

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 **Thursday 27 February 2014** at **9.30 am**

Present:

Councillor R Crute (Chairman)

Members of the Committee:

Councillors E Adam, A Batey, J Clare, D Hall, J Maitland, H Nicholson, A Patterson, P Stradling and O Temple

Co-opted Members:

Mr P Robson (JobCentre Plus)

1 Apologies for Absence

Apologies for absence were received from Councillors J Bell, R Ormerod, J Rowlandson, M Simpson, A Willis and S Zair and Mrs O Brown and Ms J McKee (JobCentre Plus).

2 Substitute Members

No notification of Substitute Members had been received.

3 Minutes

The Minutes of the meetings held 9 December 2013 and 27 January 2014 were agreed as correct records and were signed by the Chairman.

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 Media Relations

The Overview and Scrutiny Officer, Diane Close referred Members to the recent prominent articles and news stories relating to the remit of the Economy and Enterprise Overview and Scrutiny Committee (for copy of slide see file of minutes) namely: South West Durham Training looking to increase its apprenticeship provision by a further 200 places per year; the Digital Durham Programme, roll out of superfast broadband to 96% of County Durham by 2016; Durham's light links explored, an event organised by Business Durham hosted at the House of Commons showcasing the County's connection with light with companies such as Thorn and Polyphotonix attending, as well as highlighting the Lumiere event; and Beamish Museum had an 19% increase in visitor numbers, its most successful year in 43 years of operation.

Resolved:

That the presentation be noted.

7 Affordable Homes Policy - Overview

The Chairman introduced the Special Housing Projects Manager, Regeneration and Economic Development, David Siddle and Senior Housing Development and Delivery Officer, Angela Stephenson who were in attendance to speak to Members in relation to the Affordable Homes Policy (for copy see file of minutes).

The Special Housing Projects Manager informed Members that there existed a pool of 50,000 affordable homes, and they were required as the market itself would not provide them. It was noted that a definition of "affordable housing" was: *"Affordable housing includes social rented and intermediate housing, provided to specific eligible households whose needs are not met by the market"*. It was noted that the prices for affordable housing would be set below market prices or rents and it was explained that the "subsidy" was locked into the product. The Special Housing Projects Manager added that the subsidy was in perpetuity and attached to the property, and should the property be sold, the subsidy would be recycled. It was added that only in exceptional circumstances could the subsidy be taken out from the property.

Members noted that affordable housing was offered to "eligible households" and in County Durham this would be via the choice based lettings scheme, Durham Key Options (DKO), offering a fair opportunity for people to access decent accommodation. The Committee were informed that the delivery of new housing focussed on offering "affordable rent" accommodation, whilst the existing pool mostly comprised of "social rent" properties. It was explained that "affordable rent" properties were developed by Registered Providers (RPs) (or house builders acting on behalf of RP's) and then rented at what is deemed to be an affordable rent, 80% of the market rent for that area. It was noted that, there is relatively little difference between social and affordable rent levels in our area, though there are a considerable differences in the South East of the country. Councillors noted that social rent was calculated based on a government formula which ensures rental levels are kept low. The Special Housing Projects Manager noted that discounted sales were also in perpetuity, with the discount being in the region of 30% and there were schemes of shared ownership as another option, with owners and RPs splitting the ownership.

Councillors noted that there were several additional schemes marketed to first time buyers, including home buy initiatives ('Help to Buy') as promoted by this Government, though these were designed to stimulate the housing market as well as aiming to provide affordable housing for sale.

Members were reminded that there had been some development of new affordable Council homes in the Wear Valley and Durham City areas, however in general it was not Local Authorities that were leading on building and therefore it was Partners that would be delivering, with the Local Authority role being an enabling one through having the requisite policies in place, articulated by the Local Plan. It was added that the evidence behind policies included information from the Strategic Housing Market Assessment (SHMA) and waiting lists. It was explained that funding was primarily from the Homes and Communities Agency (HCA) with the 2015-18 programme recently announced and therefore County Durham Housing Association would be encouraged to bid for funding from the new programme. The Special Housing Projects Manager reminded Members that there were Section 106 (s106) Agreements that could, be part of planning approvals. Councillors were informed that the majority of additional funding was through Housing Association borrowing. The Special Housing Projects Manager concluded by noting that the County Durham Plan (CDP) was heading towards the adoption stage and clear commitment regarding affordable housing for County Durham was set out within the Plan.

The Chairman thanked the Special Housing Projects Manager and asked Members for their questions.

Councillors asked questions in relation to: whether planning policy was rigorous enough in respect of s106 Agreements; a breakdown of types, numbers and geographical distribution of affordable housing; how the percentages for affordable housing provision were calculated; how the "recycling" of subsidy worked in practice; how the number of houses delivered compared to the need identified; where the 700 homes mentioned within paragraph 14 of the report would be delivered; any pressure on Developers in respect of Community Infrastructure Levy (CIL) and Sustainable Urban Drainage Systems (SUDS) and whether this had any effect on Developers being able to negotiate out of s106 agreements; the resource implications balanced against releasing land at below market rate; where "surplus" sites being marketed below market rate were located within the County; where the 200 units mentioned within paragraph 13 were within the County; how long any discount on properties lasted; and what the percentage affordable housing provision was for the North of the County.

The Special Housing Projects Manager noted that he could not speak on behalf of colleagues from planning, however, there was policy in place as regards percentages of affordable properties for developments and that this was the starting point for any negotiations between developers and the Authority. It was added that there could be cases where evidence could be provided demonstrating that development may not be viable if there is a certain level of affordable provision. The Special Housing Projects Manager noted that figures could be obtained breaking down affordable properties for rent and so on in the 5 key geographical areas across the County. It was added that there was a balance of need versus viability and that not all affordable housing was delivered by negotiations within a planning application. It was explained that there were strategic schemes which would have a high percentage, or in some cases 100%, affordable housing.

The Committee noted that should a property having been purchased at an “affordable” discounted rate was then sold, the HCA would expect any grant element to be repaid, though sales of discounted properties was rare. It was added that Housing Associations had a Recycled Capital Grant Fund, though likely to be relatively small due to the lack of properties being sold. It was noted that there was an understanding that any money paid into RCGF from a Local Authority area would be recycled back into that Local Authority area.

The Special Housing Projects Manager explained that the 700 houses referred to in paragraph 14 were those to be delivered overall by the 2011-15 HCA programme and it was added that the annual shortfall in provision was as set out at paragraph 4, 674 units. It was noted that developers may face increased pressure in respect of CIL and SUDS, however, it was noted that any negotiations as regards s106 would be evidence based and that recent changes in the housing market had seen an increase in volume house builders’ profits. The Committee noted that there were a small number of sites offered at a competitive rate for affordable housing, for both rent and ownership and that if evidence is presented that the end use is beneficial, the discounted rate could be justified. It was noted that those small sites were being discussed at meetings next week and further to this information could be brought forward. The Special Housing Projects Manager explained that the 200 units referred to in paragraph 13 were not extra provision, and were part of the HCA programme and that the figures and geographical split could be obtained for Members’ information.

The Committee were informed that the discounts applied to properties were in perpetuity with any properties being sold having the discount noted as part of the title deeds for any future sale to also be at the discounted rate. In the case of shared ownership it is possible for homeowners to “staircase” up to pay off the subsidy and therefore be able to sell the property at 100% value in the future. The Special Housing Projects Manager noted that the starting point for negotiations regarding affordable provision in the North area of the County was 15%.

Resolved:

- (i) That the report be noted.
- (ii) That an update in relation to Affordable Housing delivery be given at a future meeting of the Committee.

8 Homelessness Strategy - Update

The Chairman introduced the Core Team Manager, Regeneration and Economic Development, Andrew Burnip who was in attendance to speak to Members in relation to the Homelessness Strategy (for copy see file of minutes).

The Core Team Manager informed Members that the need for a Homelessness Strategy was set out within the Homelessness Act 2002 and must include plans for: the prevention of homelessness; ensuring sufficient supply of accommodation for those who are homeless or may become homeless and to prevent the loss of accommodation; ensuring there is satisfactory support for those who are homeless or may become homeless and to prevent the loss of accommodation.

It was explained that the Homelessness Strategy 2008-13 therefore covered 3 strategic priorities: to prevent homelessness; to ensure sufficient, appropriate and affordable accommodation is available for people who are homeless or at risk of homelessness; and to support people who are homeless or who are at risk of repeat homelessness.

The Committee noted that following Local Government Reorganisation (LGR) there was a need to have a consistent approach across the whole County, and therefore harmonisation of the differing levels of service was undertaken.

It was noted that there were various tools and measures available, making reference to the slide setting out a “wheel of preventions”. The Core Team Manager explained that there was a Bond Guarantee Scheme for those on low income/benefit for those accessing private sector housing, with a paper bond being issued by Durham County Council (DCC) upon inspection of a property and the requisite sign up. It was added that a Prevention Fund also existed, a cash grant that could be used to help with administration fees or small scale rent arrears, capped at £50. Members learned of Discretionary Housing Payments (DHPs) and a triage system helping those in need, for example those with a shortfall in rent as a consequence of under-occupancy. It was added that the triage process also looked to help support a sustainable position, identifying issues such as debt, employment and training need and other options as regards housing. Councillors noted that there was “Remain Safe” delivered on behalf of DCC and the Safer Durham Partnership (SDP) by Direct Services in collaboration with Crime Prevention Officers in helping to secure properties of those who have been victims of domestic violence.

The Core Team Manager noted that peer education was important and colleagues within Children and Adults Service (CAS) were working with Housing Solutions to speak to Year 11/12 students in schools regards homelessness and the causes of homelessness. It was added that there was the Holistic Temporary Accommodation and Support Service (HTASS), provided by Stonham on behalf of DCC, who managed 29 units of temporary accommodation. It was explained that the provision was 24 hours a day, 7 days a week (24/7) and there were 2 and 3 bedroom units, furnished and with some with disability adaptations. Members learned that 14 properties were “crash pads” for those 16-25 for a period of up to 14 weeks. It was noted that there was a joint protocol in place as regards 16-17 years olds and HTASS, reflecting responsibilities under the Children Act 1989 and Homelessness Act 2002. Councillors noted Emergency Supported Lodging was provided via CAS, often utilised by those leaving care, with around 1,200 “bed nights” offered annually. It was noted in cases where no crash pad is available, a family that has undergone the requisite Police checks may be used to provide temporary accommodation for several weeks.

Members noted support offered by DCC Welfare Rights, in respect of benefits available and help via the Citizens’ Advice Bureau and in house specialists within Housing Solutions on issues such as debt. It was explained that there was support to provide a Personalisation Budget, helping to sustain people in their housing by offering advice on many issues, such as cooking on a budget, to ensure enough money is set aside for rent. Councillors noted that there was support via the Family Intervention Project (FIP) and European Social Fund’s (ESF) Stronger Families programme, identifying those at risk of eviction as a consequence of anti-social behaviour, working with families and to help provide people with issues such as basic skills, prior to accessing the Work Programme via JobCentre Plus (JCP).

Members noted that there was the Care Leavers Accommodation Support Programme (CLASP) to help those coming to the end of their care to either extend their care/accommodation or move on. It was explained that there was the County Court Duty Scheme, a non-funded scheme where free legal advice was offered in cases seeking possession.

The Core Team Manager explained that training was offered via Housing Solutions to various services to enable "Prevention Champions" within those services that come into contact with those likely to become homeless, giving opportunities for early intervention to prevent homelessness occurring.

Members were reminded of the Mortgage Rescue scheme, a national scheme that was coming to an end 31 March 2014. Councillors also noted the Repossession Loan Fund, a short term, interest free loan of up to £5,000, which could be made as a charge against the property. The Committee noted Mediation Services that were offered, under joint protocol and "Step Forward", another service offered by Stonham on behalf of DCC, testing the market as regards people moving from 24/7 supported housing into shared accommodation, noting 14 having been in place for around 9 months.

The Core Team Manager referred Members to graphs demonstrating trends in homelessness presentations noting an increase from 3,000 in 2009/10 to 6,200 in 2012/13. It was added that it had been demonstrated that, via the Department of Communities and Local Government (DCLG) self-assessment toolkit, prevention (£741) was cheaper than Homeless applications (£924) and on the last year, preventions effectively made a saving of around £62,000. It was noted that DCLG and Cabinet Office had undertaken studies that had shown that the wider cost of a person becoming homeless to the economy was between £24,000 to £30,000, equating to approximately an effective £84.5 million saving to the County Durham economy over the last 5 years. Members noted a flowchart demonstrating causes of homelessness and the Government's "Making Every Contact Count: A Joint Approach to Preventing Homelessness", 10 local challenges posed to the homelessness sector by Government. It was noted that County Durham was already meeting most of the challenges already, for example not placing families into Bed and Breakfast accommodation.

The Committee noted that current trends included: financial hardship; increasing debts; violent relationship breakdown, demonstrating the value of "Remain Safe"; rent arrears, to some extent masked by DHP; non-violent relationship breakdown; and eviction by parents, albeit tempered by implications of Welfare Reform and under-occupancy subsidy should children be evicted. Members noted that DCCs response was a commitment to prevention; a commitment to working in partnership; a commitment to develop innovative working practices; and a commitment to meet the challenges ahead.

It was noted that the Strategic Objectives for 2013-18 were:

- To prevent homelessness for all housing need across County Durham.
- To ensure that services work in partnership to meet the holistic needs of all clients, including those with complex needs and / or those at risk of rough sleeping.
- To ensure that sufficient, appropriate and affordable accommodation is available for people who are homeless or at risk of becoming homeless.
- To provide housing advice and housing options to everyone in County Durham.

- To tackle the wider social and economic causes of homelessness by supporting people to access health, employment, training and associated services.
- To achieve Gold Standard in meeting the 10 Local Authority challenges (*Making Every Contact Count: A Joint Approach to Preventing Homelessness*).

The Core Team Manager concluded noting there was a Regional Homelessness Group event that would be held in June 2014, chaired by Baroness Hilary Armstrong, held at County Hall, updating on progress across the regional to reduce rough sleeping.

The Chairman thanked the Core Team Manager and asked Members for their questions.

COUNCILLOR R Crute vacated the Chair

COUNCILLOR A Batey in the Chair

Councillors asked questions in relation to: whether a booklet setting out the work, support and contact details of the Housing Solutions Team was available; who could access the Prevention Champions training; the numbers of successful homelessness appeals; whether there were enough resources to cope with the further pressures from Welfare Reform and under-occupancy; information being shared with JCP; the triage process and how this fitted in with JCP; use of the phrase “bedroom tax” rather than the term occupancy related charge; the end of the Mortgage Rescue Scheme; the effectiveness of the services being offered; and how the issue was cross-cutting with other issues such as Welfare Reform.

The Core Team Manager noted that Prevention Champion training was available to internal and external services, with courses varying from a quick 30 minute session up to a 2 day event. It was added that a booklet was available with details as regards the Housing Solutions Team, copies would be forwarded to Members accordingly. Councillors noted that there were few appeals at DCC around 12 per year, with our process for dealing with appeals being robust, with quality checks on cases carried out by Senior Officers. Councillors noted that Council services were under pressure in the current economic climate, however, Housing Solutions worked with partners to help meet needs.

The Core Team Manager explained that information packs could be forwarded to partners at JobCentre Plus and would speak to the JobCentre Plus representative as regards the triage process, also mentioning an upcoming event that may be relevant. Members noted that while the Government’s Mortgage Rescue programme ended 31 March 2014, there was early discussion with RPs as regards trying to organise a local response. Members were informed that over the last 5 years there had been 3,500 preventions and the quarterly performance reports provided a breakdown of the numbers being helped. It was noted that, in general, around 6,000 presentation a year would lead to 1,200 preventions, 1,000 homeless application with the remainder not engaging further, often as they have only contacted Housing Solutions for a “one-off” piece of advice.

The Principal Overview and Scrutiny Officer noted that work had been undertaken by the Overview and Scrutiny Management Board as regards the impact of Welfare Reform, and added that work was ongoing corporately in relation to Welfare Reform.

Resolved:

- (i) That the report and presentation be noted.
- (ii) That an update in relation to the development of the Homelessness Strategy be given at a future meeting of the Committee.

9 Members' Reference Group - Update

The Overview and Scrutiny Officer referred Members to the update report and presentation as regards the Members' Reference Group (MRG) looking at the implications of changes in Government funding and policy on the economy of County Durham (for copy see file of minutes).

Members were reminded that the MRG was set up to work with Officers from Regeneration and Economic Development (RED) and a number of meetings and a site visit had taken place over the period June 2013 to January 2014. Councillors noted the approach taken, looking at scale (how), theme (what), geography (where) and which groups and individuals (who) had been affected. It was explained that interventions and support offered by DCC and partners to tackle the impact in changes to Government funding and policies. Members noted that there were also opportunities identified to help mitigate the impact of those changes.

Councillors were reminded of the key findings of the Group, noting the significant North / South disparity in the Government's Comprehensive Spending Review (CSR), and the loss of flexible and need based funding such as Area Based Grants (ABG), Working Neighbourhood Fund (WNF) and Local Enterprise Growth Initiative (LEGI). Members noted opportunities included new European Funding 2014-20 with County Durham having access to €157 as a Transition Region. Issues highlighted included: the employment rate; evidence of a move from full-time to part-time employment; concentrations of low qualifications in certain areas; and particular groups being more affected, for example those reliant upon benefits and the young. It was noted that there were opportunities in respect of new companies such as Hitachi and Mazars bringing forward large developments, and the subsequent supply chains.

The Overview and Scrutiny Officer referred to an overview of National Policy changes, noting the significant changes to employability policy and the move away from "cradle-to-grave" business support in favour of support to larger companies. Members were reminded of the input from partner organisations, with the interventions and support offered by JCP, the Federation of Small Businesses (FSB), Business Durham (BD) and local Colleges, Bishop Auckland College being the examples used.

Members noted the draft recommendations in relation to the following key areas:

- Continue to monitor the impact of changing policy and funding on the economy of County Durham.
- Information is provided on the state of the County's economy to the Economy and Enterprise Overview and Scrutiny Committee via the newly established Data Management Group of the County Durham Economic Partnership.
- That interventions are used to address need and opportunities within the County.

- That a co-ordinated approach is undertaken to maximise the benefits of the EU Funding programme 2014-2020.

The Overview and Scrutiny Officer concluded by noting that the draft report would be circulated to Members of the MRG, then to the relevant Assistant Chief Executive (ACE) and RED Management Teams prior to coming back to the Committee on 7 April for agreement, then to be presented to the relevant Portfolio Holders, Councillors N Foster, A Napier and E Tomlinson.

Councillor P Stradling noted that as the issues were cross-cutting it may be appropriate that the report be forwarded to Cabinet rather than Portfolio Holders, Members agreed. The Principal Overview and Scrutiny Officer added that it could also be useful to circulate the report, once agreed to the County Durham Economic Partnership (CDEP) and other partners in respect of the wider cross-cutting issues.

Resolved:

- (i) That the report and presentation be noted.
- (ii) That the final report of the Members' Reference Group be presented for consideration by members at the meeting of the Economy and Enterprise Overview and Scrutiny Committee, 7 April 2014.