South East Local Enterprise Partnership: South East Growing Places Fund (GPF)

Introduction and background – GPF Round 2

The Growing Places Fund (GPF) was established by the Department for Communities and Local Government (DCLG) and the Department for Transport (DfT) in 2011 to unlock economic growth, create jobs and build houses in England. GPF operates as a recyclable loans scheme. In the case of South East Local Enterprise Partnership (SELEP) a total of £49.2m GPF was made available, of which £48.7m GPF has been already allocated. Repayments are now being made on these original loan investments, creating the opportunity for reinvestment of GPF through Round 2. Through GPF Round 2, SELEP seeks to invest up to £9.317m (amount of GPF available over the next three years to 2019/20), in projects which require capital loan investment.

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

- *Stage 1 – Expression of interest*
- *Stage 2 – Scheme prioritisation*
- *Stage 3 – SELEP Accountability Board funding decision*

In Stage 2 (scheme prioritisation), schemes selected by the Federated Areas will be required to develop and submit a Strategic Outline Business Case (SOBC) which provides the strategic, economic, financial and deliverability evidence in support of the proposal. Applicants who have applied for GPF for projects which have been assessed as having the potential to progress (Stage 1) are invited to complete the following document (comprised of 10 sections) which sets out the prioritisation process (Stage 2).

Loan agreements

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

Primary Loan Agreements will be entered into between Essex County Council (Accountable Body for SELEP), the 'Lender' and the applicant 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;*
- *A finance rate - Interest will be charged at two percent below the Public Works Loan Board (PWLB) or zero, (whichever is higher) at the point of the loan agreement being entered into. The rate will be fixed at the point of the loan agreement being entered into and will be fixed through the duration of the agreement. Based on the current PWLB interest rate, GPW will be awarded with zero percent interest.*
- *Missed repayment fine - A late repayment fine will be incurred if the project fails to make loan repayments as per the schedule agreed within each Project's Loan Agreement. This fine will be equivalent to the charging of interest at market rate from the point of default on the loan repayment; and*
- *Monitoring requirements.*

Where appropriate Primary Loan Agreements will be conditional upon a subsidiary agreement being entered into between the Borrower and a third party – for example a developer or infrastructure providing for works to be undertaken and/or contributions based on planning agreements, tariffs or CIL.

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

SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

Growing Places Fund (GPF) Business Case Template

1. Scheme summary

Scheme promoter: Kent County Council

Project Name: No Use Empty Commercial (NUE Commercial)

Federated Board Area: Kent & Medway

Lead County Council/Unitary Authority: Kent

Development Location: Kent
(This is a programme of projects with locations are spread across the county of Kent)

Background:
Kent County Council (KCC) launched its 'No Use Empty' (NUE) 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 long empty properties (defined as empty for over 6 months) back into use as quality housing accommodation.

The initiative originally focused on the following districts: Thanet, Dover, Shepway and Swale, as research found the majority of empty properties (over 3,000) are located here. 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 KCC expanded the initiative to include all 12 Kent district councils.

NUE has a proven track record returning more than 5,000 empty homes back into use across the County to the decent homes standard. NUE has attracted £23M leverage for an investment of £17M (recycled loans) to date.

Project Description
KCC is seeking £1M GPF funds for the NUE Commercial project, which will run alongside the established NUE initiative. The project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes. In particular, it will 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.

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

- support **economic growth** through new commercial activity: attracting new business rates, and creating and 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
- support **wider regeneration,** in particular assisting in the vitality and viability of existing commercial areas, improving the quality of the local environment, complementing wider regeneration activities and supporting community safety and cohesion.

NUE Commercial will achieve this by providing **short-term secured loans** (up to 3 years) to bring long-term empty commercial properties back into use, using the management and systems that are already in place for the existing NUE scheme.

Whilst the existing NUE scheme is primarily focused on empty residential properties, it has provided loans for a number of successful mixed commercial/residential projects: this has demonstrated the demand for and the potential of a further scheme focused on commercial premises. Examples of commercial/ mixed-use projects supported through the existing NUE scheme are set out in Annex 1. NUE Commercial is therefore a natural progression of an award winning residential scheme with systems and procedures already in place.

Project Development Stages:

There is no requirement for GPF funding in relation to the development of the project. All development work will be undertaken by the KCC funded Strategic Programme Manager with the support of the existing team, with workloads and areas of responsibilities re-aligned.

An overview of the NUE delivery team, setting out named team members and their roles and responsibilities, is set out in Annex 2.

	Project development stages			**GPF funding required**
Stage		**Partners**	**Status**	✓ *or* ✗
1	SELEP to inform KCC if the SOBC submission has been successful	SELEP/KCC	*Ongoing – outcome December 2017*	✗
2	Identify 2-3 potential sites to take forward with GPF funds. Investigative work: Districts to identify potential projects to take forward and have at least one to include as at launch of fund. NUE already works across Kent in partnership with our district colleagues and a proven track record for project delivery. We have small developers who have previously worked with NUE who have expressed interest in returning empty commercial space back into use.	KCC and districts	Ongoing – to March 2018	✗
3	Launch of NUE Commercial – as soon as decision is known (Stage 1)	KCC	To be completed	✗
3	Encourage more sites – follow up work after the launch to maximise potential to draw on GPF funds	KCC and districts	To be completed	✗

Development of loan systems and processes: The loan product that will be offered under the NUE Commercial project requires minimal modifications to the wording of the existing loan templates already operated under the main NUE initiative. The NUE Strategic Programme Manager will ensure all documents are compliant with the GPF loan agreement between SELEP and KCC.

The GPF funds (with approval) will be administered in line with existing NUE procedures. The new loan product will be integrated into NUE as the further progression of an existing initiative and will be included in the wider marketing and promotion of all NUE loan products.

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 Annex 3.

GPF required:
£1 million

Other contributions:
£300k is identified as being available from KCC to assist with the mixed commercial/residential projects. (KCC Capital NUE fund is approved as per Budget Book covering 2019/2020).

Further contributions will come from private sector. Whilst the actual figure is not yet known as projects are yet to be identified, NUE has attracted leverage of £23M from the private sector from the £17M awarded under the residential loan scheme (£1.35 for each £1 invested). Based on this the project could attract £1.35M of private sector leverage

Table showing the % of the total project costs (including private sector leverage)

Source	Funds	%
GPF (Funder)	£1.00M	38%
KCC (Promoter)	£0.30M	11%
Private Sector	£1.35M	51%
Total	£2.65M	100%

Should further GPF funds become available and NUE Commercial is on track to achieve its delivery targets, the NUE Commercial project could potentially be extended. For example an additional £200k would potentially generate:
2 commercial units
5 new homes

2. Strategic fit

Policy and Strategic Context:

No Use Empty has a proven track record. Having a countywide presence and working in partnership with all Kent Districts, it provides direct, rapid and targeted intervention in the local property market, retuning empty properties back into use for residential and commercial use, particularly supporting communities in urban and coastal areas that have become 'stuck'.

The NUE Commercial project contributes to the delivery of partners' objectives at SELEP, county and local level. Specifically:

The South East LEP and the Strategic Economic Plan

Accelerating housing delivery is a key ambition in the South East Strategic Economic Plan, with a commitment to accelerate housing delivery by an additional 100,000 homes by 2021. NUE directly contributes to this: since 2005, the programme has brought over 5,000 homes back into use since 2005, representing a 40% reduction across the county and has created 560 new homes from redundant commercial property.

Spatially, the LEP has identified the Thames Estuary as a priority location for growth, and facilitates a Coastal Communities working group, recognising the challenges faced by coastal towns (especially linked to the housing market). NUE Commercial will focus in particular on the coast and Estuary. The SEP specifically refers to the need to *"build on No Use Empty to intervene in the housing market… particularly in coastal towns"* (p.160). More broadly, NUE will contribute to the strategy set out by SELEP's Housing and Development Group and to SELEP's overall aims of job creation and economic growth.

KMEP and Kent County Council

No Use Empty has been endorsed as a priority by KMEP Board. In addition, *Better Homes*, the Kent and Medway Housing Strategy highlights the success of No Use Empty, and includes an objective to *"attract new Government funding to bring further empty properties back into use"* (p.48). More recently, the *Kent and Medway Growth and Infrastructure Framework* 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.

Increasing Opportunities, Improving Outcomes 2015-20, Kent County Council's Strategic Statement, sets a framework for the Council's activities. No Use Empty contributes to all of the Statement's strategic outcomes, in particular that *"Kent communities feel the benefits of economic growth by being in work, healthy and enjoying a good quality of life".*

Local strategy

NUE works closely with District partners in identifying empty properties that require intervention to be returned to use. This joint working will be central to the operation of No Use Empty Commercial. Through this approach, the project directly contributes to District Empty Property Strategies (see, for example Thanet's *Empty Property and Derelict Land Strategy*) and 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 risks 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.

At national level, the case for intervention is supported by the Nationwide Foundation’s report *Affordable Homes from Empty Commercial Space*s (2016), commissioned by the national charity Empty Homes. This investigated the barriers to commercial re-use, and recommended that local authorities intervene to use vacant commercial space to meet housing need. The report specifically included a case study from NUE (http://www.emptyhomes.com/assets/affordable-homes-from-empty-commercial-spaces.pdf).

Within Kent, several areas are currently blighted by high commercial vacancy rates. Revo (formerly the British Council of Shopping Centres) identified the following town centres with retail vacancy rates higher than 15%:

Dover	23.5%	Gravesend	20.0%
Folkestone	19.1%	Margate	37.4%

NUE has already identified more spatial areas - Cliftonville (Margate) and Cheriton (Folkestone) as having a high proportion of empty shops as well as empty spaces above retail units.

NUE Commercial will address this market failure by providing loans to bring empty properties back into use. The average cost to return one empty unit is £43,000 a fraction of the cost of a new build. A loan from GPF funds of this size allow for smaller individual projects to commence without having to wait for speculative developments and larger funding packages to come forward.

Small local developers who find it difficult to access funds from traditional lenders because of the additional security required to fund the refurbishment of dilapidated buildings because of the low value will benefit from NUE Commercial. An example of a project which would have stalled without NUE intervention is set out in Annex 4.

Impact of Non-Intervention (Do nothing):

Should GPF funding not be forthcoming, NUE will continue to bring empty properties back into use via the existing scheme. However, the additional NUE Commercial project will not proceed. This will mean that support for projects which have a commercial nature will be restricted. Small developers with difficulties in accessing funds for the smaller projects and communities on the fringes of bigger schemes and in ‘secondary’ commercial areas will fail to benefit.

Doing nothing will also mean a potential loss of business rates, and an inability to create new council tax receipts and New Homes Bonus payments arising from conversion to residential. Leaving an empty property derelict will have a negative impact leading to anti-social behaviour impacting on local services and further work for local empty property officers in terms of additional enforcement and legal proceedings.

Funding Options:

There are no alternatives to GPF to support No Use Empty Commercial 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 averse to lending on dilapidated buildings which are in marginal locations and seen as high risk requiring a disproportionate amount of security, as evidenced in Annex 4.

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 Annex 3; an example of a 'high risk' project and how it was managed is set out in Annex 5.

Other public sector investment: The existing NUE initiative is primarily reliant on Prudential Borrowing (£5m) and £1.7m of KCC capital funds. KCC has reached its agreed borrowing cap and there are no additional funds which can be accessed (other than the £300k which from KCC which will contribute to the NUE loan pot).

NUE previously accessed Homes and Communities Agency (HCA) funding in 2012-15 to deliver Affordable Homes from empty properties. However, this is no longer available. There are no other sources of public funding.

NUE has not approached GPF before for funds and believes there is no duplication with other programmes for projects supported by SELEP.

3. Infrastructure requirements

Infrastructure Requirements:

The empty properties are yet to be identified, and will be assessed through the process set out in Annex 3. However the NUE Commercial 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. In the majority of cases utilities are already on site.

Projects must adhere to the decent homes standard and have correct certifications in place to comply with any building regulations. The Decent Homes Standard is set out in Annex 6.

4. Cost and funding

Total Project Cost and Funding Required:

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.

However, the following table shows the anticipated total project costs (including private sector leverage). This is consistent with experience within the NUE programme to date:

Source	Funds	% as total of anticipated project costs
GPF (Funder)	£1.00M	38%
KCC (Promoter)	£0.30M	11%
Private Sector	£1.35M	51%
Total	£2.65M	100%

Cost breakdown:

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

Total Project Costs £ 241k (Loan Approved £150k condition: staged payments £50k)

Project Expenditure	Q1 Yr 1	Q2 Yr 1	Q3 Y1	Q4 Y1	Q1 Yr 2	Q2 Yr 2	Q3 Yr 2	Q4 Yr 2	Total
Owners Funds	£35k	£35k	£21k						£91k
Loan Funds (GPF)			£50k	£50k	£50k				£150k
Total Costs	£35k	£35k	£71k	£50k	£50k				£241k

The typical documents required as evidence of drawdown are set out in <u>Annex 5.</u>

GPF drawdown: The NUE project proposes that the first tranche of GPF funds (subject to approval) are available to be drawn on at the first available opportunity during the first quarter of 2018/2019. This will ensure that GPF funds are transferred to KCC to be able to facilitate the initial drawdown requests from individual approved projects.

Should the remaining tranche be required prior to 2019/2020, the KCC Programme Manager responsible for the project will make the request.

No funds are required from GPF for development stages and ongoing monitoring and evaluation costs will be carried out by the existing NUE Team.

	Expenditure profile				
Cost type – Capital Works identified on individual project basis	**17/18 £000**	**18/19 £000**	**19/20 £000**	**20/21 £000**	**Total**
Funds required from GPF		£0.5M	£0.5M		£1M
KCC funds available to service loans		£0.15M	£0.15M		£0.3M
Private Sector funds (to be confirmed)		£0.675M	£0.675M		£1.35M
Total cost		£1.325M	£1.325M		£2.65M
Inflation (%)					

Funding breakdown:

		Funding profile				
Funding source	**Funding security**	**17/18 £000**	**18/19 £000**	**19/20 £000**	**20/21 £000**	**Total**
GPF	*To be confirmed*		£0.5M	£0.5M		£1M
KCC	In place		£0.15M	£0.15M		£0.3M
Private Sector Funds	To be confirmed as projects are approved		£0.675M	£0.675M		£1.35M
Total funding available			£1.325M	£1.325M		£2.65M

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 projects will be progressed unless there is support from 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 7.

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 valuation.

Based on the experience of the established NUE residential programme, local tradespeople and SMEs will be engaged in bringing the empty properties back into use. The following link is of a short film evidencing NUE supporting SME's and local supply chains: https://www.no-use-empty.org.uk/no-use-empty-loans-dough-to-the-bakery/

Property Ownership and Legal Requirements*:*
This is a programme of projects, so individual project locations are spread across the county of 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 has been completed for the overall No Use Empty (NUE) project. This has been confirmed by the Diversity and Equalities team at Kent County Council as compliant. This has been published KCC's internal website (June 2017).

Main outcomes:

Potential Impact: The longer term aims of the 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 much needed housing, creating jobs and improving the environment for Kent residents.

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

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

The Equalities Impact Assessment is set out in <u>Annex 8.</u>

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.

6. Expected benefits

Overall Project Impacts:

Outputs / Outcomes		2018/ 19	2019/ 20	2020/ 21	2021/ 22	2022+	Total
Direct Outputs (gross terms)	***New Homes back into use*** ***Commercial back into use*** ***Floor space (Sq. m)*** ***Jobs Safeguarded/Created (Project Phase)***		14 4 353 9	14 4 353 9			28 8 706 18
Direct Outputs (net terms, after considering additionality)							
Indirect Outputs (gross terms)	*People Housed* *Jobs created estimate 2 per commercial unit*			28 8	28 8		56 16
Indirect Outputs (net terms, after considering additionality)							

Quantifiable output assumptions:

- New homes back into use: 28 new homes are assumed, based on NUE's previous experience of 30 previous projects which had a mixed residential and commercial element. We assume that all of these homes are additional, given that:
  - ➢ The homes are not replacing previous 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 not currently possible)
- Commercial floorspace: 706 sq m, based on previous experience. Overall, the project will deliver a net decrease in total available floorspace, given that some will be converted to residential. However, as loans will only be made available in situations where units are long-term empty, it is reasonable to assume that the previously existing floorspace is unviable, and that the re-used commercial floorspace is a net addition to the viable stock. The businesses that have been taken space in projects supported by NUE to date have included architects, picture framers, convenience stores and artists: a diverse range of occupiers, including several 'higher value' employers
- Jobs safeguarded or created: Based on the National Housing Strategy which assumes that two net jobs are created for each house completed. (https://www.london.gov.uk/moderngov/documents/s38594/Measuring%20Jobs_Appendix%203.pdf

Based on a total of 36 units (8 commercial and 28 homes) being assisted with £1M GPF funds this is calculated at £27.7k per unit for GPF intervention.

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 6.

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

In 2016 NUE 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, as without the GPF loan, the NUE Commercial 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):

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.

This has been factored into the value for money assessment which is set out in Annex 10. This includes a breakdown of associated revenue costs and other assumptions made which take into consideration DCLG guidance.

Our assessment shows a Benefit Cost Ratio (BCR) of 2.53.

In addition to this there are other benefits associated with the project in terms of being able to generate New Homes Bonus (£156.8k), additional Council Tax receipts (£39k) and collection of Business Rates.

7. Contribution to the Establishment of a Revolving Fund

GPF Repayment:

NUE has a proven track record and has operated a recycling loan fund for more than 10 years. It has successfully recovered £10.6M of loans.

NUE Commercial will offer secured loans with GPF funds which will be repayable on an agreed date written into the Loan Facility Agreement between Kent County Council and the property owner. Loans awarded in 2018/19 will repaid 31st March 2021 and loans awarded in 2019/20 will be repaid by 31st March 2022.

A reminder letter will be issued 3 months before the loan is due to ensure that the borrower has sufficient 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 take action of this nature 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.

Loans offered in 18/19 may not be repaid until during 2021/22 but it would be our desire to encourage sufficient projects to maximise the GPF available in Year 1 and if permitted be allowed to bring forward funds available for 19/20 to speed up delivery and be able to repay the GPF fund earlier if possible. In terms of bad debt, based on the existing NUE residential initiative, our default rate has been below 1%.

GPF Repayment Schedule:

	2018/19	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**Total**
GPF Repayment (Capital)			£0.5M	£0.5M		£1M

Financial Viability:

Each project under NUE Commercial 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 Annex 3 – Flowchart processes from project identification to repayment of secured loan

The NUE project proposes that the first tranche of GPF funds (subject to approval) are available to be drawn on at the first available opportunity during the first quarter of 2018/2019. This will ensure that GPF funds are transferred to KCC to be able to facilitate the initial drawdown requests from individual approved projects. This will also minimise the number of transactions required.

Should the remaining tranche be required prior to 2019/2020, the KCC Programme Manager responsible for the project will make the request.

However, if this is not possible, the following table is an indication of the potential drawdown of GPF funds:

Loans Profile	**Q1 18/19**	**Q2 18/19**	**Q3 18/19**	**Q4 18/19**	**Q1 19/20**	**Q2 19/20**	**Q3 19/20**	**Q4 19/20**	**Q4 20/21**	**Q4 21/22**	**Total**
GPF Drawdown	£0.2M	£0.2M	£0.1M		£0.3M	£0.2M					£1M
GPF Repayment									(£0.5M)	(£0.5M)	(£1M)
Net	£0.2M	£0.2M	£0.1M		£0.3M	£0.2M			(£0.5M)	(£0.5M)	£0M

8. Risks

Risk Register:

A Risk Register can be found at Appendix A which identifies the overall risks and GPF specific risks, likelihood, impacts and mitigations. This is based on the 10 year experience of the NUE recycled loan fund.

Commentary is provided for the most significant project risks, which considers the implementation risks associated with the project including the risks to the repayment of individual projects and the risks to the repayment of the GPF fund and how these will be mitigated.

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 / £163,500 from all sources of public sector aid, then the de minimis rules can apply.

10. Monitoring and evaluation

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 procedures established for the main NUE initiative and overseen by the KCC Programme Manager, which will include site visits, monitoring of expenditure and review of project timescales. Annex 3 shows a flowchart of processes from project identification to repayment of secured loan

The KCC Programme Manager will maintain a register of individual projects supported with GPF funds to include the monitoring of agreed outputs and will complete a quarterly monitoring report to reassurance to SELEP, KCC and its local authority partners who have supported projects approved.

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

Strategic monitoring: The KCC Programme Manager receives monthly returns from districts regarding empty properties back into use. This information is then collated into 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 with goes to CMT (Corporate Management Team), Corporate Board and finally KCC Cabinet.

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

Longer term evaluation: A 'lessons learnt' report (attached at Annex 9) has been prepared for the existing project, and will be reviewed following the completion of the NUE Commercial 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*

If the answer is "yes" to any of these questions please give details on a separate sheet of paper of the person(s) and business(es) and details of the circumstances. This does not necessarily affect your chances of being awarded SELEP funding.

I am content for information supplied here to be stored electronically, shared with the South East Local Enterprise Partnerships Independent Technical Evaluator, Steer Davies Gleave, 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 Business Case supporting appendices 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 E.

Where scheme promoters consider information to fall within the categories for exemption (stated in Appendix E) 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. Any expenditure defrayed in advance of project approval is at risk of not being reimbursed and all spend of Local Growth Fund must be compliant with the Grant Conditions.

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

Appendix A – Risk register

Description of Risk	Impact of Risk	Risk Owner	Risk Manager	Likelihood of occurrence (Very Low/ Low/Med/ High/ Very High) (1/2/3/4/5) *	Impact (Very Low/ Low/ Med/ High/ Very High) (1/2/3/4/5) **	Risk Rating	Risk Mitigation	Residual Likelihood/Impact Scores
Failure to recover 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	SG	Medium (3)	Medium (3)	9	All loans are subject to a risk assessment and separately monitored 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
NUE does not identify 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	SG	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 Auctions for potential projects.	3*1 = 1
Inaccurate property valuations	KCC exposed to excessive risk	KCC	SG	Low (2)	Medium (3)	6	The NUE scheme requires an Independent Royal Institute of Chartered Surveyors (RICS) valuation to be undertaken to provide the existing value of properties and the future value of the property.	1*2 = 2

							This together with the maximum LTV ratios and taking into account any first charges (mortgages) on the property being developed are also contributing factors during the financial risk assessment process	
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	SG/Section 151 Officer	Medium (3)	Medium (3)	9	This could be mitigated by KCC underwriting the repayment whilst KCC pursue the individual projects for repayment. Loans are secured as a 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 staff in 2015. KCC has a business support function that can be called on for additional support	KCC	SG	Medium (2)	Very low (1)	2	Within Economic Development at KCC, 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 the initiative which can be easily followed for tasks.	2*1 = 2

** 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.*

Appendix B – Funding commitment

Draft S151 Officer Letter to support Business Case submission – Growing Places Fund

Dear Colleague

In submitting this project Business Case, I confirm on behalf of Kent County Council that:

- The information presented in this Business Case is accurate and correct.
- The funding has been identified to deliver the project and project benefits, as specified within the Business Case. Where sufficient funding has not been identified to deliver the project, this risk has been identified within the Business Case and brought to the attention of the SELEP Secretariat through the SELEP quarterly reporting process.
- 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 projects 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.

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	Andy Wood

Annexes:

Annex 1: Example of NUE Projects with commercial space

Annex 2: NUE Resources

Annex 3: Simplified Flowchart

Annex 4: Example of project which would have stalled without NUE intervention.

Annex 5: Example of high risk and process adopted

Annex 6: The Decent Homes Standard

Annex 7: Example Project Approval Sheet (Not for publishing)

Annex 8: EQIA evidence

Annex 9: No Use Empty: Lessons Learnt

Annex 10: Benefit Cost Analysis (BCA)

Annex 2 – NUE Resources

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

KCC Programme Manager – Steve Grimshaw
KCC Project Officer – Jackie Gibb
Private Sector Housing Specialist – Andrew Lavender
and the 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:

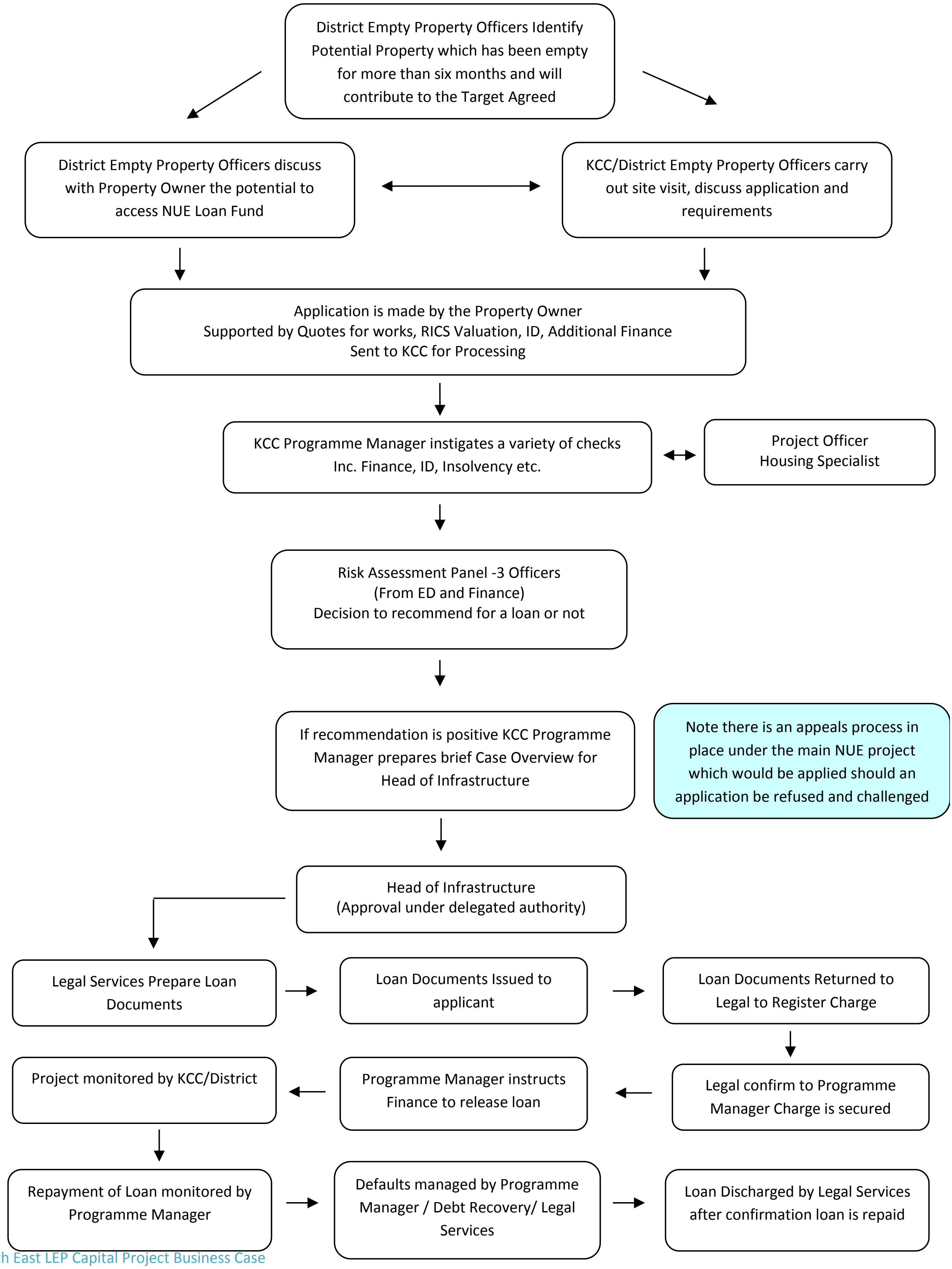
- Site Visit and meet with potential loan applicants
- Reviewing application forms
- Checking with District Councils if planning and building regulations as required
- Carrying out insolvency search
- Assisting with assessment of the loan
- Completion of Loan Approval Form and sign of by Head of Service
- 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 PR firm engaged specifically for the Initiative.

Appendix 3
Simplified Flowchart



Annex 6

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.

Annex 8 – EQIA evidence

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: NIGEL SMITH.

Name: Job Title: HEAD OF INFRASTRUCTURE

Date: 8 MAY 2017

DMT Member

Signed: David Smith

Name: D. T. SMITH

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.

Annex 9: 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 a empty property condition survey in the four districts to establish their condition and likely costs for refurbishment;
- Business and local residents 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 90% 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 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 use 4,717 properties (up to November 2016).

The scheme has approved over £17.1 Million of interest free loans, which equates to 750 units of accommodation. This has leveraged in excess of £23.3 Million of private sector funding (owner's contribution), giving a total investment through the loan scheme of £40.4 Million (up to November 2016).

- The average cost to renovate a unit = £48k (often very worst properties)
- KCC average investment per unit £21.7k (excludes Affordable Homes Project)
- Actual cost to KCC = £1,900 per unit (loss of interest and management costs)
- Repayment of loans to date £8.7 Million
- Loans scheme created over 754 jobs & homes for approximately 1,738 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.

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 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) in order 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

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