

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting11th July 2013

1. Title of Item/Report

Invest to Save Business Case - Empty Homes

2. Record of the Decision

Consideration was given to a report on Invest to Save Business Case – Empty Homes. As part of the 2012/13 Scrutiny Work Programme the Regeneration and Transport Select Committee recently concluded a review of empty and abandoned residential properties. Following presentation of the review report (on the 07.03.13) Cabinet agreed that during 2013 a business case should be developed to explore an ‘invest to save’ opportunity to provide additional resources (funded through Council Tax and/or investment reserves) to tackle the problem of empty homes. The report presented the findings of the business case exercise back to Cabinet and seek a one-off ‘invest to save’ resource.

A comprehensive financial exercise had been undertaken between Housing and Finance colleagues to determine the financial implications of returning more empty residential properties to use. The range of factors including that had been examined were detailed within the report. The report also highlighted the financial modelling exercise.

Much of the financial modelling could be undertaken against ‘firm’ data (i.e. council tax charges, the value of the New Homes Bonus) what could not be guaranteed at this stage was the total number of empty homes which would be returned to use and how long each property had been vacant. For the purpose of this ‘invest to save’ analysis a number of scenarios had been modelled and were detailed as an attachment to the report.

There were risks associated with each of the scenarios detailed in the attachment, the most significant being a low number of empty homes being returned to use. On this basis each scenario was modelled against a conservative estimate. A table within the report provided a summary position financial position over the 2 year period.

Based on the middle option (B), after the £25k ‘contingency pot’ had been factored (which will fund works in default) the project was expected to

deliver a financial benefit to the Council by the end of 2 years (a net additional income of £56,492).

Members noted that should they decide to fund this project over the longer term there was the potential to secure a significant investment return. For example if all 412 empty property units were returned to occupation (as detailed in option B), in 7-year alone the Council would secure a net annual income of £470k.

Given the number of long-term empty properties (which has risen over the last 10 years) there were sufficient properties in the Borough for this project to actively target.

It was proposed to bring a further report back to Cabinet during 2015/16 which would detail:-

- a. The actual number of empty properties returned to use (and the number of residential units this has delivered) against projected estimates.
- b. The total value of income the above has secured for the Council (offset against any lost income from the 150% council tax liabilities).
- c. How the 'contingency pot' has been spent (including the amount which has been repaid/re-cycled and details of any other ongoing recovery activity) and whether this has directly returned any properties to occupation.
- d. Any HCA funding announcements for funding empty homes post March 2015.

This additional detail would allow Members to make an informed decision regarding the cost effectiveness of this invest to save initiative and whether they wanted to support any further funding.

Cabinet were asked to support a one-off 'invest to save' funding allocation of £92,200. This money would be used to fund a £25k 'contingency pot' to carry out works in default and an additional staff resource for a 2 year period (2014/15 – 2015/16). Works in default include for example remedying unsafe structures, securing properties open for access and carrying out improvement works. Monies spent on works in default were recovered by the Council.

RESOLVED that:-

1. A one-off 'invest to save' resource of £92,200 to be targeted at

bringing additional long-term empty properties back into use.

2. It be noted that whilst the project is estimated to deliver a financial income of £56,492 by the end of year 2, it has the potential to bring in a substantial additional income by year 7 (as detailed in paragraphs 7 – 9 and in Appendix 1).

3. A further report be brought back to Cabinet detailing what has been achieved and examining in more detail the case for continuing funding beyond 2015/16.

3. Reasons for the Decision

Returning empty properties to use is both a Government and Council priority. Empty residential properties are not only a wasted resource, they have the potential to blight our local communities and are costly for both the Council and our partner agencies. Additional resources will enable the Council to actively address these issues.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

N/A

7. Date and Time by which Call In must be executed

Midnight on Friday, 19th July 2013

Proper Officer
15 July 2013