

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 22 April 2024** at **9.30 am**

Present:

Councillor B Moist (Chair)

Members of the Committee:

Councillors A Batey, R Crute, D Freeman, P Heaviside, G Hutchinson, C Lines, R Manchester, R Ormerod, K Robson, M Stead and A Sterling

Co-opted Members:

Mr E Simons

Also Present:

Councillor(s) V Andrews, P Atkinson, L Brown, J Charlton and B Coult

1 Apologies for Absence

Apologies for absence were received from Councillors A Reed (Environment and Sustainable Communities) A Surtees and K Shaw and Mrs R Morris.

2 Substitute Members

There were no Substitute Members.

3 Minutes

The minutes of the meeting and Special Joint meeting, both held 4 March 2024, were agreed as a correct record and signed by the Chair.

4 Declarations of Interest

There were not Declarations of Interest.

5 Items from Co-opted Members or Interested Parties

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

6 Selective Licensing Scheme

The Committee received a report of the Corporate Director of Regeneration, Economy and Growth and accompanying presentation by the Building Safety and Housing Standards Manager, Ted Murphy providing an update of the progress of the Selective Licensing Scheme (for copy of report and presentation slides, see file of minutes).

The report and presentation highlighted the relevant legislation that enabled the scheme, the scheme having gone live in April 2022, which provided the regulatory framework to allow for pro-active monitoring of the private rented sector and the opportunity for enforcement against poor landlords. It was explained that there was a multi-agency approach making the best use of a range of powers available, in addition to selective licensing, and that civil penalties could be used as an alternative to prosecution for Selective Licensing offences, including for not having a licence, non-compliance with licence conditions, or for improvement notices. Members noted that the teams continued to work proactively in the selective licensing areas to ensure all landlords obtained a license and comply with licence conditions, by making full use of both informal measures as well as robustly pursuing enforcement action. It was noted that the next steps included:

- Continuing identification of properties without a licence using various sources of data including Council Tax, Housing Benefit, and Tenancy Deposit data, with recent Fire Service data assisting in this regard.
- Intensive analysis of the areas with the least applications against modelling, including Esh Winning, Pelton Fell and Trimdon South.
- 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 Lower Super Output Areas (LSOAs) in first 3 years of the scheme – targeted and intelligence driven.
- Review data in years 4 and 5 to consider areas that may be included in extension of the scheme.

The Chair thanked the Building Safety and Housing Standards Manager and asked the Committee for their comments and questions.

Councillor L Brown noted she was horrified that 15 percent of compliance inspections were found to be unsatisfactory and frightening that many were Category 1, which she understood to be representing a risk to life. She asked for clarity as to what a Management Order would entail.

The Building Safety and Housing Standards Manager noted that were there was no realistic prospect of a property becoming licensed, then the Council could take over, receive rent, carry out repairs using the rental income with the remainder of the rent going to the landlord. It was noted Category 1 referred to most serious hazards, rather than 'risk to life'. Councillor L Brown asked how much that process cost the Council. The Building Safety and Housing Standards Manager noted there would be some initial setup costs, with the in-house service managing any properties, reiterating costs incurred would be charged to the property via that offset rent.

Councillor B Coult noted she would like to see selective licencing across all areas of the County. She noted the lack of a national register of landlords and asked as to whether any lobbying of Parliament was being undertaken as it would help tackle rogue landlords. The Building Safety and Housing Standards Manager noted there was no national register of landlords, noting that Officers at the Council can have a lot of work to try and ascertain the landlord of a property, through Council Tax records and Land Registry records, being successful in most cases. He noted the Renters (Reform) Bill that was with Government, and the proposed Property Portal would offer more choice for renters in terms of landlords.

Councillor R Crute noted that statistics at the recent Safer and Stronger Overview and Scrutiny Committee had noted a take up of only 43 percent. He asked as regards time limits, what would help in terms of take up either financial penalty or court action, and where the proceeds of fines would go, to the criminal justice system or back to the Council and into the selective licensing scheme. The Building Safety and Housing Standards Manager noted that civil penalties could often be quicker than court action. He noted that both prosecution through courts and using civil penalties needed to be satisfied to a criminal standard. Fines from successful prosecutions go back into the justice system while civil penalty fines are ringfenced to use in private sector housing enforcement.

Councillor M Stead noted the scheme had begun in April 2022, and therefore there were now a number of compliant and non-compliant landlords. He noted that some could be holding out in order to get a longer term on their licence, it being for five years from time of being issued. He added this felt unfair for those that applied correctly and 'on-time'. He noted that around 16,500 landlords not complying amounted to around £8 million in fees not collected. The Building Safety and Housing Standards Manager noted it was a quirk of the Housing Act, and that licences were for five years, even if the scheme ended in 2027. He noted that one would wish for higher application numbers and reiterated that penalty monies would be ringfenced as previously described. He noted that where landlords had not applied, the Council would write to them, giving them an opportunity to apply. He added that if they then failed to apply, the Council would look at each case in terms of civil penalties or court action as appropriate. Councillor M Stead asked if therefore some landlords could be delaying until the last minute, then apply and obtain a five-year licence.

The Building Safety and Housing Standards Manager noted that some single property landlords may not be aware of the scheme, however, professional landlords, with a number of properties would be aware and therefore that could be an aggravating factor in deciding if a civil penalty or court action was the most appropriate action to take.

Councillor J Charlton asked what safety net was in place for those tenants where their landlord is prosecuted, to prevent the impact of that prosecution falling upon the tenant. The Building Safety and Housing Standards Manager noted that in extreme circumstances, for example where there was a high level of disrepair, then the Council still had its duty in respect of homelessness. He added, where aware, the Council would pay close attention and work with tenants at threat from eviction or harassment.

Councillor P Atkinson noted there had been a big uptake within his area, Ferryhill. He thanked the Team who had come along to local PACT meetings, adding it had made a big difference for residents in the area. He noted selective licensing looked at the quality of properties and noted the issues, including anti-social behaviour (ASB), in some properties that remained outside of the scheme.

Councillor K Robson noted around 400 applications per month were being received and asked how long it would keep going at that rate, he noted he was of the opinion the scheme had been known about for a sufficient amount of time for landlords to come forward. He asked if there was expected to be a tapering down of numbers over the next 12 months as an example. The Building Safety and Housing Standards Manager explained he expected numbers to remain consistent, and that enforcement cases would help promote the scheme and encourage more to come forward. He reiterated he would expect that the larger, professional landlords would know they needed to apply.

Councillor A Batey noted two areas within her Electoral Division and commented at her disappointment in the level of take up. She asked whether we were expecting a level around 70 percent by the end of the scheme. She noted that the reason in bringing in the scheme was through concern for tenants, and also the impact upon residents in cases of ASB and blight. She noted the work of the CAT Team in Grange Villa a few years ago, where the Team mapped all the properties, with only difficulties in locating landlords of two properties. She noted she felt there could still be better communications with residents as regard the number of prosecutions via PACT and Residents' Association meetings. She added that absentee landlords were not always overseas, many being within the area or region. She noted that while selective licensing was not able to be a panacea for the problems faced due to poor private landlords, she was still disappointed by the take up. The Building Safety and Housing Standards Manager noted the team had worked hard in terms of take up, referring to work at Pelton Fell. He added that while it was not likely to be able to get 100 percent take up, he was confident of reaching 70 percent.

He noted that it was important for Members, tenants, landlords and residents to help provide information so that the team can follow up on any issues.

Councillor A Sterling asked what barriers there were in terms of take up by landlords, and whether the process of larger registered providers, such as Believe and Karbon Homes could help to provide a 'best practice' guide.

The Building Safety and Housing Standards Manager noted there had been a number of reasons that had been put forward during the consultation on selective licensing, with many landlords not keen on the idea, also the fee being cited as an issue. He noted the good relationship with the registered providers within the county, noting they were regulated elsewhere, however, they did share best practice in terms of common issues such as damp/mould. Councillor A Sterling agreed that many smaller landlords could be frightened to tackle issues with their properties, and clear demonstration of how those larger registered providers dealt with such issues could be beneficial. The Building Safety and Housing Standards Manager noted the council had developed a new landlord accreditation scheme, in partnership with the National Residential Landlords Association (NRLA) for those within non-selective licensing areas.

Councillor M Stead noted low uptake in a number of areas, including Pelton Fell, and suggested that Neighbourhood Wardens may be able to assist by knocking on number of the properties yet to sign up to ask who the landlord was. He added he felt that up to 60 properties a week was not an unrealistic target to help try to encourage greater take up. He added, for the reasons he had previously stated, that this would also make good business sense for the Council. The Building Safety and Housing Standards Manager noted that there had been a number of 'door knocks' carried out within the LSOAs, and he would look at additional work in this regard in the future.

Councillor R Ormerod left the meeting at 10.17am

Councillor P Heaviside added he too was disappointed with the take up of the scheme in the Pelton Fell area. He noted, as a landlord, he had received a letter two years ago, making him aware of the scheme, noting 28 days to respond, and to have proof of compliance with necessary standards, such as electrical safety certificates, the authority was going to undertake action. He highlighted that he was tracked down through the deposit scheme and he asked for clarification as to how many landlords on the deposit scheme are not registered. The Building Safety and Housing Standards Manager noted he would be able to find out, adding there had been a lot of advertising prior to the scheme coming into effect and reiterated that action would be taken after a number of letters were issued and if the circumstances are right then enforcement will take place. Councillor P Heaviside noted that the focus should be on those 'bad' landlords, noting those 'good' landlords that had paid and complied with the selective licensing scheme.

The Service Development and Intelligence Manager, John Kelly explained that 1,000 letters were going out this week and reiterated that all available data was looked at to locate landlord. He added around one in three of those registered had deposit protection. The Building Safety and Housing Standards Manager commented that those within selective licensing areas are still required to meet all the normal requirements in terms of letting a property, with the selective licensing scheme requirements being above and beyond those minimum requirements.

The Chair noted the feeling from the Committee was that the take up was not as they had hoped, and while acknowledging that not all areas covered by the scheme have low take up of the scheme there were some areas, as referenced by Members, that had lower take-up and these could be areas to target to help impact take-up figures.

The Chair noted that 15 percent of properties failing an inspection was a good indication of the poor state of many properties within the county and he felt that there was a need to focus efforts in this regard. He noted the 1,000 letters that were scheduled to go out, and noted this would be something for the Committee to follow up on, as well as landlords having insurance in terms of tenancy deposits.

Resolved:

That the report and presentation be noted.

Councillor R Crute left the meeting at 10.24am

Councillor R Ormerod entered the meeting at 10.25am

7 Draft County Durham Housing Strategy

The Committee received a report of the Corporate Director of Regeneration, Economy and Growth and accompanying presentation by the Planning Development Manager, Graeme Smith providing an update of the development of the draft County Durham Housing Strategy (for copy of report and presentation slides, see file of minutes).

The report and presentation provided an overview of the responses received to the consultation on the Draft Housing Strategy, including the comments made by committee members at the Overview and Scrutiny workshop focusing on the draft strategy and the response within the draft strategy to those comments. The latest draft of the County Durham Housing Strategy and a draft Twelve Month Delivery Plan were also attached to the cover report.

Councillor V Andrews left the meeting at 10.31am

Councillor R Crute entered the meeting at 10.31am

The Housing Development Manager, noted the next steps in relation to the 12 Month Delivery Plan, noting aiming for dates for Cabinet and Council in July 2024, then with a more detailed five-year Delivery Plan to follow.

The Chair thanked the Housing Development Manager and asked Members for their comments and questions.

Councillor A Batey thanked the Officer for their very important presentation. She noted a number of developments that were within her Electoral Division, near the A693, as well as within Consett and the impact this had upon the traffic on the A693 and commented that there were also events taking place at Beamish Museum which added to traffic on that particular road. She asked as to whether when planning new developments, the potential impact upon the road network was assessed and asked what could be done to improve the situation. She added that there was also a lack of public transport in this particular area, therefore Members were unable to point to public transport as an alternative.

The Housing Development Manager noted that there were a number of elements when looking at new developments and their impacts, firstly through strategy and looking at the Infrastructure Development Plan, part of the wider County Durham Plan (CDP). He added that at a high level, any new development would be assessed alongside all development from the CDP and associated traffic flows to ascertain whether there was a need for infrastructure upgrades. He noted another element was through individual planning applications, if a larger development, then colleagues from Transport and Highways would provide input on any issues. He noted he would speak to Councillor A Batey as regards her specific issues outside of the meeting. Councillor A Batey noted another issue was housing development on brownfield sites and ensuring that those developments link to public transport, both near destinations and those further away. The Planning Development Manager added he would pick that matter up with Transport colleagues.

The Chair thanked the Housing Development Manager and noted a lot had been taken on board with the development of the Delivery Plan, providing more clarity on how priorities would be achieved and timescales. He noted that an area that was of particular interest to Members was the affordable housing targets, adding that Councillor J Rowlandson had provided assurances in relation to the delivery of 500 new build council houses as part of the Delivery Programme.

Resolved:

That the report and presentation be noted with members comments on the draft strategy shared with the Service Grouping.

Councillor C Lines left the meeting at 10.59am

8 Draft Homelessness and Rough Sleeping Strategy

The Committee received a report of the Corporate Director of Regeneration, Economy and Growth and accompanying presentation by the Head of Planning and Housing, Michael Kelleher providing an update on the Draft Homelessness and Rough Sleeping Strategy (for copy of report and presentation slides, see file of minutes).

The Head of Planning and Housing noted that the contribution to the strategy from the former Head of Housing Solutions, Lynn Hall and former Housing Manager, Marie Smith should be noted, and he expressed his gratitude for their dedication and hard work over the years.

The report and presentation provided an overview of the update on the draft Homelessness and Rough Sleeping Strategy (2024-2029) and the report included feedback from the second phase of consultation, taking into consideration comments made by Members of the Committee at its meeting on 18 December 2023.

Councillor C Lines entered the meeting at 11.10am

The Head of Planning and Housing noted next steps included: an aim to have the finalised strategy to Cabinet and Council in July 2024; the establishment of a Homelessness Forum with partners and stakeholders; and the development of a five-year delivery plan.

Councillor K Robson left the meeting at 11.14am

Councillor M Stead noted he felt that 150 Local Lettings Agency (LLA) properties was not enough and asked if the Council was looking to purchase more, given the cost of renting properties rather than owning them, referring to costs he had heard from another Local Authorities area of around £4,000 per week. The Head of Planning and Housing explained that the Authority was looking to purchase more properties, with a bid having been submitted in respect of government funding for a further 12, which would, including those approved last year, be 40 more. He reminded Members of around 500 new build properties and other LLA acquisitions, noting two to three years ago the Council was at zero properties, now 150 and this would continue to grow. In terms of the costs referred to, he suspected the £4,000 referred to would include full wrap-around care, however, he noted that Durham would pay up to £700 per week for rent alone, however, he agreed it was better if the Authority own the properties via the LLA.

Councillor A Batey added her thanks to that of the Head of Planning and Housing to both L Hall and M Smith for all their work and noted she was sure the whole Committee would agree.

The Chair agreed and asked that thanks be passed to the former Officers. He added that he was pleased to see the draft strategy before Members alongside the review of Durham Key Options (DKO), this would help give greater control back to the Local Authority.

Resolved:

That the report and presentation be noted with members comments on the draft strategy shared with the Service Grouping.

9 Quarter Three Revenue and Capital Outturn 2023/24

The Committee received a joint report of the Corporate Director of Resources and the Corporate Director of Regeneration, Economy and Growth which provided details of the forecast outturn position for quarter three revenue and capital for Regeneration, Economy and Growth (REG) as at 31 December 2023 (for copy of report, see file of minutes).

Councillor K Robson entered the meeting at 11.20am

The Chair asked as regards the size of the County Durham economy, whether it was around £8.7 or £9 billion. The Strategy Team Leader, Gemma Wilkinson noted that when updating on GVA the latest figure had been around £9 billion, adding that she would check colleagues as to the latest figure available and then ensure that it was circulated.

Resolved:

That the contents of the report be noted.

10 Quarter Three 2023/24 Performance Management Report

The Committee received a report of the Chief Executive Officer which provided an overview of progress towards delivery of the key priorities within the Council Plan 2023-27 in line with the council's corporate performance framework (for copy of report, see file of minutes).

Gemma Wilkinson, Strategy Team Leader presented the report and provided a summary of the main messages regarding performance for the Service Grouping, noting progress to date and areas that were being addressed.

Councillor R Crute noted some confusion in respect of the Selective Licensing scheme registration figures.

He noted the figures provided at the last meeting of the Corporate Overview and Scrutiny Management Board had been 43 percent, with figures referred to today being 41 percent within the housing report and 39 percent within the performance report. He asked for clarity and consistency in reporting of figure to scrutiny. The Strategy Team Leader noted some lag within the performance reporting, being to the end of quarter three, with the other reports being more up-to-date figures from the service. She added she would check as regards those figures being reported at Corporate Overview and Scrutiny Management Board. The Service Development and Intelligence Manager noted that one figure was finalised at the end of quarter three, the other being a more up-to-date figure within quarter four. Councillor R Crute thanked Officers and asked for clarification, noting the variance between the figures. Councillor M Stead agreed with Councillor R Crute and asked for updated figures to be reported back to the Committee. The Chair noted the point raised by Councillor R Crute and M Stead. Councillor R Crute noted that each of the thematic Overview and Scrutiny Committees would be looking at setting their workplans in June and July.

Resolved:

That the overall position and direction of travel in relation to quarter three performance, and the actions being taken to address areas of challenge be noted.

11 Special Joint Meeting

It was noted that there would be a Special Joint Meeting of the Committee with the Environment and Sustainable Communities Overview and Scrutiny Committee, looking at Regional and Local Transport policy and delivery, to be held 6 June 2024 at 9.30am.