

Meeting:	BNG Board
Date:	29 January 2010
Contact:	Anne Mulroy
Board Action:	For Decision
Sensitivity/FOI:	Public

Item 4 – Director’s Report

Summary Report:

Items covered in this report are:-

- HMR Funding Announcement 2010/2011
- Audit Commission
 - Performance Review 2009
 - Innovation and Market Response
- HCA Chair’s Review of Housing Market Renewal
- Treasury/CLG Visit – 3 February
- Confidential: Major Projects Review
 - Riverside Dene
 - BIG
 - Scotswood LHC
- Byker Task Group
- Efficiency Plan
- Confidential: Housing Market Intelligence
- Communications
 - Residents’ panel
 - Commitment to keeping residents with us

Recommendations:

The Board are asked to note this report.

Implications:

Financial:

Equality:

Sustainability:

Consultation:

Risk:

Strategic:

Financial:

Development:

Operational:

Reputational:

Report to: BNG Board – 29 January 2010

Subject: Director's Report

Agenda Item: 4

1. **HMR Funding Announcement 2010/11**

Confirmation was received before Christmas that BNG would receive 100% of funding allocation for 2010/11. £29m including a revenue element of £2.61m. There are now conditions attached to the funding. A new output indicator for jobs and apprenticeships and 4 new outcome indicators:-

- Neighbourhood satisfaction
- Community cohesion
- Quality of environment
- Worklessness

We are working with the HCA on the development of the detail of these indicators so that they are in place for April 2010.

2. **Audit Commission**

Performance Review 2009

Publication of this report is imminent and will be circulated as soon as possible. BNG have been assessed again as Performing Strongly.

Innovation and Market Response

Copies of this report will be made available at the meeting. Although this is not a scored report, it does make recommendations to Pathfinders on future work.

The recommendations in both of the reports have been reviewed and an Action Plan to address issues has been prepared. Progress against this Plan will be monitored during the year through the quarterly Business Plan Performance Report.

3. **HCA Chair's Review of Housing Market Renewal**

As reported to the last Board Meeting, the HCA Chair, Robert Napier, has been conducting a review of HMR and has visited each of the Pathfinders, as well as West Cumbria which has previously had a small allocation of HMR grant but not Pathfinder status.

The HMR Chairs met Robert Napier, accompanied by Chief Executive, Sir Bob Kerslake, and the three Regional Directors with HMR responsibilities as well as the HCA Head of renewal, Julie Pearce, in December 2009 to discuss his findings. There was a clear agreement on the typology which Robert Napier described that there are:

1. Areas of significant structural failure detached from the economic mainstream (East Lancs; Hull; Liverpool; North Staffs; Middlesbrough; West Cumbria).

2. Areas where there are large pockets of market failure requiring restructuring but close to strong economies (Manchester Salford; NewcastleGateshead; Oldham Rochdale).
3. Areas which have contained and diminishing prospects of market weakness close to functional economies (Birmingham Sandwell; South Yorkshire).

It is not clear yet how that will be translated into HCA policy and investment strategy and, of course, current and future Ministers will be critical to the decisions required. The next step is the preparation of a strategy statement jointly by HCA and the Chairs which can then be used in discussion with Ministers and their Shadows in the run up to the 2011-2014 Comprehensive Spending Review.

4. **Treasury/CLG Public Value Programme Visit – 3 February**

A visit will be made to BNG on 3 February by CLG and Treasury Officials as part of the Public Value Programme Review, which will report to Treasury at the end of February. The visit is part of the Review of Growth and Infrastructure and one of five visits nationally. A programme is being devised for the day and we expect to receive detailed questions in advance of the visit.

5. **Major Projects Review (confidential)**

See Appendix 1.

6. **Byker Task Group**

As reported to Board in November 2009, the Byker Investment Task Group is a multi-agency Task Group set up to investigate options for future investment in the Byker estate. As an advisory group it will report to the Housing Minister, John Healey with its role time limited to a period of six months, unless extended by agreement of the Minister and the parties represented. Its initial report will be submitted by 31st January 2010. The Task Group is chaired by Professor Peter Roberts and draws together all the key agencies involved in regeneration in Newcastle. The Group is supported by an Officer Working Group, chaired by the HCA (Pat Ritchie). The Task Group workstream sponsors and lead officers are as follows:

Workstream	Sponsor	Lead Officer
Community Engagement	Cllr. Nick Kemp	Jan Cromarty (NCC)
Investment Requirement	Steve Murphy (YNH)	John Lee / Sheila Breslin (YHN)
Funding and Delivery	Pat Ritchie (HCA)	Brian Peel (HCA) Phil Joyce (NCC)
Broader Regeneration	Barry Rowland (NCC)	Guy Currey (NCC)
Best Practice Learning	Jim Coulter (BNG)	John Sparkes (BNG)

An interim report was submitted to John Healey on the 18th December by the Task Group which set out the key issues including the investment requirements for the estate and a range of strategic interventions including:

1. Minimum Intervention
2. Limited Change
3. Comprehensive Estate Regeneration
4. Major Estate Regeneration

Strategic Option 3 (Comprehensive Estate Regeneration) was highlighted by the Task Group as being the most appropriate way forward.

Feedback from John Healey on the interim report has been very positive and has given further direction to the Task Group activities in preparing a further report for 31st January 2010 which will set out in detail the proposed solutions for Byker. Once the final report has been completed by the Task Group a further update, setting out in detail the proposed solutions, will be reported to Board.

7. Efficiency Plan

The revised efficiency plan is attached as an appendix. The efficiency targets have been reviewed by the Efficiency Working Group and by the Audit Commission as part of the performance review. The estimated efficiency gains now total £8.506m which equates to 13.17% of the combined renewal and growth budgets as follows:

- 2009-10 £4.352m (12.83%)
- 2010-11 £4.154m (13.55%)

The efficiency gains identified can be further classified as:

	2009-10 £000s	2010-11 £000s	TOTAL £000s
Cost Reductions	2,832	3,228	6,060
Cost Avoidance	1,426	523	1,949
Productivity Improvements	94	403	497
Total Efficiency Targets	4,352	4,154	8,506

- Cost reductions relate to efficiency gains made by delivering services at a reduced price i.e. the same or greater results for less money e.g. capping staffing budgets.
- Cost avoidance relates to action taken by BNG that means that expenditure does not have to be incurred e.g. independent assessment of gap funded developments.
- Productivity improvements relate to greater performance being delivered at no increase in expenditure e.g. numbers of property improvements managed.

Further details of the efficiency targets can be found in the attached plan.

8. Housing Market Intelligence

This is an interim market report showing change in key indicators since the last update in November 2009. The headlines are provided below with confidential Appendix 3 providing more detail:

House sales and prices

- Transactions are still extremely low; 279 across BNG and just above single figures in

some intervention areas.

- Median prices are increasing in Newcastle BNG (to £110,000) and starting to close the gap again (at the moment) on the City as a whole.
- However, Gateshead BNG median prices have reduced by 3.6% from previous quarter to £96,387, following a rise April-June 2009. The gap between median price in BNG and the rest of Gateshead is up to £36,114 (the largest gap over the 3 year monitoring period).
- Low levels of sales are impacting on the volatility of prices. Nevertheless, they have increased since the last reported quarter in Scotswood Benwell, Walker Riverside, Elswick Discovery and Felling, with a slight fall in Bensham and Saltwell.
- Lower quartile prices are increasing in Newcastle and Gateshead BNG and closing the gap on the City whilst falling slightly further behind in Gateshead.

Mortgage lending

- In November 2009 first time buyers still had to find 25% of the value of their home, compared to 17% a year earlier.
- Gross buy to let lending had increased for the first time in two years.

Mortgage possessions

- Annual change in mortgage possessions leading to orders fell by 12% in Gateshead and 11% in Newcastle between the fourth quarter 2008 and third quarter 2009, compared to a year before; over the year, this relates to 4.2 and 4.7 per 1,000 households (on par with the regional average but above that nationally (3.6)).
- Mortgage possessions leading to orders for landlords have increased by 12% in Gateshead and 4% in Newcastle (6.3 and 7.6 per 1,000 households compared to 4.5 for the North East and 4.2 nationally).

Vacancies

- Gateshead voids and long term voids have slightly increased – this has been a pattern for a number of months now. They are however mainly focussed in areas which include a significant number of properties awaiting demolition (Dunston and Bensham) and this work needs to proceed at the earliest opportunity. Empty new build in Town Centre and Felling is also impacting on figures.
- Newcastle's empty and long term empty stock continues to reduce as demolition progresses; this is true across all intervention areas except Elswick Discovery.

Job seekers

- 7% of the North East's working age population were in receipt of Job Seekers Allowance in November 2009; this compared to 4.8% for the United Kingdom. Appendix 3 sets out the JSA claimants in different wards in BNG compared to the city/borough averages in July, September and November 2009.
- Walker has consistently been the area with the highest rate of claimants (16.9%), the second worst in Tyne and Wear; the rate of claimants has ceased to increase however over the period considered.
- Elswick and Felling are both above 15% and Felling in particular has increased over the period, although there has been no change since September.
- Work is ongoing with officers working to improve employment and skills in Newcastle and Gateshead; this will be reported to Board at a future meeting.

Keeping regeneration momentum in the North

In relation to what BNG and its partners can do to respond to market conditions, at a northern level, The Northern Way has recently published a set of reports on

Regeneration Momentum, including Professor Michael Parkinson's work on 'The Credit Crunch, Recession and the North: What's Happening, What's Working, What's Next?'

He states that there needs to be a Northern 'ask' and 'offer' to government:

- Be clear about the achievements in the north over the last decade and its potential for regeneration
- That commitment is required rather than cut investment to places that are starting to change following years of previous funding
- But the North needs a clear economic regeneration strategy and investment plan.

Principles:

- Long term commitment to protect marginal places, projects and people
- Brave leadership in difficult times
- Financial innovation
- Work more in partnership
- Increase flexibility of the planning system
- Keep wheels turning
- Commit to quality and mixed communities
- Retain capacity and skills
- Prepare for the upturn.

Golden rules of adversity:

- Rigorous review of options
- Stimulating consumer demand
- Project prioritisation and re-configuration
- Rationalising funding and flexible use of funding instruments
- Packaging development opportunities
- Public investment – short term loans, prudential borrowing, gap funding and underwriting, equity sharing.

Northern offer:

- Clarity on choice of places, sectors and skills
- What sort of regeneration and economy aiming for in the future
- Economic place making and inclusion.

BNG's Practical Affordable Housing Solutions work and the establishment of 1NG are cited as approaches to responding to the crunch.

The Board is asked to note the trends reported in the housing market and consider the proposals highlighted from the Regeneration Momentum report.
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9. **Communications**

BNG Residents' Panel

The BNG Residents' Panel met on 15th December and looked at Private Sector Renewal. Following a presentation by the local authority private sector renewal teams, the residents gave their views on consultation and communication around private sector renewal, and encouraging resident investment in properties. Their feedback will now be taken to the Private Sector Renewal workstream for a decision on any subsequent action. The next meeting will take place on Tuesday 9th March and will focus on Value in Design and/or uses for vacant and cleared land. A recruitment drive for the

Residents' Panel is also taking place, with targeted posters and leaflets distributed in North Newcastle, Scotswood and Byker.

Commitment to Keeping Residents With Us

A 'Commitment to Keeping Residents With Us' has been produced as a leaflet. This is an update on the original 'Commitment to Community Engagement' and provides principles and guidelines for ensuring residents remain engaged during the economic downturn. The leaflet is set to be distributed amongst officers in February. The Commitment is in keeping with actions outlined in the Audit Commission Market Response Report.