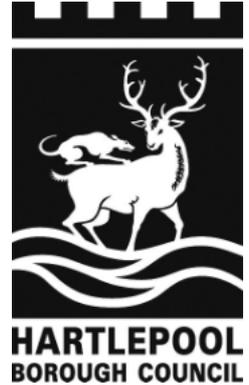


# CABINET AGENDA



**Monday, 21 February 2011**

**at 9.15 am**

**in Committee Room B, Civic Centre, Hartlepool**

MEMBERS: CABINET:

The Mayor, Stuart Drummond

Councillors Brash, Hall, Hargreaves, Hill, Jackson, Payne and H Thompson

**1. APOLOGIES FOR ABSENCE**

**2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**

**3. MINUTES**

To receive the Record of Decision in respect of the Cabinet meeting held on  
7 February 2011 (previously circulated)

**4. BUDGET AND POLICY FRAMEWORK**

No items

**5. KEY DECISIONS**

- 5.1 Local Enterprise Partnership / Tees Valley Investment Plan – *Director of  
Regeneration and Neighbourhoods*

**6. OTHER ITEMS REQUIRING DECISION**

- 6.1 Selective Licensing Of Private Landlords – Proposed Additional Areas For Designation – *Director of Regeneration and Neighbourhoods*
- 6.2 Job Evaluation Appeals – *Chief Customer and Workforce Services Officer*

**7. ITEMS FOR DISCUSSION/INFORMATION**

- 7.1 Local Asset Backed Vehicles – *Director of Regeneration and Neighbourhoods*

**8. REPORTS FROM OVERVIEW OF SCRUTINY FORUMS**

No items

## CABINET REPORT

21 February 2011



**Report of:** Director of Regeneration and Neighbourhoods

**Subject:** LOCAL ENTERPRISE PARTNERSHIP / TEES VALLEY INVESTMENT PLAN

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### SUMMARY

#### 1. PURPOSE OF REPORT

To provide an update on the progress of the Tees Valley Local Enterprise Partnership (LEPs) following Government's decision to abolish Regional Development Agencies (RDA).

To explain the proposed new governance arrangements for Tees Valley Unlimited (TVU) as it undergoes the transition from an informal public / private partnership with no legal status into a sub-regional LEP.

#### 2. SUMMARY OF CONTENTS

The report will give a brief background on the creation of LEPs following the Government's arrangement to abolish RDAs along with information on the proposed governance arrangements for TVU as it undergoes the transition into a LEP for the sub-region. This will cover the legal status of the LEP highlighting the role of the Leadership Board, Executive and the sub-board structure.

The report will be accompanied by a presentation from the Managing Director of TVU / LEP, Stephen Catchpole, which will cover:

- The role of TVU / LEP and the benefits for Hartlepool
- The proposed staffing structure for the newly streamlined organisation
- The Tees Valley Economic Regeneration Investment Plan

**3. RELEVANCE TO CABINET**

The Government has indicated that it expects LEPs to drive forward integrated strategies for economic development, business support, employment and skills, housing and transportation in their areas. In addition, Hartlepool Borough Council currently contributes £315,000 per year towards the core costs for running the organisation and for the provision of key services which meet with the overall economic growth ambitions for the borough.

**4. TYPE OF DECISION**

Key Decision (test i and ii applies) Forward Plan Reference Number RN43 / 10.

**5. DECISION MAKING ROUTE**

Cabinet decision 21 February 2011.

**6. DECISION(S) REQUIRED**

Members are asked to note the progress made towards the transition into a LEP by TVU and agree to receive six monthly reports from representatives of the newly established LEP on the progress to implement the Tees Valley Economic Regeneration Investment Plan along with an activity report relating to the Hartlepool Borough.

**Report of:** Director of Regeneration and Neighbourhoods

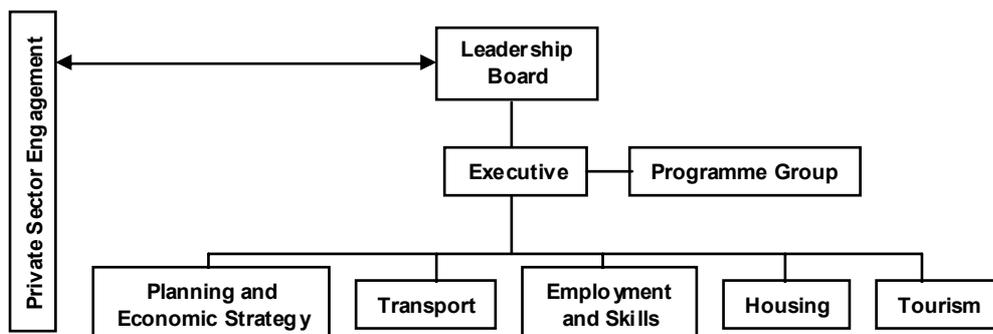
**Subject:** LOCAL ENTERPRISE PARTNERSHIP / TEES VALLEY INVESTMENT PLAN

## 1. PURPOSE OF REPORT

- 1.1 To provide an update on the progress of the Tees Valley Local Enterprise Partnership (LEPs) following Government's decision to abolish Regional Development Agencies (RDA).
- 1.2 To explain the proposed new governance arrangements for Tees Valley Unlimited (TVU) as it undergoes the transition from an informal public / private partnership with no legal status into a sub-regional LEP.

## 2. BACKGROUND

- 2.1 Following the publication of the Northern Way Growth Strategy in 2005 which identified the need to 'reduce the output gap between the north and the rest of the UK by accelerating economic growth', the Government identified the Tees Valley City region as a 'functional economic area' and therefore the most appropriate level on which to focus delivery.
- 2.2 As a consequence, TVU was established in May 2007 to bring together the public and private sector to bed the future development of the Tees Valley economy with its overall ambition 'To contribute to raising the economic performance of the Tees Valley, to improve quality of place and the quality of life for its people'.
- 2.3 The current structure of TVU is highlighted below at Figure 1



**Figure 1**

In terms of governance arrangements, the key groups above are comprised as follows:

- The Leadership Board – Tees Valley Local Authority Leaders and Mayors with representatives from the private sector including a private sector Chair.
- Executive – Tees Valley Local Authority Chief Executives and other key Chief Executives from City Region public sector bodies and the private sector. There are also observers from Regional and National organisations.
- Five Sub-boards – the Leadership Board and Executive are supported by five sub-boards covering the key strategic business themes and workstreams.

- 2.4 All key decisions are made within this overall governance framework, however, a variety of officer lead working groups offer additional support to the decision making process. These include the Programme Group, Directors of Regeneration, Directors of Environment, etc.
- 2.5 In 2006, the Secretary of State for Communities and Local Government asked the Tees Valley local authorities to prepare a business case for the Tees Valley City Region to enhance economic performance and to improve competitiveness and in doing so an Investment Plan was also developed as a supporting document detailing proposals for the physical and economic regeneration, housing market renewal, transport, skills, cultural and environmental interventions. A refreshed version of this document was prepared in December 2010 to support the sub-regions bid for LEP status and to prepare the ground for bids into the newly established Regional Growth Fund (RGF).
- 2.6 Since February 2010, a Project board has been supervising a review of governance and staffing arrangements for TVU to ensure the organisation is fit for purpose, especially given the ongoing changes at a local, regional and national level.
- 2.7 The findings of this board were reported to the Leadership board in June 2010 with key recommendations as follows:
- TVU continue as a public / private partnership
  - A new Investment Board be established to oversee the implementation of the Economic Regeneration Investment Plan
  - Task and finish groups to be set up to replace the existing sub-boards.
- 2.8 These recommendations were approved by the Leadership board and since then detailed work has taken place on the governance and staffing arrangements, aimed at retaining the ethos of a streamlined organisation.

### **3. LEGAL STATUS AND LEADERSHIP BOARD**

- 3.1 Currently, TVU / LEP has no legal status and as such it cannot undertake activities such as owning or holding assets or entering into contracts without obtaining relevant delegated approval from its local authority partners. This position may need to be reviewed when it becomes clearer what freedoms and flexibilities the Government is prepared to pass on to the newly established LEPs. This includes the transfer of any assets from the soon to be abolished RDA's.
- 3.2 As a consequence of the changing agenda, a decision has been taken to review the Leadership board in line with the Government's view that LEPs should comprise representatives from both public and private sector, with an independent private sector Chair. Fomal LEP status will not be granted fomally for Tees Valley until this review has been concluded. For this reason, the review will be delayed and the current position retained to oversee the first two rounds of the Regional Growth Fund (RGF) bidding process and initial LEP business.

### **4. INVESTMENT BOARD AND THE FUTURE OF THE SUB-BOARDS**

- 4.1 The new Investment Board's role is to oversee the preparation and implementation of the Tees Valley Economic and Regeneration Investment Plan.
- 4.2 Again, as much has changed since the establishment of the Investment Board, the terms of reference relating to the board will need to be reviewed as the ongoing changes and their implications become clearer, not least in relation to the demise of the RDA and the potential to see its assets transferred across to the LEP.
- 4.3 The Government has indicated that it expects LEPs to drive forward economic development, business support, employment and skills, housing and transport in their areas. Currently, these key areas of work are covered by the 5 sub-boards highlighted at Figure 1. It is important that these too be reviewed and it has been suggested that the opportunity to capitalise on work already underway to assess future key issues likely to need to need to be addressed along with identifying the key stakeholders best placed to address them over the next couple of years. This piece of work should be completed by the end of March 2011 with a view to implementing the new arrangements by April 2011.

### **5. STAFFING STRUCTURE**

- 5.1 TVU / LEP is undergoing a fundamental staffing structure review at present, which will be referred to as part of the presentation by the Managing Director of TVU / LEP, however, as the review is currently at

the sensitive staff consultation stage, it may not be possible to give too much detail in respect of the new staffing structure.

## **6. LEGAL CONSIDERATIONS**

- 6.1 There are no legal considerations at this stage, however, this may change should the new LEP be tasked by Government with holding assets and managing contracts. Should this be the case, a report will come back to Cabinet to consider the implications.

## **7. EQUALITY AND DIVERSITY CONSIDERATION**

- 7.1 There are no equality and diversity considerations.

## **8. RECOMMENDATIONS**

- 8.1 Members are asked to note the progress made towards the transition into a LEP by TVU and agree to receive six monthly reports from representatives of the newly established LEP on the progress to implement the Tees Valley Economic Regeneration Investment Plan along with an activity report relating to the Hartlepool Borough.

## **9. CONTACT OFFICER**

Damien Wilson, Assistant Director (Regeneration and Planning), Civic Centre, Victoria Road, Hartlepool, TS24 8AY Tel: 01429 523400.  
Email: [damien.wilson@hartlepool.gov.uk](mailto:damien.wilson@hartlepool.gov.uk)

## CABINET REPORT

21 February 2011



**Report of:** Director of Regeneration and Neighbourhoods

**Subject:** SELECTIVE LICENSING OF PRIVATE LANDLORDS – PROPOSED ADDITIONAL AREAS FOR DESIGNATION

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### SUMMARY

#### 1. PURPOSE OF REPORT

To report on the recommendations from the New Deal for Communities (NDC) evaluation report into selective licensing published in November 2010.

To set out proposals for the areas to be considered for designation as additional selective licensing areas (i.e. phase 2).

#### 2. SUMMARY OF CONTENTS

The report outlines the background and requirements for designating areas to be subject to selective licensing of private landlords. It provides an update on the progress being made with the phase 1 areas. The findings and recommendations of the evaluation carried out by New Deal for Communities in 2010 are outlined. Evidence is provided for Members to consider which areas should be tackled next (i.e. designated) and a revised timetable for consultation and finalising the areas to be designated is included.

#### 3. RELEVANCE TO CABINET

The adoption of further areas to be covered by a selective licensing scheme is of widespread community interest in raising private sector housing management standards and improving the behaviour of anti-social tenants.

**4. TYPE OF DECISION**

Non Key Decision.

**5. DECISION MAKING ROUTE**

Cabinet 21 February 2011.

**6. DECISION(S) REQUIRED**

- Cabinet is recommended to select an option from Options 1 – 5 at paragraph 6.3, as the phase 2 selective licensing scheme, for consultation with residents, landlords and other stakeholders.
- A further report be prepared for Cabinet to agree the areas to be designated for phase 2 of selective licensing, taking into account the results of the consultation and operational arrangements.

**Report of:** Director of Regeneration and Neighbourhoods

**Subject:** SELECTIVE LICENSING OF PRIVATE LANDLORDS – PROPOSED ADDITIONAL AREAS FOR DESIGNATION

---

**1. PURPOSE OF REPORT**

- 1.1 To report on the recommendations from the New Deal for Communities (NDC) evaluation report into selective licensing published in November 2010.
- 1.2 To set out proposals for the areas to be considered for designation as additional selective licensing areas (i.e. phase 2).

**2. BACKGROUND**

2.1 The Housing Act 2004 introduced a discretionary power for Local Housing Authorities to designate areas for the selective licensing of private sector rented housing suffering from, or likely to suffer from, low demand and/or significant and persistent anti-social behaviour. The term “selective” recognises the intention to apply this only to specific targeted areas. Selective licensing is intended to be a focussed and intensive area-based activity targeted in a small area normally not more than a ward or 500 to 1000 licensable dwellings.

2.2 A ‘low demand area’ means any neighbourhood (of at least 50 dwellings) where private sector housing is predominant and one or more of the following symptoms apply:

- private property values are low or falling
- visibly high numbers of properties are for sale or to let
- a high percentage of empty private houses, particularly for over 6 months
- a high turnover of population

‘Significant and persistent anti-social behaviour’ means causing harassment, alarm or distress, which is affecting or potentially affecting one or more people not of the same household, and continuing despite warnings having been given.

2.3 The objective is to improve the housing management standards of the landlords in the areas designated which, it is envisaged, will reduce anti-social behaviour and increase occupancy of the housing stock stabilising demand in the areas chosen.

- 2.4 The Council must be satisfied that designation will significantly assist them to improve social or economic conditions or to reduce or eliminate anti-social behaviour. It must also consider whether other courses of action are available that might provide an effective method of achieving those objectives.
- 2.5 Selective licensing needs to be integrated and to have a consistent strategic fit with other initiatives aimed at regeneration of older housing areas in Hartlepool. However while it is a useful tool, just as ‘bad’ landlords are not the sole reason for the decline of an area, selective licensing is not the sole solution to all problems. There needs to be a balancing of expectations of what selective licensing can achieve.
- 2.6 In order to obtain a licence, landlords must comply with the Selective Licensing conditions, which include:
- Be ‘fit and proper’ persons or employ agents who are
  - Manage their tenancies effectively
  - Take up references for prospective tenants
  - Take responsible steps to deal with complaints of anti social behaviour (ASB) by their tenants
  - Ensure that vital safety checks are carried out.
- Sanctions can be imposed against landlords that do not comply:
- Up to a £20,000 fine for failure to apply for a licence in a designated area
  - Up to a £5,000 fine for failure to comply with licence conditions.
- 2.7 The maximum period for a selective licensing scheme is five years although if conditions persist a further designation may be made.
- 2.8 At the Cabinet meeting held on 27<sup>th</sup> May 2008, Members agreed to designate Areas A to F as the first phase of a selective licensing scheme in Hartlepool. (see **Appendix A**). This decision was subsequently approved by the Secretary of State for Communities and Local Government in December 2008 and the designation of Areas A to F as selective licensing areas became operational from 1<sup>st</sup> May 2009.

### **3. OPERATION OF THE 1<sup>ST</sup> PHASE OF THE SELECTIVE LICENSING SCHEME**

- 3.1 The 1<sup>st</sup> phase of selective licensing in Hartlepool is jointly funded by Hartlepool Borough Council, New Deal for Communities (NDC) and the selective licensing fee income. Each individual privately rented dwelling is licensable, with a fee of £600 per property, potentially

reducing to £300 per property if the landlord is accredited through the Hartlepool voluntary landlord accreditation scheme, and if they apply for a licence within a specified deadline.

- 3.2 The Selective Licensing designation identified 6 areas (Areas A to F) incorporating 1775 households, of which 520 were estimated to be licensable properties. Four of the areas are located within the NDC area (Areas C, D, E and F). The Designation lasts for 5 years, to the end of April 2014. Licenses themselves last for 5 years (so one issued in early 2014 would be enforceable until early 2019, unless the designation was revoked).
- 3.3 On 6<sup>th</sup> February 2011, the Council had issued a total of 420 licenses across the 6 phase 1 (Areas A to F). This includes 329 within the NDC area.

It is now estimated that approximately 950 properties within the phase 1 area are privately rented and will therefore require a licence. A total of 757 applications have been sent out to landlords/agents and 636 have been returned (this includes the 420 already licensed).

Applications received are often not complete, with information missing, which needs to be 'chased up'. Obviously this delays the application being processed and the licence issued.

Currently there are 3 cases being progressed for prosecution of landlords for non-compliance with the selective licensing requirements. There are also a number of other cases, where information is being checked before putting together a case file for prosecution. A series of 'graded' letters are sent out before putting together a case file and this has proved very successful in prompting responses and/or applications from 'reluctant' applicants.

- 3.4 In relation to the impact of selective licensing on the 6 phase 1 areas, it is fair to say that there are mixed views from residents and other stakeholders about any changes experienced.

For example in Areas A and F, which are also wholly or partially within Housing Market Renewal (HMR) areas, in Belle Vue (Area F), residents are positive about the changes being made, especially as most demolition has been completed and new houses are being built. However, in the Dyke House Ward (Area A) many houses are boarded up due to the HMR process. A public inquiry into the compulsory purchase order (CPO) served is to take place in mid February, but the outcome will not be known for several months, thus leaving some streets with both unoccupied and occupied properties. This is definitely having an impact on the perceptions of both residents and landlords in the area, as to the usefulness of selective licensing.

#### 4. NEW DEAL FOR COMMUNITIES EVALUATION OF THE SCHEME

4.1 The NDC project appraisal for “selective licensing in the private rented sector” was approved by the NDC steering group in April 2008. and is attached at **Appendix A**. A project update report from Hartlepool Borough Council in August 2010, approximately 15 months after the 1<sup>st</sup> phase of the selective licensing scheme was introduced, identified a number of issues which had delayed the implementation of the scheme, but also reported that progress was being made. It was agreed at the meeting that an evaluation should take place at the earliest opportunity.

4.2 The NDC evaluation methodology sought to provide answers to the following questions:

- An illustration of the development of the project to date.
- Analysis of whether the need for the project still exists and what evidence supports this.
- Analysis of the early impact of the project.
- An investigation of any changes that have taken place in the areas originally identified as priorities.
- An assessment of the key relationships the project has established.
- A summary of views expressed by interviewees relating to any possible or potential changes which could be made that would deliver operational or strategic improvements to the project’s overall effectiveness
- It will also seek to address what will happen with the project in the future.

In addition, the following data collection activities were undertaken:

- Analysis of project documentation and records
  - Project appraisal
  - Quarterly monitoring data
  - Data and records gathered by project staff
- Analysis of published research relating to selective licensing
- Semi-Structured interviews with key Hartlepool Borough Council officers

- Telephone interviews with several landlords that have experience of the scheme and who have applied for or gained a licence through the project
- Informal discussions with other project staff at 173 York Road and at HBC
- Telephone interviews and / or informal discussions with Resident Representatives and with Ward Councillors in areas where selective licensing has been introduced. (Had the project been further developed more comprehensive data collection methods including surveys of local residents in the areas under consideration would have been undertaken).

4.3 The evaluation report identifies a number of specific concerns:

**1) Project roll-out – worst first?**

In the opinion of many evaluation participants, worst first means that the project should be prioritising tackling the most problematic, specifically-identified, tenancies in respect of ASB and associated issues inside the selective licensing areas. This work would entail close liaison work and intelligence sharing with partner agencies to identify those properties where the greatest problems occur, and it should be focused directly on them by offering support and advice as appropriate, but also using enforcement measures as necessary to make sure landlords are involved in persuading unruly tenants to moderate unacceptable behaviours. Only as a last resort would eviction of the tenant be recommended.

This targeted approach should be the key focus of the programme, integrated closely into the authorities community-facing, neighbourhood management approach.

The way the project has been rolled out, applications for licences were sent out firstly to the agents and landlords who are known to have a number of rented properties in the designated areas, in order for them to complete an application for each house and return these with the appropriate fees. Following this, applications are now being sent out to properties which it is thought are licensable in the selective licensing areas, in order that the remaining landlords in the area will also return their application and fee and become registered.

The evaluation concludes on the roll-out method that the focus of rolling out licensing in a predominantly progressive manner has therefore failed to target appropriately as anticipated by many evaluation participants. Although one officer who was interviewed remarked that doing it this way has enabled the project to establish its policies and procedures to some extent before tackling what are likely to be the 'difficult' cases of 'bad' landlords who do not want to engage

or comply, others pointed to the fact that the project is yet to undertake any enforcement action (having thus far engaged landlords who have complied with requirements) and so it is yet to be seen how effective the processes are that are in place.

## **2) Licensing database**

A further issue of dispute relating to the focus of the project concerns the database of properties in the selective licensing areas, and mechanisms to ensure it remains as up to date as possible. The accuracy of data on the properties in the area is vital if the project is to deliver a targeted approach.

The original designation identified that there were estimated to be around 520 licensable properties in the selective licensing areas. The project update provided to the NDC Steering Group meeting in August informed the Partnership that this number was greater than originally envisaged. In August 2010, the estimate was that there could be up to 800 properties.

Any database of licensable properties – in order to be accurate – must be a rolling, continuously updated index to keep pace with the changing nature of property ownership and status in the selective licensing areas.

The database that does exist has been compiled from various systems including housing benefit records, the database from the Landlord Accreditation scheme, records of disrepair complaints, and it was stated in interviews – as indicated above - that instances of residents contacting the project staff to notify them of new tenants in the relevant neighbourhoods had also begun to occur. Staff have also undertaken ‘door-knocking’ to generate additional information of whether properties are rented/licensable.

The scheme at Sunderland is highlighted as an example of good practice in relation to their database for landlords.

## **3) Property Inspections**

A further concern voiced relates to a prioritisation around property inspections. Project members, assisted by other officers in the Private Sector Housing department, have recently been undertaking a significant programme of inspections of licensed properties. This contributes towards one of the NDC monitoring targets of 30 inspections of licensed properties per quarter

Selective Licensing is covered under Part 3 of the 2004 Housing Act. This is concerned with improving the management of tenancies. Part 1 of the 2004 Act is concerned with property standards.

Before the legislation was introduced it was made clear that Part 3 should not be used to address housing conditions, however the Council's duty to review housing conditions under Part 1 could be partly discharged by undertaking proactive inspections of Part 3 houses. In addition, property condition could be a strong indicator that management arrangements are inadequate. As well as being used to assess property condition, inspections are also undertaken to assess compliance with a number of licence conditions, e.g. smoke detection and furniture & furnishings compliance.

#### **4) Outputs and Finance**

At the end of quarter 2 in 2010/11, the NDC monitoring form showed 153 licenses had been issued. An update issued on 18<sup>th</sup> October identified that a further 18 had been issued, bringing the total to 171 in the NDC area.

At 6<sup>th</sup> February 2011, the total number of licences issued in the NDC area was 329.

It is recognised that significant fee income has been generated, but to ensure the scheme has sufficient budget to cover the scheme expenditure for the full 5 years, it is necessary for HBC to create a reserve. Landlords already accredited at the time the licence application is made, automatically qualify for a discounted application fee and landlords who achieve accreditation status within a specified timescale receive a partial refund.

#### **5) Project Integration and Networking**

The extent to which the scheme has integrated with partners is, again, dependant on the views of different evaluation participants. A roll-out of the scheme which focused on prioritising 'bad' or absentee landlords would necessitate a well integrated selective licensing partnership with strong links and communications. This would enable intelligence-based, multi-agency responses around prioritised locations.

However, partners have experienced some benefits from selective licensing. As explained in 4) above, landlords receive subsidies on their selective licensing fees if they are accredited through Hartlepool's voluntary landlord accreditation scheme. Accreditation means the landlords must agree to comply with a Code of Conduct and meet certain terms and conditions relating to standards and practice. Since the introduction of selective licensing, 120 applications have been received from landlords for accreditation covering 880 properties across the town. The Selective Licensing project is therefore yielding benefits beyond its 6 areas since accreditation requires the landlord to comply with this criteria at all of their

properties, including those outside the selected licensing designation areas.

Of the 880 properties, 548 are outside the selective licensing areas and 332 are inside.

- 30 in Area A
- 38 in Area B
- 32 in Area C
- 80 in Area D
- 123 in Area E
- 29 in Area F

There is dissatisfaction at a perceived lack of neighbourhood-oriented partnership working, seeing this as the key element that would enable the scheme to be successful.

## **6) Project Management**

In respect of the project Steering Group, it was suggested almost universally that it has not been able to effectively 'steer' the project; or to question its activities in a way that would re-align it towards its key aims and objectives, despite efforts to achieve this.

Moreover, the resident representation on the steering group was felt to be inadequate. The project should seek to implement the suggestion of one interviewee and recruit a resident representative from each of the 6 areas

Against these criticisms it should be reiterated that the scheme has experienced significant staff disruption; that the process of getting the bid through for CLG approval in order to gain a designation in Hartlepool was laborious and protracted, and that selective licensing is a new policy to implement.

## **7) What has been achieved?**

The project has yet to prosecute a landlord for non-compliance. It has already been established that those landlords that have been licensed are those that have voluntarily returned applications / complied with requirements without recourse to enforcement action.

One landlord consulted for this evaluation reported dissatisfaction with the lack of enforcement. The landlord, who has around 20 rented properties in the area, endorsed the principle of the scheme.

It was recognised by all evaluation participants that given the delays to the project, and the fact that negligent or absentee landlords have yet to be targeted, that it was too early to assess any impact of the scheme.

It was reiterated that anti social behaviour levels remain a problem in the NDC area and selective licensing is seen as a key element in tackling this.

4.4 **Recommendations** in the NDC evaluation report are as follows:

1. HBC recognise the need to make selective licensing more partnership-oriented, problem-focussed, and more closely integrated with neighbourhood management, and should undertake a fundamental restructure of the project to deliver this.

*The Council's response is that a review of the selective licensing scheme will be required before the phase 2 scheme becomes operational.*

2. The existing selective licensing service delivery should be reviewed.

*The Council's response is that this review will be included in the scheme review at 1. above.*

3. The selective licensing function should have a community base, removing any notions of selective licensing as a purely administrative process.

*The Council's response is that a community base will be considered in the review mentioned at 1. and 2. above.*

4. The original aims of selective licensing should be re-affirmed and the project re-aligned as necessary, to include

- Foregrounding working relationships with other agencies and the establishment of an effective selective licensing partnership.
- Identifying with partners problematic tenancies and pursuing landlords accordingly
- Leading on database reconstruction

*The Council's response is that it is committed to deliver the overall objective to improve housing management by landlords, and this commitment extends to all rented accommodation across all rented sectors. The Council works with a range of partners to tackle anti-social behaviour and improve problematic tenancies and will continue to do so. The database of privately rented accommodation is continually being reviewed and updated and by the end of March 2011, all databases in the Private Sector Housing team will be merged..*

5. The project steering group should be strengthened and the project should be more responsive to the direction provided by this group. The steering group should also include more residents.

*The Council's response is that it has already recognised the steering group should be strengthened. This was discussed at a recent steering group meeting and the Terms of Reference for the group are to be revised.*

6. Senior HBC officers should assist the project lead with gaining access to data if barriers are encountered.

*The Council's response is that senior officers will endeavour to negotiate the removal of any barriers encountered. Known problematic areas have already been resolved.*

7. HBC to bring a report on project progress to the NDC Steering Group at the March 2011 meeting.

*The Council's response is that information has already been provided for the next NDC steering group meeting.*

## **5. EVIDENCE TO SUPPORT A PHASE 2 SELECTIVE LICENSING DESIGNATION**

- 5.1 Various data sets have been mapped using a Geographical Information System (GIS) to demonstrate the spatial distribution of issues in the central part of the town and the concentration of factors which indicate suitability for inclusion in a selective licensing scheme.

The datasets include Police recorded anti-social behaviour incidents and criminal damage; Anti-social behaviour unit cases; Fire Brigade deliberate fires and Council Tax records showing dwellings empty for more than 6 months.

A large scale map showing the distribution of these issues will be displayed at the Cabinet meeting.

- 5.2 This data demonstrates that the issues of anti-social behaviour, empty properties and housing and public health service requests, still occur at a significant level. Moreover we know they continue to be perceived as a major issue in the town and this will be further tested through consultation of those with an interest in the proposed additional areas (i.e. phase 2 of selective licensing).

- 5.3 Officers have identified that there are 9 areas with sufficient 'clusters', when these datasets are viewed together:

- **Area A** is adjacent to the phase 1 Area A (the HMR area) in Dyke House ward and covers the streets between Avondale Gardens and Brougham Terrace.
- **Area B** is within Grange ward and covers the area adjacent to the phase 1 Area C (part of which is a HMR area). This boundary includes Stephen Street and Sherriff Street.
- **Area C** is within Stranton ward and includes Thornton Street and St Pauls Road.
- **Area D** is within Bum Valley ward and includes all the streets around Baden Street which are bounded by Elwick Road and Burn Valley Gardens.
- **Area E** is within Foggy Furze ward and covers the area adjacent to phase 1 Area F (part of which is a HMR area). This boundary covers the area from Sydenham Road to rear of Kathleen Street.
- **Area F** is within Stranton ward and covers Burbank Street.
- **Area G** is within Stranton Ward and covers the area between Lister Street and Stockton Road, including Waldon Street..
- **Area H** is within Throston ward and covers Everett Street.
- **Area J** is within Dyke House ward and covers Wynnstay Gardens, Helmsley Street and Oakley Gardens.

The data for each area is included at **Appendix B**.

## 6. SELECTION OF PHASE 2 SELECTIVE LICENSING AREAS

- 6.1 Analysis carried out in 2008 initially identified 11 areas, from which 6 were selected for designation. In addition, during the consultation with residents in the 6 areas, it was suggested that further streets should be added, these were St Oswalds Street, Parton Street, Avondale Gardens and Mapleton Road in the north (adjacent to phase 1 Area A) and Hereford Street, Sydenham Road, (part) Kendal Road, (part) Wensleydale Street in the South (adjacent to phase 1 Area F).
- 6.2 When the areas to be selected for the 1<sup>st</sup> phase were considered, it was agreed that due to the financial implications of the staffing resources required, a focused, phased approach would be taken. The emphasis would be on identifying the areas with properties and landlords where concerted action was needed, and a 2<sup>nd</sup> phase to designate further areas for selective licensing would follow. Of the 5 areas (from original 11) which were not included in the phase 1 designation only 1 area (centred on Thornville Road) is not within the

9 areas being considered for phase 2. The 2 areas mentioned by residents during the phase 1 consultation, and outlined in paragraph 6.1 above, are also included within the 9 areas being considered for phase 2.

6.3 It is suggested that the principle of tackling the most problematic areas first, which was established for phase 1, be followed when selecting the phase 2 areas.

6.4 The possible options to take forward a second phase of selective licensing are:

Option 1

Include all 9 areas – this would comprise in the region of 2900 properties, which is considered to be too large.

Option 2

Include the 4 areas which were within the original 5 areas not included in phase 1. These would be the phase 2 Areas B, C, D, G. the total number of properties in these areas is approximately 2070.

Option 3

Include the areas which support other housing priority areas i.e. Housing Market Renewal and the Empty Homes Strategy. This would cover phase 2 Areas A, B, D and E. The total number of properties in these areas is approximately 2060,

Option 4

Include the areas with the highest percentages of houses empty for more than 6 months. Phase 2 Areas A, B and D have 3 and 4% of the town's total empty homes and the highest percentages based on their ward totals. The total number of properties in these areas is approximately 1860.

Option 5

Include the areas adjacent to the HMR areas. These would be phase 2 Areas A, B and E. The total number of properties in these areas is approximately 1360.

## 7. FINANCIAL AND STAFF RESOURCES

7.1 The current staffing resources comprises 3 officers:

- Co-ordinator

- Enforcement Officer
- Support Officer

These 3 staff are based within the Private Sector Housing Team, and their roles cover purely selective licensing, but as has been indicated in paragraph 4.4 above, following the Housing Service Delivery Option (SDO) review in 2010 and consideration of the NDC Evaluation Report, the service delivery model is likely to change. An update on resources required for delivery of the phase 2 selective licensing will be included in the report to Cabinet following the consultation with residents, landlords and other stakeholders.

## 8. TIMETABLE FOR IMPLEMENTATION

- 8.1 The report to Cabinet on 10<sup>th</sup> January 2011 provided an outline timetable, which Members indicated they would like to shorten. A revised timetable is outlined below, which takes account of this request:

	Action	Timescale for completion
1.	Gather evidence on ASB, empty homes, properties for sale or to let	January 2011
2.	Establish priority areas for proposed designation as selective licensing areas, based on the evidence gathered	Cabinet report in February 2011
3.	Consult residents in proposed areas for designation	February – April 2011
4.	Make decision on areas to be designated	Cabinet report in April 2011
5.	3 months period for statutory notifications	May - July 2011
6.	New selective licensing areas commence	July/August 2011

## 9. RECOMMENDATIONS

- 9.1 Cabinet is recommended to select an option from Options 1 – 5 at paragraph 6.3, as the phase 2 selective licensing scheme, for consultation with residents, landlords and other stakeholders.

- 9.2 A further report be prepared for Cabinet to agree the areas to be designated for phase 2 of selective licensing, taking into account the results of the consultation and operational arrangements.

**10. CONTACT OFFICER**

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APPENDIX A



NDC Evaluation Project

# Selective Licensing in the Private Rented Sector

Evaluation Report  
November 2010



“I have battled with unscrupulous landlords and anti-social tenants in the town since I became MP. Most landlords care about their properties, the areas in which they have houses to rent, and consider carefully the people to whom they rent out their houses. Other landlords do not.

I have seen areas in the centre of Hartlepool spiral downwards at an alarming rate and the common feature is bad and absentee landlords who don't care about the area.

We see a poor environment, graffiti, vandalism, a rise in crime and anti-social behaviour and then people who can get out of the area move out quickly.

Speculative landlords move in offering a cheap deal, rent their properties to tenants who haven't been properly vetted, and decent residents are hounded. The spiral of decline accelerates.

Even if a tenant is evicted from one property because of bad, inappropriate or criminal behaviour, there has been the ludicrous situation of that person being able to secure another tenancy around the corner, or even in the same street, ensuring that decent residents remain tortured.

...

From this month this sort of situation should improve rapidly. After great pressure from residents, and also with my assistance, Hartlepool is the 13th area in the country to obtain a selective licensing scheme.”

*Hartlepool MP Iain Wright, Hartlepool Mail 7/5/2009*

<http://www.hartlepoolmail.co.uk/mp-writes/Landlord-licencing-long-overdue.5244348.jp>

## Selective Licensing in the Private Rented Sector

### Executive Summary

#### INTRODUCTION

Selective Licensing of the Private Rented sector was approved by the NDC Steering Group in April 2008, approved by CLG in December 2008, and began to operate in Hartlepool on 1<sup>st</sup> May 2009. The aim of the scheme is to improve management standards. Landlords are required to become licensed, for which they must comply with agreed terms and conditions relating to their tenancies. The aims of selective licensing are to reduce anti social behaviour, address low demand and, as a result of these, improve the quality of life of residents.

Selective Licensing in Hartlepool is co-funded between NDC and the local authority (HBC). The total project cost is £262,673, which funds the project until the end of the NDC Programme in March 2011. However, the licensing ‘designation’ lasts for 5 years, and so is currently an HBC budget pressure after this time. (As licenses last for 5 years, they are potentially enforceable until May 2019.)

#### PROJECT SUMMARY

The project is managed through the Private Sector Housing team at the local authority. Funding pays for three dedicated officers (co-ordinator, enforcement officer and admin support.) The project has experienced significant delays due to personnel changes and was also moved to ‘Community Safety’ as part of a Council restructure in January 2010.

#### EVALUATION FINDINGS

- The Selective Licensing project had issued 225 licenses properties to October 18th 2010.
- The delays the project has experienced along with the way the project has been rolled-out means it remains too early to assess the impact of selective licensing in the designation areas.
- Research activities uncovered major concerns of key evaluation participants with the focus and activities of the Selective Licensing project including
  - The procedures for identifying problematic tenancies is inadequate
  - Co-ordination of multi-agency responses is weak
  - The quality of data on the property profile of the area, and measures to maintain this data, are poor.
- The project steering group has failed to effectively guide the activities of the project and steer it towards an appropriate focus despite efforts by members to achieve this.
- The project is generating significant financial reserves but selective licensing will not be a self-sustaining activity.

## RECOMMENDATIONS

1. HBC recognise the need to make selective licensing more partnership-oriented, problem-focussed, and more closely integrated with neighbourhood management, and should undertake a fundamental restructure of the project to deliver this.
2. The existing selective licensing service delivery should be reviewed.
3. The selective licensing function should have a community base, removing any notions of selective licensing as a purely administrative process.
4. The original aims of selective licensing should be re-affirmed and the project re-aligned as necessary, to include
  - Foregrounding working relationships with other agencies and the establishment of an effective selective licensing partnership.
  - Identifying with partners problematic tenancies and pursuing landlords accordingly
  - Leading on database reconstruction
5. The project steering group should be strengthened and the project should be more responsive to the direction provided by this group. The steering group should also include more residents.
6. Senior HBC officers should assist the project lead with gaining access to data if barriers are encountered.
7. HBC to bring a report on project progress to the NDC Steering Group at the March 2011 meeting.

## Selective Licensing in the Private Rented Sector

### Introduction

The excerpt at the beginning of this report, reproduced from the weekly column in the Hartlepool Mail of Hartlepool MP Iain Wright, highlights some of the problems that have arisen around *some* privately rented tenancies in the centre (and to a lesser extent in the North) of Hartlepool. As the excerpt suggests, these problems are often linked to anti social tenants, to the poor management practices of some landlords, and to a failure to effectively regulate these practices.

The development of *selective licensing*, under the 2004 Housing Act, enabled local authorities to designate particular areas where private landlords would be required to hold a license to rent out properties. The legislation was designed to combat anti social behaviour or to address areas of low housing demand. Schemes would require landlords to comply with a number of mandatory conditions, which would contribute towards improved housing management standards, and which would help to prevent some of these problems from arising.

In Hartlepool, selective licensing began to operate on 1<sup>st</sup> May 2009, with the project co-funded between Hartlepool New Deal for Communities and Hartlepool Borough Council (HBC). A progress report was presented to the NDC Steering Group on 12<sup>th</sup> August 2010 by a senior HBC officer, which outlined a number of issues which had delayed progress with the project, and which set out the measures that had been put in place to address these issues.

At the meeting, it was agreed that the NDC Evaluation Project would conduct an evaluation of the project at the earliest opportunity. This evaluation report has been produced in response to this request.

### Initial Findings

From the initial discussions conducted and observed for this report (right through to the final interviews undertaken), it became immediately clear that aspects of the project had proved to be problematic in the opinion of many evaluation participants. It was also clear that strong and sometimes contrasting views were being aired.

For example, the Project Officer with lead responsibility for delivering the scheme has been hampered by several instances of staff turnover, disrupting the establishment of a project that would be implementing new and previously untried legislation, and which would develop new policies and procedures for Hartlepool.

Residents and elected members voiced dissatisfaction at the delays that had occurred, and that the lack of activity meant that no impact could be seen in the targeted areas, despite NDC approval for the project having taken place in April 2008.

Many of the officers interviewed felt that the scheme was not appropriately focused or targeted, and was therefore unlikely to deliver the outcomes that the project should aim to prioritise.

And some project staff members expressed deep concerns about all aspects of the scheme, about misappropriation of project resources, and of strained and unhappy working relationships within the project.

Against this context, the evaluation has attempted to offer a balanced and detached insight into project activity - acting in the role of critical friend - in the hope of providing a constructive learning opportunity for the future.

### **Research Activities**

- A representative of the NDC Evaluation Project gained views on the project and on selective licensing.

The Evaluation Project at NDC is indebted to the above and would like place on record its thanks to all who contributed.

### **Evaluation Findings**

The final section of this report will include conclusions and recommendations for consideration by the NDC partnership and HBC. This section is set out under the following headings.

1. Selective Licensing - Project Summary
2. Project Structure, Staffing and Delays
3. Project Roll-Out: Worst First?
4. Licensing Database
5. Property Inspections
6. Outputs and Finance
7. Project Integration and Networking
8. Project Management
9. What Has Been Achieved?
10. The Future
11. Final Comment

#### **1. Selective Licensing - Project Summary**

Tackling problems associated with the private rented sector has been an aim of the NDC Partnership since the start of the NDC Programme. The NDC Delivery Plan of 2001 identified that it would seek to

- **“Reduce the number of problems related to the privately rented sector.”**

[NDC Delivery Plan, p15]

And to ...

- **“Support responsible landlords, while registering and controlling their activity and operations.”**

[NDC Delivery Plan, p16]

Whilst a raft of other, diverse NDC interventions have sought to address the crime, anti-social behaviour and other problems that proliferate around some tenancies, the 2004 Housing Act enabled a specific focus to legislate around management standards in the private rented sector. It is recognised in the 2004 Housing Act and in the Hartlepool Designation that selective licensing is but one tool, which on its own will not be a panacea for all the ills of an area, but if employed alongside other strategies in a co-operative and co-ordinated way with partner agencies involved, it will be an important addition to the policy responses available where these problems persist. As one interviewee described

**“For the first time we’ve got the tools to bring the landlord to the table and make them take some responsibility.”**

The 2004 Housing Act set in motion a period of discussion in the town, research-gathering, and the working up of a proposed selective licensing project, which eventually culminated in the Council’s Cabinet agreeing to make an application to the Department for Communities and Local Government in May 2008. The application was approved on 10<sup>th</sup> December 2008 and the scheme began to operate on 1<sup>st</sup> May 2009.

The Selective Licensing *Designation* identified 6 areas incorporating 1775 households, of which 520 were estimated to be licensable properties (see Appendices 2 and 3). Four of the areas are located inside the NDC area. The Designation lasts for 5 years, to the end of May 2014. Licenses themselves last for 5 years (so one issued in early 2014 would be enforceable until early 2019).

In order to obtain a license, landlords must

- Be ‘fit and proper’ persons or employ agents who are
- Manage their tenancies effectively
- Demand references from prospective tenants
- Take responsible steps to deal with complaints of anti social behaviour (ASB) by their tenants
- Ensure that vital safety checks are carried out.

Heavy sanctions would be imposed against landlords that do not comply

- Up to a £20,000 fine for failure to apply for a license in a designated area
- Up to a £5,000 fine for failure to comply with license conditions.

The costs of the scheme are shown on the project appraisal as follows

NDC Contribution	£142,673
HBC Contribution	<u>£120,000</u>
Total Cost	£262,673

Hartlepool NDC ‘front loads’ project funding up until the Programme ends in March 2011, with HBC provisionally scheduled to pick up sole running costs to enable continuation of selective licensing thereafter.

## 2. Project Structure, Staffing and Delays

The appraisal identifies that funding will provide for a Project Co-ordinator who will develop and publicise the scheme, and who will co-ordinate licensing activity; an Enforcement Officer who will carry out inspections, visit licensing areas on a daily basis, and prepare cases for enforcement action; and an Admin Support Officer. The scheme is project managed through HBC Private Sector Housing Team.

In practice, some staff turnover has frustrated and slowed the development of project activity. A scheme co-ordinator was appointed in September 2008 but left the post in July 2009. An enforcement officer was appointed in July 2009 but, following a period of absence from work due to sickness, left the position in October of that year.

Of the delivery staff now in place, the current co-ordinator has now been in post for one year, having commenced in November 2009, and the current enforcement officer started in January 2010. (An admin support officer has been in post since November 2008). Both the Enforcement Officer and Project Co-ordinator have significant and complementary experience in licensing/enforcement, and in housing, respectively.

Alongside the staffing disruptions outlined above, the project has also been subject to a management re-structure, moving from the housing division of the authority’s Regeneration and Planning department in January 2010 to ‘Public Protection’, which falls under Community Safety.

Recognition of these delays, along with an impetus to prioritise selective licensing, has led to additional HBC resources being deployed on the project in order to ‘catch up’. One interviewee remarked

**“Within the [private sector] housing team, all 5 housing standards officers have all assessed applications, they’ve done inspections on overtime to**

try and get the inspections and applications assessed, as has the landlord registration officer. And admin support on both licensing and accreditation all contributed. ... If it wasn't for all the extra work we would be absolutely nowhere near where we are.”

Despite these remedial measures, some fundamental questions about the focus of the project and the way it is being delivered were aired during many evaluation interviews. One participant remarked

“I think the scheme has failed to have an impact. It did experience difficulties in the early stages with recruitment. But I don't think that's the whole of the story. The way the scheme has been run has been fundamentally flawed. I don't think there's been an understanding from the project officer who is responsible delivering the project - a full understanding of what the project is about. It's being run with a very, very narrow focus. It's been run to improve housing standards, but the scheme is about effective management of the private rented sector.”

Whilst another stated

“I have to be completely up front with you and tell you that from my point of view I don't think the scheme is delivering, I don't think it is working. I don't think it is being correctly managed, I don't think the policies and procedures are correct. I don't think the aims and objectives of the scheme are being met. I've been very, very frustrated in terms of what's happening.”

A number of specific concerns will be highlighted in the next sections of the report which relate to the overall focus of the selective licensing scheme. One key issue relates to the way selective licensing has been rolled out, and to the idea of 'worst first'.

### 3. Project Roll-Out: Worst First?

In the opinion of many evaluation participants, *worst first* means that the project should be prioritising tackling the most problematic, specifically-identified, tenancies in respect of ASB and associated issues *inside* the selective licensing areas. This work would entail close liaison work and intelligence sharing with partner agencies to identify those properties where the greatest problems occur, and it should be focused directly on them by offering support and advice as appropriate, but also using enforcement measures as necessary to make sure landlords are involved in persuading unruly tenants to moderate unacceptable behaviours. Only as a last resort would eviction of the tenant be recommended.

This targeted approach should be the key focus of the programme, integrated closely into the authorities community-facing, neighbourhood management approach.

The way the project has been rolled out, applications for licenses were sent out firstly to the known portfolio holders who are known to have a number of rented properties in the chosen areas in order for them to complete an application for each house and return these with the appropriate fees. Following this, applications are now being sent out to properties which it is thought are licensable in the selective licensing areas, in order that the remaining landlords in the area will also return their application and fee and become registered.

This form of project roll-out was criticised by many interviewees for failing to target the main problems of the area and to a lack of co-ordination. One officer commented

**“At the start of the scheme they [knew] the large portfolio holders, but they never identified the licensable properties. They knew they had XXXX [property management company] sitting there, they sent them 50 application forms without addresses on the top. They said we know you act for some landlords who own properties in these streets, can you pass these application forms on for us? That is how they were distributed at the outset. So it was scattergun and random. They’ve never ever prioritised the properties. We have made our feelings known, you shouldn’t be distributing application forms this way. Yes you’ve got to get some blanket applications out because it generates revenue but... the scheme was supposed to be rolled out on a worst first basis.”**

In contrast to this view, several interviewees remarked that the six areas identified and set out in the Selective Licensing Designation document constituted the *worst first*. They had been put together on the basis that they represented the areas in the town that were most in need of selective licensing. As such, a gradual roll-out of the project through these areas remained appropriate.

**“Originally we started to send them [applications for a license] to landlords with portfolios, now we’re focussing on street by street.”**

But alongside this, the Project Sponsor also recognises the need to target ‘difficult’ tenancies, remarking during interview that

**“If a bad tenancy, a poor landlord, is identified, then we will target them. If they’ve not been asked to apply for a license then they will be brought forward in the system. That has happened with a few landlords.”**

However, it was stated during several interviews with project staff that this had happened on only a few occasions. One respondent commenting

**“... One or two. There’ll be an odd one where I’ve gone along to the tasking meeting, but what we need to be doing is sitting round the table with the other agencies and say right, you tell me where your problem properties are, Anti Social Behaviour Unit, you tell me, and then we’ll sit and map it and move on. At the moment, yeah, it sounds great, we’ve**

got 200 licenses out - but they're 200 *compliant* landlords in homes where there are no problems. We're just getting bogged down with this whole admin thing."

This situation has led to claims made by some interviewees that the project had become a 'numbers game' to satisfy monitoring targets relating to the number of licenses issued, and is therefore missing its main focus of targeting directly those properties that are responsible for a disproportionately high number of problems or issues in the selective licensing areas, and which would in turn yield the greatest impact for local residents.

One senior officer remarked

**"Once the strategic decision was made to pick 6 areas, then it's a fallacy to say worst first was that. No it isn't. It's easy to get good landlords on board. Worst first should have been the worst landlords - that's where the efforts should have been made. ... Doing it the way we are doing it now, my perception of it all is that it is backside first, that we are doing it the wrong way around because we're just doing numbers."**

Evidence from the national evaluation of selective licensing schemes, commissioned by CLG and released in January 2010, provides some evidence which would seem to endorse this latter point of a more targeted approach, with one local resident quoted in the evaluation as saying

***"It was one house, one property, one family, that had a huge impact on both streets and it has been a really big difference since they've moved on. It feels like it's a drop in the ocean, and it, it changed the character of the whole area."*** [p.171]

A direct focus on such tenancies would therefore seem to provide the greatest opportunities to alleviate the problems which have the biggest impact on quality of life issues in the selective licensing neighbourhoods. A larger quantity of licenses issued might well not correspond to the greatest possible change in the area. Despite this, the Project Sponsor made the following point during interview.

**"The thing is until you've issued a license you can't enforce it. If you've got a tenant who is creating mayhem, and they haven't got a license, there's nothing you can do [from a selective licensing perspective], other than apply for a license and take action. If you've issued everybody with a license, and those problems start you can start enforcing the license conditions straight away. So I can see where people are coming from. It is a paper exercise to get those licenses out there, but once they're out ... It's a chicken and egg situation"**

One final comment to make in this difference of opinion draws on evidence supplied by several officers who felt issues that they had identified (at both JAGS [joint action group] meetings and at the selective licensing project 11.02.21 - Cabinet - 6.1 - Selective Licensing of Private Landlords - appendix A

steering group) had not been actioned by the selective licensing team. One commented

**“My own personal view is that you go along to the steering group meeting and you are just ignored basically. It is a steering group and those people are supposed to be providing a steer on how the scheme should be implemented. I don’t think that’s acknowledged at all. I think they meet and then everyone goes away and they just do what they think - how the scheme should operate. I mentioned issues in Dent Street going as far back as Feb / March 2009. It’s not completely covered [with licenses] yet!”**

The focus of rolling out licensing in a predominantly progressive manner has therefore failed to target appropriately as anticipated by many evaluation participants. Although one senior officer remarked that doing it this way has enabled the project to establish its policies and procedures to some extent before tackling what are likely to be the ‘difficult’ cases of ‘bad’ landlords who do not want to engage or comply, others pointed to the fact that the project is yet to undertake any enforcement action (having thus far engaged landlords who have complied with requirements) and so it is yet to be seen how effective the processes are that are in place. Team members also raised doubts about the quality of the scheme’s documentation in respect of legal requirements, although some improvements have now been made.

**The focus of the project on the most problematic tenancies within the licensing areas, and inter-agency measures in place to identify and respond to these, is inadequate and needs to be urgently addressed. This should take precedence over any preoccupation with number of licenses issued.**

#### 4. Licensing Database

A further issue of dispute relating to the focus of the project concerns the database of properties in the selective licensing areas, and mechanisms to ensure it remains as up to date as possible. The accuracy of data on the properties in the area is vital if the project is to deliver a targeted approach.

The original designation identified that there were estimated to be around 520 licensable properties in the selective licensing areas. The project update provided to the NDC Steering Group meeting in August informed the Partnership that this number was greater than originally envisaged.-

During interview, the Project Sponsor was unable to definitively identify the number of licensable properties in these areas.

We estimate there could be up to 800 but it's difficult to say because the original list that we had, a lot of those properties are now empty. So it could be that there's been a shift from one property to another in the area - maybe more owner-occupiers moved out. And obviously it's because of the regeneration work as well with properties being sold to the Council. So it is always going to be difficult, there's always going to be a fluid situation and we'll come to a point where we've got a good idea, but we are looking at a possible estimate of 800."

Any database of licensable properties - in order to be accurate - must be a rolling, continuously updated index to keep pace with the changing nature of property ownership and status in the selective licensing areas.

One officer remarked that

**"We don't even have a proper complete database of the selective licensing area, let alone a database of the licensable properties."**

Another stated

**"You need to determine who the licensable person is but it should be the ownership details as the starting point. And even now, we haven't got that. Even now, we don't know. I had a one yesterday where one of the community reps rang me and said this property in Dent Street I think it was, it's licensable, and this is the landlord's details. I thought oh great. Checked our computer system. It wasn't even on our radar, yet it's been rented out for quite some time."**

The database that does exist has been compiled from various systems including housing benefit records, the database from the Landlord Accreditation scheme, records of disrepair complaints, and it was stated in interviews - as indicated above - that instances of residents contacting the project staff to notify them of new tenants in the relevant neighbourhoods had also begun to occur. Staff have also undertaken 'door-knocking' to generate additional information of whether properties are rented/licensable.

However, discussions with project staff and officers revealed different views on this issue. Three officers remarked that the information being used was the best available and whilst it is true that there will inevitably be some gaps or unknowns, it was nevertheless what is available.

One interviewee suggested an alternative way of how the database should be assembled and managed.

**"We need a database of the potentially licensable properties. It doesn't exist. Don't get me wrong, everything isn't going to be in housing benefit and council tax records, but between housing benefit records, council tax records, regeneration records, and land searches, we could bottom**

out the information we needed. Four to six weeks I reckon, if we were given the access that's needed, to compile a snapshot database...

...But there'd have to be a procedure put in place, protocols with housing benefits so that they flag if there's a change of tenant, anti social behaviour - if they know someone was being evicted, the good tenant scheme - if they get an application from somebody they know they're moving, working relationships with management agents, tenants, residents associations. So once you've put the database together you actively manage the database by talking to everybody involved in the scheme."

The officer also warned of the dangers of using an inaccurate database.

"What they're doing is sending application forms out from a database which is incomplete. They haven't identified who owns it, whether a tenant is in and it needs a license, but they're sending application forms out from the database they've got, because they think it might need a license. They haven't done the background information. They're now moving to the stage where they're sending threatening letters to people, threatening proceedings. I've said you can't do this. It's maladministration. You're sending a document to somebody threatening them with prosecution, you haven't proved that it's a licensable house, you haven't proved that they own the house. We are getting people ringing up saying I sold that property 2 years ago. People are getting threatening letters in respect of properties they don't own, and ones that don't even need a license."

In order to reach some judgement over this issue, a member of the Evaluation Project contacted representatives of Selective Licensing projects in Middlesbrough and Sunderland to see if they also had problems with assembling and maintaining an accurate database.

In Middlesbrough, the selective licensing project which operates in Gresham, and which began in June 2007, still does not have an up to date database of licensable properties. They currently have around 500 properties licensed and estimate that around 700 are licensable in the area, but a representative reported that tracking changes in tenure and ownership remains 'problematic'. The roll-out was based on a street by street basis informed by where the greatest problems were to be found.

In contrast, the scheme at Hendon in Sunderland has a comprehensive master database of the properties in the area. Each member of the selective licensing team has access to Housing Benefit and Council Tax records from their computer desktop, allowing instant checks to be made on property information and updates to be made to the selective licensing database accordingly. (In contrast, in Hartlepool, updates from Council Tax records are supplied only on a quarterly basis.)

The scheme in Sunderland began in July 2010. In an area of 2500 households, 500 have been identified as licensable, and 420 were reported to have been licensed in the first 4 months of the project. It is the case that a project member had learned about the potential pitfalls that can arise around property data from having worked on an earlier scheme in Gateshead, but the Sunderland example is instructive.

**Selective licensing staff from Hartlepool should carry out an urgent fact finding mission to the Hendon project and put in place measures as required in order to replicate their success in respect of a selective licensing property database.**

## 5. Property Inspections

A further concern voiced by project delivery staff relates to a prioritisation around property inspections. Project members, assisted by other officers in the Private Sector Housing department, have recently been undertaking a significant programme of inspections of licensed properties. This contributes towards one of the NDC monitoring targets of 30 inspections of licensed properties per quarter (and is therefore an apparently valid use of project resources - especially as the project is attempting to now compensate for slow initial development and performance, hence resources directed to satisfy this output target). However, some participants felt this was a further example of the misdirected focus of the project.

Selective Licensing is covered under Part 3 of the 2004 Housing Act. This is concerned with improving the management of tenancies. Part 1 of the 2004 Act is concerned with property standards.

None of the 26 conditions attached to a selective license at Hartlepool under part 3 of the Housing Act are relevant to property standards, and officers were concerned that the licensing inspections do not contribute towards the selective licensing agenda, and merely help the Private Sector Housing division to clear its own backlog of property inspections (which it is required to undertake under part 1 of the Act.)

The Project Sponsor identified that inspections carried out under the selective licensing (part 3) scheme DO also count against the department's (part 1) statutory responsibilities for inspections - and against the appropriate performance indicator (meaning that double counting is occurring), but that Council Cabinet had agreed that this should take place. This was explained by the fact that if officers are in houses carrying out licensing inspections, they might as well be satisfying housing standards criteria at the same time. Whilst this seems fair comment, project delivery staff raised concerns that the inspections are not contributing to selective licensing at all.

“It says in the [selective licensing] documentation that within the 5 years of the license there will be an inspection - which is fair enough. Not all authorities inspect the property. Easington didn't inspect properties, because it's not about the property, it's about the management standards.

... But what's happening now is we're saying we will go out and do a licensing inspection of the property, but the licensing conditions don't mention anything about the property, so we're not inspecting the license at all. We're not looking to see whether they are vetting the tenant, whether they are taking any action against ASB. We're not looking at that. The people who are going out inspecting, they don't even have a copy of what the license conditions are.

It's being misinterpreted completely. Why are we looking at the property? The person living in that property could be causing absolute bloody mayhem. Exactly the things we should be targeting. We go in there, we have a look round and oh you need a handrail and a toilet seat, right, we'll get onto your landlord, and not even looking at the other issues. We've got no idea what's happening - is Anti Social Behaviour involved here? Are the police involved? Do we even know this property is causing problems? No we don't. It's gone off completely down the wrong path.”

Another officer proffered a sceptical view.

“The selective licensing regime has effectively been ‘hijacked’ by the management of the ‘Private Sector Property Standards Division’ to pursue an agenda which discharges that division's statutory responsibility to address property standards. It does not discharge the statutory responsibilities of a Selective Licensing Designation.

The statutory objectives of a selective licensing designation, (addressing anti social behaviour and low demand), are being completely subjugated by this planned, orchestrated and deliberate misappropriation of staff and resources.”

The tone of this remark may be influenced by disappointment on the part of the interviewee at the misdirection of the project, since any reorientation of project resources has been intended to process selective licensing activities. The Project Sponsor also remarked that condition of the property remains a useful indicator of the management of the tenancy. Moreover, property inspections *are* an NDC output target for the project. However, the prioritisation of inspections in pursuit of selective licensing aims remains questionable.

The observations of the Evaluation project are that inspections should be less of a priority in the context of other more pressing challenges for the project - establishment of comprehensive selective licensing database and a re-alignment of the project to be more responsive to neighbourhood problems.

## 6. Outputs and Finance

Two data sources relating to project outputs will inform this section, followed by an analysis of project finances. In the first instance, a table showing the latest output monitoring data available, up to the end of September 2010, is presented below.

Selective Licensing Output Data - to End September 2010								
	2008/09		2009/10		2010/11		Total	
	F'cast	Actual	F'cast	Actual	F'cast	Actual	Target	Actual
Awareness raising campaigns / publicity	6	7	6	6	6	0	6 annually	13
Resident group meetings attended	6	3	6	4	6	4	6 annually	11
Neighbourhood Team meetings attended	40	0	40	36	40	10	40 annually	46
Properties issued with license in NDC	65	0	400 in total	35	500 in total	118	500 by Mar '11	153
Inspections to ensure compliance with licensing in NDC	120	0	120	0	120	61	600 in total	61
Landlords in NDC contacted/made aware of licensing	~/~	0	~/~	0	200 by Mar '11	84	200 by Mar '11	84
Actions for breach	5	0	5	0	5	0	25	0
Licenses refused	10	0	10	0	10	0	50	0
Landlord forums attended	2	2	2	1	2	1	10	4

The over-riding picture of this project from the output summary shown above is that since the NDC steering group approved it in April 2008, progress has been limited up until the current financial year - a

consequence of the delays already outlined in this report. The total number of licenses approved shown above (153) should also be ignored since even more recent data was provided by project staff to inform this report (see below). In addition, explanatory notes provided by project staff on the latest monitoring return state

**“Due to the current substantial workload there has not been the opportunity to carry out any awareness campaigns. However, a newsletter is currently being drafted and will be published and circulated to residents and landlords operating in the area during the next reporting period. The frequency of landlord forums has been reviewed and subsequently will now be held on a twice-yearly basis, therefore the target cannot be sustained.”**

In the interests of refocusing the scheme towards the most problematic tenancies in the selective licensing areas, it may be prudent in future to include output targets such as

- Number of properties identified through multi-agency intelligence / ASB
- Number of properties licensed directly in response to multi-agency intelligence / ASB

The following table has been constructed using a document provided by project staff, which lists those properties where licenses have been issued in each of the six licensing areas. This was supplied and on the 18<sup>th</sup> October 2010.

In the absence of any accurate updated data, it also includes the estimated number of properties in each of the six areas from the original designation document (although it is now believed by project staff that these estimates are no longer accurate.)

Area	Estimated number of licensable properties (from Designation Document)	Number of licenses issued at 18 <sup>th</sup> October 2010
A - Hurworth St area	83	24
B - Belk / Cameron / Furness St area	58	30
C - Rodney St area	51	15
D - Dent / Derwent St area	104	43
E - Cornwall St area	189	100
F - Patterdale / Borrowdale St area	35	13
<b>Total</b>	<b>520</b>	<b>225</b>

Even allowing for the fact that the shifting profile of the area means that arriving at a precise number of licensable properties will always be challenging, the best verbal estimate provided by the project sponsor during interview was that up to 800 properties may be licensable. Based on this

estimate, just over a quarter of eligible properties have been licensed to date.

If one attempts some speculative projections into the future based on these figures, it is known that, with the project currently running with additional resources from the Private Sector Housing Team, the project issued 118 licenses in the first half of this financial year (shown on the latest monitoring return submitted by project staff.) If it maintains this rate of issuing licenses then out of 800 properties

- 343 will have been issued by the end of the current financial year (225 issued to date + 118 in the second half of the year)
- 579 will have been issued by the end of March 2012 (343 + 118 + 118)
- All of the properties in the selective licensing areas will have been issued by around February 2013

One interviewee expressed frustration at this pace of development ...

**“During this period, properties will change hands, and new landlords will need a new license. You are never ever going to catch up. I know that in other authorities best practice is saying that what we really need to do is focus on the bad landlords, because that’s where you’re going to have the biggest impact. ... We could have been doing that already.”**

Moving on to project finances, the table below shows the NDC financial expenditure on selective licensing.

<b>Selective Licensing project - NDC Revenue Funding to end September 2010</b>		
	Approved / Forecast	Actual
2008/2009	46,068	46,068
2009/2010	51,650	51,650
2010/2011	44,955	22,477
<b>TOTAL</b>	<b>142,673</b>	<b>120,195</b>

The NDC funding profile is in line with projections. Section 10 below gives further consideration to the future of the project in respect of funding.

One further point to make is that, although interviewees have endorsed the view that selective licensing is not primarily concerned with income generation, it has nevertheless generated additional funding that can be used to fund it in the future. As of 11<sup>th</sup> October 2010, the project had received £149,817 in funds. It should be noted that some landlords may receive a partial refund if they are going through the landlord accreditation process, and so this figure will reduce as this occurs (but it will also increase as more licenses are issued.) One consequence of issuing larger numbers of licenses is therefore that the project is generating substantial reserves.

The slow early progress of the project - evident in output performance analysis - is now being addressed. However, significant concerns still exist around the pace of the project, and around its 'focus'. Specifically, these views suggest that without change, the project will fail to impact as required. Funding generated from fees is now significant.

## 7. Project Integration and Networking

The extent to which the scheme has integrated with partners is, again, dependant on the views of different evaluation participants. A roll-out of the scheme which focused on prioritising 'bad' or absentee landlords would necessitate a well integrated selective licensing partnership with strong links and communications. This would enable intelligence-based, multi-agency responses around prioritised locations. One interviewee outlined how this should work

**"We need to get all the relevant agencies together, identify the properties and put a 1, 2 or 3 in the column and on a monthly basis or 6 weekly basis review that, so that if someone's been evicted, someone's moved out of the area, we then have a target and our number one priorities. Those are then our targets to get licensed. When we get them licensed we make sure they're doing absolutely everything to the letter of the law. We negotiate with the agents, the tenants, the management ... the last resort is evicting these people. We want managed tenancies. If we evict them and they move one street over out of the licensing area, we've lost them. We want sustained tenancies with support services in there to help them stay in their own home."**

Partners have experienced some benefits from selective licensing. Landlords receive subsidies on their selective licensing fees if they are accredited through Voluntary Landlord Accreditation scheme. Accreditation means the landlords must agree to comply with a Code of Conduct and meet certain terms and conditions relating to standards and practice. Since the introduction of selective licensing, 120 applications have been received from landlords for Accreditation covering 880 properties across the town. The Selective Licensing project is therefore yielding benefits beyond its 6 areas since accreditation requires the landlord to comply with this criteria at all of their properties, including those outside the Designation areas.

Of the 880 properties, 548 are outside the selective licensing areas and 332 are inside.

- 30 in area A
- 38 in area B
- 32 in area C

- 80 in area D
- 123 in area E
- 29 in area F.

Alongside this benefit there has also been some recent - albeit limited - involvement of residents sharing intelligence, but the Project Sponsor identified that links with the Anti Social Behaviour Unit could be stronger.

**“The links with other areas need to be strengthened because anybody can issue paper licenses and not really do anything with it. We need to be really tight about following up any instances, especially when we’re talking about ASB and the poor management of tenancies, which obviously goes back to linking in with anti social issues. I’d like to see that strengthened up ... part of me thinks that have the likes of the Anti Social Behaviour Unit lost faith because it’s taken so long and they’re not coming to us and working with us ... I don’t know. But I’d certainly like to see more of it.”**

There is dissatisfaction at a perceived lack of neighbourhood-oriented partnership working, seeing this as the key element that would enable the scheme to be successful. One comment sums up these frustrations.

**“I had a meeting a couple of months ago with XXXX about the way things were going. Her words to me were once all the systems are in place I don’t see what your role is. I said but that’s the start of my role as far as I’m concerned. All of these relationships need to be established and set up to target the problems. The paper work, quite honestly anybody can do ... The government says in its guidance that it [selective licensing] can’t just be something that sits alone as a paper exercise, dishing out licenses, and that’s all we’re doing. We haven’t made one bit of difference with this licensing scheme, not one bit of difference.”**

Team members have visited Neighbourhood Management meetings and tasking meetings with ASB officers, but reported being deterred by management from ‘actioning’ appropriately on intelligence that they obtain. A recent case involves an address in Area 1 where crime, vandalism and anti social behaviour was occurring regularly. The team member reported taking the case up with management

**“I went to see XXXX and said we should be heavily involved here. (S)he said no, those forms explain to the landlord how you can evict a tenant under section 21 of the housing act, stick a compliment slip on and send them it. That was my involvement.”**

Another team member added

**“I couldn’t believe it. The landlord gets that out of the blue. What’s that about? What difference is that going to make? We should be ringing this guy, ask him to come in. That’s the way that should be tackled. We need to be speaking to the police. We need to be finding out who else is**

involved, having a case meeting or whatever, and saying what are we going to do?

That isn't an answer. Just serving the tenant with a notice isn't the answer. What's going to happen? Somebody else is going to ring housing. The impact could be that person moves 2 doors up the street. It's about making landlords aware of responsibilities. You need to be saying to the landlord that you need to be talking to your tenant saying you're maybe going to lose your home, and because of the licensing scheme you're not going to be able to get anywhere else. You better change your behaviour. That's the kind of thing you've got to be doing. ... There have been no relationships established with landlords at all."

Publications relating to selective licensing would endorse this criticism ...

*Communities and Local Government has always recognised that selective licensing will not cure all of the problems local communities face and that it must be used alongside other strategies to arrest those problems. This means that local authorities and other agencies need to work with local landlords to help them deal with problematic tenants and to meet minimum standards."*

*[p.119 National Evaluation of Selective Licensing for CLG]*

One other issue for potential consideration is that some of the other functions associated with Private Sector Housing and Licensing involve dealing with housing disrepair complaints and processing licensing applications to grant taxi licenses. One interviewee made the point that there is a significant difference between granting taxi licenses and selective licensing, insofar as anyone applying for a taxi license actually wants a license. An inevitable focus of the selective licensing scheme will be chasing up landlords who do not want to engage or comply with HBC requirements - who do not want to purchase a license. As such, having to chase those 'bad' landlords who may want to stay 'off the radar' does not necessarily sit comfortably alongside a less proactive administrative process where clients 'come to you'. Again, this calls into question the focus of the scheme, and the balance between selective licensing as a paperwork exercise to cover the licensing areas, and a more proactive one based on prioritisation.

**The scheme has yielded benefits for Landlord Accreditation and has had made some efforts to engage partners. However, the level of partner-integration and quality of multi-agency responses to problems is poor. An example of a limited response reported against one problematic tenancy displays a poor understanding of the schemes primary aims**

## 8. Project Management

Given the content of this evaluation thus far it will be unsurprising to discover that some views and opinions questioned the management of the project to date.

In respect of the project Steering Group, it was suggested almost universally that it has not been able to effectively ‘steer’ the project; or to question its activities in a way that would re-align it towards its key aims and objectives, despite efforts to achieve this. As such, a recommendation is made in this report to address this.

Moreover, the resident representation on the steering group is inadequate. The project should seek to implement the suggestion of one interviewee and recruit a resident representative from each of the 6 areas (a move which may also assist with intelligence gathering.)

Assurances were also made to a representative of the Evaluation Project by a senior HBC officer - in response to concerns expressed by a resident representative of the steering group - that resident involvement in the project would continue beyond the life of the NDC Programme.

In respect of the day to day management of the project, relationships within the project between staff members are strained, and communications are unsatisfactory. Officers recruited to the project who joined the authority specifically to deliver selective licensing feel they are not being allowed to do what they were employed to do, instead being individually tasked by management. Consideration should also be given to the impact of this report, which may well exacerbate tensions in attempting to expose potential areas of improvement.

Some officers suggested that that the move to community safety had enabled more direction to be given to the project team. However, as one officer remarked

**“They’re better but they’re not where I want them to be. I’m bitterly disappointed that the project hasn’t worked like it should have worked.”**

Against these criticisms it should be reiterated that the scheme has experienced significant staff disruption; that the process of getting the bid through for CLG approval in order to gain a designation in Hartlepool was laborious and protracted, and that selective licensing is a new policy to implement.

In respect of the future of the project, suggestions were made to the evaluation team that

- The project delivery team should not be ‘separate’ as a standalone project from the rest of the Private Sector Housing division and instead should be closer integrated with them - so that the functions

of the selective licensing project continue but not necessarily with its own discrete, dedicated staff team.

And /or

- That the project is reconfigured so that the selective licensing officers are relocated - possibly with neighbourhood managers- to make the project more 'community facing', and that these officers should lead on prioritising the workload of the administrative side of the scheme.

Of these suggestions, the latter appears best suited to addressing the other issues identified in this report relating to the focus of the project, whilst the former would still need additional measures to enable this.

**The project needs re-alignment to deliver on its original aims. Effective selective licensing needs to be neighbourhood oriented. Changes should be made to the project to enable this. The project steering group needs to be strengthened in respect of resident representation, and the project needs to be more responsive to the direction provided by the partners that attend.**

## 9. What Has Been Achieved?

The project has yet to prosecute a landlord for non-compliance. It has already been established that those landlords that have been licensed are those that have voluntarily returned applications / complied with requirements without recourse to enforcement action.

One landlord consulted for this evaluation reported dissatisfaction with the lack of enforcement. The landlord, who has around 20 rented properties in the area, endorsed the principle of the scheme.

**"I do support the principle. I'm extremely supportive of what selective licensing aims to achieve. I think it's absolutely right and proper that people should have proper housing and decent standards. But what is happening to those who haven't responded? Nothing as far as I've seen. We've paid money into it because we recognise everybody has to do it. But what about those who don't give a stuff about their tenancies? ... Everybody has to do it but we need severe action against those who do not. I haven't seen any of that happening"**

It was recognised by all evaluation participants that given the delays to the project, and the fact that negligent or absentee landlords have yet to be targeted, that it was too early to assess any impact of the scheme. No statistical anti social behaviour information has been produced in this report as a consequence.

(A relevant point to note is that the national evaluation of selective licensing cautions against measuring the success of schemes with simple statistical counts relating to anti-social behaviour, in favour of qualitative assessments of neighbourhoods, and of residents opinions.)

Perhaps a more pertinent question is ‘what will the project achieve?’ Most officers voiced strong fears that the project could run for another year or more processing licenses for compliant landlords without actually making any differences to the problems of the selective licensing areas. It was reiterated that anti social behaviour levels remain a problem in the NDC area and selective licensing is seen as a key element in tackling this.

**The delays to the project and the gradual roll-out of licenses that has only recently gained some momentum mean that it is too early to assess the impact of the scheme. Without a change in the focus of the project to prioritise problematic tenancies the project is unlikely to deliver meaningful improvements.**

## 10. The Future

The financial pressures currently being experienced by all local authorities inevitably come to the fore in discussions around future activities and services. However, selective licensing has much political support in the town and a great deal of attention is focused on it. The extent to which this support will remain is likely to depend on the success of the scheme. And as evidenced in this report, many evaluation participants believe the project is not structured or being delivered in ways that will bring about this success.

Beyond 2011, the selective licensing project is already a budget pressure for the future. Who will run the scheme and issue licenses in the last years of the designation and police it for 5 years thereafter? How will this be funded?

The project is generating some funding from fees, which will help, but as the national evaluation of selective licensing points out, selective licensing will never be a self-sustaining activity.

Despite this, a senior HBC officer gave the following assurances

**“You can assure the NDC steering group this will continue ... there is already funding there for it. I have no intention of taking away selective licensing as a principle. There may be some reorganisation but it will still have the focus ... the functions will continue ... we’ve got councillors screaming for it.”**

A further issue of consideration is the 6 areas of the designation and whether the project will look to expand these areas in the future, but until

the concerns that have been raised are addressed, it remains too early to consider this.

**Some financial reserves have been generated through license fees but selective licensing is not a self-sustaining activity and will require additional finance in the future. The political support in place for the scheme suggests it will continue in some form although the project will need to demonstrate impact.**

### 11. Final Comment

This review of Hartlepool's selective licensing project has been particularly challenging given the divergent opinions of respondents that have been aired. It is recognised that some aspects of the scheme lack detailed appraisal in the evaluation (such as development of enforcement policies, use of temporary exemption notices) due to the primary, over-riding focus given by key participants to some fundamental questions about the project.

Even at senior officer level at HBC, participants offered contrasting views over whether the roll out of the scheme should be primarily targeted at individual problematic tenancies or whether the methods that have been used were appropriate. These conflicting views were also evident amongst project staff and partners, giving rise to significant frustration and dissatisfaction. In the opinion of the evaluator the distinction between these different views is crucial because it gives insight into the level of appreciation of what the project is about.

For the current management, although it is now being recognised that measures to improve links with partner agencies need to be put in place, it is now delivering more or less as anticipated - getting landlords licensed in the six areas that had been identified as priorities.

For others, the project has become a paperwork exercise that will not - as it currently operates - achieve the aims of selective licensing, and which lacks a neighbourhood or problem-oriented focus. This perceived failure to grasp the fundamentals of the project has also led to doubts that the project can be re-aligned without significant changes taking place.

In the opinion of the evaluator if selective licensing is to deliver its aims the project must radically change. It needs to privilege multi-agency working and co-ordinated responses over the task of getting licenses out. It also needs to be a proactive leader of multi-agency identification of priorities, and a co-ordinator of joined-up responses - both supportive activities and enforcement. It is in this belief that the recommendations of this report are made.

## CONCLUSIONS

1. The selective licensing project in Hartlepool has established a process to grant licenses to landlords in the licensing designation areas under part 3 of the 2004 Housing Act, and it has licensed 225 properties to October 18<sup>th</sup> 2010.
2. The project has been beset by disruptive personnel changes, access to data streams, and council management re-structure.
3. The project lacks effective procedures and genuine partner engagement for prioritising, and responding to, problematic tenancies.
4. The database of properties in the licensing areas, and measures in place to keep it as up to date as possible, are inadequate for the purposes of a prioritised project roll-out.
5. Selective licensing has under-prioritised measures to identify and respond to problematic tenancies in favour of property inspections. These appear to give only tangential additionality to selective licensing aims.
6. Speculative projections suggest the estimated number of licensable properties in the designation areas (possibly around 800 at the current time - but subject to fluctuation) will have been licensed by around February 2013, although this is far from certain given the lack of quality data.
7. It is highly doubtful that the project will deliver its objectives in an acceptable time frame if it continues to be delivered in the same way. The project needs urgent re-alignment.
8. The project steering group has failed to ensure an appropriate focus for the project despite efforts by steering group members to achieve this.
9. The project is generating significant reserves in license fees although selective licensing will not be a self-sustaining activity.
10. It remains too early to assess any impact of selective licensing in the designation areas.
11. Selective licensing remains a political priority, and assurances were received from HBC officers that the functions of the project will continue for the foreseeable future, although some restructuring may occur.
12. Fundamental questions about the focus and practices of selective licensing in Hartlepool have taken precedence in this evaluation over an exhaustive appraisal of all aspects of the scheme.

13. Project working relationships are strained due to different ideas about the project. It is likely that this evaluation report may exacerbate these tensions and this has therefore been factored in to the recommendations.

## RECOMMENDATIONS

1. HBC recognise the need to make selective licensing more partnership-oriented, problem-focussed, and more closely integrated with neighbourhood management, and should undertake a fundamental restructure of the project to deliver this.
2. The existing selective licensing service delivery should be reviewed.
3. The selective licensing function should have a community base, removing any notions of selective licensing as a purely administrative process.
4. The original aims of selective licensing should be re-affirmed and the project re-aligned as necessary, to include
  - Foregrounding working relationships with other agencies and the establishment of an effective selective licensing partnership.
  - Identifying with partners problematic tenancies and pursuing landlords accordingly
  - Leading on database reconstruction
5. The project steering group should be strengthened and the project should be more responsive to the direction provided by this group. The steering group should also include more residents.
6. Senior HBC officers should assist the project lead with gaining access to data if barriers are encountered.
7. HBC to bring a report on project progress to the NDC Steering Group at the March 2011 meeting.

## Appendix 1 - Methodology



### NDC Evaluation Project

#### Proposed Methodology for the Evaluation of *Selective Licensing in the Private Rented Sector*

##### Introduction

*Selective Licensing in the Private Rented Sector* was approved by the NDC Steering Group on 10<sup>th</sup> April 2008. The project's broad objectives are to improve the standards of housing management by private landlords in the area. It is anticipated that this regulation will deliver improvements in satisfaction with the area as a place to live - tackling the twin aims of addressing anti-social behaviour, and arresting low demand for housing in some of the town's most problematic areas.

The project is co-funded between NDC and Hartlepool Borough Council (HBC), the latter being responsible for the delivery of the project. A total project cost of £262,673 was approved, made up of £142,673 of NDC revenue funding from the Crime and Community Safety theme of the NDC Programme and a further £120,000 from HBC. The project will run for five years, up to the end of March 2013. This is two years beyond the end of the NDC Programme. NDC therefore 'front-load' the funding for the scheme.

A project update report supplied by HBC to the NDC Steering Group on 12<sup>th</sup> August 2010 identified a number of issues which had delayed the implementation of the scheme, but also reported that progress was now being made. It was agreed at the meeting that an evaluation should take place at the earliest opportunity, reporting back to the NDC Steering Group in October.

##### Evaluation Questions

The evaluation will seek to provide the following

- **An illustration of the development of the project to date.** How has the project been rolled out? Could the delays to the project have been avoided and what can be learned from the experience?
- **Analysis of whether the need for the project still exists and what evidence supports this?** Was the baseline data used for the development of the scheme appropriate /adequate?
- **Analysis of the early impact of the project.** What evidence is there of reduced levels of anti social behaviour in the identified areas? What

evidence exists that low-demand for housing in the selected areas is being addressed? *(It should be recognised in advance that impact may be relatively limited given the delays that have taken place, and that results that are directly attributable to the project are likely to be difficult to disentangle from wider factors.)*

- **An investigation of any changes that have taken place in the areas originally identified as priorities.** What factors should influence future prioritisation?
- **An assessment of the key relationships the project has established:** with landlords; and with those partner agencies that can identify the most problematic tenancies.
- **A summary of views expressed by interviewees relating to any possible or potential changes which could be made that would deliver operational or strategic improvements to the project's overall effectiveness**
- **It will also seek to address what will happen with the project in the future.** This will include consideration of future management arrangements and the involvement of stakeholders post 2011 when NDC funding ends.

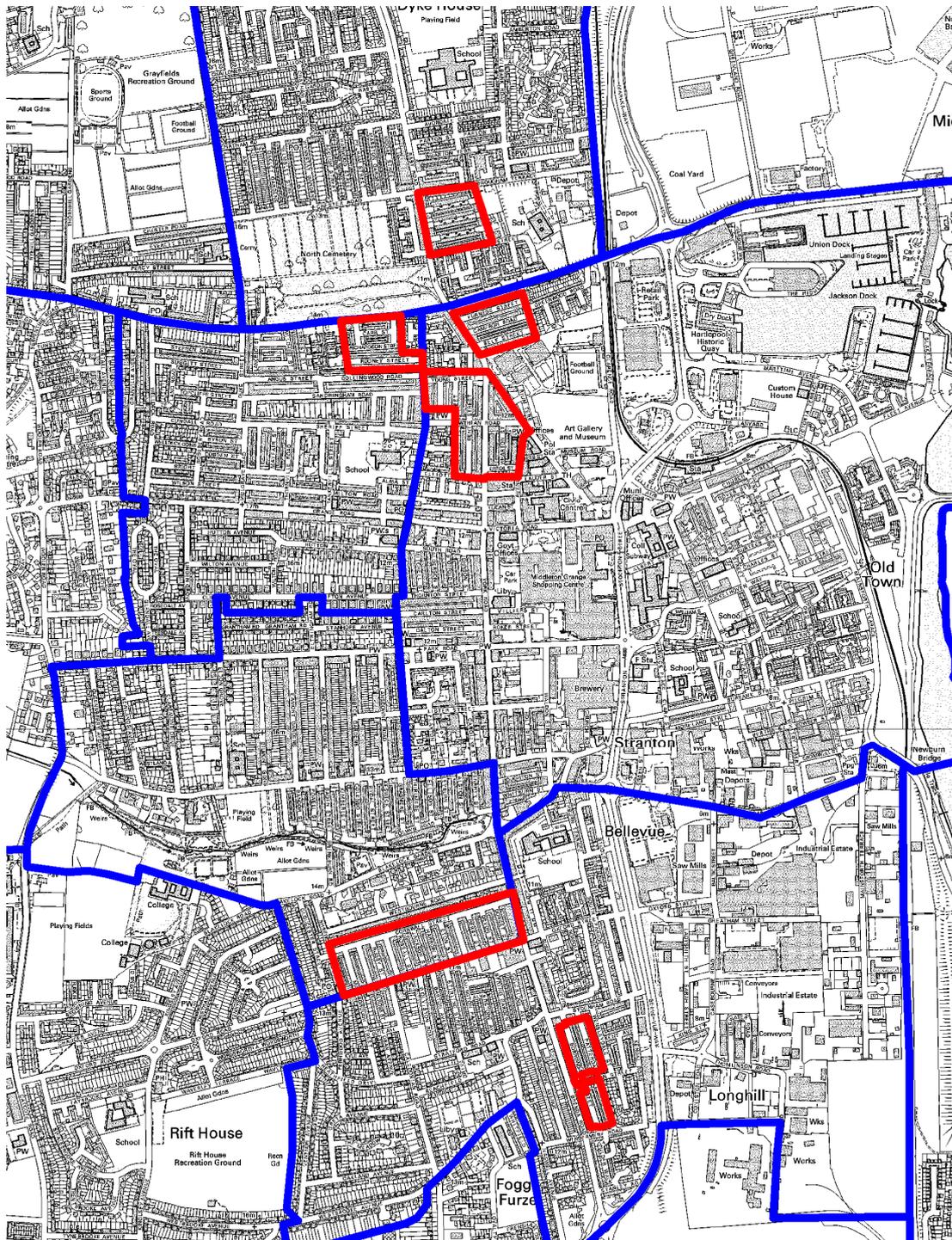
The report will draw some conclusions and make some recommendations for the future for consideration by the NDC partnership, HBC, and key partners.

### Research

The following data collection activities will be undertaken.

- Analysis of project documentation and records
  - Project appraisal
  - Quarterly monitoring data
  - Data and records gathered by project staff
- Analysis of published research relating to selective licensing
- Semi-Structured interviews with key HBC officers
- Telephone interviews with several landlords that have experience of the scheme and who have applied for or gained a license through the project
- Informal discussions with other project staff at 173 York Road and at HBC, expected at the outset to include
- Telephone interviews and / or informal discussions with Resident Representatives and with Ward Councillors in areas where selective licensing has been introduced. (Had the project been further developed more comprehensive data collection methods including surveys of local residents in the areas under consideration would have been undertaken. Any subsequent research into the effectiveness of the project should include this.)

## Appendix 2 - Selective Licensing Designation Areas



Appendix 3, reproduced from Designation Approval

11.02.21 - Cabinet - 6.1 - Selective Licensing of Private Landlords - appendix A

**List of Addresses in Proposed Designation Area****Area A**

Brougham Terrace 2 to 40 Evens  
 Grainger Street 1 to 21 inc  
 Gray Street  
 Hurworth Street  
 Perth Street  
 Turnbull Street 46 to 68 inc

**Area B**

Addison Road 2 to 4 Evens  
 Belk Street  
 Cameron Road  
 Furness Street

**Area C**

Blake Street 2 to 18 Evens  
 Carr Street  
 Hart Lane 31 to 57 Odds  
 Hopps Street

Jobson Street  
 Murray Street 77 to 79 Odds  
 Richardson Street  
 Rodney Street

**Area D**

Avenue Road 36 to 60 Evens  
 Dent Street  
 Derwent Street  
 Elliott Street 2 to 12 Evens  
 Errol Street  
 Lowthian Road  
 Morton Street  
 Raby Road 25 to 57 Odds  
 Straker Street  
 Wharton Street  
 York Road 11 to 81 Odds  
 York Road 2 to 48 Evens  
 Young Street 5 to 11 Odds

**Area E**

Charterhouse  
 Street  
 Cornwall Street  
 Derby Street  
 Devon Street  
 Dorset Street  
 Eton Street  
 Harrow Street  
 Jackson Street  
 Marlborough  
 Street  
 Oxford Road 2 to 136a Evens  
 Richmond Street  
 Rossall Street  
 Rugby Street  
 Shrewsbury  
 Street 11 to 39a Odds  
 Uppingham  
 Street

**Area F**

Borrowdale  
 Street  
 Kathleen Street 2 to 8 Evens  
 Kathleen Street 1 to 5 Odds  
 Patterdale Street



**SELECTIVE LICENSING**

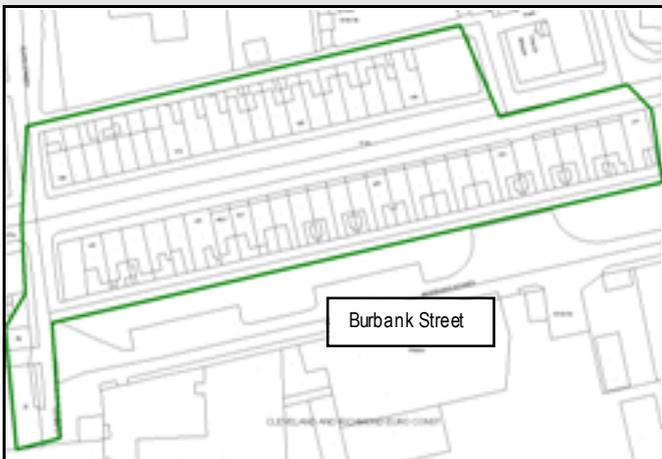
<b>AUTHOR:</b>	Rachel Parker, Community Safety Research Officer
<b>DATE:</b>	February 2011

The contents of this document is for the sole use of reducing crime and disorder in the borough of Hartlepool, no part of this document may be copied or amended without prior consultation with the Safer Hartlepool Community Safety Research Team as named above.

## 6.1 Appendix B

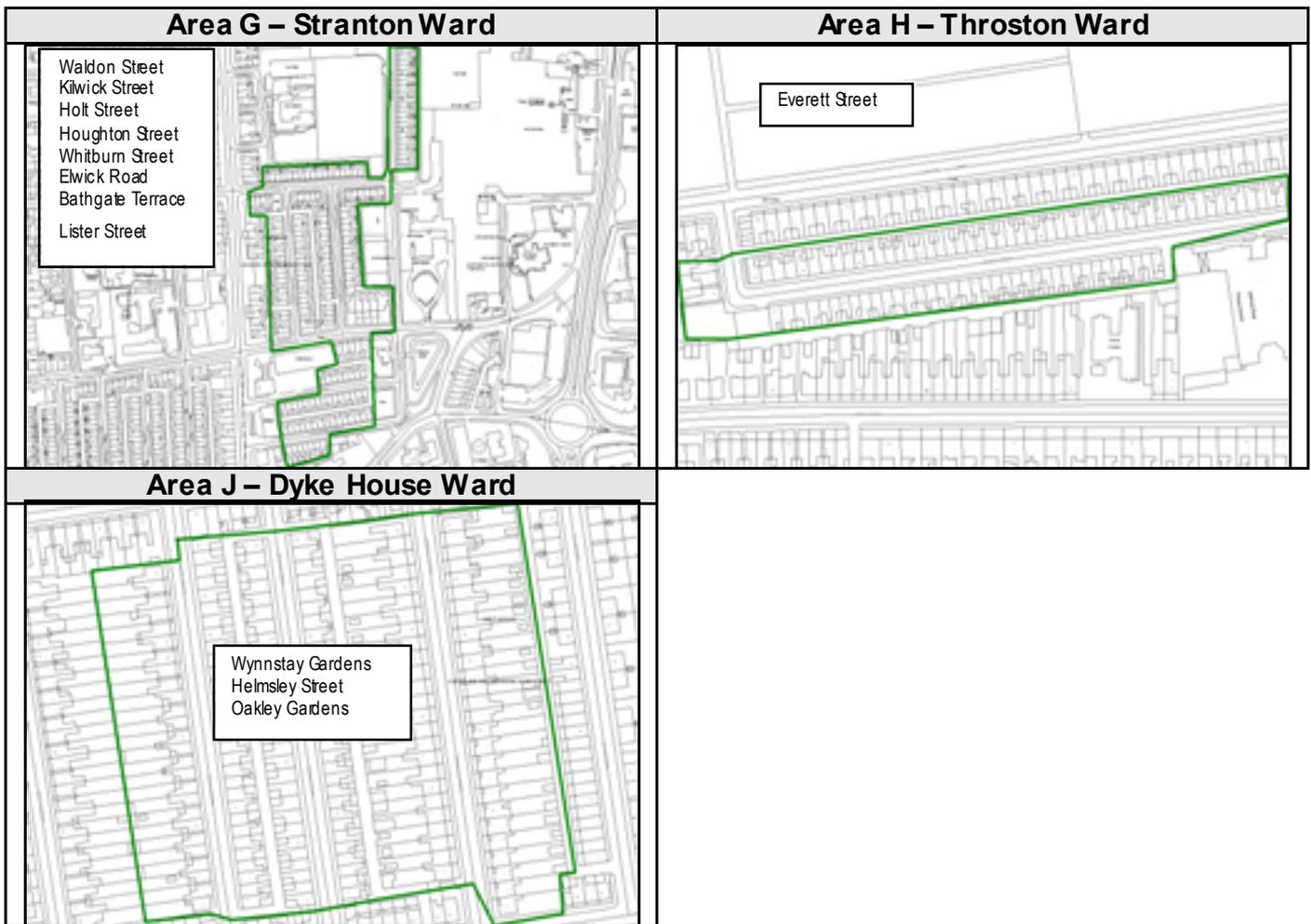
### INTRODUCTION

This document has been produced to assist in the identification of proposed areas for inclusion in the Selective Licensing scheme. Using the Community Safety “Profiler” GIS system, research has been conducted on the nine proposed Selective Licensing areas, as shown in the maps below:

<p style="text-align: center;"><b>Area A – Dyke House Ward</b></p> 	<p style="text-align: center;"><b>Area B – Grange Ward</b></p> 
<p>For addresses contained inside the boundary see appendix 1</p>	<p>For addresses contained inside the boundary see appendix 1</p>
<p style="text-align: center;"><b>Area C – Stranton Ward</b></p> 	<p style="text-align: center;"><b>Area D – Burn Valley Ward</b></p> 
<p>For addresses contained inside the boundary see appendix 1</p>	<p>For addresses contained inside the boundary see appendix 1</p>
<p style="text-align: center;"><b>Area E – Foggy Furze Ward</b></p> 	<p style="text-align: center;"><b>Area F – Stranton Ward</b></p> 

## 6.1 Appendix B

For addresses contained inside the boundary see appendix 1



Data sources researched includes the following:

- Address Point.
- Cleveland Police Anti-social Behaviour Incidents – recorded between 1<sup>st</sup> October 2009 and 30<sup>th</sup> September 2010.
- Cleveland Police Criminal Damage Offences - recorded between 1<sup>st</sup> October 2009 and 30<sup>th</sup> September 2010.
- Cleveland Fire Brigade Deliberate Fires – recorded between 1<sup>st</sup> October 2009 and 30<sup>th</sup> September 2010.
- Private Sector Housing Service Requests – recorded between 1<sup>st</sup> October 2009 and 30<sup>th</sup> September 2010.
- Anti-social Behaviour Unit Cases – recorded between 1<sup>st</sup> October 2009 and 30<sup>th</sup> September 2010.
- Environmental Protection Noise Nuisance Complaints – recorded between 1<sup>st</sup> October 2009 and 30<sup>th</sup> September 2010.
- Council Tax - Empty Properties.

## 6.1 Appendix B

### DATA ANALYSIS

Research of the above data sets within each of the defined boundaries has identified the figures outlined in the following tables.



\* Includes domestic and commercial addresses



The greatest number of incidents in each area are recorded as 'Rowdy/Nuisance – Rowdy and inconsiderate' this anti-social social behaviour incident category is used to record the following behaviour;

- Shouting and swearing.
- Loutish, rowdy and noisy behaviour.
- General drunken behaviour.
- Setting fires not directed at persons or property.
- Climbing on building, including scaffolding. This will include roof top chasing, although if damage is caused then it should be recorded as a notifiable crime.
- Throwing stone or other missiles. However if damage or injury caused, then this should be recorded as a modifiable crime.
- Letting down tyres. Although if damage is caused a notifiable crime should be recorded.
- Gathering in public places
- Impeding access to communal areas by congregating outside shops, etc...
- Complaints of impeding access to communal areas by numbers of people using skateboard, BMX bikes etc...
- Playing football or other games in inappropriate areas.
- Urinating in public.



## 6.1 Appendix B



## 6.1 Appendix B



## 6.1 Appendix B

### APPENDIX 1:

#### Address in Area A - Dyke House Ward

Avondale Gardens  
Brougham Terrace 43-81 odds  
Mapleton Road 2 – 20 inclusive & 22 – 44 evens  
Milbank Road 17 – 23 odds  
Parton Street 2 – 10 evens & 11 – 53 inclusive  
Raby Road 178 – 206 evens  
St Oswalds Street  
Wharfbn Terrace

#### Addresses in Area B – Grange Ward

1 Angus Street  
Brafferton Street  
Brook Street 52, 53 & 59 – 65 odds  
Christopher Street 1 – 22 inc.  
Collingwood Road  
Collingwood Walk  
Cundall Road  
Duke Street 2 – 44 evens & 49 – 65 odds  
Grosvenor Street 43 – 59 odds & 66 – 84 evens  
Harcourt Street  
Hart Lane 117 – 203 odds  
Laburnum Street 15 & 20 – 26 inc  
Murray Street 22 – 28 evens & 33 – 77 odds  
Raeburn Street  
Roseberry Mews  
Roseberry Road 17 – 33 odds & 32 – 54 evens  
Ryan Court  
Sandringham Road  
Sheriff Street  
Stephen Street  
Suggit Street  
Topcliffe Street  
Weldeck Road 40 – 106 evens  
Zetland Road 1 – 19 inclusive

#### Addresses in Area C – Stranton Ward

Alderson Street  
Carlton Street  
Johnson Street  
Mitchell Street  
Osborne Road 1 – 7 odds  
South Road 21 – 33 odds  
St Pauls Road  
Stofold Street  
Thomton Street

#### Addresses in Area D – Burn Valley Ward

Alston Street  
Baden Street  
Bangor Street  
Burn Valley Gardens  
Colenso Street  
Colwyn Road  
Ellison Street  
Elwick Road 39 – 167 odds  
Grasmere Street  
Keswick Street  
Kimberley Street  
Leyburn Street  
Penrhyn Street  
Powell Street  
Rydal Street  
Thirlmere Street

#### Addresses in Area E – Foggy Furze Ward

Edgar Street  
Hereford Street 4, 6 – 22 inclusive, 24, 26  
Kendal Road  
Kent Avenue  
Sydenham Road  
Wensleydale Street 1 – 19 odds, 20 – 37 inclusive, 38 – 62 evens  
Worcester Gardens

# CABINET REPORT

21 February 2011



**Report of:** Chief Customer and Workforce Services Officer

**Subject:** JOB EVALUATION APPEALS

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## SUMMARY

### 1. PURPOSE OF REPORT

To obtain Cabinet ratification of the proposed arrangements to progress the outstanding Job Evaluation Appeals.

### 2. SUMMARY OF CONTENTS

The report details the background to and agreement reached in principle with the trade unions in respect of a revised process and timetable for Job Evaluation Appeals.

### 3. RELEVANCE TO CABINET

Corporate issue.

### 4. TYPE OF DECISION

Non Key.

### 5. DECISION MAKING ROUTE

Cabinet only.

### 6. DECISION(S) REQUIRED

Cabinet ratification of the proposed arrangements to progress the outstanding Job Evaluation Appeals.

**Report of:** Chief Customer and Workforce Services Officer

**Subject:** JOB EVALUATION APPEALS

---

## 1. PURPOSE OF REPORT

- 1.1 To advise Cabinet of the arrangements made to progress the outstanding Job Evaluation Appeals.

## 2. BACKGROUND

- 2.1 A process for dealing with Job Evaluation appeals was agreed with the trade unions as part of the Single Status Agreement. At the same time as considering the factors appealed by employees, the Appeals Panel have been checking all the factors (the 'sore thumbbed' factors) to ensure that the whole of the evaluation or job profile is fully reflective of the job being undertaken. This process has been applied in respect of all high priority JE appeals up to April 2010 and to any appeals received from employees who are due to leave the Council's employment as a result of 2011/12 budget decisions which have been 'fast-tracked' so that they can be resolved before employee leave.
- 2.2 The Trade Unions wrote formally to the Council in May 2010 (**Appendix 1**) outlining their dissatisfaction with aspects of the process which had applied to high priority appeals. Discussions with the trade unions identified that their main concerns related to the lack of transparency in the decision making process and the inequality of information being provided to panels particularly in respect of sore thumbbed factors. They wished to have a process where the employee had the opportunity to attend the Appeal Panel meeting and present their case. In addition they wished to give the appellant the opportunity to state their case in respect of sore thumbbed factors and indicated that the principles of any new process should apply in the same way (as far as possible) for all appellants regardless of whether their appeal has already been heard.
- 2.3 Job Evaluation appeals have been discussed in various forums since May 2010 including at Cabinet on 29 November 2011 where concern was raised regarding the speed with which appeals are being dealt with.
- 2.4 The number of appeals received as a result of the implementation of the new pay and grading structure is detailed in Table 1.

**Table 1**

Department	Posts Appealed (and number of employees appealing)/Priority					Total
	High (already considered by Appeals Panel)	High (due to be considered by Appeals Panel before April 2011)	Medium	Low	Very Low	
Chief Executive's	14(23)	3 (3)	18 (32)	3 (5)	1 (1)	39 (64)
Child and Adults	33 (60)	11 (38)	26 (33)	24 (49)	11 (11)	105 (191)
Regeneration and Neighbourhoods	56 (70)	4 (7)	36 (40)	41 (49)	6 (6)	143 (172)
Schools	4 (4)	2 (2)	3 (6)	1 (1)	0	10 (13)
<b>Total</b>	<b>107 (157)</b>	<b>20 (50)</b>	<b>83 (111)</b>	<b>69 (104)</b>	<b>18 (18)</b>	<b>297 (440)</b>

2.6 The outcomes of appeals already considered by the Appeals Panel and ratified by the Performance Portfolio Holder is detailed in Table 2

**Table 2**

	Pay band increased on Appeal and Outcome Ratified (no of employees affected)	Pay band stayed the same on Appeal and Outcome Ratified (no of employees affected)	Pay band decreased on Appeal and Outcome Ratified (no of employees affected)	Ongoing Financial Impact for the Council at the maximum of the Pay Band (inc. Employers costs)	Back pay costs processed through payroll
Chief Executive's	3 (5)	11 (18)	0 (0)	£15,600	£12,801
Child and Adults	6 (7)	23(49)	4 (4)	£12,470	£19,532
Regeneration and Neighbourhoods	9(9)	43(55)	4(6)	£15,526	£12,450
Schools	0 (0)	4 (4)	0 (0)	0	£0
<b>Total</b>	<b>18 (21)</b>	<b>81 (126)</b>	<b>8 (10)</b>	<b>£43,596</b>	<b>£44,063</b>

2.7 There is not an even distribution of outstanding appeals within Departments as there are some instances of a significant number of appeals having been received from employees who now report to the same Chief Officer.

### **3. AGREEMENT REACHED WITH THE TRADE UNIONS (IN PRINCIPLE)**

#### **3.1 Agreement has been reached, in principle, with the trade unions to amend the Appeals Procedure as follows:**

- Appellants to receive copies of the written case submitted by Chief Officers;
- Appellants have the right to submit a supplementary written case in respect of sore thumbbed factors;
- Attendance at Appeals Panels by Appellants and Chief Officers (or representative) to present cases and to respond to any queries;
- Strict timescales for Chief Officers and Appellants to submit their written cases and present cases to the Appeals Panel;
- Appellants to be provided with improved information about the outcome of appeals;
- Appellants whose appeals have been considered under the current process (including the appeals from employees leaving the Council as a result of 2011/12 budget decisions) to have the opportunity to have their appeal outcomes reconsidered (using a similar procedure to the above) once all other appeals arising from the implementation of the new Pay and Grading Structure have been considered
- Procedure compliance checking by the Performance Portfolio Holder when requested to do so by an appellant

In addition, a provisional timetable for processing all outstanding appeals by December 2011 has been agreed, although it may be necessary to extend this where a significant number of appeals have been received from employees who now report to the same Chief Officer.

### **4. NEXT STEPS**

#### **4.1 The next steps will be to reach agreement with the trade unions in respect of:**

- a revised appeals procedure (which will be submitted to the Performance Portfolio Holder for ratification);
- finalising a detailed programme for considering the appeals

### **5. RECOMMENDATIONS**

#### **5.1 Cabinet note the progress to date and ratify the proposed arrangements to progress the outstanding Job Evaluation Appeals**

Appendix 1

## **HARTLEPOOL JOINT TRADES UNION COMMITTEE**

**Chair:- SJ Williams**

**Secretary:- E Jeffries**

**Union Suite**

**Level 1,**

**Windsor Offices**

**Middleton Grange**

**Hartlepool**

**TS24 7RJ**

**Tel:- 01429 523868**

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Joanne Machers  
Chief Customer and Workforce Services Officer  
Hartlepool Borough Council  
Civic Centre  
Victoria Road  
Hartlepool  
TS24 8AY

Dear Joanne,

Job Evaluation Appeals – Review.

In response to the current position of dissatisfaction with the Job Evaluation Appeals process as discussed HJTUC accept the proposed revised procedure include provision of further appeal regarding sore thumbed factors not included in the original appeal, as outlined insofar as ensuring equitability of information going to the Appeals Panels and as a point to make progress in a formal review of the process including panels.

It has become obvious that the inequality of information, the total lack of employee involvement after the appeal has been submitted in comparison with the departments in the process, lack of information on decisions with the appeals, rubber stamping of outcome inherent within the current process is leading to a perception of unfairness and lack of openness and 'allegations' of decisions made in camera by a 'star chamber'.

To resolve these issues and to ensure that the process does not lose its integrity with employees I propose that the changes to the process as outlined in previous meetings are accepted but also that employees / managers (and their representatives) can request attendance at their appeal (hearing) and also that the information on the outcome of the appeal is significantly improved from the current 'notification'. I also suggest that an employee may request (via Portfolio holder) a 'check' of the process with regard to their appeal.

To ensure all appeals are dealt with equally, in reviewing the procedures, all current appellants that have had their appeals dealt with under the current procedure to be given an opportunity to access the revised procedure with regard to their appeal.

I would hope that a meeting of all involved within the JE Appeals Process can discuss and make progress on the above issues.

Yours,

Edwin Jeffries  
Secretary

**CABINET REPORT**  
21 February 2011



**Report of:** Director of Regeneration and Neighbourhoods

**Subject:** LOCAL ASSET BACKED VEHICLES

---

**SUMMARY**

**1. PURPOSE OF REPORT**

To provide background information on the setting up of Local Asset Backed Vehicles (LABVs) and the basic principles of their function and role.

To update Members on the progress made in considering their suitability as a regeneration model for Hartlepool.

**2. SUMMARY OF CONTENTS**

This report outlines what LABVs are and why the Council should consider setting up an LABV to take forward the regeneration of Hartlepool, using as its core key physical assets in its ownership as a mechanism for leveraging in private sector investment and developers.

The report will also consider the basic principles around which LABVs are established and operate, including explaining what needs to be taken into account when selecting a development partner or partners.

Finally, the report will highlight the work that is currently underway which will help inform any decision to establish or otherwise, an LABV for Hartlepool.

**3. RELEVANCE TO CABINET**

At a time when funding sources for regeneration are becoming increasingly difficult to access and the levels of funding available are much reduced, local authorities are being actively encouraged by

Government to consider creative ways to deliver their regeneration ambitions, in particular, using the resources available through private sector routes. As a major owner of key physical assets in the Borough, it is appropriate for the Council to consider the setting up of an LABV to explore how its regeneration priorities may be delivered. The potential of an LABV was raised as a future project in addressing the budget deficit in 2011/12 and beyond the Cabinet's meeting on the 24 January 2011.

**4. TYPE OF DECISION**

For information and comment at this stage.

**5. DECISION MAKING ROUTE**

Cabinet, 21<sup>st</sup> February, 2011 for information and comment only at this stage.

**6. DECISION(S) REQUIRED**

Members are asked to note and comment on the information contained within the report regarding the setting up of LABVs and the work underway to establish the potential to establish an LABV for Hartlepool.

Members are asked to agree to receive regular update reports on the feasibility of an LABV for Hartlepool.

**Report of:** Director of Regeneration and Neighbourhoods

**Subject:** LOCAL ASSET BACKED VEHICLES

---

**1. PURPOSE OF REPORT**

- 1.1 To provide background information on the setting up of Local Asset Backed Vehicles (LABVs) and the basic principles of their function and role.
- 1.2 To update Members on the progress made in considering their suitability as a regeneration model for Hartlepool.

**2. BACKGROUND**

What are LABVs?

- 2.1 Local Asset Backed Vehicles (LABVs) are a type of public and private sector partnership that allows public sector bodies, such as Local Authorities, to utilise their assets usually land and buildings, (capital reserves and specialist technical staff can also be invested) in order to attract long-term private sector investment to deliver socio-economic development and regeneration plans and ambitions.
- 2.2 LABV's are designed to encourage the parties involved to pool their resources, such as finance, planning powers, land, buildings and expertise, in order to balance the level of both risk and benefits to all parties involved. In the current economic climate, LABVs are increasingly being seen as a potential model for the delivery of regeneration and would appear to sit comfortably with the Government's emerging 'localism' agenda.
- 2.3 A typical structure of a LABV is illustrated at **Appendix 1**.
- 2.4 Traditionally, the partnership would then take these collective assets as collateral to raise debt finance to develop and deliver the regeneration priorities defined in the project portfolio. The assets would revert back to the public sector if the partnership fails to progress the project portfolio according to agreed timescales through, for example, the use of option agreements. This reduces the risk of land banking which should, in theory, enable speedier delivery.

### 3. WHY CONSIDER AN LABV?

- 3.1 The traditional Local Authority regeneration route is either to dispose of its land and property assets to a developer to deliver regeneration priorities in return for which a capital receipt is generated which may then be used to invest in further regeneration projects, or be invested in the Council's capital schemes. Alternatively Local Authorities borrow against their assets to invest in a development scheme or project.
- 3.2 In either scenario, the asset is either lost altogether with a single capital receipt, or developed with capital that needs to be repaid over time. This piecemeal approach can restrict the speed at which regeneration can take place. In addition, it does not usually lever in any or significant private sector investment, thereby restricting the pace and extent of regeneration actively.
- 3.3 The use of a regeneration LABV can prevent or restrict the ability of developers to 'cherry pick' sites for development that will net the most lucrative returns. The LABV, shareholder/development agreement can balance development priorities to include the sites or buildings in the most deprived areas or ones which may have low or negative values by creating the opportunity for cross subsidy.
- 3.4 Critical to the successful delivery of regeneration by use of LABVs is the opportunity it gives to proactively develop an holistic, integrated and strategically planned vision for an area, rather than reactive opportunism which may only deliver short-term benefits. This approach can achieve better value for the Council and its council tax payers by realising greater benefits from its assets.
- 3.5 The structure of LABVs can also be flexible enough to allow for proper 'community planned' or 'total place' collaboration and partnership, as the LABV need not be restricted to one public sector organisation, (e.g. the Council) it could also include other local strategic partners, for example the Police, Fire Brigade, health authority, etc.
- 3.6 A model of this nature, with multi partner investment, can help neutralise partnership suspicion as the risks and rewards are shared and thus all partners are incentivised to ensure it performs well.
- 3.7 Another advantage this brings is that the LABV can be clustered around the vision of the Hartlepool Partnership and embedded or underpinned by the spatial planning approach adopted in the Local Development Framework. This may also help in securing a further income stream for the LABV or strategic regeneration generally by forming the basis for a Tax Incremental Finance bid for key regeneration sites/premises. The LABV could, through the Council involvement as a shareholder, borrow against anticipated tax revenue.

#### 4. BASIC PRINCIPLES

- 4.1 Authority for the Council to undertake to enter into LABV comes under Section 2 of the Local Government Act 2000, otherwise known as the wellbeing powers. The remit of the LABV being a mechanism to secure the social, economic and environmental regeneration wellbeing of a defined Local Authority area.
- 4.2 The operational details as far as the LABV is concerned will need to form part of a contractual agreement between the relevant public sector and private sector partners. This is generally established through and laid out in a Shareholder Agreement between all interested parties. This document is the key to the LABV and would typically cover the following -
- Details of the partners and those within the company along with stakeholder split (50/50).
  - Director Representation.
  - Role, remit and authority of the Directors.
  - Conduct of meetings and quorum.
  - Aims and objectives of the company.
  - How the company will be serviced.
  - Guarantees and Warranties.
  - Project approval procedures.
  - CPO Indemnity Agreements.
  - Shareholder consent matters.
  - The Business Plan.
  - The duration of the agreement (ideally 10 to 15 years).
- 4.3 The Business Plan should clearly articulate the portfolio of projects to be tackled giving some indications of phasing in order to ensure that the private sector partner does not solely concentrate on the easiest and most rewarding sites. It is more important to front load projects that will have the greatest regeneration impact in order to win support and develop confidence in the LABVs delivery capacity.

#### 5. FUNDING A DEVELOPMENT PARTNER

- 5.1 Before engaging a development partner, there are a variety of challenges which need to be addressed in order to understand what the LABV will do, and thus what form it should take.
- 5.2 Identifying a Portfolio of Assets - probably the most fundamental task for any local authority, public sector body or bodies. This helps understand both the land and property assets available along with the type of projects suitable for them. It is critical to achieve the right balance of projects in order to gain the interest of private sector partners. For HBC it would also be appropriate to consider at this stage whether this is simply a HBC/private sector LABV or, perhaps a Hartlepool Partnership LABV, including assets invested from other

public sector bodies such as the Police, Health, Fire, etc. The greater the number of assets available, the more likely will be the private sector interest.

- 5.3 Soft Market Testing - the ready supply of sites, buildings and potential projects does not in itself guarantee that a private sector partner will be interested. At this stage, it would be useful to undertake some soft marketing testing. In essence, this means developing a 'prospectus', outlining the overall regeneration vision for the proposed LABV, explaining some of the key aims, objectives and projects and approaching potential investment partners directly in order to gauge interest. In practice this should be a combination of mail outs, letters, adverts, surveys and direct face to face meetings.
- 5.4 Key Stakeholder Engagement - alongside the soft market testing, it is critical to enlist the support of key partner organisations and stakeholders. This helps articulate a continuing regeneration vision for an area ensuring that the wider partnership is on board and willing to provide their support or indeed resources and expertise where required.
- 5.5 Assess the Sustainability of the Planning Framework - in order to deliver some of the potential projects, an understanding of the planning framework is important and for some sites or groups of sites in certain areas it may be beneficial to develop comprehensive master plans to facilitate delivery. This approach has already been adopted in Hartlepool, for example Victoria Harbour, Seaton, etc.
- 5.6 Creating a Project Team - in advance of setting up a LABV, it is crucial to have a project team in place to drive and manage the process. This team should be multi-functional with legal, finance, planning, project management and asset management skills amongst others and will be responsible for driving forward the delivery of the LABV. This could include establishing the company as a legal entity, setting up a shadow board, commissioning external technical and professional services (where required), leading the procurement process for a development/investment partner from the private sector, securing asset transfer consents, etc, etc. This team could be established from within the Council, but staff need to be released to undertake these duties or, allocated time to the project team and would need to ensure commitment to deliver in order that the project does not lose momentum. There would also be the need to engage specialist legal and technical advice.
- 5.7 Funding - Costs to progress to the establishment of a LABV could be anywhere between £500,000 to £1,000,000, if external consultants are used to lead the process, however, if much of the work could be done in house, some of the cost could be reduced or removed altogether.

## 6. CURRENT POSITION

- 6.1 Considerable background research is already underway at officer level to explore the potential of setting up an LABV for Hartlepool.

- 6.2 An initial assessment has been made of the land and property assets at the Council's disposal which may be considered suitable to invest in an LABV and whilst any decision on the assets to be invested or otherwise in an LABV remains a decision for Council to make, it is important to identify potential assets in order to gauge the level of interest the private sector may have in 'partnering' with the Council.
- 6.3 In order to explore potential private sector investor/developer interest, officers have been able to call upon the services of the Homes and Communities Agency (HCA) in the new role as 'facilitators and enablers' to secure the services of a senior officer for one day per fortnight. One of the key roles will be to take the initial list of land and property assets and 'soft market test' than with the private sector. It is envisaged that this piece of work should be completed by the end of March 2011.
- 6.4 Alongside this key piece of work, officers from the Council have been working with colleagues from Stockton Borough Council to explore the potential to combine assets as part of a joint LABV, whilst at the same time explaining ways in which they can share costs to develop separate LABVs where this is both practical and appropriate.
- 6.5 To support this process, officers have been able to secure the services of a leading consultant already working for the Tees Valley authorities under the Regional Improvement Efficiency Programme on Asset Management on an 'at risk' basis and at a considerable saving to both Councils to look at the most appropriate LABV structures either as individual local authority LABVs or as a single joint LABV. This work is an initial appraisal and does not bind the Council going forward in terms of developing a LABV individually or collaboratively. Further work is required to conclude a review of strategic options and a peer review of the 'soft market testing' results, but these costs can be shared between both Councils.
- 6.6 Once these two key pieces of work have been undertaken, it should be clearer which route the Council should take and a further report will be brought back to Cabinet in early April requiring key decisions on the next steps.

**7. LEGAL CONSIDERATIONS**

- 7.1 None at this stage.

**8. EQUALITY AND DIVERSITY CONSIDERATIONS**

- 8.1 None at this stage.

**9. RECOMMENDATION**

- 9.1 Members are asked to note and comment on the information contained within the report regarding the setting up of LABVs and the work underway to establish the potential to establish an LABV for Hartlepool.
- 9.2 Members are asked to agree to receive regular update reports on the feasibility of an LABV for Hartlepool.

**APPENDIX 1**

**Local Asset Backed Vehicle Model**

