

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

15 MARCH 2007

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION/ KEY DECISION

**Housing – Lead Cabinet Member- Cllr. Leonard
Regeneration and Transport - Lead Cabinet Member - Cllr. Cook**

HARDWICK REDEVELOPMENT

1. Summary

This report advises Members of the mechanism required for bringing about the redevelopment of Hardwick in relation to the Development Agreement, land appropriation, use of Compulsory Purchase Powers and road closures. It also provides a review of the financial appraisal of the scheme and a general update on progress.

2. Recommendations

- 2.1 Approve the terms for the proposed Development Agreement set out in the report and delegate to the Corporate Director for Development and Neighbourhood Services and Corporate Director for Resources in consultation with the Cabinet Member(s) for Housing and Cabinet Member(s) for Regeneration and Transport all powers necessary to carry out the Council's obligations under the Development Agreement.
- 2.2 Approve the financial appraisal of the scheme at Appendix 2 and that the net capital receipt is sufficient to deliver the scheme (please note Appendix 2 is exempt).
- 2.3 Approve the policy of using any surpluses that may arise within the scheme to be used in the first instance to balance shortfalls within other major housing regeneration schemes and authorise the Corporate Director for Development and Neighbourhood Services and Corporate Director for Resources in consultation with the Cabinet Member(s) for Housing and Cabinet Member(s) for Regeneration and Transport to approve any subsequent transfers of funding between the schemes.
- 2.4 Agree that the capital receipt from the Housing land identified in Appendix 1 be used in the first instance to fund the construction of the replacement Hardwick Primary School and then repaid from the capital receipt from the land following the sale of the current Hardwick Primary School site to the developers upon relocation.
- 2.5 Agree that all the land identified at Appendix 1, which is currently owned by the Council, be declared as surplus for the purpose for which it is currently held and delegate to the Corporate Director for Development and Neighbourhood Services in conjunction with Cabinet Member(s) for Housing and Cabinet Member(s) for

- Regeneration and Transport the ability to make the formal decision to appropriate the land for planning purposes at the appropriate time.
- 2.6 Agree that all subsequent purchases by agreement of properties and interests in properties within the land at Appendix 1 are to be made under section 227 of the Town and Country Planning Act 1990, for inclusion in the re-development scheme.
- 2.7 In relation to the Compulsory Purchase Orders Members agree:
- 2.7.1 That the redevelopment of the land shown on the plan at Appendix 1 will improve the economic, social, and environmental well-being of the area;
- 2.7.2 That the acquisition of all interests in that area of land which are not already in Council ownership will facilitate the carrying out of its redevelopment;
- 2.7.3 In principle that the Council makes a Compulsory Purchase Order in respect of the area indicated as the CPO boundary shown at Appendix 1 pursuant to Section 226 (1) (a) of the Town and Country Planning Act 1990 as amended by Section 99 of the Planning and Compulsory Purchase Act 2004;
- 2.7.4 That the Corporate Director for Development and Neighbourhood Services and the Director for Law and Democracy in consultation with the Cabinet Member(s) for Housing and Cabinet Member(s) for Regeneration and Transport be delegated the authority to authorise the making of the CPO and amend, if required, the detailed Statement of Reasons required for the CPO, which will set out the Council's justification for the use of CPO powers, the draft of which is appended to this report (appendix 4);
- 2.7.5 That the Director for Law and Democracy be authorised to publish and serve all necessary notices consequent upon the making of the Orders and submit the Orders to the Secretary of State for confirmation;
- 2.7.6 That if the Compulsory Purchase Orders are confirmed, then upon such confirmation, the Director for Law and Democracy be authorised to publish and serve all necessary Notices, consequent upon the confirmation, and required in connection with the making of the general vesting declarations relating to the land included in the confirmed Orders in accordance with Part 2 of the Compulsory Purchase (Vesting Declaration) Act 1981;
- 2.7.7 That the Director for Development and Neighbourhood Services and the Director for Law and Democracy in consultation with the Cabinet Member(s) for Housing and Cabinet Member(s) for Regeneration and Transport be delegated the authority to authorise the making of the General Vesting Declarations or serve Notices to Treat at the appropriate time and take all necessary steps to bring the land within the ownership of the Council.
- 2.8 Approve applications for the closure of sections of adopted highway within the boundary of the scheme under the Highways Act 1980 section 116 as shown at appendix 3, on the grounds that they are unnecessary.
- 2.9 Approve the serving of Initial Demolition Notices in order to suspend the Right to Buy in the area already approved for demolition and within the boundary of the scheme, in accordance with Schedule 5A of the Housing Act 1985 as amended by S.183 of the Housing Act 2004, and delegate to the Corporate Director for Development and Neighbourhood Services in consultation with the Cabinet Member(s) for Housing and Cabinet Member(s) for Regeneration and Transport

authority to determine the period to be specified in the initial demolition notices having regard to the programme of phased development of the site.

2.10 Authorise the Corporate Director for Development and Neighbourhood Services in consultation with the Cabinet Member(s) for Housing and Cabinet Member(s) for Regeneration and Transport be delegated the authority to serve the final demolition notices at the appropriate time.

2.11 Agree to extend the boundary of the redevelopment area to include 3 blocks of flats for demolition and redevelopment within the E's section of the estate (11-33 Easington Road, 1-23 Elwick Gardens and 4-13 Embleton Walk) as indicated at Appendix 1 plan.

3. Reasons for the Recommendations/Decision(s)

The actions recommended are essential to continue facilitating the redevelopment of Hardwick, creating a high quality sustainable community.

4. Members Interests

Members (including co-opted members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (paragraph 8) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (paragraph 10 of the code of conduct).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting is being held, whilst the matter is being considered; not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (paragraph 12 of the Code).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc.; whether or not they are a member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting, and if their interest is prejudicial, they must also leave the meeting room during consideration of the relevant item.

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- 2.2 Approve the financial appraisal of the scheme at Appendix 2 and that the net capital receipt is sufficient to deliver the scheme (please note that Appendix 2 is exempt).
- 2.3 Approve the policy of using any surpluses that may arise within the scheme to be used in the first instance to balance shortfalls within other major housing regeneration schemes and authorise the Corporate Director for Development and Neighbourhood Services and Corporate Director for Resources in consultation with the Cabinet Member(s) for Housing and Cabinet Member(s) for Regeneration and Transport to approve any subsequent transfers of funding between the schemes.
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- 2.5 Agree that all the land identified at Appendix 1, which is currently owned by the Council, be declared as surplus for the purpose for which it is currently held and delegate to the Corporate Director for Development and Neighbourhood Services in conjunction with Cabinet Member(s) for Housing and Cabinet Member(s) for Regeneration and Transport the ability to make the formal decision to appropriate the land for planning purposes at the appropriate time.

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- 2.7 In relation to the Compulsory Purchase Orders Members agree:
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- 2.8 Approve applications for the closure of sections of adopted highway within the boundary of the scheme under the Highways Act 1980 section 116 as shown at appendix 3, on the grounds that they are unnecessary.
- 2.9 Approve the serving of Initial Demolition Notices in order to suspend the Right to Buy in the area already approved for demolition and within the boundary of the scheme, in accordance with Schedule 5A of the Housing Act 1985 as amended by S.183 of the Housing Act 2004, and delegate to the Corporate Director for Development and Neighbourhood Services in consultation with the Cabinet Member(s) for Housing and the Cabinet Member(s) for Regeneration and Transport authority to determine the period to be specified in the initial demolition notices having regard to the programme of phased development of the site.

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INTRODUCTION

1. Cabinet have previously considered the Hardwick redevelopment on the 14th August 2003 (Minute No. 358 refers), 11th November 2004 (Minute No. 648 refers) and 14th July 2005 (Minute No. 114 refers). Details of the redevelopment have previously been presented at Cabinet but in summary the scheme involves the demolition of approximately 613 dwellings to create a sustainable, mixed community. In the region of 700 family and elderly persons modern, attractive homes for sale, rent and shared equity will be built. A key feature of the scheme is the construction of a new, state of the art Hardwick Primary School on the site of the former English Martyrs Primary School. Barratt Homes Limited and Haslam Homes Limited (BH) were appointed in 2005 as the private developers for the scheme and Endeavour Housing Association (EHA) as the Registered Social Landlord (RSL) partner. Since the appointment of BH the Council has been negotiating the final scheme layout, the final financial element of the scheme and terms of the Development Agreement.

2. Progress to date on the ground includes:

- i) Over 500 tenants and homeowners successfully relocated since 2000.
- ii) Construction of 40 new EHA family homes, which are now fully occupied by local residents.
- iii) EHA making good progress with construction of 50 unit Extra Care Scheme (ECS) due to for completion April 2007.
- iv) Planning consent obtained for 20 older persons apartments, start on site December 2006.
- v) Planning application for main scheme submitted December 2006 and considered 14th March 2007.
- vi) New and improved pedestrian and cycle linkages from the Door Step Green project, off High Newham Road, into the wider surrounding areas.
- vii) Design of new primary school completed and Planning permission granted 19th April 2006.

3. Extensive community consultation has been central to the redevelopment proposals for the area:

- All residents have continued to be offered the opportunity of a one to one consultation visit.
- Updates and features regularly produced for the local community newspaper.
- Progress is reported monthly to the Hardwick Community Partnership.
- Series of consultation events held in July 2005 and November 2006 to seek the views of local residents on the draft masterplan/proposals for the area.
- Local residents and Hardwick Primary School involved and consulted in the design process of new school.
- Regular updates on the Council's website.

4.2 This report seeks to move the scheme forward by:

- Authorising the signing of the Development Agreement – a legally binding contract which, details the obligations of all partners in the delivery of the scheme of which the main terms are set out later in the report.
- Appropriating the land for planning purposes – the formal decision to apply the land for development purposes, which also has the effect of ensuring that all third party rights on the land are overridden.
- Seeking Cabinet authority to make Compulsory Purchase Orders – powers used to buy back properties where owners do not sell by agreement.
- Seeking Cabinet authority to undertake road closures – powers used by the Council to close adopted highways.
- Extending the boundary of the redevelopment area to include three blocks of flats (11-33 Easington Road, 1-23 Elwick Gardens and 4-13 Embleton Walk) and approving a decant and demolition programme to commence in partnership with Tristar Homes Ltd.

5. Development Agreement

5.1 The proposed Development Agreement will be a three way legally binding agreement, which regulates the transactions between Stockton-on-Tees Borough Council (SBC), EHA and BH, committing each party to obligations contained within the agreement. The framework of the deal has changed from the original tender, however independent advice from GVA Lamb and Edge and the Council's Auditors has confirmed that the deal represents best consideration for the Council. The detailed agreement is summarised through its main Heads of Terms;

a) *Price and Sale of Land*

- i) SBC will receive phased capital receipts for the disposal of the land, which will be sold in phases as it becomes vacant through decanting, projected to take a further 3 years. The total sale price for the private housing land is shown at Appendix 2. The price for each phase will be calculated pro rata by reference to the developable area of land sold. A requirement of the agreement is that BH must buy any developable land as it becomes vacant (provided it is at least one hectare in area) to ensure that SBC has sufficient cash flow to deliver the scheme. The value of the land is set which means that any future housing market slump and related fall in land values will not lead to a reduction in capital receipts received in later phases. In return for this assumption of risk by BH, and in consideration of the land value negotiated, BH will derive the benefit of any increases in property values during 7 years that the scheme will run.
- ii) SBC will receive a net capital receipt at an agreed financial sum to cover construction of the new primary school, acquisition costs for Right to Buys (RTB's), homeownership assistance, cycleway provision and linkages to the Castle Eden Walkway, a contribution to Tees Valley Wildlife Trust and other miscellaneous costs and overheads related to the delivery of the scheme.
- iii) BH will cover the cost of all the abnormal costs relating to the redevelopment which would normally be funded by the Council from

the gross capital receipt such as sewer diversions, infrastructure costs (including highway replacement), environmental improvements etc. This means that the Council is provided with more certainty over the financial elements of the scheme and free of most of the potential risks that could arise from unexpected abnormal costs, which could arise as the scheme progresses. There is still a small financial risk surrounding item b) as the amount specified has been capped, which means SBC will need to cover any cost over run. A contingency has been built into this estimate and any cost over run will be met from the overall scheme costs.

- iv) In addition to the net capital receipt, BH will also fund the following:
 - a) Traffic light junction on Harrogate Lane and associated gateway landscaping - £378,313
 - b) Improvement works to Durham Road roundabout - £272,100
 - c) Provision of protected right turn at the Letch Lane junction on Harrogate lane - £187,135
 - d) Improvements to Mile House junction - £70,000
 - e) A commuted lump sum for the landscape maintenance of open space provision and all highway verges - £180,000
 - f) Cycleway connection to Castle Eden walkway to provide safe links to the new primary school and also Bishopsgarth School - £50,000
 - g) Provision of a Multi Use Games Area at the Door Step Green project off High Newham Road - £190,000
 - h) Contribution towards the Newham Grange Park masterplan - £50,000
- v) SBC will sell the land within the scheme allocated for social housing separately to EHA. EHA will then make a separate arrangement with BH to build properties on their behalf. The land sale price is a sum to be determined by reference to the amount of grant and other funding available to EHA phase by phase, but with a minimum price payable to the Council of £8,250 per plot.

b) *Acquiring Right to Buys (RTB's)*

i) SBC will be obliged under the agreement to deliver vacant possession of the land, if necessary, using Compulsory Purchase Orders (CPO) if the properties cannot be acquired by agreement.

ii) In order to stop the Council being obliged to sell under the Right to Buy (and subsequently have to repurchase) any of the properties within the scheme boundary, approval is sought to serve Initial Demolition Notices (IDN) under schedule 5A to the Housing Act 1985. The effect of an IDN is to suspend the Right to Buy for a period to be specified in the notice (maximum 5 years) as being the period within which the Council intends to demolish the property. For any of the properties where a RTB application has been made at the time of the issue of an IDN the legislation entitles the applicant to compensation for abortive costs incurred in the application. At the date of this report there is 1 pending application that would be suspended by the IDN. The serving of the IDN also gives the Council certainty on the number of RTB properties that it will have to acquire and the subsequent funding needed to acquire them.

c) *Timescales* – BH anticipate start on site April 2007, the tender to construct the new school will go out in April/May 2007, scheduled to be ready for occupation in September 2008.

d) *Equity Shares* – The Development Agreement puts a requirement on BH to provide up to £500,000 for equity share properties for local residents. This has been a significant national policy shift for both companies and first trialled for both companies at Mandale. BH will retain a 25% share in 12 new homes, which will enable local residents of Hardwick to purchase one of the new homes for 75% of its value the remaining 25% is only repaid when the property is sold. The equity share properties will be ring fenced initially for homeowners within the demolition area and any remaining will become available for the wider Hardwick community.

6. Planning Appropriation

- 6.1 The Council's legal advisers for the scheme advise that before disposal the land is appropriated for planning and development purposes. Appropriation involves recognition that the land is no longer required for the purpose for which it is held immediately before the appropriation. Appropriation to planning and development purposes has the effect that any covenants, easements or third party rights that may be held over the land cannot be enforced so as to prevent the carrying out of development on it. Once appropriated, the land is to be held and in due course disposed of under Part ix of the Town and Country Planning Act 1990.

To apply this to the site:

i) The housing, which, has been or will be demolished is of poor quality and the area has experienced a spiral of socio economic decline. The Housing Business Plan and the Hardwick Visioning Exercise 2003 both identified this housing as non-sustainable, which means that investment would not bring these properties up to the Governments Decent Homes Standard and therefore demolition was been identified as the only option. The needs of the community for social rented housing can be better met by the disposal of this land to EHA to allow modern, high quality homes for rent to be built.

ii) Hardwick Primary School playing field will be disposed of once the school has relocated to its new site. The Department for Education and Skills (DfES) have given consent to dispose of the existing playing field and re-provide at the English Martyrs site. Sport England have also given their consent to the disposal of this school playing field on the basis that community use playing fields at the new school, and on the land to the south of High Newham Road, will be provided long with a Multi Use Games Area.

- 6.2 Before it can appropriate or dispose of any land forming part of open space, SBC is required to advertise its proposals and consider any objections. 'Open space' includes land in the Council's ownership, which is used for public recreation. The area of open space bordering the school playing field/Harrowgate Lane and Embleton Walk and those areas on Whitburn Road and Willington Road are used for such purposes on an informal basis. The proposal to appropriate the land for development purposes and dispose of it was advertised in the Evening Gazette on the 24th and 31st January 2006. No objections were received. In view of the measures noted in paragraph 6.1(ii) above, and the other benefits flowing from the development detailed elsewhere in this report, Members are invited to conclude that the loss of amenity associated with the loss of informal recreational open space is

outweighed by the scheme benefits, and to agree to the appropriation and disposal of the open space land along with the rest of the site as and when appropriate. Whilst some time has elapsed since the notice procedures were undertaken, there has been no material change in circumstances since that time.

- 6.3 Legal limitations on the Council's power to appropriate houses mean that the formal decision to appropriate the land should only be taken after the houses have been demolished. Approval in principle to appropriate the land in due course is therefore sought, together with approval for the Corporate Director for Development and Neighbourhood Services to be delegated the ability to make the formal decision to appropriate the land for planning purposes after the remaining Council-owned houses have been demolished.
- 6.4 The re-purchase by agreement of those properties that were sold under the Right to Buy and remain in private ownership, and of other outstanding land interests within the redevelopment site, should be made using the Council's powers under section 227 Town and Country Planning Act 1990 to acquire land for planning/development purposes. Clearly this is the intended purpose of the acquisitions, and formal resolution to that effect will also ensure the benefits described above in overriding covenants and third party rights, are extended to the lands to be re-purchased.

7. Compulsory Purchase Order

- 7.1 In addition to the land owned by SBC there are currently 28 RTB's still to acquire, this number should now remain static with the serving of the Initial Demolition Notice on those properties within the boundary of the scheme that are still in the Council's ownership. Every effort will be made to secure acquisition by agreement and a range of financial and relocation packages have been introduced to facilitate this. Negotiations are ongoing, however, in order to ensure that the scheme proceeds the Council, must be prepared if required, to use its CPO powers. Authority is therefore sought to proceed with CPO's. The draft Statement of Reasons is appendix 4. Members are requested to approve the making of the compulsory purchase orders and to delegate to the Corporate Director for Development and Neighbourhood Services in consultation with the Cabinet Member(s) for Housing and Cabinet Member(s) for Regeneration and Transport authority to approve amendments to the Statement of Reasons, if required, setting out the justification for CPO in more detail for consideration by the First Secretary of State.
- 7.2 The making of a CPO will need to be confirmed. If objections are received the Secretary of State will make arrangements for a Public Inquiry to be held to consider the objections, before the Secretary of State decides whether or not to confirm the Order. The timescales for making an Order, having it confirmed and bringing it into effect are variable but could be up to 18 months due to pressures at the Planning Inspectorate who conduct the Inquiry.
- 7.3 It is proposed to include an obligation within the Development Agreement to use the Council's CPO powers to acquire the Right to Buy properties and any other land required to facilitate the development. The Council should be satisfied that before the making of the Order that there are no planning barriers to the scheme. These matters are covered in some detail in the Statement of Reasons, but can be summarised as:
- a) The existing Local Plan, which was adopted in 1997, prior to the introduction of the new Government agenda of housing market renewal, gives no specific land-use allocations to the Hardwick redevelopment, however, there are a significant number of policies relating to new housing developments within the limits to development. The Local Authority is working on the new Local

Development Framework and this document will make reference to this development.

- b) The redevelopment is in accordance with a range of other national, regional and local plans and strategies including National Planning Guidance (PPG3 Housing), and new Planning Policy Statement 3 (PPS3 Housing) ODPM Action Plan – ‘Sustainable communities in the North East: Building for the Future’ (OPDM 2003), Regional Planning Guidance for the North East – RPG1 (2002), the Tees Valley Structure Plan and SBC’s Housing Strategy.
- c) The full planning application is to be considered by the Council’s Planning Committee on the 14th March 2007.
- d) There are no other material planning considerations.

7.4 Delegated Authority is requested that amendments to be made to the Statement of Reasons be approved by the Corporate Director for Development and Neighbourhood Services and the Director for Law and Democracy in consultation with the Cabinet Member(s) for Housing and Cabinet Member(s) for Regeneration and Transport.

7.5 In arriving at any decision to make a CPO, and thereby depriving a person of their interest in and in most cases, occupation of property, the Council should be satisfied that there is clear evidence that the public benefit will outweigh private loss.

7.6 The public benefits of the scheme lie in the regeneration of an area resulting from the redevelopment through the provision of modern, attractive homes for rent and sale, attractive open space areas and the construction of a new replacement school for the estate. Secondary benefits include employment opportunities for local people, which will in turn boost the local economy.

7.7 It is important that the Council’s proposals incorporate a re-housing strategy, which ensures that residents are successfully relocated to a permanent home and not disadvantaged financially. In this regard;

All private tenants, Council tenants and homeowners are offered either a new Endeavour Housing Association property (subject to tenancy referencing) or an alternative Council home.

In addition to the above homeowners are offered a range of schemes to assist them to purchase an alternative home and remain in homeownership.

7.8 The statement of reasons demonstrates that the scheme is financially viable; the information within paragraph 10 demonstrates that on current estimates the scheme is.

7.9 In light of the above, officers are satisfied that it can be demonstrated that the public benefits from any of the CPO’s that may be required will outweigh the private loss.

7.10 To enable the Council to obtain title to the land to allow redevelopment to begin without undue delay it is recommended that once any CPO is confirmed use is made of the powers to make a General Vesting Declaration (GVD). On such a declaration coming into effect the Council obtains title of the land included in the order without having to follow normal conveyance practice. Payments for compensation are dealt with after the GVD has taken effect.

8. Road Closure Orders

- 8.1 SBC will be obliged to use reasonable endeavours to obtain Road Closure Orders (RCO's) over several small sections of existing adopted highways within the scheme under the Highways Act 1980 Sec 116. Before seeking an order under from the Magistrates' Court, the Council in its capacity as Highway Authority should be satisfied that the highways are unnecessary and that there are no other reasons why they should remain open. The highways in question are shown on the plan at Appendix 3. They have served former housing now demolished, are not required to be retained as part of the redevelopment proposals, and are not needed in connection with access to any other land. There are no other reasons for their retention, and their stopping-up will facilitate the redevelopment proposals in accordance with BH's planning permission. The plan also identifies sections of highway for which RCO's will be sought at an appropriate time, once the housing has been demolished.

9. Demolition of flats in the E's

- 9.1 Over recent years the flats at 11-33 Easington Road, 1-23 Elwick Gardens and 4-13 Embleton Walk have become increasing unpopular and suffered from increasing levels of antisocial behaviour. As a result one a forth block (2-24 Elwick Gardens) was demolished in January 2005 and of the 34 remaining units 14 are already void. A recent feasibility study into the future of these flats has revealed there is overwhelming support from the tenants of the flats and the local Ward Members to demolish them. Approval is therefore sought to demolish the remaining flats, as shown at Appendix 1 and the site to be developed and included within the wider scheme.
- 9.2 A separate planning application for this site will be submitted in due course once the remaining residents have been relocated and the usage and design for the site has been agreed.

10 Financial and Legal Implications

- 10.1 The legal content of this report have been checked and verified by the schemes external legal advisers. The legal issues of this report relate to sale of land, CPO's, the acquisition of RTB's, Planning, Planning Appropriation and RCO's.
- 10.2 The financial information contained in this report is exempt due to the commercial sensitivities of the scheme. A comprehensive cash flow is detailed at the exempt Appendix 2.
- 10.3 English Partnerships are becoming increasingly involved in major housing regeneration projects as part of a changing national role. They have indicated to the Council that they will be interested in contributing to Stockton's housing regeneration agenda. It is likely that they would be able to bring resources to the projects to further improve design and sustainability. Officers will continue to investigate opportunities with English Partnerships to bring extra resources to the schemes.
- 10.4 The capital receipt from the Housing land identified in Appendix 1 will be used in the first instance to fund the construction of the replacement Hardwick Primary School and then repaid from the capital receipt from the Education land following the sale of the current Hardwick Primary School site when it is sold to the developers when the current school relocates to the new one.

11. Risk Assessment

- 11.1 Financial – This scheme is ambitious and has risks associated with its major benefits however the guaranteed net receipt provides sufficient funding to deliver the requirements of the scheme. BH bear the vast majority of risk should abnormal costs increase once construction commences on site. The financial information currently available indicates that the scheme is financially viable and meets its original requirement to be self-funding other than the existing funding for stock rationalisation. Increased costs could result from RTB acquisitions should there be a further housing market increase. Contingencies have been built into the Development Agreement and the financial appraisal to take account of this. Issuing IDN's will also act to prevent an increase in RTB's. There could also be increased expenditure if the costs for the capped junction works at Durham Road increase, again, a contingency has been built into the estimate and any cost overrun will be met from the overall scheme budget. This is categorised as medium likelihood with the potential of a low impact on the scheme.
- 11.2 The cost of the replacement Hardwick Primary School will not be confirmed until after the Development Agreement has been signed when the construction contract goes out to tender. The financial information to date suggests that the receipt received from the initial land transfer to BH will be sufficient to fund all costs associated with its relocation. This is categorised as medium risk but with the potential to have a medium impact on the scheme. Should the costs of constructing the school significantly increase a report will be reported back to Cabinet for guidance.
- 11.3 CPO Public Inquiry – this is categorised as a medium likelihood with a moderate impact. A CPO strategy and timetable has been agreed as part of the development agreement to ensure that CPO proceedings are commenced in a timely manner and subsequent delays are kept to a minimum. Any significant changes to the funding package for the scheme or increase in risk will be reported to members.

12. Community Strategy Implications

- 12.1 **Environment** – Major housing and environmental improvements within Hardwick
- 12.2 **Community Safety and Well-Being** – Community safety has been incorporated into the design principles of the new estate layout.
- 12.3 **Economic Regeneration** - £60million regeneration scheme and development programme will lead to inward investment in the locality.
- 12.4 **Education and Lifelong Learning** – Re-provision of Hardwick Primary School

13. Consultation Including Ward Councillors

- 13.1 There has been on-going consultation with local residents and ward councillors regarding the redevelopment of the estate. Community consultation has been central to the proposals for the area and will continue as the scheme progresses. All partners in the scheme attend the Hardwick Community Partnership to give updates and feedback on the scheme.

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Background Papers

Hardwick Cabinet Report 14th August 2003
Hardwick Cabinet Report 11th November 2004
Major Housing Regeneration Schemes Update Cabinet
Report 14th July 2005

Ward(s) and Ward Councillors:

Hardwick
Cllr E Nesbitt
Cllr W. Noble

Property:

Yes the scheme will have implications; it will result in a reduction of the Council owned housing stock and the sale of approximately 15 hectares of land for redevelopment.