housing Capital Programme to enable successful delivery of this external investment. To also agree to deliver external wall insulation grants for private sector households in Penywaun to further enhance the CESP external investment and compliment all other energy efficiency improvements undertaken in the area.
- 1.3 This scheme is a partnership between Environmental Services and Community and Children's Services Directorates, with the strategic lead for the project being provided by Housing Strategy of Public Health and Protection and the operational delivery of the scheme to be provided by Private Sector Housing Unit (PSHU) within the existing capital programme.
- 1.4 These schemes will help the local authority realise its strategic objectives and provide a cross tenure approach to improving property conditions, tackling fuel poverty and reducing carbon emissions from the domestic housing stock. CESP funding allows the local authority to maximise outcomes from its resources either by initially discounting the capital cost of works in the first instance or as a revenue payment to the local authority where upfront costs are paid in respect of private sector households funded by the local authority.

2.0 RECOMMENDATIONS

It is recommended that:

- 2.1 Approval is granted for the local authority to submit a bid for external funding from the Arbed Phase 2 programme for selected properties within the Penywaun 2 LSOA. Agree to provide financial resources within the existing budget of the capital grants programme to enable successful delivery of this project, should it be approved by WG. Local authority involvement will also include staffing resources to undertake community engagement for the private

sector and to lead on utilising existing partnership arrangements for marketing and promotion of the programme to encourage take up rates, while protecting householders interest's as far as reasonably possible.

- 2.2 Approval is granted to provide grants to facilitate the installation of external wall insulation grants to other properties in Penywaun CESP area, with funding to be utilised from within the existing budget of the capital grants programme (Private Sector Housing Unit).

3.0 BACKGROUND

- 3.1 Arbed is a Strategic Investment Capital Programme led by the Welsh Government for energy efficiency improvements which help to reduce fuel poverty and carbon emissions while also generating local employment opportunities.
- 3.2 Arbed Phase 1 Programme was delivered in 2010/11 and was primarily aimed at social rented properties which are considered harder to treat and heat such as non-traditional style houses that are unable to access the existing grants for traditional cavity wall style dwellings.
- 3.3 The Council worked in partnership with RCT Homes to deliver Arbed1 to not only deliver this funding to social rented properties but to include private properties. This resulted in 157 external wall insulations being delivered, 45 of which were private households. Arbed 1 has also provided other energy efficiency measures to social housing in the area.
- 3.4 This work helped with the generation of local employment and training with four new jobs being created by the contractor for local people, increased SAP (RDSAP Reduced Standard Assessment Procedure - measures the energy efficiency performance of properties 0-100 with 0 being the lowest) ratings from around 47 to 77, helping to reduce fuel bills for householders by approximately £475-£700 (source Energy Saving Trust). Therefore, on average the Arbed Phase 1 programme reduced bills by around £147,000 per year and reduced carbon emissions by 941 tonnes per year
- 3.5 Arbed Phase 2 continues to build on this success by delivering a £45million project over a 3 year programme delivered through £33million from the European Regional Development Fund (ERDF) and up to £12million match funding from the Welsh Government. The Arbed 2 project will consist of a retrofit scheme delivered within a lower support output area to households that are characterised by a concentration of low income and hard to treat homes.
- 3.6 A prescribed scoring criteria has been set by WG which aims to look for at least 50% private properties within the bid delivered to a street or streets in succession. The criteria is also weighted towards income deprived areas with higher concentrations of private sector, hard to treat properties, off gas and within Strategic Regeneration Areas (Heads of the Valleys) areas. Projects selected in this bidding round (deadline 16th November 2011) will commence delivery in March/April 2012.

- 3.7 The Welsh Index of Multiple Deprivation 2008 identified that Penywaun 2 LSOA ranks the most income deprived area in RCT and ranks 23rd in the whole of Wales. The area contains a high concentration of non-traditional type housing and a Private Sector Stock Condition survey undertaken in 2004 identified that some of the worst SAP ratings in the borough are within the Penywaun area.
- 3.8 Arbed 2 can be provided without local authority investment. However, retrofitting hard to treat properties can require remedial works due to the nature of the types of properties and their age and condition. The previous experience of delivering Arbed 1 in Penywaun has shown that there is shortfall of funding between Arbed and actual costs due to the nature of the property types and the auxiliary works such as structural repairs that need to be undertaken to enable the delivery of the external wall insulation, which is not covered by the Arbed grant. Even with a CESP contribution it is still unlikely that householders will have resources within the designated timescales due to the nature of the funding being targeted to income deprived areas.
- 3.9 By providing Council resources to enable to the successful delivery of Arbed it highlights the local authority's commitment for tackling fuel poverty and reducing carbon emissions as contained with the Affordable Warmth Strategy and Action Plan 2007. Allowing the authority to realise these strategic objectives within minimum financial assistance. Improving property conditions more specifically the thermal comfort of households also has the added benefits of improving health and well-being for residents and brings added gain towards meeting the Council's wider strategic objectives. The contribution from the properties included in the Arbed 2 bid will potentially bring in an additional CESP funding of approximate £507,000 and carbon savings of approximately 35,000 lifetime carbon tonnes into the area.
- 3.10 The contribution towards the Arbed project will benefit the householder by potentially providing free or extensively discounted external wall insulation, which improves their thermal comfort, maximises disposable income, improves local economic benefits, improves health and well-being and improves property conditions.
- 3.11 CESP is a £350million utility provider obligation to reduce carbon emissions placed upon them by UK Government. CESP areas are dictated by utility companies and their decisions to fund are subject to partnership working with the local authority and housing associations. The programme in Penywaun is funded via Scottish and Southern Energy and is live until December 2012. All energy efficiency works undertaken within these timescales will result in revenue paid either back into the area or direct to the local authority. At the end of the programme bonuses will be also be paid to the local authority and housing associations for reaching penetration levels and multiple measure installation. Although the bonus payments are not able to be quantified until the end of the programme CESP funding is on average around 25% of the total capital costs of works. In 2010/11 around £500k CESP funding has been directed into the area.

- 3.12 The Council has borough wide grants in place to help with energy efficiency improvements such as cavity wall insulation, loft insulation and replacement of defunct boilers. In addition to this in 2010/11 the Aberdare Low Carbon Town free loft and cavity wall insulation programme funded via Heads of the Valleys via the Council was delivered to the Penywaun area. However, harder to treat properties require external wall insulation. Delivering these type of grants in Penywaun will compliment other local authority grants, utilising and maximising the external funding from CESP, while complimenting other externally funded measures already undertaken and/or planned.
- 3.13 Providing grants for external wall insulation to a selection of other properties within the Penywaun area therefore maximises the level of external investment available from CESP, while also providing a cross tenure approach to tackling fuel poverty and reducing carbon emissions.
- 3.14 The external wall insulation grant will be delivered in line with other Group Repair Grants provided in the Private Sector Housing Policy 2010 and terms and conditions will be applied accordingly.

4.0 RISKS

- 4.1 Arbed 2 projects will be delivered by Scheme Managers appointed by WG and funding will be paid via the Scheme Managers to their own contractors and not via the local authority. Therefore, the local authority will be a promoter/enabler of the Arbed scheme, providing a contribution to enable successful delivery and as such reduces any liability risks to the local authority. The local authority will however, work closely with the Scheme Managers and contractors appointed to protect resident's interests.
- 4.2 The Council will endeavour to ensure that the following is undertaken to not only help protect the householder but to reduce the risk of potential future issues arising and as such help prevent the likelihood of future liability claims as promoter/facilitator of the scheme;

A Memorandum of understanding will be signed with contractors to help ensure that householders have been given a good level of service to include the following:

- Householder has been offered independent legal advice and energy efficiency advice
- Householder has been made aware of any potential future maintenance issues and restrictions of the product
- Householder must be advised to notify their own buildings and contents insurance of the work
- To ensure that the manufacturer guarantee is provided
- Ensure that 'aftercare' information is provided
- Ensure that Building Control and/or Planning are satisfied of project and relevant permissions have been granted

- A defect period is offered as part of the contract usually between 12 months to 6 years (6 year defect period as per Joint Contracts Tribunal Limited)
- All Health and Safety requirements are adhered to

4.3 PSHU Officers will ensure that households are aware of the above information and direct them to independent advice where necessary

5.0 CONCLUSION

- 5.1 Agreeing to submit the Arbed Phase 2 bid for Penywaun will (if successful) compliment the previous Arbed Phase 1 project undertaken in the area and continue to maximise external funding into the area from CESP. By providing a strategic approach and aligning different funding streams including resources from within the existing Capital Programme enables Arbed funding to reach private sector households, who without such support would not have been able to receive external wall insulation due to the shortfalls in funding from isolated schemes.
- 5.2 Agreeing to deliver external wall insulation grants to selected properties within the Penywaun area also continues to maximise the CESP funding and reduces the costs of these works to the local authority, either in the form of a reduction of upfront capital costs or by a revenue contribution. It also adds further value to the other energy efficiency improvements that have been undertaken and future work planned while ensuring that assistance to reduce fuel poverty and carbon reduction is also targeted to private sector households.
- 5.3 Both schemes allow the Council to achieve higher levels of outcomes within existing resources by maximising external investment locally, which is over and above what could be achieved in isolation.