

# Prosperous Communities Committee meeting 2.11.21

## Selective licensing Justification report

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# Introduction

West Lindsey District Council (WLDC) commissioned Cadence Innova and Metastreet to undertake a feasibility study to understand whether there was enough convincing evidence to support a selective licensing scheme in the district. The study considered the evidence, possible designations and an optimum approach for scheme implementation.

**This report gives WLDC an evidence-based approach to Private Rented Sector Licensing (PRSL) that can be taken to consultation.**

This report:

- Identifies the housing and social problems (criteria) that align to WLDC strategic goals
- Provides the data-driven evidence that is needed to agree an optimum approach
- Benchmarks the evidence by comparing to other areas and successful schemes
- Makes a recommendation for consistent designations that are simple to enforce
- Recommends a scheme that can continue to improve the housing standards of some of the most vulnerable residents
- Has assessed council strategies and policies regarding their alignment with property licensing
- Identifies implications for scheme implementation – staffing, licence demand and proposed fee level
- Mitigates the risk of a delay due to prolonged MHCLG decision making.

# What is Selective licensing

- According to Part 3 of the Housing Act 2004 Local Authorities can designate the whole or any part or parts of its area as subject to selective licensing.
- A selective licensing designation may be made if the area to which it relates satisfies one or more of the following conditions:
  - low housing demand
  - significant and persistent problem caused by anti-social behaviour
  - poor property conditions
  - high levels of migration
  - high levels of deprivation
  - high levels of crime

## **An application for approval from the Secretary of State is required for a selective licensing scheme which:**

- Covers more than 20% of their geographical area
- Affects more than 20% of privately rented homes in the local authority area.

## **The application process is complex, and councils must:**

- Provide robust evidence to support a clear proposal, identifying what is to be designated, and its intended objectives
- Demonstrate the scheme is a part of a coordinated approach to tackling homelessness, empty properties and anti-social behaviour in the private rented sector
- Consider alternatives to achieve the intended objectives
- Consult widely for a minimum of 10-weeks
- Review the scheme at the end of the 5 years.

The next slides shows the different types of property licensing.

# Private rented sector licensing

Private Rented Sector Licensing is detailed within the Housing Act 2004 and enables the council to licence all properties in the private rented sector (PRS) within a designated area and to put in place mandatory and additional conditions that the licence holder must adhere to.

## Selective Licensing

- Applies to privately rented properties let to single family household or two sharers
- Area is designated by the Council with large schemes needing approval by the Secretary of State



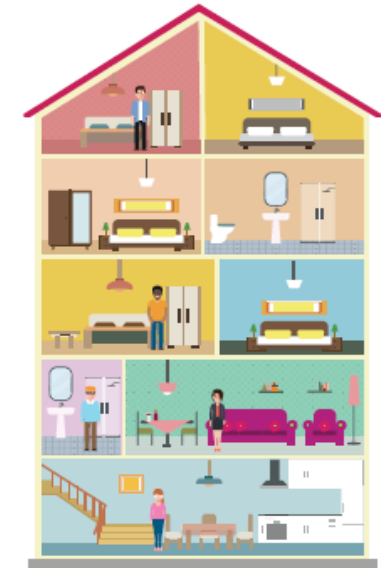
## Additional HMO Licensing

- Applies to smaller houses in multiple occupation (HMOs) that are let to 3 or 4 unrelated people, forming 2 or more households who share amenities such as a kitchen or bathroom.
- Area is designated by the Council



## Mandatory HMO licensing

- Applies to large HMOs, let to 5 or more unrelated people, forming 2 or more households who share amenities such as a kitchen or bathroom.
- National mandatory scheme





# Background - national context

## The private rented sector in England:

The English Housing Survey 2019-20 (EHS) reported, that just over 4.4 million households live in the Private Rented Sector, which is 19% of all households, up from 11% in 2003.

The EHS also found that private renters spend a higher proportion of their income (32%) on rent than social renters (27%) or owner occupiers (18%)

The most common age group is 25 to 34 year olds, who account for almost one third (32%) of private rented households.

The most common household type for private renters is a one person household (26%), followed by couples with dependent children (24%) and couples without children (22%).



# Background - national context

## Decent Homes:

For a dwelling to be considered 'decent' under the Decent Homes Standard it must:

- meet the statutory minimum standard for housing under the HHSRS. Homes with a Category 1 hazard under the HHSRS are considered non-decent
- be in a reasonable state of repair
- have reasonably modern facilities and services
- provide a reasonable degree of thermal comfort

In 2019, private rented stock had the highest proportion of non-decent homes (23%, 1.1 million) whereas the social rented sector had the lowest (12%, 504,000). Among owner occupied homes, 16% (2.5 million) failed to meet the Standard.

## HHSRS hazards:

The Housing, Health and Safety Rating System (HHSRS) is a risk-based assessment that identifies hazards in dwellings and evaluates their potential effects on the health and safety of occupants and their visitors, particularly vulnerable people. The most serious hazards are called Category 1 hazards and, where these exist in a home, it fails to meet the statutory minimum standard for housing in England.

In 2019, 13% (619,000) of private rented dwellings contained at least one Category 1 hazard. The presence of a Category 1 hazard was the most common reason for private rented homes failing the Decent Homes Standard. This was a higher proportion than both owner occupied (10%, 1.6 million) and social rented (5%, 217,000) dwellings.

The problems with the private rented sector are nationwide but selective licensing gives councils a means to address some of these problems and improve the sector for their residents.

# West Lindsey District Council

West Lindsey is one of the largest districts in England and one of the most rural in the County of Lincolnshire. One of seven District areas in the County, West Lindsey covers 1,156km<sup>2</sup> (447 square miles), with the administrative centre in Gainsborough on the River Trent to the west, and the smaller market towns of Caistor and Market Rasen to the east. Following boundary changes in 2015, West Lindsey District comprises of 20 wards with a total of 97 parishes.

## Population

- West Lindsey has witnessed steady population growth since 2001. The 2019 mid-year population estimate is 95,667, an increase of 798 or 0.84% compared to 2018. Over the next eighteen years (to 2036) the population is forecast to grow by a further 11,500 residents (or 6,500 households). It is vital to ensure decent housing for this growing population.

## Housing

There are currently 44,392 dwellings in West Lindsey.

- There has been a substantial growth in the PRS over the last ten years; from 12% of total housing stock in 2011 (Census) to 20% in 2021 (Metastreet Ti – preliminary results)
- Rates of home ownership have fallen across West Lindsey since the 2011 census. The most drastic change has occurred within Gainsborough South West ward, where home ownership rates have been replaced by private renting, which is now predicted to be at 56.7%.
- 2,413 dwellings (27%) in the PRS have category 1 hazards as defined by the Housing Health and Safety Rating System (HHSRS).



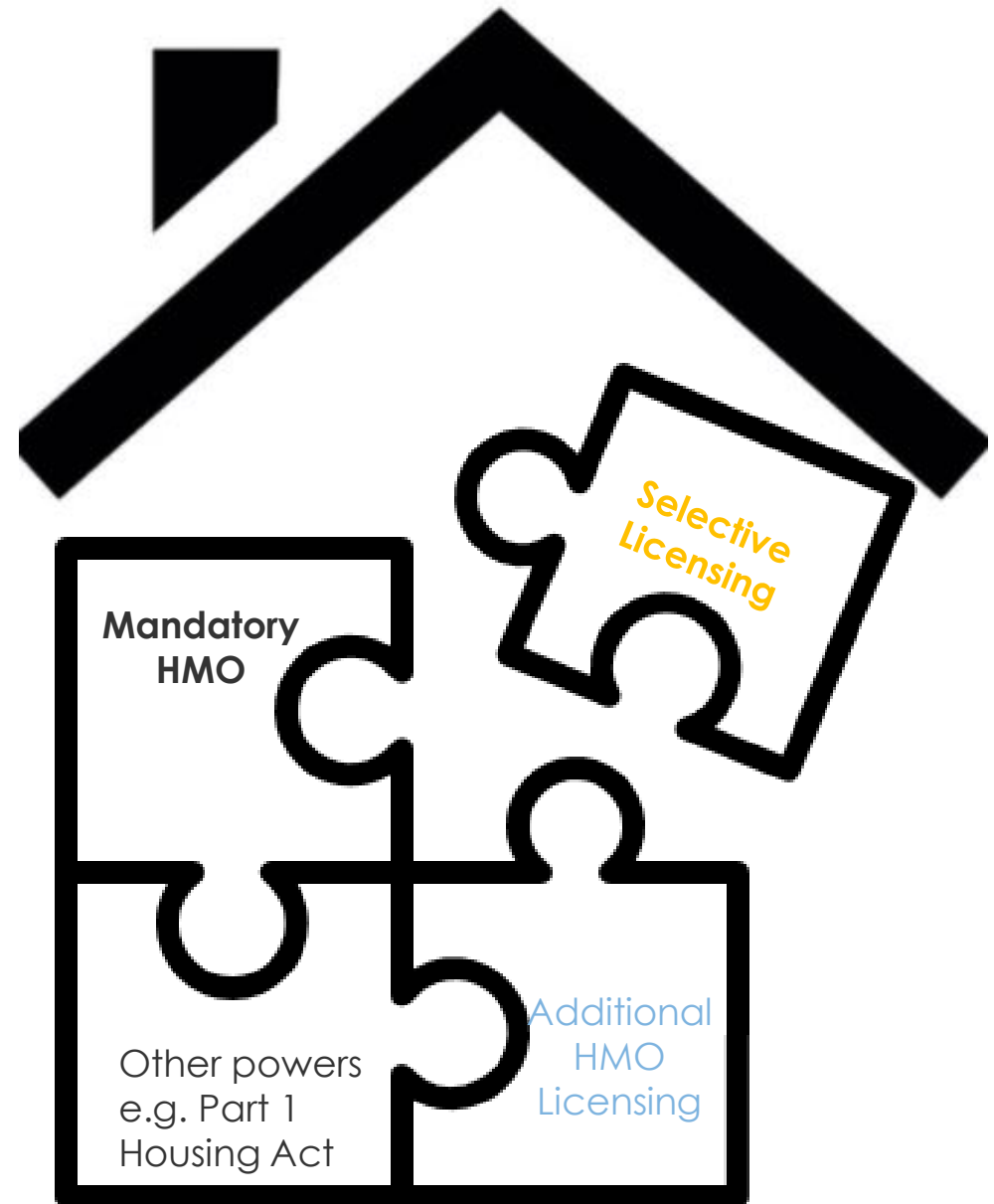


# The challenges facing West Lindsey

- A growing population of 95,667\* with a need for 4,435 homes by 2036
- Poor property standards within the private rented sector with Category 1 Hazards in 27% of properties in the sector
- Deprived communities

## Selective licensing is one of the tools available to improve housing conditions in an area

- WLDC has only a small number of mandatory HMOs in the district, but these must be regulated in line with the Housing Act
- There are not currently enough smaller HMOs to justify an Additional Licensing scheme
- Selective licensing is a powerful tool which can be used in conjunction with powers under Part 1 of the Housing Act 2004 to address PRS standards across the district.



\*(mid-year estimate for 2019, an increase of 0.84% compared to 2018)

# How private rented sector licensing supports communities



## Tenants

- Sets standards for the management and condition of homes
- Improves the health and safety of homes for tenants
- Gives councils the power to enforce against landlords that do not meet licence conditions
- Generates revenue through enforcement to improve PRS



## Landlords

- Creates a level playing field, so decent landlords are not undercut
- Poorly performing landlords receive support and training
- Improves reputation of private landlords
- Support is given to landlords dealing with problem tenants



## Residents

- Connects communities
- Better tenancy management helps increase tenure length and reduces homelessness
- Anti-social behaviour connected to private rented property can be more proactively managed



## Previous scheme (expired July 2021)

The selective licence scheme covered a small number of streets in Gainsborough South West Ward

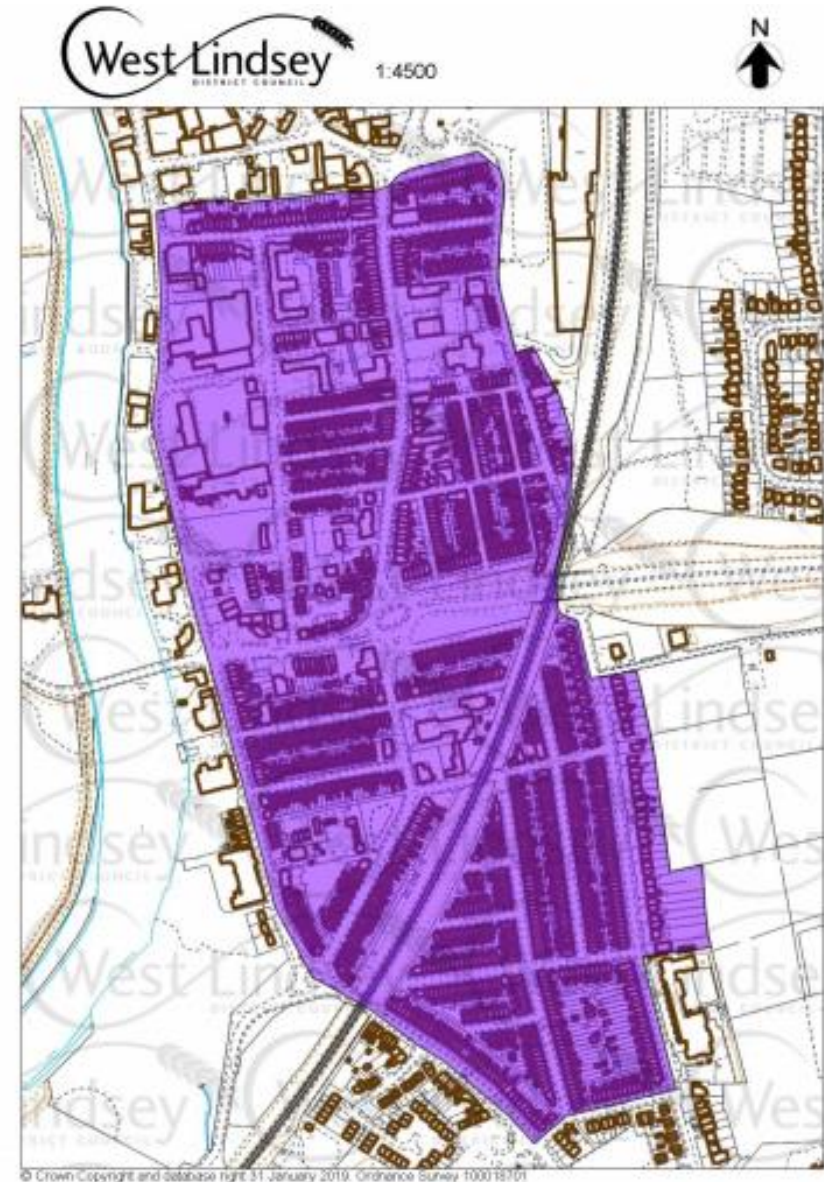
The previous scheme was designated for the following reasons:

- High levels of PRS
- Evidence of significant ASB in the areas of high PRS

The designation did not require approval from Secretary of State as it was made up of less than 20% of the district's area and housing stock.

The administration and inspection regime was carried out with a third-party partner, Home Safe.

The lessons of the previous scheme were considered in the development of the proposed designations.



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# Achievements of the previous scheme

Action	Outcome/benefit
Licence applications received - 810	98% of licensable properties licensed
Formal notices served - 107	Properties improved by landlords £19,000 Notice fee income to cover council
Civil penalties issued - 21	£115,000 received £87,000 in progress
Prosecutions for non-compliance	40 successful convictions
Energy efficiency compliance notices served	23 – reducing fuel poverty
Reduction of housing disrepair issues	75% reduction
Properties visited	895 by WLDC officers 1,301 by Homesafe
Number of Cat 1 hazards resolved	88
Number of private rented properties improved as result of WLDC action	249
Property issues identified by Homesafe	3,839
Empty properties brought back in to use	31 32% decrease in empty properties in the designated area, compared to only 3% in the rest of the district
Reduction in number of ASB complaints	83% reduction in ASB over the scheme, showing that ASB is being proactively managed and is reducing in the designated area

# WLDC strategic alignment to selective licensing

- It is vital that relevant council's strategies, policies and procedures contain a 'golden thread' that relates to the importance of selective licensing.
- Strategic alignment is not only a legislative requirement but also shows a commitment to, and understanding of, how licensing should be used across the council.
- The Housing Strategy is the origin of the 'golden thread' and lays down the foundations of a successful scheme that is used to improve housing across council services.
- How the council deals with ASB, Empty Properties and Homelessness with a coordinated approach to licensing is also a legislative requirement.
- Additional strategies, policies and partnership working that show how the council is using licensing to improve the lives of tenants and residents should also be included as each council is different and has strengths that can be used to illustrate how licensing is vital to improving the sector.
- The current WLDC Housing Strategy is in the process of being updated (estimated draft date January 2022).



# Alternative options to PRSL considered by WLDC

- The local authority must not make a particular designation under section 80 of the Housing Act 2004 unless they have considered whether there are any other courses of action available to them (of whatever nature) that might provide an effective method of achieving the objective or objectives that the designation would be intended to achieve.
- WLDC has considered a number of other options to address the problems in the Private Rented Sector before bringing the proposals for a Selective Licensing Scheme forward, these are:
  - Use of Part 1 Housing Act 2004 enforcement powers [HHSRS] and Public Health powers
  - Voluntary landlord accreditation schemes
  - Relying on prosecutions and civil penalties for housing offences
  - Improvement grants to improve sub-standard properties
  - Use of ASB powers
- Despite these being powerful tools, they do not place any obligation on the landlord to be proactive in preventing many of the issues in private housing. The Council's powers under Part 1 do not enable regulation of the management or occupation of the property.
- Formal enforcement can be a slow process with appeal provisions against most types of notices served, which can significantly delay the time period for compliance.
- These tools will be used not as an alternative to licensing but as part of the Council's programme to improve PRS conditions.

The following slides outline the evidence that supports the proposal for a WLDC selective licensing scheme, the areas it covers and the conditions it will address.

# Evidence for WLDC Selective licensing scheme

Based on information from the previous scheme, the preliminary results from the Metastreet Ti and other council-held or publicly available data, a proposed scheme is recommended which:

- Addresses issues in the PRS that fall within the constraints of 2004 Housing Act
- Covers five the wards in the district, including two of the ex-MOD villages
- Is feasible in terms of implementation and enforcement
- Mitigates implementation risks.

The review identified 3 designations that fall within MHCLG and legal constraints and a number of implementation options. The designations are:

- Designation 1 falls within the 20% threshold** and can be implemented without an application to MHCLG. This minimises the gap between schemes, provides a level of funding to maintain the service and allows the council to continue to deal with some of the most challenging issues in the district
- Designation 2 (around 30% of PRS)** will need MHCLG approval and covers four wards with some of the most severe property condition issues
- Designation 3** covers the ex-MOD village of New Toft, which has 57 PRS properties. It is in the ward of Dunholme and Welton, which doesn't qualify in its own right.

There are a number of options for implementation. We recommend a strategic combination that allows the council to continue with, and expand, its work in the South West Ward and to mitigate for delays for approval of a larger scheme.

The following slides outline the designations and possible implementation options.

# Designation possibilities

The available evidence provides for three possible designations with a number of implementation pathways (see next slide).

	Wards	% of the PRS	No of PRS	Criteria
Designation 1	Gainsborough SW	19.36%	1,752	Poor property conditions ASB Deprivation
Designation 2	Gains N, Hemswell, Market Rasen, Wold View	29.17%	2,640	Poor property conditions
Designation 3	New Toff	0.63%	57	Poor property conditions

## Designation 1

- Comes in under the 20% ruling, so can be agreed locally and implemented quickly
- Allows the council to continue and expand its work in Gainsborough SW, which has the highest levels of hazards, ASB and deprivation
- Allows the team to scale up the service

## Designation 2

- Must be confirmed by MHCLG due to its size
- Allows the council time to build up its capacity for the expanded scheme
- Deals with poor property conditions in the more rural locations
- Combined with designation 1, it covers just under half of the rented properties in the area but in only 5 wards

## Designation 3

- Is a small area and is based on the geography and evidence at village-level, rather than at ward-level
- Allows the council to look at the disrepair in ex MOD village
- Combined with designation 1 and 2, it allows maximum coverage of properties

# Overview of the evidence for designations

	Observation	Implication
A	There is convincing evidence to make Gainsborough SW a designation of its own, based on the worst property conditions, ASB and deprivation in the area.	<ul style="list-style-type: none"> <li>• The number of PRS is under the 20% of total PRS, allowing it to be agreed by the council's committee and started as soon as possible.</li> <li>• Allows the council to deal with the most pressing issues as soon as possible</li> <li>• Expands the last scheme to cover the whole ward</li> <li>• Allows a gradual increase in the team's capacity, giving time for recruitment and training.</li> </ul>
B	There is sufficient evidence to make the four wards of Gainsborough North, Hemswell, Market Rasen and Wold View as a further designation under the criterion of poor property conditions.	<ul style="list-style-type: none"> <li>• The size of this designation (as combined with Gains SW) means it must be confirmed by MHCLG</li> <li>• An in-depth, evidence-led application must be made to the ministry</li> <li>• This may be subject to lengthy delays as MHCLG can take &gt; 6 months to agree a scheme</li> </ul>
C	New Toft and RAF Scampton could be out on a 'watch' list and, if enough evidence is gathered, they could be a further designation at a later date.	<ul style="list-style-type: none"> <li>• It is problematic to mix the type of area (ward vs village) in the same designation, so a further designation would be needed for New Toft</li> <li>• RAF Scampton does not currently have enough evidence to be in a scheme</li> <li>• Any projects looking at these sites should be coupled with enhanced record-keeping to provide the necessary evidence. A further application to MHCLG would be required.</li> </ul>
D	The other 15 wards do not have the level of PRS required to access the criteria, even where there is sufficient evidence.	<ul style="list-style-type: none"> <li>• The evidence could be reviewed again in a couple of years to assess if any further wards meet the criteria.</li> </ul>

# Overview of eligibility for the Selective Licensing scheme

Wards	Levels of PRS	
	% PRS 2021 (Metastreet)	No. of PRS
National average	19%	
Bardney	16.9%	214
Caistor and Yarborough	18.2%	494
Cherry Willingham	14.2%	508
Dunholme and Welton	13.2%	505
Gainsborough East	15.4%	504
Gainsborough North	30.2%	1058
Gainsborough South West	56.7%	1752
Hemswell	31.7%	389
Kelsey Wold	11.1%	132
Lea	11.1%	111
Market Rasen	20.9%	861
Nettleham	11.5%	247
Saxilby	16.3%	465
Scampton	33.0%	410
Scotter and Blyton	13.7%	464
Stow	13.3%	144
Sudbrooke	9.8%	114
Torksey	11.8%	163
Waddingham and Spital	15.9%	182
Wold View	27.4%	332
Council total		9,049

- For an area to be suitable for selective licensing, the level of private rented properties must be over the national average of 19% and have another criteria e.g. poor property conditions.
- Whilst six wards qualify on the level of PRS, Scampton does not have evidence in the other criteria so cannot be included.
- This leaves five wards that can be included in any viable scheme.

In spite of poor standards across a number of wards, only five wards are eligible under the legislation for inclusion in a proposed scheme, due to the level of PRS in those wards.

Key	
In the proposed designations	
Meets the criteria	



# Poor property conditions

Under the criteria of 'Poor property conditions', MHCLG will accept the level of category 1 hazards as evidence. To qualify for inclusion, areas must show levels above the national average of 13%.

Wards	Hazards and housing issues				
	Number of PRS with cat 1 hazards	% Cat 1 hazards 2021	Housing complaints	Rate of housing complaints / 1000 dwellings	Prosecutions
National average		>13%			
Bardney	35	16.4%	21	98	
Caistor and Yarborough	115	23.3%	37	75	
Cherry Willingham	72	14.2%	7	14	
Dunholme and Welton	93	18.4%	28	55	
Gainsborough East	81	16.1%	89	177	
Gainsborough North	310	29.3%	148	140	1
Gainsborough South West	792	45.2%	469	268	32
Hemswell	127	32.6%	21	54	
Kelsey Wold	45	34.1%	11	83	
Lea	15	13.5%	8	72	
Market Rasen	198	23.0%	89	103	
Nettleham	41	16.6%	10	40	
Saxilby	71	15.3%	9	19	
Scampton	44	10.7%	13	32	
Scotter and Blyton	106	22.8%	37	80	
Stow	29	20.1%	8	56	
Sudbrooke	20	17.5%	1	9	
Torksey	40	24.5%	10	61	
Waddingham and Spital	55	30.2%	10	55	
Wold View	124	37.3%	21	63	
Council average/total		<b>23.1%</b>	52	78	

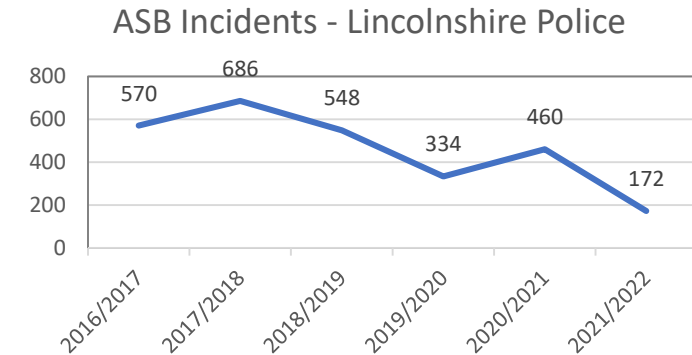
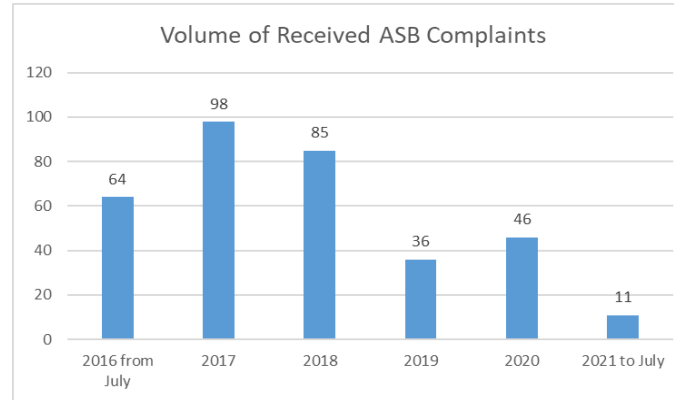
- 19 out of 20 wards have levels of cat 1 hazards above the national average
- Only five of these wards also have the level of PRS that allows this criteria to be used
- The level of cat 1 hazards in the five wards is at least 10 percentage points higher than the national average
- The number/rate of housing complaints does not directly correlate with the level of Cat 1 hazards in the areas
- Further research is being carried out to find another metric that correlates and substantiates the cat 1 hazard levels.

Benchmark data	% Cat 1 hazards	Reason for relevance
National Average	13.0%	Successfully used as a benchmark for previous schemes and recognised by MHCLG
Chingford Green ward (WF)*	15.4%	Lowest known level by ward approved by MHCLG
Newham	20.0%	Scheme approved by MHCLG in 2017
Waltham Forest	22.0%	Approved by MHCLG in 2020
Barking & Dagenham	22.3%	Approved by MHCLG in 2019
<b>West Lindsey</b>	<b>23 – 45.2%</b>	<b>Range of Cat 1 hazard levels</b>
Enfield	28.0%	Approved by MHCLG in 2021

# ASB & Crime

The original designation was partly based on ASB. The results here show that this criteria was correct and that Gainsborough South West does have high levels of ASB. It also indicates that by having a scheme, there is more awareness of issues and more incidences are recorded. The gradual tailing off of ASB complaints shows that the scheme has been effective.

Wards	ASB & Crime	
	ASB incidents	Rate of ASB per 1000 dwellings
Bardney	13	61
Caistor and Yarborough	42	85
Cherry Willingham	36	71
Dunholme and Welton	28	55
Gainsborough East	46	91
Gainsborough North	126	119
Gainsborough South West	1074	613
Hemswell	28	72
Kelsey Wold	9	68
Lea	7	63
Market Rasen	42	49
Nettleham	12	49
Saxilby	27	58
Scampton	33	80
Scotter and Blyton	41	88
Stow	13	90
Sudbrooke	9	79
Torksey	4	25
Waddingham and Spital	4	22
Wold View	9	27
Council average	80	93



- ASB is hard to benchmark across councils as they all measure it slightly differently, including different elements, however within a district, wards can be compared
- ASB is extremely high in Gainsborough SW and to a lesser extent in Gainsborough North.
- There is a skew towards Gainsborough SW which also raises the borough average.
- The spotlight on Gainsborough SW has revealed more ASB, repeat ASB and envirocrime than the other wards.

Licensing has had a demonstrable impact on ASB in Gainsborough South West, however it continues to be a issue in the ward. There is sufficient evidence to include ASB as one of the criteria for designation 1.

# Deprivation

The only ward to score consistently across all deprivation factors is Gainsborough South West.

Wards	Deprivation					
	IMD rank 2019	Unemployment rate %	% of households in fuel poverty 2018	Average IMD decile	HB claims	Rate of HB claims/ 1000 dwellings
National average	>16,422.5	>4.4%	>13.4%	5.0		
Bardney	21,062.0	1.1	15.10	4.0	82	64.82
Caistor and Yarborough	11,179.1	0.9	14.4	7.0	174	64.21
Cherry Willingham	10,626.2	1	10.4	7.5	121	33.78
Dunholme and Welton	9,389.6	1.1	9.5	7.5	226	59.18
Gainsborough East	28,328.7	4.6	11.3	1.8	326	99.45
Gainsborough North	24,687.0	3.9	13.5	3.0	819	234.00
Gainsborough South West	30,684.0	6.8	16.5	1.3	1893	613.02
Hemswell	22,974.3	1.9	19.2	3.5	200	162.73
Kelsey Wold	15,486.0	0.8	13.6	6.0	39	32.94
Lea	12,156.0	0.8	14.3	7.0	48	48.10
Market Rasen	16,045.8	1.6	13.8	5.5	454	110.09
Nettleham	4,343.4	0.8	8.8	9.3	81	37.80
Saxilby	9,553.2	0.7	12.1	7.6	118	41.46
Scampton	10,798.0	0.9	14.6	7.0	74	59.53
Scotter and Blyton	11,263.6	0.8	13	6.8	157	46.19
Stow	15,481.0	0.6	13.5	6.0	47	43.44
Sudbrooke	5,720.0	0.4	9.5	9.0	34	29.31
Torksey	17,758.3	1.6	10.8	5.0	81	58.40
Waddingham and Spital	13,780.0	1	15.3	6.0	58	50.74
Wold View	22,976.7	1.7	14.6	3.5	188	155.12
Council average/total			12.8	5.7		102.22

- For deprivation, the national indicators (IMD) are used. If these show an area is deprived, other factors can help to substantiate this.
- Only Gainsborough SW has sufficient, consistent evidence for deprivation, in addition to the IMD of 1.3.
- With an IMD of 5.5 (over the national average), there is not sufficient evidence for Market Rasen to be included under deprivation.

There is sufficient and compelling evidence of deprivation in Gainsborough South West, for it to be used as one of the criteria for designation 1.

Key	
In the proposed designations	
Meets the criteria	

# Ex-MOD villages

We looked at the ex-MOD villages in their own right as areas that have distinct issues and requirements. Hemswell Cliff and Brookenby are included in the ward-based designation of Option 2. New Toft and Scampton will be kept under review.

Former MOD Villages	Wards	Levels of PRS		Hazards and housing issues		
		% PRS 2021 (Metastreet)	No. of PRS	Number of PRS with cat 1 hazards	% Cat 1 hazards 2021	Rate of housing complaints
	National average	>19%			>13%	78
Brookenby	Wold View	41.7%	134	44	32.8%	60
Hemswell Cliff	Hemswell	44.5%	126	33	26.2%	111
New Toft	Dunholme and Welton	37.3%	57	16	28.1%	88
RAF Scampton	Scampton	65.1%	291	14	4.8%	27

- 3 of the ex-MOD villages qualify on property conditions
- Brookenby and Hemswell Cliff would qualify under crime levels
- Hemswell Cliff would qualify under ASB
- Brookenby and Hemswell Cliff are in wards that already qualify
- New Toft is in the ward of Dunholme and Weston, which does not qualify at ward level
- RAF Scampton does not currently have the evidence to be included in a designation
- Wold View and Hemswell wards would be included, even if the MOD villages were removed.
- There is no data on deprivation at the village level for the MOD villages.

Former MOD Villages	Wards	ASB & Crime							
		ASB incidents	Rate of ASB	Repeat ASB	Crime	Crime rate /1000 people	Crime rate/1000 dwellings	Police ASB	Rate of Police ASB
	National average					96.4			
	Council average/total		93		27,371	289	617	10,083	227
Brookenby	Wold View	8	60		395	609	1231	98	305
Hemswell Cliff	Hemswell	24	190		258	331	912	175	618
New Toft	Dunholme and Welton	3	53		48	99	314	18	118
RAF Scampton	Scampton	24	82		137	118	306	61	136

Key	
In the proposed designations	<span style="background-color: #2e7d32; color: white; padding: 2px;"> </span>
Meets the criteria	<span style="background-color: #c8e6c9; padding: 2px;"> </span>

Brookenby and Hemswell Cliff are included as part of the ward designations.

# Comparable schemes benchmarks

Council	Designations/size	Criteria	MHCLG approval time - dates
Nottingham	Designation covers parts of 18 wards (designation set at LSOA level) 90% Coverage of PRS (c. 32,000 properties)	Poor property conditions, ASB, Deprivation, Crime	<b>7 months</b> Approved by Nottingham City Council in July 2017, Government approval in February 2018 Scheme expires 2023
<b>WLDC</b>	<b>2 Designations covering 49% of PRS 5 Wards</b>	<b>Designation 1 - Poor property conditions, ASB, Deprivation, Designation 2 – Poor property conditions</b>	<b>N/A</b>
Burnley	2 sets of designations – first set of three areas approved 2016 (didn't go to MHCLG). Second set of four areas started in Nov 2019 Under 20% coverage	Low housing demand, poor property conditions	<b>4 months</b> Approved by Burnley Exec Feb 2019, Government approval in June 2019
Blackpool	3 wards	Poor property conditions, ASB, Deprivation, Crime	<b>5 months</b> Approved by Blackpool council July 2018, Government approval in Dec 2018
Doncaster	1 ward Under 20% coverage	ASB	N/A
Ashfield	2 wards Under 20% coverage	Low Housing demand, ASB	N/A
Peterborough	22 LSOAs (parts of ten wards) in the borough Under 20% coverage	All	N/A

West Lindsey's scheme is bigger than comparable areas and will require government approval.



# Proposed designations summary

3 possible designations have been identified that meet the legal criteria for PRSL, these are:

- Designation 1 – Gainsborough SW (19.36% PRS)
- Designation 2 – Gains N, Hemswell, Market Rasen, Wold View (29.17% PRS)
- Designation 3 – New Toft (0.63%)

The benchmark data shows West Lindsey's scheme is bigger than comparable areas and will require government approval. However, this is still a relatively small scheme and so will be looked upon favourably by MHCLG and may be approved quicker than large schemes.

WLDC officers have recommended not to proceed with Designation 3 because it is not a full ward and could raise issues around the selection of the other designations (being full ward rather than a distinct village).

The total PRS covered will be 49% of WLDC PRS with designations 1 and 2, despite only five wards being included.

There are further options for the implementation of designations 1&2. It has been recommended to follow implementation option 1, which is 5 wards in total, made up of designation 1 followed by designation 2.

This allows designation 1 (the first sub-20%) to be implemented to start dealing with issues in the wards with the most challenges, while an application is made to MHCLG for designation 2. This also has the advantage that the designation areas are all full wards and so more straightforward to justify.

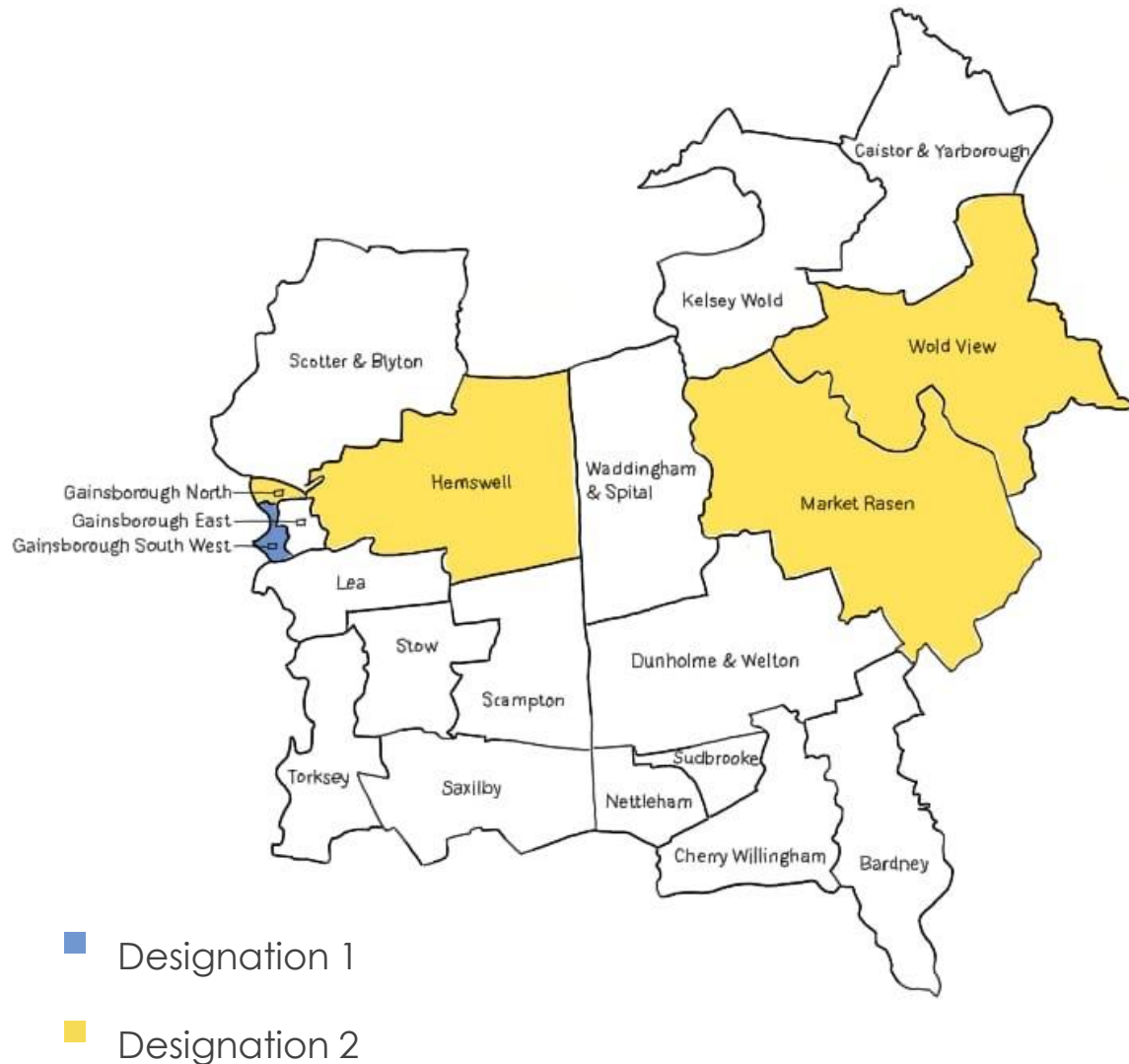
The following slides outline the implementation options.

# Implementation options

The **recommendation is for option 1**, with the phased implementation of designations 1 and 2.

	Wards	Implementation	% of the PRS	No of PRS	Criteria	Benefits	Issues
Option 1	5 wards Designation 1 followed by designation 2	Phased approach: designation 1 can be agreed locally (<20%) designation 2 must go to MHCLG	48.54%	4,392	Poor property conditions ASB (1) Deprivation (1)	Allows the first sub-20% to be implemented to start dealing with issues in the ward with most challenges The designation areas are all wards so easy to understand	Designation 2 needs approval by MHCLG There needs to be a short gap being designating the two areas
Option 2	5 wards + New Toft (Designations 1+ 2 + 3)	All designations agreed at the same time and must all go to MHCLG	49.17%	4,449	Poor property conditions	All possible areas are covered and schemes start at the same time	Delays in the approval by MHCLG Mix of areas - wards and villages may cause questions A lot of extra work for only 57 properties
Option 3	5 wards + New Toft (Designations 1+ 2 + 3)	Phased approach: designation 1 can be agreed locally (<20%) then designations 2 and 3 must go to MHCLG together	49.17%	4,449	Poor property conditions ASB (1) Deprivation (1)	Allows the first sub-20% to be implemented to start dealing with issues in the ward with most challenges All possible areas are covered	Delays in the approval by MHCLG Schemes start at different times Mixes different designation area types (e.g. wards and village)
Option 4	5 wards Designations 1 + 2 together	Designations 1 and 2 can be agreed at the same time and must all go to MHCLG	48.54%	4,392	Poor property conditions ASB (1) Deprivation (1)	All qualifying wards are covered by the scheme	New Toft is not included Delays in the approval by MHCLG means a large gap in coverage of Gains SW

# Coverage of proposed designations (option 1)



## Designation 1

- Gainsborough South West is designated on its own on the criteria of poor property conditions, ASB and deprivation.
- To be implemented as soon as possible.

## Designation 2

- Gainsborough North, Hemswell, Market Rasen and Wold View form a subsequent designation based on poor property conditions. This designation incorporates the ex-MOD villages of Hemswell Cliff and Brookenby.
- To be implemented after 6-12 months, to allow for a gradual increase in staff and to mitigate for any delays to the MHCLG approval process.

The following slide outlines the timeline for the implementation.



# Financial case

The Housing Act 2004 permits a fee for any licence application to cover incurred Council costs. The judgements in Hemming and Gaskin, requires the overall licence fee to be paid in 2 parts:

- Part A is for the assessment and processing of the application to the point of issuing the decision and where applicable the licence. This element of the fee must be paid at the time of the licence application.
- Part B is for the property compliance inspection, management assessment and associated communications. This will only be applicable in respect of applications where a decision is reached to grant the licence.

WLDC proposed licence fee is:

- Part A (57%) = £387
- Part B (43%) = £288
- Total £ £675

Proposed Discounts:

- 15% Early Bird discount
- £375 licence fee for previous licence holders

The proposed £675 fee (with associated discounts,) is based on pragmatic demand estimates and service delivery costs. It reflects an estimate that 85% of the possible 4392 properties will apply for a license. It also assumes a 50% inspection rate. The **fees will allow the council to be cost neutral**, with the estimated costs outlined in the following table.



## Breakdown of estimated PRSL costs\*

5 Year Running Costs	Designation 1 (est. 1,489 licences)	Designation 2 (est. 2,244 licences)	Designation 1 & 2 (est. 3,733 licences)
Staffing Costs	£384,194	£677,465	£1,061,659
Other Running Costs	£475,971	£615,170	£1,091,140
Consultation + Marketing	£18,000	£27,000	£45,000
<b>Total Costs</b>	<b>£878,165</b>	<b>£1,319,635</b>	<b>£2,197,799</b>
Estimated Income	£890,517	£1,341,875	£2,232,392
Recovery	£12,352	£19,740	£32,092
Recovery %	1%	2%	1%

\*Based on a variable team year on year and 85% of current application processing time (a reduction of 15% from original processing time )

The schemes are self financing over the 5 years.

# Benchmarked fees and discounts

The proposed WLDC fees have been benchmarked with other council schemes.

Borough	Selective Licence fee	Discounts offered
Doncaster	£245 (21-22) £160 (22-23)	Landlords eligible for £15 discount per application if licencing 2+ properties. Scheme has additional third party costs.
Ashfield	£350	Accredited landlords can receive £100 of the time of application
Burnley	£715	30 % discount (accredited landlords)
Nottingham	£640 (previously licensed)	£100 discounts to early bird applications (first 3 months)
	£890 (non-accredited )	£480 (accredited landlords)
	£670 (accredited landlords)	
<b>West Lindsey</b>	<b>£675 (New applicants)</b> <b>£375 (previously licensed)</b>	<b>15% Early Bird (£573.75) in first 3 months for new applicants in each designation</b>
Blackpool	£775	30% discount for registered landlords
Peterborough	£900	£300 discount if landlord can show house is being let for the first time

West Lindsey's proposed fee benchmarks well against other local authorities.

# Financial case summary

- **The financial model** shows the recommended scheme and its implementation (Option 1) will **be cost neutral** with:
  - 85% of possible licence applications received
  - The proposed fee level and suggested discounts
  - The current Civica-based application processing times
  - A 50% inspection rate
- £675 is the lowest viable fee based on existing service levels
- WLDC will be able to cover the costs to deliver Designation 1 & 2 within the proposed fees and discounts.
- If WLDC are able to reduce the time taken to process an **application by 25%**, 13-14 FTE will be needed to deliver Designation 1 & 2 and this cost will be covered by the proposed fees and discounts.
- However **without any reduction in processing time**, WLDC will need up to **17FTE** and the cost of these will be covered by the fees.
- For **the recommended phased implementation**, FTEs (or a portion) **from Designation 1** can be used to meet some of the **demand of Designation 2** depending on efficiencies made, use of an early bird period and/or the gap between phases.
- **Process efficiencies will need to be realised** (e.g. IT system or improvements to processes) to be able to deliver the service within realistic FTE levels
- **If application processing time can be reduced by 50%, a minimum of 3.5 FTE will be needed to deliver the service for Designation 1.**
- **At 50% processing time, Designation 2 will need 5FTE and a portion of resources from Designation 1 can be used**

The following slides outline the scheme objectives to raise PRS standards.

# Scheme objectives explained

**Based on the evidence the following scheme objectives have been developed that:**

- Reflect the recommended designations
- Bring together key PRS needs and translate into strategic goals used to shape implementation
- Outline how WLDC intends to address problems in the designation areas (relating to the criteria for each of the areas)
- Ensure that the designations solve specific problems, e.g. improvement in property conditions
- Show how they translate into implementation approaches, needed for the MHCLG application
- Have been bench-marked against other successful schemes
- Can be used as a basis for the scheme's performance management framework (KPIs), including reporting achievements to MHCLG
- Will use actual numbers of predicted single family dwellings

# Proposed Scheme Objectives

1 Improve property standards in the private rented sector.



2 Maximise the number of properties that are licensed.



3 Ensure compliance with licence conditions.



4 Improve the management of properties & compliance rates through robust enforcement.



5 Improve tenant responsibility.



6 Reduction in ASB and repeat ASB incidents in PRS properties.



# Summary

- **The evidence review** provides the information needed for West Lindsey to agree the best strategic option to designate two areas that robustly meet the legal criteria for PRSL, these are:
  - Designation 1 – Gainsborough SW (19.36% PRS)
  - Designation 2 – Gainsborough North, Hemswell, Market Rasen, Wold View (29.17% PRS)
- **The financial model** shows that the scheme will be **cost neutral** at:
  - 85% of possible licence applications received
  - The proposed fee level plus suggested discounts
  - The current Civica-based application processing times
  - An inspection rate of 50%
- **The scheme objectives** have been developed in order to:
  - Raise the standard of the PRS in West Lindsey
  - Give a measurable KPI with which to assess the success of the scheme
  - Translate the PRS needs into strategic goals
  - Outline how WLDC intends to address problems in the designation areas
  - Help to shape the implementation of the scheme.



# Next steps, proceeding to consultation

WLDC must carry out a public consultation to:

- (a) take reasonable steps to consult persons who are likely to be affected by the designation; and
- (b) consider any representations made in accordance with the consultation and not withdrawn.

This will include the following activity:

- Online survey launched on the council website
- Webpage dedicated to the proposed scheme/consultation
- Detailed evidence pack with ward level profiles
- Public drop in at community markets or events
- Stakeholder briefings and focus groups. Including landlords and Parish and Town Councils.
- Online landlord information sessions.
- Digital marketing campaign
- Direct email campaign
- Targeted leaflet drops
- Outdoor advertising campaign
- Staff information workshop

The public consultation will run for a period of at least 12 weeks.

A communication strategy and consultation activity plan will be developed. The consultation will be delivered according to these agreed plans, but the response level will be monitored regularly and activity adjusted to ensure all stakeholders are reached.

Thank you