

OVERVIEW AND SCRUTINY BOARD

A meeting of the Overview and Scrutiny Board was held on 12 June 2006.

PRESENT: Councillor Carr (Chair) Councillors Booth, Cole, Harris, McTigue and T Ward.

OFFICIALS: J Bennington, A Crawford, J Lewis, R G Long, P Metcalfe, R Parkin, T White and E Williamson.

**** PRESENT BY INVITATION:** Councillor Budd (Executive Member for Economic Regeneration and Culture) and Councillor K Walker (originator of the request to Call-In the decision).

**** PRESENT AS OBSERVERS:** Councillors Brady, Kerr, Khan and McPartland.

**** APOLOGIES FOR ABSENCE** were submitted on behalf of Councillors Dryden, Mawston, Robson, Rooney and Wilson.

**** DECLARATIONS OF INTEREST**

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

HOUSING RENEWAL POLICY REVIEW

A report of the Scrutiny Support Officer had previously been circulated regarding the meeting which had been arranged in accordance with the Authority's Call-In procedure in respect of decisions made at an Individual Executive Meeting by the Executive Member for Economic Regeneration and Culture on 19 May 2006 relating to Housing Renewal Policy Review.

The main components of the report of the Scrutiny Support Officer were as follows: -

a) a copy of the report entitled Housing Renewal Policy Review considered at an Individual Executive Meeting by the Executive Member for Economic Regeneration and Culture held on 19 May 2006 which:-

- i) summarised the outline principles and proposed changes to the financial assistance packages currently offered through Middlesbrough's Housing Renewal Policy, to tackle unsatisfactory housing conditions in the private sector;
- ii) sought approval to extend the current policies whilst there was engagement with stakeholders on the policy principles underpinning the new packages;
- iii) sought approval to start work on key gateways and frontages in Gresham/Middlehaven, to continue existing programmes and extend activities in new areas in support of the New Vision for Older Housing Strategy;

b) the decisions taken at the above meeting as follows:-

- i) that the extension of the current policies be approved;
- ii) that the outlined policy principles for improvement and relocation packages be approved;
- iii) that the proposal to undertake facelift activity to property within Ayresome Street, Princes Road, Portman Street and Woodlands Road be approved;
- iv) that the principles underpinning the policies and packages would be subject to consultation and a further report to the Executive Member for Economic Regeneration and Culture;

c) details of the Call-In procedure;

- d) the reason given to the Authority's Proper Officer, which initiated the Call-In procedure, summarised in the report as follows: -

'The proposals contained within the report will result in many existing owner-occupiers in Gresham Ward being placed in an impossible situation. Through no fault of their own they could find themselves financially worse off.'

As part of his introduction, the Chair outlined the order of proceedings for the meeting and in particular referred to the extent of the powers available to the Board in determining whether or not to refer the decision back to the decision-making body for re-consideration in the light of the evidence submitted.

Following an introduction by the Executive Member for Economic Regeneration and Culture the Director of Regeneration addressed the Board and focussed on the financial assistance packages with specific regard to owner-occupiers in the Gresham area.

The main points of the submission were as follows: -

- a) background information in the context of New Vision for Older Housing Strategy a strategy to tackle unsatisfactory housing conditions in the private sector;
- b) the Vision for Older Housing in Middlesbrough provided a strategy for the improvement and redevelopment of approximately 11,500 houses in the inner area with the aim of retaining around 10,000 dwellings (87%);
- c) approximately 1,500 properties were to be redeveloped in order to address the balance of supply and demand for housing and provide improved sustainability;
- d) details were provided of the financial package to be offered to residents from the Gresham/Middlehaven proposed clearance area which incorporated the following elements:-
 - i) full and fair value for property which did not take into account the demolition proposals;
 - ii) statutory home loss payment based on 10% of agreed valuation or £3,800 whichever was the greatest;
 - iii) disturbance payment of an average of £1,300 relating to removal costs;
 - iv) as part of the Older Housing Relocation Assistance Scheme (OHRAS) a resident moving within the Older Housing Area would be eligible for an additional payment of up to £15,000 to bridge the gap between the sale price of their existing property and the cost of a new home;
 - v) as part of the repair and improvement packages owner occupiers from the proposed Gresham/Middlehaven clearance area moving into the Older Housing Area as defined would be eligible for additional grant of up to £20,000 to assist in meeting the Decent Homes target;
- e) current indications from the individual consultations showed that 50% of residents had expressed a desire to move into the immediate area;

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

- the Chair of the Board confirmed that clarification would be sought regarding the Call-In process in terms of the procedures of presenting evidence to the Board;

- in response to suggestions that the information provided in the report was misleading the Executive Member for Economic Regeneration and Culture indicated that the calculations were clearly identified as examples for illustrative purposes showing the build up of each element of the process.

Councillor K Walker outlined the reasons for invoking the Call-In procedure emphasising the following key issues as indicated in a note circulated at the meeting: -

- i) reference was made to a petition with 1,730 signatories opposing the decisions taken at the Individual Executive Meeting by the Executive Member for Economic Regeneration and Culture held on 19 May 2006 which was to be forwarded to Ruth Kelly, Community and Local Government Secretary and Jonathan Blackie, Regional Director Government Office for the North East;
- ii) the way in which the Middlesbrough House Condition Survey 2005 had been quoted in the Executive report dated 19 May 2006 was challenged in that an estimated 5,560 private sector dwellings had been identified as being currently non-decent and occupied by vulnerable residents but no reference given as to where such properties were located;
- iii) by implication it was considered that the report was indicating that there could be up to 5,560 properties not meeting the decent homes standard in Gresham and Middlehaven which was totally rejected;
- iv) reference was made to the St Hilda's and Trinity Crescent, North Ormesby Relocation Assistance Scheme (MiddRAS) which offered up to £20,000 to help fund the difference in price between a property being sold in a demolition area to the purchase of a different property as opposed to the OHRAS which offered up to a maximum of £15,000;
- v) the Board was asked to recommend that the above figure be revised to a maximum of £30,000;
- vi) whilst most residents in particular owner occupiers did not want to move from their current homes it was acknowledged that the majority would like to re-locate in the area they currently resided should demolition proceed but would be further penalised financially should they choose to invest in a property outside of the Council's designated area which was considered to be discriminatory and prevented freedom of choice;
- vii) it was felt that the report had not adequately explained the reasons for the figures, which were considered to be underestimated and not achievable;
- viii) the Board was asked to consider revising the average re-settlement package for owner-occupiers to a starting figure of £75,000 up to a ceiling figure of at least £100,000;
- ix) the Board was asked to recommend that the Executive Member for Economic Regeneration and Culture defers the implementation of the decisions taken at the Individual Executive decision making meeting held on 19 May 2006 for six months to enable meaningful discussions to take place with owner occupiers, tenants, landlords, local businesses and Ward Councillors to establish the future of their community and an appropriate jointly agreed scale of compensation and re-location.

The Executive Member for Economic Regeneration and Culture in his response stated that the information provided in the report relating to the House Condition Survey of 2005 and the financial package was not considered to be misleading as the information was based on factual data.

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

- with reference to how the financial packages compared with elsewhere in the Tees Valley or wider region the Executive Member for Economic Regeneration and Culture and the Director of Regeneration indicated that although comparisons could be made elsewhere the financial

assistance relating to Gresham/Middlehaven was specific to that area which as other schemes were dependent on local market circumstances and in accordance with the ruling legislation when implemented;

- the Director of Regeneration confirmed that the financial packages had been based on a detailed study of the data available including house prices statutorily recorded at the Land Registry;
- it was also noted that the overall scheme was subject to close examination by the District Audit and the Audit Commission;
- it was acknowledged that the ultimate test was the level upon which the scheme was taken up by owner occupiers which if not at a significant level, the scheme would have to be reviewed;
- reference was also made to the statutory monitoring arrangements including the involvement of Tees Valley Living in terms of value for money and the effectiveness of the programme;
- in response to a query regarding the effect of house prices of 1,500 approximate properties to be redeveloped within a confined area it was pointed out that the rate of acquisition of such properties (less than 25% owner-occupied in Phase 1) was likely to be at a low level and the impact on the market negligible;
- in response to assurances sought that residents could acquire properties on a 'like for like' basis the Director of Regeneration explained the compilation of data which included the monitoring of house prices over recent years in the designated area (£48,500 average) and in the immediate area (£56,500) upon which the financial package was based;
- although comparisons had been made to St. Hilda's area the Executive Member for Regeneration and Culture explained the different market situations which had been reflected in the varying financial packages;
- although the complexities of the system were acknowledged reference was made to the requirement to adhere to the statutory rules governing the calculations and level of payments;
- in response to concerns of residents the Executive Member for Economic Regeneration and Culture reiterated that the package was designed to allow 'like for like' circumstances without additional cost;
- owner occupiers would be encouraged to appoint an independent valuer, the fees for which would be paid for by the Council, throughout the period of negotiations and in the case of a valuation figure not being agreed in a compulsory purchase area, the case would be referred to an Independent Tribunal;
- whilst the process was ongoing in terms of the redevelopment proposals it was confirmed that an indication of the prices of the new houses could not be given at this stage;
- in response to assurances sought that the financial package was of a sufficient level to acquire properties by agreement and an incentive for owner occupiers to relocate in the designated area it was reported that 70% of owner occupiers spoken to had expressed support for the financial scheme;
- although a complex issue an outline was given of the basic elements in determining the Decent Homes standard set by the Government, a technical assessment which local authority's were required to undertake in order to achieve certain targets by 2010;
- confirmation was provided of the basis upon which the valuations were made which was on the basis that there was no demolition scheme.

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

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

- i) a concern was expressed regarding the complexities of the scheme and an indication given that a more simplified scheme with fixed prices would have been preferred;
- ii) in order to reduce any confusion it was suggested that the Council should use plain English in any information material and throughout the process giving particular attention to the needs of the elderly and vulnerable;
- iii) although a concern was expressed regarding the compensation variances in respect of relocation Members supported the financial package which was seen as offering an incentive to owner occupiers to relocate to a property in the inner terraced housing area thus improving market conditions and improved sustainability;
- iv) although there was evidence to suggest that the scheme was supported by owner-occupiers the ultimate test rested with the level take up of the scheme by residents as previously indicated;
- v) the principle of ensuring that the best use was made of public funding and the involvement of the District Audit and the Audit Commission in terms of the overall scheme was acknowledged;
- vi) Members were satisfied that the figures identified in the compensation packages were based on actual sale prices taken from figures available at the Land Registry;
- vii) based on the information available the financial packages should enable alternative properties to be acquired on a 'like for like' basis;
- viii) Members in the main were satisfied that the repair and improvement packages available would assist residents to bring their newly acquired property up to the 'decent homes' standard.

ORDERED that the decisions taken at the Individual Executive Decision-Making Meeting held on 19 May 2006 be not referred back on the basis of the evidence presented but that the Executive Member for Economic Regeneration and Culture be asked to consider: -

- a) that the Council use plain English throughout the process in all dealings with the public;
- b) that particular attention is given to the needs of the elderly and vulnerable throughout the process;
- c) that the Economic Regeneration and Transport Scrutiny Panel receives reports on a six monthly basis regarding the implementation of the scheme and in particular the effect of any movement of market prices on the viability of the compensation package.