

## CABINET ITEM COVERING SHEET PROFORMA

### AGENDA ITEM

### REPORT TO CABINET

14<sup>th</sup> JANUARY 2010

### REPORT OF CORPORATE MANAGEMENT TEAM

### CABINET/KEY/COUNCIL DECISION

*Regeneration & Transport – Lead Cabinet Member - Councillor Robert Cook*  
*Housing & Community Safety – Lead Cabinet Member - Councillor Steve Nelson*

### PARKFIELD/MILL LANE & SWAINBY ROAD HOUSING REGENERATION

#### 1. SUMMARY

The delivery of the Council's Housing Regeneration ambitions at Parkfield/Mill Lane and Swainby Road are intrinsically linked. The associated issues are therefore addressed in this joint report. The report outlines the proposals for the delivery of the two individual schemes and presents a way forward for mitigating future funding risks post the next comprehensive funding review.

#### 2. RECOMMENDATIONS

Cabinet are recommended to approve:

##### **Parkfield Mill Lane Phase 2**

1. The commencement of a '2 stage' community consultation process with local residents at Parkfield Mill Lane Phase 2 'Extended Area' (**Appendix 1**) on the proposal to extend the demolition boundary and delegate final approval to acquire and demolish the properties to the Corporate Director of Development and Neighbourhood Services in consultation with the Ward Councillors, Cabinet Members for Housing & Community Safety and Regeneration & Transport, subject to the results of the consultation and funding.
2. That the position surrounding the remaining commercial premises is noted and that a further report be presented to Cabinet on the way forward once future funding is confirmed.

##### **Swainby Road**

3. The Swainby Road housing regeneration scheme and demolition area shown at **Appendix 2**.
4. That a local lettings policy be developed with local residents and the appointed Registered Social Landlord partner and then agreed by the Corporate Director for Development and Neighbourhood Services in consultation with the Cabinet Members for Housing & Community Safety and Regeneration & Transport and thereafter implemented in accordance with the policy.
5. The serving of Initial Demolition Notices in order to suspend the Right to Buy in the area 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 Members for Housing & Community Safety and Regeneration & 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.

6. That the Corporate Director of Development and Neighbourhood Services in consultation with the Cabinet Members for Housing & Community Safety and Regeneration & Transport be authorised to instruct the Head of Legal Services to serve the Final Demolition Notices at the appropriate time.

### **Joint Scheme Recommendations**

7. That development briefs be finalised taking on board the public consultation issues as appropriate and thereafter be agreed by the Corporate Director for Development and Neighbourhood Services in consultation with the Cabinet Members for Regeneration & Transport and Housing & Community Safety.
8. That both schemes be progressed on a phased basis in accordance with their finalised development briefs, to include all necessary acquisitions, demolitions, appointments of Registered Social Landlords and private developer partners and authority to enter into all necessary legal agreements and other documents necessary to give effect to the development briefs subject to appropriate funding being available in respect of each phase, with amendments to be agreed by the Corporate Director of Development and Neighbourhood Services in consultation with the Cabinet Members for Housing & Community Safety and Regeneration & Transport.
9. That the Council enters into the £8m Funding Agreement with the Homes and Communities Agency and that the Corporate Director for Development and Neighbourhood Services and Corporate Director for Resources in consultation with the Cabinet Members for Housing & Community Safety and Regeneration & Transport be delegated to agree the final terms and conditions of the Funding Agreement.
10. That the need for the exercise of compulsory purchase powers to deliver both regeneration schemes is recognised in principle, and that officers be authorised in consultation with the schemes legal advisers to investigate further the cases for compulsory purchase and to formulate strategies for the potential use of compulsory purchase powers, with further details to be reported back to cabinet in due course.
11. That the statutory policy for Home Loss Payments be reinstated for all qualifying tenants across all the Council's major housing regeneration schemes to allow payments to be made only if they have occupied the properties for more than 12 months (amending the current discretionary policy).

### **Cabinet recommend Council to:**

12. Approve that the capital receipt from the sale of the Swainby Road site be utilised to off set any financial shortfall in respect of the extension of the demolition boundary at Parkfield/Mill Lane Phase 2.

### **3. REASONS FOR THE RECOMMENDATIONS/DECISION(S)**

The interventions proposed will bring improvements to both the housing and quality of life for the residents of Parkfield / Mill Lane and Swainby Road and contribute to the delivery of the Council's housing regeneration ambitions for the Borough.

#### **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 judgment 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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**Swainby Road**

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& 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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### **PARKFIELD / MILL LANE (PML)**

#### **INTRODUCTION**

1. Members last considered the Parkfield / Mill Lane (PML) housing regeneration scheme on the 5<sup>th</sup> November 2005 (min 03/11/05 624 refers). Since then significant progress on the ground has been achieved including:

#### **Phase 1**

- 190 demolitions

- 67 new mixed tenure homes built

#### Phase 2

- 176 properties acquired and households successfully relocated
- 124 properties scheduled to be demolished January 2010
- 2 commercial properties acquired

#### Phase 3

- Detailed community consultation undertaken which identified face lift and refurbishment for residential properties as preferred option for local residents
  - Face lift works completed at Outram Street
  - Improvements to Trinity Church Gardens
  - 12 new Tees Valley Housing Group homes for rent under construction due for completion February 2010
2. During this time, a number of significant events have also occurred, including the global recession, cuts in public spending, the decision to retain and refurbish Phase 3 and approval of planning consent for Aldi, which have resulted in the need to review the delivery strategy and masterplan for this area.

## **PHASE 2 DEMOLITION BOUNDARY EXTENTION**

### **Background**

3. An independent review of the masterplan was undertaken in 2007 by Nathaniel Litchfield and Partners (NLP) following the decision to retain the Phase 3 area, and again in September 2009 in light of the recession. Both these reviews have recommended extending the demolition boundary of the Phase 2 area to Dovecot Street (**Appendix 1**) in order to provide enough scale of change to bring sustainable regeneration and attract the private sector and new households to come and live in the area. The reviews also concluded that frontage on to Yarm Lane was still a key driver for the success of the scheme.

### **Funding Position**

4. The Homes & Communities Agency (HCA) have recently confirmed an additional allocation of £8m to help fund the extension of the demolition boundary but require this funding to be split between Swainby Road as well as PML Phase 2. A condition of this funding is that any capital receipts generated from the sale of land within the scheme areas will be split in accordance with the relative contributions. This is currently anticipated to be 67% to HCA and 33% to SBC.
5. In addition to the HCA funding, PML Phase 2 is funded by Single Housing Investment Pot (SHIP) and Housing Market Renewal (HMR) funding. Until very recently this funding was presumed to be a certainty in future Comprehensive Spending Reviews (CSR), particularly as the Governments HMR programme is a 15 year scheme due to run until 2019. However, this can no longer be presumed to be the case due to anticipated cuts in public spending.
6. Even after the HCA £8m allocation, there will still be an estimated financial shortfall to complete the boundary extension of £3.9m. It is hoped that this will be met by SHIP/HMR in the next CSR announcements. However, as a contingency, an arrangement has been provisionally agreed with the HCA where they have agreed to invest their share of the anticipated Swainby Road capital receipt (approximately £2.7m) on condition that SBC contributes their share (approximately £1.3m). This is clearly financially advantageous to the Council given the higher value of the HCA's share of the receipts and in line with a previous Cabinet decision which approved that surpluses in housing regeneration

schemes should be used in the first instance to off set short falls in other housing regeneration schemes (min 15/03/07 1077 refers). In addition, 50% of any capital receipts the Council receives from the sale of 'Housing' land is required to be 'set aside' to pay off the Council's overhanging debt unless they are reinvested for 'Regeneration' under the terms of the Local Government Act 2004. This recommendation is based on the Swainby Road capital receipts rather than PML Phase 2 as the Swainby Road site will be brought to the market first. It is therefore recommended that the Council's share of the capital receipts from the Swainby Road site be utilised in the first instance to off set any financial shortfall with the PML Phase 2 boundary extension.

7. It is possible that the Swainby Road receipts are less than anticipated given that they are estimates provided in a very uncertain housing market. However, if there is still a financial shortfall after the CSR announcement and the Swainby Road capital receipt have been invested, the HCA have agreed that a review of the scheme can take place which would allow the scope of the site to be decreased to allow costs to be reduced accordingly.

### **Commercial Acquisitions**

8. When Cabinet approved the Masterplan for PML when it met on the 5<sup>th</sup> November 2005, its preferred option for delivery included the acquisition of commercial premises to provide the much needed frontage on to Yarm Lane shown at **Appendix 1** (min 03/11/05 624 refers). The basis for this is that frontage is seen to be a critical factor for the success of any redevelopment as it acts as a 'shop window' to show the wider community that transformation is being undertaken and is one of the key features for attracting the private sector. The original masterplan also recommended the demolition of the commercial premises on the opposite side of Yarm Lane within the Phase 3 area although this was not approved due to the decision to undertake further community consultation with the residents there.
9. To date, the M & D Club and Tony's Motors have been purchased. The Council's ability to complete the assembly of the remainder of the commercial premises has been constrained due to the loss of the 'Aldi site' shown at **Appendix 1** following the recent approval at Planning Committee of the supermarket application.
10. The total estimated cost of acquiring the remainder of the commercial premises on both sides of Yarm Lane is currently estimated to be in the region of £4.3m. It is therefore proposed that a further report outlining the way forward be brought to Cabinet after the next CSR when the funding position is clearer.

### **Community Consultation**

11. The residents living in the 'Extended Area' shown at **Appendix 1** were informed in November 2005 that their homes would not be demolished. In light of the required change in strategy, approval is now sought to go back to these residents regarding the proposal to demolish their homes. At the time of the November 2005 decision, many of these residents were disappointed not to be part of the redevelopment and it is anticipated that these will be supportive of the demolition proposal. However, there may still be some concerns from the community at the apparent change of direction and this of course will need to be properly explained to residents.
12. It is recommended that a '2 stage' consultation process is approved which involves consulting with all residents in the 'Extended Area' but advising 'Extended Area A' that we can definitely demolish and 'Extended Area B' that we will confirm our ability to intervene once future funding is confirmed. Consultation would take place and involve advising residents in 'Extended Area A' that we are able to acquire their properties during 2010/11 and 2011/12 using funding that is already confirmed and advising residents from 'Extended Area B' that we would like to begin acquiring their properties during 2011/12 and 2012/13

and will confirm for definite once future funding is known, anticipated to be February/March 2011.

13. Middlesbrough Council has recently received some negative community and media interest as it has reluctantly had to go back to some of its residents in Gresham to advise that it is no longer seeking to demolish their homes due to cuts in funding. This situation needs to be avoided at PML Phase 2. By committing to deliver 'Extended Area A', the Council will still have circa. £3m HCA funding available in 2012/13 and it proposed that no commitment to residents is given against this funding at the present time until future funding allocations and spending cuts are known.
14. Subject to Cabinet approval, community consultation will take place during January/February 2010 and involve door knocking, letters, one to one interviews, the BME Network, the Parkfield Mill Lane Neighbourhood Management Board, local Ward Councillors and local Resident Associations. Due to the time constraint attached to our ability to spend 2010/11 funding allocations, it is recommended that Cabinet delegates approval to proceed with the demolition of the 'Extended Area' to the Corporate Director of Development and Neighbourhood Services in consultation with the Cabinet Members for Housing & Community Safety and Regeneration & Transport, taking in to account the results of the community consultation process and confirmation of funding.

## **SWAINBY ROAD**

### **BACKGROUND**

15. The Swainby Road site outlined in **Appendix 2** which includes the roads of Swainby Road, Ayton Place, Egton Road, Danby Court and Norton Road (from this point forward all referred to as 'Swainby Road') is proposed as the Council's 4<sup>th</sup> major housing regeneration scheme.
16. The site lies within the Northern Gateway Masterplan area which will see the transformation of the southern part of Norton Road with the provision of a new Academy, state of the art youth facilities at 'myspace', 331 new homes for sale on the former Hills Joinery site, a new doctors surgery and improvements to the open space at Tilery. The concept of an 'eco village' with state of the art green and sustainable technology is also being explored as part of the masterplanning for the area.
17. Swainby Road has high levels of social and economic deprivation including high and increasing levels of worklessness. In terms of its housing, the area is characterised by:
  - Low demand
  - Poor quality terraced housing
  - A high proportion of poor quality social rented properties which are difficult to let
  - Low house prices
  - Exceptionally low Right to Buy sales
  - Poor layout and environment
18. As part of the work undertaken for the Housing Futures project, Swainby Road was identified as 'non sustainable' in the sustainability modelling of all of the Council's housing stock meaning that investment would be unlikely to bring about lasting improvement.
19. An independent feasibility study has recently been undertaken by NLP which concluded that Swainby Road requires significant regeneration to tackle the current imbalances in the housing market and socio economic problems. Acquisition of the private properties on Norton Road were also found to be critical for the success of any redevelopment to allow important visual frontage to be created.



## PROPOSAL

20. The Swainby Road proposal seeks to create a sustainable community through the demolition of 187 Council owned properties, 2 former Right to Buy (RTB) properties, 15 privately owned terraced houses on Norton Road, a small piece of private land on Windmill Terrace and 2 commercial premises (Fish and Chip Shop and Brown Jug Public House) (**Appendix 2**). This approach will create an attractive development site for new high quality homes for sale and rent. The homes for rent would be provided by a Registered Social Landlord (RSL) and ring fenced for the original residents who's homes have been demolished.

## COMMUNITY CONSULTATION

21. Consultation with the local community has been undertaken which has included the following:
- a) Door knocking to all residents effected
  - b) Letters delivered informing of demolition plans
  - c) 2 drop in sessions at the Destiny Centre
  - d) Home visits offered to all residents
  - e) Follow up letters providing additional information to all residents who did not attend the drop in sessions
  - f) Press release
  - g) Dedicated web pages on the Council's website
  - h) Meeting with Chair and Vice Chair of Residents Association
  - i) Council and Tristar officers attended Residents Association meeting
  - j) Additional final door knocking for the residents who had still not responded
22. 119 out of a potential 146 residents have taken part in the consultation which equates to 82% of the community. The main findings from the consultation process from those who responded are:
- Strong recognition of the need for regeneration
  - Over 99% support the demolition proposal (only one tenant said they didn't)
  - 57 tenants want to return
  - 17 of those wishing to return would like bungalow accommodation
  - The Fish Shop and Brewery which own the Brown Jug Public House also support the demolition proposal
23. Moving forward, the only significant community issue foreseeable is the over demand for the new social housing built. Although the design of the new neighbourhood has not begun, it is estimated that the new site would be able to accommodate approximately 40 new social rented homes at a ratio of circa. 20%. This approach is in line with the Governments Sustainable Communities Plan which encourages mixed tenure neighbourhoods to deliver sustainable regeneration.
24. Although experience from our other housing regeneration schemes has shown that residents often move into transit accommodation and then decide they do not want to move back after all, it is still likely that there will be an over demand for the new homes. Therefore, in line with the policies adopted in our other housing regeneration schemes, it is proposed that priority would be determined by the length of tenancy, and thus the longer residents had been tenants, the higher priority they would be for the new homes. It is also proposed that a local lettings policy be developed by the Council, our RSL partner once appointed and local residents and then agreed by the Corporate Director for Development and Neighbourhood Services in consultation with the Cabinet Members for Regeneration & Transport and Housing & Community Safety, to try and ensure the allocation of the new

homes is fair and transparent. This approach is in line with similar policies developed at Hardwick and Mandale.

25. In addition, the Council is currently building new social rented homes with its RSL partners at a number of sites across the Borough. A key message coming from some of the residents wishing to return is that they want to keep the same neighbours as they have lived together and supported each other for many years. Some of these new RSL properties could accommodate these requests as neighbouring residents could be nominated together for permanent moves. This proposal was presented at the Residents Association meeting and supported as a method of dealing with the over demand for the new homes.
26. Stockton Council has an excellent track record of relocating residents affected by housing regeneration schemes. To date we have relocated over 1300 households with very little adverse community or media reaction. This is a significant achievement, especially when compared to the backlash received against other housing regeneration schemes throughout the region. All residents will be dealt with on a one to one basis and have a rehousing package tailored to meet the individual needs of them and their families.
27. 60 of the Council properties are occupied by Asylum Seekers. The Asylum Seeker contract with the Home Office is due to end May 2011 and these residents will move as part of this coming to an end. A decision is yet to be made on whether the contract will be renewed but if it is, accommodation will be procured from the private rented sector and Asylum Seeker residents will be dispersed in small clusters throughout the Borough. Asylum Seeker residents are not eligible for Home Loss Compensation, rehousing on the Council's Housing Register or to return to the new RSL homes planned. However, ongoing communication is being held with the Asylum Seeker Team to ensure the process of relocating Asylum Seeker residents is dealt with as sensitively as possible.
28. At Swainby Road it is proposed to commence relocating Council tenants in January 2010 funded by SBC housing capital programme funds and to begin acquiring the private properties on Norton Road from April 2010 with HCA funding.

## **DELIVERY**

29. Further work will be undertaken to explore the most efficient way to deliver the sites in terms of attracting private developer interest and maximising value. It is likely that a Development Agreement with the HCA, private developers and RSL partners would be the most viable option. The feasibility of packaging the sites together is also currently being explored.
30. To move the sites forward, approval is sought to appoint an RSL partner for Swainby Road (PML already has Tees Valley Housing Group as a partner) and a private developer partner(s) for the sites through a Development Brief.

## **LEGAL IMPLICATIONS**

31. 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 are no pending applications 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.

32. Home Loss Payments are paid to tenants under the Land Compensation Act 1973 to compensate them for the loss of their home if they have occupied the affected property for 12 months or more. The Regeneration of Mandale Cabinet Report 14<sup>th</sup> August 2003 approved a policy of making discretionary payments over and above the statutory requirements by allowing payments where a tenant had lived in the property for less than 12 months to avoid residents 'holding out' until they had been there for 12 months or more (min 14/08/09 357 refers). The high turn over at Mandale and the number of residents with short tenancies meant this was a useful approach at the time. It is not necessary in the current circumstances nor the best use of public funds so Cabinet is recommended to remove this discretionary policy across all of the housing regeneration schemes and revert back to the statutory requirement of qualifying eligibility based on occupation of 12 months or more.

### **FINANCIAL IMPLICATIONS**

33. A further report detailing comprehensive cash flows for the lifetime of each scheme will be provided when the schemes are presented to Cabinet in the future. However, the financial information at **Appendix 3** demonstrates that the Council has enough funding to progress PML Phase 2 and Swainby Road during 2010/11 and 2011/12.
34. The financial information attached also shows that contributions from Tristar Homes Limited (THL) are required to deliver the Swainby Road site and this arrangement will be made binding as part of the stock transfer process.

### **RISK ANALYSIS – BROAD LEVEL**

35. Cuts in SHIP/HMR and HCA funding – although this is likely, short falls in the first instance would be met by the Swainby Road capital receipts and in the event that there is still a shortfall, the scope of the scheme at PML Phase 2 could be reduced. Whilst this would ultimately be undesirable from a regeneration perspective, this arrangement ensures the Council is not committed to any additional expenditure.
36. Unable to spend full £4.4m SHIP/HMR allocation at PML Phase in 2010/11 – If we do not spend our full allocation during 2010/11 there is a real risk that this funding could be lost from Stockton. To mitigate this, it is proposed that the final decision to proceed with the demolition boundary extension at PML Phase 2 is delegated to the Corporate Director of Development and Neighbourhood Services to allow as much time as possible to purchase the required properties throughout 2010/11. In addition, the option of transferring any under spend in to funding for face lifts works within Stockton is being explored as a mitigation measure.
37. Cash flow – it is possible that if needed, the Swainby Road capital receipts would be received later than required. If this situation does arise, the position will be evaluated and options considered. If necessary this could be addressed through short term prudential borrowing.

### **SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS**

38. The proposal is in accordance with the Sustainable Community Plan Key Themes of Economic Regeneration and Transport, Environment and Housing and Stronger Communities.

### **EQUALITIES IMPACT ASSESSMENT**

39. An Equalities Impact Assessment has been undertaken with the Diversity Team.

## **CONSULTATION INCLUDING WARD COUNCILLORS**

40. The Ward Councillors, Cabinet Members and PML Neighbourhood Manager have been consulted on the content of this report and a summary of the detailed community consultation that has taken place at Swainby Road is provided.

### **Corporate Director of Development & Neighbourhood Services**

**Contact Officer: Sharon Thomas**

**Telephone No. 526073**

**E-mail Address: Sharon.thomas@stockton.gov.uk**

<u>Environmental Implications</u>	Yes – environmental improvements to the area.
<u>Community Safety Implications</u>	Yes – Community safety would be part of the design specification
<u>Background Papers</u>	Parkfield / Mill Lane Masterplan Cabinet Report 5 <sup>th</sup> November 2005.
<u>Education Related Item?</u>	No
<u>Property Implications</u>	Yes – the scheme will result in a reduction of the Council owned housing stock and the sale of land for redevelopment.
<u>Ward(s) and Ward Councillors:</u>	Parkfield & Oxbridge – Cllr Javed & Cllr Rix Stockton Town Centre – Cllr Coleman & Cllr Kirton Norton South – Cllr Cook & Cllr Nelson