

Report to: **Executive**  
Date: **5th July 2005**  
Report of: **Executive Member for Regeneration**  
Subject: **Durham Coalfield Communities Housing Market Renewal Progress**  
Ward: **All**

## **1.0 Purpose of the Report**

- 1.1 To provide information in relation to the progress made by the Durham Coalfields Housing Market Renewal Partnership.
- 1.2 To agree a memorandum of understanding for the Durham Coalfield Communities Housing Market Renewal Partnership (copy attached - annex 1).
- 1.3 To consider the recommendations arising from phase 2 of the Jacobs Babbie report commissioned by English Partnerships 'Durham Coalfield Communities Partnership, Phase 2, Sustainable Settlement Validation' and agree a preferred approach to progress the work to a standard appropriate for an economic appraisal submission by English Partnerships to the Treasury (Key Findings and Executive Summary attached at annex 2).
- 1.4 To consider supporting the establishment of a joint staffing unit to progress the initiative.

## **2.0 Consultation**

- 2.1 Consultation upon this report has been undertaken with all District and County Council officers represented upon the Durham Coalfield Communities Housing Market Renewal Partnership and the Durham Sub Regional joint Chief Executives group.
- 2.2 Consultation has also taken place with Heads of Service and various staff within the Regeneration and Development Directorate, the Director of Regeneration and Development, the Chief Executive of East Durham Homes and the East Durham LSP Housing and Communities Implementation Group.

## **3.0 Background**

- 3.1 As a result of the work undertaken by the Coalfields Task force and in recognition of the severe housing demand problems in particular parts of County Durham, English Partnerships have encouraged partners to bring forward an effective partnership solution to the prevailing issues. Although the problem was identified as predominantly a low demand housing market issue the expected solutions will cut across the full range of regeneration disciplines (transport, planning, economic, housing, education, environment, health, crime) and localities within the sub region. The manner in which interventions take place may also differ from locality to locality. For example it may well be more appropriate to invest in environmental improvements and transportation initiatives to support the future sustainability of a settlement or an option to invest in housing improvements or redevelopment. This will depend on a range of determining factors that consultants are currently supporting the partnership to explore.
- 3.2 In 2003 District housing organisations in County Durham were given 2 very clear messages by Government Office North East (GONE). These were –
  - There would not be a second round of Housing Market Restructuring Pathfinders. Newcastle / Gateshead would be the only one in the North East. The next priority is to be Tees Valley rather than County Durham. In addition, County Durham's

former coalfields communities needed extensive market restructuring and therefore creative approaches to securing the resources required would need to be explored;

- Any 'Pathfinder' type initiative would have to be arranged by housing organisations in County Durham using resources from themselves, English Partnerships (EP), ONE, GoNE, the private sector and others where available. This approach could include the option to develop a cross boundary model of working.

3.3 By early 2003 a number of local authorities and RSLs met informally to discuss the best way to position County Durham to maximise resources in a realistic way. Since those informal meetings in 2003 the Durham Coalfields Housing Partnership Group has been established and progressed its understanding of the issues.

#### **4.0 Position Statement & Options Appraisal**

##### **Position Statement**

###### Feasibility Work

4.1 Since the Durham Coalfields Housing Partnership was established a significant amount of work has been undertaken to gain a better understanding of the issues within the Durham Coalfield Sub Region. This has to varying degrees included work to understand the issues at the neighbourhood level within some of the Durham Districts.

4.2 The feasibility work that has been undertaken to date has included: -

4.2.1 CURS Report (David Cumbernauld Study) – Identifying areas at risk of low demand across the sub region.

4.2.2 DTZ Pieda Study 2003 / 04 – Considered priority settlements within the 5 Districts of Derwentside, Durham City, Easington, Sedgefield and Wear Valley. This work recommended that local master planning exercises should be undertaken in priority areas to establish a better understanding of local conditions (baselines) and opinion.

4.2.3 Local master planning exercises have commenced in some of the priority areas within Easington, Sedgefield, Wear Valley and Derwentside. At present this work has progressed most comprehensively in Easington and Sedgefield.

4.2.4 English Partnerships have more recently commissioned (early 2005) Jacobs Babtie and Genecon Consultants to achieve the following: -

Establish a strategic context in relation to housing investment and a sub regional settlement pattern

Validation of previous studies undertaken by DTZ Pieda and CURS

Establish Area Development Frameworks for agreed study areas to determine proposed local interventions and establish costs and method of approach.

This will be with the aim of producing a spatial economic assessment that is robust enough for scrutiny by English Partnerships, the Treasury and ODPM to enable the allocation of resources for the proposals.

4.3 The timetable for the above process is that completion of the study is due by mid Autumn 2005. This, however, is optimistic and also dependent on a number of critical factors. These primarily being, the requirement for the Sub Regional Housing Market Assessment to inform the economic appraisal and the requirement for Area

Development Frameworks to be established for those settlements that is agreed to be approved within a first phase bid to support an implementation programme. As the timetable is already slipping it would be more realistic to assume that completion of this exercise will be towards the end of 2005 / early 2006. Irrespective of the completion date of the work it is not expected that significant resources will be obtained until satisfactory scrutiny of the proposal either from agencies such as English Partnerships in consultation with ODPM and the treasury or Government Office North East in relation to the work of the Regional Housing Board. It might be the case that this work will be subject to consideration as part of the Government's next Comprehensive Spending Review.

- 4.4 This has determined the need for English Partnerships to commission Jacobs Babbie and Genecon consultants to undertake a study that will inform an economic appraisal for the sub region in relation to its former coalfield communities.
- 4.5 Therefore the primary purpose of the current study is to assist English Partnerships in developing a spatial rationale, which confirms the long - term role and function of settlements within a sub-regional context. This strategy will include validating the existing list of priority intervention settlements, which have been identified on housing need only, and the function of the 12 principle main towns contained in the County Durham Structure Plan. To complete this validation, it is necessary to assess the existing main towns within the context of all the coalfield settlements.
- 4.6 Once accepted by the Partnership, the validation study will be used as a basis to identify the scale of specific interventions within each of the agreed prioritised settlements. These interventions will then be taken forward for economic assessment. The study will be used as a process to agree areas that require a completed Area Development Framework in the first instance. The ADF's will aim to provide a template for securing public and private sector investment in settlements. The purpose of ADFs is to establish the role and function of settlement (vision), settlement requirements to fulfil such a function successfully, settlement development patterns (physical concepts), and priorities for investment. The content of which is required to be based around land and property values, numbers and conditions of properties, housing needs and environmental uses. This content will ultimately inform a proposed investment programme for settlements.
- 4.7 It is clear that the regional organisations within the partnership expect that the 'establishment of a strategic context in relation to sub regional settlements' is undertaken with the agreement of all of the Local Authorities within County Durham, irrespective of the delivery models and phasing of interventions that arise from future work. (This is reflected in the revised Memorandum of Understanding within Annex 1).  
Given that an increasing level of resources is to be distributed from regional partners based around regional policies, it would appear that an inclusive approach to sub regional housing issues is a necessity. Such an approach is also confirmed in the recently issued guidance on development of proposals for consideration by the Regional Housing Board, where the expectation is that proposals should be submitted on a sub regional partnership basis, linked to strategic policy themes within the Regional Housing Strategy.

#### Local Implications

- 4.8 In relation to how this work relates to the local context there are several implications that are outlined below: -

- Throughout the feasibility studies that have taken place Easington settlements have demonstrated the strongest requirement for change in terms of need. This has been reflected by the number of settlements within and adjacent to the Easington Authority area. As Dawdon and Easington Colliery have been considered as the priority areas for intervention regarding low demand housing issues over recent years it is unsurprising that they have retained a focus within the process.
- It was identified within the work undertaken by DTZ Piedad (2003/04) that local area frameworks for priority settlements would be required to be established to justify investment.
- As both the Easington Colliery and Dawdon electoral wards had established areas within their boundaries as housing renewal areas (with regional Government Office approval) the progression of master planning for both of the wards was commenced with Llewellyn Davies consultants. This work has provided a context to possible interventions to increase the sustainability of the neighbourhoods and to test their acceptability within that community.
- The emerging work (phase 1 and 2) of the Jacobs Babbie study has validated both Easington Colliery and Dawdon as priority settlements with the objective of becoming more balanced and sustainable in terms of their role and function. Other settlements within the District that are regarded as priorities in terms of but each might require different types and kind of intervention as outlined in the executive summary (appendix 2). It is anticipated that the resulting methods to address housing market change may require reinvestment of values from one area to another in a strategic manner across the Durham Coalfield programme area in a strategic manner. This is also likely to include investment from each of the participating Authorities. However, clarity in these principles would be ascertained through the final stages of the study work and the findings of the ADFs.
- The requirements relating to the content of Area Development Frameworks (ADFs) were not finalised until the Llewellyn Davies work in Easington had almost completed. It has since emerged that further information will be required to ensure that all the required details can be captured to provide a future development framework for each settlement. This will include housing values, conditions, estimated costs etc of specific proposed actions. This may well be based on more than one option to ensure flexibility in responding to the market. It will also provide an opportunity to feedback to the wider community from the work previously undertaken.
- The ADFs are critical to this process and ultimately securing resources from the Government sources of funding. The timescales are also critical and if a submission is to inform the forthcoming spending review the additional information required will need to be completed within six months from now. Currently the local authority partners are market testing and exploring the possibility of extending a contract that Sedgefield Borough Council has currently under commission to establish ADFs in areas where additional work needs to be progressed. DTZ Piedad is currently undertaking this with Llewellyn Davies on a partnership basis, both of which have extensive experience in

housing consultancy work as well a knowledge of the local context within which this initiative is operating.

- This commission would have the potential benefits of establishing consistency to the approach across District areas, provide economies of scale and better value, provide flexibility to build upon existing work, provide a greater capacity to manage the commission and provide continuity of understanding from consultants. A brief for the additional work to deliver two ADF statements will be drawn up to ensure that the process is closely managed and supervised.
- The end result of an agreed ADF will provide both settlements with a framework for delivery for the future that will be set within a strategic context and therefore hopefully attract and better use resources and future investment.

#### Critical Path

- 4.9 As a consequence of this work Council officers are mindful of ensuring that timetables are aligned as far as possible to achieve the required outcomes. Being cognisant of the timescales in relation to the work of the Housing Market Assessment (HMA) is vital, as this work will inform the details within the Area Development Frameworks, which in turn are integral to the Economic Appraisal. The HMA for County Durham is to be commissioned in the near future with an anticipated timescale of approximately six months for completion. ADF's are currently at different stages of development across the sub region. The degree to which Authorities can complete this work within the timescales of the Jacobs Babbie / Genecon work is of concern, yet will need to be completed as fully as possible within the agreed deadlines. The critical path of this work is a matter that partnership members wish to keep under continual review.

#### Staffing Arrangements

- 4.10 The Partnership has considered how the momentum of this work can be carried forward in a more resourced manner. This is with the aim of increasing the effectiveness of the Partnership in addressing the issues that it faces. There has been a consensus within the Partnership that recruiting dedicated staff support progress would be beneficial. County Durham Single Programme funds have been made available to support this in the first instance and agreement has been reached that Sedgfield Borough Council would be the employing authority of a Programme Director with administration support. Both posts would be accountable to the Partnership for their direction. In kind support or a direct financial contribution may well be required from Authorities within the partnership to demonstrate commitment and establish the required degree of leverage stipulated by the appraisal process of the Single Programme. The host Authority is currently drawing up the Single Programme appraisal, Job Description and Person Specification. Initially staff will be employed over the single programme period 05/06 – 31<sup>st</sup> March 08. It would be the responsibility of the Director to establish an agreed business plan and to secure resources to drive forward the implementation of the housing programme across identified settlements or neighbourhoods.
- 4.11 The manner in which the staffing arrangements are configured has also been considered and although proposals have been based around the model of Tees Valley Living it is proposed that only a Project Director and administrative support are appointed initially. The Sub Regional Economic Partnership has allocated single programme funds for the period 05 / 06 to March 2008. This is to the value of £100k

p.a. to support this approach. It is expected that this resource will contribute significantly to the salaries and overheads of the staff team.

## **5.0 Options Appraisal**

### Strategy Formulation

- 5.1 It is of regional and sub regional importance to agree a spatial context across the County for the future role and function of settlements. It is important to remember that establishing and agreeing an inclusive approach to such work is imperative due to a number of factors. These being outlined below: -
- 5.2 The alignment with other emerging strategic policy documents and decisions, including the Regional Spatial Strategy, the Regional Economic Strategy, the Northern Growth Strategy, the Local Transport Plan, Local and Area Development Frameworks, the Building Schools for the Future Programme, the Housing Market Assessment, County Durham Housing Allocations, Investment Policies of other Public Agencies and others.
- 5.3 The priority that regional bodies are prepared to give Local Authorities within the County Durham sub region may diminish if an inclusive approach is not undertaken. This would not only give rise to issues of credibility for the partnership in terms of progressing the Coalfield Housing agenda could also seriously compromise the level of investment that maybe provided to County Durham Authorities for other housing or regeneration initiatives.
- 5.4 It is not considered therefore that anything other than a fully inclusive approach from all Authorities should be undertaken to establish a strategic settlement framework for the sub region.

### Memorandum of Understanding

- 5.5 The latest draft of the Memorandum of Understanding (MoU) has been amended to reflect the approach required outlined in the above section. It also needs to be recognised, however, that the MoU would be reviewed once delivery options are agreed upon to reflect the most appropriate arrangement.
- 5.6 The purpose of the MoU is to ensure that the partnership has adequate governance arrangements for its purpose. Initially this will be in the form of an agreed approach to joint working arrangements for the development stages of the strategic context and submission of the delivery proposals. It is expected that further revisions would arise as the process is expected to be dynamic in terms of establishing delivery processes in the future and is anticipate to change over time. This will involve all Authorities within County Durham in the first instance until a point where future delivery arrangements are established. It is also envisaged that wider stakeholders of the partnership will sign up to the agreement once Authorities have agreement. These arrangements will promote a commitment to addressing a common goal and support commitment to the processes of addressing low demand housing issues within the County.

### Economic Appraisal and Area Development Frameworks

- 5.7 Progressing the study to the stage of reaching the required standard for the Treasury to economically appraise proposed interventions raises some issues, namely: -

The capacity of District Authorities to establish ADFs in the required timescales

The timescales involved in aligning the HMA work for the County

Addressing the current position, whereby the District Authorities are all at various stages of bringing forward ADFs for settlement options

- 5.8 There are several options available to redress this: -
- 1 Allow Districts to progress ADFs within their own current capacities
  - 2 Work to the pace of the slowest Authority in establishing ADFs
  - 3 Commission consultants jointly to undertake the work
  - 4 Commission consultants jointly where possible to undertake the work whilst also negotiating and reviewing how future phasing of interventions may take place within the partnership (preferred option).
- 5.8 Option 4 will enable all the District authorities to progress work relating to producing ADFs appropriately to their circumstances without jeopardising the process of submitting an economic appraisal within the required timescales. This process will require careful negotiation with English Partnerships, consider the views of the consultants in satisfying the requirements of the economic appraisal and provide the required flexibility to progress the development of the intervention programme.

#### Staffing Arrangements

- 5.9 The options available to the Authorities are obviously numerous. However, the main considerations that have been undertaken by the partnership are outlined below: -
- 1 Support the partnership with existing staff from its members
  - 2 Request contributions from partners to establish a core team
  - 3 Resource a core team from Single Programme Funds in the first instance to support the partnership in ascertaining a clear direction, whereby only a nominal contribution from Local Authorities maybe required (preferred option).

## **6.0 Implications**

### **Financial Implications**

The direct financial implications associated with this report relate to the financial requirements that may arise from contributions to staffing costs. It is anticipated that this is could possibly be up to but not exceeding 20% of the total staffing costs for all Authorities (approximate contribution - £3 - 4k p.a. of in kind or direct contributions per authority). It is unlikely that Authorities will be expected to contribute significantly during the 05/06 period due to the length of the recruitment process, although a degree of commitment may well be necessary to cover any required leverage associated with the submission. Final costs will be made available on the development of staffing and overhead budgets and completion of the single programme appraisal.

The financial implications that affect investment into the sub region have been outlined in the report and although resources will not be allocated directly to this initiative until a full economic appraisal has been undertaken, English Partnerships, GoNE, the Regional Housing Corporation and Sub Regional Housing Associations are all willing to invest significant resources if a full sub regional partnership approach can be demonstrated.

Resources to complete the requirements of an Area Development Framework via consultants are to be sourced from the existing Strategic Housing Investment Programme Funding (SHIP 2005/06) and are anticipated to be in the region of £65 - £70,000 plus VAT for the work required within Easington District.

It is reasonable to expect that future financial commitments / commitments will be expected from the Authority nearer to the time a programme of action is forthcoming, this would be considered in future reports when appropriate.

### **Legal Implications**

There are no legal issues in relation to this report, although future legal implications may arise in relation to the initiative. This would be reported at the appropriate juncture.

### **Policy Implications**

There are no policy implications at this time other than committing to the Memorandum of Understanding.

### **Risk Implications**

A risk assessment has been completed and the necessary actions required to effectively manage the identified risks have been implemented.

### **Communications**

There are no Communications implications at this time, although it should be acknowledged that a significant commitment is required to local communities, and communication with residents and other stakeholders as part of the ADF process.

## **7.0 Corporate Implications**

### **Corporate Plan and Priorities**

This initiative would directly support the Councils overall mission statement 'To Make the District Great', it would also contribute most significantly to the Councils priorities of; 'Decent Homes for All', 'Clean, Tidy Communities' and 'Better Transport'.

### **Equality and Diversity**

The report has no additional implications for Equality and Diversity

### **E- Government**

The report has no additional implications for E-Government

### **Procurement**

There are no procurement implications other than to agree a joint commissioning approach of consultants where it is appropriate for the Authority to do so (option 4). Any resources required to progress this work would be subject to a further report due to the specific nature of each Authorities position in formulating ADFs. It is envisaged that a joint commission of consultants is the most effective way of progressing ADFs within the timescales available. An extension of the existing contract that Sedgefield Borough Council is currently managing with a partnership of consultants would provide an immediate vehicle to progress this work. The partnership currently includes DTZ Pleda and Llewelyn Davies, both of which have had experience within the Coalfield Housing Renewal Area and Area Development Framework preparation. Individual authorities will need to identify the appropriate resources to support the work that is required within their localities.



## **8.0 Recommendations**

- 8.1 The Executive formally commits itself to the Partnership Memorandum of Understanding and supports the undertaking of establishing a strategic settlement assessment.
- 8.2 The Executive agrees to the commissioning of consultants to ensure adequate compliance with requirements of the Area Development Framework process. Resources to complete the requirements of an Area Development Framework via consultants are to be sourced from the existing Strategic Housing Investment Programme Funding (SHIP 2005/06) and are anticipated to be in the region of £65 - £70,000 plus VAT for the work required within Easington District.
- 8.3 The Executive support the partnership approach to Commissioning consultants whilst also negotiating and reviewing how future phasing of interventions may take place within the partnership (option 4).
- 8.4 The Executive agrees to a Councils contribution in relation to the development of a staff team to support the development of the partnerships work and progress the implementation of any future work of low demand coal field housing across the sub region (option 3).

### **Background Papers/Documents referred to**

1. Coalfield Housing File, Regeneration and Development Administration
2. Risk assessment matrix.