

## PLACE SCRUTINY PANEL

<b>Date:</b> Tuesday 29th April, 2025 <b>Time:</b> 4.30 pm <b>Venue:</b> Mandela Room
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## AGENDA

1. Welcome and Fire Evacuation Procedure

In the event the fire alarm sounds attendees will be advised to evacuate the building via the nearest fire exit and assemble at the Bottle of Notes opposite MIMA.

2. Apologies for Absence

3. Declarations of Interest

To receive any declarations of interest.

4. Minutes - Place Scrutiny Panel - 11 March 2025

3 - 14

5. Barriers to Regeneration - Scrutiny Review

To receive further information in relation to the Barriers to Regeneration Scrutiny Review.

Recommendation: that the Panel determines what further information will be required for this scrutiny investigation.

6. Empty Properties - Draft Final Report

15 - 30

Recommendation: That the Panel considers the content of the draft Final Report and agrees recommendations for inclusion in the report.

7. Overview and Scrutiny Board Update

The Chair will provide a verbal update on matters considered at the meeting of the Overview and Scrutiny Board held on 9 April 2025.

8. Any other urgent items which in the opinion of the Chair, may be considered.

Charlotte Benjamin  
Director of Legal and Governance Services

Town Hall  
Middlesbrough  
Thursday 17 April 2025

MEMBERSHIP

Councillors D Branson (Chair), T Livingstone (Vice-Chair), J Cooke, C Cooper, J Ewan, N Hussain, D Jackson, J Kabuye, L Mason, D McCabe, A Romaine and L Young

**Assistance in accessing information**

**Should you have any queries on accessing the Agenda and associated information please contact Joanne McNally 01642 728329 / Susan Lightwing 01642 729712, 01642 728329/01642 729712, joanne\_mcnally@middlesbrough.gov.uk; susan\_lightwing@middlesbrough.gov.uk**

## PLACE SCRUTINY PANEL

A meeting of the Place Scrutiny Panel was held on Tuesday 11 March 2025.

**PRESENT:** Councillors D Branson (Chair), J Cooke, C Cooper, J Ewan, D Jackson, J Kabuye, T Livingstone (Vice-Chair) and L Young

**OFFICERS:** R Horniman, S Lightwing and J McNally

**APOLOGIES FOR ABSENCE:** were submitted on behalf of Councillors N Hussain and A Romaine

### 24/73 WELCOME AND FIRE EVACUATION PROCEDURE

The Chair welcomed all present to the meeting and read out the building evacuation procedure.

### 24/74 DECLARATIONS OF INTEREST

There were no declarations of interest received at this point in the meeting.

### 24/75 MINUTES - PLACE SCRUTINY PANEL - 27 JANUARY 2025

The minutes of the Place Scrutiny Panel meeting held on 27 January 2025 were submitted and approved as a correct record, subject to the following amendment:

Councillor T Livingstone was not present at the meeting.

### 24/76 HOME TO SCHOOL TRANSPORT - DRAFT FINAL REPORT

A copy of the Draft Final Report on Home to School Transport had been circulated with the agenda.

Members discussed the information provided and some minor amendments were suggested. Members also discussed recommendations for inclusion in the Final Report.

**AGREED** as follows that:

1. The following recommendations were included in the Final Report:

That Council should:

- Investigate whether it would be cost effective to devolve the provision of Home to School Transport to individual schools, as they may be able to provide a more localised service. Ideally the funding could be passed directly to the schools making them responsible for controlling costs, ensuring there was no additional cost to the Local Authority.
- Review the eligibility requirements for free school travel, especially for post-16 students and for pupils who attend a school that is not in the catchment/nearest school by parental choice, but they meet the low-income criteria. There would need to be an option included for consideration of special circumstances.
- Ensure closer collaboration between Children's Services, Schools and the Home to School Transport Unit to make certain that the most cost-effective and suitable transport arrangements are in place for each student, particularly in relation to students with SEND. The requirement for transport assistance should be included as a consideration in SEND assessments.
- Prioritise the promotion of independent travel to all parents and students, increase the number of travel trainers and bus buddies and encourage greater use of personal travel budgets.

- Introduce a spare seat scheme to offer discretionary transport assistance on existing transport for students who are not eligible for free travel assistance, with an option for part payment of the full cost.
- Investigate whether increasing the Council's fleet of vehicles and reducing dependency on third party providers would be cost effective and whether this would enable better route planning.
- Explore whether entering into longer-term contracts with third party providers would provide for greater flexibility and consistency.

2. an additional recommendation in relation to part payment would be drafted and added to the report.

3. a final version of the report would be circulated to all Panel Members with an opportunity for further amendments/comments, with final approval delegated to the Chair of the Panel.

4. the final report would be submitted to Overview and Scrutiny Board for consideration.

24/77

## **BARRIERS TO REGENERATION - SCRUTINY REVIEW**

The Director of Regeneration was in attendance at the meeting and gave a presentation in relation to the key barriers to regeneration in Middlesbrough.

The presentation was based on four key themes as follows: economic factors, political, financial and other.

In relation to global economic conditions, the UK was currently in a difficult period and a lot of investment decisions were on hold. Middlesbrough was affected by the uncertainty due to a lot of companies and investments being based in other countries. During times of buoyant activity Middlesbrough benefited but was equally impacted when economic conditions were not so good.

The market for office accommodation had not only been impacted by global economic conditions but also by the Covid-19 pandemic. The number of people hybrid-working had increased and this had reduced the requirement for office space. Although this was changing again, and companies were now looking at bigger floorplates, they were not at the size required pre-Covid-19. The issue was not so much about the volume of office accommodation available but how this fitted with what was available in Middlesbrough. The two Centre Square Office blocks had large floorplates and it was difficult to convert them into smaller areas. Consequently there were not as many enquiries for them as there had been previously.

Retail was in decline and in the two years before the pandemic there was approximately 1 million square feet of floor space in Middlesbrough which needed to be reduced by one third. Post-pandemic, at least half of that space needed to be removed. Not all this retail space was owned by Middlesbrough Council and there were four shopping malls in town centre. If all the current retail could be moved into one place, the town centre would be thriving.

In terms of the political arena, the Middlesbrough Development Corporation (MDC) was also operating within Middlesbrough and charged with achieving regeneration. Due to the change in Government in 2024 there had been some confusion around the MDC and how the proposed asset transfer from Middlesbrough Council would take place. Senior staff had now been appointed to the MDC and Middlesbrough Council staff would be working with them, so some of the concerns were easing.

The proposed asset transfer had not happened yet and neither had it officially been stopped. This uncertainty had led to a hiatus since the Council did not wish to invest in stock when it might be transferred over to the MDC. Whilst the Council had ownership of the assets, the MDC had the funding to do the town centre regeneration. Clarity about the asset transfer either being on or off would help going forward. There were also some political differences since there had previously been a Conservative Government, Tees Valley Mayor and Independent Mayor of Middlesbrough Council but since the 2024 Elections there was now a

Labour Government and Labour Mayor of Middlesbrough Council.

Financial considerations centred around capital funding versus revenue. 99% of Government funding was capital which enabled local authorities to build, to buy or to demolish assets but there was no revenue funding available to support anything on an ongoing basis. Councils spending power had shrunk and the capital funding was now flowing to the MDC. If the Council needed to do more than buying or converting an asset it needed revenue funding.

The Director also explained that property built in the North East of England was worth less than it cost to build as soon as it was completed. Due to Middlesbrough being one of the poorer areas, this factor was exacerbated. An example was given of building 80 apartments in the town centre at a cost of £20 million. The valuation of that building would be based on how much the apartments could be rented out for. It was not viable for a commercial developer to build that in Middlesbrough town centre because that gap existed and it was the Council's job to fund that gap. This was the only way the market could work. Boho X had cost a great deal to build and the Council had a good tenant and charged a commercial rent. However this would not work for a commercial operator, so the Council had to either take a risk or provide a grant to close some of the financial gap. The Gresham development did not stack up financially and therefore the MDC would be putting in some finance to close the gap. Unfortunately, this was something that the Council could not change and the ability to do so was limited by the lack of revenue funding.

It was clarified that any commercial project supported by the Council would undergo a financial appraisal to consider all the costs and values and market appraisals. Developers had to demonstrate there was a commercial gap. Within that appraisal the Council had to allow the developer to make a profit and there were standard levels, usually between 10 and 20%, to satisfy the Council.

Another issue was the lack of land available in the town. The Council would need to demolish and rebuild or convert existing buildings. Whilst there was land available at Middlehaven there were remediation issues and this area needed a different scale of development. Unfortunately there was no land available to do another project similar to Tees Amp.

Middlesbrough had grown up into an area that performed a city centre function for the wider Tees Valley. However, the wider Tees Valley no longer required such a city centre and the problem was getting more and more acute as time went on. Places like Newcastle and Leeds would benefit, while everywhere else would struggle. If the Council was able to build Middlesbrough from scratch, the town centre would need to be a third to a quarter of the size that it was currently and it would be thriving. The Council needed to manage that situation to happen over a long period of time.

The number one issue for Middlesbrough was how to stop anti-social behaviour and crime impacting on regeneration objectives. This issue came up frequently when trying to attract people to work and invest in Middlesbrough. Whilst the problems were no worse than any other similar time, they were often more visible in the town centre due to the lack of natural footfall. Even though there were crime statistics to evidence that Middlesbrough was no less safe than other towns, there were often day drinkers and drug users visible in Centre Square where the Council owned premium office accommodation.

The Director emphasised that whilst his presentation had been focussed on negative issues that were preventing regeneration, there were also many positive aspects to Middlesbrough.

The key to tackling ASB was through prevention. When there was a big event it was easier to make areas feel safe as they would be flooded with people and Police. The Police had carried out various operations which had been very successful for a period of time. When resources were increased it drove those causing ASB to other places. The Council's priority was to reduce the visible impact of the problem in the first instance. Prevention was very important but the resources to do that were not always available. The Council worked well with the various enforcement bodies and a recent initiative was pooled security. Various town centre businesses had worked together to pool their security resources and ensure they had enough security staff available at all times to respond to issues in each others' premises. The Council Wardens and Enforcement Teams worked closely with businesses to try and limit the impact of ASB.

With regard to planning applications for the MDC and the Council, it was highlighted that this might be confusing for developers. It was explained that Middlesbrough Council's Local Plan set out the plan for the town centre. The Council was working on a Regeneration Strategy document for Middlesbrough that would include a section on the town centre and the MDC's masterplan. It was anticipated that the Strategy would be launched in May 2025.

The MDC masterplan was not a regeneration strategy. The Council and the MDC needed to work together to ensure the plans and strategies aligned. It was confirmed that the MDC would have to take planning decisions within the context of the Local Plan and give it due regard. If the MDC chose to disregard the Local Plan, that decision could be challenged.

In terms of addressing those individuals who at risk of causing ASB, it was noted there was a difficult balance to strike. Services available in the town such as Police, Law Courts, Drug Rehabilitation Centres, would naturally involve people coming into the town centre. The Council wanted people to be able to access those services and having them in the town centre was the best place, however it was important that they were not clustered together. With regard to the issues of people drinking – this was not necessarily in pubs. People would come into the town because it was designed to be the centre of a big conurbation and as well as accessing services they would have friends here. Whilst the Police and Wardens were doing all they could to manage ASB they did not necessarily have all the required resources. There was an enforcement order in place in the town centre, but again, without the resources it was difficult to enforce.

It was suggested that the Council should consider how to can develop the town centre to put more greenery in, create a café culture and relocate some of the problems. The Chair asked Panel Members should give some thought to other ideas for discussion at a future meeting.

**AGREED** that the information provided was received and noted.

#### 24/78 **EMPTY PROPERTIES SCRUTINY REVIEW - UPDATE FROM TASK AND FINISH GROUP**

The Empty Properties Task and Finish Group had received a copy of the draft Final Report from the Democratic Services Officer (DSO) and also some responses to queries raised at the meeting held on 20 January 2025.

**AGREED** that a further meeting of the Task and Finish Group would be convened with the DSO in attendance to facilitate further drafting of the Final Report.

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The Chair informed the Panel that a draft Final Report in relation to Crustacean Deaths had been circulated to Members of the Collaborative Working Group with a request for feedback.

The key concerns raised in the report were in relation to water testing and dredging. Water testing only took place every 3 years and Members felt the testing regime was inadequate. There had been an error in the calculation of how much dredged material had actually been dumped at sea. The Members had asked whether dredged material could be dumped on land in future to prevent contamination in the sea.

The conclusion of the draft report was that the reasons for the crustacean deaths were multi-causal. Once the Final Report was agreed, the Chair would circulate a copy to Panel Members.

**NOTED**

#### 24/80 **OVERVIEW AND SCRUTINY BOARD UPDATE**

The Chair provided a verbal update on items considered at the meeting of the Overview and Scrutiny Board that was held on 12 February 2025.

#### 24/81 **DATE AND TIME OF NEXT MEETING**

The next meeting of the Place Scrutiny Panel was scheduled for Monday 31 March 2025 at 4.30 pm.

24/82

**ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.**

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24/82      **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.**

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MIDDLESBROUGH COUNCIL

Final Report of the Place Scrutiny Panel

EMPTY PROPERTIES

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## **THE AIM OF THE SCRUTINY REVIEW**

1. The aim of the review was to identify what actions the Council and other partners can take to reduce the number of empty properties in Middlesbrough.
2. The review aims to look at how to bring empty properties back into use and have a positive impact on local communities, including the lives of residents, the homeless, children leaving care, and families in need of accommodation, or temporary accommodation.

## **TERMS OF REFERENCE**

3. The terms of reference, for the scrutiny panel's review, are as follows:
  - A) To understand the current position with regard to empty domestic and commercial properties in Middlesbrough and the efforts the Council is making to address the various associated issues.
  - B) To investigate the Council's responsibilities and enforcement powers in respect of empty properties.
  - C) To investigate what work has been undertaken with third party providers to refurbish and re-let empty properties.
  - D) To investigate what work has been undertaken to bring empty commercial properties back into use.

## **BACKGROUND INFORMATION**

4. Since 2010 the Government has placed considerable emphasis on the importance of returning empty homes to use. 2023 data shows that there were 261,189 empty homes in the UK.
5. Since 2013, powers previously held by central government to vary the amount of council tax paid on some empty homes have been devolved to a local level. The aim of this government policy is to further incentivise the reoccupation of long-term empty homes by increasing council tax payable or by removing discounts that were previously in place. Local authorities are now able to decide at what rates to apply a discount for properties empty for up to six months and for those properties empty and in need of considerable renovation. Councils also became able to take advantage of an 'empty homes premium'.
6. From 2024 and as part of the Levelling up and Regeneration Act, local authorities can charge a 100% premium after 1 year rather than 2 years previously as well as charging a 100% premium on second homes, subject to formal determination by the Council.
7. Empty and problem properties can be severely detrimental to residents and communities. A single empty property or property in disrepair can be the root of many issues such as vandalism, fly-tipping and other anti-social and criminal activity. Any crime or fear of crime, minor or more serious can have a detrimental impact on the local community. Such properties also present a risk to emergency services as well as putting additional pressure on various Council services, such as Environmental Health.
8. Tackling empty properties in Middlesbrough and bringing them back into use will positively impact on our residents, including individuals and families in need of accommodation, and the wider community for whom empty properties often cause problems.



## **SUMMARY OF EVIDENCE:**

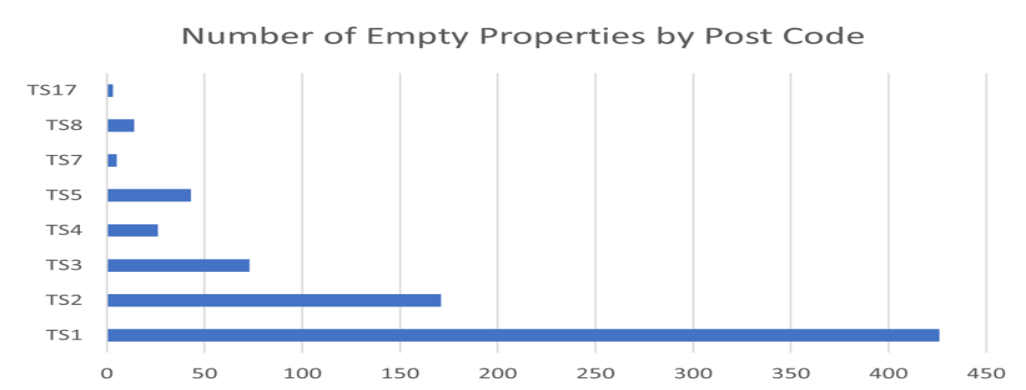
### **Term of Reference A - To understand the current position with regard to empty domestic and commercial properties in Middlesbrough and the efforts the Council is making to address the various associated issues.**

9. Middlesbrough currently has approximately 2691 empty homes some of which are causing issues. Properties that have been empty for longer than six months diminish local housing provision and can have a severe impact on neighbourhoods. These homes can attract anti-social behaviour, increase crime rates, and decrease local property values and outside investment opportunities.
10. According to data extracted from council tax records for 7 October 2024, 2,691 homes were empty in Middlesbrough.

No. of properties	Duration and charge
826 306	Empty for less than six months And owned by charities (exempt from council tax)
1045	Empty between 6 months to 2 years (council tax payable)
514	Empty for more than 2 years (premium charge payable) 128 of these are high rise flats due for demolition

11. Of the recorded empty homes in Middlesbrough, some were 'transactional vacancies' (for instance, properties empty following the death of the owner) and are part of the normal operation of the housing market.
12. The 514 homes that have been empty for 2 years or more are a cause for concern as they are more likely to remain empty for longer without intervention and are also more likely to have a negative impact on both the social and physical regeneration of the area.
13. In addition to these empty homes, Middlesbrough has an as-yet unquantified number of problem properties, streets, and gardens in poor condition.
14. At present, the council tax database is the only verified method to evaluate and monitor the number of empty homes in Middlesbrough. This method does not provide a full and accurate view of the actual number of empty homes and does not include problematic occupied properties.
15. Tackling empty properties in Middlesbrough and bringing them back into use would positively impact on the residents of the town, including individuals and families in need of accommodation, and the wider community for whom empty properties often cause problems.
16. The potential benefits of bringing these empty properties back into use include an increase in council tax income from empty homes premiums that would in turn support the medium-term financial plan of the council, support for local housing needs, investment into the town, assistance in reducing crime and anti-social behaviour and maximisation of both physical and social regeneration outcomes.

17. Returning empty homes to use can be a way to increase the supply of housing. While it will not fully respond to housing related matters, it can play an important part in maximising existing housing stock for the benefit of the people of Middlesbrough and support the provision of Council priority services including child, elderly and family care placements, homelessness and resettlement schemes.
18. Substantial areas of Middlesbrough have high residential voids, low sale values and high population churn, which creates potential market failure - resulting in social consequences and implications for Council resources and service delivery. This situation is unsustainable and results in the need for significant market intervention at great cost to the Council.
19. In addition to empty domestic properties Middlesbrough has a significant number of empty non-domestic (commercial) properties within the town centre and throughout the borough some of which are in poor condition.
20. As of September 2024, the total number of non-domestic business properties in Middlesbrough was 4638 of those 761 (16.4%) were empty. The majority of empty properties are based within the town centre.



21. Middlesbrough Council has implemented several actions in its bid to address the issues caused by empty properties including:
22. **Empty Property Strategy - Domestic** – The Empty Property Strategy for domestic properties was approved at the Executive meeting held on 4 December 2024. The Empty Property Strategy for Domestic Properties aims to identify, monitor, address and highlight the extent of the problem in Middlesbrough and proactively tackle it through collective identification, monitoring, addressing and ultimately reducing the number of detrimental properties in Middlesbrough.

The Strategy will:

- a) Ultimately reduce the number of empty and problem homes and return these properties back into use;
- b) Ensure holistic advice, assistance and governance for landlords and property owners is provided.
- c) Raise awareness of the issues around empty and problem homes;
- d) Support cross-directorate and multi-agency interventions into tackling empty and problem properties;

- e) Record and monitor accurate, complete and current information on empty and problem homes in Middlesbrough;

23. The aims and objectives to reduce the number of empty and problem homes aligns with the strategic priorities of Middlesbrough Council as detailed below:

### Aims and Objectives Aligns our Strategic priorities:

To ultimately reduce the number of empty and problem homes and return these properties back into use

#### People

- To improve the quality of life of our residents.
- To maximise Net Collectable Debt.
- To protect vital public resources and services for local people.

#### Place

- Meeting local housing needs.
- Improve housing conditions.
- Reducing crime and anti-social behaviour.
- Maximise both physical and social regeneration outcomes within the town.

#### Businesses

By reducing empty homes and problem properties, creates thriving communities, possibility for inward investment etc.

**Objective 1:** Ensuring income maximisation

**Objective 2:** Ensuring strong relationships with housing providers/owners

**Objective 3:** Ensuring referrals are in place with other agency's

**Objective 4:** Ensuring a coordinated approach around inspection and verification of empty problem properties.

**Objective 5:** Ensuring accurate and live recording of empty and problem properties

**Objective 6:** To increase affordable accommodation opportunities for vulnerable individuals and families.

Review of the empty property strategy and linking this to work currently being undertaken around the housing needs (such as homeless / temporary accommodation).



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24. **Problem Property Action Plan** – the aim of the action plan is to better unify and co-ordinate Middlesbrough Council's cross-directorate and partner agency problem property interventions, bridge gaps and embed the actions and assess and address the issues across Middlesbrough's problem properties aligning with the Empty Property Strategy - Domestic.

25. **Empty Properties Questionnaire** – The aim of the questionnaire is to ascertain why properties are empty and signpost landlords to other services or inform them of funding that may be available to assist in bringing a property back into use.

26. **Pilot North Ormesby** – All streets in North Ormesby have been reviewed and problem properties that were detrimental to the area had been identified all of which were empty. The properties that had been identified had been flagged and reported through the Active Intelligence Mapping (AIM) meetings and information listed on the council tax system had also been checked for accuracy.

### Term of Reference B – To investigate the Council's responsibilities and enforcement powers in respect of empty properties.

27. There are several enforcement powers that are available to the Council to use in relation to empty domestic properties:

- **Completion Notices** – In April 2024 Completion Notices were introduced in accordance with Section 17 of the Local Government Finance Act 1992, which force owners to undertake work on their properties to bring the property back into the ratings list.

- Hazard awareness notices: used to notify owners under the Housing Health and Safety Rating System (HHSRS) of any high-risk conditions or dangerous disrepair issues, which should be dealt with in a property. These are categorised as high risk (category one) and lower risk (category two) hazards.
- Improvement notices: requires that owners carry out repairs to any category one, category two or both types of hazards if identified. Failure to comply can result in owners being fined and prosecuted.
- Empty dwelling management orders: allow the council to take over the management of any property which has been empty for over six months, with a view to working with owners to bring the property back into effective residential use, rather than forcing a sale.
- Enforced sales procedures under the Law and Property Act 1925: allow the council to issue and enforce charges against a property where someone has failed to meet the terms of a statutory notice or where someone owes council tax or other council debts.
- Compulsory Purchase Orders under the Housing Act 1985 (CPOs): allow the council to acquire land or buildings where there is a justified cause.
- Demolition orders under the Building Act 1984: require owners to clear a site and demolish the property with a specific time scale. These orders are usually issued as a last resort if a property is dangerous, beyond repair, or cannot be brought back up to standard.
- The Local Government (Miscellaneous Provisions) Act 1982 s.29 gives the local authority the power to undertake works in connection with the building for the purpose of preventing unauthorised entry to it, or for the purpose of preventing it becoming a danger to public health.
- Under the Environmental Protection Act 1990 action can also be taken if an officer of the council believes that the premise constitutes a statutory nuisance.

28. Detailed in the table below is the empty and problem premises intervention process and powers currently used by Middlesbrough Council. Each home identified is assessed using a RAG-rated scoring mechanism to categorise the priority for investigation by the relevant Council service team(s). Properties will be reassessed when necessary or if new information comes to light to ensure the correct categorisation/priority is given.

Concern	Threat Level	Service Responsibility	Empty Homes Scoring	RAG Rating
Property is empty & insecure	High risk – immediate action needed if known / likely threat e.g., arson / property is known to be open.	Public Protection	RED - All avenues will be explored with the owner to return their property to use in a way that suits their own needs, the needs of the community and the Council. Where assistance is refused and the owner is unwilling to cooperate, all enforcement options will be considered to establish the most appropriate course of action.	

Concern	Threat Level	Service Responsibility	Empty Homes Scoring	RAG Rating
Property is empty & secure	Medium risk – no immediate threat but may attract crime / ASB / threat to safety	Public Protection, Community Safety, and /or Planning Enforcement	AMBER - Resources will be invested and officers will work with owner in an attempt to prevent empty homes from deteriorating and being reassessed to a higher category. Where necessary, enforcement options will be employed if considered the most appropriate course of action. Cases in this category will be monitored on a regular basis.	
Property is empty but in good condition and not likely to become a concern	Low Risk	Resident and Business Support	GREEN - owner will be contacted and offered any assistance they may need to return their property back into use. These properties will be monitored for any change and reassessed where necessary.	
Property is empty and attracting anti-social behaviour	Medium to High Risk	Community Safety	RED - All avenues will be explored with the owner to return their property to use in a way that suits their own needs, the needs of the community and the Council. Where assistance is refused and the owner is unwilling to cooperate, all enforcement options will be considered to establish the most appropriate course of action.	
Property is a low value long term empty	Low to Medium Risk	Resident and Business Support	GREEN - owner will be contacted and offered any assistance they may need to return their property back into use. These properties will be monitored for any change and reassessed where necessary.	
Property is in a dangerous condition	High risk – risk of serious injury	Building Control	RED or AMBER – subject to cause of danger and effect of remediation.	
Property is empty but not maintained	Low risk	Public Protection, and / or Building Control	AMBER - Resources will be invested and officers will work with owner in an attempt to prevent empty homes from deteriorating and being reassessed to a higher category. Where necessary, enforcement options will be employed if considered the most appropriate course of action.	

Concern	Threat Level	Service Responsibility	Empty Homes Scoring	RAG Rating
			Cases in this category will be monitored on a regular basis.	

**Term of Reference C – To investigate what work has been undertaken with third party providers to refurbish and re-let empty properties.**

29. Middlesbrough Council works with various third-party providers to refurbish and re-let empty properties including The Ethical Housing Company, Thirteen Group and Jomast.
30. The Chief Executive Officer (CEO) from the Ethical Housing Company (EHC) attended a meeting of the Place Scrutiny Panel and gave a presentation in relation the Company's business model and partnership work with Middlesbrough Council to bring empty properties back into use.
31. The Ethical Housing Company (EHC) provides homes for people in housing need across the Teesside private rental market. The EHC's unique business model combined financial and social outcomes and had a long-term approach, ensuring rents were kept at affordable levels and providing a stable option for those in housing need. This unique business model combined commercial and social outcomes in the growing world of impact investment.
32. The company is based in Redcar but covers the whole of the Tees Valley area and had two arms of operation: lettings and housing. The Company aims to fill the gap in the private sector but with a social purpose. EHC is funded through private equity by a range of investors who have different portfolios from retail to housing.
33. Customers of the EHC are among the most vulnerable in society, often unable to access safe, high-quality, and affordable housing due to complex needs or issues related to drug, alcohol, or mental health. The EHC filled a crucial gap in the private rented sector (PRS), effectively serving as the equivalent of the social housing sector within the PRS. Customers not only chose the EHC because they provided good quality, affordable housing, but also because they received comprehensive support throughout their tenancy. This support included assistance with employment and training, help with benefit claims, and access to financial support services.
34. The EHC's business model is based on the following key factors:
  - Property Acquisition: EHC purchased properties in Teesside, often directly from social housing providers, local authorities, homeowners and landlords. The EHC aimed to acquire properties off-market, thus avoiding traditional estate agency listings and fees.
  - Affordable Housing: EHC focused on providing high-quality, affordable housing to people who were often excluded from the housing market due to issues like financial constraints or complex needs (for example, mental health or substance abuse).
  - Social Impact: EHC mission was to address housing shortages and homelessness. The company refurbished derelict homes, which not only provided housing, but also helped revitalise communities.
  - Comprehensive Support: Tenants received extensive support services. This included help with finding employment, training opportunities, assistance with benefit claims,

and access to financial support. This wrap-around support ensured tenants were able to maintain their housing and improve their overall quality of life.

- Sustainable Practices: EHC was committed to ethical and sustainable practices. EHC aimed to operate in a way that benefited both the community and the environment, ensuring long term positive impact.
35. In essence, EHC combined housing services with a strong social mission, providing affordable housing and comprehensive support to those in need, while also contributing to community development and sustainability.
36. The EHC is currently working closely in partnership with Middlesbrough Council to bring empty homes back into use and provide good quality affordable housing and reduce the need for temporary accommodation. Nine houses in the TS1 area of the town have been refurbished as part of this pilot scheme. The plan is to scale up the pilot into a long-term project, offering fully refurbished properties at affordable rent levels.
37. The refurbishment usually involves stripping properties back to brick and fitting new kitchen, bathroom, heating system, windows and/or roofs. There is no restriction on the type or size of property that would be considered. In particular there is a shortage of level access ground floor properties suitable to accommodate families. It was advised that local contractors were employed to carry out the refurbishments.
38. The EHC want to ensure that those who are unable to access social housing had a suitable alternative within the Private Rented Sector (PRS) which mirrored the offer ordinarily received from Social Housing providers including cyclical maintenance plans, affordable rent levels, a dedicated housing officer per approximately 150 properties, and opportunities for support with employment amongst other services. The EHC currently own and manage 98 properties across Teesside.
39. The EHC meet fortnightly with the Council, working together on issues such as permits for skips, selective landlord licensing and legislation. The projected number of properties for purchase and refurbishment within the Middlesbrough Council partnership for years 1 to 3 is 66 per year. However, the EHC are also open to other avenues for property purchase.
40. Thirteen Group is a housing association with over 36,000 properties across the Northeast, Yorkshire, and Humber, Thirteen Group is committed to more than just providing homes. Their work extends beyond brick and mortar focusing on improving lives and creating a more inclusive community for all.
41. Thirteen is the largest Registered Social Landlord (RSL) in Middlesbrough with approximately 11,300 homes to rent in Middlesbrough.
42. Of the 11,300 homes in Middlesbrough to rent there are 300 properties currently empty which proportionately was not a lot, 43% of the empty homes were screened which equated to 1.2% of the total homes owned by Thirteen, it was advised that properties were screened for security purposes to prevent theft of boilers and copper pipes It was advised that organised crime groups operated in some communities and properties needed to be secured to prevent gangs from using them for illegal purposes, 66% of all empty homes were less than 12 months old. Many older homes from 2022 or earlier were going through options appraisals to ascertain the best course of action.
43. The average cost to get a home back to operations is increasing with cost rising from circa £4k in 2020 to circa £10k in 2024. Thirteen aimed to get empty properties back into operation



within 28 days however high levels of increased cost were a limiting factor.

44. Properties were no longer being invested in by tenants and a higher number of properties were coming back to Thirteen in a worse condition and needed a lot more investment. Thirteen are increasing the standard of returning empty homes by replacing flooring and decorating if required. Thirteen are proud to invest in their properties and give their tenants the best start in their new homes.
45. Across the broader housing sector Thirteen's average rents are broadly comparable with others and the number of turnovers were at 2% which was broadly comparable with other RSL's.
46. Thirteen does not have specific areas where there are acute issues with empty properties. Of the 300 empty properties they were widely spread across the town.
47. Thirteen made extra investments in properties following research that was undertaken with customers in 2018/19 to find out what mattered to them. Tenancy turnaround rates across the whole of Thirteen were approximately 2000-2200 properties per year. Reasons for turnaround included 30% of tenancies coming to an end due to a person becoming deceased and no natural tenancy to continue and 30% of tenants leaving Thirteen to take up tenancies with the private rented sector. One of the main drivers for this was the internal standards of homes in the PRS, the fixtures, fittings and decoration in private rented accommodation is more attractive to tenants than that of RSL's.
48. Following this research Thirteen carried out a lot of work on gardens which was a hotspot issue for residents however the main issue for tenants remained the internal decoration and flooring/carpeting which Thirteen now invest in if it is needed.
49. In terms of the 300 empty properties Thirteen strived to turnaround properties in 28 days although sometimes this was not feasible, and the demand was not there due to the area the properties were in. In mitigation Thirteen were taking a whole house approach working to the Decent Homes Standard and working to the requirements of the customer and the regulator.
50. Thirteen Group consider the wider environmental drivers that affect Thirteen and how they work. Some of which had been widely reported in the press such as the Grenfell Tower tragedy which had highlighted the need for quality housing stock and decency within the housing sector and the health and safety conditions of such housing. Changes in the regulations of social housing were now being implemented.
51. The longer-term challenges for Thirteen were that all registered housing providers had a target to have all their housing stock up to Energy Performance Certificate (EPC) Level C by 2030 and to adhere to net zero carbon targets in the longer term which had put significant pressure on the company as they continued to develop new homes and invest in existing homes going forward. The Place Scrutiny Panel were advised that some of Thirteen's housing stock was 60-80 years old which would take a lot of investment to get these properties up to these standards.
52. It was highlighted that Thirteen were building a lot of new homes and the panel asked for clarification on how that balanced with managing older properties. It was advised that the drive for building new homes came from Central Government. Thirteen was a strategic partner with New Homes England. In terms of balance, it was advised that Thirteen were investing £110 million in existing homes this year and investment was set to grow over the next 5 years. The new build business model was principally through grant funding but also through loans and bank investment. This enabled Thirteen to provide investment of £110 million for existing



homes and build 500-600 new homes per year as part of their 30-year business plan.

53. Thirteen had a target of owning 11,200 homes at any one time and a commitment to build 600 new homes per year. Around 400 homes could be lost where policy dictates to rent to buy however Thirteen are committed to increasing the number of homes per year.
54. Representatives from Jomast attended a meeting of the Place Scrutiny Panel. Jomast Developments Limited are a private property developer and regeneration specialist.
55. Jomast is a substantial private landlord in Middlesbrough, nearly all of their properties are currently let. Whilst there are some voids, they were not available for letting due to being in a refurbishment programme.
56. Two projects that Jomast were undertaking included the refurbishment of Church House, a high rise building in central Middlesbrough that had been vacant for a number of years. The project would provide 86 newly refurbished apartments and is due to be completed in late summer 2025. The second project is the refurbishment of 67 houses in the Gresham area of central Middlesbrough in Wentworth, Waverley and Union Streets and Princes Road. All 67 properties were currently let.
57. Property management is a challenging business due to the capital required and work needed to meet the necessary standards and engage good tenants. A major issue for private landlords is the capital needed to refurbish properties to the appropriate standard including the EPC requirements. Increasing the energy performance of a building required substantial investment but it was important to achieve a good rating to make it satisfactory for the occupants, especially in light of increasing utility costs.
58. Refurbishment costs for a single dwelling could be approximately £40K and often private landlords did not have that capital. Jomast are keen to continue investing in Middlesbrough. However, the Company is selective with the type of property purchased because in some cases, although a property could be purchased at low cost, it was not commercially viable. Projects of scale usually made more commercial sense.
59. Jomast is happy to continue to engage with Council Officers with a view to bringing empty properties back into use as appropriate and refurbishing them to a high standard. A strategic approach is required to generally improve the market.

**Term of Reference D – To investigate what work has been undertaken to bring empty commercial properties back into use.**

60. Middlesbrough has a significant number of empty non-domestic (commercial) properties, within the town centre and throughout the borough, some of which are in poor condition.
61. Properties like Vancouver House could attract anti-social behaviour, squatters, increase crime rates and decrease local property values and outside investment opportunities.
62. It is important for the Council to have a strategy for tackling empty commercial properties although it does not have a great deal of power to do so. The majority of empty properties are in the central area of the town.
63. Rate reliefs are available when a property becomes empty, when a property becomes unoccupied the following rate relief can be claimed:

- **Non-industrial** - Shops, offices; a 100% exemption is applied for 3 months, followed by 0% relief, a 100% unoccupied charge.
  - **Industrial** - Factories, Warehouses, Workshops; a 100% exemption applies for 6 months, followed by 0% relief, a 100% unoccupied charge.
64. The Valuation Office Agency (VOA) determines the rateable value of properties and when they could be taken out of rating. A property can be removed from the rating if the property is in a poor condition and cannot be economically repaired. Currently in Middlesbrough there are several large office buildings that the VOA have taken out of the rating including Centre North East, Gurney House and Church House. This is lost revenue to the authority as business rates are not payable.
  65. When properties are taken out of the rating by the VOA, the Council does not have any influence, although pressure is being applied for the VOA to take a different approach. Once properties are taken out of the rating, the owners are less inclined to maintain them.
  66. The Council continues to inspect those properties to check whether any work is taking place on them and to try to engage with the owners. If empty properties became unsightly or unsafe, the Council can use what powers it has to intervene. 426 non-domestic properties are currently stood empty in Middlesbrough with zero rate value.
  67. The risk faced by empty properties fall into three main categories. The most obvious is financial loss to the Council but there is also risk to the building itself, and the risk of the owner incurring legal liabilities.
  68. The financial impact of an empty property equals no rates payable for a period of 3-6 months, following which rates become fully payable. The ability to collect business rates worsens when properties are empty as there are limited options for enforcing where there is no trading and/or a reluctance to pay. Rates avoidance also reduces the potential empty charge payable each year.
  69. Empty buildings can also attract anti-social behaviour, squatters, increase crime rates and decrease local property values and outside investment opportunities.
  70. To try and encourage owners to bring properties back into use there are exemptions from paying business rates for unoccupied properties where the rateable value is below £2900, for listed buildings, bankruptcy or liquidation or prohibited by law. Small business rates relief is also available.
  71. There is a cross-organisation arrangement with the Regeneration Directorate as well as a Business Support Service. Advice and direction is available to new business start-ups. One thing that has been encouraged is converting former commercial properties into accommodation.
  72. One option open to the Council to deal with empty properties is by Compulsory Purchase Order (CPO). The powers around CPO had recently been changed. However, the funding required to implement that legislation is not currently available to Middlesbrough Council. Another option is rental auctions, where the Council could take ownership of a retail unit and auction it off. This would not be effective as there is not the demand in Middlesbrough for this type of property.

73. A need has been identified for more cohesive working with the VOA around the timeframes for properties being removed from the ratings. Modifying current legislation to provide powers that allowed the Council to positively influence and persuade businesses to take a more proactive approach would be beneficial.
74. There are two investigation officers currently employed by Middlesbrough Council who are responsible for visiting and inspecting empty properties to check that they are indeed unoccupied. These details are kept on a database.

75. **CONCLUSIONS**

Based on the evidence provided throughout the investigation, the Place Scrutiny Panel concluded that:

76. Empty properties, whether commercial or residential, can create problems of nuisance or blight in a local area, for example through illegal access leading to vandalism or, in the worst cases, through disrepair and dilapidation. Problems are generally exacerbated in the longer term where properties fall into disrepair and, as this happens, the possibility of a property becoming occupied diminishes, thus worsening the position. Action is therefore needed by all relevant parties at an early stage as possible to ensure that such problems are addressed and alleviated. Early intervention will also mean that less Council resources are needed over the longer term.
77. The Council is the key organisation which is actively involved in addressing environmental problems associated with empty properties. This is undertaken through the use of relevant legislation for enforcement and liaison between relevant Council departments.
78. The Council is well placed to advise owners of empty properties (whether commercial or residential) on possible courses of action relating to their property. The provision of such advice - for example on owners' legal obligations, or in relation to renovation or disposal - could assist in addressing environmental problems associated with empty properties at an early stage.
79. Thirteen Group, which is Middlesbrough's biggest social housing landlord, also has an important role in managing the issue of empty properties, particularly in view of its ongoing regeneration schemes and the associated demolition of properties.

**RECOMMENDATIONS**

80. Based on the findings of the scrutiny review, the Place Scrutiny Panel recommends to the Executive that the Council should:

## **ACKNOWLEDGEMENTS**

84. The Place Scrutiny Panel would like to thank the following for their assistance with its work:

Richard Horniman	Director of Regeneration
Emma Dorgan	Operations Manager - Investigations and Enforcement
Natalie Usai	Ethical Housing Company
Janette Savage	Head of Resident & Business Support
David Ripley	Thirteen Group
Stuart Monk	Jomast
Tony Parkinson	Jomast

## **ACRONYMS**

85. A-Z listing of common acronyms used in the report:

AIM	Active Intelligence Mapping
ASB	Anti-social Behaviour
CEO	Chief Executive Officer
CPO	Compulsory Purchase Orders
EHC	Ethical Housing Company
EPC	Energy Performance Certificate
HHSRS	Housing Health and Safety Rating System
RSL	Registered Social Landlord
PRS	Private Rented Sector
VOA	Valuation Office Agency

## **BACKGROUND PAPERS**

86. The following sources were consulted or referred to in preparing this report:

- Reports/presentations to, and minutes of, the Place Scrutiny Panel meetings held on 2 September, 7 October, 4 November, 2 December, 6 January
- Empty Property Strategy

### **COUNCILLOR DAVID BRANSON CHAIR OF THE PLACE SCRUTINY PANEL**

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