

Report To: Cabinet

Date of Meeting: 4th September 2012

Lead Member / Officer: Cllr Hugh Evans

Report Author: Tom Booty, Rhyl Going Forward Programme Manager

Title: West Rhyl Housing Improvement Project (WRHIP)

1. What is the report about?

This report provides further details of the West Rhyl Housing Improvement Project (WRHIP), originally presented to Cabinet Briefing on 5th December 2011.

2. What is the reason for making this report?

£16,695,276 has been allocated by Welsh Government to deliver this project, with no requirement for capital funding from Denbighshire County Council. Cabinet consideration of the project is required in line with our Financial Regulations and Project Management Methodology.

3. What are the Recommendations?

That Cabinet recommend the project to Council for approval to deliver the project and delegate the following powers to the Project Board (see section 4.7 below):

- i. provide the strategic guidance and direction for the action-focused delivery of the overall project;
- ii. oversee the running and monitoring of the project to ensure that it is delivered to time and to budget;
- iii. allocate funding as necessary for each of the work teams within the parameters of the budget delegated on an annual basis from the Minister for Housing, Regeneration and Heritage;
- iv. monitor the project risk register.

4. Report details.

4.1 West Rhyl Housing Improvement Project (WRHIP)

The WRHIP aims to transform an area within the heart of West Rhyl, creating a new open space around which homes facing the green space will be remodelled or refurbished, with the possibility of some new housing. This will address the negative associations the area currently has, and improve investor confidence to create a

stable, sustainable housing market where the private sector invests without the need for ongoing public sector subsidy. Full details of the scheme are provided in:

- Appendix 1 – Project Brief – West Rhyl Housing Improvement Project
- Appendix 2 – WRHIP Block Plan
- Appendix 3 – Artist’s Impression of Green Space

The WRHIP is a partnership project between Denbighshire County Council, Welsh Government and Clwyd Alyn Housing Association. It is a continuation of the work already ongoing in West Rhyl under the North Wales Coast Strategic Regeneration Area (NWCRA), which is why a significant number of properties required for the delivery of this project have already been acquired with Welsh Government funding.

4.2 The Green Space

The investment centres around a new green space that will be created as part of the project. The creation of this green space responds to a long-standing community aspiration – evidenced in numerous consultation exercises over the years – to create a new green space in the heart of West Rhyl. The new green space is also the key element in transforming the way the area looks and is perceived. No designs exist yet, as it is the intention to develop the use and design of this space in partnership with the local community.

4.3 The Acquisition Programme

The project will acquire the properties around the planned new green space and work with Pennaf/Clwyd Alyn Housing Association and private sector developers to remodel and/or refurbish existing houses and build new homes and attract and retain economically active people. We will be seeking to acquire the properties by agreement, but acknowledge that we anticipate the use compulsory purchase powers to ensure that the properties required to deliver the project are brought into public ownership (please reference accompanying report on CPO).

Clearly most of the housing is currently occupied, and as part of this project we will be funding a Resettlement Officer whose role will be to assist residents identify and relocate to new accommodation. We will be seeking to relocate residents to the community of their choice, and the compensation package offered through the scheme should ensure that all reasonable costs of the move and disruption suffered are covered.

4.4 The type of housing to be created

Where large houses are retained, many will be remodelled to adapt them to single occupancy, family housing. Where smaller houses are retained (2/3 bedrooms), these will be refurbished to a high standard to create desirable homes for couples and small families. Where new homes are constructed by the private sector, we will be encouraging them to develop homes that will be attractive to families. In most instances we expect this to be three bedroom homes with gardens and off street parking. In all cases, be it remodelling, refurbishment or new build, we will be seeking to significantly improve the energy efficiency of the homes and reduce the requirement for ongoing maintenance to ensure their affordability.

Whilst it is recognised that proposed changes to the Welfare system may increase the demand for single occupancy households, a key objective of this project will be to reduce the number of such accommodation. Despite the Welfare Reform programme, this is still considered to be the right approach as it is the oversupply of this particular type of accommodation that is causing the imbalance in the housing market and creating the concentration of social and economic deprivation. That said, it is recognised that other parts of Rhyl beyond the project area will be impacted by the reform programme, and officers involved in delivering the project will be working with other relevant officers to try and ensure that the wider Rhyl area provides a balanced housing market.

4.5 Delivery Programme

An outline programme for the delivery of the individual blocks is attached:

- Appendix 4 – WRHIP Programme Plan – Jul 12

4.6 Project Management

A dedicated Denbighshire Project Manager has been appointed to coordinate delivery of the project. Under his direction a project team and various themed working groups have already been established. Progress of the project will be monitored through the processes and documentation associated with Denbighshire's Project Management Methodology.

4.7 Governance Arrangements

A Project Board has been established and the inaugural meeting of this group took place in July 2012. This is a high level, partnership board with membership drawn from the 3 key partners – Denbighshire County Council, Welsh Government and Clwyd Alyn Housing Association. Draft Terms of Reference, including details of membership, are attached as:

- Appendix 5 – WRHIP Terms of Reference

Denbighshire County Council membership of this Board is:

- Corporate Director – Economic & Community Ambition (*currently represented on the Board by Mohammed Mehmet*)
- Leader of Denbighshire County Council
- Lead Member for Regeneration (*currently same individual as above*)
- Rhyl West Ward Members (x 2)

The WRHIP Board will have the overall responsibility for the delivery of the project – both in overseeing operational delivery and in its fiscal management – as outlined in section 3 above. Effectively this will mean the Board will oversee the property acquisition programme, including the oversight of any required compulsory purchase process. The Board will authorise all spend on the project relating to individual elements such as property acquisition, although the day to day delivery of the project will be managed by the Project Manager in association with the Project Team

(referenced in section 4.6 above). The Project Board would have the authority to agree an acquisition above market value if they considered that this represented value for money in terms of officer time saved in prolonged negotiations and/or avoidance of the requirement to take compulsory purchase action. Similarly the Project Board would have the authority to change the scope of the project, for example by removing some properties from the acquisition programme, if for example funding were reduced or the acquisition programme costs escalated due to market pressures.

4.8 Conclusion

This is a bold, ambitious and expensive project, but given that previous public sector programmes and grant schemes have failed to regenerate the area, it is considered the best way of creating the lasting change the area so clearly requires. Addressing these long-standing issues will also help create a more positive impression of the town overall and thereby have more far-reaching regeneration benefits.

5. How does the decision contribute to the Corporate Priorities?

This project contributes to the proposed corporate priorities:

5.1: Priority 1 – Developing the Local Economy and Our Communities

By creating a more balanced community the project will reduce deprivation in this part of West Rhyl – one of the key outcomes of this priority. It will also address the negative associations of the area, boost private sector confidence in Rhyl, and stimulate further private sector investment and confidence in Rhyl creating new jobs and business opportunities.

5.2: Priority 6 – Ensuring access to good quality housing

This project will directly impact on the priority outcome of “*offering a range of types and forms of housing...to meet the needs of individuals and families*”.

6. What will it cost and how will it affect other services?

The costs (extracted from Appendix 1 - Project Brief – West Rhyl Housing Improvement Project) are summarised below:

Please provide details of the capital funding requirement (not including amount already spent):				
Enter details of cost element below:	2012/13	2013/14	2014/15	All Years Total
Property acquisition & demolition	£6,269,276	£5,843,000	£250,000	£12,362,276
Planning & Design	£100,000	£500,000	£0	£600,000
Urban Park Construction and landscaping	£0	£0	£2,620,000	£2,620,000
Neighbourhood Management	£15,000	£15,000	£10,000	£40,000
Communication	£25,000	£25,000	£25,000	£75,000
Staff Costs	£214,000	£184,000	£100,000	£498,000
Gap Fund Grants/Contingency	£0	£80,000	£420,000	£500,000
Total Project costs	£6,623,276	£6,647,000	£3,425,000	£16,695,276

Please provide details of proposed capital funding sources					
Enter details of funding source	To date	2012/13	2013/14	2014/15	TOTAL
WG – Centrally Retained Capital	0	£5,000,000	£5,000,000	0	£10,000,000
WG - NWCRA	£6,583,950	£1,623,276	£1,747,000	£3,425,000*	£13,279,226
TOTAL	£6,583,950	£6,623,276	£6,647,000	£3,425,000	£23,279,226

* funding for 2014/15 is not yet confirmed from NWCRA

As illustrated in the table above, the funding for the WRHIP is being provided by Welsh Government from a combination of Centrally Retained Capital Fund and funding from the North Wales Coast Strategic Regeneration Area (NWCRA). This funding has been allocated specifically for this project and is not available to be spent outside Rhyl or on another project.

Post-project delivery, there may be an ongoing revenue implication in relation to maintenance of the green space that will be created. Options of how to address this and ensure the space is well maintained will be considered as a key element of the design and planning process.

7. What consultations have been carried out?

The proposal for the green space arose from the detailed analysis and extensive consultation undertaken by the consultants DPP Shape in 2010 as part of their commission to prepare a Masterplan for West Rhyl. For details of subsequent consultation please see:

- Appendix 6 – Summary of Community Consultation & Communication

8. Chief Finance Officer Statement

This is clearly an ambitious and complex project. The risk register shows a number of risks which are deemed ‘amber’ and must therefore be subject to close scrutiny by the project board. It is fully funded by external sources and the budget appears sufficient for the proposed scale of the project. The nature of the project means that should any element overspend other elements can be reduced to compensate and as such there should be little risk of the Council needing to become financially involved. Its current exposure is limited to staff time for a couple of members of staff.

9. What risks are there and is there anything we can do to reduce them?

As the table in section 6 illustrates, the project is being delivered with external funding. There is a risk (detailed in the Risk Register) that the money is not forthcoming in future years (2014/15 funding not yet confirmed), or that changes in

the property market means the project will be under-funded. Whilst it is considered that the likelihood of this is low, in any case the council's financial exposure is low because the project is externally funded. If such a scenario did happen, the Project Board would have the authority to reduce the scope of the project in order to ensure that key outcomes and benefits are still delivered.

In a worse case scenario where a reduction in funding or rise in costs mean that the project would be undeliverable, the property held could be sold on the open market and some of the costs recovered. Such a decision would go beyond the scope of the Project Board and would need Council authority to close the project in this way.

Further project risks are detailed in:

- Appendix 7: WRHIP Risk Register

10. Power to make the Decision

Section 2 Local Government Act 2000

Sections 226 & 227 Town and Country planning Act 1990

Section 111 Local Government Act 1972