

DURHAM COUNTY COUNCIL

ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Council Chamber, County Hall, Durham** on **Tuesday 26 April 2022** at **9.30 am**

Present:

Councillor B Moist (Chair)

Members of the Committee:

Councillors G Binney, J Cairns, K Earley, C Hood, R Manchester, C Marshall, C Martin, J Miller, A Reed, I Roberts, A Sterling, A Surtees, S Wilson and K Shaw (substitute for A Batey)

Co-opted Members:

Mrs R Morris

Apologies:

Apologies for absence were received from Councillor(s) A Jackson and M Abley

Also Present:

Councillor(s)

1 Apologies

Apologies for absence were received from Councillors M Abley, A Batey, S Quinn, L Fenwick and A Jackson.

2 Substitute Members

Councillor K Shaw was present as substitute for Councillor A Batey.

3 Minutes

The minutes of the meeting held on 4 March 2022 were confirmed as a correct record and signed by the Chair.

4 Declarations of Interest, if any

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 Housing - Update

The Committee considered a report and presentation of the Corporate Director of Regeneration, Economy and Growth which gave a strategic overview of housing delivery, looking particularly at recent performance, the mix of housing, locations and whether the mix was right to attract inward investment both currently and in the future (for copy of report and slides of presentation see file of Minutes).

G Paul, Head of Development and Housing provided a detailed presentation to the committee which provided background to the council's commitments relating to housing and how this was delivered through its policies and strategies.

He explained that the location of new housing was important to meet the needs of residents and encourage private sector investment and be focused on sustainable locations which maximised the use of public transport, walking and cycling. He noted that settlements in the A1 and A19 corridors were likely to be a draw for business investment and other settlements such as Bishop Auckland and Consett, also provided opportunities for locally important businesses.

Moving on to private sector investment the Head of Development and Housing noted the economic contribution that house building offered and that a well-functioning housing market was considered important for an area to remain competitive and attractive to business and economic activity.

He further explained that the County Durham Plan sought to deliver a wide choice of quality homes to meet the needs and secure an appropriate mix of dwelling types and sizes taking account of evidence in the Strategic Housing Market Assessment (SHMA) and existing imbalances in the housing stock and to provide a complementary housing offer to support economic ambitions and through policies 19 and 29.

The presentation went on to provide details of the annual new housing need of 1,308 or 24,852 needed for 2016-2035, including the need for 836 additional affordable homes per annum up to 2035.

The Head of Development and Housing also provided details of the council homes programme to deliver 500 new homes by 2026 which had been agreed by Cabinet in October 2020. With regards to affordable homes, it was reported that during the period 2014 to 2019 a total of 1,956 homes had been delivered against a target of 4,180 (46.8%). The Council Homes Programme would bridge this gap and complement the new build programme of Registered Providers.

Further details were reported in respect of those sites being progressed for development for a total of 124 units and a timetable for delivery was included within the presentation. The Council had recently agreed the purchase of six bungalows in Gilesgate which would be allocated to people in the Durham area.

Moving on the presentation went on to highlight key messages in the Housing Strategy, which was adopted in July 2019, and how this was delivered in partnership through the Housing Forum and related subgroups.

The Head of Development and Housing further noted changes following the introduction of Selective Licensing, noting that around 42% of private rented sector dwellings were covered by the scheme. Even though the Council were in the early stages, landlords had begun to register and inspections would be carried out in areas which had issues with social landlords.

In conclusion the presentation provided details on Chapter Homes, its successes and developments to date, noting its key aims and commitments to deliver affordable and older persons housing.

Councillor Earley advised that he had been responsible for pulling down number of homes on those particular sites and to create demand particularly in bridge hill, where they were having enormous social problems, money was invested with the idea that it would lift the area up. It did not work due to demand and the geography of the area and whilst demand may change, the geography did not. Blackhill and Bridgehill were named as such because of their topography and pushing a pram up to school or walking up to shops could affect demand. He was concerned that the Council may struggle to fill houses and people from outside of the community could filter in, as they had found this had happened in the past.

The Head of Development and Housing confirmed that when the original sites had been considered by Cabinet, there had been a detailed analysis in terms of need and sites had a relatively strong need identified. He suggested that perhaps demand had changed and reassured Councillor Earley that the Council would not wish to develop a site that did not demonstrated a strong need.

Subsequent to Cabinet agreement, there had been one or two sites that had been assessed and it had been determined that bungalows could not be built due to the topography and hill. There were also sites which had been chosen within the private sector partner, which made sense due to the size of the developments and Cabinet had expressed a preference to consider mixed development, with affordable homes for rent, affordable homes for sale and outright market value sales.

Councillor Jopling noted that there were larger rooms on the ground floor which could be adapted for elderly people or for those with disabilities and assist people living in their own home. She queried whether this would be part of the requirement for building in the future and asked what effect this programme would have on the housing waiting list.

She supported Selective Licensing which would assist in keeping the housing stock in good condition but suggested that housing associations should also be monitored because Councillors received many complaints about some of them.

The Chair advised that Housing Associations would be dealt with further into programme.

The Head of Development and Housing advised that there was a homes for life concept for all new builds, although there could be occasions due to viability, that modern standards could not be met.

With regards to the waiting list, this would not meet all of the need, however this subsidy meant that 500 people would get access to brand new homes, that they would not have been able to access without this programme.

Housing Associations were regulated by government and the Housing Association regulator required performance monitoring, however there had been number of complaints from Councillors with examples of where dealings with customers could have been improved and should Members have issues with Housing Associations, he would assist.

Councillor Marshall thanked the Head of Development and Housing for presentation as a lot of work had been done and there was clearly focus on new housing, however the Council were aware that there was a significant lack of funds for regeneration to tackle poor housing stock. Most Members had areas within their division, that needed regenerating and he referred to a dedicated fund of £50m which had been scrapped in 2010.

Considering the lack of funding through government, for the endless list of places with problem properties and the significant amount of funding required, he asked whether it was worth the Committee writing to Cabinet and asking them to consider this as part of a bid for devolution. Significant money was needed and if the Council did not have a plan, properties would become even less appealable and less viable, and people who had lived in these areas for generations would suffer the consequences.

The Head of Development and Housing referred to the challenge in dealing with the legacy of the terrace housing heritage in the North East, many properties were over 100 years old and maintaining their lifespan was difficult. The government focused support on regeneration and the land value uplift was nowhere near. There were ongoing discussions with Homes England on changing the approach as there needed to be significant public sector investments and deliverable plans for regeneration and he agreed that a request for devolution was something that could assist with this as the issues were a challenge across the whole of the North East and it may be that from a regional perspective, it should be a North East ask.

Councillor Martin noted that the report referenced housing strategy aims and building houses in high value areas was more likely to succeed and achieve higher Section 106 contributions, however he hoped that the Council were not losing sight that houses were needed everywhere and if they were built in areas of deprivation, they would bring more money into those areas.

With regards to delivering affordable housing, Councillor Martin suggested that building more houses in lower land value areas would assist in solving some of the problems regarding financial viability and queried whether aiming for higher land value areas was reducing delivery.

M Allum, Spatial Policy Manager advised that there was a strategy in the local plan to consider the viability of sites, focusing on main towns in the County, however the addition of a windfall policy had allowed developers to come forward with other viable sites to be considered on their own merits in order to enable private sector investment.

Councillor Reed suggested that new style houses were more efficient and environmentally friendly but needed more modern methods of construction and a mix of skills. She advised that construction workers had once needed five years of training to build up a skill set and now only required six months and she asked how the Council could be sure that they were attracting the appropriately high skilled workforce for the construction of new homes.

The Head of Development and Housing advised that there were challenges in what was traditionally a trade of highly skilled workers, with an aging workforce there were various apprenticeship schemes, but not enough coming through. He referred to a company based in Seaham that specialised in building modular homes, who had created a show home in car park and they had apprentices learning the skills to build modular homes so whilst Apprentices were learning a range of new skills, they also faced challenges. There were few young women apprentices, but there was a different cohort. With regards to modular homes, they did cost more than a traditional build, due to the scale and volume, however house prices would reduce with more sales and construction required skilled workers but it was different to the traditional wet trade.

In response to comments from Co-optee, R Morris regarding the existing infrastructure issues of congestion and speeding, the Head of Development and Housing advised that the plan addressed issues with regards to increasing school places, health facilities and transport infrastructure and the viability assessment.

Ms Morris queried the figures of employment in Spennymoor, Chester-le-Street and Consett and the Head of Development and Housing agreed to circulate them after the meeting.

Finally, Ms Morris asked whether the Council would refuse planning permission for private sector developers should they not satisfy the plan for greener initiatives. The Head of Development and Housing advised that local plan set out what was required on standards which were slightly higher than the national requirement however national perspective standards were always changing and would continue to do so as we moved to net zero. From 2030 the Council would no longer be able to put gas fired boilers into new homes so the plan already contained a requirement for alternative heating. There was an initiative at Seaham Garden Village to ensure homes would be using mine water heat, however if developers met criteria for planning the Council could not refuse permission.

Councillor Shaw confirmed that when putting together the Housing Strategy, the Cabinet specifically looked at the right homes in the right places and introduced a target delivery plan to ensure housing was delivered in the places it was most needed. The Head of Development and Housing added that sites had been determined in strong areas with strong demand and there were other programmes such as the Town and Village improvement that were running concurrently.

Councillor Sterling commented on a flawed planning process and developments that were unable to deliver on affordability and sustainability due to site viability. The Head of Development and Housing advised that part of the issue was the low value of land and in terms of contributing Section 106, these sites would not be able to contribute amounts that could be obtained in areas of higher land value. Ultimately the Planning Authority had to consider whether to give up the housing altogether and get neither. It fundamentally came down to land values and until they changed, there would always be a dilemma.

The Chair commented that the housing sites mentioned were strategically located on the A1 and A19, with higher land value and demand for housing but he queried whether there was sufficient sites. With regards to the impact on infrastructure there had been major extensions to Chester-le-Street, but issues in schools, road networks and GP's had not been addressed.

With regards to Chapter homes, they had plans to deliver 1000 homes over the next ten years, but he suggested whether a performance review had been considered to ensure that they were hitting targets and if it was found that they were not performing well, could those resources be transferred to council house building scheme.

M Allum, Spatial Policy Manager advised that the local plan had an examination where the inspector looked at the Strategic Housing Market Assessment (SHMA) and was confident that there was sufficient housing to meet the needs in County Durham, especially with the windfall policy to allow other suitable sites to develop. The supply was currently at six and a half years which meant that the Council could resist any unsuitable sites that came forward. The requirement was only for five years.

The Head of Development and Housing advised that there were some ongoing discussions on how Chapter homes could be monitored.

In response to a question from the Chair regarding whether there was anything that he could change with regards to the Councils Housing position, the Head of Development and Housing advised that the plan delivered a sustainable programme of regeneration in areas which had dilapidated houses, however there was a continuing need to lobby Government and Homes England.

Resolved

That the report be noted

7 Quarter 3 2021/22 Revenue and Capital Outturn Report

The Committee considered a joint report of the Corporate Director of Resources and Corporate Director Regeneration and Economic Growth which provided details of the forecast outturn position for quarter 3 revenue and capital for Regeneration, Economy and Growth (REG) as at 31 December 2021 (for copy see file of Minutes).

Resolved:

That the contents of the report be noted.

8 Minutes from the County Durham Economic Partnership Board

The minutes from the County Durham Economic Partnership Board on 1 March 2022 were noted.