

DURHAM COUNTY COUNCIL

ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

At a Special Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 2, County Hall, Durham** on **Tuesday 24 October 2017** at **9.30 am**

Present:

Councillor A Batey (Chairman)

Members of the Committee:

Councillors E Adam, J Atkinson, J Clare, M Clarke, T Henderson, P Jopling, J Maitland, R Manchester, A Reed, P Sexton and L Taylor

1 Apologies for Absence

Apologies for absence were received from Councillors R Crute, M Davinson, P Howell, L Maddison, A Patterson and M Wilson.

2 Substitute Members

No notification of Substitute Members had been received.

3 Declarations of Interest

Councillor A Reed noted a family member was employed by the County Durham Housing Group.

4 Items from Co-opted Members or Interested Parties

There were no items from Co-opted Members or Interested Parties.

5 County Durham Housing Group

The Chairman introduced the Chief Executive of the County Durham Housing Group (CDHG), Bill Fullen who was in attendance to give an update presentation as regards the CDHG (for copy see file of minutes).

The Chief Executive, CDHG reminded Members of the background to the CDHG, with transfer of around 18,500 properties to the CDHG from the Council on 13 April 2015. It was added that £150 million of finance had been secured from Barclays Bank and M&G Investments with good long-term fixed interest rates, giving a stable financial position.

It was explained that the homes transferred were already at a standard higher than the national Decent Homes Standard (DHS), and the CDHG transfer was the first post-DHS transfer.

The Chief Executive, CDHG explained that subsequent to the General Election, the new Government imposed a 1% rent cut for four years and this had an impact of a £21 million loss in terms of cash over those four years, impacting upon the non-allocated resource of £70 million.

The Committee were reminded of the transfer Offer Document that had been developed in consultation with key stakeholders and set out the promises to tenants in relation to: extra investment in existing homes; better quality neighbourhoods; new jobs and apprenticeship; more varied services; and new homes. It was noted that there were quarterly meetings with the Council's Head of Economic Development and Housing, Sarah Robson to monitor progress in this regard and that of the 80 promises set out in the Offer Document, currently 76% were being provided in full, 21% were partially provided or in progress, with 3% yet to commence.

The Chief Executive, CDHG added that in terms of investment in the stock: £37 million of investment had been made since April 2015 resulting in the delivery of over: 1340 kitchens; 1110 bathrooms; 1020 rewires; 1300 new boilers; 1400 new roofs; over £2.8 million on disabled adaptations.

Councillors noted that in connection with repairs and maintenance, during 2016/17: 97.5% of responsive repairs were completed within target; 99.2% of responsive repairs appointments were made and kept; and 90.6% of customers were satisfied with the repairs and maintenance service.

It was explained that the Handyperson service was now available across all three landlords and Dale and Valley Homes (DVH) and Durham City Homes (DCH) had reduced their external painting programme from a 7 year cycle to a 5 year cycle, with East Durham Homes (EDH) terms to be looked at when the service goes back out to tender in 2019.

Members noted that in terms of better quality neighbourhoods, a Neighbourhood Quality Standard (NQS) had been approved in March 2016, which sets out what tenants could expect, and also what was expected from tenants. It was noted that, since transfer, there had been an investment of £18.8 million through the neighbourhood investment programme. Councillors noted that this included: safety improvements at Sherburn; sporting groups; local school projects, such as healthy eating and reading clubs; local mother and toddler groups; and community events to enhance social inclusion.

The Chief Executive, CDHG noted that in terms of new jobs and apprenticeships in 2016/17 the group supported, 24 customers into employment; 3 into apprenticeships; and 43 customers through training. Members noted that the CDHG had also had 13 apprentices across the group.

Members noted that it was an aspiration for the CDHG to build 700 homes, with 44 new homes secured via Section 106 monies, 18 of which had been completed.

The Chief Executive, CDHG added that the Homes and Communities Agency (HCA) grant allocation would allow for 195 new homes to be delivered, with a total of £8.6 million in terms of funding secured. It was noted that DCHG had achieved Investment Partner status with the HCA and this allowed for direct bids to access funding.

It was explained that tenants wanted more varied services, these included: a new single website, launched in April 2017; welfare benefits advice; energy advice; digital inclusion; a new Universal Credit Team; and social media. Councillors noted that looking at digital inclusion trends, it was clear there was a need to help enable people to access these services, for example Universal Credit being managed online, and use of IT being a requirement in many jobs. The Chief Executive, CDHG noted that a lot of people under-claimed and CDHG helped around 1,400 customers resulting in approximately £3.3 million in additional benefits gained. It was noted in terms of energy advice, 1,400 customers had been advised and £105,000 in Warm Homes Discount had been awarded, along with £14,000 in energy grants.

Members learned that CDHG had helped customers in terms of Universal Credit, with around 200 new claims. It was noted the Development Team were working closely to understand the impact and learn in advance of the full roll out of the benefit. Councillors noted that it was important to encourage people to pay their rent and to not underestimate what the impact of Universal Credit would be, noting there were areas where the impact would be more likely. It was added that work is being undertaken to raise awareness of the support available via social media and the use of a single website. The introduction of the single website had resulted in a 13% increase in the number of hits to the CDHG's website in May 2017.

It was explained that the achievements of the group had resulted in added value including: grounds maintenance savings of £63,000 per annum; staff savings of £481,000; increase in commercial rents; £75,000 saving from updating communications; and £30,000 of external funding to expand employability and training support.

The Chief Executive, CDHG explained that in terms of the future for CDHG, there would be investment in existing homes, with over £64 million through their investment scheme: £20 million in 2017/18; £22 million in 2018/19; £22 million 2019/20. It was explained that the Group Property Services would be expanded, from April 2018 they would deliver the repairs and maintenance service to all Dale and Valley Homes tenants for a 2 year period.

It was noted that in terms of new homes, there were plans approved and funding in place for the delivery over the next four years, with 98 bungalows for elderly and disabled people. Members noted a mix of developments funded by s106 and CDHG funds in Crook, Rookhope and Pity Me. Members noted that funding had been secured from the Homes and Communities Agency (HCA) in terms of delivering 121 "Rent to Buy" (RTB) properties.

The Chief Executive, CDHG asked Members to note that since 1996, the number of under 35 year olds owning their home had fallen from around 50% to 25% while the number in private rented accommodation had risen from around 20% to 54%. It was added the number in social housing had remained around 20% over this time. The Chief Executive, CDHG added that he felt that by 2020 this would change, and Members were reminded of the impact of welfare benefit changes on those under 35 years old.

He added that while the majority of private rented accommodation was good, it was known that some private rented accommodation was of a poor standard and it would need to be known why people do not move into the social rented sector. It was noted that the new RTB provision would be targeting those under 40 years old, in work, and with the option to buy after 5 years of affordable rent. It was reiterated that how to market these effectively would be key. He added that for those under 35 years old, and not working, other options such as shared tenancies could be looked at.

The Chief Executive, CDHG explained that in respect of better quality neighbourhoods a single housing operations directorate had been established, delivering more joined up services to customers. It was added that this allowed for more resources to be invested in frontline services and local neighbourhood teams were in place to be able to enforce all elements of the Quality Standard, responding to environmental issues. It was noted that a new group grant scheme was launched in July 2018 and a three year growth programme was developed to increase the number of apprentices across the group to 23 in 2017/18.

The Chief Executive, CDHG added that there would be provision of more varied services, with: a single housing management system will deliver a more modernised service to customers, accredited in-house money and debt advice service; a group-wide Occupational Health service; and tenancy sustainment, including pre-tenancy support. Councillors learned that the CDHG had restructured its governance arrangements and as part of this process had established VOCAL (Voice Of the Customer and Leaseholder). VOCAL would form part of the governance structure, with up to 12 members being a mix of residents from across the County. It was noted that VOCAL would play a key role in reviewing and shaping CDHG services giving customers a much stronger voice.

The Chief Executive, CDHG concluded by noting that: significant progress had been made over the last two years; 76% of the elements within the offer document were being delivered; plans were in place to ensure progress is made on the remaining offers over the next five years; and the continuing focus would be on added value.

The Chairman thanked the Chief Executive, CDHG and noted the impact of Universal Credit and asked whether the support in terms of this was from a central location or whether there was outreach into communities.

The Chief Executive, CDHG noted there were a number of strands, there was a central Universal Credit Team and while the numbers currently effected were small, around 200 customers, there was negotiation with the Department of Work and Pensions (DWP) as regards whether it would be possible for rent to be paid directly to CDHG. He added that this would help at an early stage as regards any rent arrears in order to help sustain a tenancy. The Chairman asked, with Universal Credit requiring access to IT equipment in terms of payments and queries, how tenants would be supported in this regard. The Chief Executive, CDHG noted that this was within the wider digital inclusion element of the support provided, with local hubs offering support. He added that issues of connectivity were more problematic in rural areas, such as the Durham Dales, however the CDHG would try to help customers get online to be able to deal with the DWP. Members noted that a survey of customers had noted that 64-65% had no internet provision in their homes, however the majority did own a smartphone and therefore this may be the best approach.

The Chairman asked Members for their questions on the progress report and presentation.

Councillor E Adam noted that since 2015, there had been some positive impact in terms of the stock transfer and establishing the CDHG. He added he was interested in terms of the DWP and changes to buying/rent, and also noted the challenge of Universal Credit and asked were there other challenges.

Councillor E Adam asked in terms of issues that related to parking and footpaths, was there work undertaken in conjunction with Durham County Council (DCC) in terms of additional land or funding, or indeed work with local Town and Parish Councils. Councillor E Adam also asked, as regards energy costs, was there plans to invest in new technologies in order to try and help address fuel poverty.

The Chief Executive, CDHG noted there were several challenges, with Universal Credit being the biggest risk, however another challenge was that of delivering against demand. He explained that in some areas some types of property struggled to be let, with some 3-bed properties being subject to the spare room subsidy. He added that this low demand in some areas led to a need for a fundamental look at asset against liability, and whether it would be better to dispose or demolish a property and build a better product.

The Chief Executive, CDHG explained that in respect of parking issues, a lot of footpaths, roads and hardstandings were transferred to the CDHG from DCC and the group had allocated up to £1 million each year to be invested in these areas, working with DCC Engineers as regards schemes of works and to get areas up to an adoptable standard. In respect of new technologies and fuel poverty, the Chief Executive, CDHG explained that photovoltaic cells had been an attractive option, however, the changes made in terms of the feed-in tariff had now meant this was not as good an option. Members noted the CDHG would look to try and secure an EU funding, while this was still possible, to look for imaginative ways to help with energy conservation/sustainability works.

The Chairman noted all Members would know of instances in their local areas as regards parking issues and for the need to create sufficient parking, including when looking at planning.

Councillor J Maitland noted that the new properties at Murton were appreciated and she was glad there was development within the village. She added that around half were bungalows, a good option.

Councillor J Atkinson noted that maintenance contracts were very important and asked how vigorous had the process been in terms of assessing whether the companies had been able to do the work required and to the necessary standard. He asked what plans were in place to tackle the outstanding jobs as tenants pay for this service as part of their rent.

Councillor P Jopling left the meeting at 10.20am

The Chief Executive, CDHG explained that this was a very important point. He explained that around 10-15 years ago repairs were contracted out, however in the last 2-3 years many Housing Groups were bringing such services back in-house as this allowed for greater control. It was noted that when monitoring contracts, there was a need to monitor very closely the performance.

Councillor J Atkinson asked as regards the £63,000 saving in terms of grounds maintenance and the Chief Executive, CDHG noted this had been achieved by using a more programmed scheme.

Councillor A Reed noted work she had undertaken in her electoral division with tenants looking at issues of repairs and anti-social behaviour and thanked the CDHG staff for their hard work in helping to resolve issues.

She added that new homes for Crook would be welcomed and added that there would be a need to look at the types needed in the area, for example bungalows, and asked if there were details available of the proposed housing mix for Crook. She added that when looking at Durham Key Options (DKO) there appeared to be few bungalows.

The Chief Executive, CDHG noted that he did not have the details to hand, however, he would get them for the Member and respond in due course. He added that one scheme at Willington was exclusively bungalows, some with adaptations.

The Housing Manager, Marie Smith noted that there were issues in terms of demographics and that the County Durham Plan (CDP) would be the way to address this, with the details from DKO in terms of demand being provided to Spatial Planning for their use in the development of the Housing Strategy. It was added that once need was identified, then you would need to look at how you provide against that need, noting that bungalows were not always the only options and that there was a need to have a longer term understanding of housing need.

Resolved:

- (i) That the Economy and Enterprise Overview and Scrutiny Committee note and comment on the information provided in the CDHG's Annual Report and the presentation provided.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee schedule into the Committee's 2018/19 Work Programme consideration of the County Durham Housing Group's Annual Report together with detail of the progress made by the group in 2017/18.

6 Durham County Council's Housing Function - Overview

The Chairman asked the Housing Manager to give an update presentation as regards the Durham County Council Housing Function (for copy see file of minutes).

The Housing Manager noted that as there was a number of new Members, it would be useful to explain: the overall housing and statutory function; the work of housing solutions; headline statistics in terms of customer profile and performance; and up and coming challenges.

It was explained that while the Authority no longer had any housing stock, there was still a need to deliver a housing function. Members noted that the Council's housing and statutory functions were jointly delivered between Housing Solutions, Spatial Policy and Regeneration and Development.

It was noted that there was a requirement to understand housing need and to produce a housing strategy, looking to deliver in conjunction with the Council's 31 partners within the County, 4-5 of the main providers having over 500 properties each.

Councillors were reminded of the duty to secure accommodation for those people found to be statutory homeless, there being 171 last year, and the delivery of Disabled Facilities Grants.

The Housing Manager explained that the Housing Solutions Team also looked at regeneration and the private sector in addition to issues such as homelessness. Members noted that in terms of improving properties and housing management standards there were elements in relation to: energy efficiency grants, the management of the 6 Gypsies, Roma and Traveller (GRT) Sites, which had recently been refurbished; repairs via Direct Services; the Home Improvement Agency; and the landlord accreditation scheme.

The Housing Manager noted that in respect of assisting clients to move home, or remain at home the service provided support in terms of: the Home Improvement Agency (HIA); Family Intervention; homelessness prevention and welfare reform; and managing Durham Key Options (DKO) on behalf of partners.

Members noted that customers could make contact with Housing Solutions via the Housing Advice Line, be referred via a partner agency, or using an online portal. It was explained that there had been 16,184 clients contacted in 2016/17, this number increasing each year, approximately 5,000 of these being via the portal. It was added that clients contacted may just require one off advice or may need to be referred to specialist advice from one of the Housing Solutions teams. Members noted the main reason for referral to specialist advice was due to financial difficulties. The Housing Manager noted that the age range for those requiring specialist advice was mainly clients aged 25 to 44, and the main household type was single males.

Councillors learned that there had been 528 homelessness applications, and with 171 cases accepted with a statutory duty to find accommodation. It was added that the main reason for homelessness was loss of tenancy in the private rented sector.

The Housing Manager explained that there had been: 596 Disabled Facilities Grants completed; 640 properties improved as a direct consequence of local authority intervention; 136 empty properties brought back into use; 106 landlords accredited; and 392 properties improved via energy efficiency measures. Members noted that 563 households had been assisted in moving to alternative accommodation, with 1,173 referrals made to partners for further assistance, including: Changing Lives; YMCA; Durham Action for Single Homeless; Cornerstone; and Moving On.

The Committee learned that 481 clients had been assisted in staying in their home through adaptations or home improvements. It was explained that 378 clients were assisted in resolving their housing benefit queries, and 274 had been assisted via the Council's Remain Safe scheme. Members noted that 455 clients had been referred for assistance via the Discretionary Housing Payment Policy.

The Housing Manager explained that upcoming challenges would include the new Homeless Reduction Act 2017, to be in force from April 2018, which makes the prevention of homelessness a statutory duty. It was explained that there were additional duties and the definition of priority need had been widened and individuals would require a personal housing plan.

It was added that the impact of the roll out of Universal Credit on demand would need to be monitored, with the Council's Head of Finance and Transactional Services sitting on the DWP Working Group. It was noted that it was felt that impact as regards this may start to be felt around Christmas, with more clients having to access the Housing Solutions service.

The Chairman thanked the Housing Manager and asked Members for their questions on the update report and presentation.

Councillor J Maitland asked how private sector properties were chosen for help to make improvements as there was a property in her Division that had been in disrepair for 20 years. The Housing Manager noted the service did not go out and survey, rather requests would come to the service normally via the landlord however the officer would take details in relation to the particular property in the Councillor's area following the conclusion of the meeting.

Councillor J Clare noted a case of a young person, "sofa-surfing" and asked how many emergency units there were in County Durham. He also noted a letter had been circulated in advance of Universal Credit noting the IT facilities available at libraries, and the ability to take advice from the Citizens' Advice Bureau, though he felt that there was not sufficient emphasis on taking this advice. The Housing Manager noted that Customer Services have had some training in this respect and she believed front line staff, such as library staff had received information. The Housing Manager noted that the emergency accommodation had been managed previously by Stonham, now it had been brought in-house from May 2017. It was explained there were 42 properties and the service was looking to increase provision, and as there was some for single males and single females, there would be a look to provide family accommodation. It was noted that the service did all it could to prevent such emergency accommodation having to be used, and that the use of bed and breakfast accommodation was very much a last resort. Councillor J Clare noted it was very important to have this type of provision around the County and the Housing Manager noted that the new Homeless Reduction Act may help in relation to increasing such provision in the county.

The Chairman noted that Area Action Partnership (AAP) meetings had received a good presentation relating to Universal Credit, with the Customer Services Manager and Citizens' Advice Bureau being in attendance to help signpost what services could help.

Councillor E Adam noted the number of landlords accredited and asked how many this had increased by since the last update, how many should we have, and whether there was Universal Credit training for the accredited landlords. The Housing Manager noted this was a reduction from 121, and there was an action plan in place to help address this. She added that there had been four events to which landlords had been invited. In respect of Universal Credit training for accredited landlords, this had been led by the DWP with over 30 in attendance and with some very useful feedback.

It was added there needed to be more of these sessions and also sessions for those landlords without accreditation, and the reasons why those landlords have not renewed their membership of the accreditation scheme was being investigated.

Councillor P Sexton noted he felt that the Homeless Reduction Act would be a game changer and asked whether there was a disjoint between the numbers of those broadly homeless and the housing stock available. The Housing Manager noted it was not the stock itself, more so the stock type and the benefits that would be available. She added that those likely to have issues were single males under 35, in receipt of benefits that may not cover their rent.

It was added that it was a struggle to find those people a property and therefore the service was working with partners looking at models such as shared tenancy to help address these issues.

Councillor P Sexton reiterated the comments from the Chairman as regards the very good presentation made at a recent AAP. He added that he knew from past experience, having worked for the DWP, that it had been law that hardcopy letters be sent out to benefit claimants, adding he was not sure how well an electronic system would work in practice. Councillor P Sexton added that he was pleased to note all of the work being done by DCC and partners in relation to this, but noted that members of the public would see the Council, as Local Government, as being part of the Government that introduced Universal Credit. He concluded by noting that the penalties and sanctions that could be applied to individuals would cause serious hardship. The Chairman reiterated this, adding that sanctions of up to three years could be life changing.

Councillor J Atkinson asked in relation to Councillor E Adam's question, was the message being send out to private landlords. The Housing Manager noted that it was and also it was important to get the information out to tenants and the wider public too.

Councillor R Manchester asked if the financial assistance was linked to being an accredited landlord. The Housing Manager noted it was not, the scheme being linked to the standard of management not the stock.

Resolved:

That the overview report and presentation be noted.

7 Housing White Paper - Progress

The Chairman asked the Spatial Planning Team Leader, Michelle Robinson to give a progress report in respect of the Housing White Paper and the 'Planning for the Right Homes in the Right Places' Consultation (for copy see file of minutes).

The Spatial Planning Team Leader noted that this was a further update, the last being at the February meeting of the Committee. It was explained that following the White Paper published on 7 February, Planning for the Right Homes in the Right Places was published on 14 September 2017 for an eight week consultation closing on the 9 November 2017.

It was noted that the CDP had a 6 week consultation on the issues and options paper, which had been very open to take on board peoples' thoughts. Members were reminded that the next stage had been to go out with a "preferred option" around November/December 2016, however, as it was known that the Housing White Paper would be produced, advice was to hold off until this could be looked at. The White Paper had been expected in December 2016, however it did not come forward until February 2017. The Spatial Planning Team Leader added that the White Paper had not included some details, such as the method of calculating housing need, however it included 49 questions and a DCC response had been produced and submitted. A copy of the response had been circulated to the members of the committee in July 2017.

Members noted the Planning for the Right Homes in the Right Places paper included the methodology in terms of calculating housing need and also contained a further 19 questions, including: areas of common ground where working with other Local Authorities; how neighbourhood planning groups can have greater certainty in terms of housing need; using viability assessments to improve and speed up s106 agreements; and looking at increasing planning fees for those Local Planning Authorities that are delivering the homes their communities need.

The Spatial Planning Team Leader noted that the Council's published figure as set out in the methodology was 1,368 houses per annum. It was noted that the figures consulted on within the CDP issues and options in June 2016 of 1,717, 1,629 and 1,533 per annum, which were based on Officer for National Statistics 2012 projections, the Government's figure being based on 2014 projections, which were significantly lower. Members noted for context that in terms of housing delivery per annum over the last 3 years were 1,146, 1,537 and 1,386.

The Committee noted that the consultation document suggested that it was possible to go beyond the published figure as a result of a "strategic infrastructure project, increased employment ambition through a Local Enterprise Partnership (LEP) investment strategy, a bespoke housing deal or through delivering the modern Industrial Strategy", however, clarity on this was needed.

The Spatial Planning Team Leader added that the Government had noted that following the consultation, the changes would be made to the National Planning Policy Framework (NPPF), to be published early 2018, with a final version being published in Spring 2018. Members noted that the Council's response to the consultation would be considered by Cabinet at its meeting on 15 November 2017 and if Members felt appropriate a further update could be brought back to the Committee in January 2018.

The Chairman thanked the Spatial Planning Team Leader and asked Members for their questions on the update report.

Councillor J Clare noted he recalled that some non-housing elements of the CDP may be brought forward and asked as regards this. He also noted that he felt that the issue in terms of housing was not necessarily the numbers, rather the types, and that two storey properties could work for older people if built suitably in the first place, and there was an issue in terms of provision for single males. Councillor J Clare added he felt that the potential to increase planning fees seemed counterproductive, especially in areas that struggled to meet their needs.

The Spatial Planning Team Leader noted that the Government consultation sets out how to plan for people with specialist needs, and the CDP would meet the aims in terms of age, population and specialist groups. She noted the example of the Great Aycliffe Neighbourhood plan which looked for 10% new housing to address the needs of older people and those with specialist needs. It was added that the Strategic Housing Market Assessment (SHMA) and colleagues from teams, such as Housing Solutions, would help to inform the Council's Housing Strategy moving forward, to ensure the types of property we need are being delivered. The Spatial Planning Team Leader noted that it had been considered to move forward with some aspects of the CDP such as transport, waste, minerals, however the advice was not to do so.

Councillor E Adam noted it was pleasing to see links to Housing Solutions and added that he had noted the CBI's report on the Government's White Paper had not been particularly supportive and that the concern was to support employment by supplying the houses that were needed alongside. He added that the Council's CDP had been very forward looking in terms of this, however, added that while the focus had been on houses to buy he felt that there could be some merit in having more social housing provision, allowing people to move easier to access employment opportunities.

The Spatial Planning Team Leader noted that employment and growth had been considered within the CDP, however, the White Paper had looked more along the lines of affordability only, and had not taken into account other issues, such as vacancy rates.

Resolved:

- (i) That the Economy and Enterprise Overview and Scrutiny Committee note the progress report.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee received a further update in January 2018.