

Meeting:	BNG Board
Date:	23 January 2009
Contact:	Anne Mulroy
Board Action:	For Discussion
Sensitivity:	Public

Subject: Director's Report

Items covered in this report are:

- **Growth Announcement and Next Steps**
- **Research Programme Preparation**
- **Strategic Reviews Timetable**
- **Residents' Panel**
- **Gateshead Joint Venture**
- **Freight Depot Site, Gateshead**
- **Scotswood Housing Expo**
- **Value in Design Research**
- **Cruddas Park**

1. Growth Announcement and Next Steps

Gateshead and Newcastle Councils and BNG have been awarded £4,712, 786 of growth Fund for 2009-2011, on top of the £150,000 already received for 2008-9. The allocation includes £4.377 capital and £335,635 revenue. Funding can be carried over to the next year and between projects as required; there is no virement between capital and revenue budgets. Our Programme of Development (POD) sets out our aims to accelerate housing development and our intension to build 17,900 new homes, 14,270 after demolitions are taking into account. This is a 23.8% uplift over RSS and amounts to an average of over 1,500 additional homes a year compared to 738 over the last five years. Early work is focussed on getting sites ready to be taken forward by the private sector once the market recovers and includes:

- Strategic infrastructure including a number of studies on flood risk, water cycles, surface water management, green infrastructure that are a condition of grant.
- Site options, designs and plans which include site investigations in Gateshead and pumping station capacity increase at Ouseburn.
- Growth implementation including site access works and site assembly.

It is the intention to treat the renewal and growth programmes as one, within the rules of HMR and extending the remit spatially to cover growth point activity outside the HMR boundary.

As the allocation is less than required to deliver the work proposed in the POD, an initial programme has been determined by the Programme Management Group and the Executive Team; this allows for over programming and where appropriate, the complementary investment of HMR and Growth funding to deliver essential works on key sites.

The limited revenue funding available will be used to contribute to the studies, that are required for the local authority Core Strategies as well as the growth programme. The outcomes of these pieces of work will be considered by the Advisory Group in due course.

Community Infrastructure Fund 2 (CIF2) announcements on the Expressions of Interest will be made at the end of January. Business Cases will then have to be submitted in April 2009 with allocations announced in July 2009.

The HMR, Growth and CIF funds will be used together and with other investment to accelerate housing development and renewal in a sustainable manner and providing good quality homes in NewcastleGateshead.

2. **Research Programme Preparation**

The Board will consider the draft 2009-10 research programme in March 2009. The programme will include work to respond to the Audit Commission's recommendations on evaluating the cumulative impact of the programme, and specific elements of it and completing final stages of the housing options research.

Officers from partners organisations have been asked for views on research that they would find useful in helping to deliver successful housing market renewal and growth; the Head of Research and Strategy is also clarifying what research national, regional and local stakeholders are intending to carry out eg. As a result of the housing thinkpieces to inform the Integrated Regional Strategy and Northern Way's programme. It is also the intention to appoint a Research and Strategy Officer to support this element of work, and crucially to increase capacity to scan the external environment, and interpret the findings of other work/policies/consultation papers to better inform our activity.

The Board is asked whether there are any specific issues it would like to explore over the next year or so to help us deliver great places to live.

3. **Strategic Review Timetable**

The update to the strategic reviews will start on 6 February 2009. Walker Riverside, Scotswood, Bensham and Felling will be reviewed first as they are the focus of the majority of our investment and the housing options research in terms of what products we may be able to introduce/top-up to provide people with more choice in these areas undergoing substantial change.

The Advisory Group will carry out the reviews, providing challenge, ideas and support to officers who are leading on delivering our programme, including clarifying what other investment is going into the area in schools, leisure provision and into improving local peoples' skills and employment prospects.

Other places will be reviewed once these are complete – provisionally during the spring and summer.

The Advisory Group will also be considering 'design and sustainable construction' in February 2009.

4. **Residents' Panel**

Progress is being made on the introduction of a residents sounding panel for BNG. Residents from various places in BNG and from different backgrounds and experiences have been selected with the help of Social Regeneration Consultants. An inception meeting will take place in February that will focus on agreeing the terms of reference for the group as well as starting to look at community engagement (a later meeting will consider carrying out a review/audit of our activity as requested by the Board).

Although the themes for other meetings are still to be agreed, with them, we hope that the panel will consider the findings and proposals of the housing options research at its second meeting before coming to the Board for agreement on what options to pursue.

To ensure that residents involved are helped to understand our work and to benefit from taking part, they will be encouraged to study for a Community Development Certificate (level 1 or 2), to be run in local venue(s); this will require 30 hours of teaching and 30 hours of home study. We intend to run two groups of 15, including a mixture of people from the residents' panel and officers from the partnership.

5. **Gateshead Joint Venture**

The Council commenced the OJEU Procurement Process in November 2008 with a launch at the Baltic Arts Centre. A total of 19 companies have now registered interest at the Pre-Qualification Questionnaire Stage and these will be evaluated over the next 4 weeks with the successful parties then being invited to participate in competitive dialogue where detailed solutions will be explored.

Central to the JVV is a commitment to a high quality of design and innovation to ensure that the new development provides places where people want to live and work. The Council and the successful PSP are each envisaged to hold a 50% interest in the JVV. Further details will be provided to the Board and subsidiary panels as the competitive dialogue progresses.

6. **Freight Depot Site, Gateshead**

Visioning for some sites included within the Joint Venture has already commenced. Specifically, an event in December 08 at the Baltic Arts Centre was held by the Council and its appointed consultants (Bio-Regional and Ian Darby partners) to capture the collective aspiration for the Freight Depot site which is based on the ten 'One Planet Living' principles. The event, which was well attended by a range of stakeholders, included two workshop sessions which sought to identify a range of development principles for the site.

In terms of ongoing site acquisition, the current financial climate has meant that the planned acquisitions from BNG funding have been secured at a lower amount than originally anticipated. The same reasons have accelerated the opportunity to purchase an additional element on the site currently in the ownership of Rolls Royce. Purchase of this additional plot will accelerate the programme and support the Joint Venture.

7. **Scotswood Housing Expo**

The scheme is currently progressing through the European Procurement process and of the six companies which entered into Stage 1 of the 'Competitive Dialogue' process, three prospective partners were short-listed and invited into Stage 2 of the process in May 2008.

Discussions with the three companies have focussed on the delivery method, technical issues, financial matters and governance arrangements.

Since the last report to the Board in 2008, the 'Consolidation Documents' have been submitted to the City Council which set out the bidders detailed proposals and signal the start of the conclusion of the dialogue discussions.

The Consolidation documents focus on three key areas:

1. Corporate Structure and Delivery
2. Business plan and Financial Assumptions
3. Masterplan Development frameworks

The Consolidation Documents will be reviewed in January 2009 to be followed with further dialogue on outstanding issues. The current timescales for the scheme identify that a preferred partner will be identified in June 2009 with financial close occurring the following month. It is intended that a full report and presentation will be provided by the City Council Project Team to the BNG Board in March 2009 provided significant progress has been made within the dialogue process.

It is clear that the current economic downturn has increased the risk associated with the project. Previous economic assumptions that were made when the market was

buoyant are being re-examined to reflect the current market position.

8. **Value in Design Research**

This important piece of research commissioned by BNG in association with five other pathfinders, Places for people, CABE and the partner local authorities seeks to review current raft of design advice, standards and guidance and establish, through primary research with a range of stakeholders, what facets provide 'value' in monetary, liveability and sustainability terms. The research, which is being undertaken by a consortium comprising Fairhursts / Hopper Howe Saddler/ Eljay Research, is nearing completion and it is intended that final drafts of the document will be received shortly. Once completed it is intended that the document will serve a tool which will guide and influence decision making on gap funding and investment within schemes as they are brought forward within the programme.

The research will be of national significance having had the continued support of CABE. It is currently proposed that a formal launch of the research will take place on the evening of the 9th or 11th as part of the next CABE Design task Group. A full report detailing the findings of the research will be provided to Advisory Group on 27th February and Board on 13th march following the launch.

9. **Cruddas Park**

A start on site was made on the first tranche of the development which comprises 3 social blocks in December 2008. It is anticipated that the internal works to the first unit will be completed in April 2008. Although this will not be open as a 'show flat' as the extensive refurbishment works will still be ongoing, it will provide stakeholders and potential purchasers with a 'taster' of the end product in terms of space standards and quality of finish. Projected cashflows for the project are still being finalised by officers from the City Council and their appointed consultants although confirmation has been provided that the spend profile for BNG funding is on track.

In terms of the private blocks, one of which is included in the first phase of the scheme, discussions are still ongoing with the preferred developer, Gentoo, in respect of the Heads of Terms and other legal agreements. While there is a degree of nervousness in the current market, officers are confident that this will not impact upon the delivery of the scheme and options for ownership and accessing mortgages are being examined by Arc4 as part of their ongoing work for BNG.

Finally, the successful regeneration / re-provision of the shopping centre was identified by BNG as a priority within the scheme and the Council have now confirmed that funding has been identified to take this forward with a view to securing a private sector partner.

Further progress on this project will be reported to Board in due course.