
OVERVIEW AND SCRUTINY BOARD

A special meeting of the Overview and Scrutiny Board was held on 3 August 2005.

PRESENT: Councillor T Ward (Vice - Chair) (In the Chair); Councillors Booth, Dryden, McTigue, Rogers, Rooney and Wilson.

OFFICIALS: R Batchelor, J Bennington, P Clark, J Lewis, R G Long, I Nicholls, J Ord, M Stone and T White.

**** PRESENT BY INVITATION:** Councillor Budd (Executive Member for Economic Regeneration and Culture), Councillor K Walker (originator of the first request to Call-In the decision), Councillor Williams (originator of the second request to Call-In the decision) and L Mole (Chair of Gresham Community Council).

**** PRESENT AS OBSERVERS:** Councillors Brady, Davison, Ismail, Lowes and McPartland.
Residents of Gresham Ward and other members of the public.

**** APOLOGIES FOR ABSENCE** were submitted on behalf of the Chair, Councillor Carr and Councillors Cole, Mawston and Robson.

**** DECLARATIONS OF INTEREST**

No declarations of interest were made at this point of the meeting.

BUILDING SUSTAINABLE COMMUNITIES – INNER MIDDLESBROUGH

A report of the Senior Scrutiny Officer had previously been circulated regarding this special meeting which had been arranged in accordance with the Authority's Call-In procedure in respect of a decision made at a meeting of the Executive held on 20 July 2005 relating to Building Sustainable Communities in Inner Middlesbrough.

The main components of the report were as follows:-

- a) the decisions taken by the Executive at its meeting held on 20 July 2005 which focussed on a proposed Final Vision, as outlined in paragraph 44 of the report submitted, as a basis of a strategy for the future of Middlesbrough's Older Housing Areas and as a basis for bidding for funding from the Office of the Deputy Prime Minister (ODPM) and other sources;
- b) a copy of the report entitled Building Sustainable Communities in Inner Middlesbrough-The Way Forward which set out a vision for Middlesbrough's older housing areas for the next 15 years based on work carried out during the past 15 months by the Council's Consultants and modified in the light of recent consultation had been circulated;
- c) details of the Call-In procedure;
- d) summary of the reasons given in two requests initiating the Call-In procedure.

As part of his introduction, the Chair outlined the Call-In process and in particular referred to the extent of the powers available to the Board including the decision to determine whether or not to refer the decision back to the decision-making body for re-consideration in the light of the evidence submitted.

The Chair outlined the proposed order of proceedings for the meeting.

Following an introduction by the Executive Member for Economic Regeneration and Culture the Director of Regeneration presented the case and focussed on the background to and the research which had lead to the decision being taken.

The main points of the submission were as follows:-

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- a) background information was provided to the reports presented to the Executive which focussed on the long term sustainability of the 11,500 older housing of which 10,000 would be retained;
- b) details of the process of reviewing the future of older housing which had been based primarily on the need to redress Housing Market Failure resulting in a mismatch of supply and demand;
- c) details were given of other areas where the Council was already tackling problems and pursuing schemes of clearance and redevelopment in North Ormesby, Whinney Banks, West Lane, St. Hilda's;
- d) the decline in population reported as 30,000 less people since 1961, 750 fewer each year impacted on the revenue base and service provision resulting in an unsustainable community;
- e) the vision for Middlesbrough's older housing areas for the next 15 years had been based on work carried out during the past 18 months by the Council's consultants and modified in the light of recent consultation;
- f) research by Consultants had identified Neighbourhood Vitality and Viability Index which demonstrated the areas most at risk and provided detailed information relating to housing, high unemployment levels, low income, high rates of crime, low educational achievement and poor health;
- g) details were provided of the problems associated with the older housing area which included:
- decline of older terraced property which no longer met the aspirations of
 - most of the population;
 - approximately 800 voids;
 - uncertainty as to who was purchasing property;
 - current rate of owner-occupation identified as 50% and steadily decreasing;
 - current rate of private rented accommodation identified as 30% and increasing;
 - problems associated with absentee landlords resulting in unstable conditions;
 - a high turnover of people had been demonstrated in some parts;
 - anti-social behaviour and crime;
- h) examples were given of other deprived areas where investment alone had not stemmed the problems;
- i) ODPM had made it clear that a well balanced strategy which attempted to address the housing market failure would be required in order to access the additional funding;
- j) of the options that had been considered by the Executive, Option 4 had been agreed as the preferred option for consultation which targeted redevelopment and refurbishment and combined a realistic level of intervention with deliverability;
- k) the level of consultation had compared favourably with that of other HMR Pathfinder authorities;
- l) information was provided on the overall consultation exercise which had commenced in 2004 and had included 41 community stakeholder meetings, 40 residents in walkabouts, 286 in outreach sessions, 384 school children, 134 at workshops, 66 residents at briefings and topic forums, 670 residents at drop-ins, 349 in West lane engagement; 281 e-mails, telephone calls, visits to council offices and 11,000 newsletters;
- m) the general points arising from the consultation included the following indications:
- preferred option had been shown as the most popular across the area as a whole ;
 - residents generally had wanted to see less demolition;
 - Gresham residents preferred refurbishment;
 - opposition to the clearance had shown to be the strongest south of Princes Road;

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- residents had accepted certain areas needed radical change;
 - n) various plans were shown of the proposed activities which identified the areas mainly for demolition and new build activities; early action to improve frontage properties; refurbishment of existing housing stock and an area for further investigation;
 - o) the main features of Option 4 were identified as:
 - 87% of houses retained (10,000)
 - 52% benefiting from some form of improvement (6,000)
 - 13% demolished and redeveloped (1,500)
 - 750 new homes
 - landlord licensing
 - management of local neighbourhoods
 - further work in Wilton Street area
 - meeting business' needs and address the retail/commercial conflict;
 - p) acquisition of the properties in Area 3 would be carefully phased over five years and would be by agreement wherever possible although statutory powers of compulsory purchase might be pursued;
 - q) properties would be purchased at full market value on a 'no scheme basis' with comparisons being made with similar houses nearby and owners entitled to an independent valuation at the time of acquisition;
 - r) details were provided of the proposed compensation arrangements which included home loss payments, use of MiddRAS Scheme and disturbance payments;
 - s) options for relocation of displaced residents included; elsewhere in retained terraced areas; home swap; shared equity; HMR areas elsewhere in the Town; TVR Middlehaven units and in the same area after redevelopment;
 - t) an indication was given of arrangements for ongoing consultation and engagement which included Streets Ahead office, free phone line to be established, compilation of Resident's Charter and housing officers and community development workers committed to area;
 - u) details were given of the proposed funding strategy which included ODPM Homes for All resources (Tees Valley allocated £23m for 2006/08), Erimus Housing stock transfer for demolition of 94 former Council properties, Single Housing Investment Programme a bid for £15m plus other sources such as Housing Corporation, NRF, English Partnerships and capital investment by private developers and Registered Social Landlords;
 - v) an indication was given of the next stages of the process which involved engagement with local communities and business, bid for delivery funds in September and preparation of detailed master plan in Area 3 with local community starting later in 2005.

The Executive Member for Economic Regeneration and Culture stated that the report to the Executive at its meeting held on 20 July 2005 had been the latest of a series of reports and emphasised the amount of consultation which had taken place. The vision had been based on research and linked with other regional and national strategies. In order for the scheme to be viable it was necessary for all elements as outlined to be included in the overall scheme.

Councillors K Walker and Williams were afforded the opportunity of asking questions of the Director of Regeneration and Executive Member for Economic Regeneration and Culture. The following points had been raised during the subsequent exchange:-

- the selection of the area had been based on detailed analysis which took into account a number of factors including IMD, vital and viability index and research by Council's Consultants;

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- further work would have to be undertaken to assemble a site of suitable size to replace older housing and provide a viable proposition to investors and developers;
 - in response to a question regarding difficulties experienced in obtaining information regarding the number of void properties in the area the Director of Legal and Democratic Services confirmed that whilst details could be provided in general terms, there were legal reasons as to why specific details could not be disclosed;
 - it was stated that no statement had been made that the quoted 800 voids were all within the 1,500 properties identified for demolition;
 - in response to a request that the Executive reconsider the proposals in the light of information from the ODPM which indicated that funding for wholesale demolition would not be supported, the Executive Member for Economic Regeneration and Culture referred to the contents of a report to the ODPM Select Committee and subsequent press releases which focussed on the need for a balanced approach taking into account economic and social factors.

Councillor K Walker outlined the reasons for invoking the Call-In procedure emphasising the following key issues:-

- a) there was a risk of breaking up the well established, diverse and well integrated community in Gresham Ward which provided an excellent example of one of the objectives which the Prime Minister and Government were trying to achieve;
- b) the consultation process was considered to be fundamentally flawed the first indication being given in March 2005 with the majority of residents being unaware of the demolition proposals until July 2005;
- c) whilst he had attended most of the consultation meetings it was considered that greater confusion had been created by a lack of understanding by Officers of the resident's current situation and insufficient detailed information of the proposals;
- d) as one of three Ward Councillors for the Gresham Ward he had been advised less than two weeks prior to the meeting of the Executive held on 20 July which was considered unacceptable and was not in keeping with an open system of local democracy;
- e) the proposals appeared to be in direct conflict with the directions of the ODPM and as his role as a Councillor was being hampered by a lack of precise information;
- f) the Option 4 proposals were seen as being detrimental to the community and favoured speculators and developers;
- g) there was no evidence of selective demolition;
- h) the need to deal with the residents concerned in a proper and fair manner was considered to be of paramount importance;
- i) the vast majority of the 1,500 dwellings identified for demolition were considered to be of sound structure and with appropriate investment could be given a longer life span;
- j) concern was expressed regarding the implications of the proposals on local schools;
- k) in terms of the Linthorpe Road frontage properties it was felt that the priority was on the commercial element rather than the regeneration of a community;
- l) a request was made for Option 4 proposals to be abandoned given the likelihood of there being future opportunities to pursue other schemes and funding;
- m) in conclusion, the need was emphasised to preserve a well-established multi - cultural community especially the older housing in Middlesbrough, which was considered to be unique.

Although the Executive Member for Economic Regeneration and Culture and the Director of Regeneration were afforded the opportunity of asking questions of Councillor K Walker on his submission they indicated that a number of points would be addressed later in the meeting.

Councillor Williams outlined the reasons for invoking the Call-In procedure emphasising the following points:-

- a) the issues surrounding housing market failure as outlined in the Executive report entitled 'Building Sustainable Communities in Inner Middlesbrough – The Way Forward', in particular the need for significant demolition combined with refurbishment and the identification of some areas facing a multiple range of problems and a declining community were understood;
- b) the need for the Council to take action sooner rather later in respect of older housing experiencing structural problems was also understood;
- c) with reference to the six distinctive areas identified in the Consultants report it was suggested that residents would not choose to reside in another area because of their individual characteristics;
- d) the rehousing options for residents should be regarded as of paramount importance and that attempts to re-balance the supply and demand for older terraced housing should be done separately in each of the six areas;
- e) the report to the Executive did not include any commitment to try and ensure that there would be sufficient rehousing opportunities in other terraced properties in the Gresham area to satisfy the likely demand from the very large number of residents affected by the demolition proposals;
- f) it was stated that there was no evidence in the report to suggest that concentrating the demolition only in the Gresham area would prevent the decline continuing in other areas;
- g) as stated in the Call-In submission it was suggested that small demolition zones in more than one of the six areas would be more likely to overcome the imbalance of housing supply and demand in other areas instead of the proposed large scale demolition zone only in the Gresham area;
- h) the strategy did not ensure that, in each area, selective refurbishment of houses would be carried out before demolition which would act as an important reassurance to the community in particular those who wanted to remain in the same area;
- i) given the lack of clarity regarding the number of vacant properties it was suggested that a detailed analysis of empty houses in each of the six areas should be carried out to determine the scale of demolition which was required to overcome the mismatch in the supply and demand of older terraced housing and clear reasons given for the case for demolition;
- j) concerns were expressed that dwellings had been identified for demolition when it was not clear that the proposed strategy was financially achievable;
- k) it was felt that Government statements indicating that Pathfinders should be able to respond to the changing market and should examine critically the proposed balance between refurbishment, new build and demolition should provide the Executive with an opportunity to revise the whole strategy and only identify phases for refurbishment with hopefully smaller demolition zones when the funding became available.

Although the Executive Member for Economic Regeneration and Culture and the Director of Regeneration were afforded the opportunity of asking questions of Councillor Williams on his submission they indicated that a number of points would be addressed later in the meeting.

Mrs L Mole, the Chair of the Gresham Community Council was afforded the opportunity of addressing the Board. The main points of her submission were as follows:-

- a) as Chair of Gresham Community Council she had played an active part in Gresham Ward activities;
- b) commencing in early 2004 she had been a member of the Community Reference Group;
- c) as part of the discussions of that Group reference had been made to the aspirations for future improvements but at no time had demolition been mentioned;
- d) reference was made to a report which had been published which had referred to the aspects of Victorian heritage which she agreed should be acclaimed;
- e) whilst the residents supported substantial investment in their houses and there was recognition that as part of a refurbishment scheme there would be some demolition the residents had not expected it to be on such a large scale;
- f) there was a feeling that although there had been several residents group meetings there had been insufficient detailed information especially with regard to demolition and therefore they had been influenced in a certain direction;
- g) it was considered that there had been insufficient consultation regarding the various options and the views expressed by residents following the issue of the second newsletter had not been taken into account when the Executive had made its decision on 20 July;
- h) following the identification of the 1,500 properties for demolition there was an overwhelming feeling of uncertainty and devastation;
- i) reference was made to difficulties arising from other major schemes which had not been completed.

Members of the Overview and Scrutiny Board posed questions of all parties the responses from which focussed on the following:-

- i) in terms of estimating a time for completion and the likely effectiveness of addressing the housing market issues the Director of Regeneration indicated that 10,000 properties were being retained and the proposals should be seen in the broader context and one of a series of strategies being pursued for housing market renewal;
- ii) the proposals were seen as the preferred package to address the imbalance; to attract the population back to Middlesbrough; and to provide appropriate housing which met the needs of the population;
- iii) in accordance with the ODPM guidance there was a need to proceed with a balanced approach of acquiring properties as well as pursuing refurbishment;
- iv) it was confirmed that the properties would be purchased at full market value regardless of the proposals;
- v) with reference to the current high density of housing and the proposal for 750 new units it was explained that a range of properties had to be offered in order to re-balance the housing market;
- vi) in commenting on the number of well constructed houses some of which may be affected by the commercial element of the strategy it was noted that 58% of the property in the older housing area did not meet the Government's Decent Homes Standards;
- vii) in terms of the overall process it was acknowledged that there were a number of matters still to be determined which inevitably created uncertainty for all concerned;

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- viii) confirmation was given that any land receipts would be utilised to address housing market issues and to ensure a sustainable future;
 - ix) the next stage of the process would involve the compilation of Area Development Frameworks which would involve an examination of aspects of access;
 - x) further consultation would be undertaken at each stage of the process;
 - xi) although no guarantee could be made every endeavour would be made to ensure that as many residents as possible who wanted to could remain in the area following refurbishment;
 - xii) analysis had shown that more radical change than selective demolition was necessary in order to provide a more viable option for redevelopment;
 - xiii) should the option to do nothing was adopted it was considered likely that no refurbishment would be able to be undertaken given the likelihood of insufficient funding being available for some years;
 - xiv) although it was acknowledged that there were a number of residents who supported the proposals different and appropriate consultative mechanisms needed to be adopted and the proposals presented in a number of ways including examples given of where similar projects had progressed;
 - xv) it was considered important for the Council to be in a position to submit a bid by the end of August (indication of required deadline had been given in February) to access the ODPM Homes for All resources from which Tees Valley had been allocated £23m for 2006/08;
 - xvi) in the light of consultation the number of properties identified for demolition had been reduced from 2,000 to 1,453;
 - xvii) should the Council use compulsory purchase powers and a subsequent objection was submitted it would be necessary for a Public Inquiry to be held and the Local Authority would have to clearly demonstrate that the use of compulsory purchase powers were appropriate;
 - xviii) residents had first been made aware of the demolition proposals on 12 July 2005;
 - xix) the overall consultation exercise had commenced in summer 2004 with stakeholder events;
 - xx) 11 April was regarded as a key date with the distribution of the first newsletter which identified Option 4 proposals.

Following closing submissions of the Director of Regeneration, Executive Member for Economic Regeneration and Culture and Councillors K Walker and Williams the Board discussed the evidence received and considered its decision.

The main observations of the Board Members were as follows:-

- a) acknowledgement of the ongoing process of consultation and that more detailed engagement would be undertaken once a master plan had been prepared;
- b) the nature of the bidding process for funding together with the tight deadline by which the Council had to submit a bid for the ODPM Homes for All resources had hindered the consultation procedures and had led to feelings of uncertainty in the absence of a detailed master plan;
- c) it was considered that the Option 4 proposals should be seen in the wider context of benefiting the whole of the Town;

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- d) it was acknowledged that many of the properties did not meet the Government's Decent Homes Standards;
 - e) given competing demands it was considered that the Council should be in a position to bid for the ODPM funding and provide the opportunity to attract large-scale investment and make significant improvements;

ORDERED as follows:-

1. That the Executive should not be asked to re-consider the decisions taken at the meeting held on 20 July 2005.
2. That the observations of the Board as outlined be referred to the Executive.
3. That the Executive be asked to consider:
 - a) the mechanisms for consultation and community engagement;
 - b) that in the event of the bid being accepted and the scheme proceeding ensure that more detailed support and information be provided on the options available to assist those persons affected by the proposals;
 - c) that the details of implementation including consultation mechanisms be presented to the Economic Regeneration and Scrutiny Panel.