



**Special Economy and Enterprise
Overview and Scrutiny Committee**

Date Monday 11 March 2019
Time 9.30 am
Venue Committee Room 1A-1B, County Hall, Durham

Business

Part A

Items during which the Press and Public are welcome to attend. Members of the Public can ask questions with the Chairman's agreement.

1. Apologies for Absence
2. Substitute Members
3. Declarations of Interest, if any
4. Items from Co-opted Members or Interested Parties, if any
5. Local Industrial Strategy - Overview: (Pages 3 - 20)
 - (i) Joint Report of Director of Transformation and Partnerships and Corporate Director of Regeneration and Local Services.
 - (ii) Presentation by the Regeneration Policy Team Leader and the Managing Director, Business Durham, Regeneration and Local Services.
6. Private Sector Housing - Progress: (Pages 21 - 38)
 - (i) Joint Report of Director of Transformation and Partnerships and Corporate Director of Regeneration and Local Services.
 - (ii) Presentation by Housing Manager, Regeneration and Local Services.
7. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration

Helen Lynch
Head of Legal and Democratic Services

County Hall
Durham
1 March 2019

To: **The Members of the Economy and Enterprise Overview and Scrutiny Committee:**

Councillor A Batey (Chairman)
Councillor M Clarke (Vice-Chairman)

Councillors E Adam, J Atkinson, R Crute, S Dunn, D Hall, T Henderson, P Howell, S Iveson, P Jopling, L Maddison, J Maitland, R Manchester, R Ormerod, A Patterson, A Reed, E Scott, P Sexton and M Wilson

Co-opted Members:

Mr G Binney and Mrs R Morris

11 March 2019



Local Industrial Strategy

Joint report of Lorraine O'Donnell, Director of Transformation and Partnerships and Ian Thompson, Corporate Director of Regeneration and Local Services

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide members of the Economy and Enterprise Overview and Scrutiny Committee with background detail on the Local Industrial Strategy prior to a presentation by Glenn Martin, Regeneration Policy Team Leader, Durham County Council and Brian Archer, Managing Director, Business Durham.

Executive Summary

- 2 The national Industrial Strategy was published in 2017 with the aim of boosting productivity which in turn should lead to better wages for workers. It aims to make the UK the world's most innovative economy, improve the quality of jobs and infrastructure, support new businesses and improve prosperity across the country. It identifies four major technological challenges that need to be tackled and is complemented by a series of sector deals with specialist sector bodies.
- 3 The Industrial Strategy also outlines the need for Local Enterprise Partnerships and Mayoral Combined Authorities to develop Local Industrial Strategies (LIS). The North East Local Enterprise Partnership will be amongst the first in England to prepare a LIS and Business Durham is leading on preparing evidence to support this.

Recommendations

- 4 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment upon the information provided in the report and the presentation.

- 5 That the Economy and Enterprise Overview and Scrutiny Committee includes in its 2019/2020 work programme a further progress update on both the development of Durham's Industrial Strategy and the Local Industrial Strategy.

Background

- 6 Members will recall that at the meeting of the Economy and Enterprise Overview and Scrutiny held on 26 June 2018 when discussing the committee's future work programme for 2018/19 it was agreed that a progress update should be provided to the committee at the meeting on the 11 March 2019 on the Government's Industrial Strategy.
- 7 Subsequently at the meeting of the committee held on 25 September 2018 when considering a presentation from Business Durham which included detail of future opportunities it was commented that County Durham had a role in influencing the Local Industrial Strategy so that it reflects issues in County Durham. It was suggested by members that the Local Industrial Strategy should also be included in the committee's 2018/19 work programme.
- 8 Arrangements have been made for Glenn Martin, Regeneration Policy Team Leader, and Brian Archer, Managing Director, Business Durham to attend the meeting on 11 March 2019 to deliver a presentation focusing on:
- The UK's National Industrial Strategy
 - The development of the Local Industrial Strategy by the North East Local Enterprise Partnership
 - Current activity in Durham
 - The opportunities and challenges for Durham

A copy of the presentation slides are attached as Appendix 2.

Context

- 9 In November 2017, the Government published the [Industrial Strategy](#) which aimed to "*set out a long-term plan to boost the productivity and earning power of people throughout the UK*". The vision for the strategy is fivefold:

- The world's most innovative economy
 - Good jobs and greater earning power for all
 - A major upgrade to the UK's infrastructure
 - The best place to start and grow a business
 - Prosperous communities across the UK
- 10 The five elements of the vision form the basis for the five foundations of productivity which are ideas, people, infrastructure, business environment and places. In addition to these, the strategy identifies areas where the UK can take a lead in global technological development. These are known as the four 'grand challenges' of artificial intelligence, future of mobility, clean (e.g. low carbon) growth, and the ageing society.
- 11 A number of '[sector deals](#)' are also being agreed between the Government and the organisations that represent industrial sectors. Currently eight have been agreed for the following sectors:
- Aerospace
 - Artificial intelligence
 - Automotive
 - Construction
 - Creative
 - Life sciences
 - Nuclear
 - Rail
- 12 Since its publication, the Industrial Strategy has been used as an umbrella under which a range of Government investments can be promoted. It references the Shared Prosperity Fund which is due to replace European funding after Brexit but we are still awaiting a consultation on this fund which will be crucial to regeneration in County Durham. The strategy also makes several references to the economic opportunities that the UK will have after Brexit, but Brexit has clearly become the main challenge for the Government and economy.
- 13 The Industrial Strategy also provides the framework for 'Local Industrial Strategies' (LIS) which the Government expects Local Enterprise Partnerships or Combined Authorities to develop. In the North East it has been agreed that the North East Local Enterprise Partnership (NELEP) will prepare the LIS, which will build on the evidence and direction of the [North East Strategic Economic Plan](#) but will focus more heavily on improving productivity.

- 14 In October, the Government published a [LIS policy prospectus](#) as well as updates on the progress towards LISs for [Greater Manchester](#) and the [West Midlands](#). These give an insight into what the Government expects LISs to include, how they link to the national Industrial Strategy, and an outline of the Government support available. The North East LIS will be amongst the first in the Country to be developed and is expected to be published towards the end of 2019.
- 15 County Durham will have numerous opportunities to influence the development of the Local Industrial Strategy including NELEP Board and Innovation Board and the North East Combined Authority. NELEP also hold consultation events, formal consultations and has established an 'Evidence Forum' which the vice chair of the County Durham Economic Partnership attends.
- 16 County Durham has several opportunities and assets which can be maximised: world class research capacity, cultural and tourism assets, strategic employment sites, the largest share of businesses in the North East, connected transport corridors, and improving skills levels across the working age population alongside lower labour costs compared to rest of UK. It is also one of the safest places to live, work and visit. In the last three years, 40 multinationals have invested in the county and there is £3.4Bn of planned investment, creating 100,000 new jobs by 2024.
- 17 There are major economic challenges which need to be met in the coming years: the ageing population, and digitalisation of the economy, the changing nature of work, and climate change. Business Durham is therefore preparing evidence that can be used to influence the Local Industrial Strategy with a view to supporting the implementation of corporate priorities.

Next steps

- 18 Business Durham will continue to develop evidence that supports the delivery of corporate priorities.
- 19 Durham will continue to engage in the development of the North East Local Industrial Strategy via every available channel.

Conclusion

- 20 Members will be aware of the areas of focus in the Local Industrial Strategy, how work is currently ongoing in County Durham to develop and deliver a County Durham Industrial Strategy and opportunities for areas of focus identified in the County Durham Industrial Strategy to influence the Local Industrial Strategy.

Background Papers

- 21 The UK's Industrial Strategy <https://www.gov.uk/government/topical-events/the-uks-industrial-strategy>

Contact: Brian Archer 03000 265510

Appendix 1: Implications

Legal Implications

Not applicable

Finance

Not applicable

Consultation

Not applicable

Equality and Diversity / Public Sector Equality Duty

Not applicable

Human Rights

Not applicable

Crime and Disorder

Not applicable

Staffing

Not applicable

Accommodation

Not applicable

Risk

Not applicable

Procurement

Not applicable

Business Durham



Industrial Strategy

Brian Archer
Glenn Martin
11/3/2019

Powered | by | People

Business Durham Strategy

Mission

To enable growth, create jobs and improve lives in County Durham

Vision

We will have a national reputation for delivering the environment for measurable economic growth

Values

- ❖ Honest
- ❖ Accountable
- ❖ Results driven
- ❖ Responsive
- ❖ Inclusive
- ❖ Enjoyment
- ❖ Entrepreneurial

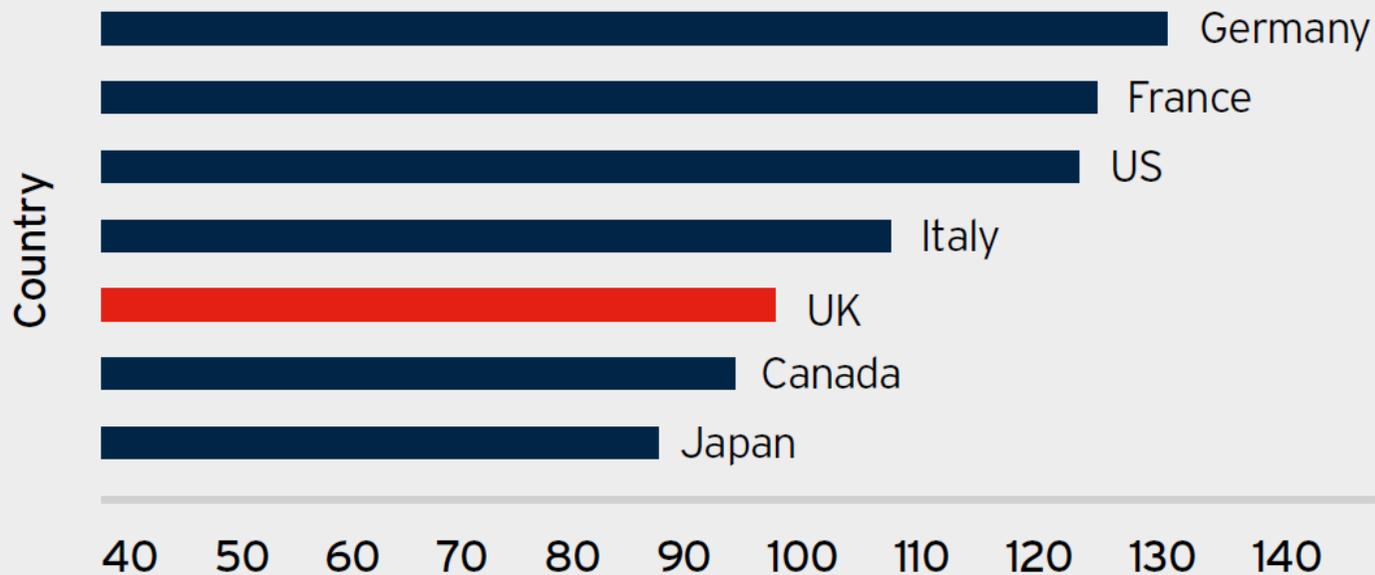
Strategic Aims

- ❖ Build a profile and reputation for County Durham as the best place to invest, start or grow a business
- ❖ Deliver measurable inclusive economic growth and account for our performance to our stakeholders
- ❖ Improve our financial resilience and surplus
- ❖ Transform our internal systems and processes to become a robust and agile organisation with a reputation for quality
- ❖ Be an employer of choice attracting and retaining the very best people

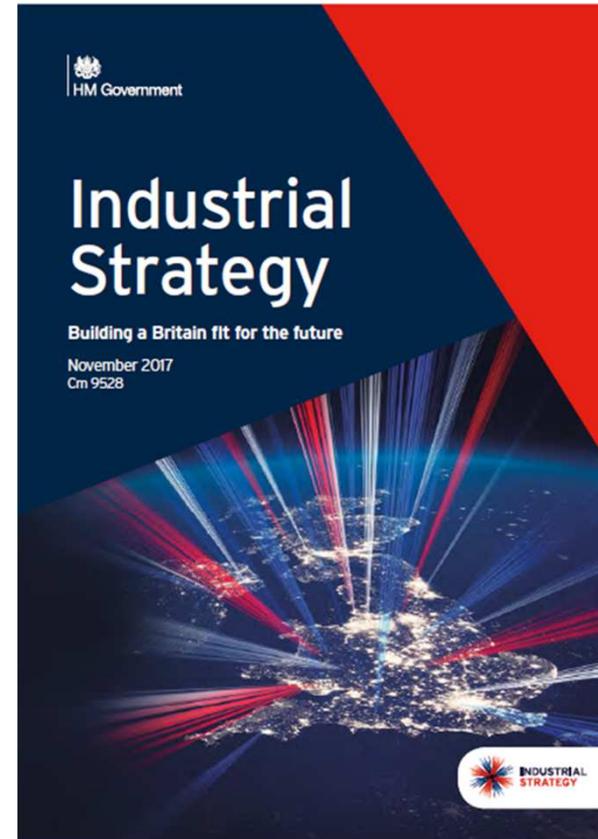
Why do we need an Industrial Strategy ?

UK productivity relative to other G7 countries

GDP per hour worked, 2016, index: UK=100



The Productivity Foundations



The Grand Challenges

We will set Grand Challenges to put the United Kingdom at the forefront of the industries of the future:



AI & Data Economy

We will put the UK at the forefront of the artificial intelligence and data revolution



Clean Growth

We will maximise the advantages for UK industry from the global shift to clean growth



Future of Mobility

We will become a world leader in the way people, goods and services move



Ageing Society

We will harness the power of innovation to help meet the needs of an ageing society

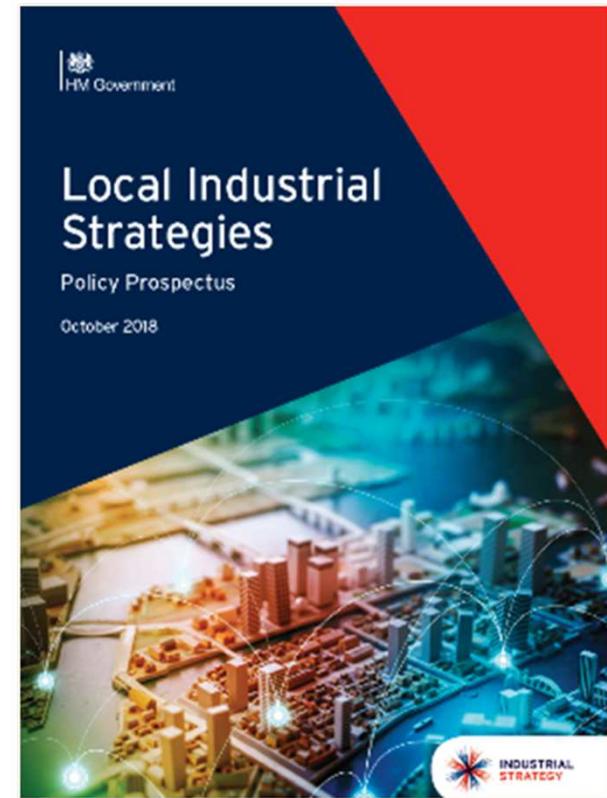
Sector Deals

- ❖ Aerospace
- ❖ Artificial intelligence
- ❖ Automotive
- ❖ Construction
- ❖ Creative
- ❖ Life sciences
- ❖ Nuclear
- ❖ Rail



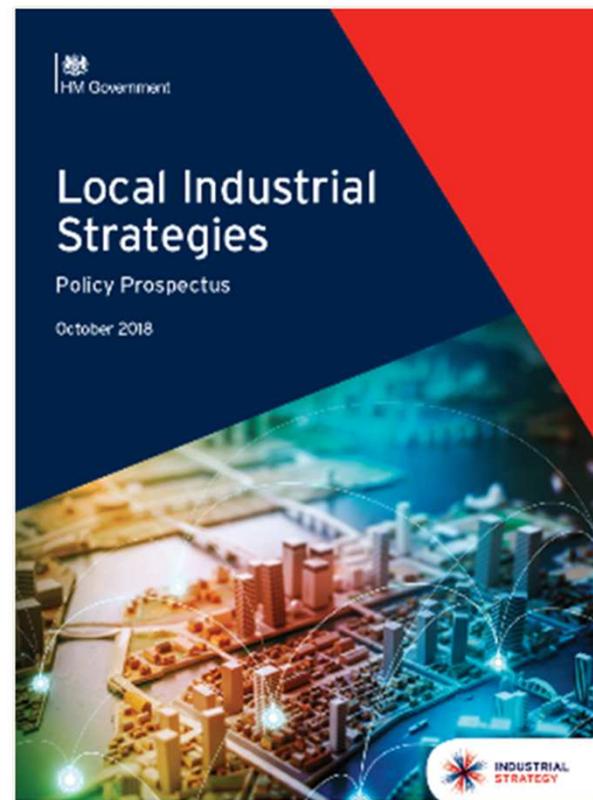
The NELEP Role

“Local Enterprise Partnerships will adopt a single mission: to promote productivity by delivering Local Industrial Strategies”



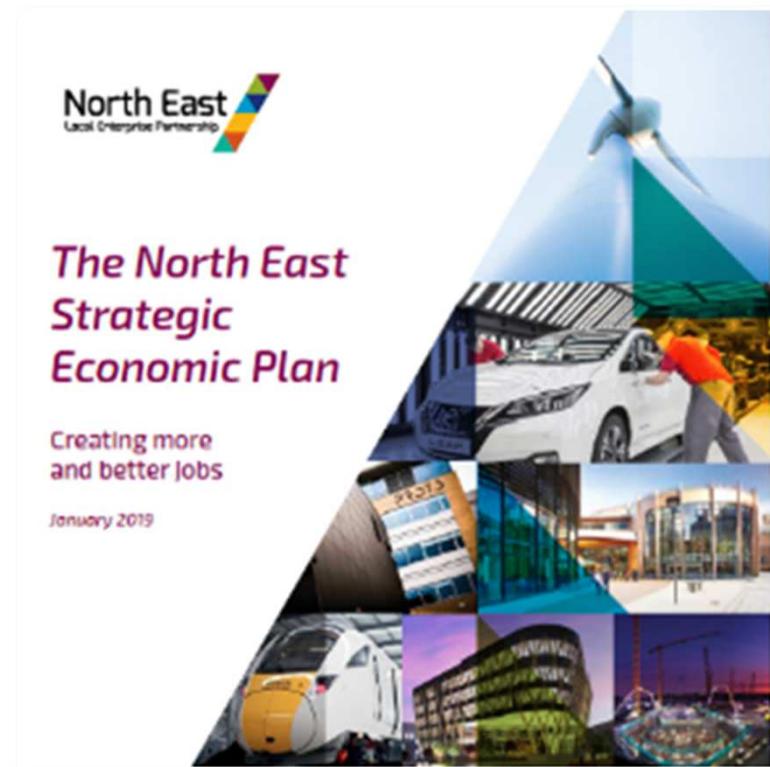
North East Guidance

- ❖ Increase productivity
- ❖ Set out spatial impacts of national policy
- ❖ Assumes Local Enterprise Partnerships and Mayoral Combined Authorities have the same geography

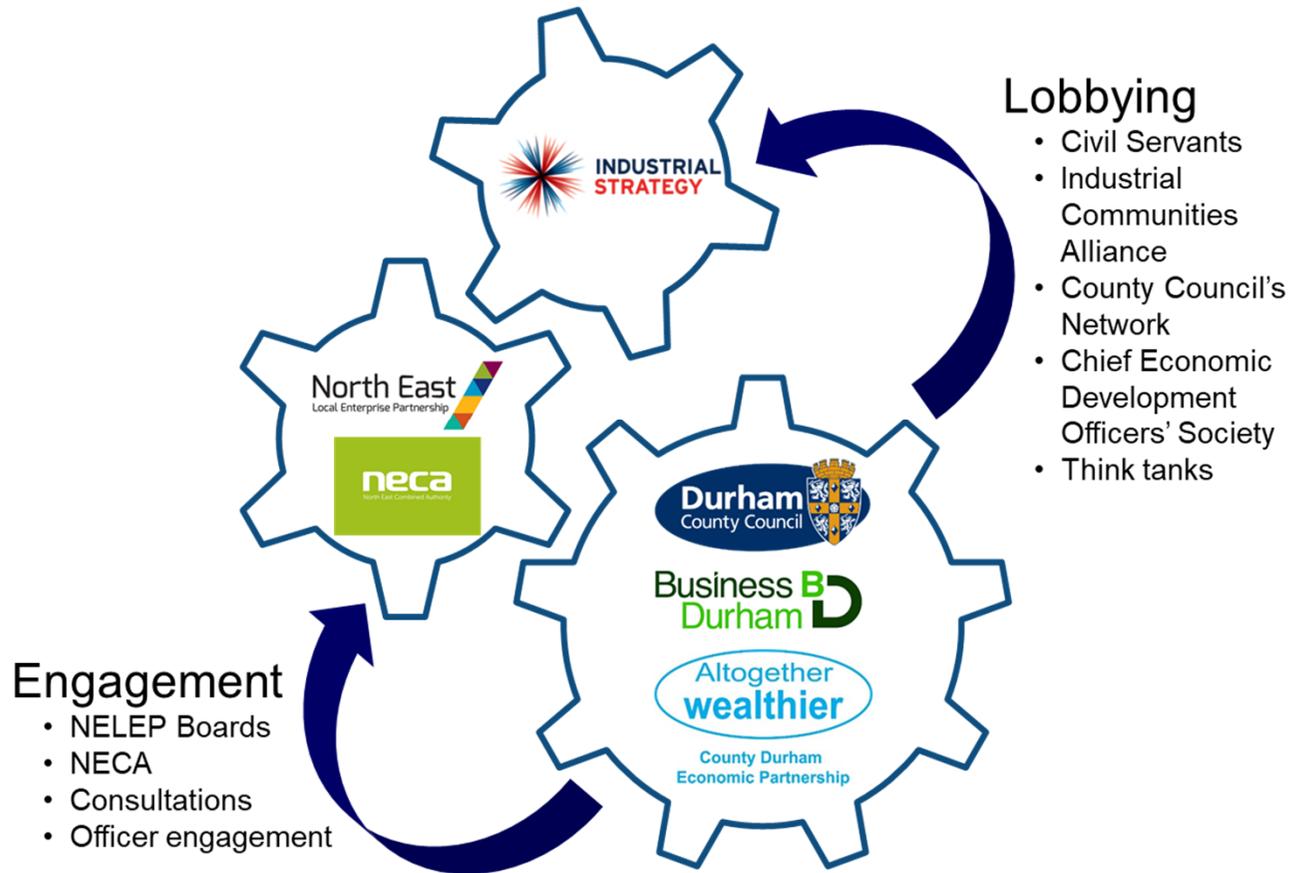


The North East LIS

- ❖ Supports LIS delivery
- ❖ Productivity focus
- ❖ Aligned to SEP
- ❖ Sharper focus on productivity
- ❖ Collaborative process with Govt.
- ❖ Prioritised interventions
- ❖ Secure attention on NE
- ❖ Positioning for funding



Influencing Delivery



Questions



This page is intentionally left blank

11 March 2019



Private Sector Housing

Joint report of Lorraine O'Donnell, Director of Transformation and Partnerships and Ian Thompson, Corporate Director of Regeneration and Local Services

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide Members of the Economy and Enterprise Overview and Scrutiny Committee (E&E OSC) with an overview of the various initiatives, achievements and challenges in dealing with private sector housing in County Durham.

Executive Summary

- 2 The private rented sector is a growing and valuable part of the housing market, with many people choosing to live in private sector housing accommodation whilst others have no other available option.
- 3 The majority of private landlords operate good practices and are aware of their responsibilities, however a small number operate unsatisfactory management practices which can have a detrimental impact on tenants and communities.
- 4 Our aim is to ensure that problems associated with private sector housing are effectively resolved in a timely manner ensuring that risks to public safety are minimised and private properties are effectively managed by their owners.

Recommendations

- 5 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment upon the information provided in the report and the presentation.
- 6 That the Economy and Enterprise Overview and Scrutiny Committee continues to monitor the progress of the various activity undertaken with the private rented sector with a further progress report scheduled in the work programme for 2019/20.

Background

- 7 Members will recall that at the E&E OSC held on the 26 February 2018 members received detail of the various projects and initiatives undertaken with the private housing sector and it was agreed at that meeting that the committee would include in their future work programme for 2018/19 a further progress update.
- 8 Subsequently when developing the future work programme, we included an overview of the 'Tackling Empty Properties' initiative at the September E&E OSC. A further update on this initiative is to be provided at the meeting on 11 March 2019 and it was therefore considered timely that members receive an update on the private rented housing sector.
- 9 Arrangements have been made for Shirley Janes, Housing Manager and Neil Laws, Public Health and Private Sector Housing Manager to attend the meeting on the 11 March 2019 and provide a presentation focusing on:
- Our collaborative approach
 - Private Rented Housing Sector Initiatives and Interventions
 - Achievements
 - Challenges and emerging Issues
 - Forward plan

A copy of the presentation is attached as Appendix 2.

Context

- 10 Durham is a large and diverse area with different parts of the county having distinctive characteristics and needs and this is true of the housing sector as much as any part of the county's infrastructure.
- 11 According to the 2011 census, there are 223,803 occupied households in the county with 14% of them being in the private rented sector.
- 12 The census shows a significant growth in the private rented sector in the ten years between 2001 and 2011, with the number of private rented homes in the county rising by 78% from 15,825 to 28,142 households.

- 13 Apart from the concentration of private rented housing in Durham City serving its student population, private rented housing in County Durham tends to be concentrated in areas of relative deprivation, where the housing market is weak. Private rented property is often older types of housing, in poor condition and failing to meet the minimum condition standards.
- 14 Within County Durham we have over 750 Houses in Multiple Occupation which are regulated under the mandatory licensing scheme.
- 15 Private rented accommodation is a valuable and growing part of the housing market, providing flexibility for people who choose not to buy and can provide affordable housing for those who are unable to afford to purchase their own home. Whilst it is the tenure of choice for some, an increasing number of residents have no other available option than to rent in the private sector.
- 16 The majority of private landlords who operate in the county provide good quality accommodation and are aware of their responsibilities, however a small number operate poor management practices and allow tenants to live in unsatisfactory conditions. This can have a negative impact on the health and wellbeing of tenants, neighbours and the community.
- 17 There are significant issues with empty, abandoned and neglected dwellings in many areas across the county. Recent Council tax records indicate there are around 4,900 privately owned homes that have been empty for six months or more. A large proportion of these properties tend to be concentrated in areas of relative deprivation, where the housing market is weak.
- 18 Long term empty properties are often neglected or abandoned, which can be an attraction or anti-social behaviour, fly tipping and arson.

Our Collaborative Approach

- 19 The Council's Housing Solutions Team and Environment, Health & Consumer Protection Services (EHCP) work together as part of a multi-agency approach to address issues relating to private sector housing and tackle empty properties, which are affecting our local communities.
- 20 Housing Solutions work pro-actively with internal Council services and external agencies to scope the issues and determine an action plan for the area.

- 21 Housing Solutions-Private Sector Housing team work proactively to encourage a more professional private rented sector in the county by improving the management practices of landlords and the quality of the accommodation they let.
- 22 The EHCP - Public Health & Private Sector Housing Team have a regulatory role for inspecting and licensing houses in multiple occupation as well as assessing house condition and overcrowding. Where necessary the team will take enforcement action to improve the private housing stock (which includes rental properties) to protect residents, tenants and local communities from risks to their public health and safety.
- 23 The Council takes a collaborative approach and will adopt an early intervention strategy which is risk based and intelligence led to ensure that available resources are effectively targeted at the highest priority properties and priority areas.

Initiatives and Interventions in the private rented housing sector

- 24 The council delivers a range of interventions and initiatives alongside a variety of partner agencies to address poor standards in living accommodation as well as improve the current private rented sector housing offer available.
- 25 Our intervention strategy is implemented using a graduated approach and through positive engagement with landlords and tenants we seek to encourage and support a good quality private rented sector, with good quality accommodation, run by responsible landlords. When this partnership approach does not work effectively, there are other interventions that the authority needs to take.
- 26 The range of interventions includes:-
- Advice and information – is provided to landlords and tenants regarding their legal rights and responsibilities of renting property.
 - Tackling empty properties – working with property owners through engagement, encouragement and the provision of financial assistance.
 - Selective Licensing – currently there is one remaining designation which is Wembley, Easington Colliery. In these areas, a landlord has to obtain a licence from the council in order to rent out their property and all tenants must be referenced.

- Financial Assistance – A suite of loan products is available to help landlords improve their properties. Interest free loans are available to property owners to bring empty properties back into use and ‘move in’ incentive grants are available to people who purchase a long-term empty property to live in themselves. All loans are registered as a secure charge against the property and owner occupiers who receive a move in grant must remain living in the property for five years or repay the council in full.
- Accreditation – In 2015 the private landlord accreditation scheme was launched countywide. The scheme is voluntary and for landlords to be a member they must operate to a code of practice, which includes property condition; management practices; and the good character of the landlord.
- Area based Initiatives – resolving issues in specific areas through a targeted multi-agency approach. This work has had a positive impact on returning properties to use; engaging with landlords; and increasing the membership of the accreditation scheme.
- Mandatory Licensing of Houses in Multiple Occupation (HMOs) – was initially introduced in 2006 and over 450 have been licensed by the Council. Since October 2018, the legislation has been extended and now covers an additional 300 HMOs within the licensing regime.
- Assured Housing scheme for HMOs – The scheme is a voluntary code for student landlords that covers all accommodation in Durham and aims to improve the quality of privately rented student housing and provide a level of assurance for students seeking accommodation.
- Housing Health & Safety Rating System (HHSRS) is a risk assessment tool used to assess potential risks to the health and safety of occupants and their visitors in residential properties focusing on the hazards that are present in housing. Tackling these hazards will make housing healthier and safer to live in.
- Public Health & Private Sector Housing enforcement- The Council has a variety of statutory duties and powers it can use both for private rented housing as well as owner occupied to deal with poor housing conditions, defective buildings and empty properties.

- Community Action Team (CAT) - The CAT co-ordinate area based actions with key council services and partners to deal proactively with local housing and environmental issues. The CAT initiative is normally delivered over an eight to ten week rolling programme in 4-6 targeted areas within the County every year and will work with the local community to ensure that owners, occupiers / tenants and landlords to take responsibility for their properties.
- The Housing and Planning Act 2016 introduced provisions for private landlords and lettings agents with the introduction of a range of sanctions:
 - Rent Repayment Orders
 - Civil penalties
 - Tenancy deposit data sharing
 - Banning Orders
 - A Rogue landlord database

Key Achievements 2018/2019:

- Tackling Empty Properties protocol developed to assist multi agency working and escalate actions in priority areas/properties was implemented in 2018 and enables partners to develop a problem solving approach using their relevant powers as well as innovative solutions to protect the public and bring empty properties back into use.
- Officer working group established to address some of the most complex to deal with empty homes.
- Over 700 long-term empty homes have been brought back into occupation since April 2014. Empty Homes brought back into use for this financial year to date is 171.
- Extended licensing HMO regime introduced in October 2018 – extended scope of licensing regime to an additional 300 HMOs.
- Officer Working group established to consider development of Town and Village Centre Initiatives.
- Community Action Team have delivered 4 area based programmes of work Ferryhill/Deanbank and Easington Colliery (former selective licensing areas), Willington and Woodhouse Close.

Challenges and emerging issues:

- 27 The private rented sector has been the focus and subject of many legislative changes in the last three years. Along with rising costs through taxation changes, negative equity, changes in mortgage lending, banning of tenant fees, 100% council tax charges and the introduction of universal credit many landlords are experiencing difficult times.

28 In 2019/20 more changes are set to be implemented with much of the detail still to be confirmed, however initial proposals will cover:

- Homes (Fitness for Human Habitation) Act
- Letting Agent Fees
- Landlords to Join Redress Scheme
- Compulsory Electrical Checks

Forward Plan:

29 Development of the Council's Private Sector Housing Policy

30 Development of a revised Empty Homes policy including:

- Annual target of 200 empty homes brought back into use

31 County Durham Selective Licensing Appraisal

32 Community Action Team Programme – CAT programme for 2019 will focus on Cockton Hill Road, Grange Villa, Crook Central and Eldon.

33 Development future action programme for Town and Village Centres.

Conclusion

34 Members of the Economy and Enterprise Overview and Scrutiny Committee will be aware of the multi-agency approach used to tackle issues with private sector housing and empty properties in the county, detail of achievements made, challenges and emerging issues and proposals for the future.

35 The committee will continue to monitor the impact of the multi-agency approach and the various initiatives and interventions in the private rented housing sector with a further progress report included in the committee's work programme for 2019/20.

Background papers: None

Contact: Shirley Janes 03000 262 036

Appendix 1: Implications

Legal Implications

Not applicable

Finance

Not applicable

Consultation

Not applicable

Equality and Diversity / Public Sector Equality Duty

Not applicable

Human Rights

Not applicable

Crime and Disorder

Not applicable

Staffing

Not applicable

Accommodation

Not applicable

Risk

Not applicable

Procurement

Not applicable

Economy and Enterprise Overview and Scrutiny Committee

11th March 2019

Private Sector Housing Update

Shirley Janes Housing Manager

Neil Laws, Public Health & Private Sector Housing Manager

Altogether better



Summary

- Our Collaborative approach
- Private Sector Housing Initiatives
- Achievements
- Challenges and emerging issues
- Forward plan

Altogether better



Our Collaborative Approach



Altogether better



Private Rented Sector in Durham

- 14% of households privately rent
- Rise of 78% between 2001 & 2011
- Mainly deprived areas
- Much needed accommodation
- 6,900 long term empty homes

Altogether better



Private Sector Housing Initiatives and Interventions

- Advice and guidance
- Negotiation / mediation
- Referrals and Signposting
- Voluntary Accreditation Scheme
 - 139 Landlords
 - 2621 properties
 - 128 properties listed on DKO
 - 388 inspections carried out in 2018/19
 - 50% renewal rate
 - Focus Groups

Altogether better



Tackling Empty Properties

- Scored assessment to prioritise
- Investigate & identify property owners
- Engagement & education
- Help to sell, rent or lease
- Interest free loans
- Move in grants

Altogether better



Empty Homes 2018-19

- Annual target is 120 back into use
- Empty Homes brought back into use:-
 - 171 year to date
 - 86 grants and loans
 - 91 other means
- Over £700,000 financial assistance
- Joint working protocol review for empty properties.
- Central database for all reporting

Altogether better



Challenges

- Limited powers
- Landlords viewed as burden rather than a stakeholder & valued resource
- Access to affordable housing: zero tolerance / bedroom tax
- Housing & Planning Act 2016
- More legislative changes

Altogether better



Challenges to Landlords

- Negative Equity
- Rising Costs - Changes in taxation and mortgage lending / Banning of tenant fees / 100% council tax charges
- Business v Domestic v Investment; Disparity with social housing
- Legislative Changes
- Universal Credit

Altogether better



Forward Plan

- Early intervention and prevention
- Supporting Tenants and Landlords
- Multi Agency Problem Solving / Partnership working
- Risk based intelligence led enforcement
- Develop Private Sector Housing & Empty Homes Policy
- Develop programme of Buy to Lease properties
- Develop business case for county wide Selective Licensing
- Area Based initiatives:-
 - CAT programme
 - Town and Village Centre Regeneration
 - Time Limited Projects

Altogether better

