

Minutes

North West Housing and Regeneration Board

Date: 16 June 2010

Location: HCA Boardroom, Arpley House, 110 Birchwood Boulevard, Birchwood, Warrington, WA3 7QH

Present

Chair: Cllr Richard Turner (Cumbria)

Members: Cllr Alan McKie (Cheshire); Cllr Marie Rimmer (Merseyside); Cllr Charlie Briggs (Lancashire); Cllr Paul Andrews (Greater Manchester); Sue Powell (NWHF); Ken Perry (NWHF); Cllr George Davies (NWHF); Nick Atkin (Regeneration expert); Jimmy Devlin (Community expert); Philip Whitehead (Developer expert); Deborah McLaughlin (HCA); Jo Lappin (GONW).

Regional Officers: Peter Hart (4NW); Pete Bailey (HCA); Danielle Gillespie (HCA); Beverly Doward (NWDA); Jan Bennett (4NW); Kerry Bates (4NW); Carole Hudson (4NW/St Helens Council)

Support Officers: Alison Amesbury (Cheshire); Mike Cryan (Merseyside); Julie Monk (Cumbria); Paul Gatrell (Lancashire); Paul Beardmore (Greater Manchester)

Apologies: Neil Cumberlidge (NWDA)

1. Welcomes and introductions

1.1 Cllr Richard Turner (Cumbria) chaired the meeting. He explained that former Chair Steve Foulkes was no longer Leader of Wirral MBC following the recent (local) elections and as a result of the present uncertainty in the Northwest regional governance arrangements, it had not been possible for the Regional Leaders Board to identify a new Chair. Cllr Turner welcomed Cllr Briggs (Burnley) as the new representative for Lancashire and Cllr Rimmer (St.Helens) as the representative for Merseyside, he also welcomed the 3 experts – Nick Atkin (Regeneration), Jimmy Devlin (Community) and Philip Whitehead (Developer). For this meeting, it had been deemed appropriate for support officers to sit around the boardroom table and support their sub-regional member.

1.2 **Minutes of 4th March 2010:** The minutes were agreed to be an accurate account of the previous minutes, except for comments under 'AOB'; it was not Neil

Cumberlidge (NWDA) who raised the point on the Atlantic Gateway. The minutes would be changed to reflect this.

1.3 Update on 4NW: Following the announcement by CLG to end the funding of 4NW an emergency Board meeting was arranged to consider the future of 4NW. Local authority leaders expressed their desire to continue with a Leaders Board. 4NW's new structure will then be decided at 4NW AGM on 2nd July.

2. Future of Board and budget position

HCA budget position

2.1 Deborah McLaughlin (HCA) explained the current national HCA budget position. There was no additional information available to those cuts already announced, but to recap:

- £100m nationally has been cut from the NAHP (unallocated)
- Some committed schemes have been frozen until after the budget
- £50m reduction in Kickstart funding (largely round 2)
- £50m reduction in HMR funding, equivalent to 18 – 20%. A short consultation is ongoing to seek views on where there should be an equal % cut across all pathfinders.
- £30m cut from Gypsies and Travellers funding, which in reality is the annual budget.

2.2 In terms of future priorities there is a suggestion that this should be Kickstart 2 and then Local Authority new build, followed by NAHP.

2.3 HCA also need to make 10% cuts in revenue funding and are talking to LA about their local delivery vehicles on how this can be achieved.

2.4 Cllr Marie Rimmer asked what criteria would prioritise Kickstart 2 schemes. Deborah said this would include value for money outputs, delivery and strategic fit.

Future of the Board

2.5 Given the recent announcements, particularly those relating to the Leaders Board, there is now some uncertainty as to the future of the Board.

2.6 Jo Lappin (GONW) asked the Board what they wanted; what structure would add value – what is unique and different from this and other groups? What job still needs to be done between central government and sub-regional government?

2.7 Carole Hudson (St Helens/4NW) suggested that the Board would not be funded as 4NW will be a much slimmed-down version. She supported the need to retain a voice for the sector within the North West. Carole identified the North East and the Midlands as retaining RLBs and recognised the need to compete against London/ South East. There must be some means to support prioritisation and for lobbying and supported the important of keeping regional intelligence.

2.8 A number of issues were discussed, including identifying what the role of the Board would be in the future. All agreed that there were strong strategic and political reasons for retaining a regional grouping which would allow the North West to share

expertise, consider the HCA Business Plan, and agree regional priorities for limited funding. George Davies (NWHF, Chair) suggested that there was already a strong will and determination for working together as a sector. The North West Housing Forum Executive was already in place and provided the arena for this to continue.

2.9 Sue Powell (NWHF) endorsed George Davies' comments and was pleased to hear that representatives wanted to stick together as a region. She felt the fundamental issue was to look at the future role and purpose of the Board.

2.10 Cllr P Andrews (Greater Manchester) agreed that it would make sense for the Board to go to the NWHF Executive. He stressed the need to be proactive rather than reactive. This was endorsed by sub regional Elected Members from Cheshire, Cumbria, and Lancashire.

2.11 Ken Perry (NWHF) supported previous comments. He felt it was important that the richness of understanding of local housing markets (not bounded by LA areas etc) was not lost. The greater effort of cross-boundary work was seen as vital in strengthening the case for investment; especially in the current climate.

2.12 Cllr George Davies (NWHF) remarked that the mechanism wanted by the Board was already broadly established in the form of the Forum's Executive; the wider focus brought by the 'experts' and wider representation of the Board brought different perspectives which could be brought into the Forum's Executive.

2.13 Philip Whitehead welcomed the continuation of a forum for prioritising what should be happening within North West.

2.14 Deborah McLaughlin (HCA) summarised the discussion recognising the value of a regional platform for housing and regeneration issues and the potential for continuing this through the NWHF's Executive was recognised. It was suggested that this proposal would be put to the RLB AGM on 2nd July.

2.15 Sue Powell (NWHF) added that if this was acceptable to the Regional Leaders Board, NWHF would revisit the membership of its Executive Board to recognise the 'merger'.

2.16 Agreed: There was agreement that some form of merger between the current Board and the Forum Executive would be the most effective way forward, and an offer to this effect would be put to the AGM of the Leaders Board on 2 July.

3. Feedback from Expert Group

3.1 Pete Bailey (HCA) outlined discussions from the previous Expert Group meeting.

3.2 The main area of feedback from the Expert Group was in relation to New Models, and particularly the approach currently being worked up with Manchester City Council and Savills. The approach is using private equity and other assets with public sector involvement through a Special Purpose Vehicle.

3.3 Paul Beardmore (Manchester CC) had been leading on developing a practical model that works in Manchester which could be rolled out to AGMA Authorities, then perhaps the Northwest region. Initially, this would be a private rental model, but it could have wider application including social housing. However, there may be issues around State Aid.

3.4 It has been proven to work in the South East and Midlands. Manchester CC and Savills were currently working through site appraisals. Manchester CC will provide officer input while Savills and Great Places HA the up-front risk.

3.5 Ken Perry (NWHF Support Officer) questioned what type of units would be provided as, generally, equity focussed on volume/density. The market in the North West is very different with a need for a range of property types. Paul Beardmore (Manchester CC) explained that build type would be part of the site appraisal work. So far, City centre apartments and low-rise family housing outside the city centre had been proposed. The model being developed appears to work on sites with over 25 units.

3.6 Paul Beardmore asked for support from GONW and HCA to be able to present this new model to Ministers.

3.7 The North West does have specific issues in lower quartile areas where private investment can be more difficult to bring in because the cost of building the properties can actually be higher than the land value. It was felt that this is where a regional model could work by bringing in the benefits from higher value areas.

3.8 It was also noted that Trafford are now looking to use their allocations policy to include the private rented sector.

3.9 Danielle Gillespie (HCA) informed the Board that HCAs Developers Group had warmly received presentations on PRSI and it was agreed that this is kind of work which would bring greater comfort/encouragement to developers. She also confirmed that Neil Pickering (Head of Area) is the HCA lead on new models.

3.10 Ken Perry (NWHF Support Officer) highlighted they must be careful to ensure the models are ready. He also suggested the more groups we can bring together and work collaboratively the better the opportunity to develop effective new models and good practice. For example he is Chair of NHF Strategic Developers Group and HAs are currently looking at how they can 'sweat' their assets to fund further investment.

3.11 There was a general agreement that we need to keep working together as a region on new models and ensure that good practise is shared widely. The Board/Expert Group have a key role to play and we should also be using mechanisms such as Housing North West.

3.12 Philip Whitehead highlighted problems caused by the OJEU process, as the private sector thrives upon competitiveness and so there is an issue in sharing their commercial models too early.

3.13 Ken Perry agreed but as the model required potentially bond-type instalment this needed to be done at the outset. Philip Whitehead thought that while it was a good idea, he was not sure that Savills PFI's will work in the lower quartile section of the market. The problem in the North is the land values of many regeneration areas are low and consequently the necessary margins are not there especially in inner city areas to attract investment.

3.14 Ken Perry thought that a broader investment fund would be needed mixing high and low value areas together, maybe to provide a portfolio of land that could be spread throughout a region.

3.15 Jo Lappin suggested that there were lessons to be learnt from some of the Atlantic Gateway work.

3.16 It was agreed to explore the synergy between the Board, Expert Group and NWHF Executive. Pete Bailey (HCA) was conscious that the Expert Group should not be overloaded with work and encouraged the use of Housing NW for wider intelligence and good practice sharing.

3.17 Actions: the Expert Group was asked to draft a paper on the model for further detailed consideration.

4. England's North West: Beyond 2010 – Priorities for our future

4.1 A report had been circulated to the Board prior to the meeting. It asked members to consider the following points.

- Is the positioning, tone length and content of the RS2010 document right?
- Do you agree with the "Top 10" overarching priorities set out in the document?
- How do we secure effective buy-in from Local Authorities and businesses, who will be instrumental in ensuring its implementation given that it will no longer have statutory status?

4.2 Peter Hart (4NW) apologised for the lateness of the circulation of the document. He explained that the new Government has now made clear its intention to abolish the statutory basis for Regional Strategies and devolve powers on regional housing and planning to the local level. This has had a significant impact on the work of RS2010. The NWDA and 4NW Boards were clear that they didn't want to lose work already undertaken on the Regional Strategy and have agreed to develop a streamlined non statutory document to inform CSR in the Autumn.

4.3 Beverley Doward (NWDA) stressed that the document was still very much work in progress. It was intended as a high level strategic framework which sought to focus action on things which add value at regional level by committing partners to working together; agreeing to pursue common goals; encouraging behavioural change and influencing national and EU policy. With this in mind views from Board members were sought.

4.4 Sue Powell (NWHF) was concerned that the document was trying too hard too keep everyone happy; she suggested it needed to be clear about priorities and wondered if it could be 'braver'; especially in times of limited (public) investment.

4.5 Carole Hudson (St Helens/ 4NW) responded that the region had not been asked to prioritise; the aim of the document was to set-out the key economic drivers of the region. As the revised regional architecture and the policy drivers of the new Coalition Government were not fully understood yet the document will probably have to be revamped over the coming months as this became clearer.

4.6 Jo Lappin (GONW) said that the main question for the region to consider was 'what do you want the document for? She suggested there was a need for consensus on the key messages to be conveyed to the private sector; but she agreed that it needed to be clearer about priorities.

4.7 Nick Atkin (Regeneration expert) agreed that there was a lot of useful information in the document; but he considered the key issue was how to achieve buy in. He suggested this would be especially difficult from a lengthy non statutory document and called for a succinct high level summary which identified the key issues and was more 'high sell' to encourage buy-in.

4.8 Peter Hart (4NW) noted the remarks that the length was too long, there was a need for priorities and that it would have to be looked into how to ensure buy-in from the wider region. The Board were asked to send any further comments to Peter by the end of the week (Friday 18th June).

5. North West Market Overview

5.1 This was presented by Professor Philip Leather (NLA).

5.2 Philip summarised that in terms of house prices, it had been a month to month rollercoaster and there were not enough transactions in the market to mark out any key trends.

5.3 Prices have fallen, but not plummeted by 20-50% as predicted by some forecasters. Levels of mortgage lending are very low, with difficulties faced by many first time buyers. Mortgages offered are currently around 2.5 times first time buyer incomes, but lenders are being very cautious. Historically, the levels of deposit required have been at a similar rate but the actual deposit sums are relatively higher because house prices are significantly higher. There are still significant imbalance between house price levels and earnings.

5.4 Repossessions are also on the rise. At present, lenders are not taking possession action probably due to the downturn in the housing market. The Council of Mortgage Lenders has stressed that the situation could get worst if unemployment rises.

5.5 The latest population projections for North West are down almost 30% on the last projections with prospects for NE, NW and WM worse than other regions and 5 out of 8 LAs where population might fall are in the North West.

5.6 The difference between real average house prices and real GDP (both per capita and per household) has increased dramatically since the early 2000s. There is

no sign of this re aligning, which is what has happened during the previous 30 year period.

5.7 The most pronounced falls in house price has been in the low value markets and the least in prime markets.

5.8 The market is slowly moving but has over the past few years become less dependant on FTBs and more on investors.

5.9 A copy of the presentation from Prof. Philip Leather and the latest Housing Market Trends update can be found (under Housing Market Trends) at: http://www.4nw.org.uk/whatwedo/issues/housing/?page_id=164

6. North West Equity Loans Framework

6.1 Since 2008, work has been ongoing on the framework, supported by a project group and consultants Pennington Choices. The work has cumulated in a proposal for the establishment of a Regional Home Loan group which would oversee the setting up and management of the service. Pennington Choices, the consultants who have been supporting this work so far, has offered to establish the service.

6.2 Since the announcement that the housing function of 4NW would be dissolved, Pennington Choices and Manchester City Council have entered into discussions on how to take this work forward, possibly by Penningtons supporting the procurement process and providing project management with Manchester CC exploring the option for a LA to act as accountable body. Paul Beardmore (Manchester CC) stressed that this had not yet been agreed but there were a number of positives for the framework they had worked on, including:

- procured by public body;
- FSA compliant; and
- opportunity for pooling assets in terms of equity loans already established.

6.3 There was still a lot of work/ detail to be explored and there remains a lack of clarity in terms of funding that Local Authorities will have to join the scheme. Also there would have to be a tapered pay back if/when resources start to come into the service as LA sign up to it.

6.4 Deborah McLaughlin (HCA) supported the work in principle; however she noted CLG guidance on the use of consultants and suggested that there was “in house” expertise in the Agencies who would be able to procure a contract on behalf of the representatives.

6.5 It was agreed that rather than use external consultants, who would require a fee from any future income, existing agencies could be in a position to carry out the procurement on behalf of the region. It was agreed that HCA and NWDA would look further into this.

6.6 The Chair highlighted that this was a variation to the report presented to the Board which Paul Beardmore (Manchester CC) acknowledged suggesting that this

would be subject to satisfactory proposals being developed with other public sector partners.

6.7 Members endorsed the principles of the proposal subject to outcomes from discussions between HCA and NWDA around possible procurement and management.

6.8 Agreed: In principle, the Board agreed to move forward with the equity loan framework work, subject to Paul Beardmore (Manchester CC) and Deborah McLaughlin (HCA) sorting out the detailed proposals, in discussion with NWDA.

6.9 Agreed: It was agreed that the matter did not have to come back before the Board for further approval.

7. FOR INFORMATION ONLY: RHP analysis

7.1 Peter Hart (4NW) gave a short introduction to the Monitoring Housing Investment in NW Final Report June 2010 from ARC₄ that had been circulated for information. The report provided a detailed analysis of the use by LA on the previous two years RHP allocations and provided detailed arrangements for any future monitoring of housing invest within the North West. 4NW would now publish this as a legacy document.

7.2 Jan Bennett (4NW) observed that, having worked for a LA and a regional agency, the information is useful at both local and regional level. Jo Lappin (GONW) agreed that the monitoring was useful to demonstrate to evidence of spend to CLG and an important discipline to preserve.

7.3 Pete Bailey stressed that the work had not been done in vain and suggested that the approach could be adapted to support the Local Investment Planning process.

7.4 Julie Monk (Cumbria Support Officer) queried the level of HCA spend set out on p.19. Deborah McLaughlin assured Julie that all the money had been spent and was possibly due to how the data was collated and interpreted across a range of project initiatives and funding streams.