South East Local Enterprise Partnership: Growing Places Fund

Introduction and background – Growing Places Fund Round 3

The Growing Places Fund (GPF) was established by the Ministry for Housing, Communities and Local Government (MHCLG) (formerly the Department for Communities and Local Government - DCLG) and the Department for Transport (DfT) in 2011 to unlock economic growth, create jobs, build houses and help 'kick start' development at stalled sites. GPF operates as a recyclable loans scheme. In the case of the South East Local Enterprise Partnership (SELEP) a total of £49.2m GPF was made available, of which £54.5m GPF has already been allocated through Rounds 1 and 2. Repayments are now being made on these original loan investments, creating the opportunity for reinvestment of GPF through Round 3. Through GPF Round 3, SELEP seeks to invest up to £20.724m (amount of GPF available over the next two years to 2021/22), in projects which require capital loan investment.

The process for the allocation and award of GPF includes three stages:

- *Stage 1 – Expression of Interest and Federated Area sifting and prioritisation of projects by Strategic Fit*
- *Stage 2 – Project prioritisation by SELEP Investment Panel*
- *Stage 3 – SELEP Accountability Board funding decision*

In Stage 2, schemes prioritised by the Federated Areas (during Stage 1 of the process) will be required to develop and submit a Strategic Outline Business Case which provides the strategic, economic, financial and deliverability evidence in support of the proposal. Applicants are invited to complete all sections of this document which will inform the prioritisation process undertaken by the SELEP Investment Panel.

Loan agreements

SELEP will allocate the GPF through loan agreements with the lead County Council/Unitary Authorities, who will then enter into agreements with scheme promoters.

Primary Loan Agreements will be entered into between Essex County Council (as Accountable Body for SELEP), the 'Lender' and the relevant Upper Tier authority, the 'Borrower' (County or Unitary Authorities).

The Primary Loan Agreement will include:

• A capped facility for capital expenditure	• A definition of the works (infrastructure)
• Drawdown conditions based on certification of works	• A loan term
• Drawdown profile	• Repayment profile
• Interest rate – Interest will be charged at a fixed rate of 2% below the Public Works Loan Board rate or zero (whichever is higher) at the point of the loan agreement being entered in	• Missed repayment fine – A late repayment fine will be incurred if the project fails to make loan repayments as per the schedule agreed within the Loan Agreement. The fine will be equivalent to the charging of interest at market rate from the point of default on the loan repayment
• Clawback conditions	• Monitoring requirements

Where appropriate Primary Loan Agreements will be conditional upon a subsidiary agreement being entered into between the Borrower and a third party.

The Primary Loan Agreement will provide a contractual obligation for the Borrower to repay the loan according to the repayment profile.

Growing Places Fund Business Case Template

*Please enter your answers in the white space beneath the question (and/or complete the table). All questions **must** be answered.*

1. Scheme Summary

Scheme Promoter: **Kent County Council**

Sponsor Contact: Steve Grimshaw. KCC Strategic Programme Manager

Project Name: **No Use Empty (NUE) Commercial Phase II**

Federated Board: **Kent and Medway Economic Partnership**
[Kent and Medway Economic Partnership, Opportunity South Essex, Success Essex, Team East Sussex]

Lead County Council/Unitary Authority: **Kent County Council**
[East Sussex County Council, Essex County Council, Kent County Council, Medway Council, Southend on Sea Borough Council, Thurrock Council]

Development Location: **Kent**
[Specify location, including postal address and postcode]

Project Description: NUE Commercial Phase II

KCC is seeking £2m GPF funds to deliver a second phase of NUE Commercial which will bring more long term empty commercial properties back into use.

KCC received £1m from GPF2 to deliver its NUE Commercial project (2018-2020). Please refer to **Appendix A** for a summary of projects funded which had a total investment value of £4.5m.

Phase II will enable KCC to build on the success of NUE Commercial and continue to provide short term-secured loans (up to 3 years) to bring empty commercial properties back into use, for alternative commercial, residential, or mixed-use purposes.

It will continue to focus on town centres (particularly in coastal areas of Kent), where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes. The NUE Commercial project is complementing these larger schemes which require significant investment.

Management and monitoring systems are already in place ensuing continuity. Further funding will ensure that a loan product under the recognised branding of NUE remains available across Kent and to those areas which have not been successful in attracting Future High Street Funding.

New GPF funding will assist with economic growth attracting new business rates, creating or safe-guarding jobs. In addition to this, projects which are of a mixed commercial/residential nature will also increase the number of new homes available, provide job opportunities and generate new Council Tax receipts.

By bringing empty commercial properties back into use, NUE Commercial Phase II will:

- Support economic growth through new commercial activity: attracting new business rates and creating/or safeguarding jobs.
- Increase the number of new homes available as a result of mixed-use development: generating new council tax receipts and attracting Government New Homes Bonus (subject to its continuation)

Without GPF funding the NUE Commercial project would not exist. The initial project has leveraged private and public funds. The funding provided by GPF was exhausted very quickly and without being widely advertised, demonstrating the demand for a product of this nature. Please refer to **Appendix B** for examples of projects supported under GPF2.

The NUE scheme is intended to provide pan-Kent benefits, with property owners from across the 12 districts able to apply for a loan. KCC have extended the invitation to work with Medway Council.

Requested £2m GPF will:

- **return 18 empty commercial units back into use and**
- **create 36 new residential homes.**

Project Development Stages:
There is no requirement for GPF funding in relation to the development of the project. This was established prior to GPF 2 being awarded and undertaken by the Strategic Programme Manager with the support of the existing NUE team, with workloads and areas of responsibilities re-aligned.

Please refer to **Appendix C** for an overview of the NUE delivery team, setting out named team members, their roles and responsibilities.

The Strategic Programme Manager will ensure all systems and processes established remain compliant with the GPF loan agreement between SELEP and KCC.

A flowchart outlining the process for considering an individual project from the point of project identification to the repayment of a secured loan is set out in **Appendix D**.

Project development stages			GPF funding required (yes or no)
Stage	Partners	Status	
1. SOBC submission to SELEP. KCC to be informed of outcome via Accountability Board meetings commencing Feb 2021).	SELEP/KCC/ MEDWAY (invited)	Feb 2021	NO
2. A number of potential projects have been identified as a result of the success of the initial project. Further potential sites will be investigated. Districts to also identify potential projects to take forward. NUE have a small pool of local developers who continue to express interest in returning empty commercial space back into use but require funding.	KCC and districts	March 2021/ ongoing	NO
3. Promote NUE Commercial Phase II as soon as decision is known (Stage 1).	KCC/SELEP	To be completed	NO
4. Encourage more sites – follow up work after the launch to maximise potential to draw on GPF funds.	KCC and districts	To be completed	NO

GPF Required: **£2 million**

2. Strategic Fit

Policy and Strategic Context:

NUE has a proven track record. Under GPF2**, the NUE Commercial loan product is on track to deliver 13 empty commercial units back into use and create 28 new residential homes. This is done by working in partnership with all Kent districts. NUE provides a direct, rapid and targeted intervention in the local property market returning empty properties back into use for commercial and residential use, particularly supporting communities in urban and coastal areas that have become stuck.**

NUE Commercial Phase II will contribute to the delivery of partners' objectives at SELEP, county and local level. Specifically:

1. Creating ideas and enterprise: Responding to the increasing need for workspace flexibility.
2. Developing tomorrow's workforce: Projects under NUE have created/or safeguarded jobs in a challenging labour market. There is potential to create opportunities for those who have an interest in the building trade by way of apprenticeships and work placements.
3. Accelerating infrastructure: The NUE brand has diversified to offer a range of loan products which is now helping to bring empty redundant buildings (Commercial/Residential) back into use. This has been possible with GPF funding.
4. Creating Place: Whilst there is a need for new builds, NUE is focused on existing communities and tackling those empty redundant properties which are having a detrimental impact. Our residential scheme is returning a minimum of 400 empty properties back into use per year. NUE's first venture into providing a loan using GPF to bring empty commercial property back into use has been successful and receiving positive feedback.
5. Working Together: KCC launched NUE in 2005 and operates across 12 Kent districts. This project can operate across the whole of Kent including Medway. The NUE model is something that can be replicated and creates further potential opportunities to roll-out beyond Kent. Southend on Sea Borough Council have also spoken to KCC about the opportunity to administer the same initiative across South Essex (OSE).

National Policy – Links with NUE

NUE seeks to return long-term empty and derelict properties back into use. This aligns well with the Central Government policy that emerged in the Spending Review of November 2020.

The Spending Review said that the Government will be issuing new funds (such as the Levelling-Up Fund and the UK Shared Prosperity Fund) in 2021. Both of these Funds are based on the Government's objectives to:

- Invest in local infrastructure, through regenerating eyesores, upgrading town centres and community infrastructure.
- Target places most in need across the UK, such as ex-industrial areas, deprived towns and rural and coastal communities.
- Support people and communities, opening up new opportunities and spurring regeneration and innovation.
- Investment in communities and place including community-owned assets, neighbourhood and housing improvements, town centre improvements

How NUE links with these objectives is as follows:

NUE Commercial helps to "regenerate eyesores", with the buildings selected to be part of the programme having stood empty for a long period of time, often having a run-down tired appearance.

- The NUE Commercial Phase II project will continue to target the regeneration of buildings in the town centres and help revitalise them as community gathering places.
- Whilst available to applicants across the county NUE Commercial Phase II is primarily focused at supporting regeneration in "deprived, coastal communities". This is evidenced by investment to date during NUE C Phase 1, where investment was made in Dover (8 projects), Margate (2 projects), and Folkestone (2 projects).
- The Government specifically refers to neighbourhood and housing improvements, which this project delivers.

Please refer to **Appendix A** - summary of projects and **Appendix B** - photographic examples of projects funded.

The following are all within the top 10% most deprived wards in England: Margate Central, Folkestone Harbour, Folkestone Central, St Radigunds (Dover), Dover Town & Castle, and Dover Tower Hamlets. Indeed, Margate is ranked 67 of 32,844 LSOAs in England for deprivation in 2019.

https://www.kent.gov.uk/data/assets/pdf_file/0006/7953/Indices-of-Deprivation-headline-findings.pdf)

Support NUE helps to address regional imbalances in economic and social opportunity.

This links into the themes outlined in the Spending Review and echoed in Rt. Hon. Robert Jenrick M.P.'s letter of June 2020 calling for Getting Building Fund proposals. Indeed, the Secretary of State said the Government's two overarching objectives were driving up economic growth and jobs and supporting green recovery (which NUE C PII delivers), and the SoS sought projects that would primarily enable town and city centre modernisation through targeted infrastructure investments unleashing their longer-term economic potential.

As aforementioned NUE Commercial Phase II does seek to regenerate and modernise the town centres through bringing disused empty buildings back to life. In addition, NUE C Phase II is a sustainable approach, as it helps generate new commercial and housing units on existing developed land, rather than using new greenfield sites, which aligns with the spirit of the Government's Green Industrial Revolution and Ten Point Plan. The project helps to deliver against the Government's green commitment to be the first generation to leave the natural environment in a better condition than it was inherited.

KMEP and Kent County Council
KCC will replace its current strategic document ‘‘Increasing Opportunities, Improving Outcomes 2015-2020’ document with a new 5 Year Plan 2020-25 ‘Your Future, Our Priority’ which is currently out for consultation until 17 Feb 2020.

https://www.kent.gov.uk/__data/assets/pdf_file/0018/103635/Draft-5-Year-Plan-Public-Consultation-v1_060120.pdf

Kent and Medway ‘Growth and Infrastructure Framework which notes the county’s rapid housing growth (21% between 2011 and 2031) and the need to develop innovative solutions to bring forward new homes and employment.
https://www.kent.gov.uk data/assets/pdf file/009/79920/GIF-2050-Picture.pdf

Local strategy

NUE works closely with District partners in identifying empty properties that require intervention to be returned to use. This joint working will continue to be central to the operation of NUE Commercial Phase II. Through this approach, the project directly contributes to local planning policies aimed at maintaining the viability of (and diversifying) local commercial centres.

Need for Intervention:
Excessive and long-term empty offices and retail units are evidence of local market failure: high risk and uncertain returns discourage commercial investors and the presence of dilapidated and empty properties impacts negatively on neighbouring occupiers and the wider environment. Typically, the greatest negative impact is in 'secondary' retail areas where floorspace exceeds demand. Intervention is required to bring properties into alternative use and to break the negative cycle of declining demand, rising dilapidations and rising risks and costs.

Evidence:
Office Performance (source Locate in Kent): Office sector take up across the South East has slowed over the last year. Whilst Kent's town centre office market has seen a number of key lettings over the last year, there remains a shortage of prime town centre space favoured by some sectors such as creative and knowledge industries. The shortage has contained rental growth in some areas.

Retail Performance (source Cradick Retail): The retail sector continues to be a challenge nationwide and is likely to remain volatile until there is greater economic certainty. There has been a 0.56% reduction in the average prime Kent retail rent over the last 5 years. Looking ahead, a number of new retail and leisure have either opened or are planned in and around town centres including Medway.

The national town centre vacancy rate was 9.9% (Jan 2019) up from 8.9% (Jan 2018). During this period footfall dropped by 0.7% marking a 14th consecutive month of decline. (source: Retail Gazette). NUE will continue to focus on those town centres which have empty commercial units.

GPF2: A total of 43 units (15 commercial and 28 residential) will be delivered on project completion. The average GPF loan per unit awarded was £23.2k. The total cost per unit was £105.3k including the purchase price. This is a fraction of the cost of new build. Loans under our project have allowed smaller individual projects to commence without having to wait for speculative developments and larger funding packages to come forward. See **Appendix A**.

Impact of Non-Intervention (Do nothing):

***Should GPF funding not be forthcoming to support Phase II, the NUE Commercial project will not proceed*.**

Whilst the main NUE scheme will continue to bring long term empty properties back into use this will only support residential accommodation meaning that support for those projects which have a specific commercial nature and limited residential opportunity will be restricted.

NUE have a reputation for being innovative and offering a range of loan products. Having established a commercial loan product, funding under GPF2 was quickly exhausted. Having created a 'buzz' those small local developers who continue to have difficulties in accessing traditional funds for the smaller projects and those communities on the fringes of bigger schemes and in 'secondary' commercial area will fail to benefit.

Doing nothing will also mean a potential loss of business rates and an inability to create new council tax receipts arising from mixed commercial/residential schemes. Leaving a property derelict will have a negative impact leading to anti-social behaviour impacting on local services and further work for local authorities in terms of additional enforcement and legal proceedings.

Funding Options:

There are no alternatives to GPF to support NUE Commercial Phase II at this stage.

Private sector investment: There is little in the way of significant private investment available to support the properties and locations that NUE targets; the project itself is a direct response to a failure of private investment. Traditional lenders remain adverse to lending on dilapidated buildings which are in marginal locations and seen as high risk and requiring a disproportionate amount of security; as evidenced in **Appendix E**.

This is where NUE has become the lender of last resort and has been successful in assisting those projects deemed to be high risk. As part of the individual loan application process, borrowers are required to demonstrate that they are unable to secure viable private investment, The process through which individual projects are assessed is set out in **Appendix D** and an example of a 'high risk' project and how it was managed is set out in **Appendix F**.

Other Public Sector Investment: The existing NUE scheme is primarily reliant on Prudential Borrowing (£6m) and £1.7m KCC capital funds for the purpose of bringing long term empty properties back into use for residential purposes. KCC has confirmed there are no additional borrowing opportunities going forward for NUE to specifically provide loans to bring empty commercial properties back into use for commercial purposes. The match which is identified for the project is confirmed and within the capital funds available.

Homes and Communities Agency (HCA). NUE previously accessed funds (2012-15) under the HCA's Affordable Homes from Empty Properties. However, this is no longer available, as not been replaced and the fund did not support a commercial element.

Government's Future High Street Fund Only Dover and Ramsgate will benefit from this fund. Folkestone and Hythe have their own High Street Regeneration Fund which has a focus on making improvements to town centres.

GPF
NUE has only once approached GPF for funds and was successful in securing £1m to deliver the first NUE commercial project.

The GPF affords NUE to continue to offer a commercial loan product that will bring long term empty commercial properties back into use and build on the success of the initial project.

Additionality
There is the potential for an NUE scheme to operate in other areas. For example KCC Programme Manager is aware of a bid being submitted by Southend on Sea Borough Council (Federated Board: Opportunity South Essex) and has had discussions with the respective Programme Manager for the potential to work together, which could reduce operational costs by buying in services from Kent which has established systems in place to assist in delivery.

3. Infrastructure requirements

NUE Commercial Phase II project is not seeking new infrastructure as such.

All empty properties are subject to confirmation as to whether planning is required or not and this must be in place (if applicable) before any loans are awarded.

Checks are also made in relation to any conservation requirements with local authority. On the whole utilities are already on site and this de-risks the need for lengthy engagement with companies to agree service connections to site.

Projects must adhere to the decent homes standard (for residential) and all projects must have correct certifications in place to comply with any building regulations. The Decent Homes Standard is set out in **Appendix G**.

NUE supported projects with funds from GPF Round 2 in the coastal areas of Kent (Deal, Dover, Folkestone and Margate) where there remain a larger number of empty retail premises.

Whilst specific projects have not been identified at this stage it is envisaged that further interest in the Phase II project will continue to be from those coastal areas and we will continue to assess new project applications through the processes set out in **Appendix D**.

4. Cost and funding

Funding breakdown:

The total project cost is yet to be identified as this will be a programme of individual empty properties being brought back into use, each individual loan will contribute to an overall package of costs.

Revenue funding associated with this project is already committed. There is an established NUE team which is core funded by KCC. The NUE team have systems in place to cater for a continuation of the NUE Commercial project which will cover all aspects including monitoring and evaluation requirements.

The following table shows the anticipated total project costs (including private sector leverage). This is consistent with experience within the NUE Commercial project (GPF2):

Funding source	Funding security	Funding profile						
		21/22 £000	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000	Total
Capital Funding sources								
SELEP – GPF	Identified but not secured	£0.75m	£0.75m	£0.5m				**£2.0m**
KCC (Promoter)	Committed	£0.2m	£0.2m	£0.1m				**£0.5m**
Private Sector	To be confirmed as projects are approved	£0.75m	£0.75m	£0.5m				**£2.0m**
Total funding requirement		**£1.7m**	**£1.7m**	**£1.1m**				**£4.5m**
Revenue Funding – The staffing costs are provided by KCC (promoter) and are core funded. The following confirms the operational budget for NUE.								
KCC (Promoter)	Committed	£30k	£30k	£30k				**£90k**

Financial estimates: We have applied the same methodology to NUE C Phase II as per Phase I. For example, the amount of Private Sector investment envisaged for Phase I was £1m (GPF £1m), whilst £2.5m was achieved. Therefore there is confidence that NUE C Phase II will at least match the private sector investment with the GPF funds requested.

Property values (based on 15 years of NUE) are captured by the Valuation Reports required as part of the risk assessment and application process to establish current and future values. This has shown that property values increased by x 2.5 original value over this period.

We have also considered contingency and optimism factors by applying 80% of the current land/property values in considering our Benefit Cost our calculations.

In addition to this, a risk-adjusted discount rate of 5% (MHCLG) has been applied rather than the standard rate of 3.5% recommended by The Green Book. This has previously been accepted by SELEP as prudent approach. Please see **Appendix K.**

In terms of revenue, the NUE team is core funded by KCC and no additional revenue is being requested to administer this project. Any increases to hourly rates, given the recent government announcement on public sector pay, are likely to be minimal and will have no major impact. Therefore the value of the revenue associated with delivery of NUE C Phase II has not been increased for inflation and the Strategic Programme Manager will work within the annual £30k allocated.

There are no known funding risks to the NUE scheme which has cross party support at KCC and is due to report to KCC Cabinet during 21/22.

GPF flexibility

NUE is an established brand with a proven track record. We have submitted a considered request for funding and would not wish to reduce the level of GPF requested as this would reduce the number of commercial units brought back into use and reduce the number of residential units created. The £1m which was awarded to KCC under GPF2 which was quickly exhausted.

However, the NUE model can be scaled up or down accordingly and should there be demand to commence projects earlier then we would like the flexibility to access future funding to accelerate the delivery of those projects.

Conversely, should the take up be less than expected because projects are not forthcoming then the KCC Strategic Programme Manager would report this through the appropriate monitoring protocols of the GPF at the earliest opportunity, essentially returning funds to be re-allocated to support other projects.

The loan product is already established with no requirement for any further development meaning that subject to approval, NUE Commercial Phase II can be promoted immediately and we can engage with those who express interest in the loan product immediately.

Cost breakdown:

The individual projects have yet to be identified. However, to demonstrate a typical drawdown, the following is based on a previous loan awarded by NUE under GPF2.

Total Project Cost: £430k (Loans approved £300k condition: staged payments so that the loan to value ratio did not exceed 80% during refurbishment)

	Example expenditure profile						
Cost type	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Total
Owners Funds (Private)	£130k						£130k
Loan Funds (GPF)			£20k	£20k	£20k	£20k	£80k
Loan Funds (KCC)		£60k	£80k	£30k	£30k	£20k	£220k
Total cost	£130k	£60k	£100k	£50k	£50k	£40k	£430k

Total Loan £300k (including £80k GPF).
Total Value £500k (completion of project) – provided by RICS Chartered Surveyor.
Overall loan to value ratio = 60% (on completion).
Loan Secured as a 1st Charge.

5. Deliverability

Planning, Approvals and Specialist Studies:

The empty properties are yet to be identified. However, all projects will be subject to confirmation with local authority as to whether planning is required or not and planning must be in place (if applicable) before any loans are awarded.

Checks are also made in relation to any conservation requirements. Projects must adhere to the decent homes standard and have correct certifications in place to comply with any building regulation requirements.

No project will be progressed unless there is support form the respective district authority. All projects will be subject to routine monitoring visits (frequency is based on size of project and loan).

Additional checks are carried out by the NUE team as part of the overall assessment process for proof of ownership, identity of owners, bankruptcy and insolvency checks. This information is evidenced and summarised by the KCC Programme Manager for the approval of the Head of Service.

An example project approval sheet is contained in **Annex H**.

Procurement:

The project will not be directly procuring services, as all GPF payments will be in the form of a loan to the owner of the empty property. However, all applications will be required to submit two quotes for the works to be undertaken or one quote, supported by an independent RICS (Royal Institute of Chartered Surveyors) valuation report.

Based on the experience of the established NUE residential scheme and the NUE Commercial project, local tradespeople and SME's are engaged in bringing the empty properties back into use.

The following link is if a short film: evidencing NUE supporting SME's and local supply chains:
https://www.no-use-empty.org.uk/wp-content/uploads/2019/04/No-Use-Empty-in-Kent-10-Years.mp4?_=1

Property Ownership and Legal Requirements*:*

This is a programme of projects, so individual project locations will be spread across Kent.

Property ownership will be confirmed by obtaining official copies of the Land Registry and Title Plan. These will be cross referenced to the application documents for a loan to ensure that information is correct and matches that which is held at Land Registry/or Companies House if applicable and that those applying for the loan have the authority to do so.

A separate Legal Charge document will be required for security of all loans offered.

Equality:

An Equality Impact Assessment (EqIA) has been completed for No Use Empty (NUE). This has been confirmed by the Diversity and Equalities team at Kent County Council as compliant and first published on KCC's website in June 2017.

The document is being reviewed in accordance with agreed timescales. A copy of the one published can be found at **Appendix I**.

Main outcomes:

Potential Impact: The longer term aims of NUE project positively impacts on the growth of SMEs and individuals in Kent by enabling them to secure a loan to renovate an empty property to bring back into use to provide commercial/or mixed use (residential) units, creating jobs and improving the environment for Kent residents.

Adverse Impact and how can these be mitigated: It is not envisaged that here will be any adverse long-term effects on any protracted characteristics as a result of NUE. Some equalities data will be collected (where applicants choose to answer monitoring data) and reviewed throughout the life of the project in order to monitor the involvement of our clients.

Positive Impact: The project will have a neutral impact upon equalities issues for the reasons outlined above.

More generally the project will have a positive impact on spatial and income equality, given its focus on supporting the revitalisation of property in disadvantaged communities.

Project milestones:

Project milestone	Description	Indicative date
GPF Stage 3	Accountability Board for final funding decision.	February 2021
Launch NUE Commercial Phase II	Publicity: Press release SELEP/KCC NUE website.	April-June 2021 (subject to Purdah)
Projects apply for funding 21/22	Meet property owners, discuss and review applications.	April 2021 onwards
GPF Drawdown 2021/22	Request £0.75m form Essex CC to ensure funds are available to provide the loans awarded.	April 2021
Approve Loans (Yr. 1)	NUE commence risk assessment procedures, process loans working with Legal to produce Loan Agreements and Legal Charge documents. Agree site monitoring visits in line with staged loan payments.	May 2021 ongoing
Review Year 1	Report on projects in contract vs delivery of targets.	March 2022
GPF Drawdown 2022/23	Request £0.75m form Essex CC to ensure funds are available to provide the loans awarded.	April 2022
Approve Loans (Yr. 2)	NUE commence risk assessment procedures, process loans working with Legal to produce Loan Agreements and Legal Charge documents. Agree site monitoring visits in line with staged loan payments.	April 2022 on going
Review Year 2	Report on projects in contract vs delivery of targets.	March 2023
GPF Drawdown 2023/24	Request £0.5m form Essex CC to ensure funds are available to provide the loans awarded.	April 2024
Approve Loans (Yr. 3)	NUE commence risk assessment procedures, process loans working with Legal to produce Loan Agreements and Legal Charge documents. Agree site monitoring visits in line with staged loan payments.	April 2024 to December 2024
Review Year 3	Report on projects in contract vs delivery of targets.	March 2024
Recovery of Loans in line with contractual agreements.	Ensure owners have funds in place to repay their loans to mitigate risk.	January 2025/26/27
GPF Repayment	Repayment of £0.75m to Essex CC.	March 2025
GPF Repayment	Repayment of £0.75m to Essex CC.	March 2026
GPF Repayment	Repayment of £0.5m to Essex CC.	March 2027
Project Completion	KCC Strategic Programme Manager to produce final report and confirming repayment completed.	March 2027

6. Expected benefits

Overall Project Impacts:

	Outcomes	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27 onwards	Total
Direct outcomes (gross terms)	**Jobs created**	**10**	**10**	**10**	**10**			**40**
	Homes built		**14**	**14**	**8**			**36**
	Commercial floorspace delivered (sq.m)		**617.75**	**617.75**	**353.4**			**1,588.9**
	Commercial Units Back Into Use		**7**	**7**	**4**			**18**
Direct outcomes (net terms, after considering additionality)	**Jobs created**							
	Homes built							
	Commercial floorspace delivered							
	Commercial Units Back Into Use							
Indirect outcomes (gross terms)	**Jobs created**	**8**	**8**	**8**	**8**			**32**
	People Housed		**28**	**28**	**16**			**72**
	Commercial floorspace delivered							
	Additional learners							
Indirect outcomes (net terms, after considering additionality)	**Jobs created**							
	Homes built							
	Commercial floorspace delivered							
	Additional learners							

The expected benefits for this project take into account the performance of NUE C Phase I, which exceeded its outcomes. We have delivered all projects with the exception of one, which is due to complete by March 2021. Apart from minimal delays as a result of the pandemic which required projects to temporarily close, for social distancing or the delays in supplies and materials, Phase I was not greatly impacted.

The NUE scheme has operated since 2005 collecting and monitoring a variety of data which feeds into internal KCC reports for performance including NUE C Phase I data. Therefore NUE C Phase II will also contribute. We have applied the same methodology adopted (National Housing Strategy) which was accepted for GPF2 and accepted regarding direct and indirect construction jobs.

NUE's primary aim is regeneration and bringing empty properties back into use. We are collecting data as stated for NUE Commercial projects and will continue to do so for as long as the main NUE initiative is supported by KCC. Therefore we cannot commit to a period of 10 years regarding impact relating to jobs, except to say that we have considered and factored in displacement, leakage and substitution.

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Calculation of Project Impacts:

Jobs safeguarded or created: Based on the National Housing Strategy which assumes that 2 jobs are created for each new house completed.
https://www.london.gov.uk/moderngov/documents/s38594/Measuring%20Jobs_Appendix%203.pdf

To calculate the jobs for the NUE project, we have used the sum of £100,000 for a new build. GPF of £2m is the equivalent of 20 new builds (£2m/£100k = 20). Therefore the number of jobs created is calculated at 40 (20 new builds x 2 jobs) over the lifetime of the project. We have calculated that for every construction job directly created, 0.81 jobs are created indirectly (40 x 0.81 = 32). Commercial units once open will also create job opportunities.

Homes Built: 36 new homes are assumed based on previous NUE project experience. This also considers that a minimum of two residential units above shops can be created under permitted development. Therefore 18 commercial units x 2 residential above = 36 new homes built. We assume that all of the homes will be additional given that:

- The homes will not be replacing existing residential stock.
- The projects would not proceed in the foreseeable future in the absence of the NUE intervention (i.e. while it is possible that the properties may be converted at some point in the future, individual project appraisal will have demonstrated that this is currently not possible.

Commercial floor space: 1,588.9 sq. m, based on previous NUE experience. Overall the project will deliver a net decrease in total available floor space, given that some will be converted to residential. However, as loans will only be made in situations where units are long term empty, it is reasonable to assume that the previously existing floor space is unviable and that the re-used commercial floor space is a net addition to the viable stock. The businesses that have taken space in projects supported by NUE to date have included: hairdresser salon, restaurant, architects, small independent retailers and a recruitment agency. Please refer to **Appendix J** Monitoring and Evaluation Plan
Other impacts:

Skills and training
In terms of skills and training places, for NUE this is difficult to quantify as NUE does not procure any of the trades. However, by the very nature of the initiative, those who are contracted by the property owners are working with local trades/businesses and are likely to provide opportunities such as apprenticeships.
Please refer to the NUE website, for an example of a previous project which is known to have employed apprentices for the refurbishment of a grade II listed building in Deal, Kent.
https://www.no-use-empty.org.uk/latest-property-restored/

Environmental impacts
All projects have to comply with the Decent Homes Standard as referenced in **Appendix G**.
NUE has encouraged projects of a 'green' nature to come forward and have examples of projects in our newsletter including: bio-mass boilers, solar panels and ground source heat pumps. More information on these projects can be found on Page 12 of our newsletter:
https://www.no-use-empty.org.uk/newsletter-edition-no-8-10-years/

Social impacts
NUE have supported a project for a specific client group. A derelict empty property in Maidstone was converted into nine self-contained apartments. The care provider Accommodation YES offers short and long term placements providing inspirational and positive support towards independent living to adults with mild learning difficulties. The property is close to the town centre and within a mixed commercial/residential environment giving those who live there more independence but also a more socially inclusive lifestyle.

NUE Commercial will make a positive impact on the community, improving the neighbourhood and the environment, which will increase both resident and business confidence and generate economic growth.

The Role of GPF in Benefit Realisation:

GPF will be essential in enabling the benefits to be realised. Without the GPF loan, the NUE Commercial Phase II project will not proceed.

While some commercial properties will be returned to use through the existing NUE scheme, this will not contribute to the benefits identified above, given that all benefits derived from the NUE Commercial programme are linked to loan agreements funded as a result of GPF.

Value for Money (VfM) assessment:

Acknowledging a preference to express benefits where possible in terms of changes in land value, NUE have recorded a 2.5* increase in property values based on previous projects supported in the residential loan scheme. There is a requirement during the appraisal process that all individual projects seeking a recyclable loan provide an independent Chartered Surveyors (RICS) valuation for current and future values.

These values are recorded and having monitored this since 2005 (over 15 years), the 2.5* has been consistent. A range of projects funded by NUE have been considered.

Our approach towards establishing value for money has been to apply 80% of the current value of the property.

The following was also considered: Displacement of 0.6 (relatively high given full employment), Leakage of 0.5 (given jobs be retained in the Kent/SELEP area) and Substitution of 0 (unlikely to be switching premises). A regional multiplier of 1.5 was taken into account.

This has been factored into the cost of capital calculation which is set out in **Appendix K** in accordance with the guidance provided and takes into account a risk-adjusted discount rate of 5% as being more appropriate than the standard rate of 3.5% recommended by The Green Book.

The Cost of Capital (SELEP) is calculated to be £400,000

The NPV is £ 1,041,823 (Discounted Value of Benefits/Discounted Benefits of Costs)

The Benefit Cost Ratio (BCR) demonstrates of 2.6, which is high value for money

In addition to this there are other benefits associated with the project in terms of being able to generate new Council Tax receipts and the collection of Business Rates.

For information (GPF2): A total of 43 units (15 commercial and 28 residential) will be delivered on project completion. The average GPF loan per unit awarded was £23.2k. The total cost per unit was £105.3k including the purchase price. This is a fraction of the cost of new build. Loans under our project have allowed smaller individual projects to commence without having to wait for speculative developments and larger funding packages to come forward. See Appendix A

7. Contribution to the Establishment of a Revolving Fund

GPF Repayment Mechanism:

NUE has a proven track record and has operated a recycling loan fund for 15 years. It has successfully recovered £17.6m of loans.

NUE will offer secured loans using GPF funds which will be repayable on an agreed date (maximum loan term will be 3 years) written into the Loan Facility Agreement between Kent County Council and the property owner.

Loans awarded in 2021/22 would commence repayment in 2024/25, loans awarded in 2022/23 would commence repayment in 2025/26 and loans awarded in 2023/24 would be repaid in 2026/27.

GPF Repayment Schedule:

	2020/21 £	2021/22 £	2022/23 £	2024/25 £	2025/26 £	2026/27 £	Total £
GPF Repayment (Capital)				(£0.75m)	(£0.75m)	(£0.5m)	(£2.0m)

GPF Repayment Risk:

A reminder letter will be issued 3 months before the loan is due ensuring that the borrower has adequate time to have the funds in place to repay on the agreed due date as per the Legally binding contract. The legal charge document does give Kent County Council the right to take control and sell the property if there is no repayment. We have not had to follow this course of action under the NUE initiative.

However, our experience is when properties have been refurbished and brought back into use, it is at this stage that the owners look to re-finance to raise additional capital. This would trigger an early repayment of our loan.

Whilst loans offered in 21/22 may not be repaid until during 2024/25 it would be our desire to encourage sufficient projects to maximise the GPF available during Years 1 and 2 and if permitted be allowed to bring forward funds (subject to availability) to be able to repay the GPF fund earlier if possible. In terms of bad debt, based on the existing NUE initiative, our default rate is below 0.5%.

Individual secured loans awarded under GPF2 will commence repayments during financial year 2020/21.On 20 Nov 2020, the SELEP Board agreed to receive £300k from NYE (a reduction of £200k) on the repayment profile previously agreed. NUE can confirm that this will be honoured and currently in the process of receiving funds from projects to achieve the commitment we have made. The re-profile is attributed to COVID 19 and the impact on individual loan recipients being unable to complete re-financing transactions during the lockdown period impacting on the original repayment profile agreed.

Should the preferred method of repayment not be available (NUE C Phase II), the options we have considered would be to (a) request a deferred repayment date or (b) repay the GPF using KCC own funds which have been allocated for NUE purposes, with appropriate approval of KCC Finance.

Financial Viability:

Each individual project under NUE Commercial Phase II will be subjected to the same procedures and systems which have been operated by the NUE team for several years. No projects are approved if their application fails the risk assessment process The work the NUE team undertakes is to ensure that projects are fully funded and are viable.

Please see **Appendix D** – Flowchart processes from project identification to repayment of secured loan.

Cash flow:

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Incoming							
Growing Places Fund drawdown	£0.75m	£0.75m	£0.5m				£2.0m
Outgoing							
Growing Places Fund repayment				(£0.75m)	(£0.75m)	(£0.5m)	(£2.0m)
Net income							
Cumulative total	£0.75m	£0.75m	£0.5m	(£0.75m)	(£0.75m)	(£0.5m)	**£0m**

8. Risks

Risk Register:

A risk register can be found at **Appendix L** which identifies the overall risks and GPF related project risks, likelihood, impacts and mitigations. This is based on the 15-year experience of the NUE recycled loan fund including loans awarded under the NUE Commercial project (GPF2).

COVID 19

We have monitored all individual projects operating under NUE during the pandemic. Whilst project activity was diluted to account for social distancing (we are on small sites not large construction sites) and the availability of materials, the majority have continued to operate. With supplies and materials becoming more readily available, projects have been ensuring they have a quantity of supplies to continue to function, Under NUE C Phase I we only have one project to complete (March 2021).

Re-financing to commence re-payment of current loans has been difficult for a handful of projects but not as a result of their actions. In some cases it has been difficult to obtain building control sign off, new valuations to support new mortgage applications and existing mortgage applications being delayed has had some impact on KCC recovering funds. As all loans are secured by way of 1st charge (70% of projects) or 2nd charge (30% of projects), the risk is minimal. However, NUE C Phase II loans would be 3 years from now and with this in mind we have considered what our options would be in repaying the GPF awarded should this occasion arise as previously stated.

NUE meets virtually with KCC finance (monthly basis) as part of our risk management so we are able to discuss individual cases and give sufficient time in order to mitigate any unforeseen circumstances and put measures in place if required.

9. State aid

State Aid:

The aid component is not the loan itself (which must be repaid) but the advantage conferred on the borrower through not having to pay interest or having a preferential rate of interest on the loan.

Consequently, the amount of aid for each transaction, namely the present value of the interest that would be charged by a commercial lender over that part of the loan period which is interest free or lesser amount where the loan, is at a preferential interest rate. Provided that figure plus the amount of state aid received by the borrower in the three years before the aid is given, does not exceed 200,000 Euros / £ 170,400 from all sources of public sector aid, then the de minimis rules can apply.

10. Monitoring and evaluation

Project Level Monitoring: All projects which have been awarded a loan with GPF funding will be subject to the same systems and procedure established for the main NUE initiative and overseen by the KCC Strategic Programme Manager, which will include site visits, monitoring of expenditure and review of project timescales.

Appendix D shows a flow chart of processes from project identification to repayment of the secured loan.

The KCC Strategic Programme Manager will (subject to approval) refer to the over-arching contractual agreement to ensure compliance with the main GPF fund.

Strategic Monitoring: The KCC Strategic Programme Manager is required to complete a quarterly report with commentary for review by GET DMT (Growth Environment & Transport Divisional Management Team), which then forms part of a wider KCC report which goes to CMT (Corporate Management Team), Corporate Board and ultimately KCC Cabinet.

The KCC Strategic Programme Manager reports to the local district partners via its own quarterly Empty Property Officer Forums. Minutes of the meetings are recorded.

Longer term evaluation: A ‘lessons learnt’ report (**Appendix M** has been prepared for the main NUE project. A report on the NUE Commercial Project (GPF2) will be prepared during 2022-23 (the final repayment year for the return of the £1m awarded). A final report on NUE Commercial Phase II will be prepared during the final year of the project.

11. Declaration (To be completed by applicant)

Has any director/partner ever been disqualified from being a company director under the Company Directors Disqualification Act (1986) or ever been the proprietor, partner or director of a business that has been subject to an investigation (completed, current or pending) undertaken under the Companies, Financial Services or Banking Acts?	No
Has any director/partner ever been bankrupt or subject to an arrangement with creditors or ever been the proprietor, partner or director of a business subject to any formal insolvency procedure such as receivership, liquidation, or administration, or subject to an arrangement with its creditors?	No
Has any director/partner ever been the proprietor, partner or director of a business that has been requested to repay a grant under any government scheme?	No

I am content for information supplied here to be stored electronically, shared with the South East Local Enterprise Partnerships Independent Technical Evaluator, Steer, and other public sector bodies who may be involved in considering the Business Case.

I understand that a copy of the main Business Case document will be made available on the South East Local Enterprise Partnership website one month in advance of the funding decision by SELEP Accountability Board. The supporting appendices to the Business Case will not be uploaded onto the website. Redactions to the main Business Case document will only be acceptable where they fall within a category for exemption, as stated in **Appendix N.**

Where scheme promoters consider information to fall within the categories for exemption (stated in **Appendix N**) they should provide a separate version of the main Business Case document to SELEP 6 weeks in advance of the SELEP Accountability Board meeting at which the funding decision is being taken, which highlights the proposed Business Case redactions.

I understand that if I give information that is incorrect or incomplete, funding may be withheld or reclaimed and action taken against me. I declare that the information I have given on this form is correct and complete.

I confirm that the risk analysis included in this Business Case identifies all known project risks and I agree to follow public procurement regulations to the extent applicable during the delivery of the project. I declare that the GPF investment does not contravene State Aid regulations.

All spend of Growing Places Fund funding will be compliant with the Loan Agreement.

I understand that any offer may be publicised by means of a press release giving brief details of the project and the loan amount.

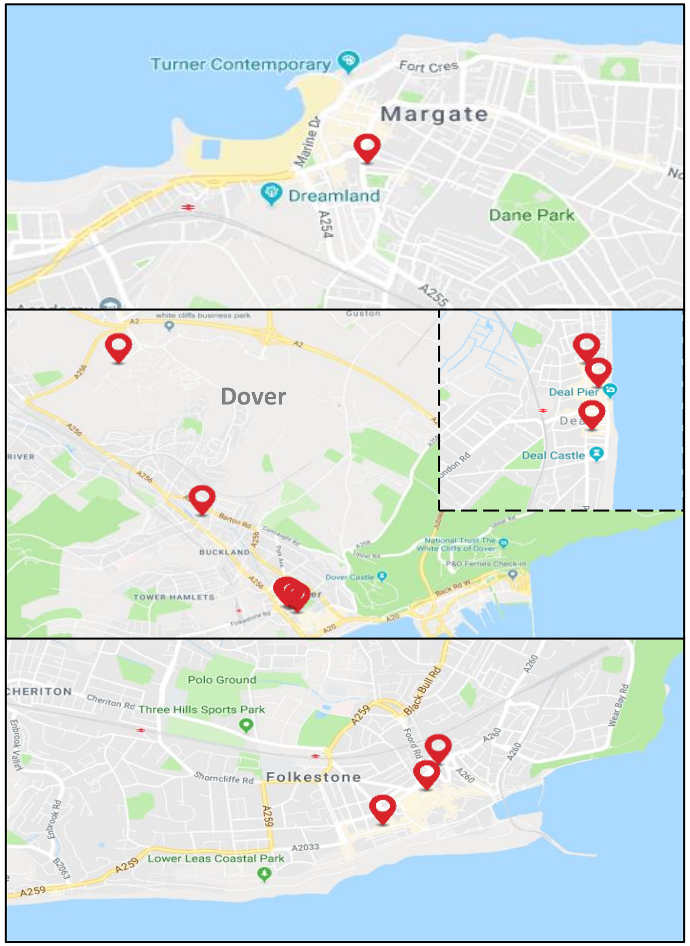
Signature of applicant	
Print full name	*Steve Grimshaw*
Designation	*Strategic Programme Manager*

The lead County Council/Unitary Authority should also provide a signed S151 Officer Letter to support the submission – see example letter in ***Appendix O***

Appendices

Appendix A	NUE Commercial GPF2 Summary
Appendix B	NUE Commercial Projects
Appendix C	NUE Delivery Team/Resources
Appendix D	NUE Flowchart
Appendix E	Example of a stalled project
Appendix F	Example of a high risk project and processes
Appendix G	Decent Homes Standard
Appendix H	Loan Approval Sheet
Appendix I	Equality Impact Assessment
Appendix J	Monitoring and Evaluation Plan
Appendix K	Cost of Capital Calculation including Benefit Cost Ratio (BCR)
Appendix L	Risk Register
Appendix M	Lessons Learnt
Appendix N	Categories for Exemption – redactions to main Business Case
Appendix O	Letter of support from S151 officer of relevant Upper Tier Authority

Appendix A – Summary of NUE Commercial (GPF2)



TARGET: To return back into use a total of 8 COMMERCIAL UNITS and create 28 RESIDENTIAL HOMES – GPF Awarded £1M

Commercial Units	Residential Homes	Total	GPF £	LEVERAGE £	TOTAL £
2	1	Deal	85,000	410,000	495,000
9	16	Dover	595,000	1,667,000	2,262,000
2	6	Folkestone	280,000	1,140,000	1,420,000
2	5	Margate	40,000	311,867	351,867
15	28	Investment	1,000,000	£3,528,867	4,528,867

Completions to date:
9 Commercial Units
17 Residential Homes

Works In Progress:
6 Commercial Units
11 Residential Homes

Commercial Properties back into use include: Beauty Salon, Delicatessen, 2-3 Restaurants, Recruitment Agency, Marketing Suite for Property Sales, Office Space, Pizza Room for Micro Brewery, retail units for local independent traders,

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Appendix B – examples of projects supported NUE Commercial (GPF 2)

<table>
<tr><th colspan="2">Sandgate Road, Folkestone</th><th>Former Walmer Castle Pub, Westgate On Sea, Margate</th></tr>
<tr><td colspan="2">This was a three storey retail unit with a large single storey rear addition. It closed in 2017 and remained empty until the new owner acquired it. The ground floor comprises a large lock up shop with the upper parts offering basic ancillary storage space. Planning permission has been granted for change of use and creation of 2 flats. The commercial space is now a beauty salon employing 9 staff. The flats are completed to decent homes standard and rented to local people. KCC have a 1st charge secured.</td><td>This former public house was acquired by the Greek community in 2016 and following planning permission has been transformed to provide: 3 residential flats, a community space and a Greek restaurant. Like many pubs which have closed this one breathes new life and the business employs 3 staff. KCC have a 1st charge secured.</td></tr>
<tr><td colspan="2">
</td><td>
</td></tr>
<tr><td colspan="2"></td><td></td></tr>
<tr><td>Empty: 1 Years</td><td>Former Pharmacy</td><td>Empty: 10 months</td></tr>
<tr><td>Residential Units: 2</td><td>Occupied</td><td>Residential Units: 3</td></tr>
<tr><td>Commercial Units: 1</td><td>9 Jobs</td><td>Commercial Units: 1</td></tr>
<tr><td>Project Cost: £990k</td><td>Private Funds: £540k</td><td>Project Cost: £172.8k</td></tr>
<tr><td>GPF Funds: £200k</td><td>NUE Loan: £250k</td><td>NUE Loan: £51.2k / GPF Funds: £30k</td></tr>
</table>

Appendix C - NUE delivery team roles and responsibilities

The Initiative is delivered by the NUE team - this is made up of

KCC Strategic Programme Manager – Steve Grimshaw
KCC Project Assistant – Jake Body
Private Sector Housing Specialist – Andrew Lavender
District empty property officers (predominantly part time)

This team operates as a "virtual team" as they are not employed by one body and work from different locations. Additional resources are provided by Kent Invicta Law (Loan Facility Agreement and Legal Charge documents) and KCC property group as and when required.

NUE Team:

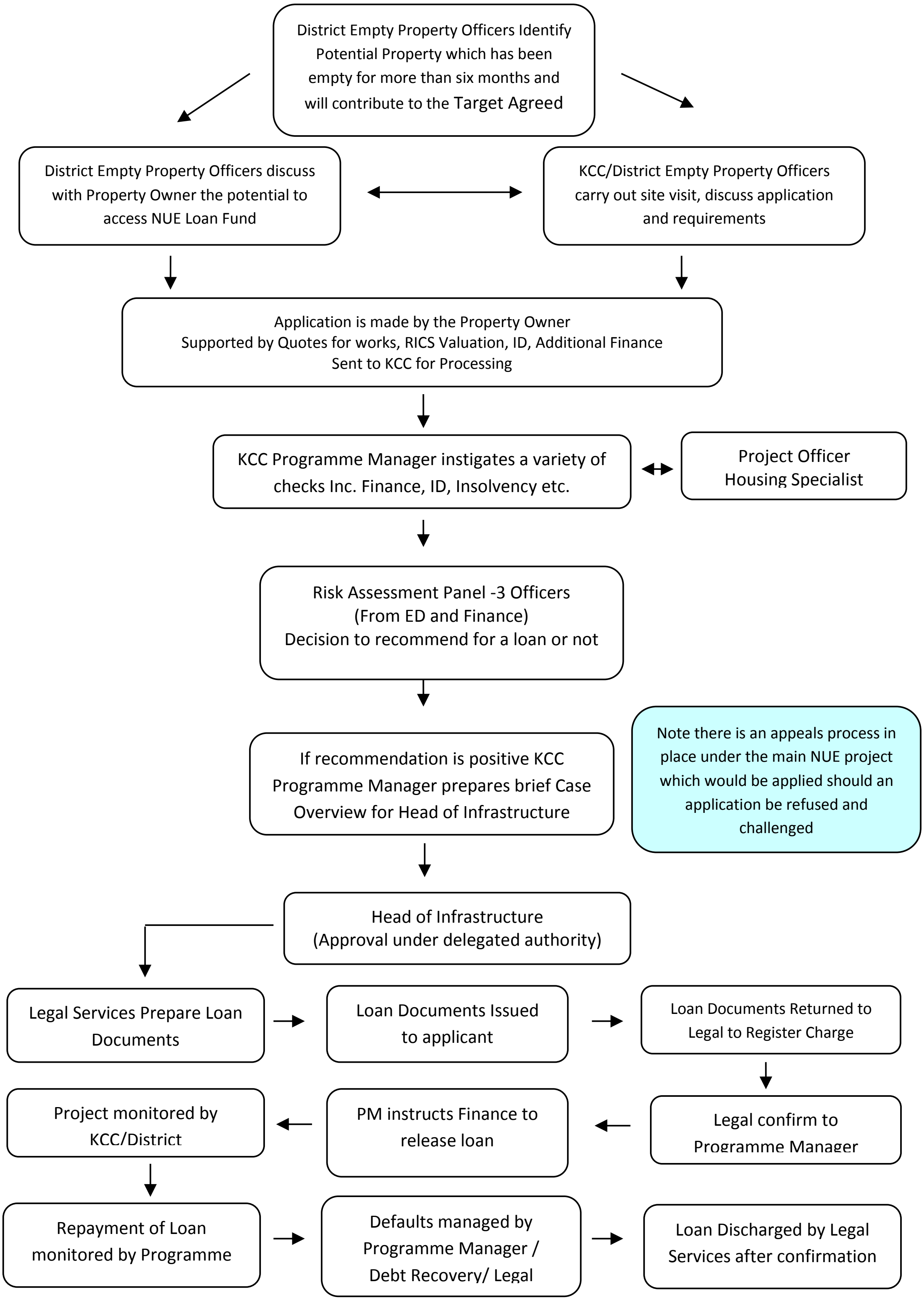
- Site Visit and meet with potential loan applicants
- Reviewing application forms
- Checking with District Councils if planning and building regulations as required
- Carrying out insolvency search
- Assisting with assessment of the loan
- Completion of Loan Approval Form and sign of by Head of Service
- Instruct Kent Invicta Law re completion of the loan documents
- Maintaining a register of Loans
- Administering Loans
- Site Visits with District Officers
- Recovery of Loans

Kent Invicta Law

- Obtaining up-to-date official copy of the register and title plan
- Investigating title to check that the borrower has a good and marketable title
- Lodging Local land Charges search
- Examining ID1
- Drafting the Loan Facility Agreement and Legal Charge for approval by NUE Team
- Preparing engrossments for execution
- Carrying out a bankruptcy search and OS1 and checking the results
- Liaising with NUE Team re: completion of the Loan Facility Agreement and Legal Charge
- Lodging application for registration at the Land Registry for registration of charge and note restriction
- Advising NUE Team of registration of charge
- Forwarding copies of register entries to NUE Team for their records
- Scheduling and storing original Loan Facility Agreement and Legal Charge documents

Support is also provided to the NUE team for its communication strategy by the KCC communications Team.

Appendix D - NUE Flowchart



Appendix E – Example of project which would have stalled without NUE intervention

Marine Parade
Folkestone

No Use Empty supported the stunning redevelopment on a Grade II listed long-term empty building in Folkestone that was once the home to Army Intelligence during the First World War.

Property Owner, Martin Neame: “This was a challenge to fund this refurbishment for 12 units as the bank was reluctant to lend. I approached NUE for support and together with my own funds I have been able to progress this project (6 units). NUE loan fund is a good enabler to allow a small developer like me to take on a project of this scale”.

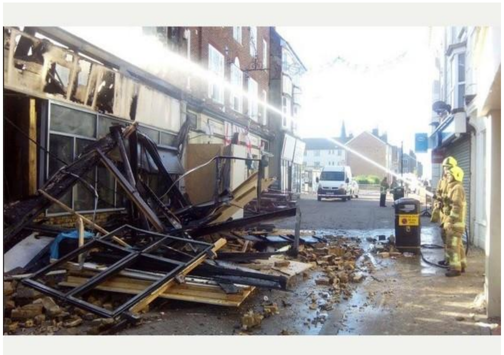
NUE loan of £150,000 has allowed the first 6 units to be completed and marketed for sale. The owner has been able to raise additional finance (on the increased value) to commence works on the final 6 units which is now near completion. Loan to be repaid on sale of 5th unit (Phase 1).

Empty: 4 Years	Original Value: £380k
Residential Units: 12	Loan of £150k (LTV40%)
	
	

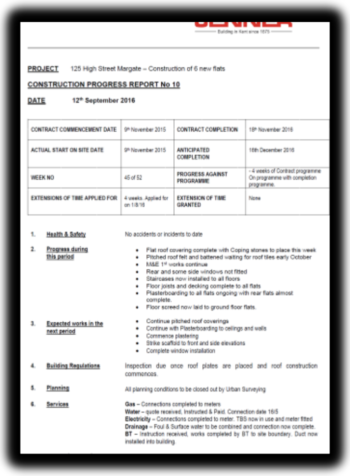
Appendix F – Example of a high risk project and processes

Project: High Street, Margate (previously subject to arson attack and remained empty)
Loan Approved: £150,000
Project Costs: £241,000
Evidence of new owner with funds on file: £ 91,000
Value Property at time of loan: £180,000 (£550,000 on completion)
LTV: 83.4% (reduces to 28% on completion)
KCC secured as 1st Charge

Terms: Staged Payments of 3 x £50,000 on evidence of progress reports and project updates.
Condition: Owner to spend their funds first to increase property value.



Examples of evidence required to access NUE Loan



Building in Kent since 1875

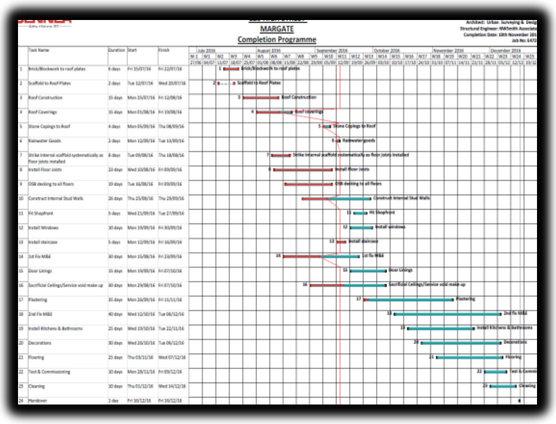
PROJECT 125 High Street Margate – Construction of 6 new flats

CONSTRUCTION PROGRESS REPORT No 10

DATE 12th September 2016

CONTRACT COMMENCEMENT DATE	9th November 2015	CONTRACT COMPLETION	18th November 2016
ACTUAL START ON SITE DATE	9th November 2015	ANTICIPATED COMPLETION	16th December 2016
WEEK NO	45 of 52	PROGRESS AGAINST PROGRAMME	- 4 weeks of Contract programme On programme with completion programme.
EXTENSIONS OF TIME APPLIED FOR	4 weeks. Applied for on 1/8/16	EXTENSION OF TIME GRANTED	None

1. **Health & Safety** — No accidents or incidents to date
2. **Progress during this period**
   - Flat roof covering complete with Coping stones to place this week
   - Pitched roof felt and battened waiting for roof tiles early October
   - M&E 1st works continue
   - Rear and some side windows not fitted
   - Staircases now installed to all floors
   - Floor joists and decking complete to all flats
   - Plasterboarding to all flats ongoing with rear flats almost complete.
   - Floor screed now laid to ground floor flats.
3. **Expected works in the next period**
   - Continue pitched roof coverings
   - Continue with Plasterboarding to ceilings and walls
   - Commence plastering
   - Strike scaffold to front and side elevations
   - Complete window installation
4. **Building Regulations** — Inspection due once roof plates are placed and roof construction commences.
5. **Planning** — All planning conditions to be closed out by Urban Surveying
6. **Services** — **Gas** – Connections completed to meters
   Water – quote received, Instructed & Paid. Connection date 16/5
   Electricity – Connections completed to meter. TBS now in use and meter fitted
   Drainage – Foul & Surface water to be combined and connection now complete.
   BT – Instruction received, works completed by BT to site boundary. Duct now installed into building.



Property was received highly commended Margate Civic Pride Award (May 2017)

https://www.no-use-empty.org.uk/margate-civic-society-town-pride-awards-nue-project-highly-commended/

Loan has been repaid in full.

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Appendix G – Decent Homes Standard

The Decent Homes Standard

To achieve the Decent Homes Standard, a dwelling must comply with the following four criteria.

Criterion a: It meets the current statutory minimum standard for housing

To be decent, a dwelling should be free of category 1 hazards as assessed through the Housing Health and Safety Rating System.

Criterion b: It is in a reasonable state of repair

A dwelling satisfies this criterion unless:

- one or more key building components are old and, because of their condition need replacing or major repair; or
- two or more other building components are old and, because of their condition need replacing or major repair.

A building component can only fail to satisfy this criterion by being old and requiring replacing or repair. A component cannot fail this criterion based on age alone.

<u>Building components</u>
Building components are the structural parts of a dwelling (e.g. wall structure, roof structure), other external elements (e.g. roof covering, chimneys) and internal services and amenities (e.g. kitchens, heating systems).

Key building components are those which, if in poor condition, could have an immediate impact on the integrity of the building and cause further deterioration in other components.
They are the external components plus internal components that have potential safety implications and include:

- external walls;
- roof structure and covering;
- windows/doors;
- chimneys;
- central heating boilers;
- gas fires;
- storage heaters;
- plumbing; and
- electrics.

Lifts are not considered to be a key component unless the lift or the lift shafts have a direct effect upon the integrity of the building.

If any of these components are old and need replacing, or require immediate major repair, then the dwelling is not in a reasonable state of repair.

Other building components are those that have a less immediate impact on the integrity of the dwelling. Their combined effect must therefore considered, with a dwelling not being in a reasonable state of repair if two or more are old and need replacing or require immediate major repair.
<u>Old and in poor condition</u>

A component is defined as 'old' if it is older than its standard lifetime. Components are in poor condition if they need major work, either full replacement or major repair.

One or more key components, or two or more other components, must be both old and in poor condition to render the dwelling non-decent on grounds of disrepair.
Components that are old but in good condition or in poor condition but not old
would not, in themselves, cause the dwelling to fail the standard.
A building component, which requires replacing before it reaches its expected lifetime has failed early. Under the terms of the definition, this early failure does not render the dwelling non-decent.

Criterion c: It has reasonably modern facilities and services

A dwelling is considered not to meet this criterion if it lacks three or more of the following facilities:

- a kitchen which is 20 years old or less;
- a kitchen with adequate space and layout;
- a bathroom which is 30 years old or less;
- an appropriately located bathroom and WC;
- adequate external noise insulation; and
- adequate size and layout of common entrance areas for blocks of flats.

A kitchen failing on adequate space and layout would be one that was too small to contain all the required items (sink, cupboards cooker space, worktops etc) appropriate to the size of the dwelling;
An inappropriately located bathroom and WC is one where the main bathroom or WC
is located in a bedroom or accessed through a bedroom (unless the bedroom is not used or the dwelling is for a single person). A dwelling would also fail if the main WC is external or located on a different floor to the nearest wash hand basin, or if a WC without a wash hand basin opens on to a kitchen in an inappropriate area, for example next to the food preparation area;

Inadequate insulation from external airborne noise would be where there are problems
with, for example, traffic (rail, road and aeroplanes) or factory noise.

Inadequate size and layout of common entrance areas for blocks of flats would be one with insufficient room to manoeuvre easily for example where there are narrow access ways with awkward corners and turnings, steep staircases, inadequate landings, absence of handrails, low headroom etc.
In some instances, there may be factors which may make the improvements required to meet the Decent Homes standards' challenging, or impossible, factors such as physical or planning restrictions. Where such limiting factors occur the property should be assessed to determine the most satisfactory course of action in consultation with the relevant body or agency so as to determine the best solution. The outcome may determine that some improvements may be possible even if all are not.

<u>A dwelling would not fail this criterion, where it is impossible to make the required improvements to components for physical or planning reasons.</u>

Criterion d: It provides a reasonable degree of thermal comfort

The definition requires a dwelling to have both efficient heating; and effective insulation.
Efficient heating is defined as any gas or oil programmable central heating; or

- electric storage heaters; or
- warm air systems; or
- underfloor systems; or
- programmable LPG/solid fuel central heating; or
- similarly efficient heating systems which are developed in the future.

The primary heating system must have a distribution system sufficient to provide heat to two or more rooms of the home. There may be storage heaters in two or more rooms, or other heaters that use the same fuel in two or more rooms. Even if the central heating system covers most of the house making a dwelling decent, under the HHSRS the home should be warm enough for the occupant.

Heating sources, which provide less energy efficient options fail the Decent Homes standard.
Programmable heating is where the timing and the temperature of the heating can be controlled by the occupants.

Because of the differences in efficiency between gas/oil heating systems and the other heating systems listed, the level of insulation that is appropriate also differs:
For dwellings with gas/oil programmable heating, cavity wall insulation (if there are cavity walls that can be insulated effectively) and at least 50mm loft insulation (if there is loft space) is an effective package of insulation.
For dwellings heated by electric storage heaters/LPG/programmable solid fuel central heating a higher specification of insulation is required: at least 200mm of loft insulation (if there is a loft) and cavity wall insulation (if there are cavity walls that can be insulated effectively).

A SAP rating of less than 35 (using the 2001 SAP methodology) has been established as a proxy for the likely presence of a Category 1 hazard from excess cold.

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Appendix H – Loan Approval Sheet

VERSION 1/APR 18

LOAN Approval Form - 59 [redacted]eet, D[redacted], C[redacted]
(KEN001:[redacted])

Applicant(s):	H[redacted]n		CRN	N/A
Address:	37 [redacted], Kent, C[redacted]			
Property for refurbishment	59[redacted]ver, Kent, CT[redacted]		**Title No: / Status**	[redacted] Freehold
Property for security of loan	59[redacted]r, Kent, CT[redacted]		**Title No: / Status**	T[redacted] Freehold
KCC will be registered	1st Charge		**1st Lender**	None
Loan Type	Loan to Let		**Bank Consent Required**	N/A
Total Loan Amount	**£40,000**	Conditions: 1 x 20,000 and 1 x £20,000	**Deed of Priority Required Y/N**	N/A
Loan Agreement No:	GPF 005		**Loan Repayment Terms**	3[redacted] unless property is sold before his date.
Default Rate:	6.00%		**Project Timescale**	7 months
Planning Permission	Approved: Dover District Council DOV/1[redacted] on 6 [redacted]8. Copies of certifications on completion to comply with Building Regulations.		**Summary of works**	Change of use and conversion of first and second floors to a self-contained flat and a replacement shopfront on the ground floor.
ID Check (State)	Undertaken attached		**Empty**	7 Years

Summary - The property was purchased for £186,000 + VAT on 6th [redacted] The development will renovate this three storey and terraced shop in Dover Town Centre. It was built around 1900 and will create a ground floor lock-up shop (105 square metres plus 20 square metres for storage/WC facilities) and a self-contained maisonette on the first and second floors. NUE and Dover DC have independently been to the site and are supportive of the application. Planning permission is in place and all works will be subject to current building regulations and it will be a requirement that all certificates are to be provided on project completion.

Finance Summary - NUE wish to support a loan of £40,000. Total cost of works in region of £ 63,000 (supported by 2 quotations) on. KCC will be the 1st and only charge on the title. Evidence of funds £25,000 [redacted](on file)

Project Risk - Project does not complete within the allotted timescale. Properties are not sold. Loan is not repaid within the agreed terms.

Project Control - A schedule of works has been incorporated into the loan agreement, ensuring that works are completed to decent homes standard. All supporting documents have been risk assessed as low risk project. The RICS valuation was undertaken by R[redacted]. The property has a current value of £ 186,000 giving a loan to value ratio of 21.5% (£40,000/£186,000) and on completion will have a value of £90,000 for the flat and £150,000 for the shop, reducing the loan to value ratio to 16.3% (£40,000/£245,000). The rental income for the commercial unit is expected to achieve £15,000 per year. Rental income from the flat will be in region of £7.800 per year. The loan will be released in two payments. Credit checks have been undertaken in relation to the applicant to ensure there is no bankruptcy or insolvency issues. Indemnity insurance certificate will be obtained by Project Manager following completion of loan documentation by Invicta Law.

Risk assessment completed on 7 Mar[redacted].

A Minimum of 3 initials must appear here Signatories [redacted]

[redacted]aw
KCC Programme Manager 08/[redacted]9

[redacted]
Head of Infrastructure 08/[redacted]19

Appendix I – NUE Equality Impact Assessment

https://kentcountycouncil.sharepoint.com/sites/get/EqIA/ED/Forms/AllItems.aspx

Kent County Council

Equalities Impact Assessment (EqIA)

Directorate: Growth Environment and Transport - GET

Name of policy, procedure, project or service: No Use Empty Initiative

What is being assessed?

Access to secured loans to bring empty properties back into use.

Senior Officer: Nigel Smith, Head of Infrastructure.

Officer: Steve Grimshaw, Programme Manager, Kent County Council.

Date of Initial Screening: 19/04/2017

Date of Full EqIA :

Version	Author	Date	Comment
V1	S Grimshaw	19-04-17	Draft
V2	A Agyepong	02-05-17	Comments for review
V3	N Smith	03-05-17	For approval

Sign Off

I have noted the content of the equality impact assessment and agree the actions to mitigate the adverse impact(s) that have been identified.

Senior Officer

Signed: [redacted] Name: Job Title: HEAD OF INFRASTRUCTURE

Date: 9 MAY 2017

DMT Member

Signed: [redacted] Name: [redacted]

Job Title: Director Economic Development. Date: 11 May 2017

Please forward a final signed electronic copy to the Equality Team by emailing

diversityinfo@kent.gov.uk

The original signed hard copy and electronic copy should be kept with your team for audit purpose.

Appendix J – Monitoring and Evaluation Plan

Outcome/benefit to be measured	Expected outcome	Monitoring approach	Benefit realisation timetable
Commercial units Back Into Use	**18 empty commercial units back into use**	**Applications for loans will be encouraged via promotion of the scheme. Successful applications will be tracked, projects will be monitored as routine, and once projects have been completed, the number of empty commercial units brought back into use will be recorded and counted for reporting purposes.**	**Indicative dates:** **7 units by March 2023** **7 units by March 2024** **4 units by March 20225**
Commercial floorspace delivered (sq.m)	**1,588.9 (sq.m)**	**Individual project applications received for loan funding will be required to be supported by RICS valuations. This along with data available via planning portals will allow NUE to record the floorspace being brought back into use.**	**Indicative dates:** **617.75 sq.m by March 2023** **617.75 sq.m by March 2024** **353.40 sp.m by March 2025**
Homes Built	**36 new residential units**	**Applications for loans will be encouraged via promotion of the scheme. Successful applications will be tracked, projects will be monitored as routine, and once projects have been completed, the number of new residential created will be recorded and counted for reporting purposes.**	**Indicative dates:** **14 by March 2023** **14 by March 2024** **8 by March 2025**
People Housed	**72 people with homes**	**This will be tracked through the number of new residential homes created and recording the number of available bedrooms.**	**Indicative dates:** **28 people housed by March 2023** **28 people housed by March 2024** **16 people housed by March 2025**
Jobs Created (refurbishment of properties)	**40 jobs created/safeguarded**	**Based on the National Housing Strategy which assumes that two net jobs are created for each house completed. NUE can request information from each project and monitor during refurbishment to completion.**	**March 2025**
Jobs created (indirect)	**32 jobs**	**Based on 2 jobs per commercial unit brought back into use. NUE will track once commercial unit is occupied and trading.**	**March 2025**

The Monitoring and Evaluation Plan should include all outcomes stated in section 6 and should set out how the delivery of these outcomes will be measured. Updates on benefits realisation will be sought quarterly both during project delivery and post project completion.

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Appendix K - Benefit Cost Ratio (BCR)

South East Local Enterprise Partnership
Growing Places Fund - Round 3
Cost of Capital Calculation

PWLB Interest Rate**	2.41%
GPF Interest Rate*	0.41%
Annual cost of capital	5.0%

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Capital drawn down	750,000	750,000	500,000			
Capital held	750,000	1,500,000	2,000,000	2,000,000	1,250,000	500,000
Interest	-	3,075	6,163	8,225	8,234	2,084
Capital plus interest	750,000	1,503,075	2,006,163	2,008,225	508,234	2,084
Repayment				750,000	750,000	500,000
Cost of capital	37,500	75,000	100,000	100,000	62,500	25,000

Interest due***	27,780
Cost of capital (SELEP)	400,000

* Interest will be charged on GPF loans at 2% below the Public Works Loan Board (PWLB) Fixed Loan Maturity Rate or zero percent – whichever is higher.
** Current interest rates available here: https://www.dmo.gov.uk/data/pdfdatareport?reportCode=D7A.2

*** The exact rate of interest will be determined on the day of the credit agreement being finalised and is therefore likely to differ from the rate set out above. If the project fails to meet the agreed repayment schedule interest will be charged at the full PWLB interest rate from the point of default on the loan repayment

END

Benefit Cost Ratio Calculation

	Benefits	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Line	Discount factor	1.0000	0.9962	0.9335	0.9019	0.8714		
1	Land value at start of project (assume 80% LTV)	1,187,500	1,182,988	700,125				3,070,613
2	Land value on final sale (based on 2.5 x value increase based on previous NUE projects)			2,771,328	2,667,341	1,525,222		6,963,892
3	Property inflation - 5%	1.0000	0.9500	0.9025	0.8574	0.8145	0.7738	
4	Present value of property on final sale			2,501,124	2,286,912	1,242,303		6,030,338
5 (4-1)	Increase in property value			1,313,624	1,103,924	542,178		2,959,726
6	Increase attributable to GPF (44%)			577,994	485,727	238,558		1,302,279
7	Additionality assumption as properties long term empty			80%	80%	80%		70%
8 (6*7)	Net benefits			462,396	388,581	190,847		1,041,823
9	Discounted value of benefits	1,041,823						
10	Cost of capital (SELEP)	400,000						
11 (9/10)	**BCR (Benefit Cost Ratio)**	**2.6**						

A risk-adjusted discount rate of 5% has been applied rather than the standard rate of 3.5% recommended by The Green Book

Appendix L – Risk register

Description of Risk	Impact of risk	Risk Owner	Risk Manager	Likelihood*	Impact **	Risk Rating ***	Risk Mitigation	Residual Risk Rating
Return of Capital Investment	Whenever monies are loaned there will be an element of risk both financial in that the loan is not repaid and does not achieve sufficient value to clear the loan amount.	KCC	Strategic Programme Manager	Medium (3)	Medium (3)	9	All loans are subject to a risk assessment. Loans are secured as a 1st or 2nd Charge. Any scheme which scores more than 50 marks will not be considered appropriate for a loan.	1*3=3
A sufficient number of properties/sites are not identified which could be brought to the project.	Failure to draw down GPF Funds. Failure to meet agreed targets.	KCC	Strategic Programme Manager	Medium (3)	Very Low (1)	3	NUE operates across Kent. Local intelligence from districts regarding potential empty properties which may meet the criteria. We also monitor auction and web sites offering commercial properties for sale.	3*1=1
Inaccurate property valuations	KCC exposed to excessive risk. Unable to second guess future market values.	KCC	Strategic Programme Manager	Low (2)	Medium (3)	6	Independent Royal Institute of Chartered Surveyors (RICS) valuation to be undertaken to provide the existing and future value of properties. NUE would not lend more than 80% of the current value taking into account any first charges (mortgages) on the property being developed. (Risk assessment process).	1*2=2

Description of Risk	Impact of risk	Risk Owner	Risk Manager	Likelihood*	Impact **	Risk Rating ***	Risk Mitigation	Residual Risk Rating
Return of Capital Investment to GPF	Whenever monies are loaned, there will be an element of risk both financial in that the loan is not repaid on time. This could delay the repayment to GPF within the agreed timescales.	KCC	Strategic Programme Manager/Section 151 Officer	Medium (3)	Medium (3)	9	This could be mitigated by KCC underwriting the repayment to GPF whilst KCC pursue the individual projects for repayment. Loans are secured as 1st or 2nd Charge.	1*3=3
Changes to staff or reduced capacity (NUE is a team of 3 staff)	NUE increased from 2 to 3 in 2015. KCC has a business support function that can be called upon for additional support.	KCC	Strategic Programme Manager	Medium (3)	Low (2)	6	Within KCC Economic Development there are a sufficient number of Project Managers/Officers with skill sets to cover if required, should one of the team leave/be off sick on a temporary basis until a replacement was found. NUE have developed desk procedures for loan scheme covering all tasks.	2*1=2
COVID 19	Projects Approved are delayed from starting/or projects which commence are stalled as a result of further COVID 19 restrictions/or supply of materials and goods.	KCC	Strategic Programme Manager	Medium (3)	Low (2)	6	All NUE projects are routinely monitored. COVID19 (1st 9 months) did cause delays, but on the whole the majority of NUE projects continued after some short period of closure. The majority of NUE projects are small scale (refurbishing existing stock) compared with larger new build projects. Therefore safe social distance practice in place.	

							Communication between KCC/Projects would also dictate drawdown of funds (which are secured) to ensure sufficient cash flow is available to acquire supplies and materials should there be a demand because of limited availability. So we are taking account of lessons learnt through initial lockdown and will continue to monitor and review any new constraints as they are presented to us.	

** Likelihood of occurrence scale: Very Low (1) more than 1 chance in 1000; Low (2) more than 1 chance in 100; Medium (3) more than 1 chance in 50; High (4) more than 1 chance in 25; Very High (5) more than 1 chance in 10.*

*** Impact scale: Very Low (1) likely that impact could be resolved within 2 days; Low (2) potential for a few days' delay; Medium (3) potential for significant delay; High (4) potential for many weeks' delay; Very High (5) potential for many months' delay.*

**** Risk rating = Likelihood x Impact*

Appendix M – Lessons Learnt

Kent County Council – No Use Empty: Kent Empty Property Initiative

Overview

Kent County Council (KCC) launched its 'No Use Empty' campaign in 2005 as part of its Public Sector Service Agreement (PSA2) targets, to examine better ways of delivering services, and particularly at working more effectively with district councils. The primary aim of the Initiative is to improve the physical urban environment in Kent by bringing empty properties back into use as quality housing accommodation.

The initiative was originally focused on the towns of the four districts of Thanet, Dover, Shepway and Swale, as research has found that the majority of empty properties (over 3,000) are located within these four districts. Additionally, 19 of the 20 most deprived wards are also located within these same areas.

In January 2008, due to the success of the scheme Kent County Council expanded the initiative to include all 12 district councils in the county.

Objectives

Overall the aim of the initiative has been to substantially increase the number of long-term empty homes returned to use as good quality housing accommodation. A specific numerical target to return 372 empty properties to use over three years was set, which represented a doubling of previous targets. This was to be achieved through the development of new and innovative practice and improved partnership working. The total of 487 properties was achieved in the three-year period, which was a 262% increase on previous performance prior to the Initiative commencing.

Setting up the Scheme

Prior to the launch of the Initiative a large amount of research was undertaken to:

- Identify the location of the empty properties through an empty property condition survey in the four districts to establish their condition and likely costs for refurbishment;
- Business and local resident's perceptions survey
- Appointment of PR and media company to raise and promote the profile of the initiative
- Development of No Use Empty Campaign and associated website
- Appointment through competitive tendering, a specialist private sector housing company to work with the Districts
- Research and develop the full range of options available (in conjunction with the Empty Homes Agency) to help bring these properties back into use; and
- To establish what help and assistance would encourage owners to return their properties back into use.

Using this research, the Initiative developed a project plan that focussed on the following to achieve the aim and objectives of the project:

- An awareness campaign to highlight the issue of empty homes to be targeted at owners;
- The development of an information resource for owners, residents, and anyone else with an interest in empty properties. This led to the creation of the No Use Empty web site www.no-use-empty.org, and the production of regular newsletters;
- Financial support to encourage owners to refurbish and bring their properties back into use;

- Training for empty property officers and other local authority personnel involved in this work e.g. solicitors, planners, environmental health officers, building control on the enforcement options; and
- Practical one-to-one on the ground guidance for empty property officers /local authority staff provided by the project consultant. Enabling them to utilise the full range of legislative options and wider mechanisms / methods to bring empty homes back into use.

Additionally, a residents' and business survey was undertaken to gauge the impact of empty properties on resident and business confidence in their locality. A follow-up survey was undertaken in Summer 2008, which demonstrated a clear increase in business and resident confidence. The Initiative undertook and a series of events, to which owners were invited, to launch the Initiative and outline the assistance available.

Annual empty property surgeries are undertaken to encourage owners of empty properties to bring their properties back into use.

The Initiative has now developed three strands of financial assistance to use its capital funding (£6 million) to encourage the re-use of empty properties. These are as follows:

Interest Free *Loan Scheme* – loans are available to help owners/developers for the refurbish/conversion of empty homes or redundant commercial buildings to provide good quality residential accommodation. On completion properties must be made available for sale or rent. The loan fund is operated as a revolving fund, so that as loans are repaid, the money is then re-lent to support new schemes. Max £25K per unit, max £175K per applicant, secured as 1st or 2nd charge based on a maximum 80% LTV (loan to value) on the property offered as security.

Partnership Fund – funding available to help the Districts undertake enforcement where deemed necessary e.g. Compulsory Purchase Orders, works in default or direct purchase. District Councils have extensive powers to deal with run down empty properties but often lack both financial resources and personnel or knowledge to effectively utilise these powers.

Direct Purchase Scheme – involving the acquisition of empty properties by KCC for redevelopment into good quality housing accommodation.

Resources

The Initiative is delivered by the Empty Property team - this is made up of the KCC Strategic Programme Manager, KCC Project Officer, Private Sector consultant and the district empty property officers (predominantly part time Officers). This team operates as a "virtual team" as they are not employed by one body and work from different locations. Additional resources are provided by KCC's legal services dept. and its property group as and when required. Support is also provided to the team for its communication strategy by the PR firm engaged specifically for the Initiative.

The main funding for the Initiative, both revenue and capital has been provided by KCC. The scheme had a capital funding of £5million (Capital & Prudential Borrowing).

In 2012, KCC launched an Affordable Housing loan scheme which has a Capital fund of £2 million. The scheme is jointly funded by KCC and the Homes & Community Agency and works with AmicusHorizon, who manage the refurbished properties on behalf of the owners for a 5-year period, providing a guaranteed monthly rental income (affordable rent). It returned 42 affordable units by March 2015.

NUE are continuing to support Affordable Homes projects without HCA funding.

In addition, we have seen an increase in the number of commercial properties coming forward with planning permission for conversion to residential or a mixture of residential and commercial.

The districts have provided "in-kind" support through the involvement by their empty property officers and other staff.

Evaluation

The success of the project has been measured by the tangible results achieved through the number of empty homes brought back into use, which amounted to 487 properties in the first three-year period. In total, since its inception the scheme has brought back into over 6,083 properties (up to January 2019).

The scheme has approved over £33.6 Million of interest free loans, which equates to 1,054 units of accommodation. This has leveraged in excess of £31.1 Million of private sector funding (owner's contribution), giving a total investment through the loan scheme of £64.7 Million (up to January 2019).

- The average cost to renovate a unit = £58.2k (often very worst properties)
- KCC average investment per unit £28.5k (excludes Affordable Homes Project but includes Top Up from districts where available)
- Actual cost to KCC = £1,900 per unit (loss of interest and management costs)
- Repayment of loans to date £17.6 Million
- Loans scheme created over 1,163 jobs & homes for approximately 2,319 people
- For each £1 spent on interest and administration, this translates to £20 being spent in local economy (labour & materials)

The completed business and resident survey demonstrated an increase in confidence in localities as a result of bringing empty properties back into use. *No Use Empty* is now widely regarded as one of the most effective initiatives to deal with empty properties in the UK. The scheme and their partners have won multiple awards from Regeneration & Renewal for their partnership working 2011, shortlisted for an award by the Chartered Institute of Housing in 2012 and won Regeneration and Renewal Awards in 2014 (Partnership Working). Highly commended twice in 2015: LGC Awards for partnership working and best housing initiative. Winners of the 'outstanding approach to regeneration' category in UK Housing Awards 2018.

In partnership with Bristol City Council, the No Use Empty Initiative brand was rolled out to the West of England Local Authorities. No Use Empty introduced KCC Legal Services to a number of other Councils to assist with their smaller loan scheme which is now operational across six local authorities.

The Audit Commission cited the scheme as good practice to other Local Authorities and has been recognised by a number of organisations including the Scottish Government, Welsh Government and the Empty Homes Agency as a beacon of good practice.

The Empty Property Initiative has been incorporated into KCC's Housing Strategy as a target to support its joint wider regeneration projects within the partner districts and increase housing provision and quality. Specifically, the Initiative has linked with these regeneration projects to identify key properties to target for action. All districts had an empty property strategy in place prior to the commencement of the project. The Initiative has contributed to the aims and objectives of these strategies and increased the numbers of empty properties that have been brought back into use.

Lessons Learnt

The main lessons learnt from establishing the project were firstly, an awareness of the time taken to develop this type of Initiative. Although not overly complex bringing together the resources, information and personnel required took much longer than originally anticipated and there was a time lag between the launch in December 2006 and the availability of the main financial funding. Good customer care was essential to keep clients informed of progress (or lack at times) to keep them on board.

The lack of resources at District level to undertake empty property work – both in terms of personnel and financial was a limiting factor. The provision of the capital funding by KCC has in the main overcome the issue of financial resources, but manpower remains an issue. Only two of the districts have dedicated empty property officers (and to some extent the numbers returned to use by the individual districts reflect this situation). For the other districts empty property work is just one of a number of tasks undertaken by person allocated with this role.

Initially there was a lack of a corporate approach to the problem of empty properties, which resulted in Councils dealing with the issue in a piecemeal fashion. There was also a lack of understanding of the overall picture and the methods available to deal with empty properties. Creating a change in culture has facilitated a more positive approach to the problem.

The importance of training both for personnel directly involved in empty property work and for departments that can contribute to this area of work e.g. legal, building control, environmental health and planning. For departments that contribute a "supporting" role an increased awareness and knowledge has brought about an increased level of support for empty property work, which is helping to tackle particularly difficult cases.

Shared learning, this has brought about an increasingly improved level of skills and knowledge, which are being effectively utilised in empty property work. Low cost training has been provided to over 1,047 officers, through the initiative. One aspect that has proved invaluable has been the services of the project consultant, who has provided ground support and practical training and implementation on the use of the wide-ranging legislation.

P.R. and communications: throughout the project we have achieved wide coverage both nationally and locally, including television, radio, national and local press. This has not only achieved a strong brand name in the partner districts, but has also created a ripple effect within the County and beyond through publishing our successes. This has resulted in owners becoming more open to constructive dialogue with the Councils, knowing that they are prepared to follow through their threat.

Contact Details

Steve Grimshaw, Strategic Programme Manager, Kent County Council, tel. no. 03000 417084
email: Steve.Grimshaw@Kent.gov.uk

Appendix N – Categories of exempt information

There is a clear public interest in publishing information and being open and transparent. But sometimes there is information which we can't publish because it would cause significant harm to the scheme promoter - for example by damaging a commercial deal or harming their position in a court case. Equally sometimes publishing information can harm someone who receives a service from the scheme promoter or one of their partners.

The law recognises this and allows for information to be placed in a confidential appendix if:

a) it falls within any of paragraphs 1 to 7 below; and

b) in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

1. Information relating to any individual;
2. Information which is likely to reveal the identity of an individual;
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information);
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority;
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings;
6. Information which reveals that the authority proposes – (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or (b) to make an order of direction under any enactment;
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

Appendix O – Example S151 Officer Letter to support Business Case submission – Growing Places Fund *(original to be supplied)*

Dear Colleague,

In submitting this project Business Case, I confirm on behalf of *[Insert name of County or Unitary Authority]* that:

- The information presented in this Business Case is accurate and complete.
- The funding has been identified to deliver the project and project benefits, as specified within the Business Case. Where insufficient funding has been identified to deliver the project, this risk has been identified within the Business Case.
- The identified project expenditure represents capital spend. GPF cannot be used to cover revenue costs.
- The risk assessment included in the project Business Case identifies all substantial project risks known at the time of Business Case submission.
- The delivery body has considered the public sector equality duty and has had regard to the requirements under s.149 of the Equality Act 2010 throughout their decision-making process. This should include the development of an Equality Impact Assessment which will remain as a live document through the project's development and delivery stages.
- The delivery body has access to the skills, expertise and resource to support the delivery of the project.
- Adequate revenue budget has been or will be allocated to support the post scheme completion monitoring and benefit realisation reporting.
- The project will be delivered under the conditions of the Loan Agreement which will be agreed with the SELEP Accountable Body, including the repayment of the Growing Places Fund loan in accordance with an approved repayment schedule.
- The requested GPF investment does not contravene State Aid regulations.
- The appropriate checks have been undertaken and it has been confirmed that this funding application is from a creditable source which has the means to repay the loan.

I note that the Business Case will be made available on the SELEP website one month in advance of the funding decision being taken, subject to the removal of those parts of the Business Case which are commercially sensitive and confidential as agreed with the SELEP Accountable Body.

Yours Sincerely,

SRO (Director Level) David Smith

S151 Officer Zena Cooke