
ECONOMIC DEVELOPMENT AND INFRASTRUCTURE SCRUTINY PANEL

A meeting of the Economic Development and Infrastructure Scrutiny Panel was held on 14 March 2018.

PRESENT: Councillors Storey, (Chair), Arundale, Branson, Higgins, Lewis, McGloin and Walters

ALSO IN ATTENDANCE: Janice Morphet, University College London

OFFICERS: C Cowley, S Harrington, L Henman, D Johnson, S Lightwing

APOLOGIES FOR ABSENCE were submitted on behalf of Councillors Hussain, Saunders.

DECLARATIONS OF INTERESTS

There were no Declarations of Interest at this point in the meeting.

1 **MINUTES - ECONOMIC DEVELOPMENT AND INFRASTRUCTURE SCRUTINY PANEL - 7 FEBRUARY 2018**

The minutes of the meeting of the Economic Development and Infrastructure Scrutiny Panel held on 7 February 2018 were taken as read and approved.

2 **CAR PARKING REVIEW**

The Planning and Delivery Manager presented information in relation to the Car Parking Review which had commenced at the end of last year. There were two principal roles of parking policy which were:

- To determine the way in which parking management was used to meet specific parking system objectives. For example: balancing supply and demand, revenues to cover costs etc.
- To determine the way in which parking management was used to meet other policy area objectives. For example: congestion, carbon emissions, sustainable transport, town centre viability and urban design.

The Consultants engaged to undertake the Review had been asked to look at the local context including the Tees Valley Strategic Economic Plan, the Mayor's Vision, Middlesbrough's Investment Prospectus and Middlesbrough's Local Plan.

In general, the economic success of town centres was often dependent on sufficient, good quality access, including both parking provision and public transport. The quality of amenities on offer within the town centre was also very important since high levels of parking provision could not compensate for a weaker offer (perceived or real). More parking could lead to increased footfall, however, there was little (national and local) evidence of a causal relationship between the volume of car parking provision and the economic success of a town centre.

Local context was very important and a 'one size fits all' approach to parking provision was not appropriate. Locations were exposed to different dynamics. A package of measures relating to both parking provision and sustainable modes of transport should be considered as part of an integrated parking strategy.

Parking had a role to play in managing traffic and encouraging more sustainable modes of travel. Increasing parking controls and charges would have a knock on effect on increase the

demand for public transport. People would travel by car if parking was under-priced and more convenient than other modes. Typically, a 10% increase in parking fees could be seen to reduce car journeys by 1 to 3%. Provision of adequate parking facilities could promote the interchange between private modes, such as car or bike, and public modes, such as rail or bus. There needed to be a balance between providing parking at a price that encouraged economic growth, as well as mode shift.

The Consultants had also been asked to look at how parking could mitigate the negative impacts on air quality. The UK was currently failing to comply with European Air Quality limits. Inefficient and poor parking controls generated additional traffic and congestions as drivers searched for cheaper parking. Measures for consideration included: priority/low price parking/parking permit discounts for electric/lower emission vehicles, spaces for car share vehicles, provision of electric car charging points, more efficient signage and reducing energy requirements of parking facilities, for example lower energy lighting and the potential of solar power.

Economic challenges and threats included competition from neighbouring towns and retail parks, particular Teesside Park. The availability of commercial property in the town centre was heavily skewed to retail and efforts were being made to redress the balance. The Mayor's Vision was being implemented to try and change negative perceptions of the town. Expansion of the town centre was constrained by the A66 and the railway to the north and housing to the south.

The main objectives for the Parking Strategy were outlined as follows:

- Facilitate and support economic growth in line with the Mayor's Vision.
- Reinforce Middlesbrough Town Centre as the key urban centre within the Tees Valley City Region.
- Support proposed regeneration and development, for example the wider development of Middlehaven and the Teesside Media and Innovation Village.
- Deliver facilities that were safe, secure and convenient for a variety of users.
- Provide a financially sustainable strategy to maintain a high quality service.

Details of all the current parking provision available in Middlesbrough, including on and off-street spaces, had been provided to the Consultants. This included 3,248 Council operated off-street parking spaces, 1,041 Council operated on-street parking spaces and 2,104 parking spaces in privately operated car parks.

Future developments in the Town would also impact on car parking requirements and included education, leisure and office development at Middlehaven and in the town centre, investment in the University and 7,000 new homes by 2029. With regard to transport, the Railway Station was seeing development and a direct line to London implemented. Key to the development of the Railway Station would be secure car parking for longer distances services.

It was highlighted that intelligent and more flexible tariffs and modern payment methods would be considered by the consultants. Other improvements could include better signage, whether on the streets or on the Council's website, and better safety and security in and around car parks.

In relation to policing of car parking it was explained that Civil Enforcement Officers could take enforcement action including issuing penalty notices for people who did not pay or overstayed. There were currently ten Enforcement Officers working 7 days a week until 5.30 pm. A suggestion was made by the Panel that perhaps the working hours could be extended to 9.30 pm to address parking issues in certain parts of the town. It was pointed out that if there were more Enforcement Officers there would be less illegal parking and it was about finding the right balance between education and enforcement.

Personal and vehicle security was an issue and it was identified as important that people coming into the town, especially on an evening, were confident to use the parking facilities.

One option suggested by the Panel was to offer secure car parking facilities at Middlehaven and provide a Park and Ride service. The opening of the Snow Centre at Middlehaven could be the catalyst for bus operators to consider providing a service.

It was anticipated the Consultants would provide a first draft of the Review by the end of March 2018.

The Chair thanked the Officers for their presentation.

AGREED as follows that:

- the information provided was received and noted.
- an update on the Car Parking Review would be provided as appropriate.

3 **HOUSING DELIVERY VEHICLES (HDV)**

Professor Janice Morphet, Bartlett School of Planning, University College London, gave a presentation on a research project she had undertaken with a colleague on Local Authority Direct Provision of Housing, which was funded by the National Planning Forum and Royal Town Planning Institute.

The presentation focussed on Local Authority Direct Provision of Housing: motivation, methods and money. The main objective of the research was to use the findings to share practices between Councils.

The research had provided a lot of evidence that Local Authorities were providing housing again. Twenty-seven different methods were being used to providing housing by authorities of all political parties, sizes and locations. 91% of Councils were currently engaged in providing housing. Housing provision was an act of localism and many Councils were unaware of what their neighbouring authorities were doing. Local Authorities saw housing as a core function and many wanted to be active after the period of austerity since 2010.

Round table discussions were undertaken in all English regions with planners and housing officers. A questionnaire, interviews with experts, snapshot surveys and case studies were also used to undertake the research.

With regard to motivation, many Councils were taking a problem solving approach, starting with an issue and thinking about how to deal with it. Some of the main motivations identified included: private sector not building the type of housing needed quickly enough, unimplemented planning permissions, tackling homelessness, income generation, housing for specific need groups, dealing with problem sites, design quality and regeneration.

Although quite a lot of work had been done by Councils with Housing Revenue Accounts, a lot of building was also taking place by Councils that no longer owned housing stock. Some Councils were going back and re-registering. Councils who were building themselves were in control and could provide good quality.

With regard to tackling homelessness, the quickest way was to buy stock on the open market. The advantages included paying less to support those families who were homeless and getting them into a stable situation. Harrogate Council had built a hostel and several Councils in the south of England had purchased Bed and Breakfast properties to manage themselves.

In respect of income generation, Councils had to mitigate for the loss of the Revenue Support Grant in 2020. Councils were looking to build houses to rent to provide an income stream which could be used to cross-subsidise.

An example of specific need groups, particularly for University towns, was to provide housing at market rent aimed at graduates, to encourage them to stay in the town. Birmingham had used this model and the housing provided had been massively over-subscribed, leading them to start building two further developments. The Isle of Wight had provided housing aimed at

older persons.

It was highlighted that the Government was currently looking at penalties that could be placed on developers to encourage quicker house building rates and prevent developments with planning permission from stalling. It was easier for landowners to control what was happening on a build.

Another motivation was regeneration, particularly city centre development of housing. Stockport Council was re-developing heritage assets such as old Mills, some of which had been acquired through Compulsory Purchase Orders (CPOs). Imposing CPOs had revealed ownership of land and buildings by banks, HMRC, and owners who were either abroad or in prison. It was noted that banks were particularly keen to work in partnership with the Council to get such sites developed.

Councils were also providing opportunities for apprenticeships for professions as well as trades. Harrogate Council offered a Development Surveyor Apprenticeships and Stockport offered a specific scheme for ex-offenders to work on construction.

A range of powers were being used to engage in housing provision. The Localism Act 2011 provided the powers to establish wholly owned and joint venture companies. Councils could also use the Housing Revenue Account and act as a Homes and Community Agency (HCA) registered provider under the Local Government Housing Act 1989 (as amended). It was noted that there were a range of powers available that could be utilised.

In respect of funding, many Councils started with their Housing Renewal Account (HRA) and then sought other sources of funding. About 200 Local Authorities were registered providers with the HCA with an HRA and approximately 170 were active. The second most common source of funding was the Council's own finance, for example loans from the General Fund. Under State Aid rules any money loaned from the General Fund had to be paid back with interest. Use of the Council's own land and buildings was also common.

Public Works Loans Board funding was commonly used to support both companies and building directly by Local Authorities. Loans were relatively easy to secure and the interest rates were very low.

Other funding sources included Right to Buy receipts, Section 106/affordable housing contributions and development funds from Homes England. Beyond those common sources, a wide range of other sources of funding had been used by a smaller number of authorities including commercial loans, loans from other authorities, joint venture partner finance, devolution and city deals, including a Hedge Fund.

There were many different routes to provision identified during the research project. Joint Venture approaches seemed to be quite popular in the north east. Partnerships could be set up with other public sector bodies or with the private sector. The HRA could be used to build or acquire properties. For Local Authorities with retained stock, Right-To-Buy (RTB) receipts or hidden homes projects, for example re-developing garages or additional floors in existing housing estates were options. Open market purchasing of existing stock including former RTBs was quite common, particularly in relating to tackling homelessness. Some Local Authorities had established housing companies, usually wholly owned. North Tyneside had established five different companies, all covering different areas such as house purchases, regeneration and site development. Councils could use a variety of mechanisms to provide housing that suited their needs.

According to the survey carried out as part of the research, in 2017, 65% of local authorities were now engaged in direct delivery of housing. 22% of the overall sample were actively considering engaging in direct delivery and 13% were not engaging and not considering doing so. A November 2017 desk survey of all wider means of engagement in housing provision that local authorities might use, including not just direct delivery through the HRA, building under the general fund, and a wholly owned housing company, but also support for partner organisations; found that 91% of local authorities in England were engaged in such support for housing provision in one way or another.

Authorities from all regions of England were providing housing directly, however a higher than expected concentration of authorities were not providing in the North West. Those authorities directly engaging in housing delivery had higher than average populations, higher objectively assessed housing need, tended to be registered providers with HCA, had slightly less protected land and were slightly more likely to have an adopted Local Plan, than those not engaging.

44% of authorities responding to the survey had established a local housing company (2017). This figure was now probably over 50%. These authorities tended to have higher populations and housing need.

Local Authorities were building all tenures and those responding to the survey indicated that they had already delivered: affordable 452, social 264, intermediate 307, for sale 442 and for rent 432. Many authorities had plans for major development of homes and could build quickly.

With regard to the quality of housing being built, the lack of qualified trades people was highlighted as a possible issue. It was noted that some Councils were now looking at more modern methods of construction and using factory built houses. Whilst there were issues with the availability of mortgages for this type of build, they were suitable for rental.

It was suggested that it may be more desirable for a Council to set up their own housing company rather than enter a joint venture in order to build houses more quickly. In response, it was highlighted that most Councils were using more than one model. Some Councils had also set up companies for property management and maintenance.

Regarding income from Council-owned homes that were rented out this could be used in part to offset any loan taken out and the rest paid back to the Council as a continuing surplus. Councils could take the income and use it for other purposes such as social care, keeping other services running or investing in more housing.

With regard to social rented housing, most Councils provided a mix of tenures and not solely homes for social rent. A proportion of each development would be social housing, a proportion for sale and a proportion for private rent. For each individual site the Council had to consider what it was trying to achieve, how the development would be funded and what the desired outcome was.

The Chair thanked Janice for attending the Panel and for her informative presentation.

AGREED as follows that:

1. The information provided was received and noted.
2. The following Terms of Reference for the scrutiny review of Housing Delivery Vehicles were approved:
 - A) To investigate different models of Housing Delivery Vehicles (HDVs) and the benefits and challenges they can provide to Local Authorities including evidence of best practice models in operation.
 - B) To identify the initial resources needed to set up a HDV as well as the potential financial returns.
 - C) To examine Middlesbrough's Local Plan to understand what sites are currently available for housing throughout the town and how the projected increase in population and need for a further 5,500 dwellings by 2029 can be met.
 - D) To investigate how Middlesbrough Council can ensure that the requisite associated infrastructure for new housing development including roads, schools, services and green spaces can be delivered in conjunction with a HDV.

OVERVIEW AND SCRUTINY BOARD UPDATE

The Chair provided a verbal update on the Overview and Scrutiny Board meetings held on 20 February and 13 March 2018.

At the meeting on 20 February, the Panel's final reports on LED Lighting and Tees Valley Strategic Transport Plan including Bus Franchising were approved. The OSB Chair requested an amendment to the Tees Valley Strategic Transport Plan including Bus Franchising report, to include a statement that the Mayor would advocate that Bus Franchising was the best option.

In relation to the LED Lighting report, Councillor Arundale informed the Panel that he had ascertained that the sodium lights that had not yet been replaced were in fact the most expensive fittings. The Chair acknowledged that this was correct and that, if the Executive approved the recommendations in the report, the Panel would have the opportunity to review Phase 2 of the replacement scheme before it went ahead.

The meeting held on 13 March 2018 was for two Call-Ins. The decisions called-in were not referred back to the Executive.

NOTED