

# Item 6

KEY DECISION

REPORT TO CABINET

2<sup>nd</sup> February 2006

REPORT OF DIRECTOR OF  
NEIGHBOURHOOD SERVICES

## Portfolios - Housing

### Private Sector Housing Renewal Capital Programme 2005/6 – Eden Terrace Group Repair Scheme Tenders

#### 1. SUMMARY

- 1.1 The Borough has a number of areas of older terraced private sector housing, which are showing signs of housing market failure. These areas face issues of low demand and obsolete housing, unbalanced tenure pattern with high levels of privately rented properties, poor quality housing and environment often compounded by high levels of anti social behaviour.
- 1.2 Within the Housing Strategy, Community Strategy, Neighbourhood Renewal Strategy and the Corporate Plan the Council has identified its key priorities for interventions at Ferryhill Station, Dean Bank, Ferryhill and the western part of Chilton.
- 1.3 Llewellyn Davies was appointed by the Borough Council to produce a master plan to deliver housing renewal and regeneration for these priority communities. A number of early projects have been commenced in the priority communities to show the Council's leadership in addressing the issues of housing market failure. Cabinet considered the Private Sector Renewal Capital Programme for 2005/6 on the 1<sup>st</sup> September 2005. As part of the programme it was agreed to develop and implement a Group Repair Scheme for Eden Terrace, Chilton. This report provides further details on the operation of Group Repair Schemes, the contribution they can make to improve the confidence in the housing market of a neighbourhood, the funding for such a scheme and details the outcome of the procurement process for this project.

#### 2. RECOMMENDATIONS

1. That the lowest tender submitted by Vest Construction to undertake the Private Sector Housing Renewal Capital Programme 2005/06 - Eden Terrace is accepted Group Repair Scheme in the sum of £829,459.25. The final contract amount will be reduced, to take account of the take up of the scheme by eligible participants.

### 3. **Strategic Context**

- 3.1.1 The Borough has a number of areas of older terraced private sector housing, which are showing signs of housing market failure. These areas face issues of low demand and obsolete housing, unbalanced tenure patterns with high levels of privately rented properties, poor quality housing and environment often compounded by high levels of anti social behaviour.
- 3.1.2 Within the Housing Strategy, Community Strategy, Neighbourhood Renewal Strategy and the Corporate Plan the Council has identified its key priorities for interventions at Ferryhill Station, Dean Bank, Ferryhill and the western part of Chilton. The Council is a member of the Durham Coalfield Housing Renewal Partnership which has carried out extensive research into the issue of housing market failure across County Durham. This research has confirmed the Council's priorities as key communities for intervention in County Durham; the Partnership is currently developing a funding bid to the Government as part of the next Comprehensive Spending Round in 2007. If successful this bid could attract significant additional resource to assist in regenerating the priority communities across County Durham. The approach to developing a bid on behalf of the Durham Housing Coalfield Housing Renewal Partnership is the subject of a separate Cabinet report.
- 3.1.3 The Borough Council has appointed Llewellyn Davies to produce master plans working with residents of these priority communities, to deliver housing renewal and regeneration. These master plans will potentially include a range of interventions including selective demolition, new build housing, group repair schemes and environmental enhancements.
- 3.1.4 The Council has had experience of the successful regeneration of an area of older private sector housing in New Shildon. Group Repair Schemes were a key tool in regenerating the area, with the Council completing 5 schemes over a period of 6 years. The Group Repair Schemes improved the individual housing stock included in the scheme, provided a visual improvement to the street scene and boosted confidence in the future of an area as a sustainable neighbourhood. This has resulted in attracting new build housing into the area and sustaining demand for the older private sector terraced housing.

### 3.2 **The Operation of Group Repair Schemes**

- 3.2.1 Group Repair Schemes have been available as a housing regeneration tool since the introduction of the Housing, Grants and Regeneration Act 1996. The nature of the work that could be included in the schemes and level of assistance that a local authority could offer a participant was prescribed by the Act. The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 allowed local authorities great flexibility to offer assistance to participants of such schemes through the adoption of its own eligibility criteria.

3.2.2 A Group Repair Scheme as a regeneration tool would be used in the following circumstances:-

- where there is clear strategic reason for intervention including synergy with other programmes,
- to deliver improvement to the visual amenity of a block of properties,
- to boost community confidence in the future of an area as a sustainable neighbourhood,
- to improve the condition of repair of the individual properties in the scheme.

3.2.3 Group Repair Schemes are complex projects to deliver; as each property is usually owned by a different individual each with different financial circumstances and each property will be in differing states of repair. The eligible works for Group Repair Scheme are external only and must improve the visual appearance of the terrace and leave the properties in a reasonable state of repair. In delivering any Group Repair Scheme at least 75% of the residents in the terrace must agree to participate and agree to certain minimum works to their properties including:-

- Repairs to chimney stacks including re pointing and brick cleaning
- Re roofing where necessary
- Provision of new barge boards gutters and down pipes
- Re pointing and brick cleaning of external walls
- Replacement windows and doors where necessary
- Minor repairs to rear yard wall and gates

3.2.4 Each participant in the Group Repair Scheme will be subject to a test of resources and contribute a maximum of 25% to the cost of works to their property and 75% is funded by the Council. In the case of the Eden Terrace Group Repair Scheme the funding for this scheme is from resources awarded to the Council through the Single Housing Investment Programme (SHIP), this is discussed in greater detail later in this report. Each participant in a Group Repair Scheme signs a contract with the Council, which clearly identifies the work that will be carried out on their property and their contribution. An agreement is entered into with every participant, this is completed prior to the commencement of any work, furthermore the grant assistance and contribution of each participant is registered as a local land charge prior to the commencement of any work. This arrangement ensures the participant's contribution can be recovered following completion of the work and if the participant sells the property within 5 years of the scheme completion the Council's contribution to the cost of the scheme can be reclaimed on a sliding scale.

### 3.3 **Eden Terrace Chilton Group Repair Scheme**

3.3.1 The Durham Road Chilton Regeneration project linked to the identification of a possible Group Repair Scheme at Eden Terrace (1- 36 inclusive) as part of the master planning process presented an opportunity to begin some limited housing based regeneration in Chilton. The proposed scheme was evaluated in terms of the strategic relevance, synergy with other programmes, available resources and the capacity to deliver the scheme. Despite the benefits of a Group Repair Scheme to participants it is often difficult to generate sufficient interest in undertaking a scheme. Following a public meeting and home visits sufficient numbers of property owners indicated their interest

in participating in a scheme.

- 3.3.2 The development of the Eden Terrace Group Repair Scheme began in the summer of 2005, when the Council was still engaged in the Large Scale Voluntary Transfer, this limited the capacity in a number of service areas to develop the scheme. Therefore it was necessary to identify suitable consultants to provide additional support. The identification and evaluation of the consultants included an assessment of their skills, experience and costs against comparable schemes. When a suitable consultant was identified a full brief was issued setting the expected scope and role of the consultant including property surveys, production of tender documentation, project management including site supervision, health and safety requirements etc. The scheme has been developed in close liaison between the consultant and the Home Improvement Agency, and these arrangements will remain in place until scheme completion.
- 3.3.3 Each property in a Group Repair Scheme is subject to a full condition survey, a single Bill of Quantities is produced and subject to a normal tender process. On completion of the tender process each prospective participant is provided with a costed schedule of work. Each prospective participant can then determine, if they wish to take part in the scheme. If a number of owners decline to participate in the scheme this can mean the final cost of the project varying significantly from the submitted tender.
- 3.3.4 Due to the requirements of the SHIP funding, the potential impact on future SHIP bids and capacity to deliver of the project has required tenders to be sought from contractors with experience of delivering similar projects. Five contractors were requested to tender and all returned tenders. Tenders received are as follows exclusive of VAT:

Contractor

Harry Kindred  
M & M Plasline Ltd  
Sendrig Construction Ltd  
Stephen Easten Ltd  
Vest Construction

Tender Sum  
£829,459.25  
£830,000.00  
£882,458.96  
£909,896.35  
£956,336.97

- 3.3.5 The lowest tender was submitted by Vest Construction for the sum of £829,459.25. The final contract price will be reduced significantly to take account of take up of the scheme by eligible participants and any savings in relation to contingencies. The successful company was subject to the normal checks in relation to Health and Safety, financial issues and references.

#### 4. **RESOURCE IMPLICATIONS**

- 4.1 The Borough Council as part of the Durham Coalfield Housing Renewal Partnership was awarded Single Housing Investment Pot resources of £600,000 in 2005/6 of which £350,000 has been allocated to support the scheme in this financial year. These resources are currently administered on behalf of the Durham Coalfield Housing Renewal Partnership by Wear Valley District Council. These resources are paid as grant to the Council to support appropriate schemes on submission of a claim.
- 4.2 The Council has made a further SHIP bid for the period 2006/7 to 2007/8, which has resulted in the award of £962,000 over this period to support private sector renewal interventions. The resources are grant to the Council rather than borrowing approval. The remaining costs for the Eden Terrace Scheme will be met from the SHIP allocation for 2006/7 and client contributions estimated to be in the region of £50,000. Therefore the cost of Eden Terrace Group Repair Scheme is fully met from SHIP grant.

#### 5. **CONSULTATIONS**

- 5.1 Consultation has been carried out with the residents of Eden Terrace, local members, Chilton Town Council and the residents association on the development of the Group Repair Scheme.

#### 6. **OTHER MATERIAL CONSIDERATIONS**

- 6.1 The Community Strategy Outcomes include a Borough with Strong Communities where residents can access a good choice of high quality housing. The Council's ambitions, which are linked, to the Community Strategy outcomes and are articulated through the Corporate Plan and the Medium Term Financial Plan. Our ambitions include delivering a Borough with Strong Communities with good quality affordable housing in safe Neighbourhoods. The delivery of a Group Repair Scheme at Eden Terrace will make a contribution to this ambition and support the early implementation of the master plan for Chilton West.
- 6.2 **Risk Management**  
A number of risks exist with Group Repair Schemes including the following:-  
Limited take up of the scheme from the owners of properties in Eden Terrace, the Home Improvement Agency is working with owners to maximise the take up of the scheme.  
Failure of the contractor to complete the scheme, appropriate arrangements including a bond will be put in place to mitigate this risk.  
Impact on the delivery of the scheme due to other works being carried as part of the Durham Road Scheme, regular liaison meetings have been established to prevent any potential conflicts.
- 6.3 **Health and Safety**  
Suitable contract administration and management arrangements are in place to ensure that all health safety risks are managed appropriately.
- 6.4 **Sustainability**  
The delivery of housing led regeneration of Chilton West can contribute to the delivery of sustainable communities in the Borough.

- 6.5 Information Communications Technology  
There are no ICT implications of the proposals set out in the report.
- 6.6 Equality and Diversity  
Full account will be taken of the Borough Council's obligation to promote equity and diversity in the proposals.
- 6.7 Crime and Disorder  
The improvement of the security of doors, windows and other physical interventions in the terrace will contribute to the Council's duty under section 17 of the Crime and Disorder Act 1998
- 6.8 Human Rights  
There are no immediate Human Rights issues contained within the report.
- 6.9 Social Inclusion  
Every effort will be made to ensure that the issue of social inclusion will be taken into account throughout the delivery of the group repair scheme

7. **OVERVIEW AND SCRUTINY IMPLICATIONS**

- 7.1 A sub group of Overview and Scrutiny Committee 3 has completed a review of the interventions available to deliver the regeneration of Neighbourhoods with older private sector housing. The review was accepted by Overview and Scrutiny 3 on the 8th November 2005 and was considered by Cabinet on the 8th December 2005. This report takes account of the recommendations of the review.

8. **LIST OF APPENDICES**

- 8.1 None

-----  
**Contact Officer**                    Ian Brown  
**Telephone Number**                01388 816166 Ext. 4462  
**E-mail address**                    [ibrown@sedgefield.gov.uk](mailto:ibrown@sedgefield.gov.uk)

**Background Papers:**

[List other reports, publications documents and papers referred to in the preparation of the report. Include previous reports to Cabinet on the subject of the report.]

Tenders submitted for the Eden Terrace Group Repair Scheme

Private Sector Renewal Capital Programme 2005/6 report to Cabinet 1 September 2005

Sedgefield Borough Housing Renewal Assistance Policy

**Wards:**                                **Chilton**

**Key Decision Validation:**

**The Private Sector Housing Capital Programme will:**

- Result in the Council incurring expenditure, or making savings of £100,000 or above

### Examination by Statutory Officers

	Yes	Not Applicable
1. The report has been examined by the Councils Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Councils S.151 Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team	<input checked="" type="checkbox"/>	<input type="checkbox"/>

This page is intentionally left blank