Item 6

**KEY DECISION** 

REPORT TO CABINET

13<sup>th</sup> July 2006

REPORT OF DIRECTOR OF NEIGHBOURHOOD SERVICES

<u>Portfolios – Social Regeneration and Partnership, Safer Communities and</u> Housing

# OLDER PRIVATE SECTOR HOUSING REGENERATION - DEVELOPING THE CAPACITY TO DELIVER HOUSING RENEWAL

## 1. **SUMMARY**

- 1.1 The Council has identified the three priority communities of Chilton West, Dean Bank, Ferryhill and Ferryhill Station for intervention through housing renewal, each area has a significant proportion of predominately pre 1919 terraced housing and is facing the issue of falling or static house prices, often high levels of empty homes, increased private landlord ownership and deteriorating quality of life for residents.
- 1.2 The Council appointed Llewellyn Davis in April 2005 to carryout a master planning exercise for the three priority communities. The master planning exercise was undertaken with resident involvement at its centre and its findings have suggested a number of interventions focused around the following themes:-
  - · Selective demolition.
  - New build to diversify housing stock and tenure in the communities.
  - Group Repair Schemes to improve housing that will be retained.
  - Improved environment including open spaces, car parking and other interventions to improve the movement of people through communities whilst maintaining natural surveillance.
  - Targeting long-term individual empty properties and derelict sites for intervention.
  - Tackling Anti Social Behaviour (ASB) linked to improved management of the private rented sector.
  - Maintaining effective community, partner engagement and support
  - Bending other mainstream resources to support the delivery of the programme.
- 1.3 The delivery of these interventions are subject to the availability of resources from a range of sources including the Council's Major Regeneration Capital Programme, Single Housing Investment Pot (SHIP) monies and any other public funding that could be attracted to the programme.

- 1.4 The Council has experience of a large housing led regeneration project in the past at Bessemer Park, Spennymoor where the majority of the housing stock was in Council ownership. The Council has, however, only limited experience of delivering intervention in areas where the majority of the housing stock is privately owned as in New Shildon and Ferryhill Station. The experience of intervening in these areas has shown that this is a resource intensive process due to the need to work with numerous individual owners, partners and other stakeholders. The lead in times to the delivery of interventions can be significant. Whilst we can begin to deliver some limited interventions with existing staff we will need to strengthen our operational capacity to deliver significant change in the priority communities.
- 1.5 The report takes account of the policy agenda around housing renewal, the potential impact of these issues on the Council's future performance under the new Comprehensive Performance Assessment regime and changes to the "tools" available for intervention in recent legislation. The report recommends increasing the capacity of the Community Services Division of the Neighbourhood Service Department to enable the delivery of housing renewal in the three priority communities.
- 1.6 In highlighting the need to maintain an effective community and partner engagement and support the master plan interventions we have recognised the learning points from past experience in regeneration. Physical interventions must be underpinned by inventions that sustain community cohesion and facilitate positive engagement between the community and the Council. A separate report will be presented on this matter setting out the rationale and funding proposals for this new function.
- 1.7 Whilst the symptoms of housing market failure are acute in the three priority communities there are signs of emerging housing market stress in some other areas of the Borough, which have a high proportion of older terraced housing. The restructuring proposed in this report additionally allows the Council to position its self to deliver non-capital interventions in these other communities to prevent further deterioration. The recently completed review of the regeneration of Neighbourhoods with Older Private Sector Housing undertaken by a sub group of Scrutiny 3 made a number of recommendations that have been considered in developing this report.

## 2. **RECOMMENDATIONS**

- 1. That the following posts be added to the establishment: -
  - Private Sector Renewals Manager POC
  - Senior Private Sector Renewal Officer SO1
- 2. That the Chief Executive Officer approve the following which relate to posts up to Scale 6 subject to agreement of this report by Cabinet: -
  - Private Sector Renewal Officer Scale 6 x 2
  - Private Sector Renewal Support Officer x 1 Scale 3
  - Private Sector Licensing Officer Scale 6
  - Private Sector Licensing Support Officer Scale 3.
- 3. That a separate report is presented on the new role in relation to community cohesion and engagement with the Council, and funding options.

## 3.1 **STRATEGIC CONTEXT**

- 3.1.1 The issue of failing housing markets in areas of older private sector terraced housing is not one that just faces Sedgefield Borough. The issue was identified in the late 1990s and lead to the establishment of a Government Policy Action Team which reported in 1999. A direct result of this report was the establishment of the Housing Market Renewal Pathfinder programme in 2000. The pathfinder programme operates in 9 areas in the Midlands and North. It was clear however failing housing markets were not just limited to the large Pathfinder areas but is also an issue facing numerous smaller communities with many across the North of England. This emphasis on housing market renewal has continued through the development of the Governments approach to delivery of Sustainable Communities. The Government further strengthened its commitment to regeneration and housing renewal in the North of England through the development of the Northern Way Growth Strategy 2004. There has been increased emphasis on housing renewal in a number of key regional policy documents including the Regional Housing Strategy, Regional Spatial Strategy and the Regional Economic Strategy. A number of regional and sub regional studies have been commissioned to develop the evidence to support the case for intervention in areas other than the Pathfinders. This has resulted in the establishment of a number of sub regional cross authority partnerships which are beginning to develop approaches to interventions in the areas of housing market failure.
- 3.1.2 The County Durham Coalfields Housing Renewal Partnership was established in 2003 and brings together the County Durham local authorities, English Partnerships and other key stakeholders. The Partnership has commissioned a number of key studies into housing market failure in County Durham to identify the priority communities for intervention. This has formed the evidence base to allow the district authorities to work with English Partnerships to develop a funding submission to the Government to support intervention in these communities. This work is a long-term project linked to the next Comprehensive Spending Review to be carried out in 2007. The work of the partnership was the subject of a report to Cabinet early this year. The Partnership has been successful in attracting resources from the Regional Housing Board over with £300,000 being awarded in 2004/5 and £600,000 in 2005/6 to Sedgefield Borough. A funding submission has been made for the next two financial years by the Partnership, which has attracted funding in the order of £2.5m over this period into the Borough.
- 3.1.3 The studies carried out by the Partnership have been strategic in nature however in order to assist our priority communities the Borough Council has also developed a more focused approach for planning interventions. A master planning study was commissioned in April 2005 by Council to produce detailed interventions for Dean Bank, Ferryhill Station and Chilton West. The master planning exercise was undertaken by Llewellyn Davies with resident involvement at its centre and its findings have suggested a number of interventions focused around the following themes: -
  - Selective demolition.
  - New build to diversify housing stock and tenure in the communities.
  - Group Repair Schemes to improve housing that will be retained.
  - Improved environment including open spaces, car parking and other interventions to improve the movement of people through communities whilst

- maintaining natural surveillance.
- Targeting long-term individual empty properties and derelict sites for intervention.
- Tackling Anti Social Behaviour (ASB) linked to improved management of the private rented sector.
- Maintaining effective community, partner engagement and bending other mainstream resources to support the delivery of the programme.
- 3.1.4 In recognising the need to maintain an effective community and partner engagement and support the master plan interventions have recognised the learning points from past experience in regeneration in Sedgefield Borough and other schemes across the country. Physical interventions must be underpinned by inventions that sustain community cohesion and facilitate positive engagement between the community and the Council. A separate report will be presented on this matter setting out the rationale and funding proposals for this new role.

## 3.2 **LEGISLATIVE FRAMEWORK FOR HOUSING RENEWAL**

3.2.1 Delivering area-based renewal will require the use of new and existing legislative tools. The tools for effective area based housing renewal have recently been strengthened through the introduction of a number of new pieces of legislation including the Planning and Compulsory Purchase Act 2004, the Housing Act 2004 and the Clean Neighbourhoods and Environment Act 2005. These have introduced changes to compulsory purchase with a focus on regeneration, powers to license private landlords linked to tackling low demand and Anti Social Behaviour (ASB).

## 3.3 DEVELOPING THE CAPACITY TO DELIVER HOUSING RENEWAL

- 3.3.1 The delivery of housing based renewal will require the strengthening of a range of working arrangements including: -
  - Strategic procurement
  - Management of community and partner relationships
  - Cross Departmental working arrangements

These strategic arrangements must be underpinned with operational staff to deliver the interventions in local communities.

- 3.3.2 The Council has limited experience in New Shildon and Ferryhill Station of delivering intervention in areas where the majority of the housing stock is privately owned. The experience of intervening in these areas has shown that this is a resource intensive process due to the need to work with numerous individual owners, partners and other stakeholders. The lead in times to the delivery of interventions can be significant.
- 3.3.3 The Home Improvement Agency has assisted in the delivery of some strategic interventions such as Group Repair Schemes and selective clearance at Ferryhill Station. However, increasingly, its focus is around the delivery of assistance to vulnerable households and its capacity to support more strategic interventions is now very limited.

- 3.3.4 In order to implement elements of the master plan we propose to increase the capacity within the Community Services Division of the Neighbourhood Service Department to enable the delivery of housing led renewal of the three priority communities.
- 3.3.5 There will also be a need to refocus the activity of some other service areas within the Neighbourhood Services Department to support the delivery of the strategic objectives for intervention, for example the deployment of Neighbourhood Wardens, CCTV, environmental services activity etc.
- 3.3.6 The report presents phased options to develop the capacity to deliver interventions in the priority communities and in areas of older private housing which are beginning to show signs of housing market stress. This includes:
  - Developing a Private Sector Renewals Team
  - Selective Licensing of the Private Rented Sector

Staffing structures (including brief summaries of the duties of each proposed post) and the revenue costs are set out in Appendix 1.

## 3.4 **Private Sector Housing Renewals Team**

3.4.1 The establishment of the Private Sector Housing Renewal Team will be linked to the level of capital resources available and the ability to capitalise the salary costs for the team. The table below sets out the predicted level of capital expenditure available over the next three years including estimates of the amount of income from land sales, based on the initial findings of the master plan study.

Funding source	2006/07 £000's	2007/8 £000's	2008/9 £000's	Total £000's
Major Regeneration Capital Programme,	1,600	3,000	3,000	7,600
Single Housing Investment Programme (SHIP)	400	600	1,000*	2,000
County Durham Coalfield Communities Resources	-	-	**	-
Total	2,000	3,600	4,000	9,600
Private Sector Leverage (Income from land sales/overage)	-	1,000 ( The Rows, Ferryhill Station)	2,000 (Praxis Dean Bank)	3,000
Total Expenditure	2,000	4,600	6,000	9,600

<sup>\*</sup> Subject to a further SHIP bid

<sup>\*\*</sup> Amount to be determine subject to the outcome of a bid as part of the comprehensive spending review

3.4.2 The table below is an indicative programme of work based on the initial findings of the master plan.

Programme element	2006/07 £000's	2007/8 £000's	2008/9 £000's
Eden Terrace GRS	400	0	0
Haig Street	600	200	0
Ferryhill Station Relocation Grants/CPO	500	1,000	0
Chilton	500	1,500	1,100
Dean Bank	-	1,000	3,000

3.4.3 The Private Sector Housing Renewals Team would be responsible for the delivery of physical interventions across the three priority communities. The team would also work with the Environmental Health and Planning sections to take forward tackling the issue of long term empty private sector housing and derelict sites across the Borough on the basis of agreed protocols, using the existing legal powers available to the Council. This would move the Council towards a proactive approach in line with good practice to tackling these issues rather than adopting a "keep it secure and tidy".

It is proposed that the Private Sector Renewal Team would consist of following posts: -

- Private Sector Renewals Manager POC
- Senior Private Sector Renewal Officer SO1
- Private Sector Renewal Officer x 2 Scale 6
- Private Sector Renewal Support Officer x 1 Scale 3
- 3.4.4 The Private Sector Renewals Manager would be accountable to the Housing Strategy Manager and would be responsible for the management and direction of the private sector renewal team and management support for the Home Improvement Agency.
- 3.4.6 The **Senior Private Sector Renewal Officer** would be responsible for the operational delivery of the programme's interventions including group repair schemes, selective demolition, liaison with contractors, and residents groups etc. The post holder would support and deputise for the Manager and would have a supervisory role for the team.
- 3.4.7 **Private Sector Renewals Officers** would be responsible for the surveying of properties, working with residents affected by group repair or selective demolition to ensure the best outcome for each resident including the provision of assistance to access alternative suitable accommodation. These post holders would have particular focus on developing and delivering relocation packages for residents affected by selective demolition. The post holders would also lead on the development of alternative funding mechanisms for residents wishing to carry out property improvements this would be linked clearly to the work of the Home Improvement Agency. The Council has attracted additional funding to the amount of £32,500 as Systems and Access Capacity Grant to support this area of work.

- 3.4.8 **Private Sector Renewal Support Officer** would ensure that effective client and programme records are maintained along with financial data to ensure the efficient operation of the programme and the completion of relevant statutory returns etc.
- 3.4.8 It proposed that only a single Private Sector Renewals Officer post is recruited at present with the subsequent post being filled to support the delivery of the increased capital programme from 2007/8 onwards.

## 3.5 Selective Licensing of the Private Rented Sector

- 3.5.1 There is clearly concern about the conduct of private landlords' tenancies in a number of communities across the Borough. This issue has been identified by Resident Associations, local ward members, the Police, the Crime and Disorder Reduction Partnership etc as an area where intervention is regarded as strategically important in supporting communities suffering the affects of low demand and housing market failure.
- 3.5.2 The Housing Act 2004 introduced the discretionary power to license private landlords where this would assist with tackling the issues of low demand and/or ASB. The power is selective i.e. area based and its introduction would be subject to a formal consultation and declaration process. In April 2006 secondary legislation brought the powers into force. Declaration of a licensing scheme is likely to take a minimum of six months. Any licensing scheme would last 5 years but the Council can determine the duration of the individual property licenses, which could be a period of less than the 5 years. The Government has decided not to cap the fee for such licenses although section 63 of the Act provides for such a power. The Local Government Association is working with a number of local authorities to develop a number of possible models for license fees. The introduction of selective licensing would require the establishment of a selective private licensing team. It is proposed that selective licensing of the private rented sector would be implemented in the priority communities of Dean Bank, Ferryhill Station and Chilton West where it would make a direct contribution to the sustainability of the master planning interventions. A number of other areas of the Borough are showing signs of housing market stress including parts of New Shildon, Spennymoor and West Cornforth and selective licensing would make a direct contribution to ensuring a sustainable future for these Neighbourhoods.
- 3.5.3 If a fee of approximately £70 £80 per year was charged this would generate an income of between £280,000 £320,000 over 5 years, sufficient to meet the majority of the costs of introducing and staffing the scheme. The numbers of private landlords operating in the Borough does vary overtime. Whilst these figures are based on the current numbers in the Borough, at the point of declaration the number of privately rented properties requiring licensing may reduce or increase, this will impact on the level of income. Fee income in the first year of operation will be dependant on the date of declaration of the licensing areas and there may therefore is a delay in the receipt of the income. As a result, there may be a requirement to accrue income in the first year. The selective licensing team would consist of:-
  - Private Sector Licensing Officer Scale 6
  - Private Sector Licensing Support Officer Scale 3

- 3.5.4 The **Private Sector Licensing Officer** would be responsible for the implementation of the licensing scheme including enforcement of scheme conditions, liaison with private landlords, tenants, Police and other partners.
- 3.5.5 The Private Sector Licensing Support Officer would be responsible for the administrative operation of the scheme including maintaining the register of licensed properties, invoicing of landlords for issuing of licenses and all other administrative matters.
- 3.5.6 The Service Development and Integration Officer has experience of working on a range of private sector housing related issues since joining the Community Services Division in April 2004. It would be appropriate that management responsibility for the selective licensing of the private rented sector would rest with this officer. Additionally the post holder has assisted in the management and delivery of the SHIP budget and has experience of Compulsory Purchase and would assist the Private Sector Renewals Manager in these areas of work. The changes proposed in this report to the post of Service Development and Integration Officer will require the post be subject to re evaluation to reflect the additional duties and responsibilities.
- 3.5.7 In order to implement selective licensing there is a need to recruit the staffing team, in order to prepare for the declaration of the licensing scheme. The selective licensing provisions of the Housing Act 2004 will be implemented from April 2006.

## 3.6 Job Evaluation

- 3.6.1 The posts within the Private Sector Renewal Team and the Private Sector Licensing Team have been subject to job evaluation and the grades agreed. The posts of Housing Strategy Manager, Private Sector Renewals Manager and Service Integration and Development Officer have been subject to re evaluation. The following changes in grades have been identified through this process: -
  - Housing Strategy Manager P03 to P04
  - Private Sector Renewal Manager No change
  - Service Development and Integration Officer S01 to S02
- 3.6.2 The revenue costs of implementing these changes will be meet from capital fees or license fee income.

## 4. **RESOURCE IMPLICATIONS**

4.1 It is proposed that the majority of the costs of implementing these proposals be met from fees on capital or licensing fees and the proposals are summarised below including the impact of job evaluation in relation to the posts of Housing Strategy Manager and Service Development and Integration Officer. The fee rate in relation to capital will be in the region of 5.5%. The full resource implications of these proposals are set out in Appendix 1.

Private Sector Renewals Team	Expenditure <u>2006/2007</u>	2007/2008	2008/2009
Employee Costs:	116,010*	153,470	163,280
Other Costs	27,900	29,800	31,700
Total Expenditure	143,910	183,270	194,980
Income:			
Systems and Access Capacity Grant	32,500	0	0
Fees	111,410**	183,270	194,980
Net Cost	0	0	0

<sup>\*</sup>Note only one post of private sector renewals officer recruited for 2006/7

#### **Selective Licensing**

Selective Licensing	2006/2007	2007/2008	2008/2009
Employee Costs:	46,940	51,050	54,560
Other Costs	8,800	9,500	10,200
Total Expenditure	55,740	60,550	64,760
Income:			
License Fees*	(56,000)	(56,000)	(56,000)
Net C	ost (860)	3,950	8,160

<sup>\*</sup>Indicative licensing fee income

## 5. **CONSULTATIONS**

5.1 The Master Planning Study carried out by Llewellyn Davis had at a clear focus on community consultation and engagement. Extensive consultation was carried out with the Residents Associations, local ward members, partners including the relevant Town Councils, and private landlords.

## 6. OTHER MATERIAL CONSIDERATIONS

#### Links to Corporate Objectives/Values

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 mirror those of the Community Strategy and the delivery of the physical interventions for the priority communities will require an increase in operational capacity.

## 6.2 Risk Management

The key risk associated with the staffing of the programme is that receipts from future land sales do not yield the return that was originally forecast. The staffing complement for the programme will be recruited on a phased basis to minimise the financial exposure of the Borough Council. In addition the recruitment of staff is conditional upon

<sup>\*\*</sup>Fees charged on capital sufficient to meet operational cost of the team only.

the Council's ability to "capitalise" the salary costs for the posts associated with the delivery of capital interventions.

The availability of funding through the bid to be made to the Government via the Durham Coalfields Housing Renewal Partnership is not confirmed and remains a risk factor that can be mitigated by the use of partnering arrangements to maximize income from land sales and overage on new house sales.

## 6.3 Health and Safety

There are no additional health and safety implications over and above those for existing staff of the Borough Council.

## 6.4 Equality and Diversity

Full account will be taken of the Borough Council's obligation to promote equity and diversity both in the recruitment of staff and the in the process for developing projects through the Major Regeneration Capital Programme.

## 6.5 Crime and Disorder

The implementation of the housing renewal in these communities and more specifically the licensing of the private rented sector will contribute to the delivery of the Council's duty under Section 17 of the Crime and Disorder Reduction Act 1998

## 6.5 Legal & Constitutional

The use of Compulsory Purchase Orders to deliver the master plan can only be achieved by joint working with the Council's Legal Services.

## 6.6 Social Inclusion

Every effort will be made to ensure that through the delivery of housing led regeneration of areas of older private sector housing is utilised to promote social inclusion. The major investment strands of the programme will be aimed at areas of greatest disadvantage.

No other material considerations have been identified.

## 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 will be considered by Cabinet on the 16th February 2006. This proposed restructuring in this report takes account of the recommendations of the review.

## 8. **LIST OF APPENDICES**

8.1 Appendix 1 Staffing costs and structuresAppendix 2 Details of proposed programmes linked to the master plan study

Contact Officer Telephone Number E-mail address	lan Brown 01388 816166 Ext. 4462 ibrown@sedgefield.gov.uk		
Wards:	Chilton, Ferryhill, Broom		
Key Decision Validatio	on:		
The proposal set out in t savings of £100,000 or a	the report will result in the Council inc above	curring expend	liture, or making
Background Papers:			
report. Include previous Policy Action Team Rep Relocation Packages – Regeneration of Neighb Scrutiny 3	gy 2005 egy 2005	he report.]  vember 2005  Housing. Repo	
Examination by Statut	ory Officers	Yes	Not Applicable
•	examined by the Councils rvice or his representative	$\checkmark$	
The content has bee S.151 Officer or his r	n examined by the Councils epresentative	$\overline{\checkmark}$	
The content has bee Monitoring Officer or	n examined by the Council's his representative	$\overline{\checkmark}$	
4. The report has been a	approved by Management Team	$\overline{\checkmark}$	

# **Appendix 1 Staffing costs**

# **Delivering Private Sector Housing Regeneration Initiatives Team**

	<u>Grade</u>	2006/2007	2007/2008	2008/2009
Employee Costs:				
Private Sector Renewal Manager	POC	38,300	39,800	41,400
Senior Private Sector Renewal	SO 1/2	29,600	31,900	34,200
Private Sector Renewal Officer	Sc 6-SO1	26,650	28,650	30,800
Private Sector Renewal Officer	Sc 6-SO1	-	28,650	30,800
Admin Support Officer	Sc 3	18,700	19,900	21,200
Housing Strategy Manager (Job evaluation)	P04	1,100	2,900	3,200
Training		1,500	1,500	1,500
Employee Related insurances		160	170	180
		116,010	153,470	163,280
Income		-143,910	-183,270	-194980
Other Costs		27,900	29,800	31,700
Total Expenditure			-	

# Selective Licensing

	<u>Grade</u>	2006/2007	2007/2008	2008/2009
Licensing Officer	Sc 6/SO2	26,700	28,700	30,800
Licensing Administrative Officer	Sc 3	18,700	19,900	21,200
Service Development & Integration Officer (Job evaluation)	SO2	800	1,700	1,800
Training		600	600	600
Employee Related insurances		140	150	160
		46,940	51,050	54,560
Other Costs		8,800	9,500	10,200
Total Expenditure		55,740	60,550	64,760
Income:				
License Fees		(56,600)	(56,600)	(56,600)
Net Cos	st	(860)	3,950	8,160

## Appendix 2 Summary of duties of new post duties proposed in this report.

#### **Private Sector Housing Renewal Team**

**Private Sector Renewals** would be responsible for the operational management and direction of the private sector renewal team and management support for the Home Improvement Agency.

**Senior Private Sector Renewal Officer** would be responsible for the overall delivery of the programme's interventions including group repair schemes, selective demolition, liaison with contractors, and residents groups etc

**Private Sector Renewal Officers** be would be responsible for the surveying of properties, working with residents affected by group repair or selective demolition to ensure the best out come for each resident including the provision of assistance to access alternative suitable accommodation. The post holders would also lead on the development of alternative funding mechanisms for residents wish to carry out property improvements.

**Private Sector Renewal Support Officer** would ensure that effective client and programme records are maintained along with financial data to ensure the efficient operation of the programme and the completion of relevant statutory returns etc.

# **Selective Licensing Team**

**Private Sector Licensing Officer** would be responsible for the implementation of the licensing scheme including enforcement of scheme conditions, liaison with private landlords, tenants, Police and other partners.

**Private Sector Licensing Support Officer** would be responsible for the administrative operation of the scheme including maintaining the register of licensed properties, invoicing of landlords for issuing of licenses and all other administrative matters.

