

## **DURHAM COUNTY COUNCIL**

### **ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE**

At a Special Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 2, County Hall, Durham** on **Friday 7 November 2014 at 9.30 am**

#### **Present:**

**Councillor R Crute (Chairman)**

#### **Members of the Committee:**

Councillors J Armstrong, A Batey, J Bell, J Clare, J Maitland, H Nicholson, J Rowlandson, P Stradling, O Temple and A Willis

#### **Co-opted Members:**

Mr E Henderson and Mr I McLaren

#### **Also Present:**

Councillor R Todd

#### **1 Apologies for Absence**

Apologies for absence were received from Councillors E Adam, J Cordon, D Hall, R Ormerod and S Zair.

#### **2 Substitute Members**

No notification of Substitute Members had been received.

#### **3 Declarations of Interest**

Councillor J Maitland declared an interest in Item 5 as a Board Member of East Durham Homes.

#### **4 Items from Co-opted Members or Interested Parties**

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

## **5 Performance Reporting - Durham City Homes, Dale and Valley Homes and East Durham Homes**

The Chairman referred Members to the covering report within the agenda pack and noted that the format of the meeting would be similar to previous years, the Committee having received the Annual Reports from the Housing Organisations.

Members noted that the Chief Executive and Interim Chief Executive of the Arms-Length Management Organisations (ALMOs), Dale and Valley Homes (DVH) and East Durham Homes (EDH), together with the Manager of Durham City Homes (DCH) would give a brief presentation and speak to the Committee as regards their Annual Report and performance.

The Chairman introduced the Manager, DCH, Simon Bartlett to speak in relation to the Council's "In-House Housing Organisation".

### Durham City Homes

The Manager, DCH explained that the Annual Report for DCH was developed in conjunction with tenants and it set out the performance in terms of the Homes and Communities Agency (HCA) Standards, although the Tenants' Panel had decided upon a more engaging format, a calendar for the period October 2014 to September 2015. The Committee noted that each month covered a different area of activity, positive feedback had been received as regards the format and further information was available on the DCH website.

The Committee were reminded that the main issue for all three providers was the proposed Stock Transfer, with key highlights for 2013/14 including the publication of the stock transfer guidance and Housing Providers speaking to tenants door-to-door as regards the proposed transfer. Members were reminded that Durham County Council's (DCC) Cabinet decided to move forward with the proposals for transfer, therefore going out to a full ballot of Tenants regarding Stock Transfer. It was noted that Cabinet on 10 September 2014 received information on the result of the ballot, with 82% of Tenants in favour of transfer.

Councillors noted that it had been the first year of the impact of Welfare Reform (WR), including the under-occupancy charge and there had been significant impact, although DCC had been very pro-active in working with all Housing Providers: setting up a triage system to assess the best options for affected Tenants, using Discretionary Housing Payments (DHP) to help Tenants where appropriate, with approximately £1 Million in DHP via DCC. It was explained that in relation to lettings for the year, there had been an increase in the number of terminated tenancies, approximately 20%, and lower demand seen for 3 bedroom properties. It was noted that there was an associated additional workload in then turning around the properties ready to be re-let, though there appeared not to be a significant impact upon rent collection.

The Manager, DCH explained that Energy Advisors had been appointed, and capital works had also been undertaken to: replace poor performing boilers; replace windows to ensure that all were now double-glazed; and to explore options for lower energy bills for Tenants. Members noted that other work with external partners to improve Tenants' experience included: Silvertalk, supporting older people; Tenant Complaints Panel; and Anti-Social Behaviour (ASB) diversionary project with Durham Constabulary; and involvement with Durham in Bloom.

In relation to key performance indicators (KPIs) it was noted that of the 22 KPIs in 2013/14 16 achieved target, with 5 missing target. Councillors noted those that missed target related to: Tenants evicted for rent arrears (0.56%); time taken for routine repairs (11 days); number of empty homes (90); re-let times (29 days); and Tenants' participation on estate walkabouts (38%). Members noted that "Tenant Promises", service standards, operated across 15 services and included 79 standards in total. It was explained that 78 of the 79 standards had been achieved, with the 1 standard not achieved related to producing a training programme for Tenant Involvement by June 2013, however, it was produced by July 2013.

The Committee were referred to graphs highlighting figures in relation to rents, repairs and sustaining tenancies, noting that a worrying figure was the number of Tenants accessing foodbanks. Members noted information in connection to Decent Homes, finishing the year with 0% non-decency for the housing stock. Members noted the works undertaken to maintain the housing stock at the appropriate standard, with approximately one-third of the stock having received some capital work. Councillors noted graphs setting out information on lettings and Tenants' responses in relation to their neighbourhoods. It was explained that there was a decline in Tenant involvement however, customer service levels remained high.

The Manager, DCH referred Members to a slide setting out the 2013/14 budget and also explained the progress in respect of young people's employment. It was noted that DCH employed 4 business administration apprentices and 3 more within the Repairs Team; 1 electrical and 2 business administration apprentices. Councillors noted that across the DCH Decent Homes Delivery Partners, 17 apprentices were employed with 3 volunteer placements.

In respect of the impact of WR, it was noted that there was a proportion of Tenants affected by the under occupation charge (14% - 859 tenants) of which 40% of affected people are in arrears (343 tenants). Councillors noted that many of those in arrears had been so prior to WR and three-quarters were "technically in arrears", meaning they were paying their rent, just monthly being out of sync with when the rent was due. It was noted that those paying, albeit not exactly on time, need to be un-picked from those that were not paying. Members noted that DCC's DHPs had also been enabling some Tenants affected by WR to stay in their properties, and therefore the overall picture was complex. It was noted that 121 owed more than £1,000 though there had been no evictions to date solely as a consequence of the under-occupancy charge.

The Chairman thanked the Manager, DCH and asked Members for their questions on the presentation.

Councillors asked questions in relation to: termination of tenancies levelling off; the mix of tenure type in respect of the 90 empty homes; and more information as regards the boiler replacements.

The Manager, DCH explained that the termination of tenancies had levelled out at around 20%, which was 10% more than the average historically. Members noted that the empty properties included a mixture of archetypes however, there were clusters in outlying villages and that the number had reduced to 63 currently from the 2013/14 year end figure of 90. The Committee were reminded that the boiler replacement was a consequence of underperforming equipment that was out of the warranty period and that, due to the high number of breakdowns the replacement of the boilers was the only viable option.

The Chairman introduced the Chief Executive of DVH, Peter Chaffer to speak in relation to the performance and Annual Report for DVH.

### Dale and Valley Homes

Members were reminded that DVH was set up in 2006 and was responsible for 4,234 properties, employing 86 staff, the majority of which lived locally. The Committee noted that the DVH Vision was to “Provide homes and neighbourhoods that our customers want to live in and are proud to live in”, with 4 key strategic objectives having been established to achieve this:

- Delivering Excellent Services
- Delivering and Maintaining Decent Homes
- Running our Business Well
- Sustaining Local Neighbourhoods

The Committee noted that the Annual Report format had been developed in line with the wishes of customers, however, still reporting against the HCA Standards. The Chief Executive, DVH noted he was very proud of DVH retaining the Customer Service Excellence award for a fourth year and that 78% of Tenants that responded to the 2014 survey were satisfied with the way DVH listen to their views and acted upon those views.

Members were reminded that each year in September, a customer survey was carried out and it was noted that 93% of customers felt their call was answered promptly with 99% feeling their call was answered politely. Councillors also noted that the complaints procedure had been streamlined, and that 83% of customers were satisfied with the outcome of their complaint.

The Chief Executive, DVH explained that there had been 373 adaptations carried out to customers' homes with 100% of customers being satisfied with the service. It was added that the future plans for a number of communal rooms were being discussed with 3 to be remodelled into desirable homes and 5 to be developed into community hubs. Members noted a quote from Councillor C Kay in relation to the community hub, which included a Post Office, at Mickle Grove in Coundon “Mickle Grove has been turned into a one stop community hub, it will be a fantastic benefit for the community in so many ways”.

Councillors noted that all DVH properties were at the Decent Homes Standard, and since 2007, 3,926 homes had been modernised, with £49.4 million spend to date. It was added that customer satisfaction with decent homes works was high being recorded at 97.7%.

The Chief Executive, DVH set out the information in relation to on-going repairs and maintenance, including:

- The average cost of repairs per property had reduced from £425 in 2012/13 to £421 in 2013/14.
- 93% of customers were satisfied with the repairs and maintenance service.
- 100% of emergency repairs were completed on target.

The Chief Executive, DVH explained that, in working with neighbourhoods and the community, a Homesteading scheme had been developed in conjunction with DCC to bring long term void properties back into use. It was added that 907 homes had received environmental improvement works and 5 difficult to let properties had been demolished with additional car parking provided.

Members noted work with Enforcement Officers, with over 500 joint visits with Officers from Durham Constabulary, 2 notices being served to customers who were causing ASB, and 2 ASB injunctions having been obtained. Councillors noted that 2 customers were evicted for breach of tenancy due to ASB, though it was added that DVH staff were trained in mediation and joint sessions with the Police, victims and offenders had helped to resolve 12 cases last year.

It was noted that in 2013/14, 34 groups were successful in receiving over £15,000 from the "Better Homes, Better Lives" fund. Members were reminded of the work on energy advice with over 569 customers visited, with an average identified saving of £153 per customer.

Members noted that 729 customers had been visited having been identified as affected by the under-occupancy charge and being in receipt of Housing Benefit. Councillors were made aware of the DHP for DVH customers, with 287 being in receipt of a total over £160,000. The Committee were informed that in terms of Welfare Reform a lot of work had been undertaken in order to be able to help tenants, with continued support for the local Citizens' Advice Bureau (CAB) in order for them to continue to offer impartial advice that had resulted in:

- 322 customers being referred to CAB.
- 80% of those referred engaging with the service.
- Nearly £41,000 of unclaimed benefits was accessed.
- Over £229,000 of debt had been successfully managed.

It was added that there had been 28 referrals to food banks and 74 customers were referred to an employability project, funded by the local Area Action Partnership (AAP).

The Committee learned that during 2012/13, DVH let 406 properties, with an average re-let time for empty homes being 42 days. Councillors learned that the average number of bids per property in 2011/12 was 13.76, in 2012/13 it was 6.61 for 2013/14 was 2, demonstrating a significant decrease.

The Chief Executive, DVH explained that there had been a huge amount of work undertaken by DVH, together with DCC, DCH, EDH in relation to Stock Transfer including: the STAR survey; consultation events; and expanded Customer Working Group, together with associated workshop sessions. Members learned that there had been 3 rounds of home visits to give customers information relating to Stock Transfer, empowering customers ahead of the ballot.

The Chief Executive, DVH commented that DVH currently employ 4 business administration apprentices and 1 quantity surveyor apprentice, and this was in addition to 5 apprentices through DVH's joint Social Enterprise with Gentoo, "Colouring Pads". It was explained that further work included securing funding to sustain the service post April 2015 and to assess the effectiveness of the service. The Committee were reminded that over a third of DVH staff were either currently or had been apprentices, with many having gone on to full time employment within the company.

It was noted that DVH had been included in the Sunday Times "Best 100 Companies to work for" list for the fourth year running, ranked third in 2014 as a "not-for profit organisation". It was added that DVH achieved the Investors in People (IIP) Gold Standard in March 2013, and DVH also obtained IIP Champion Status. Members noted that the results of the investment in staff had been reflected in the quality of the staff and the low staff turnover at the organisation.

The Chairman thanked the Chief Executive, DVH and asked Members for their questions on the presentation.

Councillors asked questions in relation to: how demand was monitored and predictions made; if the number of bids per property had reduced from approximately 13 bids to 1 bid, where those people had moved to; what options there were in relation to being able to improve the general environment around properties where there was a mixture of public and private housing stock; and whether with the under-occupancy charge there was now a need to build more 1 bedroom bungalows.

The Chief Executive, DVH explained that stock transfer should be able to help in terms of demand as there would be scope with the increased borrowing potential to be then able to invest in building new properties. In relation to the number of bids decreasing and ascertaining where those potential Tenants were residing, it was thought that it was a combination of some having to stay with parents or relatives until such time they could afford to have a property of their own and movement into the private rental market, which is nationally larger than the Social Housing Sector. Members noted that it was difficult to get private landlords involved with schemes to improve the local environment in housing estates, however there were options such as compulsory purchase and demolitions that could be used in a last resort. It was explained that there was low demand for 1 bedroom bungalows and in fact two bedroom properties were more popular currently, and it was added that some people could be exempt from the under-occupancy charge.

**Note:** *Councillor R Crute left the meeting at 10.30am*

**Councillor A Batey in the Chair**

The Vice-Chairman in the Chair, Councillor A Batey introduced the Interim Chief Executive of EDH, Michael Doyle to speak in relation to the performance and Annual Report for EDH.

### East Durham Homes

The Interim Chief Executive, EDH noted that the Annual Report for EDH followed a similar format to those of DCH and DVH, with the design being influenced by a Customer Editing Panel, consisting of EDH Tenants. It was explained that the format included the idea of “a year in pictures” then including the usual information as sub-headed by the HCA standards.

Members noted highlights within the year including the “SHED2” social enterprise operated by EDH and 8 apprentices had been taken on in helping to tackle void properties, making them ready to let. It was added that some apprentices had secured employment with partner companies. The Committee noted that EDH had secured the IIP Gold Award and had achieved re-accreditation for the Customer Service Excellence (CSE) Standard. Members also noted the war memorial at Murton was saved, in conjunction with a partner company, Wates and the 10 year anniversary of EDH in 2014.

Councillors noted that 94.38% of repairs were carried out “right first time”, with the average repair time being 7.21 days. In relation to the Decent Homes Programme, it was explained that while EDH had been behind DCH and DVH, improvement of 80% in March 2014 to 90% in November 2014 showed EDH to be on track to have 100% decent homes by the end of April 2015. It was noted that any adaptations works had been scheduled to coincide with the decent homes works to minimise disruption to Tenants. Members noted that 15 “quick-fix” grants had been awarded to local community groups, around £200-300 to improve the quality of estates.

In relation to properties and re-lets, Councillors noted that there had been 983 re-lets, an increase from the previous year where there had been around 650 properties been re-let. Members learned that the average re-let time was 18.42 days; however the number of bids, denoting demand, differed from area to area, with 25 bids per property for popular areas in Peterlee and Seaham, and very low demand in the outlying villages. Members noted that the numbers of tenants affected by the under-occupancy charge was around 1,000, down from previous figure of 1,200.

The Interim Chief Executive, EDH noted that in respect of tenant involvement and empowerment the CSE had noted, in their report re-accrediting EDH, that EDH showed “a real sense of continuous improvement across the organisation” and 3 elements of their assessment had shown that EDH had achieve “compliance plus”. Councillors learned of the Customer Inspection and Improvement Panel that scrutinised the work of EDH, noting that 3 inspections had been carried out in 2013/14 on: repair job cancellations; decent homes; and the impact of neighbourhood and community schemes. It was added that from these 3 reports, 41 recommendations were made, all having been accepted by EDH. Members noted that EDH had been awarded “Leaders in Diversity” accreditation and had improved access for customers at the Peterlee outlet and had a presence in the DCC Customer Access Point (CAP) at Seaham.

Members were reminded of the progress as regards the decent homes standard and were shown an example of the types of improvements being made to the “Tarran” pre-fabricated bungalows at Shotton Colliery such as improved insulation and exterior finish. Councillors were given an indication of the types of replacement kitchens and bathrooms being installed, with a 20 year lifespan. It was added that all boilers had been given an annual gas safety check and 99.71% of repair appointment times were made and kept, and 99.86% of emergency repairs were completed on time. Councillors learned that EDH supported Tenants in their tenancies and new Energy and Financial Wellbeing Advisors had provided free advice to 2,652 customers, identifying £593,718 of potential benefits. Members were reminded of the NE First Credit Union, and how this service would help benefit tenants in being able to access a loan from a reputable lender.

The Interim Chief Executive, EDH explained that 38% of estate walkabouts had customer representation and 95 customers had been assisted by the handy-person service. Members noted community clean up days, involving partners and also the “Best Kept Garden” competition. In relation to ASB, it was noted that 514 ASB cases had been investigated and 98.51% of cases had been closed and successfully resolved. It was added that the work undertaken by EDH in relation to tackling ASB was seen as an exemplar, with representatives from the Home Office planning a visit to see the EDH approach to ASB. The Committee noted that the Value for Money and Governance standards were being maintained at a high level, with a “Seal of Approval” from the Housing Quality Network”.

The Vice-Chairman thanked the Interim Chief Executive, EDH and asked Members for their questions on the presentation.

The Committee asked questions relating to: the numbers and types of apprentices retained by the 3 organisations; whether the improvements being carried out to properties had affected the numbers of Right to Buy (RTB) applications; concern as regards coherent plans to tackle estates in mixed public/private ownership; and the legacy of RTB and absentee landlords.

Interim Chief Executive, EDH explained that in respect of EDH, apprentices were through the SHED social enterprise and of the 8 apprentices originally appointed, 4 had secured positions, 1 secured a job at a partner organisation, the other 3 gaining employment elsewhere. The Manager, DCH noted that of the 4 business administration apprentices appointed a year ago, 1 had secured a permanent position at DCH, 1 gained employment elsewhere, 1 returned to full-time education and 1 completed the apprenticeship placement. The Chief Executive, DVH explained that they worked with Bishop Auckland College to ensure high quality education for the apprentices.

It was explained to Members that the numbers of RTB sales was at a low level and unless there was a significant economic boost, it would be unlikely that RTB sales would increase. It was noted that while interest rates were low, prospective buyers were struggling in respect of deposits and securing mortgages. The Chief Executive, DVH noted that should RTB sales increase, this capital could in turn be invested in providing new housing stock. The Committee noted that there were difficulties in tackle issues where there was a public/private stock mix, however all providers worked to try and improve the environment within estates.

The Vice-Chairman anticipated that this would be the final performance report to the Committee in respect of the 3 organisations and thanked all 3 housing providers for their commitment to working with the Committee and engaging with Members. The Vice-Chairman noted the huge journey all 3 providers had come through and the significant improvements delivered to the housing stock in all 3 areas, particularly in respect of the decent homes standard which had been especially challenging.

**Resolved:**

That the Members of the Economy and Enterprise Overview and Scrutiny Committee note the Annual Reports and presentations in respect of Durham City Homes, Dale and Valley Homes and East Durham Homes.