

## **REPORT TO THE CABINET**

(7 June, 2016)

**Cabinet Member:** Councillor John Wynn Jones

**Subject:** Water Supply Pipe Renewal Programme for CCG Housing Estates

**Contact Officer:** Gwyn Morris Jones, Head of Highways and Municipal

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### **Decision Sought**

To authorize the Head of Highways and Municipal, in consultation with the Heads of Finance and Legal Services, to agree terms and arrangements for working with Cartrefi Cymunedol Gwynedd (CCG) to implement a Water Supply Pipe Renewal Programme for CCG Housing Estates as outlined in this Report.

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### **Introduction**

On the 12<sup>th</sup> April, 2010 a Transfer Agreement was made in order to hand over Gwynedd Council Housing assets to Cartrefi Cymunedol Gwynedd Cyfyngedig (CCG). In transferring the housing stock to CCG it was necessary to deal with responsibilities for numerous assets on the estates. Several discussions were held on these matters which contributed to reaching a final agreement to effect the transfer and meet the objectives of the project.

These matters included the water supply pipe network which historically were the responsibility of Gwynedd Council. Following discussions, an agreement was reached as to whom had responsibility for the water supply pipes servicing the housing stock.

On transfer, Gwynedd Council kept the responsibility for maintaining the (unadopted) 'communication' water supply pipes serving the estates and received a sum of £1.6 million towards dealing with and maintaining these pipes (the 'fund'). However, (unadopted) water supply pipes within the curtilage of any property transferred to CCG under the Agreement remained the responsibility of CCG. Drawing N<sup>o</sup> ADC/04/02 in the Appendix of this Report illustrates which water supply pipes remain the responsibility of Gwynedd Council.

There are 462 N<sup>o</sup> CCG Housing Estates in Gwynedd, consisting of 4514 private dwellings and 6103 dwellings belonging to CCG.

There are significant risks to the Council in having ownership of these water supply pipes. There are many of them and they vary significantly both in age and condition. In one estate alone i.e. Sandilands Estate, Tywyn it was necessary for the Council to use £506k of its fund to renew water supply pipes to 98 properties due to concerns regarding public health (e.g. high levels of lead).

The renewal work at Sandilands was carried out to adoptable standards and by now these supply pipes have been transferred to Dwr Cymru, and therefore responsibility for them, and the associated risks, are no longer with the Council.

### **Reasons for recommending the decision**

In order to both manage the risks, GC and CCG have cooperated on developing an Asset Management and Renewal Programme for these assets. Initially, the programme was developed for a period of 25 years but in order to be in accordance with the Council's Asset Management Plan, it is now relevant to an inaugural period of 10 years.

CG and CCG intend to work together in implementing the programme by reaching a Memorandum of Understanding (M.O.U).

In order to mitigate risks to the Council in managing these assets and in order to meet the Transfer Agreement requirements, and in doing so attain the Welsh Housing Quality Standards, it is recommended that the Cabinet supports the intention to reach an understanding with CCG for the implementation of the Housing Estate Water Supply Pipe Renewal Programme.

## **Relevant considerations**

The appendix to this Report contains an initial 10 year renewal programme requiring an annual financial contribution of circa £300k from the Council. The only means of meeting this commitment would be to include it in the Council's (new) 10 year Asset Management Plan. The exact programme and priorities will be subject to discussion with CCG in accordance with the format set in the M.O.U.

In all locations where supply pipes are renewed, the work will be carried out to adoptable standards by Dwr Cymru. Once this work has been completed on the estate the responsibility for these pipes will be transferred to Dwr Cymru and in order for the Council to rid itself of any future responsibility for these assets.

## **Next steps and timetable**

On obtaining approval by the Cabinet to implement the Renewal Programme, both Gwynedd Council and Cartrefi Cymunedol Gwynedd need to agree to the relevant Memorandum of Understanding. It is also necessary for CCG's Management Board to agree to fund this Renewal Programme.

Subject to the above, it will be possible to start on the Renewal Programme in this financial year (2016/17) by utilizing what is left of the Council's current 'fund' for the purpose.

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## **Opinion of the Statutory Officers**

### **Chief Executive:**

It is apparent that there is a rather complex history to this matter, but in reality there is a need to come to an agreement on means to protect and maintain these key assets in some of our communities. Obviously, there are obligations to the Council, but these are unavoidable under the circumstances.

**Monitoring Officer:**

The report has been the subject of input by Legal Services. It outlines the responsibilities that the Council has in relation to the repair and maintenance of some water supply assets on transferred estates. Given that the responsibilities fall partially on the Council and on the Housing Association a co-operative approach is sensible. It's important however to note that this is not a means of adding to or increasing any responsibilities placed on the Council by the transfer agreement and it must be ensured that any agreement on an M.O.U basis has prior input by Finance and Legal Services.

**Chief Finance Officer:**

The report details the shared and unavoidable responsibilities the Council has in managing and the renewal of certain water supply pipes in housing estates. For this purpose, a renewal programme is proposed and which requires an annual contribution by the Council of £300k that needs to be included in the Council's Asset Management Plan. I will be presenting a report on the Assets Strategy ('Asset Management Plan') to the next meeting of the Cabinet. The proposed Assets Strategy will include for up to £300k per annum for 3 years from 2016/17 to 2018/19 for the purpose of managing these water supply pipes. When the Assets Strategy funding comes before the Cabinet for consideration, in order to avoid revenue implications on the Council's budget, it will be possible to consider using the £1.7m fund previously set aside from the former Housing Revenue balances for this purpose. This would allow financing up to £300k per annum for a period of approximately 6 years. Before then, a new Assets Strategy is required for the following 10 year period (2019/20 – 2028/2029), where there will be a need to review and bring up to date all requirements and commitments, including these water supply pipes.

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