



Economy and Enterprise Overview and Scrutiny Committee

Date **Wednesday 18 December 2024**
Time **9.30 am**
Venue **Committee Room 2, County Hall, Durham**

Business

Part A

Items which are open to the Public and Press
Members of the public can ask questions with the Chair's agreement,
and if registered to speak.

- 1 Apologies for Absence
- 2 Substitute Members
- 3 Minutes of the meeting held on 4 November 2024 (Pages 3 - 14)
- 4 Declarations of Interest, if any
- 5 Items from Co-opted Members or Interested Parties, if any
- 6 Council House Delivery Programme - Update
 - i) Report of the Corporate Director of Regeneration, Economy and Growth (Pages 15 - 36)
 - ii) Presentation by the Housing Delivery Manager (Pages 37 - 62)
- 7 Supported Housing Improvement Programme - Update
 - i) Report of the Corporate Director of Regeneration, Economy and Growth (Pages 63 - 86)
 - ii) Presentation by Housing Team Leader (Pages 87 - 106)
- 8 Quarter Two Forecast of Revenue and Capital Outturn 2024/25 - Joint Report of the Corporate Director of Resources and the Corporate Director of Regeneration, Economy and Growth (Pages 107 - 120)

- 9 Minutes of the County Durham Economic Partnership Board held on 25 September 2024 (Pages 121 - 132)
- 10 Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration

Helen Bradley
Director of Legal and Democratic Services

County Hall
Durham
10 December 2024

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

Councillor S Zair (Chair)
Councillor A Surtees (Vice-Chair)

Councillors M Abley, A Batey, G Binney, R Crute, M Currah, D Freeman, P Heaviside, G Hutchinson, A Jackson, C Lines, L Maddison, R Manchester, J Miller, B Moist, R Ormerod, K Shaw, M Stead, A Sterling and D Wood

Co-opted Members:

Mrs R Morris and Mr E Simons

Contact: Jo March

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DURHAM COUNTY COUNCIL

ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 2, County Hall, Durham** on **Monday 4 November 2024** at **9.30 am**

Present:

Councillor A Surtees (Chair)

Members of the Committee:

Councillors A Batey, R Crute, M Currah, P Heaviside, G Hutchinson, C Lines, R Manchester, J Miller, B Moist, R Ormerod, K Shaw, M Stead, D Wood, J Charlton (substitute for S Zair), O Gunn (substitute for G Binney) and E Peeke (substitute for A Sterling)

Co-opted Members:

Mrs R Morris

Also Present:

Councillors A Reed, J Rowlandson and E Scott

1 Apologies for Absence

Apologies for absence were received from Councillors G Binney, D Freeman, A Sterling and S Zair.

2 Substitute Members

Councillor J Charlton was substitute for Councillor S Zair, Councillor O Gunn was substitute for Councillor G Binney and Councillor E Peeke was substitute for A Sterling.

3 Minutes

The minutes of the meetings held on 11 September and the Special joint meeting held on 23 September 2024 were agreed as correct records and signed by the Chair.

4 Declarations of Interest

There were no declarations of interest.

5 Items from Co-opted Members or Interested Parties

There were no items from Co-opted Members or interested parties.

6 Major Programmes and Projects

The Committee received a report of the Corporate Director of Regeneration Economy and Growth and presentation that provided an update on the overall approach and performance of Major Programmes and Projects delivered by the Regeneration, Economy and Growth Directorate. The report also provided an update on key project delivery and issues with particular projects that had an impact on delivery (for copy of report and presentation slides, see file of minutes).

The Head of Transport and Contract Services introduced the item which aimed to provide assurance that appropriate standards and controls were in place to ensure programmes and projects were managed and delivered successfully within the delivery framework with appropriate levels of control, challenge, and intervention. He continued that the introduction of the Major Programme Board and the Portfolio Office approach ensured that projects are delivered efficiently and effectively. He highlighted that the approach used ensures that issues are escalated in a timely manner for decisions to be made.

He confirmed that the environment to deliver the various projects had been very challenging over the last few years, with increased rates of inflation, higher borrowing costs and shrinking markets impacting the viability and deliverability of projects. He continued that the REG Capital Programme was growing year on year, with the current financial year 2024/2025, both the number of projects and the overall value of the programme had increased in year from 150 to 156 schemes and increased in value from a base budget figure of £167,396,016 to £177,002,379. The Head of Transport and Contract Services commented that significant world events over recent years impacting on the costs of construction together with the Service Grouping managing an increased portfolio of projects, had resulted in an impact on delivery of some projects, however, DCC continues to be successful in terms of the programmes it continues to deliver. He continued by commenting that the delivery of the various projects is often complex, involving multiple stakeholders and having to show delivery credibility to funders which is demonstrated by the significant volume of external funding secured. He referred to paragraph 31 of the report and commented that the REG portfolio of programmes and projects is considerable across a range of thematic areas and is grouped into five areas for delivery purposes: Housing Renewal and Development; Town Centre Improvements; Employment Sites; Transport and Connectivity and Visitor Economy with detail of some of the projects that fall within the various areas identified within the report. He then made reference to the examples included within the presentation and commented that the challenges had included contracts coming back above the contract rate, unchartered drainage, inclement weather resulting in delays, high specification of design, pandemic and inflation, utility connection issues, compensation events and fewer contractors in the marketplace to undertake these huge projects/programmes.

The Committee were provided with a detailed presentation that focused on:-

- REG Major Programmes Portfolio and Capital Programme;
- Major Programmes Board and Portfolio Approach, including timelines, controls and guidance and business process;
- Construction Industry Intelligence;
- Case Studies: The Story, Belmont Primary and Secondary School and NetPark Phase 3.

The Funding and Programmes Manager advised that the REG Major Programmes Portfolio totalled £878 million with projects worth £647 million in secured funding and a further £244 million unsecured in pipeline projects at different phases of development, however this did not include private sector led projects where there was significant involvement of the council to facilitate their development, with these schemes worth over an estimated £1.4 billion in private sector development. She confirmed that there are 152 schemes with REG Capital programme totalling £167m in 2024/25 and that over 60 non-REG schemes were being delivered for other Council services. She then referred to a table in the presentation which showed REG capital projects in delivery, showing the number of projects had increased from 112 in 2018/2019 to 152 in 2024/25 with the value of the schemes increasing by 195% over that period of time, with the current outturn forecast totalling £176m.

The Funding and Programmes Manager commented that the Major Programmes Board (MPB) was established in 2021 to oversee the REG portfolio and was responsible for its strategic direction. The MPB had overseen the development of a Portfolio Office which sets standards and controls for REG Programmes and Projects and is a hub for coordination of all information, Board communication, monitoring and intervention activities. Council programmes were monitored regularly and the Portfolio Office considers a range of project health indicators such as risks in terms of costs, time, quality, scope and whether projects were achieving the original impact and outcomes.

In relation to controls and guidance it was confirmed that in addition to the Process Flow Diagram followed by the MPB, there was a guidance framework to help sponsors, programme and project managers understand the requirements and outputs needed to set projects up and ensure delivery of activities in accordance with the Portfolio Office requirements. This guidance facilitated consistent and effective project setup, development and delivery and would allow the MPB to track and assure the programme mandates and objectives and that the projects were achieving the expected outcomes.

Members were provided with the Major Programme Board, project reporting timetable and diagram detailing the Portfolio Office Business Processes and a breakdown of individual stages.

The Construction and Consultancy Service Manager then took Members through the key trends that were affecting the construction industry highlighting that by the end of 2023, the BCIS estimated that building costs had risen by 26.2% in the period January 2020 to December 2023. This increase in costs had an impact on many projects with huge increases in some material commodities up to 40-50% and affordability issues being reported to the Corporate Management Team. Fortunately, stability is now returning to the industry and there is now growth in order books and confidence returning to the market. He continued by highlighting that there had been growth in repair and maintenance which was outperforming the new build work which saw a decline in output in 2023.

With regards to national factors, he highlighted the ambition in the labour manifesto with a focus on energy, roads, rail, reservoirs, ports, gigafactories, carbon capture, green hydrogen, housing targets set at 3000,000 per year and the establishment of a new body, Great British Energy to deliver increased investment in energy generation within the UK borders. Devolution was at the heart of the new agenda and there were discussions around planning reform.

Members were provided with details in relation to the forecast growth in Tender Price Inflation, growth in the labour market and material costs. It was noted that overall the output had flatlined, but new orders were increasing and should feed through to output growth. Tender prices were easing; however they were still significantly higher than previous. It was also reported that building costs were stable, material costs had slightly increased and labour costs were still increasing although at a slower rate. He continued that there is a shrinking market with tighter margins with a number of large contractors going into administration and contractors choosing their procurement routes. He continued that it is anticipated that there would be serious ramifications resulting from the collapse of ISG and it was likely that there would be more insolvencies further down the supply chain.

The Construction and Consultancy Service Manager referred to Case Studies and provided detail in relation to The Story, Belmont Primary and Secondary School and NETPark Phase 3.

Councillor Moist thanked Officers for the report and presentation which followed on from the Corporate Directors commitment to provide regular updates to the Committee. He requested that the information in future reports be made simpler to understand and that the people of County Durham would like to see a precis of the information provided. He referred to the figure of £62m quoted for NETPark Phase 3 and asked whether this was the current projected cost and if the project would go over budget. He concluded by asking for clarification as to whether Belmont School was included in the Capital Programme figure for the REG Service Grouping.

The Funding and Programmes Manager responded that school builds were included within the Children and Young People's Service Grouping Capital Programme. Belmont school was one of the programmes/projects that the REG Service Grouping manage, with the Major Programmes Board having oversight of the project. She

continued that the Board had oversight on a six-week basis including detail of spend in relation to individual projects. It was confirmed that there was no current overspend on the NETPark Phase 3 project.

Councillor Moist continued by referring to the various REG projects being grouped together into the various areas and asked for clarification in relation to the Council House Build, would this have a nil value. The Funding and Programmes Manager responded that current costs were built into the programme and the actual cost would come through on a scheme by scheme basis as they are developed.

Councillor Moist was conscious that the public needed to be aware of the costs for various projects, to avoid another bus station scenario where people did not know the facts concerning that project.

Councillor Lines highlighted that Filtronic based at NETPark were doubling their commitment at the site and that he was confident that Phase 3 of the development would be filled. He asked whether there was similar interest in relation to other developments within the county. The Head of Transport and Contract Services advised that information in relation to other sites being developed within the county was commercially sensitive, however he assured Members that there was interest in all the available sites.

Councillor Surtees commented that Members had previously asked for case studies to be included within the presentation, including detail of reasons for any delay, cost of the project and challenges, noting the information provided was very detailed and helpful for Members.

Councillor Moist referred to the Leisure Transformation Programme and commented that he submitted additional questions following the Special joint meeting on the 23 September 2024, however he had not received a response to date. Councillor Surtees advised that the Chair of Economy and Enterprise Overview and Scrutiny Committee was liaising with Overview and Scrutiny Officers to ensure that a response was provided by the Service Grouping.

Resolved:

That members provided comment on the arrangements for the effective delivery, management and performance of major programmes and projects across REG.

7 Proposed Amendments to the County Durham Housing Strategy

The Committee received a report of the Corporate Director of Regeneration Economy and Growth and presentation that provided an update on the proposed amendments to the draft County Durham Housing Strategy (for copy of report, revised draft strategy, draft delivery plan and presentation, see file of minutes).

The Strategy and Delivery Manager delivered the presentation which provided members with detail of:

- Background in relation to the proposed amendments.
- Proposed amendments in relation to the Council House Build Programme
- Proposed amendments in relation to Houses of Multiple Occupations
- Other amendments
- Next steps

He reminded members that at the County Council meeting on the 17 July, following an extensive discussion, the decision of County council was to defer adoption of the CDHS with the main points of concern being the proliferation of HMOs in the county and the potential use of Article 4 Directions and the Council House Build Programme and the delivery timeframe and the composition of the proposed 500 units. Following the deferment of the Strategy at Council arrangements were made for two separate reports, one on each topic, to come for consideration by members of the Economy and Enterprise Overview and Scrutiny Committee on the 11 September. At the meeting on the 11 September members made comments on both issues, those comments have been used to inform the proposed amendments detailed in the report, presentation and draft Strategy.

In relation to the Council House Build Programme and new builds, it was confirmed that the intention was always to build 500 new homes, this was always the target, with the target to be delivered by 2026. The Strategy and Delivery Manager continued that what has changed is the delivery date, that has been rolled forward to 2029 with the intention that if the programme is successful to continue to roll the programme on following 2029 with further new builds.

In relation to HMOs, the Strategy and Delivery Manager commented that this issue was a wider issue about HMOs elsewhere in the county and the impact on neighbouring residents and the local community. Currently the policy in relation to HMOs is contained in the County Durham Plan, which will be going through a process of review in the near future, therefore it is timely to look at amending the policy within the County Durham Plan to reflect the concerns raised by members. In addition, in the 'what we will do' section of the strategy an assessment will be undertaken of the effectiveness of the approach to HMOs set out in the current plan with a county wide public engagement exercise to be undertaken to inform a future review and advise residents of what action is available to the LA to manage the number of HMOs in localities across the county. As part of this process the Authority will also look at use of Article 4 Directions which currently reflects the level of student accommodation in Durham City.

The Strategy and Delivery Manager then highlighted that further amendments are proposed to the CDHS, to reflect the national context, because of the general election and the proposed changes to the legislative programme set out by the new Government. In addition, the 12-month Delivery Plan has been updated to reflect that some of the original actions have been completed and others have been given new dates together with a small number of additional actions included.

Councillor Currah referred to the strong feeling amongst Members in relation to the increase of HMOs in the East of the county and commented that properties were being acquired in Crook to potentially become HMOs. He commented that he had previously requested a legal definition from the appropriate service which applied to six beds and under from a planning perspective. He added that Members needed to be clear as to the current planning requirements regarding HMOs and what an article 4 Direction was and the evidence required should this approach be adopted.

The Strategy and Delivery Manager responded that currently under 7 occupants was classed as permitted development, and the property owner does not have to apply for planning permission. In relation to Article 4 Directions, the Government required robust evidence and he confirmed that a proliferation of HMOs in an area would not be enough for an Article 4 Direction to be granted due to current legislation. In relation to the response by DCC to the national consultation on the National Planning Policy Framework (NPPF), he confirmed that it highlighted the need for the process of granting an Article 4 Direction to be made simpler to recognise emerging issues in local communities rather than having to wait until there are issues.

Councillor Surtees confirmed that the focus of the discussion was on HMOs in general and not HMOs established for humanitarian support.

Councillor Moist referred to the meeting of the Economy and Enterprise Overview and Scrutiny Committee on the 11 September 2024 when there was a commitment made to build 500 new Council homes by 2029. He suggested that there was a need for a phased delivery of the programme with a specific delivery plan for the programme. He added that there was a lack of targets identifying what would be done and by when and made reference to there being a need for accountability. He concluded by saying that there was need within the county for these homes to be built as residents of County Durham were crying out for new homes.

The Head of Planning and Housing responded that the delivery was subject to the viability of sites and until the scheme was developed, they would not know if respective sites were viable or not. The contractor was currently working through the various sites and in the next 3 months they should have a better idea in relation to delivery. He continued by confirming that the first 2 sites in the programme would be going to Planning Committee in the next 3-4 weeks for consideration and would be fully costed in January 2025.

Councillor Moist asked for clarification as to whether DCC needed to be held to the existing identified sites and asked whether other additional sites were being investigated. The Head of Planning and Housing confirmed that DCC was looking at alternative sites where the land was owned by DCC and sites in private ownership. In addition, there were discussions about new Council homes being delivered on Chapter Homes sites.

Councillor Surtees suggested that a monitoring process be put in place to ensure that delivery targets were met with targets set as part of DCC's performance management

framework and that the delivery plan reflects the introduction of a monitoring process and delivery targets. In addition, there was a need to ensure that Overview and Scrutiny receives detail of progress made in relation to the delivery plan on a regular basis. The Head of Planning and Housing added that delivery of the programme would be monitored through the Major Programmes Board, and he would include a target within DCC's performance management framework. He also confirmed that progress and performance of the programme would be reported to Overview and Scrutiny on a regular basis.

Councillor Reed commented that properties in Crook were being purchased for conversion into HMOs and that it is having an impact on the local community. She continued that Members see planning applications coming through for properties such as the social club for change of use and then conversion to an HMO and highlighted concern that this building was not in the right location to be used as an HMO. She continued that where a landlord has retail premises, they were changing the use of the premises and submitting a planning application for an HMO, resulting in the loss of retail units on the highstreets, and she was concerned that if there was an upturn in demand for retail units, there would be a shortage of units to satisfy possible future demand within local communities. In Crook, she highlighted that there had been two changes of use in the last two years, where a retail unit had been converted into an HMO. She asked for clarification as to whether once a property is changed to residential use, could it revert back to retail use.

The Strategy and Delivery Manager responded that Policy 9 in the County Durham Plan covers protection of use within boundaries of town centres and confirmed that if a planning application comes forward for a change of use in relation to a retail premises, it would have to satisfy certain criteria before permission was granted. In relation to high streets, there was a balance that needed to be struck between empty units and the establishment of HMOs and it was a case of preference within local communities. He added that he managed the production of the Town Centre surveys and that the results of this year's survey showed that vacancy rates within town centres was reducing.

Councillor Shaw raised the issue of HMOs within Selective Licensing areas of the county and commented that Government was happy that the areas designated in the Selective Licensing Scheme were regulated robustly. He referred to the planned engagement exercise with local residents across the county and commented that there was a growing number of HMOs being established within Selective Licensing areas. He continued that within his local area, 8 properties had been purchased in one street by a charitable housing organisation and converted into HMOs, providing support to tenants with drug and alcohol addiction. He asked whether the evidence which had been gathered to support the application for the Selective Licensing Scheme could be used to apply for Article 4 Directions. The Strategy and Delivery Manager advised that the Selective Licensing Scheme was introduced to regulate private sector housing within the designated areas, noting the difficulties to ascertain whether it was HMOs causing the issues within local areas or whether it was the wider private sector generally.

Councillor Shaw continued by commenting that by allowing multiple HMOs to be established within the same area there would be no improvement within that area and therefore that area would never recover. He commented on the impact this was having on property values of resident's homes within particular locations. The Head of Planning and Housing responded that DCC's was limited in relation to the use of Article 4 Directions due to the way in which the legislation was drafted. He confirmed that DCC had responded to the NPPF consultation to say that there was a need for the current criteria to be reviewed. He continued that the evidence would be insufficient and even if the Service look at this particular issue globally it would be challenging as the evidence is not there to satisfy current legislative requirements and the application would fail. Selective Licensing powers were in place and were a better tool than trying to stop requests via the planning process.

The Strategy and Delivery Manager advised that the engagement exercise being undertaken would provide an opportunity for local residents to supply evidence and the service would then determine whether an Article 4 Direction was feasible.

Councillor Shaw commented that in relation to the issue in his local area, concerning the eight properties in one street being converted into HMOs because it was a registered housing provider who was the owner of the properties then the powers within the Selective Licensing Scheme do not apply. The Head of Planning and Housing advised that a meeting was being arranged with the housing provider to discuss how DCC could support them in relation to managing the properties.

Councillor Miller commented that a commercial property in his community was converted into a five to six bed HMO and that antisocial behaviour had increased by 50%. In his experience, the council had responded querying whether it was residents of the HMO causing issues or other residents because of the HMO being located in that area. The Head of Planning and Housing advised that the issues maybe a result of the HMO, however one HMO would not meet the criteria for an Article 4 Direction. The issues raised by Councillor Shaw where there were 8 HMOs within one street would stand more of a chance in relation to an Article 4 Direction. The Head of Planning and Housing accepted that HMOs could cause problems and that if issues happened after the HMO was created then this would indicate that the issue was the result of the HMO.

Councillor Crute referred to the previous meeting of the Committee where he requested for open and meaningful engagement be undertaken across the county with local communities moving towards the review of the County Durham Plan. He highlighted the need to review current planning requirements in relation to HMOs with six beds and under being considered as permitted development. He added that what is being proposed is heading in the right direction, however, he highlighted that evidence needed to be gathered now, prior to undertaking the engagement exercise with residents. The Strategy and Delivery Manager advised that the Service would be working on gathering evidence from local communities as they move into the review of the plan.

Councillor Charlton commented that some social housing providers were more responsible than others. She was disappointed that low-cost housing in the county was being bought up by private landlords to establish HMOs and queried whether Estate Agents could be asked to be more cautious when marketing and selling properties.

Councillor Wood commented that the Selective Licensing Scheme was a large complex scheme. He continued that there is an increase in the number of empty properties within the county and the low property prices in certain areas of the county was attracting private landlords to purchase these properties and convert them into HMOs. He asked if DCC could take any action under the current Selective Licensing Scheme conditions. The Head of Planning and Housing clarified that the Selective Licensing Scheme does not apply to empty properties.

In response to a further query from Councillor Wood as to whether there was any scope within the 36 Selective Licensing Scheme conditions that could be applied to HMOs, the Head of Planning and Housing advised that Selective Licensing was about the management of units and the licence cannot be used to manage HMOs. He continued that DCC could acquire empty properties and suggested that Members inform the service of any properties within their localities that could be considered for future acquisition.

Councillor A Batey commented that DCC manage the private sector properties in areas covered by the Selective Licensing scheme and questioned why suitable empty properties in these areas have not been purchased for inclusion in the Council Homes Delivery Programme, highlighting that these properties would be easy to manage as they were located in areas where the conditions of the Selective Licensing scheme apply. She commented that any properties purchased for inclusion in the Council Homes Delivery Programme would be acquisitions and therefore would not be included in the 500 new build figure. She concluded by commenting that most Members would be able to list properties in their local communities for the Service Grouping to investigate with a possible view to purchase.

Councillor Peeke asked for clarification as to why this approach was not taken already. The Head of Planning and Housing explained that 170 properties had been purchased over the last 3 years and confirmed that owner's consent was required, however it was noted that DCC could take enforcement action. He continued that where a seller was willing to sell to DCC, the authority would be happy to discuss the purchase of that particular property. He highlighted the need for viable options and going forward there was no reason why the authority cannot continue with acquisitions.

Councillor A Batey added that there was a property in West Pelton that had been empty for 12 years and confirmed that she would provide the service with details following the conclusion of the meeting. The Strategy and Delivery Manager advised

that the Empty Homes Team had a target of bringing 250 empty properties back into use per year.

Councillor Shaw commented that since 2021 only one social housing provider had bought back previously sold housing and asked for clarification as to why there is reluctance amongst the housing providers to buy back previous housing stock. The Head of Planning and Housing confirmed that he would ask the question at the next Housing Forum meeting.

Councillor Surtees commented that a plan for Easington was produced a number of years ago in relation to housing provision, however it did not progress and she confirmed that she would speak to the relevant Officers following the meeting concerning the progress of this plan. She concluded by encouraging Officers to continue to gather evidence in relation to the increase in HMOs across the county.

Resolved:

- i) That the report, presentation, proposed revised draft strategy and delivery plan be noted.
- ii) That members comments in relation to the proposed revisions are shared with the Service Grouping to inform the further development of the County Durham Housing Strategy and delivery plan to be approved by Cabinet and County Council.

8 Quarter One, 2024/25 Performance Management Report

The Committee received a report of the Chief Executive which provided an overview of progress towards achieving the strategic ambitions and objectives set out in the 2024-28 Council Plan and contained the most recent performance data available as of 30 June 2024. The information related to activity and events taking place in the first quarter of the 2024/25 financial year (April to June) (for copy see file of minutes).

The Strategy Team Leader presented the report and highlighted the key messages structured around the four thematic areas that were going well and issues that were being addressed.

Mrs Morris referred to the Gross Value Added (GVA) performance which was on par with the North East average, but lower than the National average and asked whether evidence was being developed to help target areas of underperformance to close the gap and bring in line with national targets. She also commented that in relation to the employability programmes 160 clients had registered onto the various available programmes during this quarter and then asked for clarification of the overall number of residents in County Durham that are eligible for the programmes. The Strategy Team Leader advised that they were working on a geographical breakdown and economic profile which would be reported to the Special meeting of the Committee in February 2024. With regards to employability, she was aware of target figures for

overall schemes, however she would contact the Service Grouping for a response for circulation to members of the committee.

Resolved:

That the overall position and direction of travel in relation to quarter one performance (April to June), and the actions taken to address areas of challenge be noted.

9 Minutes of the County Durham Economic Partnership Board

The minutes of the County Durham Economic Partnership Board held on 5 June 2024 were noted for information.

10 Any Other Business

The Chair reminded Members that all Overview and Scrutiny Members were invited to an Informal Information Session being hosted by Environment and Sustainable Communities Overview and Scrutiny Committee which would provide an update on Durham County Councils Allotment Management Policy. In addition, arrangements had been made for a visit to East Durham College on the 25 November with transport leaving County Hall at 9.15am, Members were asked to contact Diane Close, Overview and Scrutiny Officer to confirm attendance. Economy and Enterprise Overview and Scrutiny Members would also be invited to the Environment and Sustainable Communities Overview and Scrutiny Committee on the 22 November where an update would be provided on the Strategic Leisure Framework and the Management of Durham County Council Theatres and Cinemas.

**Economy and Enterprise
Overview and Scrutiny Committee**

18 December 2024

**Council House Delivery Programme
Update**



**Report of Amy Harhoff, Corporate Director of Regeneration,
Economy and Growth**

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 This report provides an update on the council house delivery programme.
- 2 The report also provides an update on activities since the January 2024 report to Economy and Enterprise Overview and Scrutiny Committee (E&EOSC) and, in particular, provides an update on the delivery pipeline for new build development and an overview of the acquisitions scheme.

Executive summary

- 3 In October 2020, the council agreed to begin a council house building programme. On 12 July 2023, Cabinet approved an updated business case for the council house delivery programme, which responded to challenges within the programme including:
 - (a) macro-economic changes had seen both inflation and interest rates rise significantly since the first business case was prepared;
 - (b) the opportunity to revisit both the delivery approach and assumptions, to support viability considerations within the programme; and
 - (c) to understand how the programme could support a reduction in the cost of using temporary accommodation.
- 4 In response to the changed delivery environment, the timeline for delivery of the programme has been revised. On this basis, the council will deliver 500 new build council houses and associated infrastructure as part of the council house delivery programme by 2029. If building

council houses proves a viable proposition, it is likely that the programme will extend beyond 2029 and the number of new houses built will exceed 500.

- 5 Since the update in January 2024 to E&EOSC, the procurement exercise to appoint a main contractor to deliver the programme has concluded. T Manners are in place as the appointed main contractor to deliver the programme.
- 6 The council house delivery programme development pipeline is detailed at Appendix 2 of this report. The council has been working with the main contractor to refine the pipeline.
- 7 The council has progressed the first three sites towards the planning application stage:
 - (a) Portland Avenue, Seaham;
 - (b) Greenwood Avenue, Burnhope; and
 - (c) Merrington View, Spennymoor.
- 8 Two further sites are at pre-application planning stage:
 - (a) South Parade, Thornley; and
 - (b) Grey Terrace Ferryhill.
- 9 Should these sites be granted planning permission, be viable and successful in attaining Homes England Grant and subject to all other contractual agreements and funding gateway approvals, they will start on site in 2025.
- 10 Alongside new build development, building conversions and property acquisitions form an important part of delivery. Both can supplement the new build element of the programme and provide a particular opportunity in locations where there are limited land opportunities, but an identified need for affordable housing.
- 11 A schedule of properties held by the council is detailed at Appendix 7. In order to protect the privacy of the occupiers, the properties are identified at settlement level. It is apparent that two bed properties are the largest component of the stock, with one bed accommodation the next largest element. This reflects prevailing housing needs.
- 12 Alongside the development and acquisition workstreams, the council is considering the requirements for the operational and management set-up of the service. This work will be presented to Cabinet for consideration in 2025.

Recommendation

- 13 Members of the E&EOSC are asked to note and comment on the information provided within this report and the associated presentation.

Background

- 14 In October 2020, the council agreed to begin a council house delivery programme of up to 500 homes by 2026. Subsequent reports in February 2021 and December 2021 agreed Phase 1 and Phase 2 sites for the programme.
- 15 Progression of the council house delivery programme has been impacted upon by the wider macro-economic environment, resulting from a series of global factors including:
 - (a) the impact of Covid 19;
 - (b) the war in Ukraine; and
 - (c) the global energy crisis.
- 16 These global events have occurred since the development of the original business plan and have resulted in high inflation and interest rates that have affected both the construction industry and the council's own budgetary position.
- 17 On 12 July 2023, Cabinet approved an updated business case for the council house delivery programme, including a revised financial model. This report revisited and updated the original business case for the council house delivery programme outlined in October 2020 for three main reasons:
 - (a) macro-economic changes resulting in both inflation and interest rates rise significantly since the first business case was prepared;
 - (b) the opportunity to revisit both the delivery approach and assumptions to support viability considerations within the programme; and
 - (c) to understand how the programme could support a reduction in the cost of using temporary accommodation.
- 18 The updated business case included a fundamental review of the assumptions and the approach to the delivery of the programme, undertaken by Savills Consultancy. The Savills Consultancy review determined that the council house delivery programme was viable and was deliverable without additional capital investment (other than land), which enabled a reduction of the capital requirement from the council.
- 19 The council's capital investment in the programme has therefore been reduced from £12,500,000 to £4,500,000. The £4,500,000 will be utilised to progress sites which are unviable, where there is a wider strategic

rationale to support the delivery of council homes and to fund the cost of pre-contract service agreements in the short term to allow for the viability of sites to be determined, site investigations and feasibility works. As the schemes are progressed to delivery stage the budget is replenished once the scheme finances are put in place.

January 2024 Economy and Enterprise Overview and Scrutiny update

- 20 On 12 January 2024 E&EOSC received an update on the council house delivery programme. This report provided a recap on the origins of the programme in 2020 and the July 2023 Cabinet report.
- 21 The E&EOSC report in January 2024 reconfirmed that the justification for the council house delivery programme lies in the opportunity to deliver affordable homes and to provide an additional source of supply in response to a shortfall of delivery of affordable homes to meet housing needs and in response to the requirement to deliver homes for older people.
- 22 It was noted that the council house delivery programme also provides a means to reduce costs to the council associated with the provision of temporary accommodation, by providing ‘move on’ accommodation managed by the council. The council is also providing additional units of temporary accommodation both directly and with the support of funding from various targeted programmes of delivery such as Local Authority Housing Fund round two and round three and through directly delivered self-financing schemes. The objective of the programme is therefore to deliver homes to meet identified housing needs in County Durham.
- 23 The table detailed below summarises the next steps as outlined in the January 2024 report and provides a commentary on progress:

Action	Status	Comment
Concluding the procurement exercise to appoint a main contractor to build council homes.	Complete	T Manners appointed as main contractor.
Progressing of ‘first sites’, Portland Avenue, Seaham and Greenwood Avenue, Burnhope.	Complete	Planning applications submitted November 2024.

Work with the appointed main contractor to develop a delivery pipeline of sites.	Complete	Pipeline beyond first two sites in place.
Undertake a procurement process to appoint a Modern Methods of Construction (MMC) provider to deliver the Merrington View, Spennymoor site.	Complete	Procurement exercise completed and Core Haus appointed. Planning application submitted November 2024.
Prepare a report to Cabinet in 2024 to outline the operational and management considerations of the programme.	Pending	Reprofiled to 2025. This report will now also include a Financial Strategy for a Housing Revenue Account

Council House Delivery Programme – New Build Development

- 24 The council will deliver 500 new build council houses and associated infrastructure as part of the council house delivery programme. The original intention was to deliver these 500 houses by 2026; however, the impact of Covid 19 and wider economic conditions including inflationary pressures and rising interest rates have presented delivery challenges for the programme. As a result, the programme will be delivered by 2029.
- 25 In reality, however, if building council houses proves a viable proposition, it is likely that the programme will extend beyond 2029 and the number of new houses built will exceed 500.
- 26 Since the January 2024 update, the procurement exercise to appoint a main contractor to deliver the programme has concluded. T Manners are in place as the appointed main contractor to deliver the programme.
- 27 The council house delivery programme development pipeline is detailed at Appendix 2. The council has been working with the main contractor to refine the pipeline, including assessing the suitability for sites for development.
- 28 Sites are to be delivered in phases, progressing two or three at a time across a rolling programme. Where sites are considered to be unsuitable for development, they will be removed from the pipeline. Site suitability will consider such factors including (but not limited to):
- (a) the site topography (including elevation);

- (b) the size of the site; and
 - (c) the scope of the developable area.
- 29 The Cabinet report in July 2023 identified three sites for the initial stage of the programme. An overview of these schemes is detailed at Appendix 2; however, additional information is detailed below.

Portland Avenue, Seaham

- 30 The scheme at Portland Avenue in Seaham is part of a wider local plan allocation and a joint venture agreement between the council (as landowner) and Homes England to deliver a housing led regeneration scheme for Seaham. Parties are working together to resolve that the Joint Venture Agreement can facilitate the development of Site C in isolation.
- 31 The council house proposals are to the south western corner of the site and take an access from Malvern Crescent. The proposed layout is detailed at Appendix 4. The scheme, to be delivered by T Manners, comprises of 33 units, consisting of a mix of two bedroom bungalows along with two and three bedroom houses. All homes benefit from two car parking spaces and there are nine visitor parking bays across the site.
- 32 The scheme was submitted for planning permission in November 2024 and is scheduled to commence on site in Spring 2025, dependent on the outcome of the planning application and the receipt of Homes England grant.

Greenwood Avenue, Burnhope

- 33 The scheme at Greenwood Avenue in Burnhope benefits from funding for remediation and service diversions via the Brownfield Land Release Fund. The proposed layout, detailed at Appendix 5, makes provision for 32 units, including a mix of two bedroom bungalows along with two, three and four bedroom houses. All properties have two parking spaces and there are eight visitor parking bays. The scheme is to be delivered by T Manners. The site has been configured to enable access to the adjacent portion of land to the east, should this be required.
- 34 The scheme was submitted for planning permission in November 2024 and is scheduled to commence on site in Spring 2025, dependent on the outcome of the planning application and the receipt of Homes England grant.

Merrington View, Spennymoor

- 35 The Merrington View scheme at Spennymoor site is a smaller scale site within the programme and on this basis, it has been identified as being suitable for a Modern Method of Construction (MMC) scheme. MMC schemes support pace of delivery and enable the council to introduce innovative construction approaches to the programme.
- 36 The site is to be delivered by modular home manufacturer Core Haus, as part of the council house delivery programme and the single homeless accommodation programme. The proposed development will consist of eight one-bedroom properties arranged in two blocks, each two stories in height. A site plan is detailed at Appendix 6. A planning application for the scheme was submitted in November 2024. Should this be approved, the scheme would start on site in Spring 2025.

Wider Pipeline Commentary

- 37 Appendix 2 sets out the wider pipeline for the council house delivery programme. This pipeline identifies sites that are considered likely to be suitable and viable for development. The pipeline has been developed through discussions with the main contractor.
- 38 The pipeline is set in three phases which denotes the relevant stages and prioritisation of schemes. Where it is known, information is provided on:
- (a) the number of units;
 - (b) the current stage of the project;
 - (c) the anticipated planning application date; and
 - (d) should the planning application be successful, the anticipated start on site and completion dates.
- 39 The pipeline is subject to change as schemes are developed. The sites each have a range of planning conditions, section agreements, site clearance activities / utility diversions and funding gateway approvals to navigate which may impact delivery and lead to a change in the indicative programmed dates. These risks and tasks are being managed by the project team.
- 40 At this stage, it is envisaged that the current pipeline will deliver 372 units. However, it has been evident from the first sites that site densities have increased through the initial design stage of the project. Therefore, the sites in the pipeline will be expected to deliver more units than originally envisaged.

- 41 Alongside the pipeline, the council will continue to consider other opportunities as they arise. In particular, the council is actively exploring opportunities to the west of the A68 in rural communities.
- 42 As part of the process of considering sites, it is identified that a number of sites originally allocated to the programme would likely be unsuitable for the council house delivery programme. These sites, along with the originally estimated yield, are detailed at Appendix 3. These sites have been considered as being unsuitable for reasons including:
- (a) the form of the site;
 - (b) topography of the site;
 - (c) the scale of the site; and
 - (d) the scope for the developable area.
- 43 It is possible that upon review, further sites may be identified as being unsuitable. Where this occurs, replacement site will be sought for the programme.

Conversion Programme

- 44 The Council is also pursuing options to convert and re-purpose surplus properties within the Council's portfolio to provide accommodation to meet housing needs.
- 45 In this regard construction work is currently on site at the former Bishop Auckland Registry Office and the Former Children's Home at Tow Law to deliver a further 10 units of accommodation for single people.
- 46 It is anticipated that both of these units will be completed and ready for occupation at the end of March 2025 as part of the Single Homeless Accommodation Programme (SHAP).

Acquisitions Programme

- 47 Alongside new build development, acquisitions of properties form an important part of delivery. Targeted acquisitions can supplement the new build element of the programme and provide a particular opportunity in locations where there are limited land opportunities, but an identified need for affordable housing.
- 48 The council has undertaken acquisitions in connection with the following schemes:
- (a) general needs affordable housing;

- (b) temporary accommodation;
 - (c) Local Authority Housing Fund; and
 - (d) Rough Sleepers.
- 49 A schedule of properties held by the council is detailed at Appendix 7. In order to protect the privacy of the occupiers, the properties are identified at settlement level. It is apparent that two bed properties are the largest component of the stock, with one bed accommodation the next largest element. This reflects prevailing housing needs linked to the schemes.
- 50 The council will continue acquisitions alongside its development programme. Acquisitions programmes are developed on a self-financing basis, with rental income over time covering the cost to buy the property and bring the property up to decent homes standard.
- 51 Current and ongoing acquisitions programmes include:
- (a) Temporary Accommodation – 40 properties by March 2025
 - (b) Local Authority Housing Fund round three – 12 properties over 2024-26
 - (c) SHAP - 32 properties by March 2025
 - (d) The use of Section 106 funds to acquire Temporary Accommodation.

Next Steps

- 52 This report has confirmed that a series of sites in the pipeline are progressing to pre-application discussions or full planning stage. Scheme progression is subject to a number of factors including securing planning consent, discharging planning conditions, section agreements, site clearance activities / utility diversions and fulfilling funding gateway approvals. These risks and tasks are being managed by the project team.
- 53 The report sets out the wider pipeline for the programme. The approach to the pipeline is to progress two to three sites at any one time in phases, therefore, further sites will be progressed to the planning stages following design work.
- 54 The conversion and acquisition programmes are progressing in line with agreed parameters, and future schemes will be scoped in line with housing needs.

- 55 Alongside the development workstream, the council is considering the requirements for the operational and management set-up of the service. This includes the approach to repairs and maintenance of properties, tenant communications and wider communications associated with the programme. This work is in development and will be presented to Cabinet for consideration in 2025. This report will also set out the approach and timing of the opening of the housing revenue account.

Conclusion

- 56 This report provides an update on the council house delivery programme.
- 57 The report also provides an update on activities since the report to E&EOSC in January 2024 and, in particular, provides an update on the delivery pipeline for new build development and an overview of the acquisitions scheme. The report demonstrates continued progress in the progression of the programme, with a series of sites expected to start on site in 2025.

Background papers

- Cabinet - 12 July 2023: Council House Delivery Programme Update¹
- Economy and Enterprise Overview and Scrutiny Committee - 12 January 2024: Council House Delivery Programme Update²

Other useful documents

- None

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1

<https://democracy.durham.gov.uk/documents/s176654/Council%20House%20Delivery%20Programme%20Update.pdf>

2

<https://democracy.durham.gov.uk/documents/s183863/OSC%20Council%20House%20Delivery%20Programme%20Update%20Report.pdf>

Appendix 1: Implications

Legal Implications

The council is a registered provider of social housing and has all the necessary powers to fulfil the recommendations. The council may hold 199 properties in the general fund under the direction from the Secretary of State. Once it holds 200 properties it will be required to re-establish its housing revenue account. The necessary direction is in place.

The council acquires properties in accordance with an established process facilitated by the Corporate Property and Land Team and Legal Services.

Finance

The updated financial model was approved by Cabinet on 12 July 2023. Each site in the programme is subject to an individual assessment of scheme viability.

Consultation and Engagement

Consultation is undertaken on sites at an appropriate time.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

The new council homes are designed in line with building regulations standards to ensure high standards of energy efficiency.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

Detailed risk assessments will be undertaken at the project level and as part of delivering sites.

Procurement

None.

Appendix 2: Delivery Pipeline - December 2024

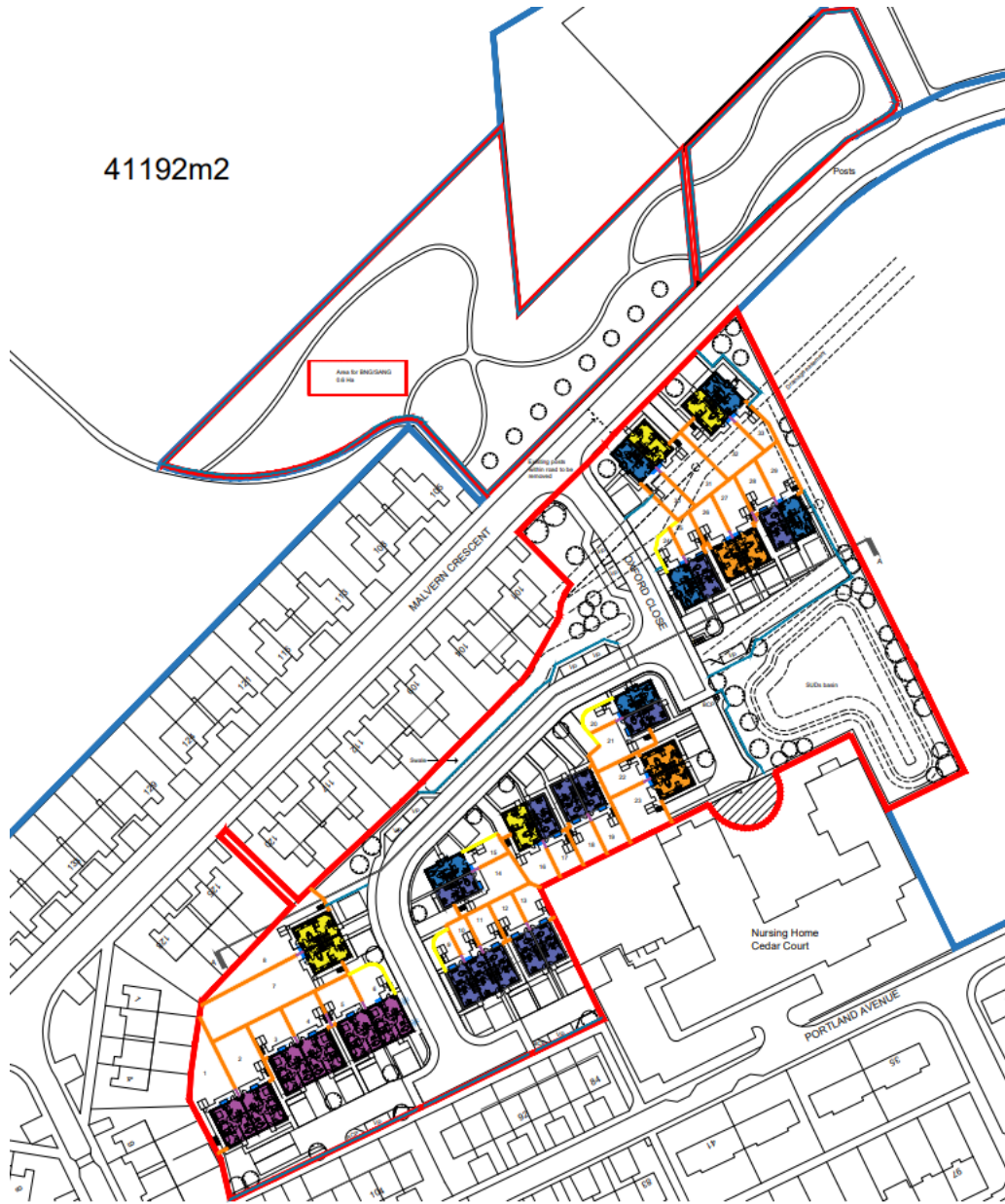
Site	No. of units	Current stage	Anticipated planning application date	Delivery timescale (anticipated start on site)	Anticipated Completion
Portland Ave, Seaham	33	Planning application submitted November 2024	Submitted November 2024	Spring 2025 start on site	Summer / Autumn 2026
Greenwood Ave, Burnhope	32	Planning application submitted November 2024	Submitted November 2024	Spring 2025 start on site	Summer / Autumn 2026
Merrington View Spennymoor	8	Planning application submitted November 2024	Submitted November 2024	Spring 2025 start on site	Summer 2025
South Parade, Thornley	17	Pre-application submitted November 2024	Q2 25	Q3 25	Q4 26
Grey Terrace, Ferryhill	22	Pre-application submitted November 2024	Q2 25	Q3 25	Q4 26
Third Street, Fourth Street and Fifth Street, Horden	60	Design Development / Confirming Brief	Q3 25	Q1 26	TBC
St Agatha's Close, Brandon	45	Initial feasibility	Q3 25	Q2 26	Q2 28
Claude Terrace, Murton	10	Future scheme in pipeline			
Fishburn Hall Farm	30	Future scheme in pipeline			

Moorside School, Consett	20	Future scheme in pipeline			
Derwentside Crescent, Leadgate	40	Future scheme in pipeline			
Delves Lane, Consett	30	Future scheme in pipeline			
Barrington School, Dene Bank	10	Future scheme in pipeline			
Blackthorn Close, Brandon	15	Future scheme in pipeline			
Total	372				

Appendix 3: Sites to be Returned to Disposal Programme

Site	Originally anticipated number of units	Comment
Deneside Depot, Seaham	15	Limited development opportunity
Chaytor Road, Bridgehill	35	Site topography
Eddison Street, Murton	10	Site topography
Murphy Crescent, Bishop Auckland	20	Access issues
Wheatley Hill School, Wheatley Hill	25	Alternative delivery approach
Shieldrow Lane, New Kyo	10	Residential amenity
Thornlaw South, Thornley	35	Requires further evaluation
Mafeking Tec, Sacriston	7	Site topography
Hill Top View Road, Langley Park	30	Site topography
Hamsterley Walk, Annfield Plain	10	Site topography
Total	197	

Appendix 4: Proposed Site Layout - Portland Avenue, Seaham



Appendix 5: Proposed Site Layout - Greenwood Avenue, Burnhope



Appendix 6: Proposed Site Layout - Merrington View, Spennymoor



Appendix 7: Property bed count by area

Appendix 7a: Properties Owned

Town	Studio	1 Bed	2 Bed	3 Bed	4 Bed	Total
Annfield Plain	0	0	1	0	0	1
Bishop Auckland	0	0	3	2	2	7
Bishop Middleham	0	2	0	0	0	2
Blackhill, Consett	0	1	0	0	0	1
Brandon	0	0	0	2	0	2
Catchgate	0	2	0	0	0	2
Chester-le-Street	0	1	0	1	0	2
Chilton	0	1	0	0	0	1
Consett	0	0	2	0	0	2
Coundon Grange	0	3	0	0	0	3
Coxhoe	0	0	1	0	0	1
Crook	0	0	3	3	2	8
Crossgate Moor	0	0	1	0	0	1
Darlington	0	0	0	1	0	1
Delves, Consett	0	1	0	0	0	1
Easington Colliery	0	0	1	0	0	1
Esh Winning	0	0	0	1	0	1
Evenwood	0	0	1	0	0	1
Ferryhill	0	0	2	0	0	2
Fishburn	0	0	0	0	1	1
Framwellgate Moor	0	0	1	0	0	1
Gilesgate	0	1	6	2	0	9
Horden	0	0	2	0	0	2
Howden le Wear	0	0	1	1	0	2
Lanchester	0	0	1	0	0	1
Langley Park	0	0	2	0	0	2
Middlestone Moor	0	0	0	1	0	1
Murton	0	0	1	0	0	1
Nevilles Cross	0	0	1	0	0	1

Newton Aycliffe	0	2	1	5	0	8
Newton Hall	0	0	1	0	0	1
Pelton	0	1	0	0	0	1
Peterlee	0	0	2	1	0	3
Roddymoor, Crook	0	2	0	0	0	2
Seaham	0	1	0	1	0	2
Sherburn Hill	0	0	1	0	0	1
Shildon	0	4	3	1	0	8
Spennymoor	0	1	6	3	0	10
Stanley	0	14	1	0	0	15
Station Town	0	0	0	1	0	1
Trimdon Colliery	0	0	1	0	0	1
Ushaw Moor	0	0	1	1	0	2
West Auckland	0	0	1	0	0	1
West Rainton	0	1	0	1	0	2
Wheatley Hill	0	5	0	1	0	6
Willington	0	0	0	3	0	3
Total						128

Appendix 7b: Properties Leased

Town	Studio	1 Bed	2 Bed	3 Bed	4 Bed	Total
Bishop Auckland	0	0	2	0	0	2
Bowburn	0	0	1	1	0	2
Brandon	0	0	1	1	0	2
Craghead	0	0	1	0	0	1
Crook	0	0	2	0	0	2
Easington	0	0	1	0	0	1
Evenwood	0	0	2	0	0	2
Grange Villa	0	0	1	0	0	1
Leadgate	0	0	1	0	0	1
Leeholme	0	0	1	0	0	1
Leeholme	0	0	1	0	0	1
Middlestone Moor	0	0	1	0	0	1
New Kyo	0	2	1	0	0	3
Newton Aycliffe	0	1	0	1	0	2
Peterlee	1	0	1	0	0	2
Sacrison	0	7	1	0	0	8
Shotton Colliery	0	0	0	1	0	1
South Hetton	0	0	0	1	0	1
St Helen Auckland	0	0	1	0	0	1

Stanley	0	1	2	2	0	5
Sunnybrow	0	0	1	0	0	1
West Auckland	0	0	1	0	0	1
Willington	0	1	0	0	0	1
Wingate	0	0	0	1	0	1
Total						44

Council House Delivery Programme Update

Overview and Scrutiny Economy and Enterprise

18 December 2024



Agenda

Background

- Updates since January 2024 E&E OSC
- Council House Delivery Programme – New Build development Pipeline
- Building conversions programme
- Property acquisitions programme
- Next Steps
- Questions

Objective/Purpose:

- Members of the Economy and enterprise Overview and Scrutiny Committee are asked to note and comment on the information provided within this report and the associated presentation

Background

Background

- In October 2020, the council agreed to begin a council house delivery programme of up to 500 homes by 2026
- Cabinet reports in February 2021 and December 2021 agreed Phase 1 and Phase 2 sites for the programme.
- Progression of the council house delivery programme has been impacted by a series of macro-economic factors:
 - Covid 19
 - War in Ukraine
 - The global energy crisis

July 2023 Business Case

- On the 12 July 2023, Cabinet approved an updated business case for the council house delivery programme, including a revised financial model.
- The July 2023 updated business case responded to three challenges for the programme:
 - a) macro-economic changes had seen both inflation and interest rates rise significantly since the first business case was prepared.
 - b) the opportunity to revisit both the delivery approach and assumptions, to support viability considerations within the programme.
 - c) to understand how the programme could support a reduction in the cost of using temporary accommodation.
- Updated financial model forecast HRA is financially viable on a self-financing basis, without capital investment from the council.

Update since January 2024 E&E OSC



Progress update

Action	Status	Comment
Concluding the procurement exercise to appoint a main contractor to build council homes.	Complete	T Manners appointed as main contractor.
Progressing of 'first sites', Portland Avenue, Seaham and Greenwood Avenue, Burnhope.	Complete	Planning applications submitted November 2024.
Work with the appointed main contractor to develop a delivery pipeline of sites.	Complete	Pipeline beyond first two sites in place.
Undertake a procurement process to appoint a Modern Methods of Construction (MMC) provider to deliver the Merrington View, Spennymoor site.	Complete	Procurement exercise completed and Core Haus appointed. Planning application submitted November 2024.
Prepare a report to Cabinet in 2024 to outline the operational and management considerations of the programme.	Pending	Reprofiled to 2025.

Council House Delivery Programme – New Build development Pipeline

Delivery pipeline overview

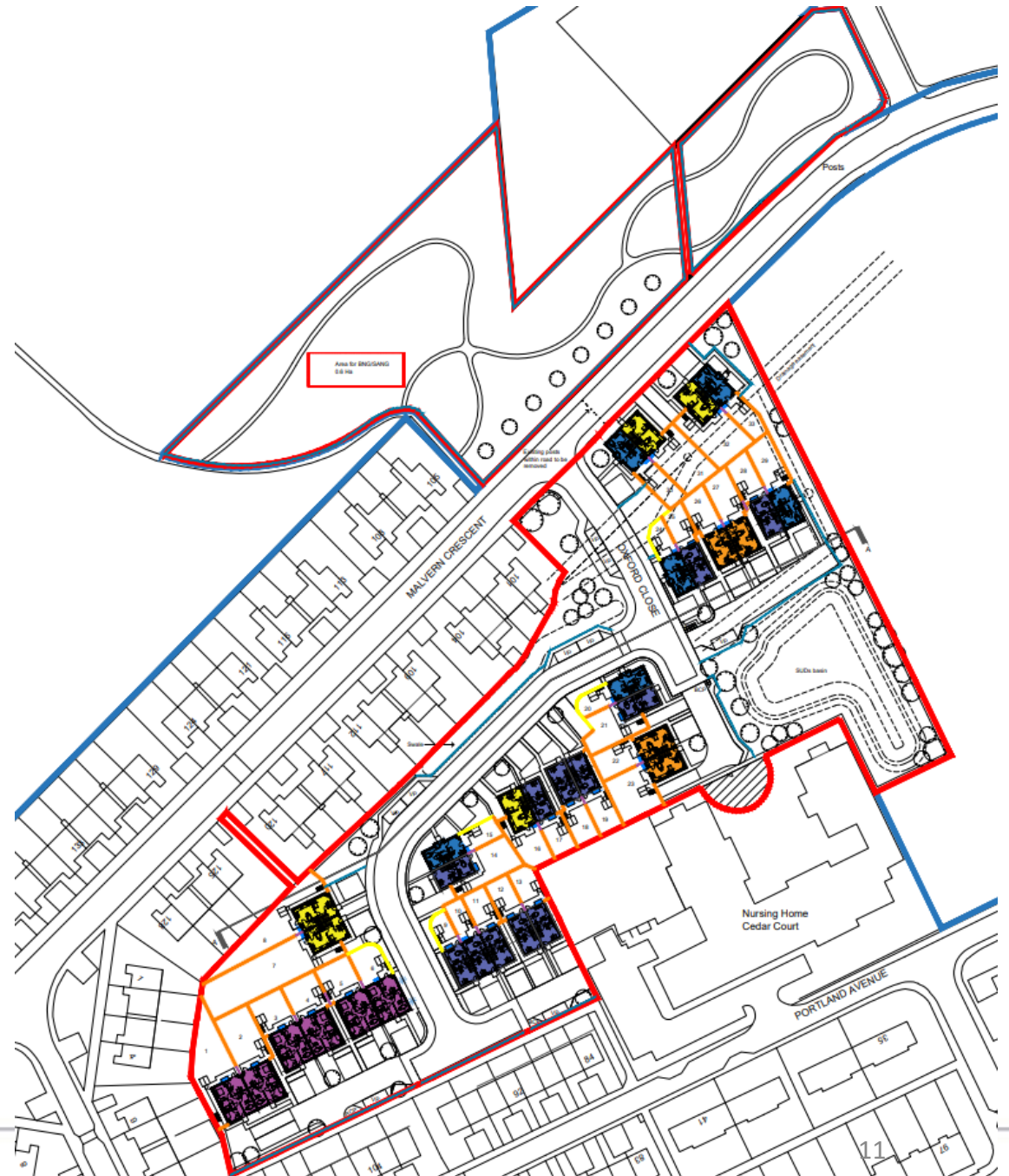
- The council will deliver 500 new build council houses as part of the council house delivery programme.
- Original intention was to deliver these by 2026, however owing to macro-economic factors, the programme will be delivered by 2029.
- Pipeline is to be delivered in phases, progressing two or three at a time across a rolling programme.
- If the programme is a viable proposition, it is likely that it will extend beyond 2029 and the number of new houses built will exceed 500.

The first three sites

- July 2023 cabinet report identified three sites for the initial stage of the programme:
 - Greenwood Avenue, Burnhope
 - Portland Avenue, Seaham
 - Merrington View, Spennymoor

Portland Avenue, Seaham

- 33 units - a mix of two-bedroom bungalows along with two and three-bed houses.
- Two car parking spaces per property.
- Nine visitor parking bays.
- Planning application submitted in November 2024.
- Commence on site Spring 2025 - subject to planning approvals, Homes England grant and contractual gateways.



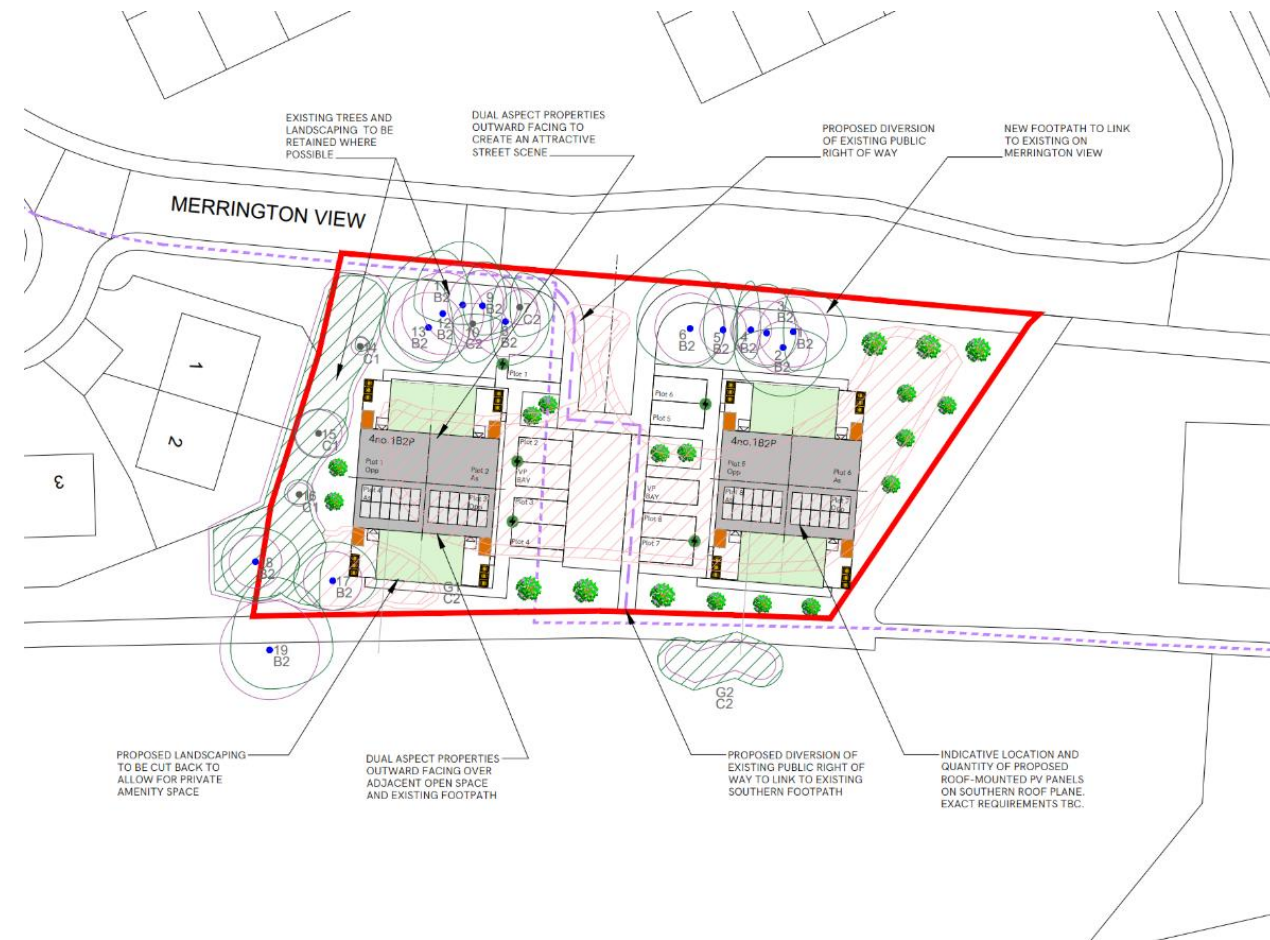
Greenwood Avenue, Burnhope

- 32 units. A mix of two-bedroom bungalows along with two, three and four bedroom houses.
- Two car parking spaces per property.
- Eight visitor parking bays.
- Planning application submitted in November 2024.
- Commence on site Spring 2025 - subject to planning approvals, Homes England grant and contractual gateways.



Merrington View, Spennymoor

- Eight one-bedroom properties.
- MMC scheme as part of SHAP.
- One car parking space per property. Two visitor parking bays.
- Planning application submitted in November 2024.
- Commence on site Spring 2025 - subject to planning approvals, and contractual gateways.



Wider pipeline (1/2)

- Sites likely to be suitable and viable for development.
- Set out in three phases
- The pipeline is subject to change as schemes are developed.
- Envisaged that the current pipeline will deliver 372 units.
- Alongside the pipeline, the council will continue to consider other opportunities as they arise.
- The council is actively exploring opportunities to the west of the A68 in rural communities.

Wider pipeline (2/2)

Site	No. of units	Current stage	Anticipated planning application date	Delivery timescale (anticipated start on site)	Anticipated Completion
Portland Ave, Seaham	33	Planning application submitted November 2024	Submitted November 2024	Spring 2025 start on site	Summer / Autumn 2026
Greenwood Ave, Burnhope	32	Planning application submitted November 2024	Submitted November 2024	Spring 2025 start on site	Summer / Autumn 2026
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St Agatha's Close, Brandon	45	Initial feasibility	Q3 25	Q2 26	Q2 28
Claude Terrace, Murton	10	Future scheme in pipeline			
Fishburn Hall Farm	30	Future scheme in pipeline			
Moorside School, Consett	20	Future scheme in pipeline			
Derwentside Crescent, Leadgate	40	Future scheme in pipeline			
Delves Lane, Consett	30	Future scheme in pipeline			
Barrington School, Dene Bank	10	Future scheme in pipeline			
Blackthorn Close, Brandon	15	Future scheme in pipeline			

Unsuitable sites

- A number of sites originally allocated to the programme would likely be unsuitable.
- These sites have been considered as being unsuitable for reasons including:
 - the form of the site;
 - topography of the site;
 - the scale of the site; and
 - the scope for the developable area.
- Anticipated to total 197 units.

Building conversions programme

Conversions Overview

- Conversions in certain circumstances can form an important part of the delivery programme.
- Repurposing and converting surplus buildings within the Council's property portfolio can provide a contribution towards meeting housing needs
- Current Activity as part of SHAP programme providing 10 units at:
 - Tow Law Former Children's Home
 - Bishop Auckland Registry Office.

Property acquisitions programme

Acquisitions overview

- Property acquisitions form an important part of the delivery programme.
- Targeted acquisitions can supplement the new build element of the programme
- Provide an opportunity to meet housing needs in locations where there are limited land opportunities.

Acquisitions schemes

- The council has undertaken acquisitions in connection with the following schemes:
 - General needs affordable housing
 - Temporary Accommodation
 - Local Authority Housing Fund
 - Rough Sleepers

Current acquisitions schemes

- Current and ongoing acquisitions include:
 - Temporary Accommodation
 - Local Authority Housing Fund
 - SHAP
 - Use of S.106 to acquire Temporary Accommodation
- Alongside acquisitions, an active leasing scheme in place.

Distribution and form of properties

- Properties distributed across a range of settlements.
- Properties consist of studio apartments, 1, 2, 3 and 4-bedroom properties.
- 2-bedroom properties are the largest component of the stock.
- 1-bedroom properties the second largest component of stock
- Range of property sizes reflects housing needs.

Next steps

Next steps

- Continued progression of first schemes.
- Bringing sites forward within the pipeline.
- Continuation of acquisitions programmes.
- Future report to cabinet on operational management and maintenance for the council house delivery programme.

Questions

**Economy & Enterprise Overview and
Scrutiny Committee**

18 December 2024

**Supported Housing Improvement Programme
(SHIP)**



**Report of Amy Harhoff, Corporate Director for Regeneration,
Economy and Growth**

Electoral divisions affected:

Countywide.

Purpose of the Report

1. The purpose of this report is to provide Economy and Enterprise Overview and Scrutiny Committee with an update on the Supported Housing Improvement Programme (SHIP), working with non-commissioned supported housing providers across County Durham.

Executive summary

2. Durham County Council (DCC) submitted a bid for funding to the former Department for Levelling Up, Housing and Communities (DLUHC) in summer 2022 to establish a SHIP. The bid was successful and £578,795 was awarded to run up until March 2025. The purpose of the funding is to enable the council to increase its oversight and involvement within the non-regulated, non-commissioned supported housing sector.
3. The SHIP funding established a multi-disciplinary team, made up of six posts including:
 - a) a programme co-ordinator;
 - b) two housing benefit officers;
 - c) a housing needs officer;
 - d) a property inspection officer; and
 - e) an adult social care officer.

4. The SHIP has been in place for the past 23 months and is making significant progress with increasing Durham County Council's oversight in relation to the non-commissioned supported housing sector, as well as making significant improvements with the property and support standards across this sector.
5. The programme is also making a positive financial impact for the council by progressing with plans to reduce housing benefit subsidy loss. The SHIP team are working with supported housing providers to reduce bed blocking, as well as challenging new provision and scrutinising existing housing benefit claims.

Recommendations

6. It is recommended that the members of Economy and Enterprise Overview and Scrutiny Committee note the contents of this report and presentation delivered at the meeting and provide feedback accordingly.

Background

7. Supported housing can be both commissioned and non-commissioned. It is accommodation packaged with support to enable some of the most vulnerable people to live as independently as possible in the community. The cohorts this sector supports include*:
 - a) individuals at risk of or who have experienced homelessness;
 - b) people recovering from drug or alcohol dependence;
 - c) people with experience of the criminal justice system;
 - d) young people with a support need (such as care leavers or teenage parents);
 - e) people with mental ill health; and
 - f) people fleeing domestic abuse.

*These are not always distinct groups, and many individuals may have multiple needs.
8. Supported housing that is commissioned by the local authority is inspected and monitored with a clear performance framework in place, however there is currently no regulator of non-commissioned supported housing and providers can set up without approval from the local authority. This can provide many problems including organisations and landlords setting up for commercial gain and not for the welfare of the client, as well as not providing the level of 'care, support and supervision' as set out in their housing benefit application.
9. These properties are often purchased in cheaper locations including regeneration areas therefore potentially adding to existing problems of anti-social behaviour. A recent example of this was a provider who bought properties across the county, some of which were in Horden, a targeted delivery plan area. This provider could not demonstrate an adequate provision of 'care support and supervision' to their tenants and subsequently resulted in non-payment of housing benefit by DCC. This decision was made in late 2022, in advance of the SHIP programme.
10. Currently in County Durham there are 20 providers of non-commissioned supported housing. These providers collectively manage approximately 754 units of accommodation providing transitional/short term supported accommodation.

11. Both nationally and regionally there have been increasing reports of poor-quality, non-commissioned supported housing. As a result, there are concerns about the detrimental impact this can have on:
 - a) resident wellbeing and outcomes;
 - b) the neighbourhoods surrounding these schemes; and
 - c) the pressure this can place on public services.
12. A BBC Panorama documentary exploring this issue was produced in August 2022, where the provider 'My Space' was investigated.
13. To address the emerging challenges within the non-commissioned supported housing sector the former DLUHC launched the SHIP in summer 2022. Local authorities were invited to bid for a share of £20 million to help address poor quality supported housing and improve standards of support and provision.
14. The council submitted a bid and in Autumn 2022 was awarded £578,795 to implement the SHIP in County Durham. The funding will enable the council to increase its oversight and involvement in the non-commissioned supported housing sector. The proposed outcomes of the programme are:
 - a) improved property and management standards of supported accommodation;
 - b) improved knowledge and introduction of a new gateway approach to better manage supply of supported accommodation across the county;
 - c) quality support tailored to meet individual tenant needs;
 - d) value for money for both providers, tenants and the council;
 - e) upskilling of the providers' workforce;
 - f) improved engagement and support to service users from the council; and
 - g) collaborative production of a supported accommodation charter to help establish and maintain high standards.
15. Between 2020 and 2022 the non-commissioned supported housing sector across County Durham saw a 40% growth in the total number of units. Since the introduction of SHIP in January 2023 the number of units

has increased by 8%, a significant reduction in the rate of expansion across the sector.

16. The SHIP is having a significant positive impact on the non-commissioned supported housing sector and is progressing well with delivering the outcomes set out in the original funding bid. The programme is on track to review all non-commissioned supported housing providers operating in County Durham before the end of March 2025.
17. In addition to being on track to deliver the proposed outcomes set out in the original funding bid, the programme is also having a significant impact on supporting housing benefit colleagues tackle the financial challenges associated within supported accommodation and is also supporting internal services and external partners tackle wider social challenges.

Financial Impact

Housing Benefit Subsidy Loss

18. The SHIP team has played a key role in working to reduce the council's housing benefit subsidy loss costs. Subsidy loss is the shortfall in housing benefit payment made to local authorities from the Department for Work and Pensions (DWP), when the housing provider is not registered with the Regulator for Social Housing (RSH) and is otherwise set up as a charity, community interest company or social benefit society. In 2023/24, the housing benefit subsidy loss was £1.6 million for non-commissioned supported accommodation. The overall subsidy loss for DCC, including housing benefit overpayments, temporary accommodation and supported accommodation, for 2023/24 was £3.4 million.
19. The SHIP team is actively working to encourage providers to become registered with the RSH or partner with an existing registered provider (RP) to help tackle the council's subsidy loss challenges.
20. The SHIP team has undertaken additional tasks to reduce DCC's subsidy loss, including:
 - a) review of the levels of support given to tenants and promotion of tenant 'move on' where support is no longer required;
 - b) scrutinising non-commissioned supported housing costs submitted by providers; and

- c) challenging the increase in housing units that existing non RPs are offering.

Gateway Approach

- 21. Durham County Council is continuously approached by non-commissioned supported housing providers who aspire to provide supported accommodation in County Durham.
- 22. The SHIP has developed a gateway approach to strengthen internal processes and scrutiny of prospective non-commissioned supported housing providers wishing to move into County Durham and existing providers who wish to expand their existing portfolios.
- 23. Due to lack of regulation within this sector, the council cannot prohibit providers from setting up supported accommodation. The gateway approach does enable the SHIP team to investigate the provider in more detail from the outset and deter the more unscrupulous providers from going ahead. The gateway approach includes:
 - a) development and implementation of a non-commissioned supported housing web page and [proforma](#), which requests further information from a provider (governance arrangements, property details, support arrangements etc.);
 - b) implementation of a gateway working group to enable Durham County Council officers to consider new supported housing proposals in more detail, including:
 - (i) costs;
 - (ii) referrals;
 - (iii) location of proposed schemes;
 - (iv) pathway; and
 - (v) processes and procedures.
 - c) mapping of existing provision to understand location of properties and ensure there is not high numbers of supported accommodation in certain areas; and
 - d) property inspections and tenant reviews are conducted before housing benefit is paid to new providers.

24. Since the start of SHIP in January 2023 there have been 28 approaches from providers, all from non RPs, of which 24 have been in the past 12 months. Of the 28 approaches:
- a) 21 providers chose not to progress with their plans, this was following scrutiny of their proposals as part of the gateway approach with the SHIP team;
 - b) two providers did submit housing benefit claims but were refused following scrutiny of their claims; and
 - c) two providers (three properties in total) progressed to receiving exempt accommodation status, this was following a rigorous process and Durham County Council receiving noted reassurance that there would not be a rapid expansion of their provision.
 - d) Three proposals have only recently been received and DCC is in the very early stages of understanding these proposals further.
25. It is difficult to put an exact figure on how much has been saved by putting these gateway measures in place, mainly due to varying weekly rent costs and the scale of provision for each proposal however if all 26 providers referenced in paragraph 34 were not registered, then based on having one property each, the gateway approach would have saved approximately £128,980.80 per year in housing benefit subsidy loss, based on current average weekly costs (£95.4 x 26 x 52).
26. Data has shown that once a provider is 'approved' to operate in the county there is very often a fast expansion of provision. For example, Addictions North East began with one property in 2015, ten properties by 2019 and 78 properties by 2024. Similarly, Handcrafted began with one property in 2014, 12 in 2019 and 37 properties by 2024.

Review of all Housing Benefit Decisions

27. Since June 2023, 336 tenant reviews (across 17 providers) have taken place to validate housing benefit decisions and ensure that tenants are receiving above the minimal amount of care, support, and supervision. 129 support plans, including records of contact and referral forms have been scrutinised to ensure contact with the tenants is taking place, ensuring the tenant can maintain their tenancy.
28. Over the past 20 months, 18 housing benefit claims have been suspended or cancelled, and a further four claims amended as a direct result of information disclosed during SHIP support reviews, highlighting

incorrect information on housing benefit claims as well as concerns about lack of support, non-engagement, or vacant properties. The average weekly total saved through a cancelled claim is £318.50.

Tenant Move On

29. Supported accommodation should be considered short-term for up to two years and be transitional, as a stepping stone for independent living. The SHIP has supported providers with tenant move on and has facilitated tenants moving out of supported accommodation into their own tenancy, when tenants are ready.
30. Ensuring tenants are moved on from supported accommodation when they are ready, helps prevent bed blocking and frees up the supported accommodation for use by other residents of County Durham. The SHIP team has improved working relationships between Durham County Council's frontline homelessness team and the non-commissioned providers and has subsequently improved pathways for homeless individuals. This has resulted in a reduction in the length of time people spend living in TA or helped prevent someone from moving into TA in the first place. The work of the SHIP team has been incorporated into the TA delivery plan to reduce overall expenditure of TA.
31. The SHIP team is actively working to move tenants on from non-commissioned supported housing where there is no longer a support need. The work includes providing Durham Key Options (DKO) training for non-commissioned supported housing staff, ensuring tenants are registered for DKO at the earliest opportunity and supporting with DKO appeals and rent arrears.
32. Over the last 20 months the SHIP team has facilitated 48 tenants to sign up to DKO's housing register, six people are now in band one on the DKO housing register, which is the band with the highest priority for housing and all are waiting for a property. The SHIP team is supporting with four DKO appeals, working with the frontline homelessness service to consider and agree where rent arrears can be cleared, or payment plans put in place.
33. For the majority of providers, the percentage of tenants that have been in supported accommodation for two years or more has fallen following SHIP intervention. With the SHIP team continuing to query individual tenant situations with the providers.
34. Additionally, the SHIP team has worked with providers and tenants to prevent evictions from supported housing, which would have resulted in people being placed into TA. The team have accessed funding from the

homeless prevention grant to enable a planned move into more appropriate accommodation including another supported housing provider or a private tenancy to prevent homelessness.

Case Study 1 – During work with one of the non-commissioned supported housing providers it became apparent that several tenants were ready for independent living, but steps had not been taken by the provider to move the tenants on. With one tenant (tenant x), this was very much the case. The SHIP team’s preferred route to move a tenant on to independent living is via Durham Key Options (Durham’s social housing register), however, due to rent arrears and a previous criminal conviction this tenant was excluded from the social housing register. Through the SHIP team learning more about the tenants it was clear he / she had demonstrated a change in behaviour e.g. was maintaining existing tenancy; building good relationship with housemates and neighbours; and was paying current housing service charges. Therefore, it was agreed the SHIP team would work with the tenant to pay off the outstanding rent arrears and appeal exclusion from the housing register, based on a change in behaviour and good references. The appeal was successful, and the tenant was granted top priority banding on Durham Key Options. The SHIP team supported the individual to bid on properties and they were successful in applying for a bungalow, which was in the tenant’s preferred area: close to family and local amenities, and perfect due to the tenant’s mobility issues.

Social Impact and Added Value

35. In addition to the financial impact SHIP is having for Durham County Council, the programme is also having a significant wider impact on other internal and external services and challenges supporting with the County Durham Partnership’s 2035 Vision and their key ambitions:
- a) people live long and independent lives;
 - b) connected communities; and
 - c) more and better jobs.

Property Standards

36. When working with each SHIP provider, inspections of properties are carried out to identify any areas of disrepair or hazards and ensure they are being let in line with relevant legislation. To date, 168 non-commissioned supported housing properties have been inspected, since the start of SHIP, with defect reports being sent to providers where properties repairs are needed, in line with the Housing Health and Safety Rating System (HHSRS).
37. Out of the 168 inspections carried out, 154 properties failed the first inspection. Of the 154 properties that failed, 85 have since been improved to meet standards and five have been handed back to landlords by the provider, due to landlords refusing to carry out the required works (these will be monitored by Private Sector team if tenanted). The council is now considering taking enforcement (improvement notices and fines) against landlords and providers where timescales have elapsed, and works have not been completed.
38. The Private Sector Officer for SHIP has been working closely with providers to ensure works are carried out; agreeing timescales and liaising with principal landlords when needed. Additionally, providers have been supported to improve property processes including: carrying out routine inspections; reporting repairs and recording property documentation.

Anti-Social Behaviour and Crime

39. The SHIP team has worked with the Police in relation to various issues that have occurred with some of the SHIP providers. For one particular supported housing project situated in East Durham, the Police provided data to show that over the past 12 months the number of call outs had reduced by 50%. The Police have acknowledged the SHIP's role in this reduction.

Non-Commissioned Supported Housing Forum and Training

40. The SHIP includes a quarterly non-commissioned supported housing forum, where providers, partners and colleagues from across Durham County Council come together to share updates and best practice and co-produce documents including the non-commissioned supported housing charter. SHIP has also facilitated a number of training opportunities for providers including:
 - a) safeguarding (raising a concern);
 - b) trauma informed principles; and

c) housing standards and housing benefit training.

41. In total 198 attendees, from 19 different organisations have attended training provided via SHIP.

Non-Commissioned Supported Housing Charter

42. Alongside partners and providers, the SHIP team has co-produced a Non-Commissioned Supported Housing Charter. The charter gives reassurance that the providers (new or existing within County Durham), who commit to the charter, meet a minimum standard, in terms of property standards and support for tenants, offer value for money, and that the provider has been reviewed as part of Durham County Council's SHIP. The charter is attached at Appendix 2 of this report.

43. The charter also asks that all referrals into their organisation come from Durham County Council's homelessness service or another professional organisation within County Durham, e.g. Police, Probation or another supported housing provider.

Safeguarding and Adult Social Care

44. The SHIP team also identifies safeguarding concerns, or unassessed tenant vulnerabilities and takes the appropriate action. There have been seven safeguarding and social care concerns raised with providers and social care services. The team has supported tenants with referrals and move on to more appropriate living arrangements where needed. The SHIP team have co-ordinated multi-agency meetings where ongoing concerns about a provider have indicated potential safeguarding issues. Appropriate actions have been taken to address concerns through an escalation process managed by SHIP in liaison with managers in Adult Social Care.

Case Study 2 - Tenant Y lived in a shared occupancy, two storey property, with one bathroom. Unfortunately, Tenant Y has deteriorating care needs which made his / her existing property unmanageable, and put extra pressure on housemates, to support with tenant Y's care needs. The SHIP team worked with the tenant to find alternative supported housing, which more closely met his / her support needs. A social care assessment was also arranged for the tenant, and it was determined that Tenant Y has a care need and therefore was entitled to a package of care (weekly care visits and additional care aids). Tenant Y (and his / her dog) are much happy in their new accommodation, and they are receiving the additional care from Adult Social Care that they are entitled too.

NHS Health Squad and Drug and Alcohol Workers

45. The SHIP team has worked with Public Health to secure funding via the 'Dame Carol Black' housing support grant to recruit two drug and alcohol workers to work directly with the non-commissioned supported housing providers.
46. The NHS Health Squad have been working alongside the SHIP project since November 2023. The Health Squad provide health checks and run health events for those residing in non-commissioned supported housing. So far, the Health Squad have worked with fourteen providers, collaborating with other support services (sexual health, hepatitis C charities, Wellbeing4Life, cancer awareness, stop smoking etc.) to offer support.
47. Since November 2023 125 health checks have been carried out with residents and a number of these have engaged with more long-term support. The Health Squad are continuing to expand their work with the SHIP team and will soon be engaging with other providers.
48. The two Humankind drug and alcohol workers provide weekly drop in sessions at the non-commissioned supported accommodation sites, providing support for those tenants who suffer from substance misuse issues.

Next Steps and Continuation on SHIP

49. Acknowledging the challenges within the non-commissioned supported housing sector, the Government passed the Supported Housing (Regulatory Oversight) Act in the Summer of 2023. The details of the Act and how this will impact local authorities is still being determined and it is now anticipated that the details will not be agreed until 2025 following a period of consultation with Local Authorities.
50. The Ministry of Housing, Communities and Local Government (MHCLG) have not announced any continuation of funding for local authorities delivering SHIP. It was therefore agreed at Corporate Management Team in October 2024, that SHIP would be funded for a further 12 months, up to the end of March 2026. The programme would continue to have a positive impact for the council by:
 - a) progressing with plans to reduce housing benefit subsidy loss;
 - b) ensuring property and support standards are maintained at a minimum level or above

- c) preventing bed blocking within non-commissioned supported housing to assist with wider accommodation pressures for those homeless households and those living in TA
 - d) challenging new provision and scrutinising existing claims.
51. The continuation of the programme will also allow continuity of the progress already made and to maintain the high standards expected of the council's non-commissioned supported accommodation providers. It would also allow further opportunities to support more non RPs to begin the journey to become a registered social landlord, which not only benefits them but also prevents further housing benefit subsidy loss

Conclusion/Next Steps

52. The programme is having a significant impact on addressing the challenges within the non-commissioned supported housing sector: raising standards; ensuring tenants are supported and ensuring value for money.
53. The programme is on track to deliver the outcomes proposed in the original SHIP funding bid by the end of March 2026, which includes reviewing all non-commissioned supported housing providers currently operating in County Durham. From April 2025 each existing provider will receive a second inspection to ensure property and support standards have been maintained.
54. The SHIP team will continue to work with all existing and new providers as highlighted in this report throughout 2025/26. To improve the gateway process, work is underway to establish a 'Power BI dashboard' mapping all existing provision across the County. This will help to alleviate the pressures that supported accommodation can have if it is concentrated in one location.
55. The programme is also making a positive financial impact for the council by progressing with plans to reduce housing benefit subsidy loss. The SHIP team are working with supported housing providers to reduce bed blocking, as well as challenging new provision and scrutinising existing claims.
56. The success of the programme, as well as additional plans to continue to support with addressing the financial challenges within the sector has seen the programme extended for a further twelve months, to end of

March 2026. Updates will continue to be provided to the Economy and Enterprise Overview and Scrutiny Committee

Background papers

- [OSC SHIP Report Dec 2023](#)

Other useful documents

- None

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Appendix 1: Implications

Legal Implications

Details of the Supported Housing (Regulatory Oversight) Act 2023, which will impact how Durham County Council monitors non-commissioned supported housing are currently being finalised. It is anticipated that local authorities will know more after the Government's Autumn 2024 financial statement.

Finance

The funding awarded to Durham County Council for SHIP is to support the local authority to achieve the outcomes and objectives set out in the funding bid.

Consultation and Engagement

Durham County Council will ensure it carries out any consultation requirements linked to changes in non-commissioned supported housing.

Equality and Diversity / Public Sector Equality Duty

The council will take all opportunities to get feedback from hard-to-reach individuals across the county, if consultation is required

Climate Change

None.

Human Rights

None.

Crime and Disorder

The programme aims to work with supported housing providers and partners to improve crime and anti-social behaviour within supported housing.

Staffing

The decision to fund the SHIP programme for a further year directly impacts six members of staff.

Accommodation

None.

Risk

None.

Procurement

None.

Appendix 2: - see attached Non commissioned supported housing charter

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Appendix 2: Durham County Council: Non-Commissioned Supported Housing Provider Charter

What is the purpose of the Charter?

To identify an agreed set of standards and goals which will assist non-commissioned supported accommodation providers, Durham County Council, and its partners to work together to achieve outcomes for some of the most disadvantaged and vulnerable residents in County Durham.

To ensure that the provision of high-quality supported accommodation, which meets local needs, is a shared ambition across all services in County Durham.

What is Supported Accommodation?

Supported accommodation refers to properties in which the tenant receives care, support or supervision for the purpose of enabling them to adjust to living as independently as possible in the community.

There is an expectation that supported housing is short term (usually no longer than 2 years) and transitional to independent living.

Who is the Charter for?

This Charter is for providers of non-commissioned Supported Accommodation, Durham County Council (DCC) and partners to commit to. It gives assurances to tenants, their family members and the wider community that provision meets a minimum standard and the supported housing provider has been reviewed by Durham County Council as part of the Supported Housing Improvement Programme (SHIP). It gives reassurance that the provider has been reviewed by DCC and that they remain committed to supporting follow up property inspections and tenant reviews to ensure standards remain high.

What will the Charter include?

The Charter will detail the minimum level of service expected to ensure that Supported Accommodation provision within County Durham meets local needs, is being delivered to a high standard and represents value for money: based upon regulation, guidance, recognised good practice, and the views of supported tenants. The Charter will include a summary of what defines good Supported Accommodation provision and will detail specific requirements for the three key areas:

1. Support provided to tenants
2. Housing and property management standards
3. The Housing Benefit claim and Value for money

Durham County Council and partners through the collaborative work of the Supported Housing Improvement Programme (SHIP) will provide assistance, advice,

training and guidance to supported accommodation providers to achieve the shared goal of meeting these standards.

What does good look like?

All people who need it can access good quality supported housing which is safe. Tenants of supported housing have appropriate accommodation which meets their needs; delivers positive outcomes and endeavours to work towards moving them on to independent living over time. Supported housing provides value for money for DCC, tenants and the taxpayers, while recognising that costs can be more expensive than in general needs housing due to the specialised requirements. Those committed to supported housing will work together to ensure there is collaboration between local councils, providers and local delivery partners to assess, plan and deliver supported housing.

1. Support for tenants:

Together we will ensure that the support provided to tenants is personalised and targeted to meet the needs of the individual, as well as maximising independence to help facilitate a planned pathway to move to independent living.

Together we will ensure referrals into supported housing will involve two-way communication between the referrer and the supported housing providers on individual needs and suitability for a scheme. The prospective tenant is involved in the referral process and their input is sought to establish their needs and objectives.

Durham County Council will:

- Endeavour to ensure the appropriate referral is made to an organisation able to meet the support needs of the person in need of support, while also considering the prospective tenant's views.
- Support with referrals between providers if needed, to ensure the individual is supported according to their needs, recognising the individual strengths and capacity of different providers. This could be via a supported housing directory, information at the supported housing forum and / or a voids and referrals portal.
- Provide ongoing training and engagement opportunities, and updates on funding opportunities through the non-commissioned supported housing forum.
- Work with providers to carry out appropriate reviews of support received by tenants.

Providers of Supported Housing will:

- Work with the SHIP team, the Council and other partners to share, understand and deploy best practices, and commit to engage with ongoing SHIP reviews.
- Allocate accommodation based on established need and their ability to support those needs. Implementing assessment criteria that can be used as evidence.

- Consider the individual tenant needs and ensure they match these appropriately to the local environment and other residents.
- Ensure that the tenant's entry to the service is fully informative (including highlighting expectations outlined in a tenancy / license agreement), considerate to their current circumstances and responsive to their needs.
- Meet the tenant's needs, help them achieve their aspirations and enable them to make any necessary positive changes; through the provision of a good quality, informed, tailored, consistent and reliable support service.
- Provide safe accommodation where support is delivered which is suitable for the tenants needs. Examples may include: making adjustments to someone's living arrangements described in the Equality Act 2010, or ensuring there are good links with local policing teams to ensure tenants are kept safe.
- Ensure tenant's support is appropriately managed and responsive to their changing needs and circumstances. The provider understands and is committed to their safeguarding requirements and responsibilities.
- Make sure support, care or supervision is appropriate and is making a real difference for the tenants to live in the property. Support should be regular, ongoing and tailored to the tenant's support need.
- Ensure tenants who require more specialist support are provided information about additional services and assisted to access appropriate support agencies.
- Ensure staff employed by providers are appropriately trained and take part in continuous refresher training and professional development.
- Carry out safeguarding and background checks (DBS and references) on staff prior to their appointment.
- Ensure staff have undertaken correct training linked to safeguarding and accessing sensitive information.
- Put tenants at the centre of the move on process, and plans are put in place to ensure tenants are moved on.
- Support plans are developed in liaison with the tenant and are regularly reviewed. Individual tenant plans and records of tenant contact are well recorded and can be shared with the council on request.

2. Ensuring safe and good quality supported housing:

Together we will ensure the provision of safe, secure and good quality supported accommodation in County Durham through an agreed approach to minimum standards, inspections and maintenance.

Durham County Council will:

- Provide housing standards advice and training, where appropriate, and is receptive to having dialogue with providers to overcome issues.

Providers of Supported Housing will:

- Offer accommodation that has been assessed for its suitability in meeting the needs of residents, to ensure compliance with Equality Act 2010
- Ensure housing is accessible, appropriate, warm and safe - Supported Accommodation should be maintained in good repair and should be free from Category 1 Hazards and significant Category 2 Hazards as determined under the Housing Health and Safety Rating System (HHSRS)

- Fulfil their role in compliance with all relevant guidance.
- Have clear, simple and accessible complaints and redress procedures in place, in relation to property repairs and maintenance.
- Provide tenants with the most secure form of tenancy to meet their housing needs and circumstances.
- Have appropriate quality standards for response and repair times, for both routine and emergency repairs.
- Be compliant with local licensing arrangements (e.g. selective licensing or HMO license) and understand those additional requirements.

3. Ensuring supported housing provides value for money:

Together we will continue discussions about participation in sector-led accreditation and benchmarking schemes (e.g. Registered Provider Status) which demonstrate compliance with standards and are aimed at improving transparency and performance on value for money and quality of housing services.

Durham County Council will:

- Utilise existing legislation (where required) relating to both housing, health and safety and Housing Benefit to ensure minimum standards in supported housing and to ensure housing costs are not excessive.
- Ensure they take a consistent approach to administration and information sharing.
- Aim to process new Housing Benefit claims for existing supported housing units within 21 days of all supporting information required to assess the claim being received.
- Keep providers informed on the progress of approving any new supported accommodation schemes, responding to communications from providers within a maximum of 14 days.

Providers of Supported Housing will:

- Ensure costs for rent and eligible service charges are transparent, reasonable and regularly reviewed.
- Easily demonstrate how personal support is funded.
- Ensure information submitted to Durham County Council's Housing Benefit team is accurate, supplemented with appropriate supporting evidence and submitted in a timely a manner. The Housing Benefit claim is submitted by the tenant, or with the assistance of staff with the tenant present and agreeing to all information recorded on the application.
- Keep the council's Housing Benefit team updated immediately they become aware of any changes that affect the claimant's benefit, including changes in employment or changes of address.

Continuous Charter Development

The Non-Commissioned Supported Housing Provider Charter has been co-produced by Durham County Council, sector partners, supported accommodation providers and supported housing tenants. This is a working document providing an opportunity for ongoing review and the updating of relevant legislation, regulations and recognised good practice.

Signed by: _____

On behalf of: _____

Date: _____

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Supported Housing Improvement Programme (SHIP)

Economy & Enterprise Overview & Scrutiny Committee

Emma Regan - Housing Team Leader (Strategy, Partnerships & Commissioning)



Agenda & Objectives

- Background
- Context for County Durham
- SHIP Funding
- SHIP Objectives
- SHIP Outputs
- SHIP – What next?
- Questions

Background

Background

- Supported Housing - a tenant receives support to live independently
- No regulator of non-commissioned supported accommodation
- Can set up without LA approval
- Providers often set up for commercial gain, buying cheap properties often in deprived locations – [BBC Panorama documentary](#)
- Supported housing accommodates the most vulnerable people
- Eligible for ‘exempt accommodation’ if certain criteria are met, where ‘care, support or supervision (CSS)’ is above a minimal amount
- Nationally and Regionally – increased reports of poor quality accommodation
- Detrimental impact on communities, health and well-being of tenants and public services

Context for County Durham

Providers Operating in Durham

Addictions North East (77)

Council managed homes (102)

Core Foundation (1)

Cornerstone Housing (12)

East Durham Community Initiative (58)

Free The Way (13)

Handcrafted Project (36 & 1 building with 6 flats)

Harbour (12)

Humankind (28 & 1 building with 6 flats)

Launchpad (1 building with 14 flats)

Moving On (136)

My Space Housing Solution (x 3 buildings each with 11/15/8 flats)

Positive Directions NE (2)

Qualitas (3)

Rainbow Promise (x 3 buildings each with 6/4/5 flats)

Red Supported Living (24)

Roc solid (29)

Vision Supported Housing (1 building 7 flats)

YMCA Sunderland (1 building 24 flats)

YMCA North Tyneside (46)

Providers Operating in Durham

(20 providers, 754 units in total)

Location of SHIP Properties	Total No units.
Central Durham	57
Durham City	8
East Durham	296
Mid Durham	141
North Durham	80
North West Durham	81
South Durham	84
South East Durham	2
West Durham	5
Grand Total	754

* The number of units are bedspaces based on active HB claims, some properties have multiple tenants

SHIP Funding, Objectives, Outputs

SHIP Funding

- MHCLG (formerly DLUHC) launched the SHIP funding opportunity in summer 2022
- National scheme - £20m funding pot to help address poor quality supported housing, improve standards of support and accommodation
- Durham was awarded £578,795 to implement SHIP (March 25)
- Funding had enabled recruitment of a dedicated multi-disciplinary team

SHIP Objectives

- Improved property and management standards of supported accommodation
- Improved knowledge and introduction of a new gateway approach to better manage supply of supported accommodation across the county
- Quality support tailored to meet individual tenant needs
- Value for money for both providers, tenants and the council
- Upskilling of the providers' workforce
- Improved engagement and support to service users from the council
- Collaborative production of a supported accommodation charter to help establish and maintain high standards

Review of existing provision

- Reviewed 17 of 20 providers
- 336 tenant reviews completed to validate HB decision and ensure tenants receiving correct levels of support
- 129 support plans, records of contact, referral forms have been scrutinised to ensure contact with the tenants is taking place
- 18 claims suspended / cancelled as a result of information disclosed during reviews (4 claims amended)
- 48 signed up for Durham Key Options (with 5 being moved on to their own tenancy and 6 in band 1 waiting for a property)
- 168 properties inspected. 154 failed first inspection, 83 since improved to meet standards (5 returned to landlord). Work ongoing with providers to improve standards in remaining properties

Other activity – housing benefit subsidy loss

- Subsidy loss - shortfall in housing benefit payment made to local authorities from the DWP, where provider not registered with the RSH and is set up as a charity, community interest company etc.
- £1.6 million subsidy loss for DCC non-commissioned housing in 2023-2024
- SHIP team working to encourage providers to become registered with the RSH or partner with an existing registered provider (RP) to help tackle the issue.
- Other activity to support with reducing HB subsidy loss include:
 - a) review of the levels of support given to tenants and promotion of tenant ‘move on’ where support is no longer required
 - b) scrutinising non-commissioned supported housing costs submitted by providers
 - c) challenging the increase in housing units that existing non RPs are offering
- Through work of SHIP it is expected that subsidy loss growth as increased at a slower rate in 2024-2025.

Gateway approach

- How DCC manages new provision (new or existing providers)
- New processes developed to enable DCC to scrutinise: costs, referrals, governance, support, procedures
- Mapping of properties geographically
- SHIP team carry out property inspections and tenant reviews prior to HB being paid
- 25 new approaches since January 2023 (all non-RPs)
- Only 2 approaches have progressed to providing supported housing in County Durham - following a rigorous process and DCC receiving noted reassurance that there would not be a rapid expansion of their provision.
- Potentially £114k saved

Added value and social impact



Training/partnership work /collaboration

- Non-Commissioned Supported Housing Forum – meet quarterly, shares best practices
- Training – property standards training, trauma informed principles, HB training, safeguarding
- 198 attendees from 19 organisations



Health and Wellbeing Support

- Health squad – 125 health checks undertaken with tenants in supported housing
- Drug and Alcohol workers – provide weekly drop in sessions for providers



Non-Commissioned Supported Housing Charter

- Minimum set of standards
- Being rolled out with providers



Crime and ASB

- Work with ASB teams and Police to understand trends and promote initiatives

Case study 1

- Tenant X has been with a supported housing provider for over 2 years. Now has limited support needs and is ready for independent living.
- Had previous criminal convictions and rent arrears which prevented tenant from accessing DKO
- SHIP team submitted appeal to enable tenant to access register – this was successful
- DCC also agreed to support the tenant to pay off previous rent arrears
- With support of the SHIP team tenant was registered for DKO, given band 1, and has been successful in applying for a bungalow in Ferryhill

Case study 2

- Tenant Y was struggling to maintain tenancies with supported housing provided.
- Had social care needs (threshold not met for care)
- Lived in a shared property which made it difficult for ASC to support him, putting pressure on house mates to support him.
- Physical and mental health was deteriorating.
- Also had aging dog
- SHIP arranged and supported the tenant to move to another SH provider where he now lives on his own with his dog.
- Provided and SHIP worked to get tenant a care package
- Tenant has stated he is much happier. The provider quoted... *'he is a ray of sunshine with such positive energy. He brightens up the room when he walks in, we really are privileged to have him as a tenant'*.

SHIP – What Next?

Supported Housing (Regulatory Oversight) Act 2023

- Initiated in response to the challenges linked to non-commissioned supported housing sector – give local authorities greater control within the sector
- Received Royal Assent 29 June 2023, came into force on 29 August 2023
- Consultation on the Act is expected early 2025 (licencing, Supported Accommodation Strategy)
- With uncertainty in mind, and not to lose momentum of positive work undertaken by SHIP...
- CMT agreed in October 2024 to fund SHIP until March 2026, priorities will include:
 - continuing to play a key role in addressing DCC subsidy loss challenges
 - challenging new provision throughout gateway approach and process
 - ensuring high standards are maintained throughout the sector (support for tenants and property standards)
 - Scrutinising housing benefit claims
 - preventing bed blocking within the sector, to enable homeless people to be housed

Questions



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**Economy and Enterprise Overview and
Scrutiny Committee**

18 December 2024



**Regeneration, Economy and Growth –
Quarter 2: Forecast of Revenue and
Capital Outturn 2024/25**

Report of Corporate Directors

Paul Darby, Corporate Director of Resources

**Amy Harhoff, Corporate Director of Regeneration, Economy and
Growth**

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide details of the forecast outturn position for quarter 2 revenue and capital for Regeneration, Economy and Growth (REG) as at 30 September 2024.

Executive summary

- 2 This report provides an overview of the forecast of outturn, based on the position at quarter 2, 2024/25. It provides an analysis of the budgets and forecast outturn for the service areas falling under the remit of this Overview and Scrutiny Committee and complements the reports considered and agreed by Cabinet on a quarterly basis.
- 3 The position is that there is a forecast overspend of £0.645 million, against a revised budget of £58.990 million after taking account of the forecast use of reserves and items outside the cash limit, including redundancy costs which are met from the corporate reserve, capital accounting entries and use of / contributions to earmarked reserves.
- 4 Net adjustments on energy reductions of £1.750 million have been excluded from the REG cash limit forecast outturn position. Also excluded is £0.460 million in respect of Leisure Centre income shortfalls due to Leisure Transformation closures that are being covered corporately, £0.257 million underspend in relation to the delayed Sniperley Park & Ride route extension, £0.272 million underspend on

the Aykley Heads Cultural Venue revenue budget due to the delayed opening date and £0.882 million of costs which have been covered from central contingencies (Facilities Management dual running net costs £0.131 million, under-achieved Catering income in relation to civic sites of £0.146 million, Health & Safety radon works of £43,000, Sanderson's external valuation costs of £13,000 and legal / professional fees for the Milburngate development of £0.548 million).

- 5 The revised service capital budget is £178.209 million with expenditure of £70.449 million as at 30 September 2024.
- 6 Details of the reasons for under and overspending against relevant budget heads are disclosed in the report.

Recommendation(s)

- 7 Economy and Enterprise Overview and Scrutiny Committee is requested to note the contents of this report.

Background

8 County Council approved the Revenue and Capital budgets for 2024/25 at its meeting on 28 February 2024. These budgets have since been revised to account for grant additions/reductions, budget transfers, and budget re-profiling between years (in terms of capital) as well as corporately recognised budget pressures. This report covers the financial position for the following budgets of the services within the scope of this committee;

- (a) Revenue Budget - £58.990 million (original £54.929 million)
- (b) Capital Programme – £178.209 million (original £167.396 million)

9 The original service revenue budget has been revised in year to incorporate various permanent budget adjustments. These are shown in the table below:

Description	Change (£m)
Q1	
AAP's – from NCC to REG (Ec Dev)	3.875
Humanitarian Support – from NCC to REG (P&H)	0.009
Staff Budget (Arborist) – from REG (CPaL) to NCC	(0.049)
Staff Budgets (Parking Admin) – from RES to REG (T&CS)	0.262
Q2	
Chief Officers Pay Award	0.059
Leisure Transformation Lease Charge	(0.118)
Employee Budgets (Durham Town Hall) from RES to REG (CS&T)	0.023
Total Change	4.061

10 The summary financial statements contained in the report cover the financial year 2024/25 and show: -

- (a) The approved annual budget;
- (b) The forecast income and expenditure as recorded in the Council's financial management system;
- (c) The variance between the annual budget and the forecast outturn;
- (d) For the revenue budget, adjustments for items outside of the cash limit (outside of the Service's control) to take into account such items

as capital charges and use of / or contributions to earmarked reserves.

Forecast Revenue Outturn 2024/25

- 11 The service is reporting a cash limit overspend of **£0.645 million** against a revised budget of **£58.990 million** (1.1%).
- 12 The table below compares the forecast outturn with the budget by Head of Service. A further table is shown at **Appendix 2** analysing the position by Subjective Analysis (i.e. type of expense).

Service Budget - Analysis by Head of Service £'000

	Revised Annual Budget	Forecast Outturn	Variance	Items Outside Cash Limit	Earmarked Reserves	Net Inflation Adjustment	Cash Limit Variance
Head of Service	£000	£000	£000	£000	£000	£000	£000
Economic Development	3,953	5,739	1,785	0	(1,786)	0	0
Corporate Property & Land	1,164	3,282	2,118	(883)	(1,554)	0	(319)
Culture Sport & Tourism	16,619	19,507	2,888	(187)	(1,345)	0	1,356
Planning & Housing	6,536	6,707	171	0	(292)	0	(121)
Transport & Contracted Servs	2,671	1,076	(1,595)	257	1,213	0	(125)
REG - Central Costs	28,047	26,152	(1,895)	0	0	1,750	(146)
Total	58,990	62,463	3,472	(812)	(3,764)	1,750	645

- 13 The cash limit overspend of £0.645 million takes into account adjustments for sums outside the cash limit such as redundancy costs that are met from corporate reserves and use of / contributions to earmarked reserves.

Cash Limit Outturn – Explanation of Over and Under Spending

- 14 The main reasons accounting for the outturn position are as follows:
- (a) Culture, Sport and Tourism (a) is forecast to overspend by £1.356 million against budget. The main reasons are:
- (i) Unrealised MTFP savings of £0.423 million relating to Culture for Clayport Library restructure and remodel (£0.200 million), Sevenhills recharge to CYPS (£75,000), Library Transformation co-location opportunities (£0.105

million) dynamic ticketing on theatres (£30,000) and asset transfer of Blackhill Park Lodge (£13,000).

(ii) A £0.255 million overspend relating to unachieved theatre income and overspends at library facilities relating to employee costs, contract cleaning and unachieved income for fines and fees.

(iii) A £0.475 million anticipated overspend at the two completed leisure transformation sites (Abbey and Peterlee) and the three sites expected to complete in year (Spennymoor, Louisa and Teesdale) due to cost and income pressures not being in line with the levels anticipated / forecast as part of the Leisure Transformation programme.

(iv) A £0.102 million overspend within Leisure & Wellbeing because of unachieved staff turnover savings.

(v) An overspend of £0.102 million relating to a previous service restructure relating to staff working in Theatres and Durham Town Hall.

(b) Transport and Contract Services is forecast to underspend by £0.125 million against budget. The main reasons are:

(i) Under-recovery of bus shelter advertising income of £0.153 million, which was a MTFP(13) saving, and an overspend on bus shelter repairs and maintenance of £80,000.

(ii) An overspend of £0.152 million on Bus Stations due to business rates and cleaning costs at Durham Bus Station and additional security costs at Peterlee and Consett Bus Stations.

(iii) Increased business rate charges and contract costs on car parks of £0.517 million, offset by £0.590 million overachievement of parking income, £0.138 million underspends in Road Safety relating to employee and School Crossing Patrol vacancies and £0.334 million underspend on bus & rail contracts.

(c) Planning and Housing is forecast to underspend by £0.121 million against budget. The main reasons are:

- (i) Planning - anticipated underspend of £69,000, due to £0.178 million underspend on staffing vacancies offset by overspends on external legal fees £60,000, subscriptions and postage £33,000 and compensation relating to Trinity Meadows of £50,000. Planning fee income is forecast to under achieve by £0.184 million, however this is offset by a reduction of £0.220 million in the agreed planning investment to other service areas;
 - (ii) Chapter Homes – anticipated underspend of £66,000 mainly due to a vacant post;
 - (iii) Strategy & Delivery – anticipated underspend of £8,000 on staffing;
 - (iv) Building Safety & Standards - anticipated overspend of £30,000 largely in relation to under-achieved building control income £93,000, £78,000 dangerous structures, £34,000 HUG2 scheme and £22,000 LAD scheme, partially offset by staffing vacancies of £0.176 million;
 - (v) Housing Access and Independent Living – anticipated overspend of £4,000, comprised of an overspend of £0.175 million on Temporary Accommodation, offset by £87,000 overachieved income relating to CCTV monitoring and staffing vacancies in Homeless Prevention.
- (d) Economic Development is forecast to broadly break even against budget.
- (e) Corporate Property and Land is forecast to underspend by £0.318 million against budget. The main reasons are:
- (i) Building & Facilities Management – anticipated overspend of £0.151 million due to under-achieved income in public-facing catering venues £42,000, an unrealised MTFP saving (also Catering, of £71,000) and increased contract cleaning costs in Facilities Management £29,000;
 - (ii) Business Development – anticipated underspend of £94,000 on staffing and supplies & services;
 - (iii) Head of Service – anticipated underspend of £0.102 million on supplies & services;

(iv) Strategy & Property Management – anticipated underspend of £0.318 million in relation to ongoing re-structure and staffing underspends, partially offset by additional costs in relation to Freemans Reach energy centre, unbudgeted business rates costs (Priory House), underachieved income on vacant properties and underachieved income for surveyor fees;

(v) Strategic Programmes – anticipated overspend of £52,000 due to unachieved capital recharge income of £0.133 million, partially offset by underspends on staffing and supplies & services.

(f) REG Central is forecast to underspend by £0.146 million against budget, which is predominantly a result of unallocated price inflation which is being held as a contingency sum in the service.

15 In summary, the service grouping is not managing to maintain spending within its cash limit and as a result needs to draw £0.645 million from the Regeneration Cash Limit Reserve.

Capital Programme

16 The capital programme makes a significant contribution to the regeneration ambitions of County Durham. The programme is relatively large and diverse and is managed by project delivery officers throughout the service.

17 The Regeneration, Economy and Growth Services capital programme was revised at year-end for budget re-profiled from 2023/24. Since then, reports to the MOWG have detailed further revisions, for grant additions/reductions, budget transfers and budget re-profiling into later years. The revised budget now stands at £178.209 million.

18 Summary financial performance for 2024/25 is shown below.

Service	Revised Annual Budget 2024/25 £000	Actual Spend to 30 September £000	Remaining Budget 2024/25 £000
Economic Development	72,492	36,312	36,180
Corporate Property & Land	12,185	3,226	8,959
Culture Sport & Tourism	24,976	6,739	18,236
Planning & Housing	20,824	7,116	13,708

Service	Revised Annual Budget 2024/25	Actual Spend to 30 September	Remaining Budget 2024/25
Transport & Contracted Services	47,732	17,056	30,677
Total	178,209	70,449	107,760

- 19 Officers continue to carefully monitor capital expenditure on a monthly basis. Actual spend for the first 6 months amounts to £70.449 million. **Appendix 3** provides a more detailed breakdown of spend across the major projects contained within the capital programme.

Background papers

- County Council Report (28 February 2024) - [Medium Term Financial Plan 2024/25 to 2027/28 and Revenue and Capital Budget 2024/25 - Report of Cabinet](#)
- Cabinet Report (18 September 2024) – [Forecast of Revenue and Capital Outturn 2024/25 – Period to 30 June 2024.](#)
- Cabinet Report (4 December 2024) - [Forecast of Revenue and Capital Outturn 2024/25 – Period to 30 September 2024](#)

Contact: Ed Thompson

Tel: 03000 263481

Appendix 1: Implications

Legal Implications

The consideration of regular budgetary control reports is a key component of the Council's Corporate and Financial Governance arrangements. This report shows the forecast spend against budgets agreed by the Council in February 2024 in relation to the 2024/25 financial year.

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital outturn position alongside details of balance sheet items such as earmarked reserves held by the service grouping to support its priorities.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

The consideration of regular budgetary control reports is a key component of the Councils Corporate and Financial Governance arrangements.

Procurement

The outcome of procurement activity is factored into the financial projections included in the report

Appendix 2: Regeneration, Economy & Growth Forecast Outturn at Q2 – Subjective Analysis

REG Subjective analysis	Revised Annual Budget	Forecast Outturn	Variance (excl OCL & Reserve Adjustments)	Items Outside Cash Limit	Earmarked Reserves	Net Inflation Adjustment	Cash Limit Variance
	£000	£000	£000	£000	£000	£000	£000
Employees	83,090	80,949	(2,141)	272	0	0	(1,869)
Premises	21,649	22,490	841	0	0	1,750	2,591
Transport	1,574	1,761	187	0	0	0	187
Supplies & Services	21,990	37,140	15,150	0	0	0	15,150
Third Party Payments	46,018	48,951	2,932	257	0	0	3,189
Transfer Payments	980	3,065	2,085	0	0	0	2,085
Capital	14,131	14,131	0	0	0	0	0
Central Support	13,335	14,120	784	(882)	(3,764)	0	(3,862)
DRF	0	1,535	1,535	0	0	0	1,535
Grant	(12,164)	(25,350)	(13,186)	0	0	0	(13,186)
Contributions Summary	(20,226)	(23,279)	(3,053)	0	0	0	(3,053)
Sales Summary	(2,889)	(2,424)	464	0	0	0	464
Charges	(29,251)	(34,894)	(5,643)	(460)	0	0	(6,103)
Rents	(11,073)	(14,132)	(3,059)	0	0	0	(3,059)
Recharges	(67,112)	(59,638)	7,473	0	0	0	7,473
Other Income Summary	(1,063)	(1,961)	(898)	0	0	0	(898)
Total	58,990	62,463	3,472	(812)	(3,764)	1,750	645

Appendix 3: Regeneration, Economy and Growth Capital 2024/25

General Fund	Revised Annual Budget £000	Actual Spend to 30 September £000	Remaining Budget £000
Economic Development			
<u>Town Centres:</u>			
Barnard Castle	6	4	2
Bishop Auckland	7,364	2,955	4,409
Crook	40	0	40
Durham	203	39	164
Peterlee	40	10	30
Seaham	3,477	186	3,291
Spennymoor	736	145	591
Other	1,085	18	1,067
North Dock Seaham	21	0	21
Minor Schemes	37	37	0
Beamish Capital Project	3,318	3,179	139
Town & Village Centre	2,948	1,130	1,818
Industrial Estates	49,384	28,501	20,882
Community Infrastructure	3,450	105	3,345
Rural England Prosperity Fund	384	3	381
	72,492	36,312	36,180
Planning & Housing			
DFG/FAP	5,843	3,249	2,594
Housing Renewal	12,899	2,675	10,224
Housing Development	1,197	256	941
Minor P&H	885	936	-51
	20,824	7,116	13,708
Corporate Property and Land			
Office Accommodation	2,920	1,046	1,874
Structural Capitalised Maint	5,256	2,062	3,194
Aykley Heads	4,009	118	3,891

General Fund	Revised Annual Budget £000	Actual Spend to 30 September £000	Remaining Budget £000
	12,185	3,226	8,959
Transport & Contracted Services			
Local Transport Plan	1,362	478	884
Transport Major Schemes	45,413	16,265	29,148
Traffic & Comm Engagement	957	313	645
	47,732	17,056	30,677
Culture, Sport and Tourism			
Outdoor Sports and Leisure Facilities	51	52	-1
<u>Leisure Centres:</u>			
Teesdale LC	1,416	1,004	412
Spennymoor LC	1,967	751	1,216
Woodhouse Close LC	6,210	374	5,836
Peterlee LC	265	130	135
Abbey LB	45	2	43
Louisa LC	2,004	1,976	28
Other	107	2	105
<u>Culture and Museums:</u>			
The Story	1,885	76	1,809
Sildon Coal Drops	140	38	102
Redhills Refurbishment	428	105	323
Locomotion New Building	6	0	6
Weardale Railway	1,131	93	1,037
Killhope Museum	835	49	786
DLIMAG	8,390	2,055	6,335
Other	85	33	52
Libraries	10	0	10
	24,976	6,739	18,236
REG Total	178,209	70,449	107,760

Meeting: County Durham Economic Partnership Board

Date & Time: 25th September 2024 at 1pm

Venue: Conference Room G 104-106, County Hall, Durham/hybrid via Teams



Better for everyone

Present:	Name	Organisation/Pillar Rep
	Glyn Llewellyn (GL)	Chair
	Ailsa Anderson (AA)	Engineering & Manufacturing Network
	Alan Smith (AS)	Believe Housing (lead for Inclusive Growth)
	Andy Broadbent (AB)	New College Durham (lead for People)
	Andy Kerr (AK)	Durham County Council
	Reshma Begum (RB)	Federation of Small Business
	Alison Clarke (AC)	Culture Sport & Tourism
	Cllr Elizabeth Scott (Cllr ES)	Durham County Council
	Sue Parkinson (SP)	CDEP Vice Chair
	Rhiannon Bearne (RBearne)	North East Chamber of Commerce
	Glenn Martin (GM)	Durham County Council – presenting Item 6
	Deirdre Hughes (DH)	Presenting Item 9
	Andy Bailey (ACB)	Durham County Council
	Angela Brown (ABro) (Minutes)	Durham County Council
Also, in attendance via Teams:		
	Kirsty Wilkinson (KW)	Public Health, DCC
	Michelle Cooper (MC)	County Durham Community Foundation (VCS Voice)
	Richard Baker (RBaker)	Durham University (lead for Innovation)
	Kate Burrows (KB)	Durham Community Action (VCS Voice)
	Duncan Peake (DP)	Raby Estates
	Sarah Slaven (SS)	Business Durham (lead for Business Competitiveness)
	Alison Gittins (AG)	Durham Business Group

Apologies:		
	Amy Harhoff	Durham County Council
	Paul Marsden	Head of the Association of Secondary Schools

Item No.	Subject	Discussion and Decision	Lead Officer(s)	Timescale
1.	Welcome and apologies	GL welcomed everyone to the meeting, and initiated round table/screen introductions.		
2.	Minutes of the meetings: 5th June 2024	The Minutes from the meetings of 5th June 2024 were agreed as a true record of the meeting.		
3.	Matters Arising	There were no matters arising.		
4.	State of the Business <ul style="list-style-type: none"> <i>Northeast Chamber of Commerce – Rhiannon Bearne</i> 	<p>RBearne discussed the new quarterly economic survey for members/non-members. They are seeing an improvement in confidence overall but there are still some issues.</p> <p>Training investment operating capacity and export sales are up but have seen export orders decrease. Cashflow numbers are not as optimistic as they have been.</p> <p>Going into the budget at the end of October they will be looking at skills and continuing work around the Local Skills Improvement Partnerships which are led by the Chamber of Commerce nationally and alongside other partners.</p> <p>Currently looking at business rates and stability for organisations in relation to long-term financial certainty.</p> <p><i>Questions/Comments</i></p> <p>RBaker would be interested to know if the Universities were involved in the Local Skills Improvement Partnerships as he understood there were local skills investment plans. He mentioned they have launched the new MOU with the 4 FE</p>		

Item No.	Subject	Discussion and Decision	Lead Officer(s)	Timescale
	<ul style="list-style-type: none"> Federation of Small Businesses – Reshma Begum 	<p>Colleges in the region and they were trying to be more collaborative around skills and supply and looking into how they can work with sectors across the region in a more cross cutting way.</p> <p>RBearne replied that the local skills improvements plans do sit alongside the work of NECA, Local authority, and FE Colleges in particular. There are 2 in the region but do not cover the County Durham geographical area. RBearne will speak to RBaker outside the meeting in relation to this.</p> <p>AA mentioned she had attended Local Skills Improvement planning meeting and there was someone there from the University. They would find out who this was and let RBaker know.</p> <p>Action:</p> <ul style="list-style-type: none"> RBearne to contact RBaker in relation to Local Skills Improvement Plans. AA to find out who attended the Local Skills Improvement planning meeting and let RBaker know. <p>RBegum stated that some of the data from their Q2 survey was showing the opposite to what the NECC were seeing. After a really strong start in 2024, with businesses being quite buoyant they had unfortunately seen a drop in Q2 back down to below zero, but in a positive note, this was still above the national average. Businesses across the region noted that general economic conditions for tax burdens have fallen. Utility costs and labour costs are big barriers to growth over the next 12 months. Investment retention seems to have fallen but think that maybe due to nervousness of the business community in relation to the general election.</p> <p>Working towards the budget the FSB have made submissions to the new government largely based on the general election manifesto asking to help grow businesses and invest. The government have made changes to legislation for late payments which is great to see and will be helpful for small firms for due diligence. Since the last meeting the High Street Report has been launched, which RBegum agreed to circulate to Board.</p>	<p>RBearne</p> <p>AA</p>	

Item No.	Subject	Discussion and Decision	Lead Officer(s)	Timescale
		<p>Action:</p> <ul style="list-style-type: none"> • RB will share the High Street Report with Board members. <p><i>Questions/Comments</i></p> <p>Cllr ES asked what the main points were in the High Street Report. RBegum replied that it is a lot of what you would expect. She then summarised as follows:</p> <ul style="list-style-type: none"> • There is a lot of talk about retail, hospitality and leisure having been at the receiving end of a lot of the challenges, so across these sectors the focus is on support and new ways of revitalising high streets. • The FSB recognises that it's not about traditional high streets as once were and it's also about creating thriving places. • There are parking issues in some areas which is a challenge for some high streets. • There is also a recommendation about bringing together multiple pots of funding and using best practice to provide value and improved effectiveness. <p>GL thought there had been a change of environment in High Street now. RBegum agreed and said that one size does not fit all therefore er need to be pragmatic with the way we apply recommendations.</p> <p>DP mentioned that the LSIP had no representation in relation to the visitor economy and this can impact on funding on FE colleges and he asked if this was because the NE Automated alliance was leading it?</p> <p>AA said there are various streams, but she had only spoken about skills in the advance manufacturing stream. She will take back to Paul Butler and Mark David who are leading on this and ask him to contact DP.</p> <p>AB said that as the college fed into what LSIP should cover he was surprised the visitor economy was not covered but mentioned that neither was education.</p> <p>DP asked if the LSIP should aligned with the IES and if this will happen under NECA?</p> <p>AB replied that it should be.</p>	RBegum	

Item No.	Subject	Discussion and Decision	Lead Officer(s)	Timescale
	<ul style="list-style-type: none"> Engineering and Manufacturing Network – Ailsa Anderson 	<p>RBearne informed the Board that most LSIPS run to end of financial year were set up to focus on key sectors. A decision will then be made after this to decide what happens to them.</p> <p>RBegum said NECA done work on destination Northeast England partnership that will deliver a regenerative tourism framework which will highlight skills need that are needed for the tourism industry. So, it is something that NECA are aware of and are working on</p> <p>AA felt that generally Q3 information mirrors what both have said so far with 6/10 companies expecting better growth, however orders are down. Export orders are down slightly, but this is expected to improve.</p> <p>Recruitment challenges are easing and are filling vacancies now. The movement of people to different companies has also slowed.</p> <p>Pay settlements are averaging nationally around 4% but in Northeast 50% are 4% or above.</p> <p>The main problem is the lack of candidates with the right technical skills. Around 71% are businesses are looking to recruit in the region.</p> <p>The main reasons why cannot fill posts are as follows:</p> <ul style="list-style-type: none"> 5% - insufficient candidates 10.5% - lack of qualifications 3.7% - lack of technical skills 4.2% - lack soft skills <p>Although confidence is high, with change in government, this has not caused the boost they expected.</p> <p>The autumn statement is pushing the manifesto to get the Industrial Strategy Council moving. 2 people have been proposed for the position of chair, however no one has been appointed as yet.</p> <p>Proposals are costed to make sure SME's are aware of what changes will cost them.</p> <p>The biggest one is that owners are moving to employers to explain why they cannot flexibly work.</p>		

Item No.	Subject	Discussion and Decision	Lead Officer(s)	Timescale
	<ul style="list-style-type: none"> Alison Gittins – Durham Business Group 	<p>Another big push is the apprenticeship levy. Potentially thresholds may come down. There is a concerted effort to increase thresholds so businesses can draw down for apprenticeships.</p> <p>Good news is the regional report come out and the Northeast and Northwest are standing out for outputs and orders, which is really positive, and we seem to be doing better than other area, Pharma stand out as outperforming others in this area.</p> <p>Events are fully booked for first time ever. An Executive Group event is happening at Raby Castle next week and then another event at Hardwick Hall. Also have a breakfast event for 80 people booked for tomorrow.</p> <p>People are embracing the network more than ever. Seeing a surge in start ups with 6 new ones recently.</p> <p>There are still lots of challenges around, but the business community is coming together more than ever.</p> <p>GL asked AG if she could prepare a note to circulate to the Board on how businesses in Durham are doing? AG agreed to do this.</p> <p>Action:</p> <ul style="list-style-type: none"> AG to prepare note on how businesses in Durham are doing to circulate to Board members 	AG	
5.	Place Brand Work – Alison Clark	<p>AC presented to the Board on the Place Branding Project.</p> <p><i>Questions/Comments</i></p> <p>RBearne felt that the presentation was excellent and the good work carried out so far was timely.</p>		

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		<p>DP applauded DCC for doing this piece of work and it had been great to see the place branding work emerge. He asked how this work would align with the IES Delivery Plan? As a business community we need to be having conversations to ensure branding is included in the IES Delivery Plan.</p> <p>RBaker agreed with DP and felt it was a useful exercise so far. He said the perception research feels right. One message given at the Place Board is that it is about taking the time to make sure the right ideas are incorporated.</p> <p>SS shared similar point to RBaker and agreed it was an important piece of work to do. It is equally as important that we make sure we have the right engagement strategy in place in terms of all partners we want to engage with and how we embed this in. We have an active programme of activity over the next 12 months to make sure that happens. If we are going to deliver what we are trying to achieve we do need to have an action in IES Delivery Plan that is all about that piece of work.</p> <p>Action:</p> <ul style="list-style-type: none"> • ABrown to share presentation slides after the meeting today 	<p>ABrown</p>	
<p>6.</p>	<p>IES Delivery Plan Progress – Glenn Martin</p>	<p>GM gave an overview of the IES Delivery Plan</p> <p><i>Questions/Comments</i></p> <p>SP mentioned that the IES Delivery Group is a subgroup of the CDEP Board and would like them to see this presentation. We also need to consider the governance structures of other partners (not just DCC Cabinet) as this is a partnership document.</p> <p>At the Delivery Group we need to be looking at what that focus is.</p>		

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		<p>RBaker said it was a useful update and would like the presentation circulated. Need to check data and it would be useful to understand if we have more clarity on what the local growth plan is as always seem to be ahead of the game. If there is a local growth plan, then what are our own plans trying to achieve to underpin that for investment purposes. This depends on what the plan is going to be as we all have our own ideas on what we want for County Durham.</p> <p>AS said that we need to be looking at the Government budget in October and where this will impact the Economic Strategy.</p> <p>Action:</p> <ul style="list-style-type: none"> • ABrown to circulate presentation after the meeting today • GM will give more detailed update at the next CDEP Board meeting on the IES Delivery Plan progress. 	<p>ABrown GM</p>	
7.	<p>Update on Devolution & UK Government Policy Developments – Andy Kerr</p>	<p>AK gave an update on Devolution and UK Government Policy Developments.</p> <p>The narrative is that we are not expecting things to change with the review. The government want a big consultation on the National Planning Policy Framework (NPPF). There are overly ambitious targets that sit in these. 300,000 homes to be built in a year, which we have never done apart from when we were building 150,000 council houses per year. The Private Sector housebuilding in this country plateaued at 150,000 homes throughout with the notion that changes to planning will release all these new homes, which seems to be quite floored.</p> <p>The consultation is out at the moment, and we will be feeding back to NPPF. We need to know as a region what a spatial plan will look like. A lot of challenges are influenced by house builders.</p> <p>The Local Growth Plan issue has not identified to NECA what it is yet. They have indicated that it will be 3-5 investable propositions around where key sectors are, so one of key focus for us is different sectors. We have been pushing on a little in the advanced manufacturing sector and NECA have narrowed this to EV, but we think it should be broadened out. Space is one of our key themes as well as others.</p>		

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		<p>The Government could say we have devolution so if it's a priority to us then they may expect us to fund it. We also need to align to the Industrial Strategy on a national level.</p> <p>County Durham (NECA) On the verge of submitting a business case for infrastructure funded through NE Investment Zone. There is around £80m in first 5 years of investment. There is already a big ask been approved around skills in Sunderland and Nissan and another big offshore ask coming. We need the NETPark Phase to grow to enable inward investment opportunities so looking at a £12m business case into Durham at the moment which we are hoping to submit that would be ahead of the £20m we had already secured through devolution deal.</p> <p><i>Questions/Comments</i> AS – Consultation closed last night for NPFF. Hopefully it will enable those house builders to progress developments that have been blocked by previous governments. There is a shortage of housing. Targets for Durham are up from 1200 to 2200 per year. So that's a 67% increase across the region, which is a big ask. The Government have already increased their targets to make sure their commitment is achieved. There is a skills shortage which underpins this and there are not the kind of trades there to meet these targets. Also, we need money from government to be able to build. The right to buy bill will put tremendous amount of pressure on private landlords, which may cause issues and challenges around place elements on IES.</p> <p>SP – Interested to know if we have a limit for capital investment. We really need to keep eye on how revenue flows side by side on this.</p> <p>MC - With all this development will you push hard on meaningful social value and community engagement? Labour has pushed back the act to next year at the earliest and the risk (not least to County Durham Pound project) is yet more</p>		

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		<p>tokenistic social work will happen. If you are smart then skills and money can be gained at a time when we are short of both. Biodiversity is key too.</p>		
8.	Rural Issues – Duncan Peake	<p>DP gave an overview on Rural Issues.</p> <p>GL mentioned that it had previously been agreed to form a subgroup to look at rural issues.</p> <p>DP mentioned that there are sometimes false perceptions what rural is all about. Farming is particularly important to rural area, but it is not the whole picture. There is the visitor economy and small businesses that exist in all the market towns and villages up and down the county, so its important that we understand that.</p> <p>The rural economy is in microform. It needs to be able to change and adapt like any other economy. There are huge constraints placed upon anybody operating in the rural sector and need to bear in mind that 1 in 4 business are located in rural areas.</p> <p>So a sizeable proportion of our SME's will be operating in the rural environment where they have all sorts of landscape and environmental planning designations that prevent change.</p> <p>Something touched on at last meeting was the feeling of many people particularly in the farming community that things are done to them, and they have no influence on lives or business. This is something we need to be conscious of.</p> <p>There are opportunities. We now have a labour government that has come in and focusing on growth. However, there was little reference to the rural economy in the Labour Party manifesto so feel we need to be lobbying in the policy area to make sure things like the land use framework which is being considered by government now doesn't end up being another constraint on those operating businesses in rural areas.</p>		

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		<p>There are all sorts of opportunities around renewables and energy which rural business can exploit so these areas need to be looked at.</p> <p>More locally the issues really effecting rural businesses are rural crime and lack of affordable housing so we need to consider this in the planning policy.</p> <p>Digital connectivity is also still an issue and although there has been progress made, the procurement of rural broadband through DCMS has not gone well.</p> <p>A lot of people are moving to the countryside to enjoy retirement and do not want change and there are a lot more objections to new building developments within these rural areas.</p> <p>Devolution is an opportunity particularly around farming and rural business. The Government just sees the rural economy on a national level. With more devolution, people who know their own areas can make the best decision for their areas, so if there is opportunity to lobby for more devolution in areas, then the rural economy would be a good area to focus on.</p> <p><i>Questions/Comments</i></p> <p>GL mentioned that there will be a special meeting of the board organised to discuss the issues. To be hosted at Raby Castle on the 4th November.</p> <p>KB - Recognition of the contribution of volunteer & community led community businesses/social enterprises within the rural economy is also important, and to the local economy as a whole. Rural affordable housing is a key issue for the ACRE network. Totally agree with DP on the policy issues here. DCA is working with DCC teams, but our Rural Housing Enabler is working very hard to get engagement and traction with Parish Councils on this issue.</p>		
9.	All-age Careers Framework for Co Durham – Deirdre Hughes	<p>DH gave a presentation to the Board</p> <p><i>Questions/Comments</i></p>		

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		<p>Cllr Scott –Will the report tell us how are or what things should be? DH replied that it has to have action plan that goes with it. Think could do a lot more around innovation for County Durham. DG requested that the Board please engage with them to make it a compelling narrative.</p> <p>Action:</p> <ul style="list-style-type: none"> • ABrown will circulation presentation after the meeting today 	ABrown	
10.	Any Other Business	<p>MC mentioned that it would be good to have a voice from he voluntary sector in these meetings and maybe ensuring there is an agenda item to hear from that sector too?</p> <p>Action:</p> <ul style="list-style-type: none"> • SS to pick up with ACB and ABrown outside the meeting and flag with SP and GL. 	SS	
11.	Date and time of Next Meeting	<p>4th November 2024 – Special Board meeting on rural issues @ Raby Castle</p> <p>4th December 2024 – CDEP Board - at 1pm venue TBC</p>		