

**STOCKTON-ON-TEES BOROUGH COUNCIL**

**CABINET RECOMMENDATIONS**

**PROFORMA**

Cabinet Meeting .....14th July 2011

1. Title of Item/Report

Housing Regeneration Scheme Update including the recent announcement of Housing Market Renewal Transition Funding

2. Record of the Decision

Members considered a report that provided a position statement with regard to the Parkfield/ Mill Lane Phase 2 housing regeneration scheme, following the cessation of Housing Market Renewal funding. The report sought endorsement for the Council's bid to the recently announced HMR Transition Fund.

Grant Shapps, Minister for Housing and Local Government recently announced a HMR Transition Fund. The Government had allocated £30m to a transition scheme intended to help residents trapped in the worst conditions where former HMR funded schemes have been stalled. The £30m must be match funded thereby generating a total investment of £60m to "resolve the worst problems in the most challenged HMR areas – Merseyside, East Lancashire, North Staffordshire, Hull and Tees Valley". It was clear from the scope of the guidance (and the pot of money available) that funding would not be sufficient to enable the completion of HMR pathfinder schemes rather it was intended to conclude only limited phases specifically where residents had been left 'isolated' in stalled programmes.

Bid guidance required one programme bid from each HMR pathfinder region with multi local authority bids contained within it. The guidance was specific in that:

a) Bids could only be made to re-house residents in the most isolated schemes, LAs must target the most vulnerable households in the worst streets and

b) LAs must submit an 'Exit Strategy' which must detail the process for either unwinding or transferring schemes to other local initiatives (on the full understanding that additional Government funding will not be made available). The Exit Strategy needed to detail the process of unwinding HMR commitments including how this would be taken forward

with residents and how it would be approved at member level.

Members noted that it had not been possible to make a bid for the 'full' Parkfield/Mill Lane area, as properties contained within 'Extended Area B' were not bid compliant

The Stockton bid was for the conclusion of the 'original area' plus 'Extended Area A'. The bid would be seek Transition funding for the purpose of acquiring the remaining 34 properties and completing the necessary demolition and site remediation work for 103 properties. The total value of the bid was £3.04million (£1.52million would be required in terms of match funding).

As referred to above 80 properties in Extended Area B were not eligible for Transition funding; however, as part of our bid submission we were required to detail our Exit Strategy for these properties. The Transition Funding guidance was clear that the Government would not make any additional monies available and those Authorities that decide to progress with their original/full schemes must do so via locally funded initiatives. As the Council did not have access to the additional £6.3m required to acquire and demolish these 80 properties Members were asked to support the 'unwinding' of Extended Area B. Pending member approval it was proposed to contact residents/property owners in this area immediately confirming that will not be part of a demolition programme. Whilst a number of residents may be disappointed, residents had been advised previously that property demolition would only be undertaken if the Council was successful in obtaining additional funding.

In order to protect the level of investment made in the area to date and acknowledging that properties within this area were in need of investment, Members were asked to support pending a successful Transition Fund bid an external property improvement programme (a Facelift scheme) for properties in Extended Area B. Members noted that a Facelift investment programme was not eligible for Transition Funding and must be solely funded by the Council. Without full property inspections the cost of this programme could not be confirmed, however based on past experience it was estimated that costs would range between £200k - £400k.

As the deadline for submissions was 7 July 2011 and guidance was only issued in early June it had not been possible to bring a report to Cabinet (and Council) at an earlier date. As such the Council's Corporate Management Team (CMT) considered the bid guidance/criteria and the limited bid options available to the Council. On the basis of making a bid in accordance with the deadline the preferred bid submission (i.e. to complete the 'original area' and 'Extended Area A) and details of the Exit

Strategy were then referred to the Cabinet Member for Housing and Community Safety and the Mayor to agree in principle and formally sign-off prior to the bid deadline as part of the Council's Urgency process. The total cost to the Council of the full programme outlined in this report would be £4.53million and the urgent decision outlined that the match funding element and the other ineligible costs (i.e. project management costs, internal fees, potential CPO costs and Facelift costs) would be funded from the receipt in respect of the VAT shelter arrangement with VELA Homes. Members were reminded that the report to Cabinet in November 2010 identified the receipt in respect of this arrangement would be ring-fenced to housing and regeneration programmes and complimentary regeneration activities.

Should the Councils bid be unsuccessful or we do not secure the full value of the bid then a further report would be presented back to Cabinet.

Members were also provided with a general update on the Council's priority housing regeneration schemes at Parkfield, Mandale, Hardwick, Swainby Road and North Shore.

RECOMMENDED to Council that

1. the current position regarding the Parkfield/Mill Lane (Phase 2) HMR project be noted, in particular the implications of the sudden cessation of HMR funding.
2. the limited purpose of the Transition Fund, in particular its emphasis on assisting only 'isolated' residents left in stalled HMR projects rather than enabling a comprehensive and structured conclusion to HMR schemes be noted.
3. both the Councils Transition Fund bid and proposed Exit Strategy as outlined above and in the report be endorsed.
4. the use of £1.52million to fund the 50% match funding requirement and a further £901,000 to fund scheme costs which were not eligible for Transition Funding from the Council's share of the VAT shelter be approved
5. pending a successful Transition Fund support a 'Facelift' improvement scheme for the area not eligible for Transition funding ('Extended Area B') be approved..
6. a further report be presented to Cabinet should the Council's bid be unsuccessful or not secure the full value of monies bid for.

3. Reasons for the Decision

To inform Cabinet of the current position regarding all of the Council's major housing regeneration schemes and seek endorsement for the Council's Transition Fund bid.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

Councillor Nelson declared a personal non prejudicial interest in the item entitled Housing Regeneration Scheme Update as he was a member of the Tristar Board, which was referred to in the report.

6. Details of any Dispensations

Not applicable

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

Not applicable

Proper Officer  
18 July 2011