

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

**Electoral divisions affected:**

Countywide.

**Purpose of the Report**

- 1 Following the meeting of County Council on 17 July 2024 and the decision to defer adoption of the County Durham Housing Strategy (CDHS), the purpose of the report is to provide the Economy and Enterprise Overview and Scrutiny Committee with an update on the Council House Build Programme issue that was raised by Members at the meeting and to set out next steps to adopting the CDHS. There is also an accompanying report to discuss Houses in Multiple Occupation.

**Executive summary**

- 2 On 10 July 2024 Cabinet agreed to recommend to County Council that they adopt the CDHS. It also agreed to adopt the accompanying 12-Month Delivery Plan subject to the CDHS being adopted by County Council.
- 3 At the meeting of County Council on 17 July 2024 and following extensive discussion the decision of County Council was to defer adoption of the CDHS. The main points of concern related to how the Housing CDHS dealt with:
  - The proliferation of HMOs in the county and the potential use of Article 4 Directions; and
  - The Council House Build Programme and particularly the delivery timeframe and the composition of the proposed 500 units.
- 4 In order for the CDHS to return to Cabinet and County Council for adoption we have prepared this report to discuss the Council House Build Programme. There is also an accompanying report to discuss Houses in Multiple Occupation.

- 5 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.
- 6 On the 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 the October 2020 report.
- 7 There was some concern expressed at County Council that the council had changed its position and was moving away from 500 new build council homes towards including the acquisition of existing properties within the 500 house target. However, it has always been the council's intention to deliver 500 new build properties, and this remains unchanged.
- 8 At the County Council meeting there was also concern from Members that the delivery timeframe for the Programme was unclear. Following the approval of the procurement strategy by Cabinet in July 2023, and the subsequent appointment of the main contractor, it is apparent that the council will not be able to deliver 500 homes by 2026. This reflects the challenges with the start up of the programme, and in particular responding to prevailing macro-economic conditions since 2020. However, the ambition to deliver 500 homes remains and the timescales for delivery are currently being revisited with the main contractor with explicit intention of delivering at pace.
- 9 As a result of the concerns Members had regarding HMOs and the Council House Build Programme, we may propose appropriate amendments to the CDHS. Any feedback from the Economy and Enterprise Overview and Scrutiny Committee will inform any amendments which will then be presented to the Overview and Scrutiny Committee on 4 November 2024 before the CDHS then returns to Cabinet and County Council for adoption.

## **Recommendation**

- 10 It is recommended that the Economy and Enterprise Overview and Scrutiny Committee note the contents of the report and provide any further feedback to inform the CDHS to be approved by Cabinet and County Council.

## **Background**

- 11 On 10 July 2024 Cabinet agreed to recommend to County Council that they adopt the County Durham Housing Strategy (CDHS). It also agreed to adopt the accompanying 12-Month Delivery Plan subject to the CDHS being adopted by County Council.
- 12 At the meeting of County Council on 17 July 2024 and following extensive discussion the decision of County Council was to defer adoption of the CDHS. The main points of concern related to how the Housing CDHS dealt with:
  - The proliferation of HMOs in the county and the potential use of Article 4 Directions; and
  - The Council House Build Programme and particularly the delivery timeframe and the composition of the proposed 500 units.
- 13 In order for the CDHS to return to Cabinet and County Council for adoption we have prepared this report to discuss the Council House Build Programme. There is also an accompanying report to discuss Houses in Multiple Occupation.

## **Council House Build Programme**

- 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. Since this point, the council has:
  - Progressed the Phase 1 sites to RIBA Plan of Work Stage 2;
  - Developed property designs for a range of house types alongside site layouts, which have been informed by pre application planning applications;
  - Undertaken two soft market tests to better understand the delivery environment and market led approaches to development, modern methods of construction and inform the future procurement process to deliver the programme;
  - Acquired six Section 106 units from Chapter Homes at Hartley Gardens, Gilesgate;
  - Obtained Brownfield Land Release Funding to help remediate two sites initially included within phase 1 of the Housing Programme;
  - Engaged Savills Consultancy to undertake a review of the council's financial modelling in the light of changing economic conditions;

- Developed an approach to the procurement and developed an output specification and associated tender documentation;
  - Prepared a suite of procedural documents to support the delivery of housing management service; and
  - Appointed a main contractor, T Manners, to deliver the programme.
- 15 On the 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 the October 2020 report for three main reasons:
- macro-economic changes had seen both inflation and interest rates rise significantly since the first business case was prepared;
  - the opportunity to revisit both the delivery approach and assumptions, to support viability considerations within the programme; and
  - to understand how the programme could support a reduction in the cost of using temporary accommodation.

#### Sites

- 16 In February 2021 and December 2021 Durham County Council Cabinet agreed sites for Phase 1 and Phase 2 for the programme. All sites within the programme have been identified from land held within the council's ownership. The original intention was to ensure as broad a geographical spread as possible of sites, based on land ownership opportunities, and to identify sites in line with housing needs. Sites were broadly identified in line with the intention to deliver 500 new homes.
- 17 The council has since undertaken further assessment on the suitability of sites for development, including in some cases an initial assessment of viability. In this context the programme has departed from the original list of sites. These sites will be brought forward in line with viability considerations, other development factors (including available funding) and in discussion with the appointed contractor.
- 18 The July 2023 Cabinet report identified that for the initial stage of the programme, three sites would be identified for delivery which would be expected to deliver c.51 dwellings. These are as follows:
- **Greenwood Avenue, Burnhope.** This site will be delivered through a design and build delivery approach. This site will benefit from

remediation via the Brownfield Land Release Fund to support the viability of the scheme.

- **Portland Avenue, Seaham.** This site will be delivered through a design and build delivery approach.
- **Merrington View, Spennymoor.** This site will be delivered through a design and build delivery approach and as a Modern Method of Construction (MMC) scheme.

- 19 The council will continue to progress the other sites identified in the Phase 1 and Phase 2 sites agreed by Cabinet in February 2021 and December 2021, subject to viability considerations. Where sites are not viable for the programme, they will be returned to the council's disposal programme.

#### The Composition of the 500 House Target

- 20 There was some concern expressed at County Council that the council had changed its position and was moving away from 500 new build council homes towards including the acquisition of existing properties within the 500 house target.
- 21 It is recognised that paragraph 5.8 of the draft CDHS is a little ambiguous and does not specifically refer to 'new build', however, the terminology is consistent with the July 2023 Cabinet report which updated the business case for the council house delivery programme.
- 22 It has always been the council's intention to deliver 500 new build properties, and this remains unchanged. This has been a consistent message through the lifetime of the programme. It is also noted that Cllr Rowlandson confirmed at the County Council meeting that the 500 target related to new build dwellings.

#### Delivery Timeframe

- 23 In October 2020, the Council agreed to a council house building programme of 500 homes by March 2026. Both the target and timeframe were reflected in the July 2023 Cabinet report.
- 24 The July 2023 Cabinet report provided an update on the work that had been progressing in a challenging economic climate and revised the business case and supporting business plan for the reasons as set out in paragraph 15 of this report.
- 25 At the County Council meeting there was concern from Members that the delivery timeframe for the Programme was unclear. Following the approval of the procurement strategy by Cabinet in July 2023, and the

subsequent appointment of the main contractor, it is apparent that the council will not be able to deliver 500 homes by 2026. This reflects the challenges with the start up of the programme, and in particular responding to prevailing macro-economic conditions since 2020.

- 26 This context was reflected in the draft CDHS which, at paragraph 5.8 notes the intention to roll forward the programme in this context.
- 27 The ambition to deliver 500 homes remains. The council is now working with the appointed main contractor to progress sites with the intention of delivering at pace. In this context, multiple sites are being progressed at any given time in a rolling programme and site densities are being increased across the schemes. The timescales associated with the delivery of 500 units are now being revisited with the main contractor and will be reflected in the final draft of the CDHS.

### **Housing Strategy and the Council House Build Programme**

- 28 In light of the confusion over the composition of the 500 house target and the timescales for delivery of the Council House Build Programme, amendments could be made to the CDHS to provide further clarity.

### **Next Steps**

- 29 Any feedback from the Economy and Enterprise Overview and Scrutiny Committee will inform any amendments to the CDHS which will then be presented to the Overview and Scrutiny Committee on 4 November 2024 before the CDHS then returns to Cabinet and County Council for adoption.

### **Background papers**

- [Housing Strategy Principles and Priorities Paper 2023](#)
- [Draft County Durham Housing Strategy 2024](#)

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## **Appendix 1: Implications**

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### **Legal Implications**

Section 8 of the Housing Act 1985 requires local housing authorities to consider housing conditions in their area and the needs of the area with respect to the provision of further housing accommodation.

### **Finance**

The draft CDHS identifies a series of actions and outcomes. Each of these will be associated with a project that may require a funding bid once the scope of the project is determined. The CDHS does not guarantee funding for the projects listed.

### **Consultation and Engagement**

The CDHS Principles and Priorities paper was subject to public consultation for eight weeks between 26 June 2023 to 18 August 2023.

Consultation was also undertaken on the draft housing strategy between 30 October 2023 and 18 December 2023.

Consultation was undertaken with residents of County Durham and other stakeholders with a potential interest in the content of the document. Consultation was also undertaken with Overview and Scrutiny on three occasions:

- 10 July 2023: OSC Housing Strategy Workshop
- 18 December 2024: E&E OSC Draft County Durham Housing Strategy
- 22 April 2024: E&E OSC Draft County Durham Housing Strategy

An update on the Council House Build Programme was also presented to OSC in January 2024.

### **Equality and Diversity / Public Sector Equality Duty**

The Equality Act 2010, public sector equality duty S149-157 of the Act, has been considered as part of a full equalities impact assessment, which was attached to the Cabinet and County Council Report. The CDHS presents no negative impact on the protected groups.

### **Climate Change**

Addressing the cause of climate change is a key thread through the draft CDHS including principle seven and priority three that state that the strategy will support energy efficiency and carbon reduction in existing and new housing.

## **Human Rights**

Protocol 1 Article 1: Every natural or legal person is entitled to the peaceful enjoyment of his possessions including their property; the CDHS will provide a framework to deliver housing to meet housing needs.

Article 8: provides a right to respect for private and family life. Everyone has the right to respect for his private and family life, his home, and his correspondence. There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of:

- national security;
- public safety;
- economic wellbeing of the country;
- for the prevention of disorder or crime;
- for the protection of health or morals; or
- for the protection of the rights and freedoms of others.

The council will ensure the CDHS will be consistent with the council's human rights obligations.

## **Crime and Disorder**

None.

## **Staffing**

Resource is required to progress the production, monitoring, review, and implementation of the CDHS.

## **Accommodation**

None.

## **Risk**

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



## **Procurement**

None.