

DURHAM COUNTY COUNCIL

ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Council Chamber, County Hall, Durham** on **Monday 6 March 2023** at **9.30 am**

Present:

Councillor K Robson (Chair)

Members of the Committee:

Councillors G Binney, K Earley, D Haney, G Hutchinson, C Martin, R Ormerod, A Reed, A Sterling, A Surtees, S Wilson, K Shaw (substitute for C Marshall) and D Sutton-Lloyd (substitute for A Jackson)

Also Present:

Councillor(s) V Andrews, P Atkinson, C Bihari, L Brown, C Hampson, P Heaviside, D Nicholls, E Scott and J Charlton

Prior to the commencement of the meeting the Members stood for a minute's silence out of respect to Councillor Bainbridge

1 Apologies

Apologies for absence were received from Councillor A Jackson, Councillor C Marshall, Councillor B Moist, Rosemary Morris and Eric Simons

2 Substitute Members

Councillor K Shaw was present as substitute for Councillor C Marshall and Councillor Sutton-Lloyd for Councillor A Jackson

3 Minutes

The minutes of the meeting held on 19 December 2022 were agreed as a correct record and signed by the Chair.

4 Declarations of Interest

No Declarations of Interest were received.

5 Items from Co-opted Members or Interested Parties

No items were raised.

6 Housing Update

The Committee considered a report of the Corporate Director of Regeneration, Economy and Growth which provided an update for members of the Economy and Enterprise Overview and Scrutiny Committee on three areas of interest relating to the Council's housing service (for copy see file of minutes).

The Head of Planning and Housing, Michael Kelleher gave a detailed presentation on Housing in County Durham giving Members an update on the three areas of interest that Members had previously asked to consider.

The Head of Planning and Housing noted the presentation would cover three main areas of interest which were the role of Registered Housing Providers in the County, the Selective Licensing Scheme and a further update in relation to Empty Homes. The Committee was informed of the Council's work with various housing associations, playing a key role in developing the local plan and providing affordable housing to meet housing needs across the County. It was noted the Council's Homelessness Strategy was required by law to be reviewed every five years. The Council's housing role was then highlighted and included: development of the Local Plan, Housing Strategy and Homelessness Strategy for the county; management of the allocations scheme which sets out how the council and partners allocate properties; private sector housing enforcement, addressing tenants complaints and ensuring properties are fit for habitation; management and delivery of the Selective Licensing Scheme, which gives powers to Durham County Council to regulate private sector landlords and managing agents; to bring back into use residential empty properties across the county; assist people to live independently by adapting properties for disabled tenants and help to make homes more energy efficient through funding. The Committee were advised of the role of Registered Social Housing Providers within the County which is as follows:

- To allocate empty homes and work with the council to meet local housing need
- Collecting rent
- Repairing and maintaining their stock
- Ensuring tenants comply with their tenancy agreement
- Taking enforcement action when tenants who break tenancy conditions
- Engaging with tenants to ensure their services meet their needs
- Providing new homes
- Dealing with complaints from their tenants

The Head of Planning and Housing highlighted the work of the Council, noting the work done to develop key strategies, the allocation scheme, adding that any new development would require Council support. It was noted the quarterly Housing Forum was co-chaired with the Corporate Director of Regeneration, Economy and Growth, with task and finish groups looking at key issues such as homelessness and Anti-Social Behaviour (ASB) and regular liaison meetings taking place between providers and the Council. Members were provided with a list of housing providers who manage around 45,000 properties across the

County, with the top four providers of Livin, Believe, Karbon Homes and North Star managing in total around 40,000 properties. The Committee was advised of the regulations regarding providers noting that these providers were regulated by Government not the Local Authority, they operated independently with their own boards and must meet regulatory standards both economic and consumer. They were under the scrutiny of their tenants and under the jurisdiction of the Housing Ombudsman. The Head of Planning and Housing gave the Members some background information regarding the Selective Licensing Scheme, noting it was approved on 30 November 2021 and came into force from the 1 April 2022. The scheme covers 42% of private rented stock, 29,000 properties and covers 103 Lower Super Output areas across 4 designations which are:

- Anti-Social Behaviour
- Deprivation
- Low Demand
- Any areas that satisfy all three criteria

As part of the presentation Members were shown a map highlighting the areas where the scheme was in effect, showing it was largely focused on the east of the County. The work of the scheme so far showed that 8681 applications had been received with 7337 licenses issued. The Council had received £3.4 million in funding which had been ring fenced for the Selective Licensing Scheme, adding that 800 inspections had already taken place with enforcement action underway, noting the Council had been very proactive in carrying out these inspections. The Committee was informed that in relation to enforcement and compliance, 731 inspections had been carried out with 146 follow up inspections, leading to 11 improvement notices, one emergency remedial action notice and one prohibition order. These notices had led to cautions for failure to carry out works and one licence had been revoked after the landlord was found to not be "fit and proper". Members were informed of the penalties that face landlords under the scheme, landlords could face prosecution or a civil penalty up to £30,000, a management order which could lead to tenancy being taken over, rent repayment order which could lead to a landlord paying back rent to the occupier, a banning order, entry on to the Rogue Landlord Database and the none issue of S21 notices. The Committee were informed of the work still to be carried out by the scheme which included:

- Identification of properties without a licence using Council Tax and Housing Benefit data
- Landlords written to advise that they need to apply for a licence to avoid enforcement action
- Delivery Plan - Enforcement and Compliance teams working through all LSOAs in first 3 years of the scheme
- Review data in years 4 and 5 to consider areas that may be included in extension of the scheme

The Head of Planning and Housing gave Members an update on the Councils work around empty homes, noting this work was undertaken between both the housing associations and the Council. The roles and responsibilities of the Council were highlighted showing the work of various teams and included: Housing, bringing properties back into use; Community Protection, undertaking enforcement working with the wardens and police in

relation to ASB; Council Tax, putting premiums on empty homes; Building Control, ensuring properties were kept safe and secure and Planning Enforcement where needed. The Committee were shown a table showing the amount of empty properties across the County over the period 2015-2022 and it was noted that while the numbers had remained fairly static for the last five to six years, there had been a decrease of around 20% of empty properties in private ownership whilst the number had almost doubled for properties owned by Housing Associations. The Committee were presented with a chart showing the amount of empty properties that had been brought back into use, noting that in previous years the Council had failed to meet its targets, the negative impact of COVID whilst informing Members the Authority was on target for this year. Members were presented with statistics about the "Action on Empty Homes" campaign designed to help and advise landlords. The Committee were shown a breakdown by Parish, of hotspots throughout the County with Stanley Town Council having a particularly high number of empty properties.

Councillor Sutton-Lloyd requested more information in relation to the number of landlords that had not been contacted regarding the Selective Licensing Scheme.

The Housing Manager, Ted Murphy informed Members that based on information from Council Tax records there were around 10,000 properties covered by the scheme where the landlords need to be contacted. The process for contacting the remaining landlords had begun with 5,700 letters being sent to contact those who hadn't already applied, the letter would inform landlords of the actions that could be taken should they not sign up to the scheme. It was noted of the 29,000 properties covered by the scheme around 15,000 had signed up to the scheme, with further analysis ongoing with the potential for another 3-4,000 letters going out over the next few months, noting that this was a five-year scheme which had only just reached the one year mark and that some landlords will have multiple properties.

Councillor Atkinson commented that in County Durham there are four large providers however in Ferryhill they have Red Supported Living and asked if the authority were aware of the association, what role the Council has in supporting this organisation and where should complaints be directed. He continued that most of the properties had multiple occupants with tenants brought in from outside of County Durham.

The Housing Manager informed the Committee that it is a recognised practise to bring tenants from outside of the county. The service were aware of Red Supported Living, who were registered and were established to support those with complex needs. He continued that the association would need a mandatory HMO licence if the properties have over five occupants and that Ferryhill is an area covered by the Selective Licensing Scheme, so any privately rented property would require a licence, therefore Durham County Council can take action. Community Protection Service would be the department to speak to regarding mandatory HMOs.

Councillor Earley asked a number of questions around private sector rented properties in the county, asking what work was taking place with partners concerning decarbonisation and getting homes to the required energy efficiency rating. In addition, he highlighted the issues faced by many residents in relation to high utilities costs.

The Housing Manager responded to questions from Councillor Early informing the committee that there were approximately 68,000 private rented properties in the County,

and further commented that the Housing Team was heavily involved with the various Registered Social Housing Providers in the county and that Durham County Council's role is as an enabler and confirmed that they are involved with the Social Housing Decarbonisation Fund, that they have applied for Fund Upgrade Funding and have also secured funding for wall insulation schemes on private sector dwellings and that the team is always looking for funding opportunities. The Housing Manager agreed to discuss further detail around funding with Councillor Early outside of the meeting.

Councillor Reed asked questions around selective licensing and focused on issues surrounding landlords selling properties in areas covered by the Selective Licensing Scheme to then buy properties in areas in the county not covered by the scheme, landlords becoming bankrupt and absentee landlords, not from the local area and properties that are let with bogus tenants and used for other purposes. Councillor Reed also raised concerns over the monitoring of these properties and work being carried out after issues had been reported. Councillor Reed concluded by asking when the remaining 121 Low Super Output Areas in the county would be looked at for inclusion in the scheme.

The Housing Manager, John Kelly advised the Committee that any area needs to meet the Selective Licensing Scheme criteria and that the remaining 121 LSOAs did not meet this criteria. However, all area data will be reviewed in years four and five of the scheme. The Housing Manager, Ted Murphy assured Members that the Private Sector Team carried out walkabouts, door knocks, worked with the Police and ASB teams, adding the team were reliant on information coming in from residents and would encourage any complaints. The Committee were informed of the work carried out by the Private Sector Initiatives Team, who would be carefully looking at those areas not covered by selective licensing over the next two to three months. Looking to bring in a new landlord accreditation scheme for those areas.

The Housing Manager noted there was a lot of good work being done by some landlords, adding that if any landlords were identified and found to be using poor practice then the Local Authority would take action.

Councillor Ormerod raised the issue of Homelessness and the need for an individual to have an address before they can access other available support and commented on the work done by Housing First.

The Head of Planning and Housing noted the work he had previously undertaken, leading on a successful Housing First Scheme agreeing it was an invaluable service, informing the Committee that the service are actively looking to include such a scheme in the new Homelessness Strategy with the objective to end rough sleeping.

Councillor Martin raised concerns over empty properties noting the difficulties in the presentation, asking if anything could be done to name and shame landlords of empty homes. This would make communities feel like something was being done about this issue. Councillor Martin also asked what impact the application of double council taxing on these properties was having and if residents could be told when properties are being charged this rate.

In response to questions from Councillor Martin the Head of Transactional and Customer Services, Mary Readman informed the Committee that it was important to reassure the

public that action was being taken, adding that all properties were treated as if they were occupied. It was noted that properties with enforcement in place could already be subject to payment plans with individual case details unable to be shared, and were unable to go into individual circumstances, but wanted to make it clear that all cases were pursued. The Head of Transactional and Customer Services added that any properties paying a premium could be given a discount, noting the complexity of each case adding any property left empty for 5 years plus was paying 200% Council Tax.

Cllr Surtees asked for clarification as to what had happened in relation to the previous existing Landlord Accreditation Scheme and the Local Lettings Agency which had been established. She also suggested that in relation to the main reasons identified for homelessness that it needed to include land banking and absentee landlords. She continued that in relation to owner occupiers, many as a result of the increase in the cost of living, are now in poverty and have let the mortgage repayments lapse to a point where their properties have been repossessed this will put these families and individuals on the homeless register, noting there were also issues in the county with hidden landlords who rent to a family member or friend and are not on the data base. She continued that she was disappointed that only 42% of private rented stock in the county was covered by the Selective Licensing Scheme and that areas such as Easington Village were not covered because LSOA boundaries were used instead of Electoral Wards. Councillor Surtees then asked if there was any information in relation to private landlords who put their properties up for sale rather than join the Selective Licensing Scheme. This was followed by a question asking for confirmation that the Service had the capacity to deliver the scheme in full, noting good communication with the Registered Social Housing Providers, adding that in relation to the Selective Licensing Scheme we need to communicate equally as well with the private rented sector.

The Head of Planning and Housing responded that he would like to produce a written report providing a response to Councillor Surtees questions, however he had noted some of the questions. In relation to the County Durham Lettings Agency, it was hoped that in the next two years Durham County Council would have over 150 properties to provide housing to those not tenancy ready. In relation to the Selective Licensing Scheme this is an issue faced everywhere that boundaries, whether LSOAs, MSOAs or wards can lead to some areas being omitted. In relation to the cost-of-living crisis this has been picked up nationally and it is expected that tenants and renters will be affected and that the service was currently in the middle of a wave of Section 21 notices. He highlighted that steps would be taken to continue to support people in County Durham. It was confirmed that in relation to mortgages, mortgage lenders have to be regulated and that currently the authority was not regulated to provide mortgage funding although this is something that the council could do if they wished to do so. The Head of Planning and Housing agreed to do a report on the points raised.

Councillor Shaw commented that he had several questions which he would go through with officers following the meeting. However, he did want to raise a couple of questions during the meeting and continued that under the right to buy scheme a lot of tenants in the county bought their homes and he understood that Registered Social Landlords (RSLs) have the option to buy back those properties when they are put up for sale, Councillor Shaw noted currently most RSLs seem to prefer to build a new home rather than buy back existing stock. He continued by asking if the service could provide details of the number of properties bought back by RSLs in the county. Councillor Shaw highlighted that the

Selective Licensing Scheme requires additional resources to be successful. He continued by commenting that in relation to Selective Licensing it needs to be a multi-agency and corporate approach across the whole Council, giving the example that there is an issue with rats at Dawdon and that the evidence which had to be provided either by himself or the individual tenants was onerous requiring evidence of seven sightings to be provided. He highlighted that such issues as rat infestations need to be tackled by a blanket approach not on an individual basis. Councillor Shaw then requested an update in relation to the Horden Master Plan.

The Head of Planning and Housing agreed that these types of issues needed to be tackled via a corporate approach within the council and that he would take this up at Director level. In relation to the Selective Licensing Scheme, this provides an “invest to save opportunity” and it was confirmed that the income from civil penalty fines can be retained by DCC provided that it is used to further DCCs statutory functions in relation to enforcement activities covering the private rented sector. The Committee were informed that the Horden Master plan would be considered by the REG management team shortly and that an update would be provided once the corporate direction for the plan had been determined.

Councillor Shaw commented that he had several more questions but would take these up with officers outside of the meeting.

Councillor Wilson asked whether the Council has the processes in place in relation to safeguarding to prevent particular landlords targeting vulnerable groups. Councillor Wilson also asked what happens if properties are repossessed and then the company which repossesses the property goes bankrupt.

The Housing Manager responded that the Service works closely with the police and other key partners and can use enforcement powers in areas not covered by the Selective licensing scheme, highlighting work is always ongoing and information/intelligence is key, however the Service needs to get to the point with a landlord where enforcement can be taken. It was confirmed that they were aware of landlords that target particular groups and confirmed that the service is always building up profiles and that the Housing Team have staff who work with tenants renting in the private sector.

The Housing Manager agreed to arrange a meeting with Councillor Wilson to discuss these matters further.

Councillor Nicholls raised concerns around the issue of land banking, with owners banking land and refusing to work with the Council or not adhering to County Council notices. Councillor Nicholls asked whether Durham County Council can take the land and grass it over for the use of the community, confirmation was requested that the Council can and do lobby Government for stronger powers in relation to land banking.

In response to the questions raised by Councillor Nicholls, the Head of Planning and Housing noted that dangerous structures were acted on very quickly and that the team worked with owners to bring properties back into use as quickly as possible adding this could take a while, informing members of the difficulties in contacting absent owners and being able to give them the appropriate time to correct any issues, noting when dangerous action can be taken without the owner’s consent. The Head of Planning and Housing confirmed that the Council do lobby for greater powers, noting that Government has looked

at a range of changes in relation to land banking. The Committee was assured that it is certainly on Government's agenda and that feedback would be provided to the committee on this issue.

The Housing Manager added that this was a complex issue and varied from property to property, citing the example of a property that had been vacant for 20 plus years where the owners were deceased and family had left the area with great difficulty in tracing the ownership, another example is where empty homes are not in breach of any legislation however they are a concern to residents but leave the authority with very little action to be taken outside of trying to put pressure on landlords.

Councillor Heaviside raised concerns over the way the Selective Licensing Scheme had been rolled out, noting as a landlord himself, the first contact he had from the Council was a threatening letter. Councillor Heaviside queried as to whether more support could not be given to landlords.

The Housing Manager informed the Committee that the enforcement angle was not the Council's default position noting that the Council would always engage with landlords first and if the landlord worked with the tenant, then DCC would not take formal enforcement action. He continued that there are certain cases where DCC would have to take action such as if the tenant is in danger. There could be situations where the landlord is not at fault and DCC would support the landlord in these situations such as where the tenant will not allow the landlord access.

Cllr J Charlton commented that she was shocked that Stanley Town Council area had the highest number of empty properties and asked for more information on where the properties were located.

Housing Manager informed Councillor Charlton that a list of the locations of the properties cannot be provided, however he was happy to have a discussion following the meeting.

Cllr J Charlton noted she was aware that there were delays in Karbon Homes renting out properties, and that she hoped the figures in the slide included Karbon Homes properties.

The Head of Planning and Housing confirmed that information in relation to the private Rented properties could not be provided, however the information concerning the number of Karbon Homes properties could be provided.

Resolved:

(i) That the content of the report and presentation be noted.

(ii) That the committee receive further reports and presentations on the review of the Council's Housing Strategy and the Council's Homelessness and Rough Sleepers Strategy as part of the consultation process.

7 Minutes of the County Durham Economic Partnership Board

The Committee considered the minutes from the County Durham Economic Partnership meetings held on 23 November 2022 (for copy see file of minutes).

Resolved:

That the minutes be noted.