



Cabinet

Date:	Monday, 22 July 2019
Time:	10.00 a.m.
Venue:	Committee Room 1 - Wallasey Town Hall

This meeting will be webcast at
<https://wirral.public-i.tv/core/portal/home>

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AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members of the Cabinet are asked to consider whether they have any disclosable pecuniary and/or any other relevant interest, in connection with any item(s) on this agenda and, if so, to declare them and state the nature of the interest.

2. MINUTES

The minutes of the last meeting have been printed and published. Any matters called in will be reported at the meeting.

RECOMMENDATION: That the minutes be approved and adopted.

LEADER'S UPDATE

3. EXECUTIVE KEY DECISIONS TAKEN UNDER DELEGATED POWERS

Key Decisions – no key decisions have been taken under delegated powers during the period 14 June, 2019 (date of publication of last Cabinet agenda) to date.

CABINET MEMBER REPORTS

4. NEW FERRY £200K ALLOCATION DECISION (Pages 1 - 6)

5. **AMENDMENT TO EXISTING AND CREATION OF NEW POLICIES RELATING TO PRIVATE SECTOR HOUSING (Pages 7 - 74)**
6. **APPROVAL OF BUSINESS CASE AND CONSULTATION APPROACH FOR PROPOSED SELECTIVE LICENSING (Pages 75 - 198)**
7. **FINANCIAL MONITORING OUT-TURN 2018-19 (Pages 199 - 228)**
8. **TREASURY ANNUAL REPORT 2018-19 (Pages 229 - 244)**

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CABINET

Monday, 22 July 2019

NEW FERRY £200K ALLOCATION DECISION

Councillor Janette Williamson, Cabinet Member for Finance and Resources, said:

“We will never be able to remove the distress, hardship and trauma suffered by the people of New Ferry. The dignity and spirit this community have shown since that terrible night has been nothing short of astounding, and I think the way they have responded to the challenges they have faced is an example to us all. While the recent news of potential Government funding to help rebuild the town is heartening, we must not lose sight of the human impact of this incident. That’s why I am so pleased we are able to agree this hardship fund, which will provide direct help to those people who need it most.”

REPORT SUMMARY

On 18 February 2019 budget Cabinet agreed allocate £200,000 to “help and support the residents and businesses of New Ferry”. It was requested that “officers report to Cabinet early in the new municipal year with a proposed methodology for allocating this funding.” (minute 54 refers).

This report outlines the requested proposal for allocation, offering a clear criterion for selecting recipients of financial support and a pragmatic approach to ensuring the distribution can occur as swiftly as possible, following a decision.

The contents of this report relates to the Bromborough ward, more specifically the communities of New Ferry and Port Sunlight.

RECOMMENDATION

To approve the proposal for the allocation of £200,000 to help and support the residents and businesses of New Ferry and Port Sunlight affected by the explosion in March 2017 (3.3)

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 As the Cabinet agreed to the allocation of £200,000 in February 2019 it is imperative that the distribution of said funding takes place as quickly and efficiently as possible. The proposal contained within this report (3.3) and the recommendation to agree it will ensure this happens.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Various workshops with elected members of officers took place in order to ensure the proposed approach was both practicable and acceptable for Cabinet, relevant ward members and the communities they represent. The option proposed within this report is the culmination of those workshops and other options were considered and dismissed throughout the process.

3.0 BACKGROUND INFORMATION

- 3.1 In March 2017 a devastating explosion ripped through the communities of New Ferry and Port Sunlight. As a result of this many residents were displaced from their homes and business were forced to close for an extended period of time.
- 3.2 In February 2019 Cabinet agreed set aside £200,000 to help and support businesses of New Ferry and Port Sunlight. Since this agreement a number of workshops have occurred to develop a methodology that would return to Cabinet for consideration, as soon as possible in the new municipal year (2019/20).
- 3.3 The following proposal and the associated table (table one) detail a methodology for allocating this funding, ensuring swift and efficient distribution, with confidence the funding will reach those it was intended to help and support.
- 3.3.1 Extensive work has been carried out by elected members, officers and community volunteers to ensure a clear picture of those affected by the explosion could be presented within this report. The criteria and associated figures outlined in table one (below) represent a representation of those who were either made homeless for more than one week or experienced loss of earnings due to their business being unavoidably held behind a Police cordon.

Table One:

Category	Ratified Number	Payment Amount	Total Amount
Residents made homeless for more than one week	83	£1,600	£132,800
Locally owned businesses closed behind Police cordon	32	£1,600	£51,200
Community Fund			£16,000 (at least)
		Total Allocated	£200,000

- 3.3.2 Officers are confident that the numbers of affected residents/businesses outlined in table one offers a true reflection of those in need of support. There is also confidence that these recipients can be easily reached, enabling a swift distribution of funds, following a decision. It is important to note that any individual that is eligible under the criteria outlined in table one but who is under investigation for matters relating to the incident will be deemed ineligible until such times as a prosecution is complete and a verdict of not-guilty reached.
- 3.3.3 The allocation outlined in table one shows an allocation of (at least) £16,000 for a 'Community Fund'. This allocated amount comes from the remaining funds following the allocation (of £184,000) to residents and businesses. It is proposed that this 'Community Fund' of at least £16,000 is operated as a grants programme, open to Social Sector Organisations within New Ferry and Port Sunlight. Discussions that took place in the various development workshops suggested this would be assessed via a panel and the process managed by the constituency manager responsible for Bromborough. Full terms and conditions of said fund will be developed (in conjunction with ward members) following a decision.
- 3.3.4 Following a decision it is anticipated that funds for residents and businesses affected could be distributed in under 4 weeks. A very simple form will be produced for eligible recipients to sign off to state they believe they fit within one of the two categories and as such are eligible for support. Those in receipt of said form will be identified based upon existing information the local authority holds from the recovery phase. The community fund element will take longer to deliver as a window for application will be essential and experience shows it is best to avoid the school holidays for any such window. With that in mind it envisaged that this element of the funding will be administered, no later than the end of the 2019 calendar year.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The £200,000 associated with this proposal has already been allocated.

5.0 LEGAL IMPLICATIONS

- 5.1 There are no legal implications to this report.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 There will be an associated human resource implication to facilitate the allocation of funds to those residents and businesses that meet the criteria. This will include further interrogation of data around those affected, development of an allocation form and making the payments themselves. There is also a human resource issue associated with the proposed community fund element of the funding. This can be picked up by the constituency team who continue to work closely with the community across a number of issues.

7.0 RELEVANT RISKS

- 7.1 Failure to allocate the £200,000 in an expedient manner could lead to reputational damage for Wirral Council.

8.0 ENGAGEMENT/CONSULTATION

8.1 Extensive engagement has occurred between officers, elected members and the local community (workshops, impact assessments, one to one meetings) in producing the content of this report.

9.0 EQUALITY IMPLICATIONS

9.1 This report has no relevance to equality.

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APPENDICES

Appendix 1 Map of Police Cordon Following Explosion

BACKGROUND DOCUMENTS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Budget Cabinet	18 February 2019

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CABINET

MONDAY, 22 JULY 2019

**AMENDMENT TO EXISTING AND CREATION OF NEW POLICIES RELATING TO
PRIVATE SECTOR HOUSING**

Cllr Stuart Whittingham said:

Wirral's Private Rented Sector has expanded significantly in recent years and while the vast majority of private landlords manage their properties well, there are a small number of landlords who do not respond to informal action and require a formal enforcement response in order to protect their tenants. This Housing Standards Enforcement Policy Statement and associated policies and procedures consolidates a wide range of new powers to tackle rogue landlords and provides clarity to landlords and agents about how the Council intends to use these powers.

REPORT SUMMARY

The purpose of this report is to brief Cabinet Members on the proposed revisions to the Council's Housing Standards Enforcement Policy Statement (referred to as the *policy statement*) and proposed new policies and procedures on:

- The use of Civil Penalties
- Rent Repayment Orders
- Banning Orders,
- Rogue Landlord Database
- Determining a fit and proper person and management arrangements at licensable properties
- Enforced Sales

The report seeks to agree the implementation of both the revisions to the *policy statement* and the new policies listed above.

The proposed changes will assist the Council in meeting the objectives of the Wirral Plan pledges through the provision of "Good quality housing which meets the needs of residents"; and the aim of improving 2,250 private sector properties by 2020.

This matter affects all Wards within the Borough.
This matter is a key decision.

RECOMMENDATIONS

It is recommended that:

- (i) The Cabinet Members approve the proposed revisions to the *policy statement* and new policies and procedures on the use of Civil Penalties, Rent Repayment Orders, Banning Orders the Rogue Landlord Database, determining a fit and proper person and management arrangements at licensable properties and Enforced Sales.
- (ii) The Cabinet Members approve delegated authority being given for periodic review and any minor amendments to these documents to the Cabinet Member for Housing & Planning.
- (iii) The Cabinet Members agree that additional financial income generated from civil penalties and rent repayment orders is used to support further enforcement activity involving sub-standard private rented sector properties.

All above recommendations to be in operation following approval

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

Both updating the *policy statement* and introducing new policies and procedures relating to specific legislative powers is considered to be good practice and follows both statutory and non-statutory guidance. Such action is essential to support the successful use of relevant statutory powers in relation to substandard housing conditions. This report sets out both the revisions deemed necessary and the new policies required.

2.0 OTHER OPTIONS CONSIDERED

Making no changes to the *policy statement* was considered, however, this was ruled out on the grounds that the omission of certain legislative powers would leave the Council exposed to legal challenges if new powers were used without the Policy Statement being updated. In addition, both statutory and non-statutory guidance and good practice recommends that the Council should develop and document its own policies in relation to the use of its statutory powers. Failure to develop and adopt such policies and associated procedures would also expose the Council to legal challenge in relation to any action taken using these legislative powers. The option of waiting until the corporate enforcement strategy was updated was considered, but the Council is under a time restraint to seek a prosecution using new powers for a number of recent housing offences within 6 months from when the offence was committed. The option of not using any new discretionary powers was also considered, however the Council has stepped up its use of enforcement powers in the last few years and is keen to demonstrate a tough approach to tackling rogue landlords to meet its aspirations set out in the Wirral 2020 Plan, to improve the quality of housing in the borough.

3.0 BACKGROUND INFORMATION

- 3.1 The majority of private landlords and managing agents provide accommodation to a good standard, however, a minority do not and often break the law. Action against these offenders is often deemed to be appropriate, particularly in relation to repeat offenders. Since the introduction of mandatory Houses in Multiple Occupation (HMO) licensing, enforcement activity undertaken by the Council has increased in relation to non-compliant landlords and has accelerated further since the extension of mandatory HMO Licensing. This has resulted in fines being issued in excess of £200,000 in relation to HMO prosecutions alone. Since Selective Licensing was introduced locally in 2015, the Council has secured 21 successful prosecutions for failing to license rented properties and 29 successful prosecutions or simple cautions issued for breaches in license conditions and/or not complying with formal enforcement notices. This represents a 300% increase in the number of prosecutions taken since the start of Selective Licensing. The new policies referred to in this report will further enhance the tools available for the Council to deal with rogue landlords and empty properties and will ultimately drive up standards in the private rental sector and assist in reducing the number of empty houses. The policies will also provide transparency on the use of these powers, to both service users and officers.
- 3.2 The Council is required by the Regulators' Code to publish its Enforcement Policy explaining how it responds to non-compliance. It is recognised as an important

document for regulators in meeting their responsibility under the statutory principles of good regulation, set out in Section 21 of The Legislative and Regulatory Reform Act 2006, to be accountable and transparent about their activities. The Council's Enforcement Policy was approved by Cabinet on 11 September 2014 and provides guidance to officers, businesses and the general public on the range of options that are available to achieve compliance with legislation enforced by a range of services across the Council, including housing standards. It is designed to help businesses and individuals understand our objectives and methods for achieving compliance and the criteria we consider when deciding the most appropriate response to a breach of legislation.

- 3.3 In addition to the corporate enforcement policy, a separate Housing Standards Enforcement Policy Statement is published providing more detail about the range of powers that can be used specifically in relation to substandard private sector housing. The *policy statement* should be read in conjunction with the corporate enforcement policy. Over time, the *policy statement* has become out of date following the introduction of new legislative powers/tools and there is a need to update the *policy statement* to ensure that it is accurate and remains relevant.
- 3.4 A number of legislative powers available to tackle poor quality private sector housing have either been introduced or extended by the Housing and Planning Act 2016, in addition to associated statutory and non-statutory guidance being issued. These powers include Civil Penalties, Rent Repayment Orders, Banning Orders and the Rogue Landlord Database. Further information is provided on these particular powers in 4.0 of this report. The guidance issued regarding the use of these powers recommends that local housing authorities develop and document local policies on how these powers will be used. Wirral does not currently have specific policies in relation to all these powers, and although many of them were introduced under the Housing and Planning Act 2016, clarity is now required due to an increase in the use of enforcement powers and the need for greater clarity to ensure challenges can be defended robustly.
- 3.5 In connection specifically with HMO and Selective Licensing, the Council has to determine whether an applicant is deemed to be a fit and proper person and that suitable management arrangements are in place.
- 3.6 An Enforced Sales Procedure has been prepared in relation to the recovery of expenditure incurred in relation to longer term empty properties
- 3.7 It is proposed that the existing *policy statement* is updated to include references to the new legislative powers. The inclusion of these specific powers reflect the growing range of tools available to tackle sub-standard private sector housing conditions, primarily in the private rented sector and vacant properties. It is also proposed to include references to specific policies related to the use of these powers, as mentioned in 4.0 below. The revised *policy statement* will both assist officers as and when these powers are felt to be appropriate and provide guidance to members of the public involved in any such action. The revised *policy statement* is in Appendix 1 to this report.
- 4.0 **PROPOSED NEW POLICIES AND PROCEDURES FOR USING CIVIL PENALTIES, RENT REPAYMENT ORDERS, BANNING ORDERS, THE ROGUE LANDLORD DATABASE, DETERMINING A FIT AND PROPER PERSON AND**

MANAGEMENT ARRANGEMENTS AT CERTAIN LICENSABLE PROPERTIES AND ENFORCED SALE

4.1 In line with statutory guidance issued under the Housing and Planning Act 2016 or good practice identified in non-statutory guidance, Local housing authorities are expected to develop and document their own policies on when to prosecute and when to issue a civil penalty; how to determine the appropriate level of civil penalty; when to apply for a rent repayment order and when to pursue a banning order. Each case should be considered independently. Policies have subsequently been developed by officers taking into account the advice in the statutory guidance. These policies are attached in Appendices 2, 3, 4 and 5 to this report.

4.2 Civil Penalties

4.2.1 A civil penalty is a financial penalty of up to a maximum of £30,000, imposed on an individual or organisation. Local housing authorities are able to impose a civil penalty as an alternative to prosecution for the following offences under the Housing Act 2004 and Housing and Planning Act 2016:

- Failure to comply with an Improvement Notice (section 30 of the Housing Act 2004);
- Offences in relation to licensing of Houses in Multiple Occupation (section 72 of the Housing Act 2004);
- Offences in relation to not having a license in a selective licensing area (under Part 3, section 95 of the Housing Act 2004);
- Offences for contravention of an overcrowding notice (section 139 of the Housing Act 2004);
- Failure to comply with management regulations in respect of Houses in Multiple Occupation (section 234 of the Housing Act 2004);
- Breach of a banning order (section 21 of the Housing and Planning Act 2016)

4.3 Rent Repayment Orders

4.3.1 A rent repayment order is an order made by the First-tier Tribunal requiring a landlord to repay a specified amount of rent. The Housing Act 2004 introduced rent repayment orders to cover situations where the landlord of a property had failed to obtain a licence for a property that was required to be licensed, specifically offences in relation to licensing of Houses in Multiple Occupation (section 72(1)) and offences in relation to licensing of houses under Part 3 of the Act (section 95(1)).

Rent repayment orders have since been extended through the Housing and Planning Act 2016 to cover a much wider range of offences which are described below:

- Failure to comply with an Improvement Notice under section 30 of the Housing Act 2004;
- Failure to comply with a Prohibition Order under section 32 of the Housing Act 2004;
- Breach of a banning order made under section 21 of the Housing and Planning Act 2016;3
- Using violence to secure entry to a property under section 6 of the Criminal Law Act 1977; and

- Illegal eviction or harassment of the occupiers of a property under section 1 of the Protection from Eviction Act 1977.

4.3.2 While each case will be decided on its own merits, it is suggested that a prosecution through the courts will generally be sought for more serious offences with larger professional landlords.

4.3.3 Where the tenant has paid the rent using their own resources, they have the option of applying directly for a Rent Repayment Order, if they are willing to do so. In these circumstances the Council will advise the tenant accordingly and consider supporting the tenant in making such an application

4.4 Banning Orders and the Rogue Landlord Database

4.4.1 On 6 April 2018, new measures came into force including banning orders and a database of rogue landlords and property agents against whom a banning order has been made, which may also include persons convicted of a banning order offence or those who have received two or more financial penalties.

4.4.2 Following an application by a local housing authority, a banning order can be granted by the First-tier Tribunal that bans a landlord from:

- Letting housing in England;
- Engaging in English letting agency work;
- Engaging in English property management work

A banning order offence has to have been committed in order to apply for a banning order. Banning Order Offences are specified in The Housing and Planning Act 2016 (Banning Order Offences) Regulations 2017 They can include for example offences relating to licensing of HMO's or properties in Selective Licensing areas. (see Appendix 5 for a full list).

Breach of a banning order is a criminal offence.

4.4.3 The rogue landlord database is a tool for local housing authorities in England to keep track of rogue landlords and property agents. Database users will be able to view all entries on the database, including those made by other local housing authorities. The database can be searched to help keep track of known rogues, especially those operating across council boundaries and will help authorities target their enforcement activities.

4.4.4 Local housing authorities in England are responsible for maintaining the content of the database and have some discretion on when to use the database under certain circumstances. The policy on the rogue landlord database is attached in Appendix 6 of this report.

4.4.5 It is expected that a local housing authority will pursue a banning order for the most serious offenders.

4.5 Tests for fit and proper person and satisfactory management arrangements for a HMO Licence ("Part 2") and Selective Licence ("Part 3")

4.5.1 Under the Housing Act 2004 is it a requirement that the proposed licence holder and manager of a licensable house/dwelling under Part 2 and/or Part 3 of the Housing Act 2004 is a 'fit and proper' person, e.g. they don't have criminal convictions for certain offences that would impact on their ability to manage the property. In addition, in deciding whether a licence may be granted or not, Wirral Council must be satisfied that there are satisfactory management arrangements in place or that such arrangements can be put in place by the imposition of conditions in the licence.

4.5.2 A licence application will be refused if it is considered that the licence holder and / or manager are unfit.

4.6 The Council has developed a policy and tests to determine both whether or not a landlord or manager of a licensable house is deemed to be a fit and proper person, and whether or not satisfactory management arrangements are in place. This policy and tests are in Appendix 7 to this report.

4.7 Enforced Sales Policy and Procedure

4.7.1 In certain circumstances a local authority can enforce the sale of a privately owned property to recover historical debt registered against it by the local authority. An example could be when a legal notice is served forcing an owner to undertake specific works and remedial works end up being undertaken by the local authority, due to non-compliance with the notice. The costs incurred in doing these works in default are secured against the property as a legal charge and are eventually recovered when the property is sold. Such action is often taken in relation to problematic long term empty properties. Enforcing the sale of such properties would both recover the debt and force an ownership change of the building. This is likely to result in the property being subsequently renovated and brought back into residential use. An Enforced Sales Procedure has been prepared to inform action that may be taken to recover debt registered against problematic empty properties and is in Appendix 8 of this report

5.0 FUTURE ARRANGEMENTS TO REVIEW THE ENFORCEMENT POLICY STATEMENT AND ASSOCIATED POLICIES AND PROCEDURES

5.1 It is considered to be good practice to review policies and procedures to ensure they remain fit for purpose. Officers will review the documents subject to this report periodically and make any minor changes deemed necessary in agreement with the Cabinet Member for Housing and Planning. Should major changes be deemed necessary, this will be reported back to Cabinet for consideration.

6.0 FINANCIAL IMPLICATIONS

6.1 The proposed new policies on using Civil Penalties and Rent Repayment Orders should result in financial income for the Council, in successful cases. Civil Penalties can range from £1500 - £30,000 depending on the seriousness of the offence, culpability and harm. The income generated cannot be quantified and will depend on the number of successful cases, the individual circumstances of each case and the recovery rates of the fine. Statutory guidance advises that any financial income generated from Civil Penalties or Rent Repayment Orders can be retained by the local housing authority provided that it will be used to further the use of the local

housing authority's statutory functions in relation to their enforcement activities covering the private rented sector

6.2 The Enforced Sales Procedure, when used, will result in the recovery of debt registered against longer term problematic empty properties. Any surplus income generated from enforced sale action must be paid over the owner. If the owner is not known, any surplus is retained by the local authority in perpetuity.

6.3 There are no other financial implications to this report

7.0 LEGAL IMPLICATIONS

7.1 Both the revisions to the *policy statement* and the introduction of the various policies referred to in this report will support the use of statutory powers/tools in relation to substandard housing conditions.

8.0 PLANNING & COMMUNITY SAFETY IMPLICATIONS

8.1 There are no planning implications arising directly from this report

9.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

9.1 The proposed revision to the *policy statement* and introduction of the new policies referred to in this report can be managed using current ICT, staffing and asset resources.

10.0 RELEVANT RISKS

10.1 There is a risk that the revised *policy statement* and/or the new policies referred to in this report could be subject to legal challenge at some point in the future. Any such challenge may be successful and subsequently result in further amendments being necessary. This risk is considered to be low based on the collaboration of the Legal Services Team in the development of these proposed policies and procedures, and the fact they will be regularly reviewed.

11.0 ENGAGEMENT/CONSULTATION

11.1 There is no obligation to consult on any of these policies, however, it is considered to be good practice to make service users aware of the proposed policies, prior to adoption. The proposed policies in Appendices 2, 3, 4, 5, 6, 7 & 8 have been publicised using the following methods:

- Council website news item and webpage of information;
- Advertised under Public Notices in local press (Wirral Globe and Wirral View);
- email to all known landlords and agents who work with the Council or who have signed up to the Housing Services email list (a total of 1020 recipients);
- email to all landlords and agents who are in receipt of Housing Benefit payments or who have signed up to the Council's mailing list for housing related information. (a total of 1843 recipients)

11.2 Since publication, 5 responses have been received to date. Two of the responses were assessed as being neutral, with no negative or positive comment included. The third response was very positive about the introduction of the new policies, and the

remaining two responses raised concerns about the lack of provision for landlords to defend themselves, including an appeal process, the required notice to be given to a landlord about a breach and concerns about landlords being fined when it is the tenant's fault. Responses were sent to all five landlords who commented, including detailed responses to the concerns raised which explained that the concerns are covered by legislation and that Council's Enforcement Policy should be read in conjunction with the new policy documents.

As all the concerns raised above are covered by legislation and the Council's existing Enforcement Policy, no changes to the policies have been made.

12.0 EQUALITY IMPLICATION

12.1 An Equality Impact Assessment (EIA) has previously been completed for the Corporate Enforcement Policy in 2014 which has been reviewed and is still relevant in terms of the documents which are the subject of this report. No amendments are deemed to be necessary.

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APPENDICES

Appendix 1 Housing Standards Enforcement Policy Statement

Appendix 2 Policy for deciding whether to Prosecute or apply a Civil Penalty

Appendix 3 Civil Penalties Policy and Procedure for the imposition of a Civil Penalty

Appendix 4 Policy on deciding whether to apply for a Rent Repayment Order

Appendix 5 Banning Order Policy and Procedure 2018

Appendix 6 Rogue Landlord Database Policy and Procedure 2018

Appendix 7 Policy on tests for fit and proper person and satisfactory management arrangements for a HMO Licence and Selective Licence

Appendix 8 Enforced Sales Procedure

BACKGROUND PAPERS

Civil penalties under the Housing and Planning Act 2016
Guidance for Local Housing Authorities
Ministry of Housing, Communities and Local Government
April 2018

Rent repayment orders under the Housing and Planning Act 2016
Guidance for Local Housing Authorities
Department for Communities and Local Government

April 2017

Banning orders for landlords and property agents under the Housing and Planning Act 2016
Guidance for local housing authorities on banning orders.
Ministry of Housing, Communities and Local Government
April 2018

Database of rogue landlords and property agents under the Housing and Planning Act 2016
Statutory guidance for Local Housing Authorities
Ministry of Housing, Communities and Local Government
April 2018

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

APPENDIX 1

Wirral Council

Housing Standards Enforcement Policy Statement 2019

What to expect from the Council's Housing Standards Team.

1.0 Introduction

- 1.1 This Policy Statement applies to both occupied and vacant privately owned houses that suffer from problems which need action by the Council to resolve.
- 1.2 The Housing Standards Team seeks to raise standards in the privately owned housing stock, including bringing back into use empty properties and promote good relationships with businesses, local communities and property owners.
- 1.3 We believe that the vast majority of property owners want to co-operate with the Council and comply with any legal obligations. However, where the law is broken, enforcement action may be needed to protect the health and safety and wellbeing of any occupants, members of the public and the local environment.
- 1.4 This Policy Statement summarises the action that the Housing Standards Team can take and it should be read in conjunction with Wirral Council's Enforcement Policy, a copy of which can be found using internet link:

<https://www.wirral.gov.uk/sites/default/files/all/environmental%20problems/Approved%20Enforcement%20Policy%20-%202014%20%28Amended%202016%29.pdf>

2.0 General

- A commitment is given to explaining any breaches of legislation and the reasons for advice given, actions required and any decisions taken.
- There will always be an opportunity to discuss the case at all stages throughout any enforcement process.
- Details will always be provided about who is responsible for managing your case. There will be no conflict of interest with the officer(s) involved
- All communications will be by the most appropriate means and those involved will be treated fairly and with respect
- Information will be held in accordance with legal requirements and will be shared with other enforcement agencies should this be considered necessary
- If considered to be appropriate and to raise awareness of unlawful practices, certain cases may be publicised.
- Action taken will be appropriate to individual cases and those that deliberately fail to comply will be dealt with firmly.
- Where enforcement is being considered, notification will be sent, unless this could impede an investigation or pose a safety risk.
- Those involved in enforcement action will be kept up to date on progress made during the enforcement process
- All investigations will be carried out lawfully.
- Any complaints will be dealt with under the Council's complaints policy

3.0 Enforcement action available

- 3.1 Should informal action, such as advice, guidance and support be deemed inappropriate or has been previously given but has been ineffective at resolving the problem, a range of enforcement powers are available as follows:
- 3.2 Improvement Notice: This requires either an owner, manager or licence holder, as the case maybe, to carry out certain works to remedy conditions. The notice will detail why the house has failed the legal standard(s), what has to be done to comply with the law and the timescales within which the works must be completed. In addition, the notice will provide information about how to appeal if you disagree with the action being taken.
- 3.3 Suspended Improvement Notice: Similar to the previous Improvement Notice however the action required is delayed until circumstances change. These circumstances are detailed in the notice.
- 3.4 Hazard Awareness Notice: This Notice advises either the owner, manager or licence holder, as the case maybe of the hazards that exist at the property, however, it does not require any action to be taken to remove or reduce the hazards.
- 3.5 Prohibition Order: This Order forbids the use of either a whole house or part of a house for human habitation until specific hazards are removed. These hazards are detailed in the Order as is the suggested work that would remove or reduce the hazards to an acceptable standard. The Order will provide information about how to appeal if you disagree with the action being taken.
- 3.6 Suspended Prohibition Order: Similar to the Prohibition Order, however, the action is suspended until circumstances change at some point in the future. For example this could include changes to property occupancy.
- 3.7 Emergency Remedial Action and Emergency Prohibition Order: These are only used when there is considered to be an immediate risk to health and safety and it would not be appropriate to use either Improvement Notice or Prohibition Orders.
- 3.8 Demolition Order: This requires a building to be demolished within a certain time scale, at an owners expense. The notice will provide information about how to appeal if the owner disagrees with the action being taken.
- 3.9 Clearance Area Declaration/Compulsory Purchase Order (CPO): This involves the Council buying houses for the purpose of demolition and is usually used as part of an area based regeneration initiative. Property acquisitions are often achieved by negotiation with individual owners, however, a CPO can be used should it not be possible to reach an agreement. Should it be necessary to serve a CPO, information about how to formally object will be made available.

4.0 Houses in multiple Occupation

- 4.1 Certain types of Houses in Multiple Occupation (HMO) are required to be licensed by the Council. The aim of licensing is to ensure that every licensable HMO is safe for the occupants and visitors and is properly managed. A licence will contain conditions and any breach of a licence condition could lead to a prosecution or the use of a financial penalty.
- 4.2 HMO's are also subject to specific regulations. The regulations cover the management and repair of the HMO. There is no requirement for a notice to be issued with these regulations and therefore if a decision is made to take action, a prosecution or civil penalty can be sought.

5.0 Selective Licensing

- 5.1 Wirral has declared a number of Selective Licensing Areas under the Housing Act 2004. Private landlords having properties in these areas have to have a licence to operate from the Council. As part of the license conditions, landlords need to show that they have undertaken basic safety checks that appropriate management arrangements in place, amongst other conditions.
- 5.2 It is a criminal offence to let a privately rented property in a Selective Licensing Area without a licence and failure to have a license, or a breach of the license conditions, can lead to prosecution and to an unlimited fine. Alternately, the Council can impose a Civil Penalty of up to £30,000.

6.0 Empty Properties

- 6.1 A range of additional legal powers are available to assist the Council in both responding to and deal with problems associated with empty properties. The most commonly used powers include:

(a) The Building Act 1984

- i) Sections 77 and 78 powers to deal with dangerous or dilapidated buildings and insecure properties
- ii) Section 79 powers to deal with the unsightly appearance of a building

(b) The Local Government (Miscellaneous Provisions) Act 1976

Section 29 power to deal with insecure properties

(c) Public Health Act 1961

Section 17 powers to deal with defective drains

(d) Prevention of Damage by Pests Act 1974

Section 4 power to deal with vermin and harbourage

(e) The Town and Country Planning Act 1990

Section 215 powers to deal with the condition of a building effecting the amenity of the neighbourhood

- 6.2 The above list of powers is not exhaustive.

6.3 Empty Property Management Orders can also be used to allow the Council to temporarily take control of a problematic empty property, if deemed necessary

7.0 Works in Default

7.1 Should an owner, manager or licence holder as the case maybe, not comply with the terms of an Improvement Notice or a Suspended Improvement Notice, the Council can undertake the works to the property. This is known as works in default. The costs of taking such action will be recovered from the owner and these will be more than if the owner has carried the work out, as the costs will include officer time to organise and oversee the work.

7.2 In certain circumstances the Council may consider the enforced sale of a property in order to recover any unpaid costs of undertaking default works. This is normally only considered in the case of long term empty properties with a history of ongoing complaints. An enforced sale policy is available upon request.

7.3 As well as the potential for the Council to undertake work in default, failure to comply with enforcement action may lead to one of the following further actions:

8.0 Simple Caution

8.1 This can be used where someone has admitted an offence but the Council believes that cautioning them is more appropriate than prosecution. This caution remains on record and would be mentioned in Court should there be any further offence at a later point in time.

9.0 Prosecution

9.1 Prosecution will be considered for serious or recurrent breaches of legislation or when enforcement action has failed. Prosecution will only be considered where there is sufficient evidence and it is in the public interest. A successful prosecution will result in a criminal record and a fine may be imposed by the court.

10.0 Fixed Penalty Charges/Civil Penalties (referred to as *civil penalty*)

10.1 In certain circumstances, when specific offences are committed, the Council can impose civil penalties as an alternative to prosecution. These charges can be up to £30,000 and can be in addition to undertaking works in default. A specific civil penalties policy is available upon request.

11.0 Rent Repayment Orders

11.1 When certain offences have been committed, the Council can apply for a Rent Repayment Order which, if approved, can compel a landlord to repay up to 12 month's rent. A policy on when the Council will use a Rent Repayment Order is available upon request.

12.0 Banning Orders and Rogue Landlord Database

12.1 If a banning order offence has been committed, the Council can apply for a banning order that, if granted, bans a landlord from letting a house(s). Breach of a banning

order is a criminal offence. This will only be used for the most serious offenders. Upon granting a banning order the Council will register the details on a national Rogue Landlord Database. The council may also include persons convicted of a banning order offence or who have received two or more financial penalties on the same database. Policies on the use of banning orders and the Rogue Landlord Database are available upon request.

13.0 Interim Management Orders and Final Management Orders

13.1 Under certain circumstances the Council has to, or can, use either an Interim or Final Management Order to take control of a rented property for between 1 and 5 years. During this period either the Council or its agent, effectively act as the landlord, which includes collecting the rent and undertaking essential repairs.

14.0 Who decides what enforcement action is taken?

14.1 A decision to take enforcement action will be based on the professional judgement of the case officer(s) involved, any relevant legal guidelines, codes of practice and priorities of the Council. Such a decision will involve consultation between the case office(s), Managers, Council solicitors/legal advisors and elected members if deemed appropriate.

15.0 When to prosecute or issue a civil penalty.

15.1 The Council will deal with each case on an individual basis and local policy is available to inform a decision on whether to prosecute or issue a civil penalty.

16.0 Charges for enforcement action

16.1 Enforcement action using powers under the Housing Act 2004 can result in the Council recovering its costs associated with taking this action. You will be advised of these costs as part of the enforcement process.

17.0 Comments or Complaints

17.1 If you would like to contact the Council regarding the application of this policy please use the contact details below. If you would like to make a formal complaint you need to make this clear at the point of contact.

Housing Standards Team
Delivery Services
Town Hall
Brighton Street
Wallasey
Merseyside
CH44 8ED

Telephone 0151 691 8132

Email privatesectorhousing@wirral.gov.uk

IF YOU WOULD LIKE THIS INFORMATION IN LARGE PRINT BRAILLE ON AUDIO TAPE OR IN ANOTHER LANGUAGE PLEASE USE TELEPHONE NUMBER 0151 6918114

It should be noted that housing law is complicated and this policy statement is for guidance only and is not intended as legal advice. If members of the public want more detailed or specific advice on legal matters it is recommended that they take their own legal advice.

A full copy of the Council's Enforcement Policy is available on request

APPENDIX 2

Wirral Council

Policy for deciding whether to Prosecute or apply a Civil Penalty

1.0 *Officer Group* to convene and

- (a) consider evidence gathered and determine if the burden of proof is sufficient to secure a conviction (full prosecution file to be prepared). If the burden of proof is deemed to be sufficient, decide to either:
- (b) proceed to prosecution in cases where there is no option to charge a civil penalty; or
- (c) decide whether to pursue a prosecution or a civil penalty (using the criteria in 2 below).

1.1 The *Officer Group* to consist of:

- (a) the case officer,
- (b) the case officer's line manager and/or senior officer,
- (c) appropriate representative from Legal Services

1.2 In advance of the *Officer Group* meeting, the *Case Officer* will complete and circulate an 'evidence sheet' to all group members, at least 7 days before the meeting. This sheet to include background information on the case being considered and the *Case Officer's* recommendation to the *Officer Group*, including the reasoning used to make recommendation.

1.3 At the *Officer Group* meeting the *Case Officer* will present the contents of the 'evidence sheet'.

2.0 Class of landlord in terms of scale of operation

2.1 The *Officer Group* will consider at least the following:

2.2 Is the landlord considered to be a 'professional' landlord, having a portfolio of at least 3 properties for rent. This class of landlord is more likely to derive a reasonable income from his/her properties and be operating as business

2.3 A landlord having only 1 or 2 dwellings is less likely to be operating as a business and may well have a main income from employment elsewhere. This class of landlord includes those that have inherited rented property and not necessarily actively pursued a 'career' of becoming a portfolio landlord.

2.4 Larger scale professional landlords strengthens case for prosecution

2.5 Small scale landlords strengthens case for civil penalty

3.0 Previous history and dealings with the Council

3.1 Has the landlord had previous dealings with the Council in terms of the legislation applicable to the potential civil penalty?

(a) If yes, was the landlords deemed to be cooperative?

Has the Council taken previous enforcement action against the landlord?

(a) If yes, was the landlord compliant?

(b) Are there any unspent convictions outstanding?

(c) Is this a first offence?

(d) No history or a record of previous co-operation – strengthens case for a Civil Penalty

(e) History of previous enforcement action, poor co-operation, prosecution and/or unspent conviction – strengthens case for prosecution

4.0 Severity/Impact of offence

4.1 Offences deemed highly likely to result in harm to the health to an occupying tenant or visitors due to conditions and or management arrangements strengthen the case for prosecution.

4.2 Civil penalties likely to be more appropriate in relation to offences deemed to have less severe outcomes in terms of harm to health. However, the existence of a previous civil penalty for a similar offence would suggest this action has not been effective and officers may wish to consider prosecution as an alternative.

4.3 The *Officer Group* can consider other matters deemed to be relevant to the case being discussed and these will be added to the evidence sheet following the meeting.

4.4 Upon considering the above, the *Officer Group* will decide the most appropriate and effective (likely to deter the landlord from acting in a similar way again) action regarding whether to prosecute or pursue a civil penalty. This decision will be recorded on the *evidence sheet* submitted by the *Case Officer*, along with a record to show that all matters previously mentioned have been considered. The completed *evidence sheet* to be signed by the group members and a copy kept against the property record (relevant worksheet on M3 Public Protection or alternative system being used at the time of the decision) for reference. A copy of the completed evidence sheet will form part of the evidence to support the action taken.

APPENDIX 3

Wirral Council

Policy and Procedure for the imposition of a Civil Penalty

Definitions

The Council –	Wirral Council
The Officer Group (1)	Consists of the Case Officer, a Housing Standards Officer not involved in the case and a Legal Officer
The Officer Group (2)	Consists of a Senior Officer / line manager, not involved in the Officer Group (1), Team Leader / Manager and a Legal Officer.
Landlord –	Includes the owner of the property, managing agent/letting agent, persons in control of or managing the property under section 263 of the Housing Act 2004
Civil Penalty –	Refers to a financial penalty imposed as an alternative to prosecution under S294A of the Housing Act 2004 as amended by Section 126 and Schedule 9 of the Housing and Planning Act 2016
Guidance –	Civil Penalties under the Housing and Planning Act 2016: Guidance for Local Authorities (ISBN: 978-1-4098-5037-3)
Council's Enforcement Policy –	Corporate enforcement policy dealing with non-compliance with legislation enforced by Licensing, Trading Standards, Environmental Health, Planning, Building Control, Housing Standards and Renewal, Waste and Environment
2004 Act –	The Housing Act 2004
2016 Act –	The Housing and Planning Act 2016
HMO –	House in Multiple Occupation
Harm -	An adverse physical or mental effect on the health of a person. It includes for example, physical injury, illness, condition or symptom whether physical or mental. It includes both permanent and temporary harm

1.0 Introduction

- 1.1 The Housing and Planning Act 2016 amends the Housing Act 2004 to allow financial penalties, referred to as '*civil penalties*', to be imposed as an alternative to prosecution for certain housing related offences (came into force on 6th April 2017). This amendment was one of a range of measures introduced to enable local authorities to clamp down on rogue landlords. Government Ministers have made it very clear that they expected local housing authorities to use their new powers robustly. The maximum penalty was increased to £30,000 in order to be significant enough to make landlords think twice about flouting the law.
- 1.2 This Policy provides guidance on how authorised officers appointed by Wirral Council will determine the level of civil penalty appropriate on individual cases following a decision to impose a civil penalty as the most appropriate course of action.
- 1.3 This policy should be read in conjunction with the Council's Enforcement Policy, the Housing Standards and Renewal Enforcement Policy Statement and the Policy for deciding whether to prosecute or apply a civil penalty.

2.0 Legal Reference

- 2.1 To impose civil penalties as an alternative to prosecution for the following housing offences under the 2004 Act:
 - (a) Section 30 (failure to comply with improvement notices)
 - (b) Section 72 (licensing of HMOs)
 - (c) Section 95 (Licensing of Houses under Part 3)
 - (d) Section 139 (7) (failure to comply with an overcrowding notice)
 - (e) Section 234 (management regulations in respect of HMOs)
- 2.2 Schedule 13A has also been inserted into the 2004 Act which prescribes the procedures that the Council must follow before imposing a civil penalty, imposing a civil penalty, the appeal process and the recovery of the civil penalty.

3.0 Government Guidance

- 3.1 Statutory guidance has been issued by the Department for Communities and Local Government (DCLG) (April 2017). The guidance recommends certain factors the Council should take into account when deciding on the level of civil financial penalty. In addition, the council is advised to develop and document its own policy on determining the appropriate level of financial penalty in individual cases. This policy takes into account the recommendations in the guidance.

4.0 Process for Determining the Level of Civil Penalty

- 4.1 Under Section 249A(4) of the 2004 Act Wirral Council has discretion to determine the amount of a civil penalty. The guidance recommends factors that should be taken into account when deciding the level of the civil penalty. This policy is based on the principles set out in the Sentencing Council Health and Safety Offences, Corporate Manslaughter and Food Safety and Hygiene Offences Definitive Guideline. This sets out a range of fines which are linked to culpability of the offender and actual potential harm resulting from the offence.
- 4.2 The range of financial penalties in this policy use similar ratios to those that are used by the Sentencing Council, ensuring that penalty levels are fair, appropriate and reasonable for the seriousness of the offence.
- 4.3 The Officer Group (1) will consider the information in each specific case and make a decision on the level of civil penalty to be imposed. A summary of the Officer Group (1) reasoning for arriving at a level of civil penalty will be kept on the record along with the date the decision was made and the officers present at the officer group meeting.

5.0 Part 1

5.1 Establish the offence category using the *culpability* and *harm* factors below:

5.2 Culpability

Category	Meaning
Very High	Where the offender intentionally breached, or flagrantly disregarded the law Who has a high public profile and knew their actions were unlawful
High	Actual foresight of or wilful blindness to risk of offending but risk nevertheless taken; Serious and or systematic failure by the person or organisation to comply with legal duties Provide serious market advantage over rivals
Medium	Offence committed through act or omission which a person exercising reasonable care would not commit; Systems were in place to manage risk or

	comply with legal duties but these were not sufficiently adhered to or implemented
Low	<p>Offence committed with little fault, for example because:</p> <p>Significant efforts were made to address the risk but were inadequate on this occasion</p> <p>There was no warning/circumstances indicating a risk</p> <p>Failings were minor and occurred as an isolated incident</p>

5.3 Harm

Category	Meaning
High	<p>Serious adverse effect on individual and/or having a widespread impact</p> <p>High risk of an adverse effect on individual</p> <p>Harm to a vulnerable individual</p>
Medium	<p>Adverse effect on individuals</p> <p>Medium risk of adverse harm on individual(s) or low risk of a serious adverse effect</p> <p>The Council's and/or legitimate landlords or agents substantially undermined by offenders activities</p> <p>The Councils work as a regulator to address risks to health is inhibited</p> <p>Consumer/tenant misled</p>
Low	<p>Low risk of an adverse effect on individual(s)</p>

5.4 Determining level of harm includes both likelihood of harm occurring and extent if it does occur.

5.5 Part 2

5.6 Using penalty '*starting point*', establish the penalty '*band range*' and adjust within this range if there are any relevant aggravating or mitigating reasons.

	<i>Starting Point</i>	<i>Band Range</i>	
		Minimum	Maximum
Low culpability			
Harm category 3	£1500	£750	£2250
Harm category 2	£3000	£2250	£3750
Harm category 1	£4500	£3750	£5250
Medium culpability			
Harm category 3	£4500	£3750	£5250
Harm category 2	£7500	£5250	£12000
Harm category 1	£12000	£9000	£15000
High culpability			
Harm category 3	£7500	£5250	£12000
Harm category 2	£12000	£9000	£15000
Harm category 1	£16500	£15000	£20000
Very High culpability			
Harm category 3	£12000	£9000	£15000
Harm category 2	£16500	£15000	£20000
Harm category 1	£25500	£20000	£30000

5.7 Examples of possible aggravating and mitigating factors

Aggravating factors	Mitigating factors
Relevant previous convictions having regard to (a) the nature of the offence to which the conviction relates and its relevance to this offence and (b) the time that has elapsed since the conviction	No previous convictions or no relevant/recent convictions
Relevant previous cautions within the last two years having regard to (a) the nature of the offence to which the caution relates and its relevance to this	No relevant cautions within the last two years

offence	
Relevant previous civil penalties within the last two years having regard to (a) the nature of the offence to which the caution relates and the relevance to this offence	No relevant civil penalties within the last two years
Evidence of harassment of tenant and/or illegal eviction (actual or attempted) in this case	Tenants behaviour a contributing factor to the offence
Offence committed whilst the landlord is on bail/on summons for other relevant proceedings at court	Mental disorder or learning disability, where directly linked to the commission of the offence
Established evidence of wider/community impact	Serious medical conditions requiring urgent, intensive or long term treatment
Record of poor management or not meeting legal requirements	Good record of maintaining property
Record of providing sub-standard accommodation	One off event, not commercially motivated
Obstruction of Justice, for example, failing to comply with a request for information or documents or behaviour amounting to an obstruction	High level of co-operation with the investigation beyond that which will always be expected
Motivated by financial gain	Steps taken voluntarily to remedy problem
Offending happened over a prolonged period of time	Self reporting, co-operation and acceptance of responsibility
Property management is/was their only or main business	Good character and or/exemplary conduct
Deliberate concealment of illegal nature of activity	Age or lack of maturity where it affects the responsibility of the offender
Refusal of free advice or training	Sole or primary carer for dependant relatives
	Member of an accreditation scheme

5.9 Review the civil penalty amount

5.10 The Council will review the penalty amount calculated using the above process to ensure the penalty amount meets, in a fair and proportionate way, the objectives of punishment, deterrence and the removal of gain derived through the commission of the offence. The Council will finalise the appropriate level of penalty so that it reflects the seriousness of the offence, taking into account the financial information obtained

6.0 Procedure for the imposition of a Civil Penalty

6.1 Mandatory process is prescribed in Schedule 13A of the Housing Act 2004, as amended by the Housing and Planning Act 2016

6.2 Notice of Intent

6.3 Served on the Landlord before the end of 6 months from the date the Council has sufficient evidence of the conduct which civil penalty relates. Notice must set out:

- The amount of the proposed civil penalty*
- The reasons for proposing to impose a civil penalty and
- information about the landlord's right to make representations to the Council

6.4 *An offender may wish to disclose to the Council such information relevant to his/her financial position to enable the Council to assess what the offender can reasonably afford to pay. Where the Council is not satisfied that it has been given sufficient reliable information the Council will be entitled to draw reasonable inferences as to the offenders means from evidence it has received. This may include the inference that the offender can pay any proposed financial penalty. The ability to raise money against existing assets will form part of this consideration

6.5 Representations

6.6 Landlord has a right to make written representation within the 28 day 'Representation Period' starting on the date the notice was given. Representations to be considered by the Officer Group (2).

6.7 A written response will be provided to all representations made by the recipient of a Notice of Intent and a record kept of this response.

6.8 Final Notice

6.9 Following the expiration of the Representation Period the Council will decide whether to impose a civil penalty and, if so, the final amount of the penalty. This can be a lower amount but not a greater amount than that in the Notice of Intent. A Final

Notice imposing the penalty must be served and must contain the following information:

- the amount of civil penalty
- the reasons for imposing the penalty
- information about how to pay the penalty
- the period for payment of the penalty must be 28 days beginning with the day after the notice was given)
- the right of appeal to the First- Tier Tribunal (Property Chamber) and
- the consequences of failure to comply with the notice

6.10 Withdrawing or Amending the Notice

6.11 The Council may withdraw a Notice of Intent or Final Notice or amend the amount of civil penalty, at any time. This must be done in writing.

6.12 Payment of Penalty – Payment must be made within 28 days of the Final Notice, unless that notice is suspended due to an appeal. If an appeal is made and confirmed the Tribunal will specify the period in which the landlord should make the payment.

7.0 Enforcement of civil penalties

7.1 The Council will consider pursuing both the non- payment or part payment of a civil penalty through the County Court.

8.0 Income recovered from civil penalties

8.1 Any income derived by the council will be used to further its statutory functions in relation to enforcement activity covering the private rented sector

9.0 Governance

9.1 This policy is subject to change and will be reviewed periodically in line with changes in legislation, government statutory guidance and Council policy.

9.2 The Council reserves the right to publicise the Civil Penalty

APPENDIX 4

Wirral Council

Policy on deciding whether to apply for a Rent Repayment Order

1. Introduction

1.1 Upon a successful prosecution, simple caution or Civil Penalty award, whichever is appropriate, the case officer will decide whether or not it may be appropriate to apply for a Rent Repayment Order. If appropriate an *Officer Group* will be convened and consider whether or not to apply for a Rent Repayment Order. This *Officer Group* will consist of the original case officer and both a Housing Standards Officer and a Senior Officer, not originally in either *Officer Groups (1) or (2)* referred to in the policy for deciding whether to Prosecute, offer a Simple Caution or apply for a Civil Penalty. The original case officer will attend the Officer Group to provide background information only and will not be involved in the final decision whether or not to proceed with the Rent Repayment Order. A record of the meeting will be kept including the names of officers in attendance, date meeting is held, details of the case being discussed and the meeting outcome

2.0 Legislation

2.1 It should be noted that an application for a RRO can only be made in relation to certain offences as follows:

2.2 Housing Act 2004 Parts 2 or 3:

Landlord of a property has failed to obtain a licence for a property that was required to be licenced, specifically in relation to Sections 72(1) and 95(1)

2.3 Housing and Planning Act 2016 extended the range of offences where a RRO can be applicable:

(a) Failure to comply with an Improvement Notice under Section 30 of the Housing Act 2004

(b) Failure to comply with a prohibition Order under Section 32 of the Housing Act 2004

(c) Breach of a banning order made under Section 21 of the Housing and Planning Act 2016

- (d) Using violence to secure entry to a [property under section 6 of the Criminal Law Act 1977 and
- (e) Illegal eviction or harassment of the occupiers of a property under section 1 of the Protection from Eviction Act 1977
- 2.4 If the Council has secured a successful prosecution, or a simple caution has been accepted and signed in relation to one of the above offences and where;
- (a) the landlord has been in receipt of rent through either Housing Benefit or Universal Credit, the *Officer Group* may submit an application for a RRO to recover the maximum of 12 month's rent OR
- (b) the tenant has paid their own rent, the *Officer Group* may consider supporting a tenant to apply for a RRO where the tenant is willing to pursue an application.
- 2.5 If the Council has secured a Civil Penalty in relation to any of the following offences;
- (a) Failure to comply with an Improvement Notice under Section 30 of the Housing Act 2004
- (b) Offences in relation to licensing of Houses in Multiple Occupation (Housing Act 2004 Section 72(1))
- (c) Offences in relation to licensing of houses underpart 3 of the Housing Act 2004 (Section 95 (1))

3.0 Decision Making

3.1 the *Officer Group* may

- (a) submit an application for a RRO to recover the maximum of 12 month's rent OR
- (b) the tenant has paid their own rent, the *Officer Group* may consider supporting a tenant to apply for a RRO where the tenant is willing to pursue an application. This will include the issue of advice to the tenant.

3.2 In deciding whether or not to apply for a RRO the Officer Group will take into account:

- (a) For civil penalty cases only:

The culpability and harm category applied by the officer group that determined the level of Civil Penalty. It may not be deemed to be appropriate to pursue a

RRO in cases in the low culpability harm categories 1, 2 and 3, unless the officer group considers that there are mitigating factors applicable

(b) For prosecution cases, it will have been previously determined that there will be either

- (i) a greater chance of harm(s) to health and/or
- (ii) a history of previous enforcement, poor co-operation, prosecution or unspent convictions and/or
- (iii) larger professional landlord

3.3 Unless there are mitigating circumstances an application for a RRO should be made in all cases involving prosecution.

3.4 This decision will include the reasons taken into account in arriving at the decision and will be recorded against the property record (relevant worksheet on M3 Public Protection, or, alternative system being used at the time of the decision) for reference.

3.5 If a decision is made to apply for a Rent Repayment Order, the case officer will issue a Notice of Intended Proceedings on the person who has committed the offence (referred to as *the landlord*). This Notice of Intended Proceedings will invite *the landlord* to make representations within a period specified in the notice (*the notice period*). Any representations made by *the landlord* within *the notice period* will be considered by the *Officer Group 2*. *The landlord* will subsequently be made aware in writing of the decision reached following consideration of any representations made.

3.6 If no representation is made within *the notice period* or, where a representation is made by *the landlord* and a decision is reached by the *Officer Group*, to proceed with an application for a Rent Repayment Order, the case officer will make a formal application for a Rent Repayment Order.

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APPENDIX 5

Wirral Council

Banning Order Policy and Procedure 2019

This policy explains how the Council will use the powers under the Housing and Planning Act 2016 to ban landlords from renting out property in the private rented sector

1.0 Introduction

- 1.1 Chapter 2 of the Housing and Planning Act 2016 enables Local Authorities to apply to the First Tier Tribunal to impose a banning order on a landlord following conviction for a banning order offence¹. In order to make use of banning order powers the Council is required to have in place its own policy on when to pursue a banning order and to decide which option it wishes to pursue on a case-by-case basis in line with this policy.
- 1.2 This policy takes account of the non-statutory guidance issued by the Government² which makes clear that banning orders are aimed at rogue landlords who flout their legal obligations and rent out accommodation which is substandard, and which also confirms the Government's expectation that banning orders will be used for the most serious offenders.
- 1.3 In this policy the term 'landlords' also includes property agents, letting agents and property managers defined under Chapter 6 of Part 2 of the Housing and Planning Act 2016.

2.0 Effect of a banning order

- 2.1 A landlord subject to a banning order is prevented from
- Letting houses in England
 - Engaging in English letting agency work
 - Engaging in English property management work
 - Doing two or more of those things
- 2.2 Where a banning order is made, the individual will be determined not to be 'fit and proper' to hold a licence under Part 2 or 3 of the Housing Act 2004 and any licences in force under those parts will be revoked.
- 2.3 It is a Criminal Offence to breach a banning order.

3.0 A banning order offence

- 3.1 A 'relevant housing offence' is a conviction for any of the following offences on or after 6 April 2018:
- (a) Illegally evicting or harassing a residential occupier in contravention of the Protection from Eviction Act 1977 or the Criminal Law Act 1977 or;

¹ [The Housing and Planning Act 2016 \(Banning Order Offences\) Regulations 2017](#)

² [Guidance for Local authorities for Banning Order Offences under the Housing and Planning Act 2016](#)

- (b) Any of the following offences under the Housing Act 2004:
- i) Offences in relation to licensing of Houses in Multiple Occupation (HMOs) (section 72);
 - ii) Offences in relation to licensing of houses under Part 3 of the Act (section 95);
 - iii) Allowing a HMO that is not subject to licensing to become overcrowded (section 139);
 - iv) Failure to comply with management regulations in respect of HMOs (section 234);
 - v) Failure to comply with a Prohibition or Emergency Prohibition Order under sections 20, 21 and 43 of the Housing Act 2004;
- (c) If a person has committed a serious criminal offence they must have been sentenced in the Crown court to be regarded as a banning order offence
- (d) Spent Convictions should not be taken into account
- (e) If a landlord receives an absolute/conditional discharge for a relevant housing offence then that offence cannot be regarded as a banning order offence.

4.0 Length of a banning order

- 4.1 The Council is not able to determine the length of a banning order but can make a recommendation to the First-tier Tribunal as to how long the banning order should be imposed for.
- 4.2 A banning order must be for a minimum period of 12 months
- 4.3 There is no statutory maximum period

5.0 Decision making

- 5.1 As recommended by the Government's guidance, the Council will consider the following factors when deciding whether to apply for a banning order and when recommending the length of any banning order:
- The Seriousness of the offence
 - Previous convictions/rogue landlord database
 - Harm caused to the tenant
 - Punishment of the offender
 - Deterrence to the offender from repeating the offence
 - Deterrence to others from committing similar offences

5.2 The Seriousness of the Offence

All banning order offences are serious. When considering whether to apply for a banning order the local housing authority should consider the sentence imposed by the Court in respect of the banning order offence itself.

- 5.3 **Previous convictions/rogue landlord database**
A local housing authority should check the rogue landlord database in order to establish whether a landlord has committed other banning order offences or has received any civil penalties in relation to banning order offences. A longer ban may be appropriate where the offender has a history of failing to comply with their obligations and/or their actions were deliberate and/or they knew, or ought to have known, that they were in breach of their legal responsibilities.
- 5.4 The Council will also consider the likely effect of the banning order on the person and anyone else that may be affected by the order and will take into account the following:
- 5.5 **The harm caused to the tenant**
This is a very important factor when determining whether to apply for a banning order. The greater the harm or the potential for harm (this may be as perceived by the tenant), the longer the ban should be. Banning order offences include a wide range of offences, some of which are more directly related to the health and safety of tenants, and could therefore be considered more harmful than other offences (such as fraud)
- 5.6 **Punishment of the offender**
A banning order is a severe sanction. The length of the ban should be proportionate and reflect both the severity of the offence and whether there is a pattern of previous offending. It is, therefore, important that it is set at a high enough level to remove the worst offenders from the sector. It should ensure that it has a real economic impact on the offender and demonstrate the consequences of not complying with their responsibilities.
- 5.7 **Deterring the offender from repeating the offence**
The ultimate goal is to prevent any further offending. The length of the ban should prevent the most serious offenders from operating in the sector again or, in certain circumstances; help ensure that the landlord fully complies with all of their legal responsibilities in future. The length of ban should therefore be set at a long enough period such that it is likely to deter the offender from repeating the offence
- 5.8 **Deterring others from committing similar offences**
An important part of deterrence is the realisation that (a) the local authority is proactive in applying for banning orders where the need to do so exists and (b) that the length of a banning order will be set at a high enough level to both punish the offender and deter repeat offending.
- 5.9 Having had regard to this policy, a decision to commence the banning order procedure in any case will be confirmed by the Officer Group (as defined in the procedure below) who will also be responsible for considering any representations made by a landlord served with a notice of intention and for the decision to make an application for a banning order, including the recommended duration of the ban.
- 6.0 **Banning Order application process**
- 6.1 The process for applying for a banning order is set out in section 15 of the Housing and Planning Act 2016.
- 6.2 Prior to making an application the Council must give the landlord a notice of its proposal to apply for a banning order. This is called a 'notice of intent'

- 6.3 The notice of intent must be served within 6 months of the landlord being convicted of the offence
- 6.4 The landlord has a right to make representations to the Council during the period of the notice of intent. A landlord must be given 28 days from the date of the notice to make representations
- 6.5 The Council must consider any representations made by the landlord and will not apply for a banning order until the 28 day period has expired
- 6.6 If after the 28 days the Council decides to proceed with a banning order then they make their application to the first tier tribunal.

7.0 Requests for Information

- 8.1 Section 19 of the Housing and Planning Act 2016 provides that a local housing authority (the Council) can require a landlord to provide information for the purpose of enabling the Council to decide whether to apply for a banning order. This can include requiring the landlord to provide information on all the properties that the landlord owns.
- 8.2 It is an offence to ignore a request for further information unless the landlord can provide a reasonable excuse.
- 8.3 It is also an offence to provide false and misleading information
- 8.4 Failure to provide information or providing false or misleading information is punishable on summary conviction to a fine

9.0 Publicity following a banning order

- 9.1 Subject to the Governments guidance and guidance provided by the Ministry of Justice details of all banning order offences will be published and held on a national register. Also subject to legal advice, the Council will consider publishing details of successful banning orders including the names of individual landlords/ any business (managing or lettings agency). The Council will also consider making information on banned landlords available on request by a tenant.

Banning Order Procedure 2019

This procedure explains how the Council will use their powers under the Housing and Planning Act 2016 to consider applying for a Banning Order to the First-tier Tribunal.

10.0 Introduction

- 10.1 *Officer Group* to convene and consider should the local authority apply for a banning order in respect of a landlord or property agent being convicted of a banning order offence³ under the powers set out in The Housing and Planning Act 2016 (“the Act”).
- 10.2 The *Officer Group* to consist of:
- i) the case officer,
 - ii) senior housing standards officer
 - iii) the case officer’s line manager,
 - iv) representative from Legal Services (for advisory purposes only)
- 10.3 At least three members need to be present to reach an agreement that the local authority is correct to apply for a banning order. A Legal Services representative is there to provide legal advice only.
- 10.4 In advance of the *Officer Group* meeting, the Case Officer will complete and circulate a ‘*banning order evidence sheet*’ (referred to as *evidence sheet*) to all *Officer Group* members, at least 7 days before the meeting. This sheet to include background information on the case being considered and the Case Officer’s recommendation to the *Officer Group*, including the reasoning used to make recommendation.
- 10.5 At the *Officer Group* meeting the Case Officer will present the contents of the ‘*evidence sheet*’.
- 10.6 The *Officer Group* must have regard to the guidance document⁴ when considering whether or not to make an application to the First-tier Tribunal for a banning order. The officer group must consider the following:
- i) **The seriousness of the offence.** All banning order offences are serious. When considering whether to apply for a banning order the local housing authority should consider the sentence imposed by the Court in respect of the banning order offence itself. The more severe the sentence imposed by the Court, the more appropriate it will be for a banning order to be made. For example, did the offender receive a maximum or minimum sentence or did the offender receive an absolute or conditional discharge? Such evidence will later be considered by the First-tier Tribunal when determining whether to make, and the appropriate length of a banning order.

³ [The Housing and Planning Act 2016 \(Banning Order Offences\) Regulations 2018](#)

⁴ [Banning Order Offences under the Housing and Planning Act 2016](#)

- ii) **Previous convictions/rogue landlord database.** A local housing authority should check the rogue landlord database in order to establish whether a landlord has committed other banning order offences or has received any civil penalties in relation to banning order offences. A longer ban may be appropriate where the offender has a history of failing to comply with their obligations and/or their actions were deliberate and/or they knew, or ought to have known, that they were in breach of their legal responsibilities. Landlords are running a business and should be aware of their legal obligations. For example, in the case of property agents, they are required to be a member of a redress scheme and any evidence of non-compliance could also be taken into account.

10.7 The *Officer group* should also consider the likely effect of the banning order on the person and anyone else that may be affected by the order. These factors should include;

- i) **The harm caused to the tenant.** This is a very important factor when determining whether to apply for a banning order. The greater the harm or the potential for harm (this may be as perceived by the tenant), the longer the ban should be. Banning order offences include a wide range of offences, some of which are more directly related to the health and safety of tenants, and could therefore be considered more harmful than other offences (such as fraud).
- ii) **Punishment of the offender.** A banning order is a severe sanction. The length of the ban should be proportionate and reflect both the severity of the offence and whether there is a pattern of previous offending. It is, therefore, important that it is set at a high enough level to remove the worst offenders from the sector. It should ensure that it has a real economic impact on the offender and demonstrate the consequences of not complying with their responsibilities.
- iii) **Deter the offender from repeating the offence.** The ultimate goal is to prevent any further offending. The length of the ban should prevent the most serious offenders from operating in the sector again or, in certain circumstances; help ensure that the landlord fully complies with all of their legal responsibilities in future. The length of ban should therefore be set at a long enough period such that it is likely to deter the offender from repeating the offence.
- iv) **Deter others from committing similar offences.** An important part of deterrence is the realisation that the local authority is proactive in applying for banning orders where the need to do so exists.

10.8 The *Officer Group* may also have regard to the following before considering applying for a banning order:

i) **Class of landlord in terms of scale of operation**

Is the landlord considered to be a 'professional' landlord, having a portfolio of at least 3 properties for rent. This class of landlord is more likely to derive a reasonable income from his/her properties and be operating as business. Whereas, a landlord having only 1 or 2 dwellings is less likely to be operating as a business and may well have a main income from employment elsewhere.

ii) **Previous history and dealings with the Council.**

Has the landlord had previous dealings with the Council in terms of the legislation applicable to the potential banning order offences? If yes, was the landlords deemed to be cooperative?

Has the Council taken previous enforcement action against the landlord? If yes, was the landlord compliant?

Is this a first offence?

No history or a record of previous co-operation – strengthens case for a banning order offences

History of previous enforcement action, poor co-operation, prosecution and/or unspent conviction – strengthens case for consideration to and their details to the rogue landlord's database.

10.8 The *Officer Group* can consider other matters deemed to be relevant to the case being discussed and these will be added to the *evidence sheet* following the meeting.

10.9 Upon considering the above, the *Officer Group* will decide the most appropriate action; this will include the reasons taken into account in arriving at the decision. The decision must be recorded on the *evidence sheet* submitted by the Case Officer, along with a record to show that all matters previously mentioned have been considered and other relevant matters. The completed *evidence sheet* to be signed by the group members and a copy kept against the property record (relevant worksheet on M3 Public Protection or alternative system being used at the time of the decision) for reference and made available to the First-tier Tribunal. A copy of the *evidence sheet* will form part of the evidence to support the action taken.

10.10 If a decision is made to proceed and apply for a banning order, the Case Officer will first issue a 'Notice of Intent' to the landlord. The Notice of Intent will invite *the landlord* to make representations within a period specified in the notice (*the notice period*). The *Officer Group* must consider any representations made within the notice period by the landlord. Where representations are made the Officer Group must consider these and decide whether to pursue a banning order on the basis of any representations received. The decision and additional information must be entered on the *evidence sheet*, and this must be signed by the group members and a copy kept against the property record and for reference and made available to the First-tier Tribunal. A copy of the completed evidence sheet will form part of the evidence to support the action taken.

10.11 The local authority must wait until the notice of intent period has ended before applying for a banning order to the First-tier Tribunal. Should the local authority proceed they will apply to the First-tier Tribunal who have the power to make the banning order.

10.12 Definitions

'Landlord' also relates to the term property agent

'banning order offences' are described in 'The Housing and Planning Act 2016 (Banning Order Offences) Regulations 2018.

APPENDIX 6

Wirral Council

Rogue Landlord Database Policy and Procedure 2019

Rogue Landlord Policy

This policy explains how the Council will use its discretionary powers under the Housing and Planning Act 2016 to consider placing residential landlords or property managers renting within the private rented sector onto the national rogue landlords database.

1.0 Introduction

- 1.1 The Housing and Planning Act 2016 (“the Act”) introduced a range of measures to help local housing authorities tackle rogue landlords and drive up standards in the private rented sector. These measures include establishing and operating a database of rogue landlords and property agents. In this policy the term residential landlords and property agent are the same as the interpretations defined under Chapter 6 of Part 2 of the Housing and Planning Act 2016.
- 1.2 The database is a new tool for local housing authorities in England to keep track of rogue landlords and property agents. Database users will be able to view all entries on the database, including those made by other local housing authorities. The database can be searched to help keep track of known rogue landlords and agents, especially those operating across council boundaries and will help authorities target their enforcement activities.
- 1.3 Chapter 3 of Part 2 of Housing and Planning Act 2016 places a duty on local housing authorities to make an entry onto the rogue landlord database in cases where a banning order has been made against a person. Local housing authorities are also able to place landlords onto the national rogue landlord’s database when they have been convicted of a banning order offence or have received two or more civil penalties within a 12 month period. In order to make use of these new powers Wirral Council has produced its own policy when considering placing a landlord on the rogue landlord’s database.
- 1.4 This policy takes account of the statutory guidance issued by the Government¹ which makes clear that there is a wish to crack down on rogue landlords and property agents who flout their legal obligations and rent out substandard accommodation.
- 1.5 Each case will be considered on a case-by-case basis.

2. Background

- 2.1 The local housing authority must have regard to the criteria in the statutory guidance in deciding whether to make an entry in the database under the Act, and the period to specify in a decision notice.
- 2.2 The local authority may make an entry on the rogue landlord’s database in respect of a person if they have:-

¹ [Database of rogue landlords and property agents under the Housing and Planning Act 2016](#)

- i) been convicted of a banning order offence that was committed at a time when the person was a residential landlord or property agent; and/or
- ii) received two or more financial penalties in respect of a banning order offence within a period of 12 months committed at a time when the person was a residential landlord or a property agent.

2.3 Banning order offences are made under the provisions of The Housing and Planning Act 2016 (Banning Order Offences) Regulations 2018².

3. Decision making

3.1 The local authority will consider whether it should make an entry on to the database where a conviction of a banning order offence has been made or two or more civil penalties have been issued within a 12 month period.

3.2 The local authority must issue the landlord or property manager with a decision notice before making an entry on the database. The decision notice will specify the period of time the entry will be made and maintained.

3.3 Under the Government's statutory guidance document, the local authority will consider the following factors when deciding whether to make an entry on the database:-

- i) Severity of the offence.
- ii) Mitigating factors.
- iii) Culpability and serial offending.
- iv) Deter the offender from repeating the offence.
- v) Deter others from committing similar offences.

3.4 The local authority will also consider the following criteria when deciding the period to specify in the decision notice of how long the entry will last for:

- i) Severity of the offence.
- ii) Mitigating factors.
- iii) Culpability and serial offending.
- iv) Deter the offender from repeating the offence.

4. Appeals

4.1 A person who has been given a decision notice may appeal to the First-tier Tribunal against the notice within 21 days beginning with the day on which the notice was given.

5. Information to be included on the database

5.1 The Secretary of State may, by regulations, make provision about the information that must be included on the database. The local authority may include such information as

² [The Housing and Planning Act 2016 \(Banning Order Offences\) Regulations 2018](#)

- i) the person's name and address and other contact details.
- ii) the period for which the entry is to be maintained.
- iii) details of properties owned, let or managed by the person.
- iv) details of any banning orders offences of which the person has been convicted.
- v) details of any banning orders made against the person, whether or not still in force.
- vi) details of financial penalties that the person has received.

5.2 Where a body corporate is entered in the database, the information may require information about its officers.

Rogue Landlord Database Policy and Procedure 2019

Rogue Landlord Procedure

This procedure explains how the Council will use its powers under the Housing and Planning Act 2016 to consider placing residential landlords or property managers renting within the private rented sector onto the national rogue landlords database.

6.0 Introduction

6.1 *Officer Group* to convene and consider should the landlord or property agent be added to the rogue landlords database under the powers set out in The Housing And Planning Act 2016 (“the Act”).

6.2 The *Officer Group* to consist of:

the case officer,

a Senior Housing Standards Officer and the case officer’s line manager appropriate representative from Legal Services, where necessary

6.3 At least three members need to be present to reach an agreement that the local authority is correct in adding a landlord or property agent to the database. A Legal Services representative may be requested to attend to provide legal advice only.

6.4 In advance of the *Officer Group* meeting, the *Case Officer* will complete and circulate an ‘*evidence sheet*’ to all group members, at least 7 days before the meeting. This sheet to include background information on the case being considered and the *Case Officer’s* recommendation to the *Officer Group*, including the reasoning used to make recommendation.

6.5 At the *Officer Group* meeting the *Case Officer* will present the contents of the ‘*evidence sheet*’.

6.6 The *Officer Group* must have regard to the statutory guidance document and the following, in deciding whether to make an entry on the database under the provisions set out in the Act consider the following:

- i) **Severity of the offence.** The more serious the offence, the stronger the justification for including the offender on the database.
- ii) **Mitigating factors.** In cases where a less serious offence has been committed and/or there are mitigating factors, local housing authorities may decide not to make an entry on the database. Mitigating factors could include personal issues, for example, health problems or a recent bereavement. It is for local housing authorities to decide on a case by case basis whether mitigating factors are strong enough to justify a decision not to record a person’s details on the database.
- iii) **Culpability and serial offending.** Whether the offender has a history of failing to comply with their obligations. Where there is a clear history of knowingly committing banning order offences and/or non-compliance, the stronger the

justification for making an entry on the database. Conversely, where it is a first offence and/or where it is a relatively minor, a local housing authority may decide that it is not appropriate to record a person's information on the database.

- iv) **Deter the offender from repeating the offence.** The ultimate goal is to prevent landlords and property agents, who have failed to comply with all of their legal responsibilities, repeating the offence. An important part of deterrence is the realisation by the offender that (a) the local housing authority has the tools and is proactive in recording the details of rogue landlord and property agents and (b) that they will be unable to simply move from one local housing authority to another and repeat the same offences as the information will be available to other local housing authorities. It will also encourage joint working between local housing authorities who will be able to establish whether rogue landlords operate across their local housing authority areas. For example, including someone on the database might be an important deterrent if they rent out property in multiple local housing authority areas, as inclusion on the database will make their information available to other local housing authorities.
- v) **Deter others from committing similar offences.** Knowing that they may be included on the database if they are convicted of a banning order offence or receive multiple financial penalties, may deter some landlords from committing banning order offences in the first place.

6.7 The *Officer Group* must also have regard to the following criteria when deciding the period to specify in the decision notice:

- i) **Severity of offence.** The severity of the offence and related factors, such as whether there have been several offences over a period of time, should be considered. Where an offence is particularly serious and/or there have been several previous offences; and/or the offence(s) have been committed over a period of time, then the decision notice should specify a longer period of time. Where one or more of those factors are absent, it may be appropriate to specify a shorter period.
- ii) **Mitigating factors.** These could include a genuine one-off mistake, personal issues such as ill-health or a recent bereavement. Where this is the case, a local housing authority may decide to specify a shorter period of time in the decision notice.
- iii) **Culpability and serial offending.** A track record of serial offending or where the offender knew, or ought to have known that they were in breach of their responsibilities may suggest a longer time period would be appropriate.

- iv) **Deter the offender from repeating the offence.** The data should be retained on the database for a reasonable period of time so that it is a genuine deterrent to further offences.

6.8 The *Officer Group* may also have regard to the following before issuing a decision notice:

- (a) **Class of landlord in terms of scale of operation** is the landlord considered to be a 'professional' landlord, having a portfolio of at least 3 properties for rent. This class of landlord is more likely to derive a reasonable income from his/her properties and be operating as business

Whereas, a landlord having only 1 or 2 dwellings is less likely to be operating as a business and may well have a main income from employment elsewhere. This class of landlord includes those that have inherited rented property and not necessarily actively pursued a 'career' of becoming a portfolio landlord.

- (b) **Previous history and dealings with the Council.** Has the landlord had previous dealings with the Council in terms of the legislation applicable to the potential banning order offences? If yes, was the landlords deemed to be cooperative?

- i) Has the Council taken previous enforcement action against the landlord? If yes, was the landlord compliant?

- ii) Is this a first offence?

- iii) No history or a record of previous co-operation – strengthens case for a banning order offences

- iv) History of previous enforcement action, poor co-operation, prosecution and/or unspent conviction – strengthens case for consideration to and their details to the rogue landlord's database.

6.9 The *Officer Group* can consider other matters deemed to be relevant to the case being discussed and these will be added to the evidence sheet following the meeting.

6.10 Upon considering the above, the *Officer Group* will decide the most appropriate action (likely to deter the landlord from acting in a similar way again) regarding whether to add the landlord to the database and the specified period. This decision will be recorded on the *evidence sheet* submitted by the *Case Officer*, along with a record to show that all matters previously mentioned have been considered. The completed *evidence sheet* to be signed by the group members and a copy kept against the property record (relevant worksheet on M3 Public Protection or alternative system being used at the time of the decision) for reference and made available to the First-tier Tribunal. A copy of the completed evidence sheet will form part of the evidence to support the action taken.

7.0 Definitions

'**Landlord**' also relates to the term property agent

'banning order offences' are described in 'The Housing and Planning Act 2016 (Banning Order Offences) Regulations 2018.

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APPENDIX 7

Wirral Council

Policy on tests for fit and proper person and satisfactory management arrangements for a HMO Licence and Selective Licence

1.0 Introduction

- 1.1 Under the Housing Act 2004 is it a requirement that the proposed licence holder and manager of a licensable house/dwelling under Part 2 and/or Part 3 of the Housing Act 2004 to be a fit and proper person and the most appropriate person to hold the licence. In addition, in deciding whether a licence may be granted or not, Wirral Council (also referred to as *the Council* in this document) must be satisfied that there are satisfactory management arrangements in place or that such arrangements can be put in place by the imposition of conditions in the licence.
- 1.2 In considering whether the management arrangements are satisfactory Wirral Council will have regard to the following:
- i) the suitability of the proposed licence holder and manager (if different) (called the 'fit and proper test');
 - ii) the competence of the proposed licence holder/manager to manage the building;
 - iii) the suitability of the management structures;
 - iv) the adequacy of the financial arrangements and
 - v) any other matter considered relevant to the application.
- 1.3 A licence application will be refused if it is considered that the licence holder and / or manager are unfit.

2.0 The fit and proper test

- 2.1 In deciding to grant a licence Wirral Council must be satisfied that the proposed licence holder "... is a fit and proper person to be the licence holder ..." and that "*the proposed manager of the house is a fit and proper person to be the manager of the house ...*".
- 2.2 This requirement is to ensure that those responsible for operating the licence and managing the premises are of sufficient integrity and good character to be involved in the management of the particular residential premises to which the application relates and as such they do not pose a risk to the health, safety or welfare of persons occupying and visiting the premises.
- 2.3 When considering whether a person is 'fit and proper' Wirral Council will have regard to any 'wrong doings' of the relevant person concerned. This is evidence that the person has:
- i) committed any offence involving fraud or other dishonesty, violence or drugs and certain types of sexual offences;

- ii) practised unlawful discrimination on the grounds of sex, colour, race, ethnic or national origins or disability, in connection with the carrying out of business;
- iii) contravened any provision of housing or landlord and tenant law or
- iv) acted otherwise than in accordance with an approved code of practice or the membership requirements of a recognised trade association or accreditation scheme

2.4 The above list is not exhaustive and Wirral Council can and will consider whether a relevant person has committed other relevant wrong doings, for example, discrimination under Regulation 5 of the Equality Act (Sexual Orientation) Regulations 2007. A relevant person may not be deemed unfit, solely because of poor management, although this is highly relevant to determining any question of suitability or competence.

2.5 Wirral Council do not adopt a blanket policy with its consideration of factors under a fit and proper person test. Each case will be considered on its own merits and regard will be had to information provided/omitted from an application form and information held by Wirral Council relating to the premises and/or any relevant person connected with the licence application.

2.6 In an application for a licence the applicant **must** provide details of the following in relation to him/herself and the proposed manager (if the applicant is not to be the licence holder)

- i) unspent convictions;
- ii) any findings of a court/tribunal that the person has practised unlawful discrimination;
- iii) any judgement entered against that person in relation to a contravention of housing or landlord and tenant law (and, in so far it relates to the housing or landlord and tenant law, any contravention of any enactment relating to public or environmental health);
- iv) any control order made in respect of any house or HMO under his/her management or ownership (and also in respect of any former house or HMO he/she owned or managed);
- v) any enforcement action in respect of any house or HMO under his/her management or ownership (and also any former HMO or house he/she owned
- vi) or managed) under the housing health and safety rating system in Part 1 of the Housing Act 2004 so far as that enforcement action related to a category one hazard;
- vii) details of any refusal to grant a licence, or details of the revocation of a licence granted for non-compliance of a condition or conditions in respect of

any house or HMO under his/her management or ownership (and also in relation to any former HMO or house/dwelling he/she owned or managed);

viii) details of any interim or final management orders made by an Local Housing Authority in respect of any house or HMO under his/her management (and also in respect of any former HMO or house/dwelling he/she owned or managed).

2.7 An applicant for a licence must disclose any wrong doings which relate to themselves, the proposed manager and any other relevant person. Wirral Council should therefore normally have sufficient information to decide a person's fitness based on the application. However, if Wirral Council is not satisfied that it has sufficient information (being that supplied in connection with the application) to make a determination, it may require the applicant to provide further details and/or undertake their own further enquiries with other relevant Council departments and external bodies, as it deems necessary.

2.8 Wirral Council may require cooperation in obtaining Disclosure & Barring Service checks (DBS) information in confirmation of the above and reserve the right to carry out a full DBS check. The Council may also approach other external agencies including but not limited to local authorities, the Police Authority, Fire & Rescue Service, Office of Fair Trading, etc. for information and confirmation. The completion and signing of the Selective Licence or an HMO application form will be taken as your agreement to any such action and the sharing of information between other Local Authorities for all relevant persons associated with the property and application for a Part 2 or 3 licence. Checks will also be made internally with other Council departments such as Licensing, Trading Standards, Planning, Building Control, Council Tax and Housing Benefit.

2.9 Other reasons for further investigation may include, but are not limited to, the following:

- i) Wirral Council has evidence of a history of complaints or problems with the landlord (which in themselves might not amount to 'evidence' of unfitness to meet the test), therefore further investigation may be required;
- ii) the applicant has been evasive, untruthful or has failed to disclose a relevant fact in their application for a licence;
- iii) the applicant, or proposed manager, is unknown to Wirral Council and has not demonstrated any history or competence of managing HMOs or other private rented properties;
- iv) Wirral Council has reasonable grounds to suspect that the applicant, or the proposed manager, has committed an offence which is relevant to the determination of any question of his/her fitness or
- v) the premises provide accommodation mainly to vulnerable persons.

2.10 In deciding whether a wrong doing (including a criminal offence) is relevant to the determination of a person's fitness the Council may wish to consider the following factors:

- i) the relevance of the wrong doing(s) in relation to the person's character and integrity to manage residential premises and in particular the type of premises to which the licence relates;
- ii) the seriousness of the wrong doing(s) in terms of impact, or potential impact, upon the residents and the wider community, including if more than one incident of wrong doing has been carried out the cumulative impact;
- iii) the length of time since any wrong doing and
- iv) any mitigating circumstances.

3.0 Consideration of 'persons associated or formerly associated' with the proposed licence holder or manager

3.1 If there is evidence that a person associated, or formally associated, with the person proposed to be the licence holder or manager of the property, has committed any wrong doings that evidence may be taken into account in determining the proposed licence holder's or manager's fitness (even if that person has himself or herself an unblemished record).

3.2 The purpose of this requirement is to ensure that only a fit and proper person holds the licence or involved in the management of a licensed property. It would not be appropriate for a licence to be granted to someone, or for someone to be the manager of a property, if that person was merely acting as a 'front' for someone else who, if he or she were not unfit, would be entitled to be the manager or licence holder.

3.3 An example might be that of a husband and wife, where the husband is the landlord (or indeed both he and his partner are joint landlords), but only the wife has applied for the licence. If there is evidence that the husband has committed wrong doings and those wrong doings are relevant to the wife's management of the property or licence then Wirral Council may refuse to grant her a licence.

3.4 Likewise, if a landlord with an unsatisfactory record nominated a "manager" who had a clean record, but had acted for him whilst the wrong doings were committed, Wirral Council may consider the managing agent by association to be unfit also in respect of that application.

4.0 Management standards

4.1 Wirral Council must be satisfied that "*the proposed management arrangements ...are satisfactory*" before granting a licence. Those arrangements include (but are not limited to) consideration of whether:

- i) the persons proposed to be involved in the management of the premises has a sufficient level of competence to be involved;
- ii) the persons proposed to be involved with the management of the premises are actually involved in the management;
- iii) those persons are 'fit and proper' (which is discussed above) and;
- iv) the proposed management structures and funding arrangements are suitable.

4.2 If there are concerns about the competencies and structures in place to manage the premises then conditions can be imposed on the licence to ensure that the necessary arrangements are, or can be put in place. However, if such conditions will still not be possible or practical to impose then it may be necessary to refuse to grant a licence.

4.3 It is for the Council to determine whether a person has sufficient competence to be involved in the management of premises and, of course, the level of competence required will in some measure be determined by the complexity of the management challenges posed. In general the Council should, therefore, be looking at the applicant's experience and track record of managing residential premises and, in particular where he/she is the existing manager, the premises to which the application relates. The test should not, however, be set too high. Competent managers need to know their legal obligations and work within them, but it does not mean they need a formal housing or legal qualification. Where a deficiency is identified and can be addressed this should be done through a licence condition (e.g. requirement to attend a training course). In most cases landlords who belong to a recognised trade association or are members of an accreditation scheme should be regarded as having the necessary competence to be involved in the management of the premises because, at least such organisations can be called upon for advice and assistance where necessary.

4.4 The management structures must be such that the manager is able to comply with any licence conditions and deal with the day to day operational management issues that arise as well as being able to deal with longer term management issues. In considering whether the structures are appropriate the Council may wish to take account of the following:

- i) evidence as to whether the systems in place are sufficient to enable the manager to comply with any condition of a licence or
- ii) if such systems can be put in place through a condition of a licence to ensure compliance;
- iii) evidence of the systems for dealing with:
 - emergency repairs and other issues
 - routine repairs and maintenance to the premises and its curtilage
 - cyclical maintenance

- management and the provision of services (if any) to the building and its curtilage
- management of tenancies or occupants
- management of the behaviour of tenants, occupants and their visitors to the premises
- neighbourhood issues (including disputes)

iv) evidence of structures for engagement with the local authority, police and other agencies, where appropriate

4.5 In order to be able to demonstrate much of the above evidence it is likely that the manager will need to operate within a reasonable proximity to the premises, so that he/ she can attend to matters promptly and retain an overview on the condition of the premises and the management of the tenancies. The Council must also be satisfied that the financial arrangements relating to the premises are suitable. In that regard the manager must be sufficiently funded or have access to funding to carry out his obligations under the licence and his/her general management functions.

4.6 Wirral Council can vary or revoke a licence at any time during the licence period if there is sufficient evidence to support these decisions. Unannounced visits of licensed dwellings/houses and HMO's will be undertaken during the licence period to check for compliance with the licensing and management regimes which apply. Breach of any such legislation is a strict offence for which further action may be taken in accordance with the Council's own enforcement policies. The Housing, Health and Safety Rating System (HHSRS) also apply to dwellings/ houses/ HMO's and remedial works can also be enforced via this legal mechanism.

5.0 Making the decision

5.1 Should Wirral Council be made aware or have information that may affect the applicant's/property manager's ability to be determined "fit and proper" and/or proposed management structures and funding arrangements are not suitable the Housing Standards "*Officer Group*" will convene and

- (i) consider evidence/information gathered and to determine if whether the applicant and/or property manager can be determined "fit and proper",
- (ii) consider evidence/information gathered and to determine if whether proposed management structures and funding arrangements for the licensable property are suitable,

5.2 The *Officer Group* to consist of:

- i) Senior Housing Standards officer,
- ii) Senior Housing Standards officer's line manager ,
- iii) appropriate representative from Legal Services (for advisory purposes only)

- 5.3 All members of the *Officer Group* need to be present to reach an agreement on whether the applicants/property managers can/cannot be determined “fit and proper” and/or proposed management structures and funding arrangements are/are not suitable.
- 5.4 In advance of the *Officer Group* meeting, both the case officer and Senior Housing Standards Officer will complete and circulate a ‘case background sheet’ to all group members, at least 7 days before the meeting. This sheet to include background information on the case being considered and the Senior Housing Standards Officer’s recommendation to the *Officer Group*.
- 5.5 At the *Officer Group* meeting the, Senior Housing Standards Officer will present the contents of the ‘evidence sheet’.
- 5.6 After consideration of all the material facts to the application, Wirral Council will either:-
- i) Grant the licence with or without conditions.
 - ii) Refuse to grant the licence.
- 5.7 A record will be kept of the *Officer Group* Meeting and include details of the matters considered and the reasoning for the decision reached

6.0 Granting the licence

- 6.1 If Wirral Council propose to grant either a Part 2 or Part 3 licence, then the following procedure will be implemented:-
- 6.2 The applicant and each relevant person will be served with a notice under Schedule 5, Paragraph 1 which states that Wirral Council are proposing to grant the licence; will set out the main terms of the licence together and will confirm the date of the end of the consultation period.
- 6.3 The notices will be sent by post to the given addresses for the applicant and each relevant person. Where a valid email address has been provided by an applicant the notice will be sent to the applicant by email.
- 6.4 The consultation period is an opportunity for the applicant and each relevant person to provide further evidence to the Council if they wish, e.g. in response to any conditions outlined on the notice.
- 6.5 It is important that any representations which the applicant and relevant person(s) wish to make are made in good time ahead of the end of the consultation period. If information is not received by the end of the consultation date then the Council will make a final decision in its absence. Representations must be in writing and must be accurate and truthful.
- 6.6 The *Officer Group 2* (as defined in the Policy and Procedure for the imposition of a Civil Penalty) will meet to consider any representations. The Council will then be in

a position to make a final decision for the application. The *Officer Group 2* may have to make further checks with departments internally or externally, as with the original application, based on any further information that is provided.

- 6.7 If the Council decide to grant a licence the applicant and relevant parties will be informed of this decision.
- 6.8 If the Council decide to grant a licence with modifications in accordance with the representations made, a notice under Schedule 5, Paragraph 3 will be served on the applicant and each relevant person(s) outlining the proposed modifications, the reasons for them and the end of a further consultation period.
- 6.9 Once the end of the consultation period(s) has passed, a final decision will be made regarding the licence application.
- 6.10 If the Council decided to grant a licence, a notice under Schedule 5, Paragraph 7 will be served on the applicant and each relevant person. This notice will include a copy of the licence and will state the reasons for deciding to grant the licence, the right of appeal against the decision and the time period for the appeal.

7.0 Refusing to grant the licence

- 7.1 If Wirral Council do not propose to grant a Part 2 or Part 3 licence, then the following procedure will be implemented:-
- 7.2 The applicant and each relevant person will be served with a notice under Schedule 5, Paragraph 5 of the Housing Act 2004 which states that Wirral Council are proposing to refuse to grant the licence and will set out the reasons for refusing to grant the licence and the end of the consultation period.
- 7.3 The notices will be sent by first class post or hand delivered if possible to the given addresses for the applicant and each relevant person. The notice will also be sent out by email to the applicant where a valid email address has been provided to the council.
- 7.4 The consultation period is an opportunity for the applicant and each relevant person to provide evidence to the Council to further support their application for the licence. The applicant may also decide to provide alternative information to the original application, such as the nomination of a new manager or licence holder for the Council to consider.
- 7.5 It is important that any representations which the applicant and relevant person(s) wish to make are made in good time ahead of the end of the consultation period. If information is not received by the end of the consultation date then the Council will make a final decision in its absence. Representations must be in writing and must be accurate and truthful.
- 7.6 If representations are made, the *Officer Group 2* (as defined in the Policy and Procedure for the imposition of a Civil Penalty) will meet to consider these representations. Upon consideration of any representations, the Council will then be in a position to make a final decision for the application. The *Officer Group 2* may

have to make further checks with departments internally or externally, as with the original application, based on any further information which is provided.

- 7.7 The Council may decide to grant a licence based on the additional information received and the applicant and relevant parties will be informed of this decision. However, the Council may decide that any representations provided are still not considered compliant with the requirements of the licensing regime and the licence will still not be granted.
- 7.9 Where the decision to refuse to grant a licence has been made the applicant and all relevant person(s) will be served with a notice under Schedule 5, Paragraph 8 of the Housing Act 2004. This will state the Councils decision not to grant the licence and the reasons for this decision. The notice of decision will be posted by first class post or hand delivered if possible.
- 7.10 There is a right of appeal against this decision notice to the First tier Tribunal (Property Chamber – Residential Property).

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APPENDIX 8

**WIRRAL COUNCIL
DELIVERY SERVICES
HOUSING STANDARDS
ENFORCED SALES
PROCEDURE
2019**

Introduction

Wirral Council Housing Strategy sets out the long term strategic direction for delivery of the environmental pledges contained within the Wirral Plan. A specific priority within the Wirral Plan is to facilitate the provision of good quality housing that meets the needs of Wirral residents and focuses on the delivery of attractive, sustainable and safe environments. In order to enable improvement in the quality and supply of Wirral's housing stock a distinct target has been included within the Wirral Plan to bring 1,250 empty homes back into use by 2020. To help achieve this target Wirral Council will focus on working with partners to target empty property interventions which bring long term empty properties back into use and support improvements within neighbourhoods and the housing offer in Wirral.

Wirral Council utilises a number of approaches within its empty property 'toolkit' of resources to assist owners of long term empty properties to bring their properties back into residential use including; advice and guidance, financial assistance, private sector leasing and the use of a developers list. The majority of long term empty cases are brought back into use through working in partnership with owners to achieve a positive outcome for the owner and the property. In some cases, the threat of enforcement action and subsequent serving of Statutory Notices does not produce the desired conclusion and necessitates works in default being undertaken and the associated costs for the works being incurred by Wirral Council. The Enforced Sales Procedure will provide a clear and transparent process for the recovery of such costs and hopefully result in the property being brought back into use.

The Enforced Sale Procedure aims to provide a clear method for determining which long term empty property cases are taken forward for enforced sale through an appraisal process which establishes evidence of continuing problems attributable to long term empty residential properties along with confirmation of a continuing lack of action by the property owner (if known) to return the property to use following interaction with Wirral Council.

Wirral Council's Enforced Sale Procedure has been established as a process to enable recovery of outstanding debts owed by owners of long term (6 months and over) empty residential properties. These debts were incurred as a consequence of non-compliance with enforcement legislation or non-payment of Council Tax which has resulted in a charge(s) being registered on the property following either the undertaking of works in default or non-payment of Council Tax or, sometimes both, whichever is relevant. The intention of the procedure is to formalise a consistent approach to help resolve issues created by problematic long term empty residential properties and to minimise impacts on the environment and neighbouring premises whilst also facilitating the return to use of long term empty properties in order to provide much needed housing resource within local communities.

Wirral Council's Council Tax Team will also pursue the non-payment of Council Tax related to empty properties. This can result in a legal charge being registered against the property equal to the amount owed to the Council. The Enforced Sales Procedure will also provide a clear and transparent process for the recovery of such costs.

The Enforced Sale Procedure forms part of Wirral Council's approach to dealing with non-compliance contained within Wirral Council's Enforcement Policy and supporting Housing Standards and Renewal Enforcement Policy Statement. The overarching Enforcement Policy provides detail of the objectives and methods for achieving compliance and the criteria to be considered when deciding the most appropriate response to a breach of legislation ensuring Officers of Wirral Council act in accordance with the policy.

Procedure

The procedure may be used to recover debt arising from the exercise of any statutory powers that;

- Confer a charge on all the estates and interests in the property
- Confer Law of Property rights (i.e. grant the powers and remedies available as if the charge had been created by deed).

Any such charge will bind any prior charges affecting the property, i.e. the council's charge will have a priority over other charges. However, covenants and easements over the property will not be so bound. If the statutory powers under which the debt has arisen do not confer the above mentioned rights, then it will be necessary to consider whether Section 7 of the Local Land Charges Act 1975 applies. If it does then the procedure may still be used but only the estate of the offending party will be bound not all the states and interests in the property. Other charges may therefore take priority over the council's charge.

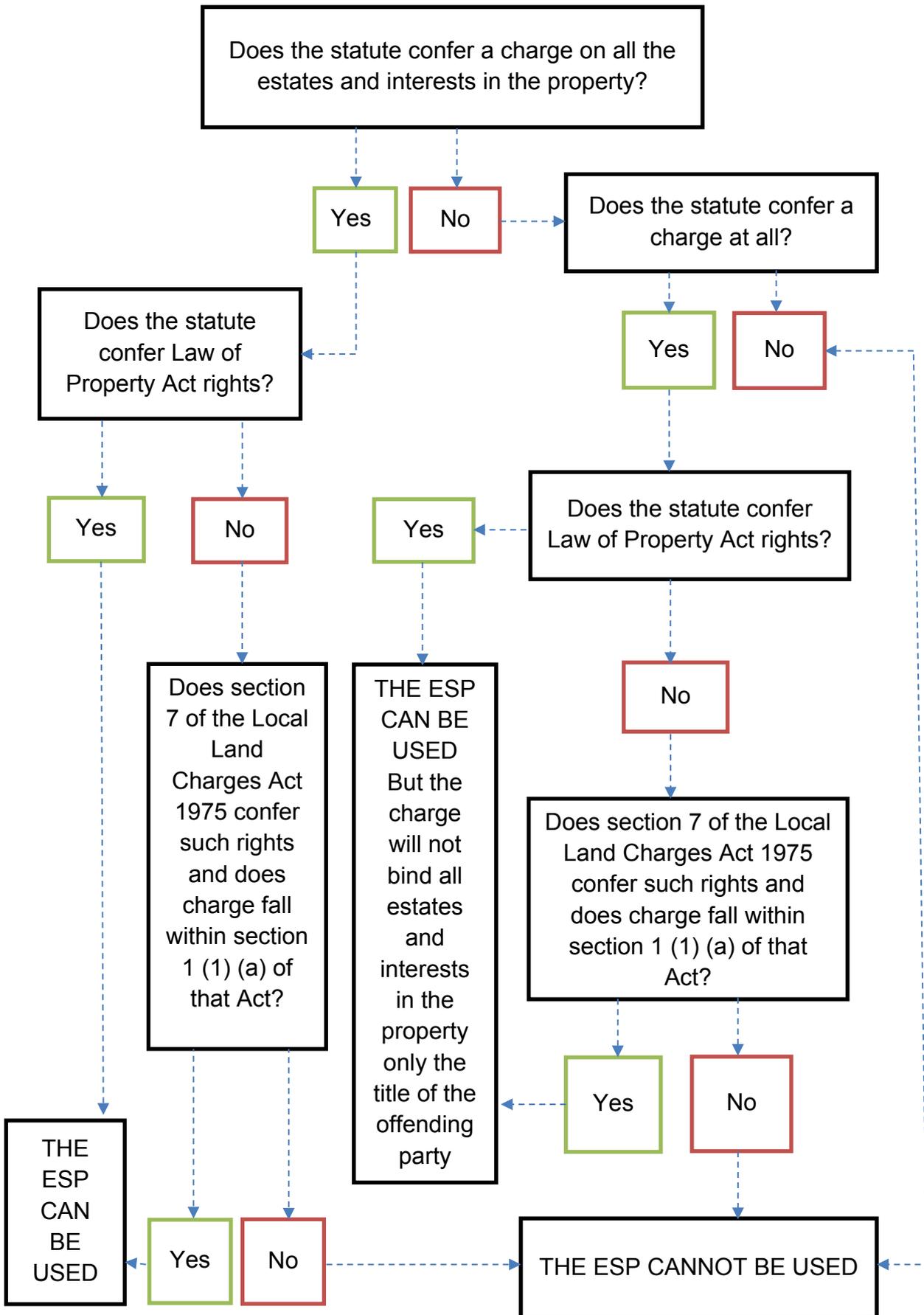
Principally, the statutory powers that will enable the procedure to be used are: -

- Prevention of Damage by Pests Act 1949
- Housing Act 1985
- Building Act 1984
- Public Health Act 1936
- Public Health Act 1961
- Environmental Protection Act 1990

Actions in relation to the service of statutory notices under these provisions are most likely to have given rise to the relevant debt(s).

The flowchart below outlines the direction of the process to follow to determine how to progress procedure on the basis of the legal rights permitted under statutory powers;

Flowchart of Process



Additionally, the following criteria will be applied when considering whether to instigate the procedure;

- The principle sum of the original work carried out in default must be at least **£1,000**. (This can be the total of a number of combined principle sums)
- The statutory notice(s) must have been served correctly. Refer to the relevant statute for the requirements relating to service. All copy notices must have been signed by relevant authorised signatories. The procedure cannot be employed if the notices have not been served in this manner.
- The serving officer must complete a 'Record of Service of Notice' form on service of the statutory notice.
- There should be no proposed Compulsory Purchase Order (CPO) action within a 2-year period.
- The property must not be the subject of any bankruptcy action. (This would usually be noted on the title if registered).

It should be noted that the right to enforce a sale in order to recover land charges is limited by section 20 of the Limitation Act to 12 years from when the right to receive the money accrued, not from when the demand was sent out or the local land charge registered. However, where the owner has attempted to repay and any amount has been received, the 12 year period starts afresh from that date.

Land Registry

If properties are shown as unregistered at Land Registry then the process should not be considered suitable for such properties.

Human Rights Act 1998

Consideration of the provisions of the Human Rights Act 1998 must be taken by the Council. In particular, Part 1, Article 8; everyone has the right to respect for his private and family life, his home and his correspondence. And also Protocol 1, Article 1; every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law.

This need is to be balanced against the general benefits and rights of neighbours and the surrounding community.

A statement that the intended action of the Council in exercising its power of sale is considered to be proportionate, in accordance with the Act, should be included in letters to the Owner and Charges. This will be covered by correspondence issued by Legal Services.

Determination of Enforced Sales Cases

Determination of properties which are suitable for pursuing enforced sale option should be agreed via an Enforced Sales Group (ESG). The ESG shall consist of representatives from Legal Services, Housing Standards and any other relevant department as judged by Housing Standards Team and will agree which properties are suitable for development of enforced sales cases. In deciding which properties to progress through enforced sale the group will consider a number of factors including; number of complaints received, amount of debt owed to Wirral Council and nuisance caused in the local neighbourhood.

Housing Standards Team Role

1. Produce a background case file for property including;

- 1) External photographs of property before any default work has been undertaken (front and rear if possible)
- 2) All statutory notices served prior to the Council carrying out the necessary works in default together with the details as to how the notices were served.
- 3) Proof of Service of Notice
- 4) Details of Works in Default commissioned
- 5) All invoices from contactor for Works in Default including breakdown of labour and material charges
- 6) Photographs of property following completion of Works in Default
- 7) Copy of memo to Land Charges – Work in Default completed and paid including invoice number and amount
- 8) Copy of invoice generated for property owner for Work in Default amount plus administration fees
- 9) Comprehensive known address(es) document produced for owner e.g.. Land Registry entry, Council Tax records etc.
- 10) Evidence of charge(s) from the Land Charges Team
- 11) Council Tax ownership details status and statement of any arrears
- 12) Land Registry entry for property with a copy of any lease if the property is registered leasehold. The Land Registry will generally supply a copy of the lease if they have it in return for a fee.
- 13) If Council Tax arrears but the Land Registry does not show the debt has been secured via a charge then the Council Tax Team to be asked if they plan to progress securing this so that if the enforced sale is to proceed the debt is recoverable out of sale proceeds. If the debt does not show on the Land Registry title then recovery will not be possible without further action
- 14) If there are Council tax Arrears and the Land Registry entry shows the Council has an equitable charge for those arrears and there is no mortgage then Council Tax Team to be asked if they intend to apply to court for an 'Order for Sale' and then sell via that process rather than through reliance on Local Land Charge(s) and give time estimate for that process.
- 15) M3 database worksheet for property detailing action, activity and correspondence
- 16) A check then needs to be carried out to find out which charges are still outstanding. This is done as there are many ways debts can be paid and there is little point undertaking work where a charge has been repaid.

The ESG will determine whether or not to develop the Enforced Sale process further.

2. Resend Original Notices

All the notices originally served and notices of demand for payment are re-served on the property with a covering letter. This will ensure that an owner or interested party is made aware of the debt and also ensures that there is adequate evidence available. Notices will be served by the following methods:

- i) One must be served on the listed owner or owners by first class post, or by hand, or by affixing it to the property
- ii) One must be posted to any other address(s) shown on the Land Registry and to any other interested party of which the Council is aware.
- iii) Copies must be stamped and signed by the serving officer. A 'Record of Service of Notice' form must be completed for each by the serving officer.
- iv) A photograph must be taken as evidence of any notices affixed to the property and weekly visits should be made in order to replace any notices that have been removed.

3. Section 103 Notice

- i) After a period of 28 days if no payment is made, a notice pursuant to Section 103 of the Law of Property Act 1925 is then served. This notice gives the owner three months to repay the debt.
- ii) The property cannot be sold until the Section 103 notice has expired, but during this time the procedure is progressed through the various stages as far as possible.
- iii) The Section 103 Notices are divided into 2 categories:
 - i. Where notices pursuant to Section 79 Building Act 1984 have been served.
 - ii. Where no notices pursuant to Section 79 Building Act 1984 have been served.

When serving the notices, a photograph is taken of the property and copies of all the notices served and confirmation of the method of service are attached to the property file and onto the M3 database.

4. Authorisation

- i) Following the expiry of the 3 month period a check needs to be made with the Council's Finance Team to ascertain whether or not the debt has been paid.
- ii) If the debt has not been paid the serving officer should review the case with the Housing Standards Manager.
- iii) If, following review, it is decided that the Enforced Sales Procedure should be followed to its conclusion, the Senior Housing Standards Officer / Team Leader must prepare an authorisation form which, together with the background file, is passed to Assistant Director with responsibility for Housing Services for authorisation under delegated powers.
- iv) Authorisation and file returned to Case Officer.

5. Legal Services / Finance Investment Team instruction

- i) A copy of the authorisation and the file are then forwarded to the appropriate Debt Recovery Team / Legal Team.

- ii) Case Officers should continue to make on-going checks at weekly intervals in order to ensure no re-payment has been made.

Legal Team Role when Property is registered at Land Registry

1. Do Charges Remain on Property?

- i) Upon receipt of the file from the Housing Standards Team, compile list of all charges.
- ii) Checks should also be made that the statutory notices have been correctly served

2. Write to all Interested Parties

- i) If charges are still outstanding a letter is sent to all persons on the register who have an interest in the property advising them of the position. This will include others who have a charge registered against the property.
- ii) The letter must be copied to the Housing Standards Team for information, who must take a photograph of any letters or notices affixed to the property and carry out weekly visits in order to replace any notices that may have been removed.
- iii) This letter gives the owner and any other interested parties fair notice of the steps the Local Authority proposes to take. It is accepted that in most cases the whereabouts of the owner may not be known. Even so, a letter addressed to the property and any other address(s) is sent in an attempt to notify the owner. Every attempt is made to give such persons notice of the Council's proposals and ample opportunity to repay the debt is conveyed to the owner
- iv) A period of 28 days is allowed for the persons served to respond.

3. Registration of Charge

- i) If there is no response to the letter and no debts have been repaid then a charge must now be registered with the Land Registry.
- ii) A resolution for the relevant charge(s) must be prepared and be sealed by the Council. This must record:
 - (a) The statutory provisions
 - (b) The service of the necessary notices
 - (c) What work was done and when
 - (d) The registration of the charge in the register of local land charges and claims priority over all estates and interests
 - (e) A certificate made by the council that it has all the necessary rights and powers to make the application for registration of the charges and that it has taken all appropriate steps in accordance with the relevant statute
- iii) An application must be prepared for registration of the charge and a fee paid to the Land Registry on submissions of the application registered.
- iv) Form SC must also be completed in order to claim priority in favour of the council's charge over any existing charge registered against the title assuming the charge binds all estates and interests in the property.
- v) The completed application must be sent to Land Registry. This comprises of:
 - (a) A covering letter
 - (b) The sealed and dated resolutions together with a certified copy of each resolution
 - (c) The land/charge certificate or copies of the correspondence requesting the same

- (d) Completed form SC
- vi) Confirmation of the completed application must be provided to the Housing Renewal Team.

4. The Charges are Registered

- i) Notification of completion of the registration is received from Land Registry on completion of the registration – arrangements are then made for the sale of the property.
- ii) At this point:
 - i. A check is made that the charges have not been paid
 - ii. The Housing Renewal Team must be informed of the registration and must be asked whether the property is to be sold at auction or to a preferred purchaser.
- iii) Letters are then sent to the owners and interested parties advising them that the Council's charges are registered and it is the Council's intention to pursue a sale of the property. This gives the owner and interested parties notice of the Council's intentions so that they cannot claim steps were not taken to notify them.
- iv) The letter must be copied to the Housing Standards Team for information and they must take a photograph as evidence of any notices affixed to the property and weekly visits should be made in order to replace any notices that have been removed.

Selling the empty property – Valuation/Asset Management

1. Methods of Selling the Empty Property

- i) Once the Assistant Director having responsibility for Housing Services has been advised that the charges have been registered against the title and/or that the property can be put forward for sale and instructs Asset Management Team accordingly. A sale by a mortgagee has to be at the best price reasonably obtainable and the usual way to achieve that in a mortgage situation is via an auction. Other than where there is particular justification therefore, the property will be offered for sale at auction.

Whatever the method of sale, an independent valuation should be obtained to ensure an estimate of market value or fair value of the property

1. Contract

- i) For a registered property the contract for sale will be on standard terms for a contract for sale by a mortgagee so no warranties will be given about title.
- ii) In the case of an unregistered property there will probably be no deeds or details of any encumbrances affecting the property and the contract for sale will need to reflect this.

2. Title

- i) Registered titles: copies can be obtained of the documents referred to on the title from the Land Registry. Where they are not available, include an appropriate clause in the contract to cover the position.

3. Check Charges

- i) Immediately prior to auction/exchange of contracts a further check by the Housing Standards Team is undertaken with the Finance Investment Team to ascertain whether the charges have been repaid.
- ii) The property should also be inspected from the outside to check it is vacant as far as can be ascertained given that the Council will not have secured it or taken possession of it.

4. Post Sale

- i) The post-sale procedure is generally the same as that for any other sale.
- ii) The following deductions will be made from the proceeds of the sale:
 - (a) Any auctioneer's fee
 - (b) The legal fee
 - (c) The surveyor's fee
 - (d) Housing Standards & Renewal Teams administration fee
 - (e) Monies due to mortgagees with registered charges on the property
 - (f) Any outstanding ground rent/ service charge
- iii) These sums will be processed in the same manner as for a normal sale. If the debts are greater than the proceeds of sale, the fees will have first call on the proceeds. The auctioneer's fees will have to be paid in any event and the other fees will also have first call on the proceeds. Any remaining debt is taken from the proceeds and anything outstanding is placed against the former owner as a personal debt, to be pursued in the normal manner if economically viable.
- iv) If any balance remains from the proceeds of the sale and the whereabouts of the owner/the person first entitled is known, then the balance is paid to them in the normal way.
- v) If the owner's whereabouts are not known, then the balance must be paid into an interest bearing account. If no valid claim is made within a period of 12 years, the money reverts to the Council.

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CABINET

Monday, 22 July 2019

APPROVAL OF BUSINESS CASE AND CONSULTATION APPROACH FOR PROPOSED SELECTIVE LICENSING

Councillor Stuart Whittingham, said:

Wirral's private rented sector has almost doubled in recent years. In order to ensure this sector remains healthy, the Council needs to address some of the housing and related social issues which continue to affect specific areas to the east of the borough where there are particularly high concentrations of poor quality private rented properties. Many landlords act responsibly however Wirral's existing Selective Licensing Scheme and the evidence base undertaken has highlighted the need to continue the scheme in some areas and extend this targeted approach to other parts of Wirral. This will ensure the enforcement of minimum standards and help protect vulnerable residents and tenants in these areas.

REPORT SUMMARY

This report sets out a proposal to continue Wirral's Selective Licensing Scheme through re-designating the four areas that have been in place since 2015 and are due to end on 30th June 2020 and extending the scheme into two further areas, all in East Wirral. Selective Licensing is a scheme to improve private rented sector homes within specific designated neighbourhoods by requiring private landlords to obtain a license and comply with certain agreed conditions. A Business Case which supports the extension of the scheme and relevant appendices are attached to this report. Members are asked to agree that this evidence is the subject of a statutory consultation exercise to seek wider view on the proposal.

The Scheme contributes to the Wirral Plan 2020 Pledge; 'Good quality housing which meets the needs of residents' by improving the quality of Wirral's housing offer for our residents which is a key component of Wirral's Housing Strategy and aims to improve 2250 private sector properties by 2020.

Wards affected include Birkenhead & Tranmere, Claughton, Liscard, Oxtun, Prenton, Rock Ferry and Seacombe.

This is a key decision.

RECOMMENDATION/S

Cabinet is requested to:-

- 1) approve the draft proposal for Selective Licensing in the following six areas from July 2020 until June 2025 in the Borough based on the robust evidence base:
 - Birkenhead South (LSOA E01007129);
 - Egerton North (LSOA E01007179);
 - Egremont Promenade South (LSOA E01007215);
 - Egremont South (LSOA E01007275);
 - Seacombe Library (LSOA E01007278); and
 - Tranmere Lairds (LSOA E01007291);
- 2) approve the consultation plan and draft Business Case as attached to this report as the basis for public consultation on Selective Licensing; and
- 3) give delegated authority to the relevant Director and Cabinet Member for Housing and Planning to undertake minor amendments to the Business Case should further evidence be made available which should be included in the consultation.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 There is clear evidence within the Business Case on the rationale for commencing with a ten week consultation process on the proposed continuation of Selective Licensing in the four existing designated areas in the borough which commenced in 2015 and the introduction of Selective Licensing in two further areas. There is a requirement to undertake a consultation exercise with those stakeholders affected. The consultation will obtain the views of tenants, residents, landlords and stakeholders and is a requirement of the approval process required by the Ministry of Housing, Communities & Local Government.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council can cease operating the Selective Licensing Scheme that was declared in 2015 once it comes to an end on 30th June 2020 and could decide not to consider consulting on any further areas. The evidence base from the Wirral Intelligence Service has recently identified that while there has been a very slight improvement in the ranking of the initial four areas, they all are still in the top 10 LSOAs for Wirral in terms of the indicators that contribute to low demand and poor property condition. This evidence is supported by a recent residents' survey in the first four Selective Licensing areas which has shown that while there has been an improvement in the property condition, there is still a need for improvement in the external environment to make these areas more attractive. It is suggested that the sustainability of the areas is not guaranteed without ongoing intervention for a further period. It is therefore proposed that this option is not taken forward.
- 2.2 A Borough wide approach to Selective Licensing was also considered but the Selective Licensing of Housing (Additional Conditions)(England) Order 2015 requires new schemes to be introduced in areas where the private rented stock is greater than the national average at 19% without Secretary of State approval. Whilst local authority areas with less than 19% can still request a designation by the Secretary of State, officers are not confident that they can demonstrate a need for a Borough wide initiative due to the fact that in Wirral there are very distinct housing markets where the private rented sector is significantly higher which are clearly concentrated in small pockets in the east of the borough. Some local authorities that introduced borough or city-wide schemes did so prior to the 2015 order. In Wirral, there are also areas of high demand where the levels of private renting are much lower than the national average. Recent evidence from the Wirral Intelligence Service (Business Case Appendix 1) supports the fact that there is significant polarisation of the housing markets in the borough. It is recommended therefore that the Council should focus resources in the areas displaying the worst problems of low demand and poor property condition.
- 2.3 Extending the scheme to more select areas was also considered, but this option would have generated a cost to the Council in additional staffing resources and associated overheads, as only specific elements of running a selective licensing scheme can be recovered from the license fee. Enforcement of poor property condition for example, cannot be paid for from the license fee. It is also considered that restricting Selective licensing to a distinct and tightly defined boundary will enable the impact of the

scheme to be better measured and complementary interventions to be targeted, without them being diluted over a greater area.

3.0 BACKGROUND INFORMATION

3.1 Wirral introduced its first Selective Licensing Scheme in the Borough on 1st July 2015 into four designated areas in Birkenhead, Tranmere, Seacombe and Egremont. Over 1,300 Licence applications have been granted in these areas representing over 99% of known licensable landlords. In October 2018, Cabinet Members approved the designation of four further Selective Licensing areas in Birkenhead and Seacombe which commenced on 1st April 2019. In the 2015 Selective Licensing scheme areas, inspections have so far been completed to 825 privately rented properties. The compliance rate with license conditions has been found to be very poor at only 30% of the properties inspected. The scheme demonstrates that without pro-active Council intervention in these areas, vulnerable tenants would continue to live in poor quality, often hazardous housing.

3.2 The Council has provided training events and advice to landlords in Selective Licensing areas to improve standards and management practices, but it has also had to take a tough approach to enforcement. It has successfully secured 21 prosecutions against both individual landlords and managing agents for failing to license rented properties. In addition, of the 825 inspections completed so far, 62% have needed informal action to ensure compliance with licensing conditions and a further 8% (66 properties) have required formal action. This approach seems to have been successful with only 29 successful prosecutions or simple cautions being issued for breaching licensing conditions or not complying with formal enforcement notices. While prosecutions are restricted to the very worst performing landlords, the Council has seen a 300% increase in the number of prosecutions taken since the start of Selective Licensing.

3.3 Other complementary activity in the areas has included:

- 57 empty property grants being approved in the first selective licensing areas, 27 of which have been refurbished and are once again occupied;
- 1884 Healthy Homes Surveys completed and 4566 referrals made to over 48 referral partners including Energy Projects Plus, Tomorrow's Women, Stop Smoking Services, Inclusion Matters and other NHS services;
- 450 properties accredited in the same SL areas;
- In 2018/19 28 Households in Selective licensing areas received floating tenancy support to enable them to maintain their tenancy.

Whilst the Healthy Homes complementary activity has been offered to all households, not every household requires assistance or engages with the Healthy Homes Team. In addition, some households may have been helped previously through other schemes or engage directly themselves with the referral partners.

3.4 Officers had hoped to have inspected all of the privately rented properties in the 2015 scheme areas by 30th June 2020, which is the end of the current 5 year designation period. However, the current rate of complex and time consuming prosecutions has reduced the rate of compliance checks in recent months, so there is a risk that not all the properties will have been inspected by the end of the 5 year period.

- 3.5 It is acknowledged by government that “licensing may have to be a long term strategy and that it will not provide instant solutions.” It further appreciates that “if in the initial phase there has been little improvement in an area, this does not necessarily mean that a designation is a failure”. It is suggested that extending the scheme for a further 5 year period will not only make certain that all properties have had a compliance check, but it will enable all the properties where serious hazards have been identified, to receive a further check over the next 5 years to ensure the property doesn’t fall back into disrepair. Extending the scheme for a further 5 years will also enable the Council to target further training at landlords where breaches in licensing conditions were identified to ensure they are fully aware of their legal obligations.
- 3.6 It will also enable the continued targeting of complementary activity for tackling poor management including property accreditation, healthy homes, floating tenancy support, as well as interventions for affordable warmth and empty properties.
- 3.7 The Selective Licensing Scheme demonstrates that the targeted approach has accurately identified areas where the rate of sub-standard private rented properties is substantial. The hypothesis that many vulnerable residents do not feel able to complain about their housing conditions has been proven, therefore without Selective Licensing it is highly likely that a large number of vulnerable tenants in these areas would have continued living in hazardous housing at a cost to their own health and wellbeing as well as the associated costs to frontline services and the wider societal costs.
- 3.8 It is too early to fully assess whether or not the 2015 Selective Licensing Scheme has had its intended impact of reducing low housing demand as there is a time-lag with many nationally produced data sets. However, the evidence base appended to this report clearly shows that the four areas declared in 2015 are all still struggling to show significant improvement in the wide range of socio-economic factors impacting on residents in these areas, for example they still have lower relative house prices, lower rates of house sales and higher rates of empty dwellings.
- 3.9 In addition to using indicators of low housing demand and property condition to inform a decision on whether to introduce a 2020-25 scheme, the Council has carried out two surveys of residents, landlords and letting agents to seek views on perceptions of how the areas have changed since the 2015 scheme was introduced. The results of the first survey in 2017 showed that after 18 months residents did not yet see big changes in Selective Licensing Areas but feedback was positive in many aspects such as a high overall satisfaction with the areas and improving property conditions. However whilst perceptions of property condition have improved, the high rate (70%) of properties non-complying with licence conditions demonstrates this is still an issue and there is still some way to go. The 2019 survey showed that overall, residents seem reasonably happy with the areas in which they live and have seen an improvement to their properties since the introduction of Selective Licensing. The living environment-related issues for residents, although showing a slight improvement on the 2017 survey, remain a concern. The majority of respondents perceive issues to have worsened or remained the same, showing a continued requirement for a multi-agency approach to tackle wider issues in the Selective Licensing areas.

4.0 WHAT IS SELECTIVE LICENSING?

- 4.1 Selective Licensing is part of a suite of legislative tools that specifically relates to the private rented sector and excludes owner occupied and social housing. Part 3 of the Housing Act 2004 contains provisions for local authorities to license the private rented sector in some circumstances. Before 2015, the criteria for introducing Selective Licensing schemes were either 'low demand' or 'anti-social behaviour'. This was revised with the Selective Licensing of Housing (Additional Conditions) (England) Order 2015 which stated that evidence must demonstrate that an area is experiencing one or more of the following factors:
- low housing demand (or is likely to become such an area);
 - a significant and persistent problem caused by anti-social behaviour;
 - poor property conditions;
 - high levels of migration;
 - high level of deprivation;
 - high levels of crime.
- 4.2 Wirral's 2015 Selective Licensing Scheme was declared on the basis of tackling Low Housing Demand, however over the course of the scheme it became clear that property condition was a major failing that also needed addressing and so further indicators were included, for example the rate of Category 1 hazards which are serious hazards in the home defined under the governments Housing Health and Safety Rating System). These indicators, along with deprivation and property crime indicators as influencing factors have helped to define the proposed 2020-25 Selective Licensing areas.
- 4.3 A Selective Licensing designation can be in force for a maximum of five years and in making the designation, all private rented properties within the designated boundary area will require a licence to be able to let their property.
- 4.4 Owners of rented properties will be required to make an application to the Council for a licence and will need to nominate either the manager or the owner to be the licence holder. Wirral Council will assess applications and will determine the proposed licence holder as a 'fit and proper' person in terms of their suitability to manage their properties before issuing a licence.
- 4.5 Landlords will require a licence for any properties they rent out within the designated areas and it contains a series of conditions that the licence holder will be required to comply with. These conditions include items relating to the management of the property, fire safety and anti-social behaviour. There is also a requirement that landlords provide references for tenants that move on from their properties. Cabinet Members approved a slight update to the Selective Licensing Conditions in October 2018 due to a need to address changing legislation since 2015 and the addition of items such as internal decoration and security. The licensing conditions are detailed in the Business Case Appendix 4 attached to this report. In summary they include conditions relating to safety requirements and maintenance of installations and equipment, tenancy management, alley gates, pests and infestations, fire safety, anti-social behaviour, external area refuse and waste and energy performance.

5.0 WHY CONTINUE WITH SELECTIVE LICENSING IN WIRRAL?

- 5.1 The 2011 Census reported that in Wirral almost 16% of properties (22,275) rent from a private landlord and this has significantly increased by nearly 80% since 2001.
- 5.2 Despite Wirral committing resources to tackle poor housing in the private rented sector, the main findings from the Housing Stock Condition Survey for Wirral in 2018 identified that rates of Category 1 Hazard failure under the Housing Health & Safety Rating System were higher within the private rented sector at 15% of homes compared to 12% within the owner occupied sector and 6% within social stock.
- 5.3 Poorly managed rented properties are frequently associated with areas suffering from low demand due to high levels of long term empty properties, environmental blight, criminal damage (anti-social behaviour), poor repair and high levels of benefit claimants. Many of the areas which suffer from these indicators require regular intervention from Council services and partner agencies and suffer from low levels of activity in the housing market, particularly in the private rented sector.
- 5.4 The continuation and implementation of Wirral's Selective Licensing Scheme in certain targeted areas of low demand and poor property condition would help continue to stabilise neighbourhoods by declaring an intention to keep driving up property management practice and property standards in the private rented sector as well as aligning other interventions including targeted activity to help bring empty properties back into use, Healthy Homes and energy efficiency interventions. In addition, the use of Selective Licensing would continue to help solve other neighbourhood issues that are contributing to low demand within a neighbourhood through a multi-agency approach with wider public, community and voluntary sector stakeholders and residents within an area, for example a number of residents associations have been established in two selective licensing neighbourhoods to tackle issues such as anti-social behaviour and environmental blight.
- 5.5 Wirral's Housing Strategy focuses a range of activity in the borough to achieve the Wirral Plan 2020 Pledge; 'Good quality housing which meets the needs of residents'. The strategy is clear that access to good quality homes is a foundation upon which people can build happy and successful lives and is a crucial component of strong and sustainable communities. The strategy focus is on three clear themes:
- Building more homes in Wirral to meet our economic growth ambitions;
 - Improving the quality of Wirral's housing offer for our residents;
 - Meeting the housing and support needs of our most vulnerable people to enable them to live independently.
- 5.6 Whilst the role of the private rented sector runs through all of these themes, this sector is and will continue to be vital in meeting the borough's housing needs, particularly given the continuing pressure for affordable rented homes.

6.0 EVIDENCE BASE AND SELECTION OF PROPOSED DESIGNATED AREAS

- 6.1 Earlier this year, the Wirral Intelligence Service were commissioned to undertake research into a wide range of evidence from a variety of data sources to help identify potential areas where the Council could make a significant impact in specific neighbourhoods through either continuation of a Selective Licensing scheme in some

or all of the areas declared in 2015 or the introduction of Selective Licensing in completely new areas.

- 6.2 The evaluation involved an analysis of 17 individual data sets for the worst performing small geographical areas across the borough called Lower Super Output Areas. These are the smallest geographical areas where official data which is collected at a national level can be used for analysis. The LSOAs are determined nationally and to change these boundaries would affect the robustness of the analysis. Data analysed included for example the number of long term empty properties, low sales values and sales rates, high numbers of private rented properties, as well as other data that reflects areas suffering from low-demand. Whilst a range of indicators are used, Selective Licensing will directly impact upon property condition, low demand and property management standards whilst having an indirect impact upon other indicators, many of which can be improved through the complementary activity referred to in section 3.3.
- 6.3 Each of the indicators was given a score of either one or two points. Those indicators which according to Government guidance demonstrate low housing demand and poor property condition scored two points. Supporting indicators which demonstrate deprivation, anti-social behaviour and high levels of crime scored one point. Table 1 shows the list of indicators and points awarded for each in the matrix. This is the same methodology used for both the 2015 and 2019 schemes which has proved to be robust. In addition, the Council’s Selective Licensing methodology for choosing areas has also been nationally recognised, having won a Local Areas Research & Intelligence Association award in 2018 in the category of “Best Use of Local Area Research”.

Table 1 – Matrix points awarded per indicator

2 points
<ul style="list-style-type: none"> • Percentage of privately rented properties • House sales • House prices • Long term empty properties • Length of time long term empty properties are left empty • Deliberately started fires • Environmental Health Complaints • Housing Team Interventions • Housing Health & Rating System Cat 1 Hazards
1 point
<ul style="list-style-type: none"> • Deprivation (overall and living domains of 2015 IMD) • Out of work and disability benefits (ESA, JSA and UC) • Educational Attainment • Injuries (sustained in the home) • Criminal damage • Housing benefit paid to private landlords

- 6.4 All of the 207 LSOAs in Wirral were ranked based on these indicators and the worst performing 10 LSOAs were entered onto a master matrix document. This represented the worst 5% of LSOAs in terms of the low demand and property condition criteria that

was evaluated. The LSOAs in the matrix are only those that have appeared in one or more of the 10 worst performing LSOAs.

- 6.5 The evidence highlighted that the four LSOAs in Wirral’s first Selective Licensing Scheme still score in the top 10 worst performing LSOAs in Wirral, as do the four areas from the 2nd Selective Licensing Scheme which commenced in April 2019. There are two new LSOA’s that perform particularly poorly, namely Egremont South and Tranmere Lairds in 4th and 5th place respectively.
- 6.6 The proposal would look to redesignate the scheme in the 4 areas from the 2015 Selective Licensing Scheme as well as extending it into the two new LSOAs areas shown in Table 2 below. The matrix does of course acknowledge that there may be negative issues in the private rented sector in other areas within the evidence base. However, this methodology identifies the worst 5% areas and targeting these allows the council to focus resources to those areas demonstrating poor performance across a wide set of indicators.

Table 2 – Six proposed Selective Licensing areas to operate 2020-2025

LSOA name	Wards	Constituency	Total no. of households	Total no. of private rented households	Proportion of private rented households
Birkenhead South	Birkenhead & Tranmere, Claughton, Oxtan	Birkenhead	761	287	38%
Egerton North	Birkenhead & Tranmere, Prenton	Birkenhead	612	231	38%
Egremont Promenade South	Liscard	Wallasey	784	293	37%
Egremont South	Seacombe	Wallasey	680	238	35%
Seacombe Library	Seacombe	Wallasey	658	235	36%
Tranmere Lairds	Birkenhead & Tranmere, Rock Ferry	Birkenhead	917	240	26%

- 6.7 The full supporting evidence and rationale is contained in the Business Case Appendix 1 attached to this report.

7.0 BUSINESS CASE AND CONSULTATION PLAN

- 7.1 The Ministry of Housing, Communities and Local Government (MHCLG) has a procedural document on the subject of selective licensing in the private rented sector, A Guide for local authorities, 2015. Within this document the MHCLG has set out what local authorities must do in order for them to confirm that the designation is appropriate.

- 7.2 In meeting MHCLG guidelines, it is best practice for local authorities to prepare a business case setting out the reason for the designation of an area. Wirral has

prepared a full Business Case and is using this as the basis of the consultation process with key stakeholders. The business case sets out the following key information:

- The evidence base justifying the selection of the proposed areas which is summarised in sections three, four and five of this report;
- Explanation of how such a designation will be part of the overall strategic borough wide approach and how it fits with existing policies on homelessness, empty properties, anti-social behaviour;
- The possible effects of making a designation and the inclusion of any risk assessment that may have been carried out;
- How the areas will benefit from the designation of a selective licensing area;
- The current position with regards to activity and programmes, demonstrating how the area would benefit from the combination of existing policies and selective licensing; and
- The operation of the scheme including the conditions for licensing.

7.3 For Selective Licensing, the Housing Act 2004 states that before considering making a designation for Selective Licensing the local housing authority must:

- a) Take reasonable steps to consult persons who are likely to be affected by the designation; and
- b) Consider any representations made in accordance with the consultation.

7.4 The Council has set out a Consultation Plan (Business Case Appendix 3 to this report) detailing a full consultation programme to be undertaken in considering the designation of selective licensing. Consultation will be undertaken with local residents, including tenants, landlords and where appropriate their managing agents and other members of the community who live or operate businesses or provide services within the proposed designation. It will also include local residents and those who operate businesses or provide services in the surrounding area outside the proposed designation that could be affected or who consider they live within the same locality of a proposed scheme. The Business Case will be used as the main document for the consultation process and this will be available on the Council's website or a paper copy will be provided if required. It is proposed however that an Executive Summary will be produced and will be distributed to all those people affected by the proposed designation.

7.5 The consultation period required by MHCLG is ten weeks. This is the period adopted for the consultation on the proposed Scheme and will commence subject to Cabinet approval in August 2019. This will be carried out by staff within Housing Delivery Services in conjunction with support from the Council's Communications Team.

7.6 At the end of the consultation period Cabinet will be provided with a further report summarising the outcome of the consultation exercise. Cabinet will then also take a decision on whether to approve the re-designation of a Selective Licensing scheme in the first four areas and extending it to a further two areas resulting in a requirement for all private landlords to obtain licenses for the properties that they are letting in these defined areas.

8.0 FINANCIAL IMPLICATIONS

- 8.1 The cost of the public consultation will be met from existing resources and should a scheme be introduced in 2020, the cost can be re-charged from the new Selective Licensing Scheme income.
- 8.2 The final costs for operating a Selective Licensing scheme will not be determined until after the consultation has ended and all results have been analysed, specifically feedback on the proposed fee structure which can be used to offset against the service costs including staffing. Whilst the legislation on Selective licensing allows the council to recover costs, the fee will be based on the actual cost of administering the scheme and needs to reflect the overall costs of the administration of the licence and property inspection process. Following consultation, the final costs and fees for implementing a scheme will be highlighted in a future report for Cabinet's final consideration.

9.0 LEGAL IMPLICATIONS

- 9.1 The Housing Act 2004 contains provisions for local authorities to license the private rented sector in some circumstances. Selective Licensing is one form of licensing that can be used.
- 9.2 Legal services have been working alongside officers within Housing Services to advise them and guide on the legislative requirements and process for designating a Selective Licensing area and to ensure that Wirral's Business case is sufficiently robust to support any challenges if Members agree to the proposal to consult on an additional Selective Licensing Scheme.

10.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 10.1 If a new scheme were to be introduced there would be additional costs associated with operating the Selective Licensing Scheme that are not permitted to be charged for out of the license fee. This includes for example enforcement resources to remove serious hazards which will need a Council contribution or existing staff re-aligned from within housing services to take on delivery of this role.
- 10.2 It is anticipated that the current process of modernisation of housing services will enable this to be delivered within existing resources, however if any pressure points are anticipated, Members will be advised in the subsequent report that will be brought to Cabinet in early 2020 after the completion of the consultation exercise.
- 10.3 There are no IT implications for the Council arising from this report.

11.0 RELEVANT RISKS

- 11.1 As with Wirral's 2015 and 2019 Selective Licensing Schemes, the proposed extended licensing scheme is likely to be met with opposition from some landlords and it is important to engage with them through meaningful consultation as part of the process. There is also the need to ensure that the evidence base is robust and can withstand any potential challenges from landlords seeking a Judicial Review. This along with other risks associated with the introduction of such a scheme have been identified in

Business Case Appendix 5 attached to this report. The risk assessment identifies the controls which will be put in place to mitigate these factors. When the consultation has been completed and all stakeholders' views have been collated the risk assessment will be reviewed and any further issues identified. A full risk assessment will then form the basis of a report to Cabinet for consideration as part of any final decision on implementing Selective Licensing in Wirral.

12.0 ENGAGEMENT/CONSULTATION

12.1 It is proposed that a ten week consultation programme will commence in August 2019. The full consultation programme has been set out in the attached Consultation Plan (Business Case Appendix 3 to this report). It is proposed to use a variety of consultation mechanisms to engage with a range of stakeholders including tenants, residents, landlords, service providers, council staff, members and National and Regional Landlord organisations. It is proposed to undertake some specific detailed targeted consultation with those landlords, tenants and stakeholders who directly live or operate in the proposed Selective Licensing areas or those immediately surrounding the areas and are deemed likely to be affected. This will be in the form of letters, posters and drop in sessions within the proposed areas.

13.0 EQUALITY IMPLICATIONS

13.1 It is anticipated that the proposed implementation of Selective Licensing will have a positive impact on stakeholders in the affected areas through improvements in the standards and management of private rented properties, improving the Boroughs Housing Offer and improved access to quality housing in these additional four Lower Super Output Areas. The introduction of a Selective Licensing Scheme is consistent with the priorities identified in Wirral's Housing Strategy of which an Equality Impact Assessment (EIA) was completed. A full Equality Impact Assessment (EIA) will be presented to Members as part of a further report to consider expanding Selective Licensing.

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APPENDICES

1. Business Case
2. Business Case Appendix 1: Evidence Base
3. Business Case Appendix 2: Maps & Address Lists
4. Business Case Appendix 3: Consultation Plan

5. Business Case Appendix 4: License Conditions
6. Business Case Appendix 5: Risk Register

BACKGROUND DOCUMENTS

1. *Approval Steps for additional and selective licensing designations in England*, Ministry for Housing, Communities and Local Government, Revised addition 2010.
2. *Selective Licensing of Privately Rented Housing December 2013*, House of Commons
3. *Selective Licensing of Housing (Additional Conditions)(England) Order 2015*, Ministry for Housing, Communities and Local Government.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
1. Cabinet – Approval of business case and consultation approach for the proposed extension of Selective Licensing	27 th November 2017
2. Cabinet – Consideration of proposal to implement Selective Licensing following consultation	1 st October 2018

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Wirral Council

Selective Licensing Business Case

June 2019

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Appendix 1 Evidence Base

Appendix 2 Maps and Address List of Proposed Selective Licensing Areas

Appendix 3 Consultation Plan

Appendix 4 Selective License Conditions

Appendix 5 Risk Register

1 Foreword

Since 2001, Wirral has seen a significant increase in its private rented sector of nearly 80%. This represents both an opportunity to create a strong and sustainable housing market and offer for the Borough but also a challenge in that some of these properties are being poorly managed and are in areas with higher rates of private rented stock, suffering low demand, criminal damage, high turnover and empty properties which are all directly affecting the local neighbourhood.

Wirral wants to see a healthy private rented sector with good quality properties and management standards. In order to achieve this there is a need to address some of the housing and related social issues which continue to affect areas especially those to the East of the Borough. Many landlords act responsibly and Wirral has worked in partnership over a number of years to drive up standards through the Landlord Accreditation Scheme where in total 3,805 properties have been accredited. While this is a great achievement there are many areas where accreditation has not worked and where tenants are reluctant or unwilling to report poor housing conditions. In eight of these areas, Wirral has already introduced Selective Licensing, the first scheme in 2015 and the second scheme in 2019. This scheme has highlighted the need for a rigorous, targeted approach to enforcing minimum standards. Licensing inspections in these areas have so far demonstrated that almost 70% of privately rented properties do not comply with licensing conditions, so clearly more needs to be done to protect vulnerable residents living in the private rented sector in certain parts of Wirral.

We will continue to use existing powers we have available to tackle irresponsible landlords and tenants and at the same time offer support and assistance to improve conditions and management practices. But we also need to do more. This Business Case therefore sets out a proposal to extend Wirral's Selective Licensing Scheme in the 4 areas of the first Selective Licencing Scheme for a further 5 years as well as to an additional two new small areas. At the same time we are committed to building on our existing relationships with those landlords operating in the Borough, particularly those in existing and proposed Selective Licensing Areas. We aim to focus complementary investment into these areas to make a clear commitment to tenants, residents and stakeholders in these neighbourhoods that we can make a positive change for the future by driving up management standards and practices in the private rented sector in their communities.

Councillor Stuart Whittingham, Wirral Council, Cabinet Member for Housing and Planning

2 Executive Summary

Wirral has a growing private rented sector within its housing market. There are around 23,000 privately rented properties in Wirral¹ and the sector is vital in meeting the borough's housing needs, so it is important that what is on offer is of high quality.

Although many landlords operate professionally, Wirral Council is concerned about a number of landlords who rent properties that fail to meet satisfactory standards of tenancy and property management.

Almost one in six properties within Wirral's private rented sector contains one of the most serious hazards. This has a detrimental impact on the health and welfare of local communities. It also impacts negatively on a housing market that is already vulnerable in terms of vacant properties, low house prices and depressed rental values.

Poorly managed properties can lead to problems such as low demand, anti-social behaviour, fly-tipping, and can cause blight on the borough's neighbourhoods. Wirral Council wants to ensure that it has a good quality private rented sector, that tenants can be confident in, and believes that a Selective Licensing Scheme can play a major part in helping achieve this.

Selective Licensing is a scheme where all private landlords within a defined boundary must have a license before they can let a property out. The license will have conditions attached to ensure the properties are in good condition, safe and well managed.

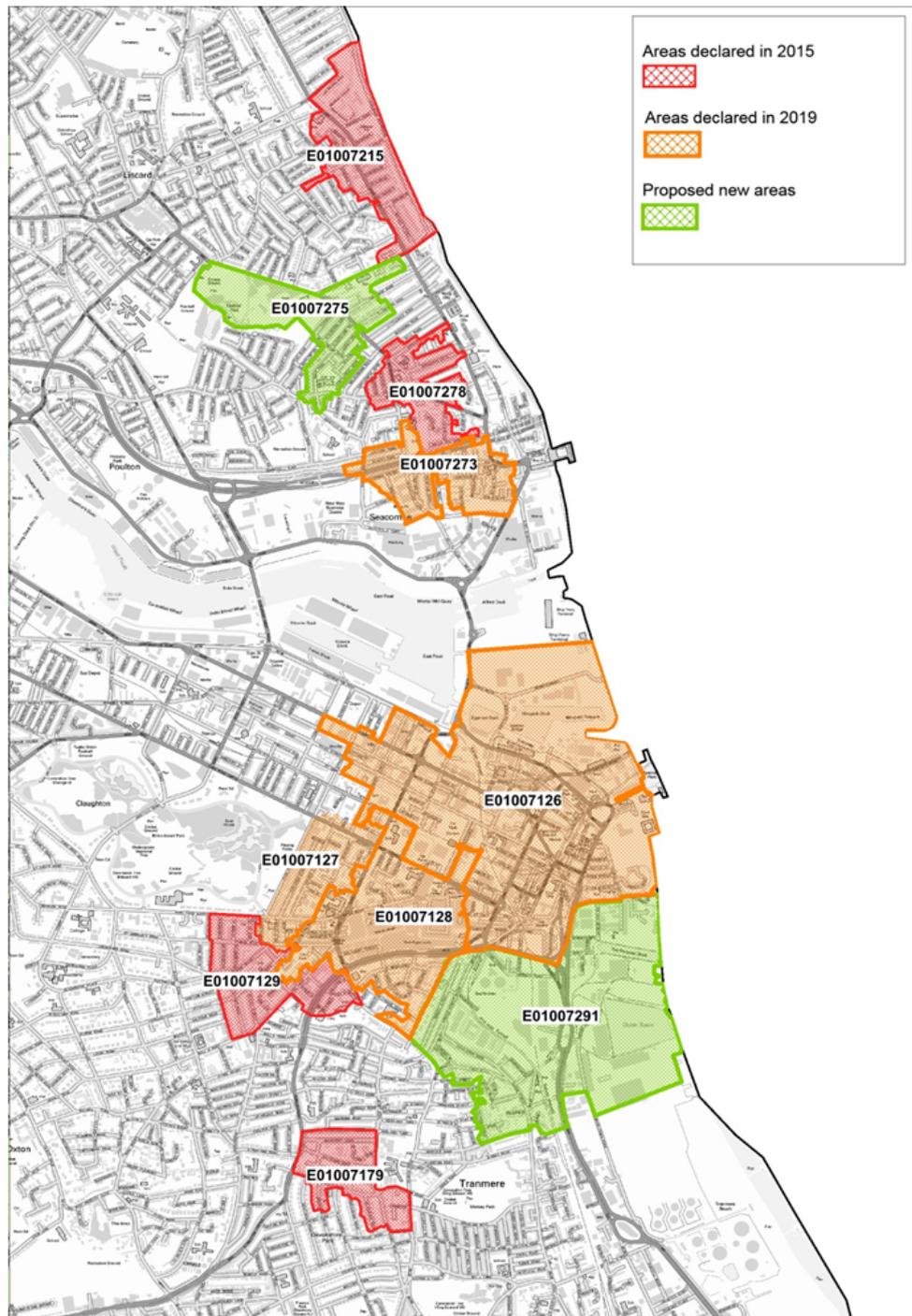
Wirral introduced its first Selective Licensing Scheme on 1st July 2015 in four small areas and introduced a scheme in four further areas in 2019. The 2015 scheme has been in operation for almost four years and has had a significant impact in improving properties through compliance inspections and pro-active engagement with landlords, tenants and residents. Selective Licensing schemes have a maximum duration of five years and the 2015 scheme is due to end in July 2020. Wirral Council cannot simply extend Selective Licensing in the current areas if it wishes and must demonstrate the continued need in the existing areas or, utilising the evidence, introduce a scheme into new areas. The Council must first demonstrate the case for this continued or new intervention. This document therefore makes the case for continuing Selective Licensing within all of the 2015 geographical areas which the evidence shows are continuing to experience the worst symptoms of low demand and poor property condition in the Borough. It also makes the case for introducing selective licensing into two new small areas which are showing similar symptoms.

¹ 2011 Census, Office for National Statistics

Wirral Council is undertaking a consultation exercise to ensure that everyone who is likely to be affected by a proposed scheme has an opportunity to express their views and understands the rationale or 'business case', which supports the introduction of a scheme. Information about different ways to participate in the consultation is set out in the Consultation Plan in Appendix 3.

3 Introduction

This is the Business Case to support the proposal for the continuation of Selective Licensing in four areas of the Borough and the introduction of Selective Licensing into two new areas to operate from 2020 until 2025, as shown in the map below. (The red shading indicates the areas that began with Selective Licensing in 2015, the orange shading indicates the areas that began with Selective Licensing in 2019, and the green shading indicates the two proposed new areas.)



These areas have been identified through an evidence-based approach using research collated by the Council's Wirral Intelligence Service.

Some key aspects of this evidence have been incorporated into Section 5 of this report, however a full breakdown of the methodology and findings of the evidence base can be found in Appendix 1 together with a matrix combining all the data-sets for the worst Lower Super Output Areas (LSOAs) for the Borough. The evidence demonstrates that there is a clear link between high levels of private rented properties in the proposed selective licensing areas and low demand with it's associated socio-economic issues, as well as evidence of issues caused by the poor management of private rented properties.

Larger maps of each proposed designated area, together with a list of streets / properties included in the proposed areas are shown in Appendix 2.

4 Strategic Housing Context

Wirral's Housing Strategy, published in July 2016, focusses activity in Wirral to achieve the 2020 Pledge, "Good quality housing which meets the needs of residents". It is clear that access to good quality housing is a foundation on which people can build happy and successful lives, and is a crucial component of strong and sustainable communities.

The Strategy has three clear themes:

- Building more homes in Wirral to meet our economic growth ambitions;
- Improving the quality of Wirral's housing offer for our residents;
- Meeting the housing and support needs of our most vulnerable people to enable them to live independently.

The private rented sector underpins each of these themes and in particular plays a major role in improving the quality of Wirral's housing offer. The sector does however often contain many vulnerable households, has the least security of tenure, has twice as many people living in hazardous homes than the owner occupied sector and a third of all private rented homes are non decent. Continuing pressure on the availability of affordable homes for rent in the social sector means it is important to support people to consider all available housing in the borough and as such a good quality private rented housing offer is a fundamental part of meeting housing need.

Table 1 below summarises the links between Selective Licensing and local strategies and policies.

Table 1

Local Strategy / Policy	Relevant aim of strategy / policy	What Will Selective Licensing Contribute
The Wirral Plan: a 2020 Vision	Good quality housing which meets the needs of residents.	Selective Licensing contributes to addressing the need for quality, affordable and safe homes which in turn assists in driving forward improvements to the quality of life, health and levels of achievement for our residents.
Wirral Strategic Regeneration Framework	High Quality Housing	Access to good quality housing is a crucial component of strong and sustainable communities and maintaining and

		<p>developing sustainable housing markets is at the heart of the Strategic Regeneration Framework. The framework also seeks to maintain, and where appropriate, increase levels of choice in the market whilst protecting the character of our successful neighbourhoods.</p>
Wirral Growth Plan	Housing Growth	<p>The provision of good quality housing that meets the needs of Wirral's current residents and those of the future workforce is a key enabler of growth. It is therefore critical that we work with partners to be clear about how housing investment should be quantified, prioritised and targeted.</p>
Private Sector Housing Financial Assistance Policy	Assisting vulnerable households to remain in their homes by removing hazards, relating to disrepair, improving their affordable warmth and bringing long term empty properties back into use.	<p>Selective Licensing will help to identify those in need of assistance and target resources where they are needed most to generate improvement to the quality of the housing stock in these areas, generate confidence and protect vulnerable residents.</p>
Homelessness Strategy	Increasing Access to the Private Rented Sector	<p>Licensing will support the ongoing development of a suitable private rented sector offer for all client groups, including advice and support to both clients and landlords. In addition, following the Localism Act 2011, the Council is now able to discharge its homeless duty in the private rented sector; good quality private rented sector stock will increase</p>

		the range of properties available to carry out this duty.
Home Energy Conservation Act 1995; 2019 Progress Report Action Plan.	Increasing standards in the Private Rented Sector.	The Plan states the Council will continue to offer support to households through Wirral Healthy Homes in the Selective Licensing areas in order to improve housing standards and in particular reduce excess cold hazards.

5 Wirral's Socio Economic & Housing Profile

Population

Wirral has a population estimated at 322,796 as at mid-2017². Between 2004 and 2017 the Borough's population increased by 2.4³%,. The rate of growth has been slower than that of the UK which was 10.2% between 2004 and 2017⁴.

Age Profile

Wirral's population profile differs from that of England, the North West and of Merseyside. It has a larger population of older people, both those aged 65-84 and those aged 85 and over⁵.

Table 2

Area	0-14	15-44	45-64	65-84	85 and over
Wirral	17.6%	33.4%	27.7%	18.4%	2.9%
Merseyside (Met County)	16.9%	38.1%	26.2%	16.3%	2.5%
North West	18.0%	37.5%	26.1%	16.1%	2.3%
England	18.1%	38.3%	25.6%	15.6%	2.4%

The predicted change in age profile from 2015 to 2035 reflects the predictions for the North West and England in that there is likely to be a significant growth of the older population. Those aged 65 and over are predicted to make up 28.1% of Wirral's population by 2038⁶.

Table 3 shows the age profile of the proposed areas for selective licensing as recorded by the 2011 Census⁷. All areas exhibit a younger age profile than the Wirral average.

² Estimates of the population for the UK, mid-2017, ONS June 2018

³ Estimates of the population for the UK, mid-2017, ONS June 2018

⁴ Estimates of the population for the UK, mid-2017, ONS June 2018

⁵ Estimates of the population for the UK, mid-2017, ONS June 2018

⁶ Wirral Compendium of Statistics, Wirral Intelligence Service, 2018

⁷ Age by Single Year, (QS103EW), Office for National Statistics, 2011

Table 3

Area	0-14	15-44	45-64	65-84	85 and over
Birkenhead South	19.7%	43.6%	24.5%	11.3%	0.8%
Egerton North	18.7%	46.1%	24.3%	9.5%	1.5%
Egremont Promenade South	19.6%	36.7%	24.4%	15.8%	3.6%
Egremont South	20.4%	45.2%	23.1%	10.6%	1.3%
Seacombe Library	23.3%	43.0%	21.3%	11.3%	1.2%
Tranmere Lairds	16.9%	49.3%	22.8%	13.7%	0.6%
Wirral	17.3%	35.0%	27.5%	17.5%	2.7%

Table 4 shows the changes in population and age profile, between the Censuses of 2001 and 2011, of the proposed areas compared to Wirral, the North West and England. It shows a particularly marked increase in the total population of Tranmere Lairds, reflecting a 22% increase in the number of dwellings in this LSOA (see Table 12 further on in this report). Tranmere Lairds has also seen a shift in the age demographic away from older people. Conversely, Egremont Promenade South has seen a large increase in the rate of households aged 45-64. It also shows a significant growth in older population groups in Birkenhead South, Egremont South and Seacombe Library.

Table 4

Area	All people	0-14	15-44	45-64	65-84	85 and over
	Percentage change between 2001 and 2011					
Birkenhead South	15.86	8.83	16.38	18.58	20.41	30.00
Egerton North	0.08	-14.54	8.38	5.37	-11.51	-17.39
Egremont Promenade South	17.44	7.59	11.85	53.15	-0.40	48.72
Egremont South	1.4	-18.3	4.6	23.6	3.8	-5.0
Seacombe Library	-0.47	-13.13	-4.37	23.14	11.33	-10.53
Tranmere Lairds	29.4	0	50.1	27.8	-18.7	-56.5
Wirral	2.40	8.24	1.91	13.12	6.16	19.13
North West	4.79	4.89	2.92	13.01	7.40	19.86
England	7.88	1.02	5.64	15.23	9.14	23.70

Ethnicity

The ethnicity of the population in five out of the six proposed selective licensing areas mostly reflects that of Wirral's population as a whole. Tranmere Lairds differs, notably in that there is a much higher proportion of people of Asian or Asian British ethnicity⁸.

Table 5

Area	White	Mixed/multiple ethnic groups	Asian/Asian British	Black/African/Caribbean/Black British	Other ethnic group
Birkenhead South	96.43%	1.75%	0.81%	0.56%	0.44%
Egerton North	96.67%	2.05%	1.15%	0.13%	0%
Egremont Promenade South	95.05%	1.42%	2.37%	0.81%	0.34%
Egremont South	96.16%	1.86%	1.60%	0.19%	0.19%
Seacombe Library	96.98%	0.70%	1.86%	0.46%	0%
Tranmere Lairds	93.23%	1.20%	4.91%	0.48%	0.18%
Wirral	97.52%	0.75%	0.75%	0.26%	0.71%

Health Inequalities and Deprivation

Along with factors such as education, unemployment and health care services, housing is a crucial determinant of health. The links between these 'wider determinants' health (see diagram below) and health outcomes and inequalities are long standing and well evidenced.

A range of local authority services can help reduce the inequalities in these determinants and improve people's health and wellbeing; including environmental health, leisure, planning, schools, transport and key to this report – housing.

Those living in poverty are likely to live in the poorest quality housing in society and also face a range of other disadvantages which impact negatively on their health.

⁸ ONS, Census 2011

In 2015-17 for example, there was 10 years difference in life expectancy between the most and least deprived areas of Wirral. Life expectancy in Heswall for example was 85.5, compared to just 75.3 in Rock Ferry⁹.

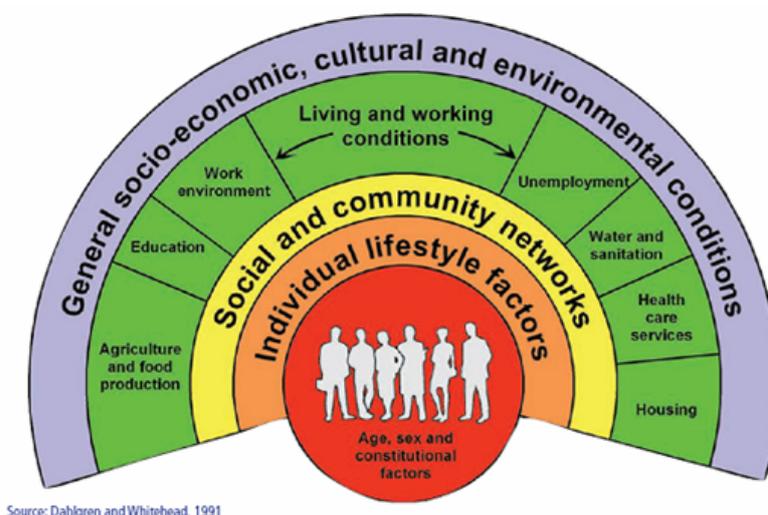


Table 8 shows that the proposed areas for Selective Licensing are all highly ranked on the Index of Multiple Deprivation (IMD)¹⁰. There are 32,844 LSOAs in England and Wales of which the proposed areas are all within the top 10%, with five out of the six areas being within the top 5%.

Table 8

Area	IMD Rank out of 32,844
Birkenhead South	96
Egerton North	1,297
Egremont Promenade South	1,341
Egremont South	3,036
Seacombe Library	1,267
Tranmere Lairds	1,008

⁹ Wirral Compendium of Statistics, Wirral Intelligence Service, 2018

¹⁰ Indices of Deprivation 2015, Super Output Areas, Neighbourhood Statistics, Office for National Statistics

Table 9

LSOA	Health, Deprivation and Disability
	Rank out of 32,844
Birkenhead South	86
Egerton North	1,195
Egremont Promenade South	511
Egremont South	2,719
Seacombe Library	1,424
Tranmere Lairds	273

The IMD is made up of seven individual ‘domains’ (or different dimensions of deprivation) which together make up the overall IMD. One of these domains is “Health, Deprivation & Disability” which measures premature death and the impairment of quality of life by poor health and considers both physical and mental health. The ranks for this domain for the proposed areas for selective licensing are in table 9. All apart from Egremont South are ranked within the top 5% of LSOAs nationally for Health, Deprivation and Disability.

Household Incomes

Data from 2018¹¹ (table 10) shows that in Wirral, the average annual earnings for full-time employees **living** in Wirral are higher than the North West average, at £27,685. Wirral has the second highest earnings for employees in the Liverpool City Region behind Sefton, however, earnings for full-time employees **working** in Wirral are significantly lower than the North West and Great Britain. Wirral has the fourth lowest average earnings by workplace in the Liverpool City Region at £25,655 per annum. However, the difference in performance between people living and working in Wirral implies that people living in Wirral are accessing high value employment outside of the borough and people working in Wirral are not in as highly paid employment.

¹¹ ASHE (via Nomis), 2018

Table 10

Area	Average Annual Pay (workplace)	Average Annual Pay (resident)
Halton	£28,890	£27,482
Knowsley	£32,367	£26,638
Liverpool	£27,236	£26,703
Sefton	£25,651	£28,746
St Helens	£24,770	£25,899
Wirral	£25,655	£27,685
North West	£27,315	£27,492
Great Britain	£29,648	£29,661

**Fuel
Poverty**

The

official definition of fuel poverty using the Low Income High Costs (LIHC) indicator defines a fuel poor household where:

- They have required fuel costs that are above average (the national median level); and
- Were they to spend that amount, they would be left with a residual income below the official poverty line.

Nationally, 19.4% of private rented households are defined as fuel poor. This is much higher than in the owner occupied sector (7.7%)¹². In Wirral, it is estimated that fuel poverty affects 21% of private rented households compared to 9% of owner occupied households¹³.

The rates of fuel poverty within the proposed areas for selective licensing compared to the Wirral and English averages are as follows:

Table 11

¹² BEIS 2016 Fuel Poverty Statistics, June 2018

¹³ Integrated Dwelling Level Housing Stock Modelling & Database, Client Report for Wirral Council, BRE 2018

Area	Rate of fuel poverty (all housing tenures)
Birkenhead South	20.3%
Egerton North	20.8%
Egremont Promenade South	20.8%
Egremont South	19.1%
Seacombe Library	21.7%
Tranmere Lairds	18.6%
Wirral	13.1%
Liverpool City Region	14.3%
England	11.1%

The main drivers of fuel poverty are income, fuel prices and energy efficiency. The depth and likelihood of being fuel poor increases markedly with lower energy efficiency levels. In 2016, 30.9 per cent of English households living in G-rated properties were fuel poor compared to only 2.7 percent of C-rated and above properties¹⁴.

Number of households

Table 12 shows information from the 2001 Census and the 2011 Census. It shows that there have been increases in household numbers across four out of six of the LSOAs, most significantly in Tranmere Lairds.

Table 12

	2001	2011	% change
Birkenhead South	718	761	5.99
Egerton North	632	612	-3.16
Egremont Promenade South	740	784	5.95
Egremont South	637	680	6.75
Seacombe Library	680	658	-3.24
Tranmere Lairds	746	917	22.9
Wirral	139221	140583	0.98%

Tenure breakdown

The 2011 Census reported that 15.8% of Wirral's households rented privately (22,275). This has significantly increased since 2001 when it was 8.8%. The tenure breakdown in the proposed areas, in Wirral¹⁵ and in England¹⁶ in 2011 was as follows:

¹⁴ BEIS 2016 Fuel Poverty Statistics, June 2018

¹⁵ Tenure - Households 2011 (QS405EW), ONS, 2012

¹⁶ 2011 Census: Table KS402EW Tenure, ONS, 2012

Table 13 shows that private rented households account for at least a quarter of the housing stock in the proposed LSOAs, far above the rate for the whole of the Borough.

Table 13

Area	Owner Occupied		Social rented		Private Rented		Other	
	No.	%	No.	%	No.	%	No.	%
Birkenhead South	235	30.9%	222	29.2%	287	37.7%	17	2.2%
Egerton North	252	41.2%	122	19.9%	231	37.7%	7	1.1%
Egremont Promenade South	283	36.1%	196	25.0%	293	37.4%	12	1.5%
Egremont South	388	57.1%	30	4.4%	238	35.0%	24	3.5%
Seacombe Library	273	41.5%	141	21.4%	235	35.7%	9	1.4%
Tranmere Lairds	295	32.2%	322	35.1%	240	26.2%	60	6.5%
Wirral		67.5%		15.2%		15.8%		1.5%
England		63.3%		17.7%		16.8%		2.2%

The proportions of private rented households in the proposed LSOAs are all above the Borough and national average.

Housing Types

The table below shows that both Birkenhead South and Tranmere Lairds have high proportions of purpose-built flats. Egremont South and Seacombe Library are dominated by terraced properties.

The breakdown of house types for the proposed LSOAs compared to Wirral as a whole is as follows (all tenures):

Table 14

Area	Detached	Semi-detached	Terraced	Purpose-built flat	Converted / mixed-use flat
Birkenhead South	1.5%	24.4%	27.1%	23.2%	20.6%
Egerton North	2.9%	23.2%	52.9%	15.5%	4.8%
Egremont Promenade South	4.7%	23.7%	34.3%	16.4%	15.1%
Egremont South	1.5%	22.8%	61.9%	4.5%	8.1%
Seacombe Library	3.0%	13.4%	68.0%	6.1%	3.5%
Tranmere Lairds	2.8%	14.5%	48.8%	30.9%	2.4%
Wirral	16.7%	41.0%	24.8%	11.8%	4.3%

Empty dwellings

The measurement used to assess the prevalence of empty dwellings in an area is dwellings that have been unoccupied and substantially unfurnished for over six months. These are known as long-term vacant dwellings. The rate of long-term vacant dwellings in Wirral in 2018 was the 3rd highest in Merseyside and although was below the average for Merseyside it was higher than the English average, as shown in the table 6.¹⁷

Table 6

Area	Rate of long-term vacant dwellings ¹⁸
Knowsley	1.31%
Liverpool	1.74%
St Helens	1.16%
Sefton	1.53%
Wirral	1.43%
Merseyside	1.51%

¹⁷ Table 615, Vacant Dwellings by Local Authority District, Ministry of Housing, Communities & Local Government, March 2019

¹⁸ As a percentage of the total number of chargeable dwellings, Council Taxbase local authority level data 2018, Ministry of Housing, Communities & Local Government, November 2018.

England	0.90%
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As of April 2019, the rates of long-term privately owned vacant dwellings as a proportion of privately owned properties for the proposed Selective Licensing areas were as shown in table 7¹⁹. It shows all of the target areas have higher proportions of long term private vacants than the Borough as a whole.

Table 7

Area	% of long-term privately owned vacant dwellings
Birkenhead South	8.42%
Egerton North	7.47%
Egremont Promenade South	5.08%
Egremont South	3.00%
Seacombe Library	5.65%
Tranmere Lairds	16.67%
Borough	1.54%

Profile and Stock Condition of the Private Rented Sector

The main findings from the Integrated Dwelling Level Housing Stock Modelling & Database 2018 for Wirral, compiled by BRE, with regards to the private rented sector were as follows:

- 34% of private rented homes are occupied by low income households, compared with 16% in the owner occupied sector and 78% in the social sector.
- Rates of Category 1 Hazard failure under the Housing Health & Safety Rating System were higher within the private rented sector at 15% of homes compared to 12% within the owner occupied sector and 6% within social stock;
- Disrepair was estimated to be present in 7% of private rented homes, compared to 5% of owner occupied homes and 2% of social homes.
- The private rented sector in Wirral performs better than the owner occupied sector with regards to estimated energy efficiency ratings. Based on SimpleSAP²⁰, 28.3% of private rented dwellings are in the higher Energy Performance Certificate bands A-C, compared to 15.9% of owner occupied dwellings.

¹⁹ Council Tax data, Wirral Council, April 2017

²⁰ An estimate of a residential dwelling's likely SAP score, not based on the full required range of data for a SAP calculation or a reduced SAP calculation (RdSAP), it should only ever be considered an estimate of the SAP score and used as a guide.

Housing Demand

As at 20th May 2019, there were 3,063 households registered with Property Pool Plus Wirral (the choice-based lettings system for social housing) that were currently renting from a private sector landlord and wishing to move to social housing.

Property Pool Plus policy provides for priority to be given to people who are homeless or at risk of homelessness, living in overcrowded conditions or in some cases those living in serious disrepair where remaining in the home is not feasible/safe. Higher priority is given to these categories than those with no housing need, however allocations within Property Pool Plus enable rehousing for banding categories to support sustainable communities.

As such, the Property Pool Plus application form asks a series of questions in relation to the reasons why a household wishes to move from their current accommodation. Table 15 gives a breakdown of the reasons selected which directly relate to tenure for the 3,063 private sector tenants registered with the scheme (applicants may choose more than one reason):

Table 15

Reason for wishing to move	Number
Threat of Eviction by Landlord	188
Repossession / Eviction	103
Unable to afford Rent	822
Landlord Selling Property	321
Home in poor condition	421

The Property Pool Plus application form also asks a series of questions in relation to any disrepair issues in the current accommodation. The specific questions and answers given by the 3,063 private tenants registered are shown in table 16:

Table 16

Questions relating to disrepair	Yes	No	Not Answered
Are you living in a property in disrepair?	318	1982	763
If yes, does the disrepair affect your health or safety?	255	42	21

Have you reported the disrepair to your landlord?	288	19	11
If yes, have you reported this to your Local Authority?	64	213	41

Rents and Sales Data

Valuation Office Agency data provides information on monthly rents recorded between 1st October 2017 and 30th September 2018²¹. It shows that average rents charged by Wirral's private landlords are higher than those charged in Liverpool, higher than the Merseyside average but lower than those charged in Sefton, St Helens and Knowsley and lower than the North West and English averages.

Table 17

Area	Average	Lower quartile	Median	Upper quartile
Knowsley	£581	£495	£550	£650
Liverpool	£499	£371	£450	£595
Sefton	£561	£450	£540	£650
St Helens	£533	£425	£495	£595
Wirral	£531	£425	£500	£600
Merseyside	£522	£395	£495	£599
North West	£605	£450	£550	£695
England	£844	£525	£690	£950

²¹ Table 2.7 Summary of monthly rents recorded between 01.10.17 and 30.09.18 by admin area for England, Valuation Office Agency, December 2018

6 Why is Wirral Council continuing with Selective Licensing and introducing further areas?

At least 16.8% of Wirral's housing stock is privately rented which has increased from 11% in 2001²². A more recent estimate in 2018 shows that it could now be as high as 18.1%²³. The Selective Licensing scheme that commenced in 2015 has issued over 25% more licenses than was forecast using the 2011 Census information on private rented properties, suggesting that this sector is still growing. Housing conditions across the private sector are generally better than the national average however in Wirral, where 89% of properties are free of Category 1 hazards, this rate falls to 85% in the private rented sector²⁴. These properties tend to be the older, terraced and flatted housing stock.

Wirral also has a high number of empty properties, which are concentrated in the older, terraced housing stock on the east side of the borough. Wirral Council, over recent years, targeted interventions in those areas which have a high concentration of empty properties. Realistically however tackling this problem alone is unlikely to reverse the trend, particularly in areas which are experiencing other symptoms of low demand such as low house values and a high number of privately rented properties where the turnover households is high. This all contributes to a feeling of transience and instability in a neighbourhood.

In July 2015, Wirral Council introduced Selective Licensing into four areas of the Borough and has licensed over 1,300 private rented properties. Over 825 properties have been inspected with only 30% of these properties meeting minimum standards. There have been 50 individual prosecutions so far for landlords who have failed to get a licence and other Housing Act 2004 offences. It is still too early to assess whether or not the scheme has had its intended impact of reducing low housing demand as indicators used have a time-lag. An initial review of the scheme which included feedback from residents, stakeholders and landlords, was undertaken in 2017. Whilst feedback was positive in many aspects such as satisfaction with areas and improving property conditions, what has become apparent is that housing conditions were worse than expected. In addition, a landlord and resident survey carried out in May and June 2019 found that...

Wirral Council's Intelligence Service were again commissioned to undertake research into a wide range of evidence from a variety of data sources to help

²² Census 2011, ONS

²³ Figure 2, Integrated Dwelling Level Housing Stock Modelling & Database, Client Report for Wirral Council, BRE 2018

²⁴ Integrated Dwelling Level Housing Stock Modelling & Database, Client Report for Wirral Council, BRE 2018

identify further areas of low demand and poor property condition where a Selective Licensing Scheme would be justified and where the Council could make a significant impact in specific neighbourhoods through the introduction of a scheme or where the evidence showed, the continuation of a scheme in any of the 2015 areas. The evaluation this time involved an analysis of 17 individual data sets (shown in appendix 1) including the number of long term empty properties, low sales values and sales rates, high numbers of private rented properties, property condition as well of other socio-economic data that reflects areas suffering from low-demand.

Each of the indicators were scored either one or two points depending on their specific relevance to low demand as this is one of the main factors for which Local Authorities can apply for Selective Licensing. Consequently, all of the indicator measures used to indicate low demand and poor property condition as deemed by the Government were scored the highest.

All of the LSOAs in Wirral were ranked based on these indicators and the worst performing 10 LSOAs were entered onto a master matrix document. This represented the 5% worst performing LSOAs in terms of the low demand and property condition criteria that was evaluated.

The evidence highlighted that two LSOAs that hadn't been subject to Selective Licensing previously scored worse than the other LSOAs, namely Egremont South and Tranmere Lairds. The other LSOAs scoring highest on the matrix that were not the areas declared in 2019, were all areas where Selective Licensing were introduced in 2015 (Birkenhead South, Egerton North, Egremont Promenade South and Seacombe Library). The matrix shows some improvement upon the data gathered in 2014 however as they still score higher than LSOAs, there is a justification for including them in the consultation.

The introduction of a Selective Licensing Scheme in specific, targeted areas of low demand and poorer property standards would help to stabilise these neighbourhoods by declaring an intention to drive up property management practice and property standards in the private rented sector. In addition it would continue to align other interventions including targeted activity to help bring empty properties back into use and Healthy Homes interventions. The use of Selective Licensing would help with other neighbourhood issues contributing to low demand and poor property condition within a neighbourhood through a multi-agency approach with wider public, community and voluntary sector stakeholders and residents in the designated areas.

What have we been doing to improve the Private Rented Sector?

Property Accreditation

Wirral has operated a Property Accreditation Scheme since 2003 which is a voluntary scheme where landlords can sign up to a code of standards and sets a minimum standard for property condition and management practice. Wirral has accredited 7,271 properties since the scheme began, including renewals, however due to the level of churn in the private rented sector, there are currently only 1,613 properties accredited. Whilst recognised as a successful scheme by other local authorities due to the high number of properties accredited, this still only represents just over 6% of the private rented stock in the borough. It also appeals to better landlords and agents operating in the property market as these landlords are more willing to make the necessary investment in their properties to ensure their properties comply with the standards. The accreditation scheme also introduced a tenancy bond scheme, tenant referencing, landlord forums, newsletters and training events in an effort to support accredited landlords to let their properties in a responsible way.

Experience of operating Wirral's accreditation scheme has demonstrated that poor landlords are unlikely to join a voluntary scheme, which is why the mandatory approach using Selective Licensing powers is needed as an additional tool to address poor standards in the private rented sector.

The scheme is currently suspended to new applications based on prior knowledge of the need to implement new requirements in respect of HMO legislation from central government and also respond to the demands of the new Selective Licensing Scheme introduced on 1st April 2019 alongside continuing pressure on staffing resources. Although the scheme is temporarily suspended to new applications, renewal of existing property accreditations continue to be processed enabling landlords to self-assess their premises and extend their current property accreditation. The suspension is currently under review to determine when new applications allocated to the waiting list will be inspected and the temporary suspension lifted.

Empty Property Policy Approach

The council also offers a range of options to aid property owners in bringing their empty dwellings back into occupation.

An additional incentive for accredited landlords is the option of an Empty Property Grant for properties that have been long term empty for over six months. Whilst this assistance is available borough wide, grants have been targeted at empty properties in strategic priority intervention areas where vacancy levels are significantly above the borough average. This includes the current selective licencing areas, with 57 Empty Property Grants being approved in the existing Selective Licencing areas since the start of the licencing scheme of which 27 refurbishments have now been successfully completed and the properties brought back into use. Enhanced Empty Property Grant funding is available for

properties in the Selective Licensing areas and access to the additional funding is dependent on the applicant providing nomination rights for private rented accommodation to Wirral Council for a period of 12 months to assist with the councils statutory homelessness responsibility. Two of the existing four selective licensing areas have also previously been targeted as priority intervention areas under the Government's Empty Property Cluster Programme, which was specifically aimed at areas with clusters of long term empty properties. This has attracted empty property grant funding and other funding to bring properties back into use in these areas. Other tools used by the Council in its strategic approach to tackling empty properties include:

- Support and assistance through the Housing Renewal Team to enable property owners to decide which option is the most suitable for their specific circumstances.
- Owners can sell their property to a private developer through the Developers list who will then refurbish the property for sale or let.
- Accredited properties can be advertised to thousands of potential tenants through the Council's Property Pool Plus website and the Housing Options Team can also help find a tenant for the property.
- The Council have also acquired and refurbished long term vacant properties for sale to first time buyers/owner occupiers through the Home Ownership using Sustainable Empty Dwellings (HOUSED) initiative.
- Should vacant property owners not wish to take up an offer of assistance from the Council to return the property to use, then enforcement action has been successfully employed using a range of legislation to achieve the ultimate objective of the property being occupied. This includes the possibility of an enforced sale to enable a properties return to use.
- The Council has also implemented a 50% additional Council Tax premium for long term empty properties to encourage their return to use. After a property has been empty and unfurnished for two years an empty property premium of an additional 100% above the full Council Tax cost can now be charged due to recent amendment in Government legislation.

Homelessness

An unregulated private rented market often means an unsupported environment for the most vulnerable in society. In order to tackle some of the key problems associated with vulnerable people entering and remaining in the private housing sector the Council's Supported Housing and Homelessness Division offers a range of interventions including:

- A Private Rented Access Scheme (PRAS) which is available to potential tenants who are vulnerable and are looking to rent privately in Wirral. This scheme assists the more vulnerable households in the Borough, especially those unable to raise the necessary deposit or meet their rent, and helps to prevent and relieve homelessness. In 2018/19, 51 individuals have secured homes in the private rented sector across the borough as a result of the assistance of the PRAS.
- The availability of a range of floating support services that are able to deliver housing related support to vulnerable people with complex needs that may be experiencing difficulties in maintaining their accommodation. During 2018/19, floating support services assisted over 440 people across Wirral that were struggling to sustain their housing. Of this number, 28 households in the Selective Licensing areas received support via referrals through the Healthy Homes Team.” The Council has recently recommissioned its floating support services to ensure a greater focus on homelessness prevention.

The implementation of the Homelessness Reduction Act in 2018 resulted in a significant increase in the legal duties placed on the Council to prevent and relieve homelessness and the private-rented sector makes a significant contribution to meeting the housing needs of more vulnerable households, including homeless households that the Council has a statutory duty to assist. This is where private renting directly supports the Council’s Homeless Strategy. The Council works in partnership with a number of private landlords, and would like to see this service area expand. Selective Licensing will ensure that the private rented sector is delivering better management standards which will enable an increased emphasis on homeless preventions that are attributed to tenancy breakdown or poor housing standards. Homelessness prevention activity assists to limit the financial impact of homelessness on wider Council services and agencies, whilst directly benefitting households.

The Selective Licensing scheme will also increase the number of landlords working with the Council with well-managed, good quality accommodation. In the future access to private rented properties will play a key role in the discharge of statutory homeless duties. The ability to offer good quality private rented accommodation, not only assists to minimise disruption to homeless household, but minimises their time spent in costly Council temporary accommodation, while waiting for settled housing.

Healthy Homes

Wirral’s Healthy Homes Scheme has been in operation since 2010 when it was piloted in a targeted intervention area that was experiencing high levels of empty properties, privately rented properties and deprivation, including being one of the worst areas in the borough for health deprivation. The scheme employs a multi-

agency approach co-ordinating services across a range of agencies and initially used council officers from a range of services including police, fire service and other agencies to undertake a door knocking approach in an effort to contact every household within the boundary area. Sub-standard privately rented properties were then brought up to standard and other services offered to provide a range of support and assistance aimed at tackling the wider determinants of poor health which included poor housing conditions.

Within the current Selective Licensing areas, between July 2015 and May 2019, the Council have completed a total of **1,884** Healthy Homes surveys and visits and made **4,566** referrals to over 48 referral partners which include Energy Projects Plus, Tomorrow's Women, Stop Smoking Services, Inclusion Matters and other Local NHS Services.

This approach complements Selective Licensing and offers a holistic service to improve the health and wellbeing of residents in addition to addressing low demand and poor property condition.

Use of Existing Housing Act Powers

In addition to the above schemes, the Council uses existing enforcement powers under the Housing Act 2004 to improve housing conditions including the operation of a mandatory HMO Licensing Scheme and a reactive approach to complaints from tenants and partner agencies. Whilst these powers are effective at improving conditions, taking prosecutions and undertaking work in default are resource intensive processes. Landlords are also able to avoid prosecution by doing a small amount of the required works but delaying completion or evicting tenants and sometimes selling the property on to a new owner. In these cases, the Council may have to invest a significant amount of time into tracking down new owners before any enforcement action can be taken. Selective licensing helps help to avoid this wasted time tracking down the person managing the property by making it a mandatory requirement for landlords to apply for a licence in designated areas.

What alternative options have Wirral Council considered?

All of the initiatives identified in this document, have contributed to improving standards and management practices in the private rented sector and it is proposed that these services will still be used to complement Selective Licensing.

With the rapid growth however in the sector since 2001 and following changes over recent years Council enforcement activity generally has been driven by tenant or partner agency complaints to tackle poor landlords. As at May 2019, 318 private rented tenants registered on Wirral's Housing Register said they were living in disrepair, but only 64 had complained to the Council. 421 private

tenants gave “home in poor condition” as a reason for wishing to move. These reasons, together with the fact that many tenants of poor landlords feel vulnerable to eviction, has steered the Council to consider selective licensing in the worst areas suffering from low demand and poor property condition to ensure those neighbourhoods don’t decline further.

A co-ordinated Selective Licensing approach where landlords must register, meet conditions, and where the ultimate sanction is that the responsibility of managing a property can be removed from them with a management order, represents a much clearer and stronger sanction. Wirral believes that this approach is justified and necessary in further neighbourhoods in order to prevent these areas from spiralling into further decline. This approach will also help to empower residents and the wider community to come forward and report poor practice, knowing that there are robust sanctions in place.

Wirral has very distinct housing markets which are clearly concentrated in small pockets in the east of the borough as evidenced in various research studies conducted in Wirral and the Merseyside sub-region into low demand. Although the former Housing Market Renewal programme has not operated since 2011 the recent Supporting Evidence from the Council’s Intelligence Service in September 2017 (Appendix 1) still supports the fact that there is significant polarisation of the housing markets in different parts of the borough. The Council therefore needs to focus resources in the areas displaying the worst problems of low demand and poor property condition.

7.0 What is Selective Licensing?

Legal Provisions

Selective licensing is a regulatory tool provided within Part 3 of the Housing Act 2004. Section 80 of the Act allows local housing authorities to designate areas for selective licensing that are suffering from one or more of the following factors: low housing demand, significant and persistent antisocial behaviour, poor property conditions, high levels of migration, high levels of deprivation or high levels of crime. A designation can be in force for a maximum of 5 years, but it can be re-declared for a further 5 year period after this time if there is evidence to support this. By making the designation, all privately rented accommodation in the designated area not fitting into the definition of a Mandatory Licensable House in Multiple Occupation (HMO) will require a selective licence.

Owners of rented properties will be required to make an application to the Council for a licence and will need to nominate either the manager or the owner to be the licence holder. Landlords will require a licence for any properties they rent out within the designated area.

License Conditions

The licence is valid for up to 5 years and will contain a series of conditions that the licence holder will be required to comply with. These conditions will include items relating to the management of the property, fire safety and anti-social behaviour. There will also be a requirement that landlords provide references for tenants that move on from their properties. The Selective Licensing Team will be responsible for ensuring compliance with the designation. Wirral's draft Selective Licensing Conditions are attached in Appendix 4. Proposed changes to the existing Licensing conditions have been highlighted and will be subject to consultation as part of the wider consultation exercise to agree any amendments to the current conditions.

Fit & Proper Persons

In addition to ensuring compliance with the license conditions, Wirral Council will need to determine the proposed licence holder as a 'fit and proper' person in terms of their suitability to manage their properties before issuing a licence. In deciding for the purposes of section 88(3)(a) or (c) whether a person is a fit and

proper person to be the licence holder or the manager of the house, the local housing authority must have regard to:

(a) Any offences involving fraud or other dishonesty, or violence or drugs, or any offence listed in Schedule 3 to the Sexual Offences Act 2003.

(b) Any unlawful discrimination on grounds of sex, colour, race, ethnic or national origins or disability in, or in connection with the carrying on of any business.

(c) Any contravention of any provision of the law relating to housing or of landlord and tenant law.

(d) Any person involved in the management of the property has sufficient level of competence to be so involved.

(e) Any person involved in the management of the house is a fit and proper person to be so involved.

Enforcement of Licensing Requirement

Where a breach of licence conditions is identified, for example misleading information on a licensing application form, the licence holder may be prosecuted with a fine of up to £5,000 per breach. Failing to apply for a licence, when a property is being let, could lead to prosecution an unlimited fine. (Previously the limit was £20,000 but this upper limit has been lifted).

In addition to the above fines, Local authorities and tenants can claim back up to 12 months benefits/rents paid during the period a property has not been licensed. Ultimately landlords who continuously fail to licence a property can have control of their property taken away from them through a Management Order.

During the course of the designation the Housing Standards Team will be carrying out a programme of pro-active inspections and will take a firm approach where un-licensed properties or breaches of conditions are found, meaning that landlords in these circumstances are likely to be prosecuted. These enforcement activities will not be met from the revenue from fees and will be funded through Council investment into the Selective Licensing Team.

8.0 The Proposal

The designation will be used to improve the area by raising the standard of property management of privately rented properties, improve property conditions through pro-active inspections and help to reduce the number of empty properties in the area by giving residents and local businesses confidence that the Council is focusing on improving the area through a range of complementary activities and investment.

Every privately rented flat, house or room (unless already licensed as a HMO under the existing mandatory scheme or classed as a business let such as tied accommodation) will require a licence to operate in the area and landlords will be responsible for making an application to the Council for a selective licence.

Initially it is expected that compliant landlords will apply for the relevant licence shortly after the designation, however it will be necessary to introduce a comprehensive enforcement programme to capture un-licensed properties. Enforcement will be carried out on a phased approach in order to effectively coordinate the tackling of identified problems.

Licensing Fees

The Council has identified funding to meet some of the costs involved in running the scheme however the legislation allows the Council to recover certain other costs by charging fees.

Wirral's fees will be based on the actual costs of administering a scheme in the six proposed areas of the borough. Wirral will have regard to the fees set or proposed by other local authorities operating Selective Licensing Schemes in the region on a similar small area approach. The Council will also review the current scheme and look for opportunities for efficiencies in an effort to keep licensing fees as low as possible.

It is also proposed to offer the following discounts on license fees: -

- Applications made during the first 3 months of the scheme for each property
- Landlords with multiple properties
- Accreditation with the Council or a national landlord association

The following charges are also proposed: -

- Charge for yearly direct debits
- A pre-application fee
- Variation Fee
- A Temporary Exemption Notice Fee
- 1 year licenses where previous contraventions

Licenses will be applicable for 5 years unless enforcement action against the landlord has been taken within the previous two years due to poor property management practices. In this case an initial 1 year license will be issued which will be reviewed annually but can be upgraded to a full licence on meeting all the licensing conditions.

The final fee will be determined as part of the consultation process and detailed discussions with the Landlord Selective Licensing Working Group.

Implementation Timetable

July 2019	In principle approval by Wirral's Cabinet to undertake public consultation within 6 areas of the borough.
August 2019	Formal consultation begins for 10 weeks
October 2019	Analyse consultation results & feedback
November - December 2019	Finalise scheme to take account of consultation feedback
January 2020	Preparation of report to summarise consultation findings
February 2020	Report to Cabinet for final consideration of scheme
March 2020	Notice of proposed designation to run for 3 months
July 2020	Commencement of Licensing scheme (three months after designation as required by the Housing Act 2004)

9.0 Benefits of Selective Licensing

Selective Licensing provides the Council with the powers to regulate the private rented sector. For it to succeed in its goals of improving demand for an area and make an impact on the area as a whole, it is important that the Council supports landlords and disseminates good practice in order to achieve the best possible outcomes.

It is expected that introducing these schemes into the four selected areas will have a number of benefits to the community, landlords, tenants and owners, both directly and indirectly.

The defined aim of the scheme and a key outcome for the project is to take measures that will lead to an improvement in management and property conditions in the area during the 5 year period of the proposed designation. A benefit for landlord's, tenants and the wider community will be a dedicated point of contact within the Council's Selective Licensing Team for complaints, advice and support.

The Council is now in a position to be able to offer the following support services:

- A named Selective Licensing Officer in proposed Selective Licensing areas that will raise awareness in the community about minimum standards and act as a contact for complaints and queries about property management and standards
- Whilst the Council will not provide financial assistance for landlords to carry out improvements where their property falls below the minimum statutory standard, financial support (up to £3,000) will be provided towards renovation costs of empty properties that have been vacant for more than 6 months and Heating & Renovation Loans where tenants meet the qualifying criteria.
- The Council has four Healthy Homes Community workers currently employed to work exclusively in the existing Selective Licensing Areas, with their remit expanded into the additional proposed new areas if the scheme is approved. The workers act as a referral hub to multiple-agencies to support tenants and residents living in designated areas and reduce health inequalities.

- The Council will offer information and advice to landlords and residents in proposed Selective Licensing Areas to help address issues relating to anti-social behaviour (ASB), will offer mediation where this is applicable and offer an Anti-Social Behaviour case management service to landlords where the level of ASB does not warrant enforcement action. Where appropriate cases can also be referred to the Troubled Families Project or Council commissioned tenancy support services Practical training sessions for landlords.
- A Tenancy Support Service is available to vulnerable tenants to help them sustain their tenancy when required.
- Tenant information to increased tenant awareness of their rights, where to seek help and their responsibilities to behave and act within the terms of their tenancy agreements

10.0 Risk Analysis

Displacement

There is a risk that with the introduction / continuation of Selective Licensing in the six areas, landlords who are keen to avoid bringing their properties up to the minimum statutory standard and adhering to the mandatory conditions will decide to sell their properties, leave their properties empty, or decide to move elsewhere.

There have also been some landlords of very poor quality rented properties who have sold their properties when they were made aware of the extent of work required to bring them up to a minimum standard. A number of these properties have been bought by more reputable landlords who have now brought the properties up to a good standard. Generally however the level of vacant properties has stayed broadly similar in existing areas. The Council will also ensure that in areas where there is the potential for displacement to occur, the Selective Licensing Team will raise awareness with tenants and service providers of landlord's statutory responsibilities which can still be enforced even if these areas haven't been declared as selective licensing areas.

Where landlords decide to leave their properties empty, to avoid paying a license fee and complying with management conditions, the Council will continue to ensure all long term empty properties are actively targeted for intervention and brought back into use. This is the current approach taken for priority areas which have high volumes of empty properties.

The Council will take enforcement action on all long term vacant properties that are in disrepair and causing blight in the community. Landlords with properties which have been vacant for more than two years will also have to pay a Council Tax Premium of 200% of the standard rate.

The Council does however want to work positively with landlords in Selective Licensing Areas and subject to resources being available, will make Empty Property Grants available to landlords to help towards the improvement costs associated with bringing their long term empty properties (vacant 6 months or more) up to the required standard. The Council will also try to assist in finding suitable tenants for empty properties via its Housing Options Service.

The risk of displacement in Wirral with the controls outlined above are therefore considered to be relatively low, especially as Selective Licensing Areas are already experiencing low demand making it less advantageous for landlords to sell properties quickly in these areas for a reasonable return. The Selective Licensing Team will play a key role in convincing landlords of the economic benefits of investing in their properties, renting them out responsibly and retaining them for the long term to generate an income that over time will offset the Selective Licensing Fees as well as generating confidence and greater stability in the area, creating the right conditions for the housing market in these areas to grow.

There is little evidence from other similar Local Authorities with Selective Licensing Schemes that displacement has occurred. Local Authority areas including Blackburn with Darwin have re-designated and expanded existing Selective Licensing areas.

Risk Register

Other risks have been summarised in the Risk Register in Appendix 5 showing the current and proposed controls that would be implemented subject to the additional scheme getting approval to proceed.

One of the major risks to the scheme is a Judicial Review if landlords want to challenge that the Council has not followed due process in implementing a scheme, including the consultation process.

The risks would be managed through the Council's existing performance management framework.

11.0 How will we consult?

There will be a formal consultation process on Wirral's proposed Selective Licensing scheme which will last for a minimum period of 10 weeks to commence, subject to Cabinet Approval, in August 2019.

Further information about the consultation process and how to get involved will be set out on the Council's website. Everyone who is likely to be directly affected by proposals and those immediately adjacent to the proposed areas will be contacted and invited to participate in the consultation through a variety of consultation methods as set out in the Consultation Plan in Appendix 3

Information on the proposed Selective Licensing scheme will be available at www.wirral.gov.uk/selectivelicensing

Further information can be obtained through the following ways:

Email: selectivelicensing@wirral.gov.uk

Post:

Selective Licensing

Delivery Services

Wirral Council

PO Box 290

Brighton Street

Wallasey

CH27 9FQ

12.0 Monitoring & Evaluation

As with the current Selective Licensing Schemes, it is proposed that a robust set of annual indicators would monitor how effective the scheme was if it were implemented. The full 18 data-sets that were used to determine low demand and poor property condition for the purpose of selecting the four selected licensing areas would be updated on a periodic basis, i.e. after two years and then repeated in year four of the scheme. It is also proposed that the following condensed set of indicators are be measured and reported on an annual basis:

- 1 Number of properties licensed in each designated area
- 2 Number of properties improved
- 3 Reduction in empty properties (N.B it is anticipated that this figure may increase in the first year if some landlords sell their properties to avoid paying a licence fee)
- 4 Number of residents supported through Healthy Homes, ASB team or tenancy support services or partner agencies as a result of Selective Licensing



**WIRRAL
INTELLIGENCE
SERVICE**

Wirral Selective Licensing Application: Supporting Evidence and Rational

June 2019

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Section 1: Introduction

The private rented sector is the only housing option available to some of the most vulnerable people in society [1]. However, in some areas, properties in the private rented sector suffer from poor condition and poor management, which are both a consequence and a cause of low demand [1]. The proportion of private rented properties in Wirral increased significantly between the 2001 Census and 2011 Census, from 11% to 16%. According to the English Housing Survey, the national figure in 2017-18 was 19% but hasn't increased in the previous five years. This figure is likely to be mirrored in Wirral.

The Housing Act 2004 enabled local authorities to introduce selective licensing, if deemed appropriate, for privately rented properties in designated areas as an additional tool to improve both the lives of tenants and communities.

Local authorities are permitted introduce selective licensing of privately rented properties in areas experiencing factors such as low housing demand and anti-social behaviour (ASB) to ensure a minimum standard of management is undertaken by landlords. On 1st April 2015 the Selective Licensing of Housing (Additional Conditions) (England) Order 2015 was made law which allowed local authorities to introduce selective licensing based on further factors including poor property conditions, high levels of migration, high level of deprivation and high levels of crime. Any new schemes can now only be introduced where the proportion of private rented properties in the designated area is above the national average of 19%. The Order also makes local authorities seek confirmation from the Secretary of State for any selective licensing scheme covering more than 20% of their geographical area, or affecting more than 20% of privately rented homes in the local authority area.

Wirral introduced its first Selective Licensing Scheme in the Borough on 1st July 2015 into four designated areas in Birkenhead, Tranmere, Seacombe and Egremont. Over 1,300 Licence applications have been granted in these areas representing over 99% of known licensable landlords. Checks have been completed to 825 privately rented properties. The compliance rate with license conditions has been found to be poor at only 30% of the properties inspected.

Following a refresh of the evidence and MCDA (Multi-Criteria Decision Analysis) process in 2017, a further four LSOAs in Wirral were designated in April 2019 to the existing four, to make eight LSOAs in Wirral where Selective Licensing would operate.

To May 2019, there have been 50 individual prosecutions so far for landlords who have failed to get a licence and other Housing Act 2004 offences. There is a requirement after 5 years of operation, to review how Selective Licensing schemes have operated. This means that the initial four areas of Wirral will shortly be up for review. This Supporting Evidence and Rationale will form part of that review process.

What is Selective Licensing?

In areas subject to selective licensing, all private landlords must obtain a licence and if they fail to do so, or fail to achieve acceptable management standards, the Local Authority can take enforcement action - e.g. issuing an unlimited fine or in some cases, assuming management control of the property. The London Borough of Newham introduced a selective licensing scheme covering *all* private rented properties in the borough in January 2013 and since this time a number of authorities have also introduced this option of introducing Selective Licensing in the entire area under their jurisdiction, rather than in selected neighbourhoods. Since the 2015 Order referred to above, it now much more challenging to do this. It is

currently unknown how many local authorities have introduced selective licensing generally as the information is not held centrally. In the Liverpool City Region, Liverpool City Council, Sefton Council and Wirral Council have introduced schemes.

What can Selective Licensing achieve?

If implemented effectively, selective licensing can increase the professionalism and quality of the private rented sector in an area by ensuring:

- That landlords are 'fit and proper persons'
- Good and fair management of tenancy relations
- Support for landlords to participate in regeneration and tackle antisocial behaviour effectively
- Protection for vulnerable tenants from the worst housing conditions and from bad landlords
- Strategic knowledge to support Local Authorities in targeting health and safety inspections
- Support for landlords to improve the worst properties by helping them to achieve decent minimum standards in housing conditions and management
- Successful schemes may also increase the supply and choice of housing stock and reverse housing market decline in housing market renewal areas when used in conjunction with other measures

Benefits of Selective Licensing

Benefits to neighbourhoods and communities

- Increasing housing demand by improving property condition and reducing antisocial behaviour will improve problem areas, making these safer, more desirable places to live
- Reducing environmental costs and costs of crime, such as street cleaning and tackling fly tipping
- Making it easier to involve all landlords in wider strategies including crime reduction initiatives, local spatial strategies and other countywide plans
- Protecting vulnerable groups, who are often occupiers of privately rented accommodation which is poorly managed and maintained

Benefits to tenants

- More professional landlords should bring improvements to the quality and management of properties
- Potential economic benefits, for example in reduced heating costs and improved likelihood of regaining deposits
- Improvements to neighbourhoods will also benefit private tenants sense of security and community and improve social capital
- Better management practices should help to increase length of tenure and reduced incidence of unplanned moves or homelessness

Benefits to landlords:

- Responsible landlords will receive training, information and support
- A level playing field, where decent landlords are not undercut by an unscrupulous minority
- Poorly performing/inexperienced landlords will receive extra support to improve
- Improved rental incomes/fewer voids as areas improve

- Improvement in the reputation of all private landlords
- Shorter void periods and reduced tenant turnover
- The option to join the accredited scheme for additional support and advice
- A discounted selective licensing fee for landlord who already have their properties accredited within the selective licensing areas.

Benefits to Wirral Council

- Increased supply of good quality homes
- Landlords who have not responded to previous voluntary measures (such as Wirral's property accreditation scheme) will be forced to engage with the Local Authority. Landlords not meeting housing and management standards will be forced to improve their practices or leave the market
- Wirral will gain more knowledge about private renting in particular areas, enabling the Council to target support, information and enforcement more effectively, and to better understand the root of the problems the areas face
- Selective licensing is not however, a panacea and benefits should be expected to be realised in the longer term, rather than straight away

A wide range of evidence from a variety of relevant data sources has been compiled in this document to help identify potential areas which would be most appropriate to become areas of Selective Licensing. Evidence must demonstrate that an area is experiencing one or more of the following factors:

- low housing demand (or is likely to become such an area);
- a significant and persistent problem caused by anti-social behaviour;
- poor property conditions;
- high levels of migration;
- high level of deprivation;
- high levels of crime.

The evidence sought by Wirral Council has concentrated on indicators which together can demonstrate low housing demand and poor property conditions, which are heavily interlinked. Some of the other factors can be demonstrated by local indicators, however making a case that selective licensing will positively contribute towards these factors, or that the private rented sector could at the moment be a negative contributor to these, is more challenging. Supporting evidence related to deprivation, anti-social behaviour and crime have however been used as secondary indicators.

All data used is the most recent available for each individual indicator. Some data is provided as a snapshot at a moment in time, other data is provided by financial year or calendar year and some indicators span more than one 12 month period to provide a fuller dataset.

Data on all of the indicators (summarised in Figure 1 below) is detailed in the following sections. The data is analysed on small geographic areas known as Lower Super Output Areas (LSOAs). LSOAs are used as they are the lowest level of geographic data for which indicators are generally produced by central Government and other agencies and allow Wirral Council to produce a more localised picture of the different areas within the Borough. All LSOAs in Wirral were ranked based on these indicators and the 10 worst performing areas for every indicator were entered onto a master matrix document. This number of LSOAs (10) was decided upon, as it represents the 5% worst performing LSOAs in Wirral. Other targeted community

projects and initiatives in Wirral have also chosen to operate in the 5% worst performing Wirral LSOAs (e.g. the Health Action Area initiative).

No LSOA where the proportion of private rented properties was below the national average reported in the most recent English Housing Survey was included in the tables in the following sections, complying with the Selective Licensing of Housing (Additional Conditions) (England) Order 2015 – Article 3 (1) (a) as Wirral Council is proposing to introduce selective licensing on the grounds of property conditions (as well as low housing demand). The 2017-18 English Housing Survey Headline Report released in January 2019 stated the national average was 19%.

Figure 1.1:
Evidence used to determine the appropriate LSOAs for Selective Licensing in Wirral



Each of the indicators scored either one or two points. Those indicators which according to Government guidance [2] demonstrate low housing demand and poor property condition scored two points. Supporting indicators (e.g. which demonstrate deprivation) scored one point. The indicators and scoring differ from that used in the 2015 selective licensing scheme’s Supporting Evidence and Rationale written in 2014 due to the release of the 2015 Government guidance referred to above. The indicators also differ slightly from those used in 2017 for the Selective Licensing scheme begun in April 2019 due to the availability to the Council of certain data sources. The combined data sources and weightings applied remain a strong method for indicating of low demand and property condition within LSOAs.

Table 1.1 below shows the list of indicators and points awarded for each in the matrix (see end of this document for matrix).

Table 1.1: Matrix points awarded per indicator

2 points
<ul style="list-style-type: none">• House sales• House prices• Long Term Empty property• Time property spent empty• Private rented property (%)• Housing Health & Safety Rating System (HHSRS) Category 1 hazards (%)• Deliberately started fires• Environmental Health Complaints• Housing Team Interventions
1 point
<ul style="list-style-type: none">• Housing Benefit rates• Criminal damage• Deprivation (overall 2015 IMD)• Deprivation (Living domain of 2015 IMD)• Workless benefits (ESA/UC)• Workless benefits (JSA/UC)• Injuries (sustained in the home)• Educational Attainment (KS4)

Section 2: Privately rented properties in Wirral

Only privately rented properties are subject to Selective Licensing, therefore, those LSOAs in Wirral with the highest concentrations of this kind of housing are likely to be candidates for the scheme. The ten LSOAs with the highest concentrations are shown in the table below.

Table 2.1: Ten LSOAs with highest percentage of privately rented properties in Wirral (2011)

LSOA code	LSOA Name	Ward	% private rented	No. private rented
E01007240	Oxton North	Oxton	40.9%	352
E01007130	Tranmere North	Birkenhead & Tranmere	38.8%	278
E01007238	Victoria Parade	New Brighton	38.4%	335
E01007179	Egerton North	Birkenhead & Tranmere	37.7%	231
E01007129	Birkenhead South	Birkenhead & Tranmere	37.7%	287
E01007215	Egremont Promenade South	Liscard	37.4%	293
E01007244	Oxton East	Birkenhead & Tranmere	37.1%	339
E01007218	Egremont North	Liscard	36.2%	237
E01007217	Liscard Central	Liscard	35.9%	284
E01007278	Seacombe Library	Seacombe	35.7%	235
Wirral average			15.8%	112

Source: Census, 2011

As the table shows, 15.8% of housing stock in Wirral is privately rented (Census 2011), with an average per LSOA of 112 privately rented properties. All of the LSOAs shown here however, have rates of privately rented properties which are more than double this figure, with more than one in three of all the properties in the LSOAs shown, privately rented.

According to the Council's Housing Stock Modelling produced by BRE (2018), private rented property in the Borough is more likely to contain Category 1 hazards (the worst rating under the Housing Health & Safety Rating System) than the owner occupied sector. High levels of private rented properties, when combined with other evidence, can therefore also indicate greater levels of poor property condition in an area.

Section 3: Low housing demand

When Wirral Council was assessing evidence for the introduction of its current selective licensing scheme, official guidance as to how the authority should measure low housing demand was less specific than the subsequent 2015 Government guidance which recommends local authorities consider the following factors when deciding if an area is suffering from, or likely to become, an area of low housing demand:

- The value of residential premises in the area, in comparison to the value of similar premises in other areas which the authority considers to be comparable (whether in terms of type of housing, local amenities, availability of transport);
- The turnover of occupiers of residential premises (in both rented and owner occupied properties);
- The number of residential premises which are available to buy or rent, and the length of time for which they remain unoccupied;
- The general appearance of the locality and the number of boarded up shops and properties.

The indicators available to the local authority to LSOA level which can demonstrate the above and which have been used in the indicator matrix are described in more detail below.

Long term empty properties

Long-term empty properties are those which have been empty for longer than 6 months. The data presented here is as of April 2019 and refers to privately owned empty property only. It shows that although *overall* Wirral has a low proportion of long term empty homes (privately owned), there are still many LSOAs with a much higher proportion of long term empties than the Borough average. Wirral’s average long term vacant privately owned property rate of 1.7% (of the total stock) is very slightly higher than when this analysis was conducted in 2014 (when it was 1.6%). In 2014 Wirral Council introduced the “empty property premium” which increased Council Tax by 50% for those properties empty for more than two years in order to encourage landlords to bring empty properties back into use. In April 2019 the premium was increased to 100%.

Tackling empty homes and bringing them back into use can help tackle homelessness, prevent neighbourhood decline, improve the local economy and regenerate areas. It can also contribute providing wider housing choice and is an important part of the Government’s Housing Strategy (2011) [3]. It is also seen as one of the priorities within the Government’s most recent housing White Paper, “Fixing our broken housing market” (February 2017) [4].

The table below shows the ten LSOAs in Wirral with the highest proportion of private empty property in Wirral as of April 2019.

Table 3.1: Ten LSOAs with highest percentage of long term empty properties in Wirral (2019)

LSOA code	LSOA Name	Ward	Percentage empty*
E01007291	Tranmere Lairds	Birkenhead & Tranmere	16.67%
E01007295	Tranmere Urban Village	Birkenhead & Tranmere	9.70%
E01007129	Birkenhead South	Birkenhead & Tranmere	8.42%
E01007179	Egerton North	Prenton	7.47%
E01007126	Hamilton Square	Birkenhead & Tranmere	6.72%
E01007128	Birkenhead Central	Birkenhead & Tranmere	6.08%
E01007130	Tranmere North	Birkenhead & Tranmere	5.68%
E01007278	Seacombe Library	Seacombe	5.65%
E01007139	New Ferry West	Bromborough	5.16%
E01007215	Egremont Promenade South	Liscard	5.08%
Wirral average (private stock only)			1.54%

*Percentage of privately owned stock empty for >6months

Note: Only those LSOAs where the proportion of private rented accommodation is in excess of 20% of all housing stock were included

Source: Wirral Council Tax data, Wirral Council Housing Services, 2019

Length of time empty properties remained empty

As mentioned above, long term empty properties are those which have been empty for 6 months or longer. The table above showed properties which fell into this category as a percentage of all privately owned properties in Wirral (by LSOA). The measure shown in the table below shows the length of time (in days)

that long term empty, privately owned property had been empty. The ten LSOAs with the largest number of empty days (to April 2019) are shown in the table and were entered onto the matrix.

Table 3.2: Length of time (in days) long term empty properties (privately owned) were empty, by LSOA to April 2019

LSOA Code	LSOA Name	Ward	Total days empty
E01007129	Birkenhead South	Birkenhead & Tranmere	32,697
E01007278	Seacombe Library	Seacombe	23,388
E01007215	Egremont Promenade South	Liscard	21,720
E01007291	Tranmere Lairds	Birkenhead and Tranmere	21,491
E01007244	Oxton East	Oxton	21,278
E01007130	Tranmere North	Birkenhead & Tranmere	21,253
E01007237	New Brighton North	New Brighton	18,341
E01007126	Hamilton Square	Birkenhead & Tranmere	18,006
E01007139	New Ferry West	Bromborough	17,499
E01007239	Oxton North East	Birkenhead & Tranmere	17,230
Wirral LSOA Average			4,947

Source: Wirral Council Tax data, Wirral Council Housing Services, 2019

House sales

The data in Table 3.3 below refers to the total number of house sales per LSOA, compared to the total amount of private housing stock in that LSOA. The Wirral average was 8.5%, but many LSOAs in Wirral had rates significantly lower than this. The ten LSOAs with the lowest number of house sales (as a percentage of the total number of private housing stock), for the two pooled calendar years of 2017 and 2018 are shown in the table below and were entered onto the overall matrix (see end).

Table 3.3: LSOAs with the lowest rate of house sales as a proportion of private housing stock (2017-2018)

LSOA code	LSOA Name	Ward	Percentage (%)
E01007144	Clatterbridge West	Clatterbridge	4.2
E01007277	Town Hall	Seacombe	4.5
E01007270	Poulton South	Seacombe	4.5
E01007240	Oxton North	Oxton	4.6
E01007232	Egremont Promenade North	New Brighton	4.9
E01007215	Egremont Promenade South	Liscard	4.9
E01007275	Egremont South	Seacombe	5.4
E01007236	Liscard East	New Brighton	5.5
E01007180	Egerton West	Prenton	5.5
E01007181	Prenton North East	Prenton	5.6
Wirral average			8.5%

Source: HM Land Registry, 2017 and 2018

There were a total of 10,506 house sales in Wirral in 2017 and 2018, an average of 51 sales per LSOA over this period.

House prices

The average house price in Wirral in 2017 and 2018 (2 years pooled) was £184,896 (median value £173,998), but this figure hides large variations between Wirral LSOAs. For example, the average price in Heswall North was £402,900 – which was five times higher than prices in Seacombe West. It is worth noting that since this analysis was last conducted (using 2013-16 data) the average house price in the LSOA with the lowest house prices in Wirral has increased from £46,000 (in Bidston St. James East) to £85,666 in Seacombe West, so prices at the lower end of the market have almost doubled in just a few years. The ten LSOAs with the lowest average sale prices in Wirral across 2017 and 2018 are shown in the table below. These ten were entered onto the matrix document at the end of this briefing.

Table 3.4: Ten LSOAs with lowest average sold prices in Wirral in 2017 and 2018 (2 years pooled)

LSOA code	LSOA Name	Ward	Average house price
E01007272	Seacombe West	Seacombe	£85,666
E01007275	Egremont South	Seacombe	£89,666
E01007179	Egerton North	Prenton	£94,980
E01007277	Town Hall	Seacombe	£104,766
E01007271	Poultton East	Seacombe	£104,837
E01007294	Tranmere Parklands	Birkenhead & Tranmere	£105,562
E01007295	Tranmere Urban Village	Rock Ferry	£106,428
E01007292	Higher Tranmere	Birkenhead & Tranmere	£107,588
E01007296	Tranmere Well Lane	Rock Ferry	£108,840
E01007273	Seacombe St Pauls	Seacombe	£108,875
Wirral LSOA (average)			£184,896

Source: HM Land Registry, 2017 and 2018

Deliberately Started Waste Fires

Deliberately started small waste fires involve wheelie-bins and fly-tipped waste. They can destroy property and be a threat to life as well as being another indicator of the poor appearance of an area due to the fly-tipping. There was a total of 637 deliberately started fires between February 2017 and February 2019. This is an average of 4 per LSOA in Wirral, but as the table shows, the top LSOAs have more than double this number, with the highest LSOA having more than 7 times the Wirral average.

Table 3.5: Number of deliberately started reported fires by LSOA in Wirral, 2 pooled years: top 10 LSOAs

LSOAs	LSOA Name	Ward	Number (both years)
E01007126	Hamilton Square	Birkenhead and Tranmere	30
E01007155	Birkenhead Park East	Cloughton	24
E01007275	Egremont South	Seacombe	19
E01007269	Seacombe Docks	Seacombe	19
E01007128	Birkenhead Central	Birkenhead and Tranmere	15
E01007291	Tranmere Lairds	Birkenhead and Tranmere	14
E01032903	Birkenhead North	Bidston & St James	13
E01007125	Bidston St James South	Bidston & St James	12
E01007131	West Tranmere	Birkenhead and Tranmere	11
E01007127	Birkenhead West	Birkenhead and Tranmere	11
Wirral average per LSOA			4
Wirral Total			637

Source: Wirral Council, Waste Reduction Team, 2019

Environmental Health Complaints

Wirral Council’s Environmental Health Team receives complaints on a range of subjects, much of which can indicate an area having a poor quality environment or poor housing conditions. The type of complaints used to compile the data include complaints against private landlords, low level private rented housing repair complaints, vermin and noise.

Table 3.6: LSOAs with the highest ratio of environmental health complaints related to privately owned properties (ratio of complaints to privately rented properties), 2017 and 2018 (2 pooled years)

LSOA code	LSOA Name	Ward	No. of complaints	Ratio of complaints
E01007273	Seacombe St Pauls	Seacombe	44	4.6
E01007131	West Tranmere	Birkenhead & Tranmere	43	5.9
E01007220	Egremont Central	Liscard	25	6.3
E01007291	Tranmere Lairds	Birkenhead & Tranmere	37	6.5
E01007175	Egerton Park	Rock Ferry	34	6.6
E01007176	Rock Ferry West	Rock Ferry	25	6.7
E01007179	Egerton North	Prenton	33	7.0
E01007144	Clatterbridge West	Clatterbridge	16	7.1
E01007270	Poulton South	Seacombe	34	7.4
E01007127	Birkenhead West	Birkenhead & Tranmere	23	7.7
Wirral average per LSOA			21	11.6

Source: Wirral Council, Housing Services, 2019

As Table 3.9 shows, the average number of interventions per LSOA in Wirral between 2017 and 2018, was 21 and the average ratio was 11.6. The ratio of interventions per private rented units takes into account the amount of private rented accommodation in the area, so allowing for differences in the housing composition, a true comparison is possible. The ratio means that in the worst LSOA in Wirral (Seacombe St. Pauls), there was one intervention for every 4.6 (privately rented) houses in that LSOA. Just for comparison, the average for Wirral was that there was only one intervention for every 11.6 privately rented properties in the borough.

Section 4: Properties in poor condition

In order to ensure the safety and wellbeing of local residents, Local Authorities have the duty to ensure that remedial action is taken on private properties where there are serious hazards that affect the health, safety and wellbeing of the occupiers. They carry out this duty using the Housing, Health and Safety Rating System (HHSRS) during inspections, a risk-based evaluation tool to help identify and protect against potential risks and hazards from deficiencies in residential properties. This was introduced under the Housing Act 2004 [5]. The underlying principle of the HHSRS is that, “any residential premises should provide a safe and healthy environment for any potential occupier or visitor” [5]. There are two categories of hazards in the HHSRS with category 1 hazards being the most severe (see the [Housing, Health & Safety Guidance](#) for more information on what these categories refer to).

Housing Services interventions due to poor property condition

Given that a decision to enforce remedial action has financial implications for both the owner and the occupier (and such decisions may be subject to legal challenge and scrutiny), inspections clearly record information and are robust enough to provide evidence to support action. Decisions to intervene are not undertaken lightly and as such, are a good indicator to areas where housing in a state of poor repair may be concentrated. In addition to enforcement action, interventions may be informal such as a Healthy Homes visit, or request for help with heating via the former Cosy Homes heating grant. These measures are also an indicator of poor property condition in the private rented sector and so are included as interventions in the data below.

There was a total of 774 interventions in the two years of 2017 and 2018 (that could be matched to an LSOA). The ten LSOAs with the highest number of interventions as a ratio of all private housing stock, are show in the table below.

Table 4.1: LSOAs with the highest number of interventions due to poor condition, 2017 and 2018

LSOA code	LSOA Name	Ward	No. of interventions	Ratio of interventions to private rented
E01007179	Egerton North	Prenton	66	7.5
E01007129	Birkenhead South	Birkenhead & Tranmere	56	10.8
E01007278	Seacombe Library	Seacombe	51	12.1
E01007215	Egremont Promenade South	Liscard	34	19.7
E01007127	Birkenhead West	Birkenhead & Tranmere	10	40.6
E01007220	Egremont Central	Liscard	15	42.4
E01007275	Egremont South	Seacombe	10	43.4
E01007294	Tranmere Parklands	Birkenhead & Tranmere	9	47.9
E01007291	Tranmere Lairds	Birkenhead & Tranmere	4	51.0
E01032903	Birkenhead North	Bidston and St James	12	52.6
Wirral average per LSOA			5	228

Source: Wirral Council, Housing Services, 2019

An average for Wirral of 228 means that there was one intervention for every 228 privately rented properties. As the table shows therefore, a ratio of 7.5 for Egerton North means that there was 1 intervention for every 7.5 privately rented houses in that LSOA, indicating severe issues with housing quality. Some of the top ranked LSOAs are already existing selective licensing areas, reflecting the concentration of activity in these areas over the past two years.

Housing Health and Safety Rating System (HHSRS) Category 1 Hazards

In 2018, the Building Research Establishment produced an Integrated Dwelling Level Housing Stock Modelling & Database for Wirral Council. This provides an overview of house condition at various levels of geography, including to LSOA level, for the different housing tenure types. Although the database is produced on modelled data, it provides a relatively accurate picture of the geographic and tenure differences for house condition. Amongst the indicators, the database provides the rate of those homes with hazards classed as Category 1 under the HHSRS. The highest rates amongst private rented sector stock within LSOAs is shown below.

Table 4.2: LSOAs with the highest rates of HHSRS Category 1 hazards in privately rented properties

LSOA code	LSOA Name	Ward	Percentage (%)
E01007141	Port Sunlight North	Bromborough	27
E01007217	Liscard Central	Liscard	27
E01007179	Egerton North	Prenton	26
E01007216	Liscard South	Liscard	24
E01007234	Magazine Promenade	New Brighton	24
E01007219	Egremont West	Liscard	23
E01007275	Egremont South	Seacombe	23
E01007278	Seacombe Library	Seacombe	22
E01007127	Birkenhead West	Birkenhead & Tranmere	22
E01007218	Egremont North	Liscard	21
Wirral average			15

Note: Only those LSOAs where the proportion of private rented accommodation is in excess of 20% of all housing stock were included

Source: Integrated Dwelling Level Housing Stock Modelling & Database for Wirral Council, BRE, 2018

Section 5: Supporting indicators

Supporting indicators have been identified which help provide a wider picture of areas that might additionally be experiencing three of the alternative factors which the Government stipulate can be used to introduce selective licensing: deprivation, anti-social behaviour and crime. Wirral Council however is not specifically introducing selective licensing to tackle any of these factors but a by-product of the scheme will be to have a positive impact on them.

Overall Indices of Deprivation (2015)

The Index of Multiple Deprivation 2015 (IMD) is a measure of relative deprivation at a small area level, important in identifying disadvantaged areas so that limited resources can be targeted where they are most needed. The IMD covers a broad range of issues and refers to unmet need caused by a lack of resources of all kinds, not just financial resources. The IMD attempts to capture deprivation in its broadest sense, using seven distinct ‘domains’ (which together form the overall IMD).

Wirral’s 2018 Housing Stock Modelling reported that the highest rates of poor housing conditions were in the geographical areas with the highest levels of deprivation. Table 5.1 shows the 10 most deprived LSOAs in Wirral by name and ward they fall within. These ten LSOAs were entered onto the overall matrix.

Living Environment deprivation (2015)

One of the seven individual ‘domains’ (or different dimensions of deprivation) which together make up the overall IMD includes ‘Living Environment’ and this measures the quality of individuals immediate surroundings, including housing quality. There is a domain titled, ‘Barriers to housing and services’, but this is a less appropriate indicator for this work, since it deals primarily with distance and accessibility to local services. The IMD Living Environment domain is therefore a relevant and appropriate measure to use when

considering areas for Selective Licensing. See Map 5.1 and Table 5.2 below for information on where the most areas of most acute need in Wirral are according to this measure.

Table 5.1: Ten LSOAs with most acute levels of deprivation according to the *overall* IMD (2015)

LSOA	LSOA Name	Ward	IMD Score*
E01007127	Birkenhead West	Birkenhead and Tranmere	78.2
E01007128	Birkenhead Central	Birkenhead and Tranmere	75.7
E01007129	Birkenhead South	Birkenhead and Tranmere	75.6
E01007220	Egremont Central	Liscard	69.5
E01007126	Hamilton Square	Birkenhead and Tranmere	69.4
E01007273	Seacombe St Pauls	Seacombe	67.6
E01007123	Bidston St James West	Bidston and St James	66.3
E01007292	Higher Tranmere	Birkenhead and Tranmere	65.8
E01007131	West Tranmere	Birkenhead and Tranmere	60.9
E01007290	Tranmere Esplanade	Rock Ferry	60.3
Wirral average			42.4

*higher score indicates greater deprivation

Table 5.2: Ten LSOAs with most acute needs according to the IMD Living Environment domain

LSOA	LSOA Name	Ward	IMD Living Domain Score
E01007129	Birkenhead South	Birkenhead & Tranmere	53.51
E01007217	Liscard Central	Liscard	53.41
E01007234	Magazine Promenade	New Brighton	49.85
E01007276	Poulton North	Seacombe	49.48
E01007216	Liscard South	Liscard	48.99
E01007296	Tranmere Well Lane	Rock Ferry	47.96
E01007130	Tranmere North	Birkenhead & Tranmere	47.55
E01007127	Birkenhead West	Birkenhead & Tranmere	46.00
E01007233	Earlston Gardens East	New Brighton	44.95
E01007277	Town Hall	Seacombe	44.89
Wirral average			23.24

*higher score indicates greater deprivation

Housing benefits data

As Selective Licensing aims to tackle properties which are privately rented and in poor condition, rates of Housing Benefit claimants (renting from private landlords only) is likely to be an important indicator of where problems may be most acute.

Housing Benefit data for this indicator is sourced from the DWPs own data tool (Stat-Xplore) and is for November 2018.

Table 5.3: Wirral LSOAs with the highest percentage private rented households claiming Housing Benefit

LSOA	LSOA name	Ward	% Households
E01007215	Egremont Promenade South	Liscard	30.6%
E01007129	Birkenhead South	Birkenhead & Tranmere	23.6%
E01007273	Seacombe St Pauls	Seacombe	20.3%
E01007277	Town Hall	Seacombe	17.4%
E01007217	Liscard Central	Liscard	17.4%
E01007275	Egremont South	Seacombe	17.1%
E01007131	West Tranmere	Birkenhead & Tranmere	16.7%
E01007271	Poulton East	Seacombe	15.9%
E01007272	Seacombe West	Seacombe	15.6%
E01007292	Higher Tranmere	Birkenhead and Tranmere	15.5%
Wirral Average			5.7%

Source: Department for Work & Pensions (DWP) Stat-Xplore tool, November 2018

The ten LSOAs with the highest percentage of housing benefit claimants (renting from private landlords only) are shown in the table above. As the table shows, all of the LSOAs shown had rates that were around three times the Wirral average of 5.7%, whilst in the LSOA with the highest rates (Egremont Promenade South LSOA, in Liscard Ward), the claimant rate was six times higher than the Wirral average. As the table shows, one in three households in the LSOA (30.6%) claimed Housing Benefit. These ten LSOAs were the areas entered into the overall matrix.

Out of work benefits

Those receiving out of work benefits are particularly vulnerable to poor housing conditions. The main out of work benefits are Job Seekers Allowance (JSA) and Employment Support Allowance (ESA) and those who have been moved onto Universal Credit. The ten LSOA's with the highest proportions of people of working age in receipt of these benefits are shown in the tables below (and have been entered onto the overall Matrix in Section 14).

Table 5.4: Wirral LSOAs with the highest percentage of Job Seekers Allowance and Universal Credit (combined) claimants (numbers rounded to nearest 10) as of March 2019

LSOA	LSOA name	Ward	Claimants	% LSOA population*
E01007126	Hamilton Square	Birkenhead & Tranmere	220	14.8%
E01007129	Birkenhead South	Birkenhead & Tranmere	130	12.6%
E01007128	Birkenhead Central	Birkenhead & Tranmere	130	11.9%
E01007273	Seacombe St Pauls	Seacombe	100	11.8%
E01007292	Higher Tranmere	Birkenhead & Tranmere	110	10.9%
E01007220	Egremont Central	Liscard	85	10.6%
E01007291	Tranmere Lairds	Birkenhead & Tranmere	130	10.5%
E01007127	Birkenhead West	Birkenhead & Tranmere	105	9.7%
E01007278	Seacombe Library	Seacombe	90	9.5%
E01007295	Tranmere Urban Village	Rock Ferry	80	9.4%
Wirral average			37	3.4

*working age population

Source: NOMIS, June 2017

Disability Benefits

Disability benefits were included for much the same reasons as outlined above (see out of work benefits). See table below for top 10 LSOAs for working age claimants of Employment Support Allowance or Universal Credit (disability element) as of March 2019.

Table 5.5: Wirral LSOAs with the highest percentage of Employment Support Allowance claimants, 2019

LSOA	LSOA name	Ward	Claimants	% LSOA population*
E01007129	Birkenhead South	Birkenhead & Tranmere	230	22.7%
E01007128	Birkenhead Central	Birkenhead & Tranmere	240	22.5%
E01007126	Hamilton Square	Birkenhead & Tranmere	295	19.9%
E01007127	Birkenhead West	Birkenhead & Tranmere	210	19.5%
E01007155	Birkenhead Park East	Cloughton	220	19.4%
E01007273	Seacombe St Pauls	Seacombe	145	17.2%
E01007290	Tranmere Esplanade	Rock Ferry	200	16.8%
E01007270	Poulton South	Seacombe	185	16.4%
E01007215	Egremont Promenade South	Liscard	160	16.2%
E01007138	New Ferry East	Bromborough	165	16.1%
Wirral average			77	8.1%

*working age population

Source: NOMIS, 2017

Criminal damage

Crime results in unsettled communities, undermines efforts to regenerate areas and is associated with other social and economic problems including deprivation. Criminal damage was chosen as an indicator to demonstrate crime levels due to its overlap with anti-social behaviour, both of which are further factors in considering whether or not to introduce selective licensing into an area. The table below shows the 10 LSOAs with the highest rates of recorded criminal damage in 2018-19 (January 2018 to January 2019).

Table 5.6: Rate of reported criminal damage and arson by LSOA in Wirral in 2018-19: top 10 LSOAs (rate per 1,000 population)

LSOAs	LSOA Name	Ward	Rate (per 1,000) 2018-19
E01007128	Birkenhead Central	Birkenhead & Tranmere	5.9
E01007272	Seacombe West	Seacombe	4.6
E01007273	Seacombe St Pauls	Seacombe	4.5
E01032903	Birkenhead North	Bidston & St. James	3.2
E01007127	Birkenhead West	Birkenhead & Tranmere	3.1
E01007179	Egerton North	Prenton	2.9
E01007176	Rock Ferry West	Rock Ferry	2.5
E01007139	New Ferry West	Bromborough	2.4
E01007138	New Ferry East	Bromborough	2.4
E01007271	Poulton East	Seacombe	2.4
Wirral Average			1.3

Source: <https://data.police.uk>

Note: January 2018-January 2019

All of the ten LSOAs in the table have rates of criminal damage which are considerably more than the Wirral average of 1.3 per 1,000 – and one, Birkenhead Central, has a rate which is more than four times the Wirral average.

Injuries (sustained in the home environment)

Data on injuries sustained in the home environment were provided by the [Trauma, Injury Intelligence Group \(TIIG\)](#). Clearly, not all home injuries are due to people living in non-decent, dilapidated homes. It is however, a contributory factor. It is therefore appropriate to include this indicator as part of the rationale for selective licensing in Wirral. Rates were calculated for the previous 2 years (2017/18 to 2018/19) and the table shows the ten LSOAs with the highest rates of home injuries in Wirral.

Table 5.7: Rate of A&E attendances for home injuries by LSOA, 2017/18 to 2018/19 (2 pooled years)

LSOA	LSOA name	Ward	No. home injuries	Rate per 1,000
E01007155	Birkenhead Park East	Clughton	211	120.8
E01007123	Bidston St James West	Bidston & St James	140	91.9
E01007290	Tranmere Esplanade	Rock Ferry	178	91.2
E01007144	Clatterbridge West	Clatterbridge	127	91.0
E01007291	Tranmere Lairds	Birkenhead & Tranmere	157	86.0
E01007236	Liscard East	New Brighton	113	83.4
E01007292	Higher Tranmere	Birkenhead & Tranmere	125	80.5
E01007175	Egerton Park	Rock Ferry	143	78.8
E01007128	Birkenhead Central	Birkenhead & Tranmere	131	77.7
E01007296	Tranmere Well Lane	Rock Ferry	122	76.6
	Wirral average (per LSOA)		99	60.1

Source: TIIG ([Trauma, Injury & Intelligence Group](#)), 2017

Section 6: Matrix

All of the criteria examined in this briefing are show in the matrix below and indicate (via highest scores), those areas which are potentially the most suitable locations for Selective Licensing in Wirral.

LSOA code	LSOA name	Ward	Constituency	1 point										2 points						Total
				Injuries (occurring at home)	Deprivation (living)	Deprivation (overall)	Educational attainment (KS4)	Workless benefits (ESA)	Workless benefits (JSA & UC)	Housing Benefit	Criminal damage	Environmental Health	Housing interventions	HHSRS Cat 1%	Deliberate fires	House sales	House prices	Long-term empty property	Time property spent empty	
E01007127	Birkenhead West	Birkenhead & Tranmere	Birkenhead		1	1	1	1	1		1	2	2	2	2					14
E01007129	Birkenhead South	Birkenhead & Tranmere	Birkenhead		1	1		1	1	1			2				2	2	2	13
E01007179	Egerton North	Prenton	Birkenhead								1	2	2	2		2	2	2	13	
E01007275	Egremont South	Seacombe	Wallasey				1			1		2	2	2	2	2			12	
E01007291	Tranmere Lairds	Birkenhead and Tranmere	Birkenhead	1					1		2	2	2			2	2		12	
E01007215	Egremont Promenade South	Liscard	Wallasey					1	1		2			2		2	2	2	12	
E01007278	Seacombe Library	Seacombe	Wallasey						1		2	2				2	2	2	11	
E01007126	Hamilton Square	Birkenhead & Tranmere	Birkenhead			1	1	1	1					2		2	2		10	
E01007273	Seacombe St Pauls	Seacombe	Wallasey			1	1	1	1	1	1	2				2			10	
E01007128	Birkenhead Central	Birkenhead & Tranmere	Birkenhead	1		1	1	1	1	1				2		2			9	
E01007220	Egremont Central	Liscard	Wallasey			1	1		1		2	2							7	
E01007130	Tranmere North	Birkenhead & Tranmere	Birkenhead		1											2	2	2	7	
E01007292	Higher Tranmere	Birkenhead and Tranmere	Birkenhead	1		1			1	1						2			6	
E01007277	Town Hall	Seacombe	Wallasey		1					1					2	2			6	
E01007131	West Tranmere	Birkenhead & Tranmere	Birkenhead			1				1	2			2					6	
E01007295	Tranmere Urban Village	Rock Ferry	Birkenhead				1	1								2	2		6	
E01032903	Birkenhead North	Bidston and St James	Birkenhead								1	2		2					5	
E01007144	Clatterbridge West	Clatterbridge	Wirral South	1							2				2				5	
E01007272	Seacombe West	Seacombe	Wallasey				1			1	1					2			5	
E01007270	Poulton South	Seacombe	Wallasey					1			2				2				5	
E01007139	New Ferry West	Bromborough	Wirral South								1						2	2	5	
E01007217	Liscard Central	Liscard	Wallasey		1					1			2						4	
E01007271	Poulton East	Seacombe	Wallasey							1	1					2			4	
E01007296	Tranmere Well Lane	Rock Ferry	Birkenhead	1	1											2			4	
E01007294	Tranmere Parklands	Birkenhead and Tranmere	Birkenhead									2				2			4	
E01007290	Tranmere Esplanade	Rock Ferry	Birkenhead	1		1	1	1											4	
E01007155	Birkenhead Park East	Claughton	Birkenhead	1				1						2					4	
E01007240	Oxton North	Oxton	Birkenhead												2			2	4	
E01007244	Oxton East	Oxton	Birkenhead														2	2	4	
E01007218	Egremont North	Liscard	Wallasey									2						2	4	
E01007176	Rock Ferry West	Rock Ferry	Birkenhead								1	2							3	
E01007123	Bidston St James West	Bidston & St James	Birkenhead	1		1	1									2			3	
E01007236	Liscard East	New Brighton	Wallasey	1											2				3	
E01007175	Egerton Park	Rock Ferry	Birkenhead	1								2							3	
E01007238	Victoria Parade	New Brighton	Wallasey				1											2	3	
E01007216	Liscard South	Liscard	Wallasey		1								2						3	
E01007234	Magazine Promenade	New Brighton	Wallasey		1								2						3	
E01007125	Bidston St James South	Bidston & St James	Birkenhead										2						2	
E01007180	Egerton West	Prenton	Birkenhead												2				2	
E01007181	Prenton North East	Prenton	Birkenhead												2				2	
E01007232	Egremont Promenade North	New Brighton	Wallasey												2				2	
E01007138	New Ferry East	Bromborough	Wirral South						1		1								2	
E01007237	New Brighton North	New Brighton	Wallasey															2	2	
E01007239	Oxton North East	Birkenhead & Tranmere	Birkenhead														2		2	
E01007269	Seacombe Docks	Seacombe	Wallasey											2					2	
E01007217	Liscard Central	Liscard	Wallasey															2	2	
E01007141	Port Sunlight North	Bromborough	Wirral South										2						2	
E01007219	Egremont West	Liscard	Wallasey										2						2	
E01007233	Earlston Gardens East	New Brighton	Wallasey		1														1	
E01007276	Poulton North	Seacombe	Wallasey		1														1	
				10	10	10	10	10	10	10	10	10	20	20	20	20	20	20	20	260

Those LSOAs marked in blue on the matrix denote the four LSOAs which were most recently designated areas of selective licensing. Those in yellow are the initial 4 areas which are coming up for review.

Section 7: Conclusions & Maps

As the matrix shows, excluding the four LSOAs marked in blue (second wave selective licensing areas, not currently due for review), there are a further 6 LSOAs which are either:

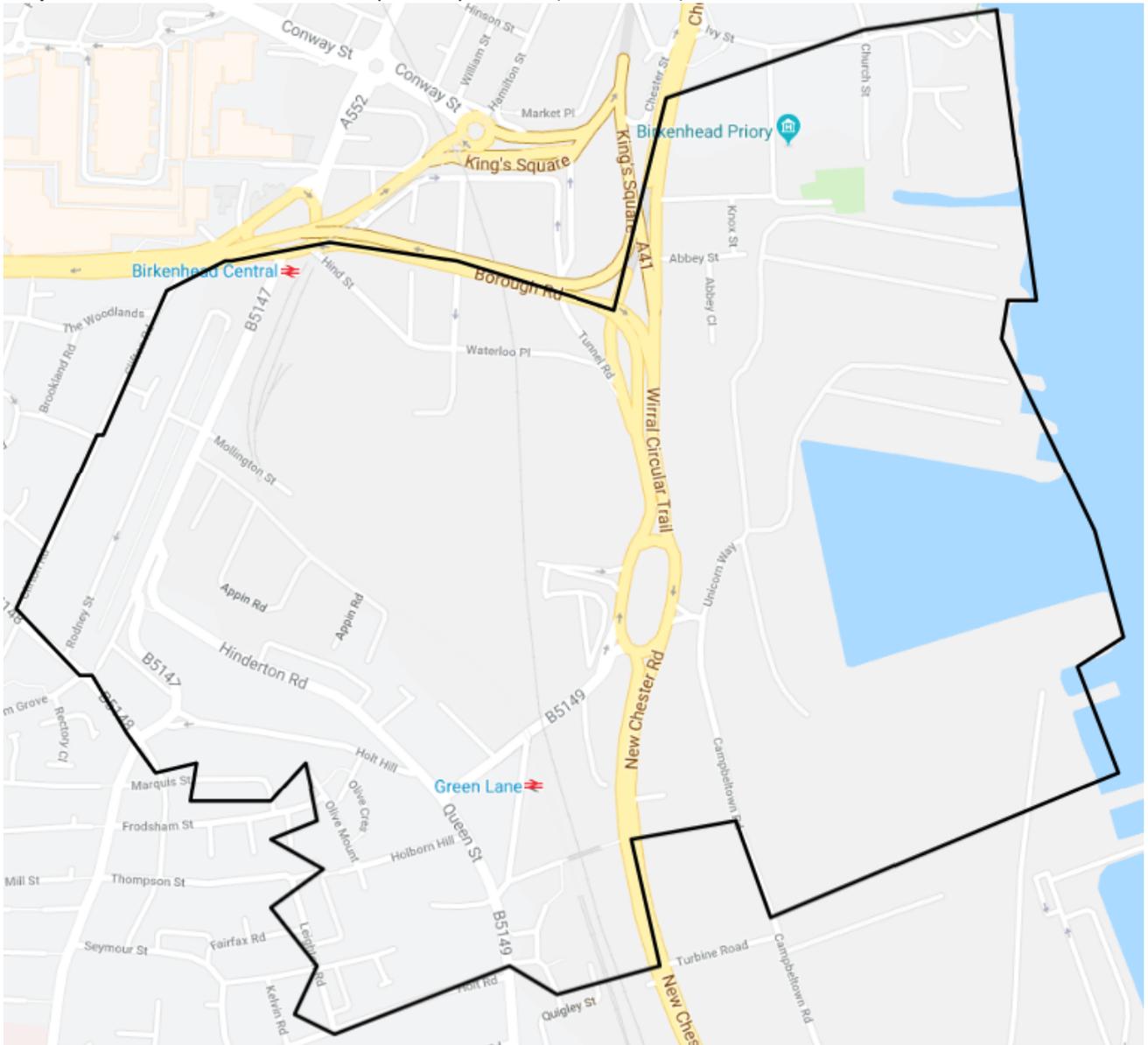
- a) Areas of selective licensing (first wave) now coming up to review (n=4)
- b) New LSOAs which have never before been areas of selective licensing (n=2)

These 6 LSOAs are shown in further detail in the following maps. The last map (Map 7.7 shows all of the proposed and current areas of selective licensing; it therefore shows a total of 10 LSOAs in total).

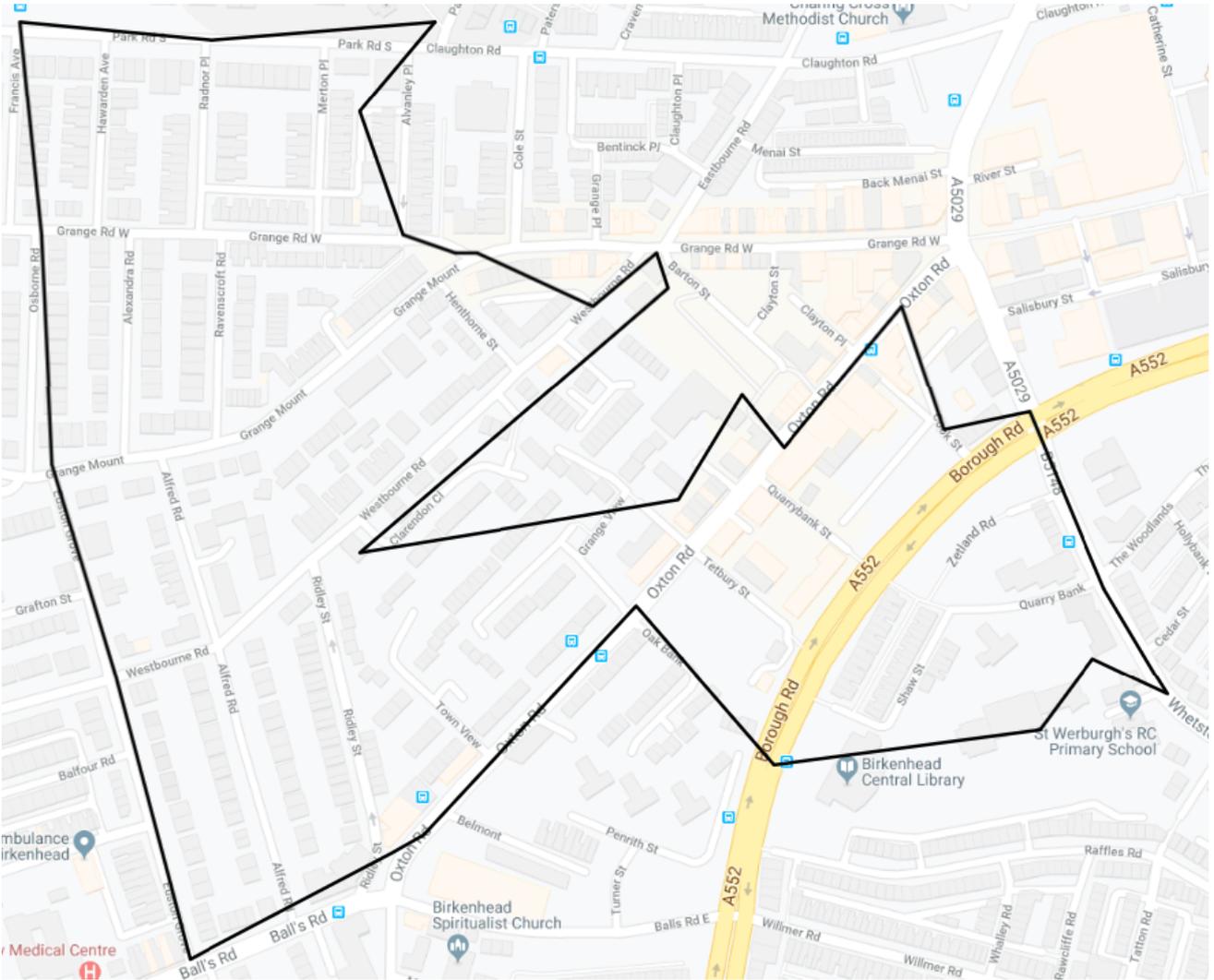
Map 7.1: Egremont South Lower Super Output Area (E01007275)



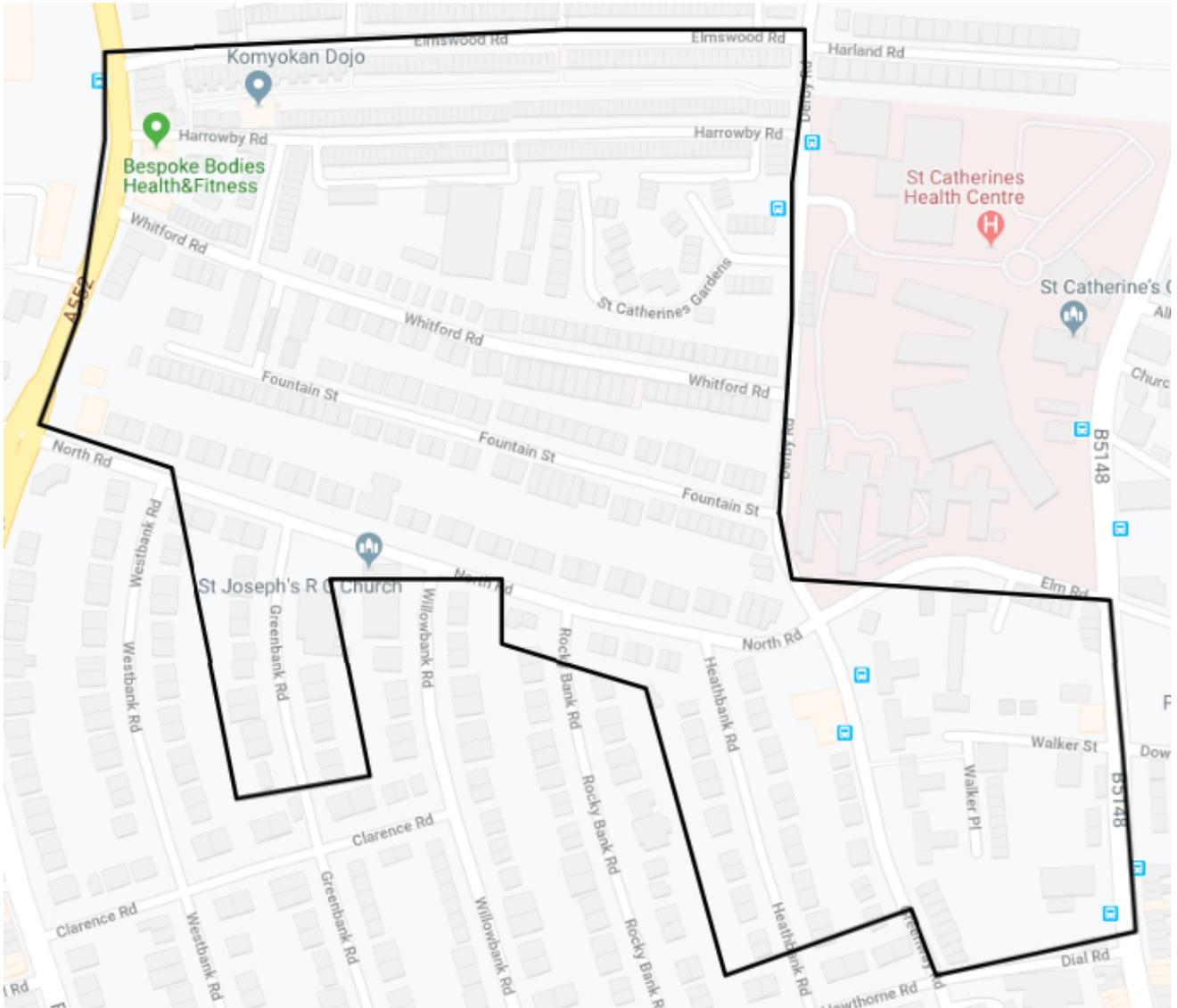
Map 7.2: Tranmere Lairds Lower Super Output Area (E01007291)



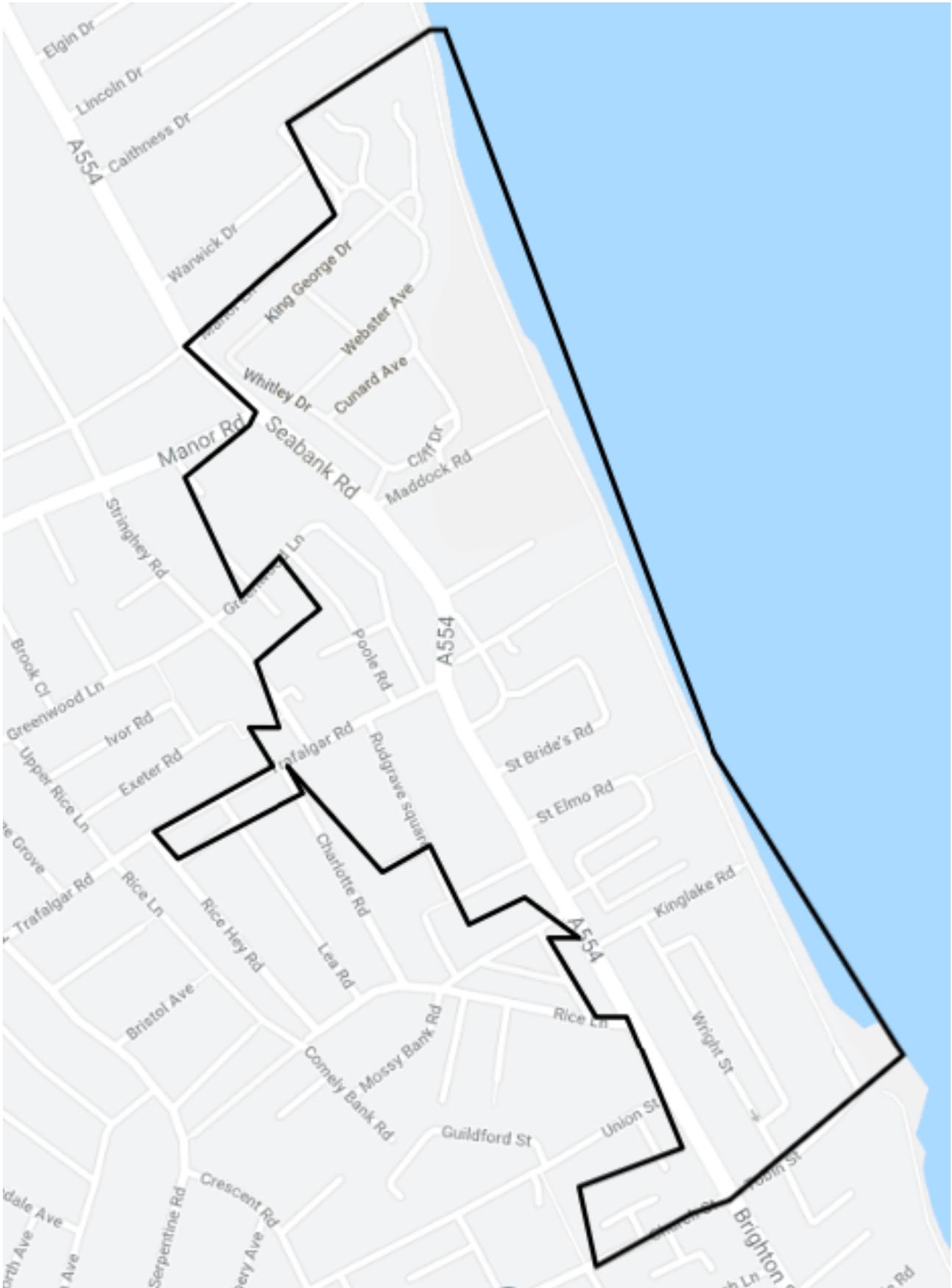
Map 7.3: Birkenhead South Lower Super Output Area (E01007129)



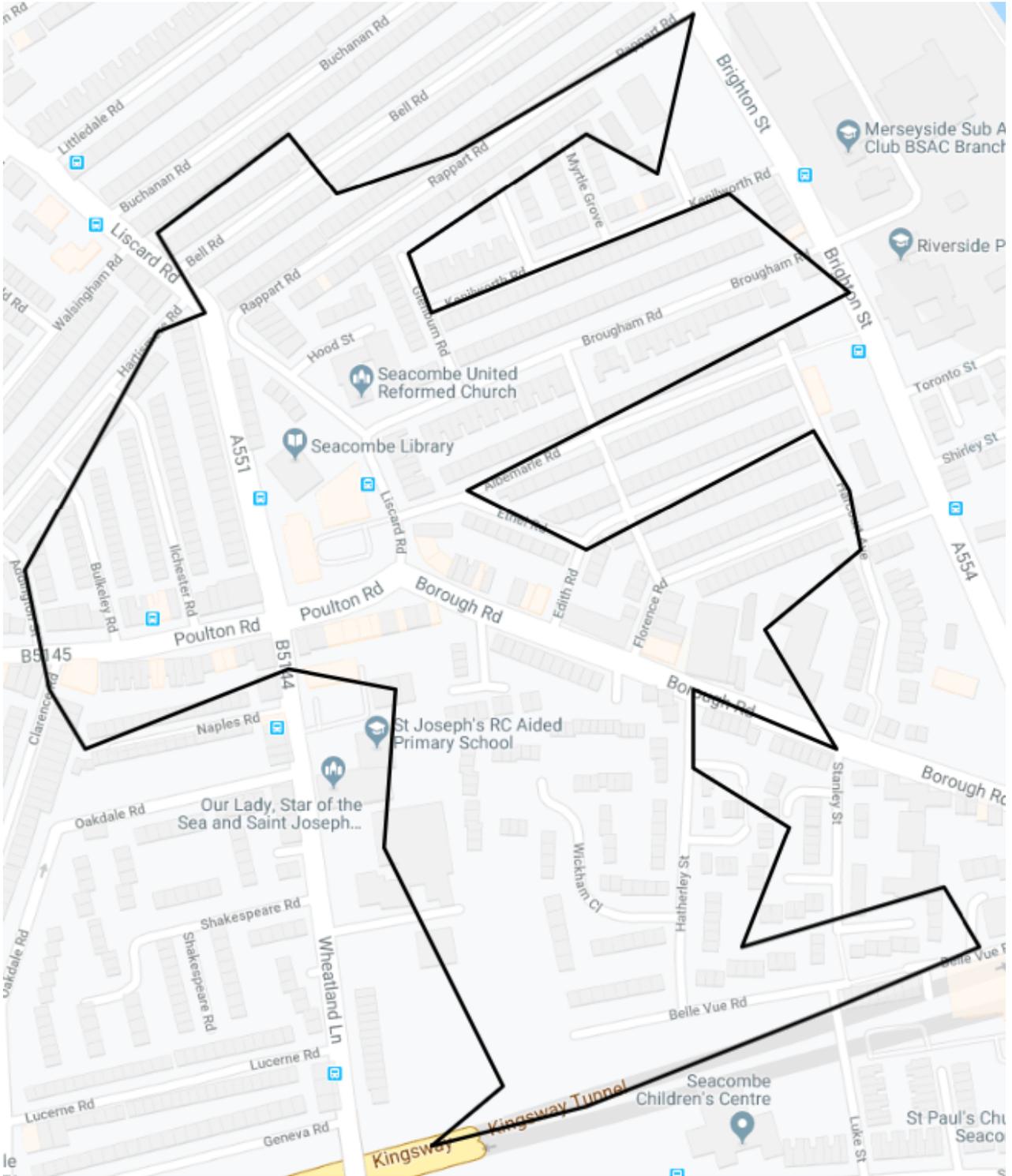
Map 7.4: Egerton North Lower Super Output Area (E0107179)



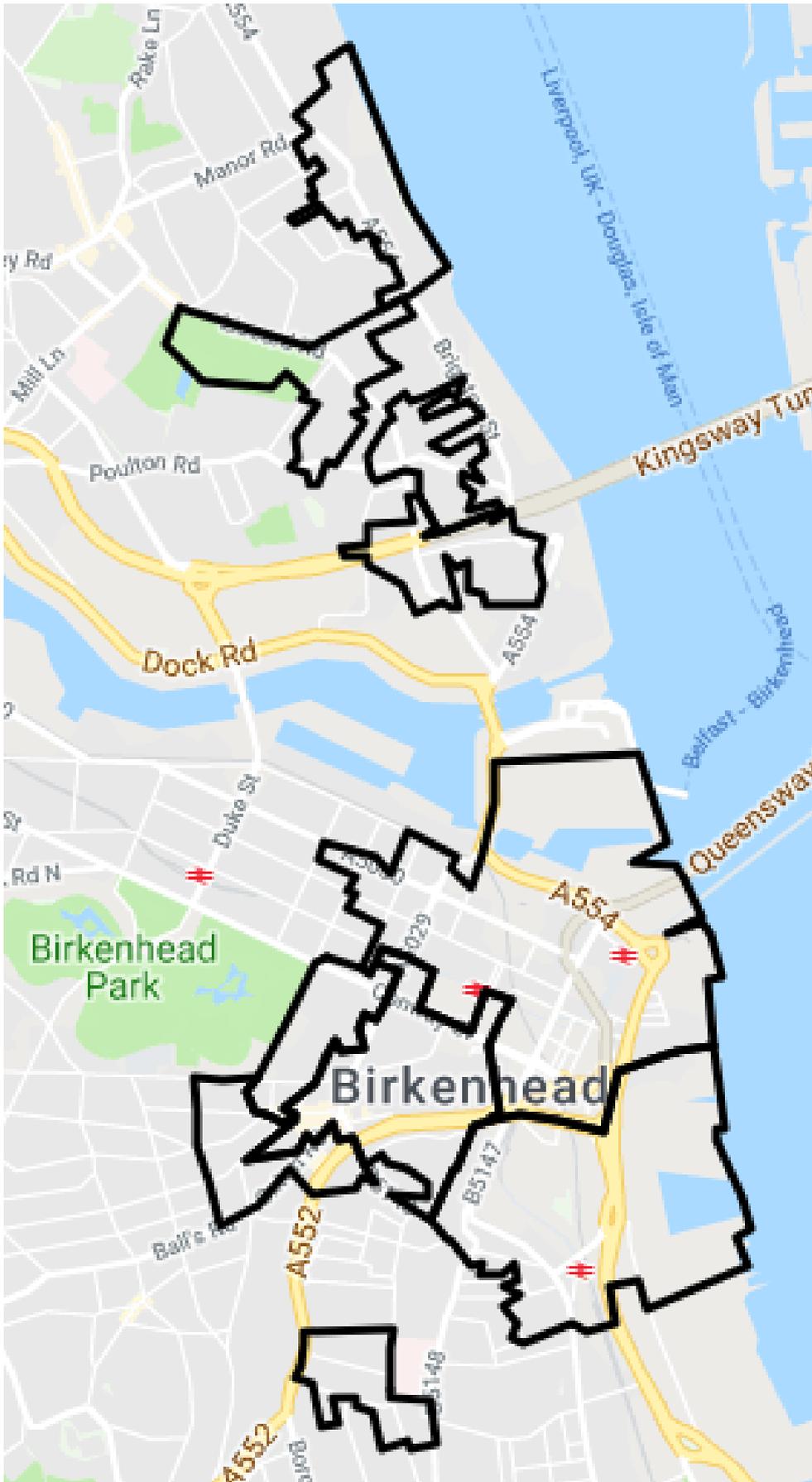
Map 7.5: Egremont Promenade South Lower Super Output Area (E01007215)



Map 7.6: Seacombe Library Lower Super Output Area (E01007278)



Map 7.7: Total current and potential Selective Licensing Areas in Wirral (10 LSOAs)



Section 8: References

1. Selective licensing for local authorities: A good practice guide. Shelter (2006). Available at: http://england.shelter.org.uk/_data/assets/pdf_file/0008/57779/Selective_licensing_for_local_authorities.pdf
2. Selective licensing in the private rented sector – a guide for local authorities, Department for Communities and Local Government, March 2015. Available at: <https://www.gov.uk/government/publications/selective-licensing-in-the-private-rented-sector-a-guide-for-local-authorities>
3. Laying the Foundations. A Housing Strategy for England (2011). Available via: <https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2>
4. Fixing our broken housing market, Department for Communities and Local Government, February 2017. Available at: <https://www.gov.uk/government/publications/fixing-our-broken-housing-market>
5. Housing Health and Safety Rating System Operating Guidance: Guidance about inspections and assessment of hazards. Housing Act 2004 (section 9). Office of the Deputy Prime Minister. February 2006. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/15810/142631.pdf

Section 9: Glossary

Lower Super Output Area or LSOA:

Small geographical areas with an average population of 1,500. There are 206 LSOAs in Wirral.

Decent Homes Standard: The Decent Homes Standard is a national standard against which all homes can be measured. There are four criteria that a home is required to meet before being classified as ‘decent’. These are: it meets the current statutory minimum standard for housing (currently the Housing Health & Safety Rating System); it is in a reasonable state of repair; it has reasonable modern facilities and service, and; it provides a reasonable degree of thermal comfort. In Wirral, 23% of private sector dwellings fail the Decent Homes Standard, compared to 32% in the private rented sector. Where a household is on welfare benefits and living in the private rented sector, this rises to 36%.

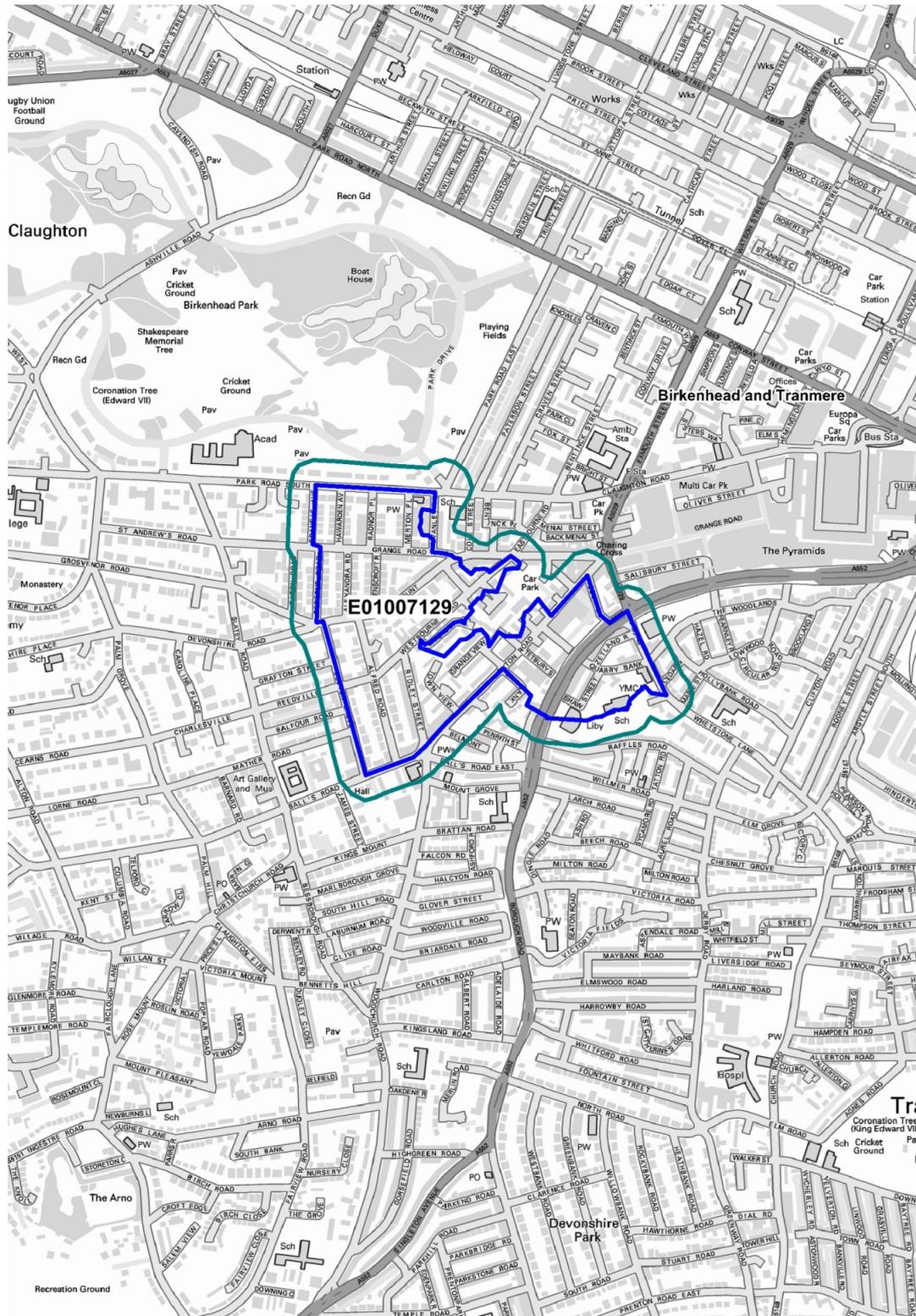
Category 1 Hazard: The Housing Health and Safety Rating System (HHSRS) outlines potential risks to health and safety from any deficiencies identified in homes. There are 29 hazards assessed within the HHSRS, arranged in 4 main groups reflecting the basic health requirements of living in a safe home. Once these hazards have been scored in a home, they are grouped into categories, with “Category 1” hazards being the most serious, for example, the hazard could lead to death, permanent paralysis, permanent loss of consciousness, loss of a limb or serious fractures. The Housing Act 2004 puts local authorities under a general duty to take appropriate action in relation to Category 1 hazards. In Wirral, 10% of private sector dwellings have Category 1 hazards, compared to 20% in the private rented sector.

Housing Disrepair: To meet the Decent Homes Standard, dwellings are required to be in a reasonable state of repair. Dwellings which fail to meet this criterion are those where either: One or more of the key building components are old and because of their condition, need replacing or major repair, or; Two or more of the other building components are old and because of their condition need replacing or major repair. Across Wirral, 13% of private sector dwellings fail the repair requirements of the Decent Homes Standard, compared to 17% in the private rented sector.

Appendix 2 Maps and Address List of Proposed Selective Licensing Areas

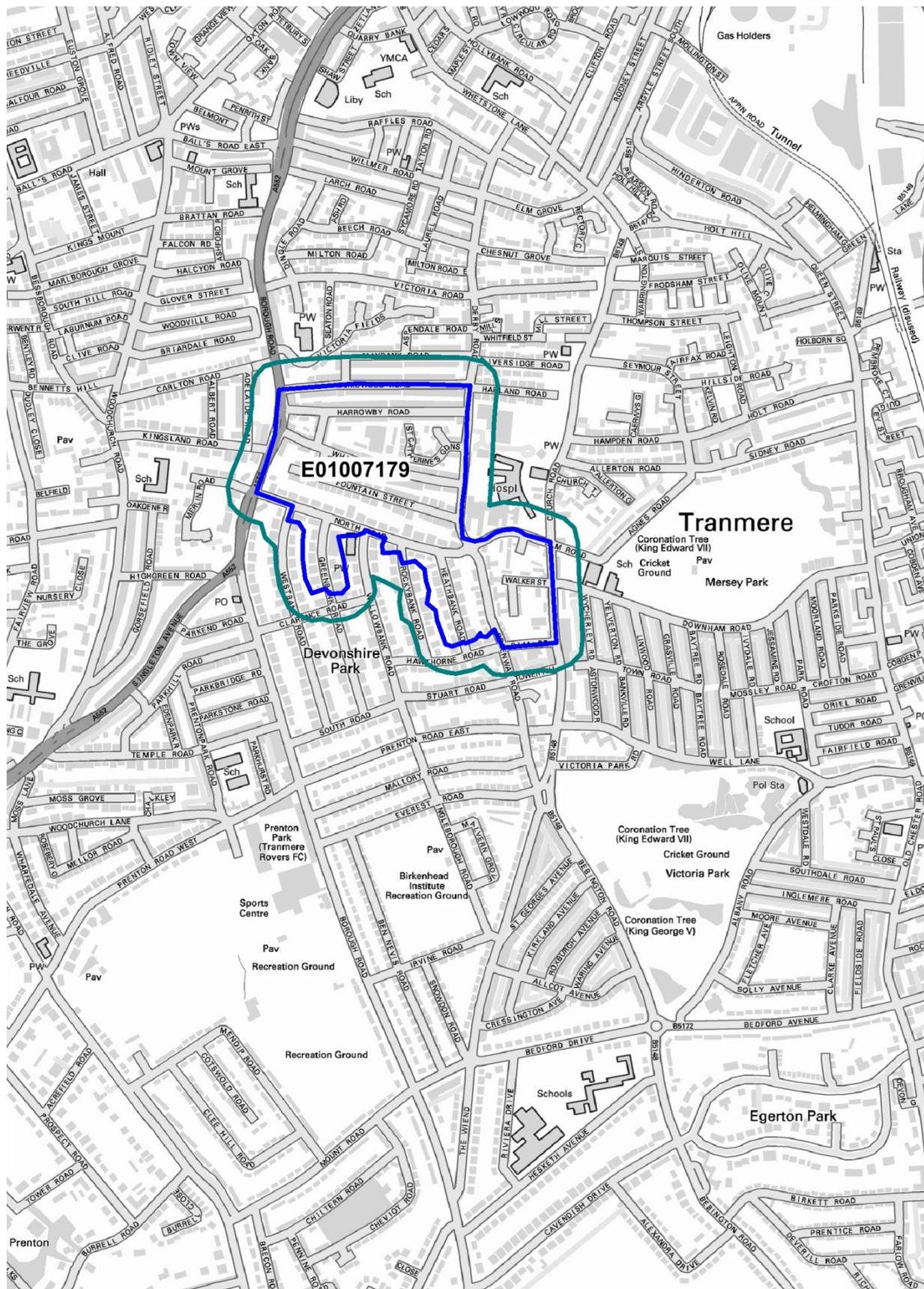
The maps below show the proposed Lower Super Output Areas (LSOAs) for Selective Licensing. The LSOA boundary is shown in blue with the proposed boundary for consultation including neighbouring properties shown in green. Address lists are provided as guidance however any private rented properties located within the LSOA boundary at the time of designation or over the lifetime of the scheme would be liable for a licence.

1. Birkenhead South (LSOA E01007129)



Prop Numbers		Street	Postcode	Post Town
1-24	ALL	ALEXANDRA ROAD	CH43 4XX	PRENTON
1-40	ALL	ALFRED ROAD	CH43 4TU CH43 4TX	PRENTON
12-24	EVENS	BALLS ROAD	CH43 5RE	PRENTON
1-8	ALL	BELMONT GROVE	CH43 4TR	PRENTON
298-300	EVENS	BOROUGH ROAD	CH41 2RB CH41 2UW	BIRKENHEAD
4-7	ALL	CARNFORTH CLOSE	CH41 2TX	BIRKENHEAD
3-39	ODDS	EUSTON GROVE	CH43 4TY CH43 4TZ	PRENTON
1-19	ODDS	FRANCIS AVENUE	CH43 4XL	PRENTON
1-65	ODDS	GRANGE MOUNT	CH43 4XN	PRENTON
4-58	EVENS	GRANGE MOUNT	CH43 4XW	PRENTON
1-14 THOMAS COURT	ALL	GRANGE MOUNT	CH43 4XU	PRENTON
75-125	ODDS	GRANGE ROAD WEST	CH43 4XB CH43 4XF	PRENTON
90-140	EVENS	GRANGE ROAD WEST	CH43 4XF CH43 4XG CH43 4XQ	PRENTON
1-28	ALL	GRANGE VIEW	CH43 4TN CH43 4TL	PRENTON
1-20	ALL	HAWARDEN AVENUE	CH43 4XJ	PRENTON
1-8	ALL	HENTHORNE STREET	CH43 4TA	PRENTON
1-21	ALL	MERTON PLACE	CH43 4XD	PRENTON
1-27	ODDS	OSBORNE ROAD	CH43 4XT	PRENTON
13-67	ODDS	OXTON ROAD	CH41 2QQ CH41 2TL	BIRKENHEAD
44-150A	EVENS	OXTON ROAD	CH41 2TP CH41 2TW	BIRKENHEAD
7-61	ODDS	PARK ROAD SOUTH	CH43 4UN CH43 4UW	PRENTON
1-23	ODDS	QUARRY BANK	CH41 2XF	BIRKENHEAD
1-22	ALL	RADNOR PLACE	CH43 4XH	PRENTON
1-20	ALL	RAVENSROFT ROAD	CH43 4XY	PRENTON
1-45A	ALL	RIDLEY STREET	CH43 4TT	PRENTON
2-32	ALL	SHAW STREET	CH41 2XE	BIRKENHEAD
1-33	ALL	THE LINDENS, ALFRED ROAD	CH43 4YH	PRENTON
2-3	ALL	TETBURY STREET	CH41 2XP	BIRKENHEAD
1-11	ALL	TOWN VIEW	CH43 4YE	PRENTON
1-3	ODDS	TOWN VIEW MEWS	CH43 4YD	PRENTON
THE SPIRE	ALL	WESTBOURNE ROAD	CH43 4TG	PRENTON
12-98	ALL	WESTBOURNE ROAD	CH43 4JE CH43 4TF CH43 4TG CH43 4TQ	PRENTON
32-42	EVENS	WHETSTONE LANE	CH41 2TF	BIRKENHEAD

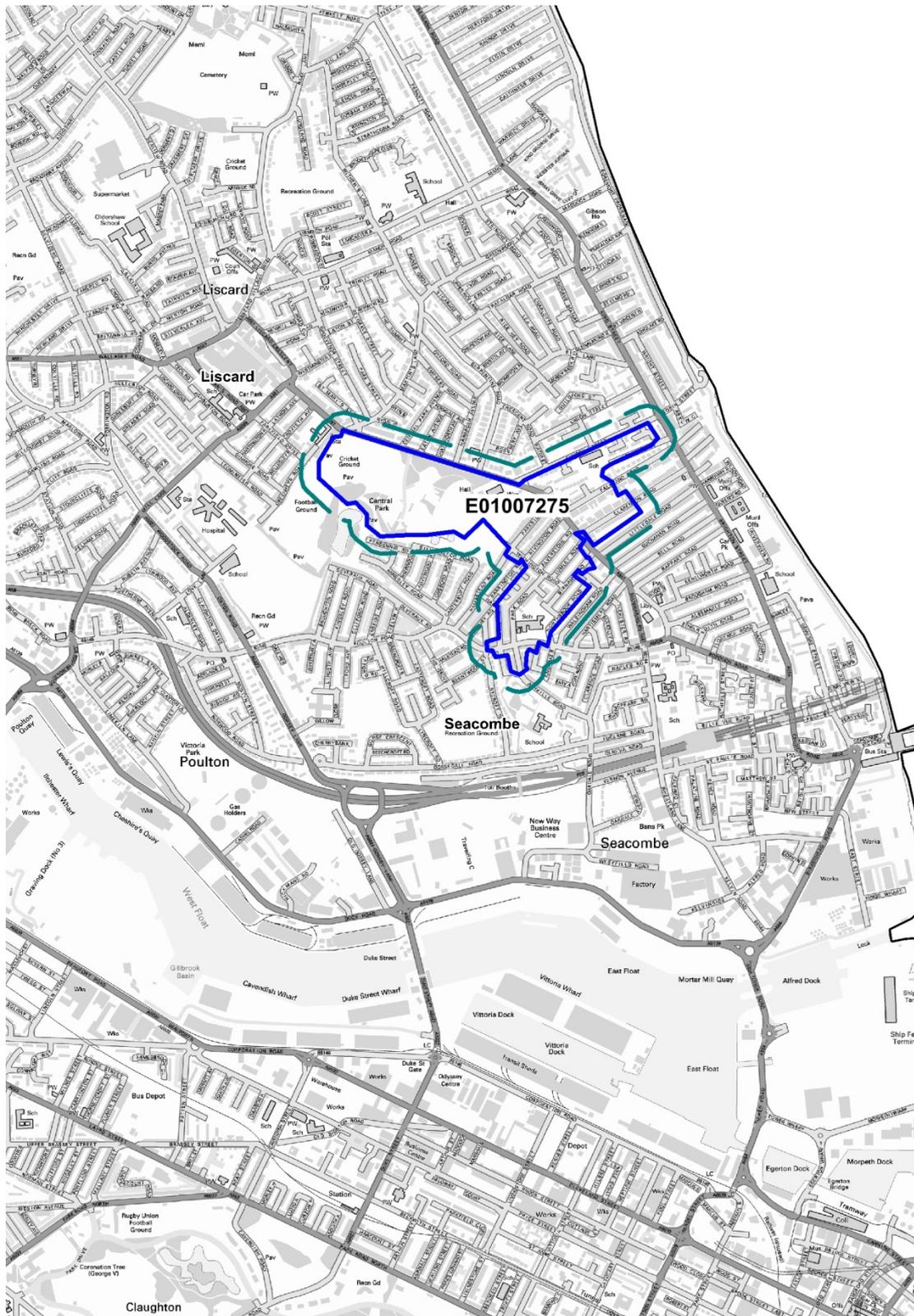
2. Egerton North (LSOA E01007179)



Prop Numbers		Street	Postcode	Post Town
575A-605	ODDS	BOROUGH ROAD	CH42 0HD	BIRKENHEAD
60-88	EVENS	CHURCH ROAD	CH42 0LH	BIRKENHEAD
70-124	EVENS	DERBY ROAD	CH42 7HD	BIRKENHEAD
18-28	EVENS	ELM ROAD	CH42 0LX	BIRKENHEAD
3-149	ODDS	ELMSWOOD ROAD	CH42 7HN CH42 7HW	BIRKENHEAD
1-89	ALL	FOUNTAIN STREET	CH42 7JD CH42 7JH	BIRKENHEAD
2-23	ALL	GREENBANK ROAD	CH42 7JS	BIRKENHEAD
1-57A	ALL	GREENWAY ROAD	CH42 0ND CH42 0NG	BIRKENHEAD
4-156	ALL	HARROWBY ROAD	CH42 7HU CH42 7HS	BIRKENHEAD
1-25	ALL	HARROWBY ROAD SOUTH	CH42 7HY	BIRKENHEAD
1-28	ALL	HEATHBANK ROAD	CH42 7LD	BIRKENHEAD
2-66	ALL	NORTH ROAD	CH42 7JE CH42 7JG	BIRKENHEAD
1-43	ALL	ST. CATHERINES GARDENS	CH42 7JJ	BIRKENHEAD
1-7A	ALL	WALKER MEWS	CH42 0NH	BIRKENHEAD
17-31	ODDS	WALKER PLACE	CH42 0LZ	BIRKENHEAD
4-10A	EVENS	WALKER STREET	CH42 0LY	BIRKENHEAD
1-19 WALKER HEIGHTS	3	WALKER STREET	CH42 0LY	BIRKENHEAD
1-128	ALL	WHITFORD ROAD	CH42 7HZ CH42 7JA	BIRKENHEAD

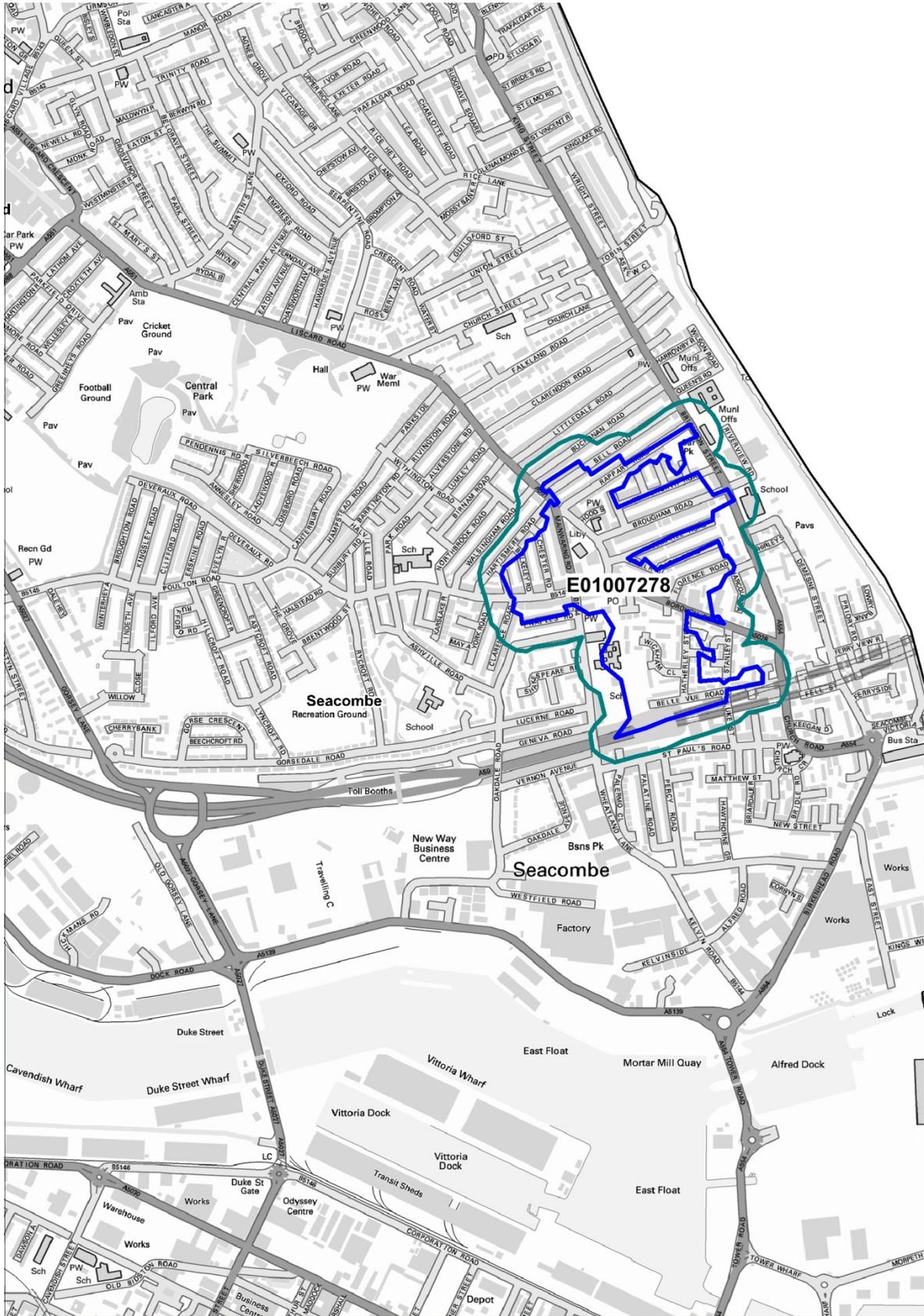
Property Numbers		Street	Postcode	Post Town
4-24	EVENS	BLENHEIM ROAD	CH44 8BR	Wallasey
1-23	ALL	CHURCH GARDENS	CH44 8HF	Wallasey
2-19	ALL	CUNARD AVENUE	CH44 0ET	Wallasey
2-48	ALL	EGREMONT PROMENADE	CH44 8BG CH44 8BQ	Wallasey
AVENUE COTTAGE		GREENWOOD LANE	CH44 1DQ	Wallasey
1-5 YORK COTTAGES	ALL	GREENWOOD LANE	CH44 1DQ	Wallasey
1-11	ALL	ISMAY DRIVE	CH44 0EU	Wallasey
1A-31	ALL	KING GEORGE DRIVE	CH44 0ES	Wallasey
2-132	EVENS	KING STREET	CH44 8AN CH44 8AU CH44 8AW	Wallasey
1-129 (EXC 73)	ODDS	KING STREET	CH44 0BY CH44 0BZ CH44 8AT	Wallasey
1-19	ALL	KINGLAKE ROAD	CH44 8BS	Wallasey
1-21	ALL	MARSDEN CLOSE	CH44 1EA	Wallasey
1-9	ODDS	POOLE ROAD	CH44 1EB	Wallasey
2-42	EVENS	POOLE ROAD	CH44 1ED	Wallasey
1-6	ALL	POOLEY CLOSE	CH44 0FA	Wallasey
2		RICE LANE	CH44 0AF	Wallasey
1-14 GIBSON TERRACE	ALL	ROYDEN AVENUE	CH44 0HN	Wallasey
3-19	ODDS	RUDGRAVE PLACE	CH44 0EJ	Wallasey
2-8	EVENS	RUDGRAVE PLACE	CH44 0EJ	Wallasey
2-36	EVENS	RUDGRAVE SQUARE	CH44 0FD CH44 0EL	Wallasey
13-51	ODDS	RUDGRAVE SQUARE	CH44 0EL	Wallasey
1-16	ALL	SEABANK AVENUE	CH44 1EH	Wallasey
2-18	EVENS	SEABANK ROAD	CH44 8BA CH44 8BB	Wallasey
3-45	ODDS	SEABANK ROAD	CH44 0EE CH44 8BA	Wallasey
1-32	ALL	ST BRIDES ROAD	CH44 8BN	Wallasey
1-21	ALL	ST COLUMBAS CLOSE	CH44 8EY	Wallasey
1-29	ALL	ST ELMO ROAD	CH44 8BL	Wallasey
2-24	ALL	ST LUCIA ROAD	CH44 8BW	Wallasey
1-28	ALL	ST VINCENT ROAD	CH44 8BJ	Wallasey
3-17	ODDS	TOBIN STREET	CH44 8DF	Wallasey
1-21	ALL	TRAFALGAR AVENUE	CH44 8BP	Wallasey
6-26	EVENS	TRAFALGAR ROAD	CH44 0EA	Wallasey
11-73	ODDS	TRAFALGAR ROAD	CH44 0DZ	Wallasey
FLATS A & B	MERE BANK	WEBSTER AVENUE	CH45 7AB	Wallasey
1-21	ODDS	WEBSTER AVENUE	CH44 0AE CH44 0EP	Wallasey
1-12	ALL	WHITLEY DRIVE	CH44 0ER	Wallasey
1-66	ODDS	WRIGHT STREET	CH44 8BD CH44 8BE	Wallasey

4. Egremont South (LSOA E1007275)



Prop Numbers		Street	Postcode	Post Town
1-42	ALL	ALVERSTONE ROAD	CH44 9AA	WALLASEY
2-56	ALL	BIRNAM ROAD	CH44 9AX CH44 9AY	WALLASEY
1-15	ALL	CHURCH CLOSE	CH44 8HG	WALLASEY
21-219	ODDS	CHURCH STREET	CH44 8AF CH44 8AG	WALLASEY
1-11	ALL	CHURCHMEADOW CLOSE	CH44 8HQ	WALLASEY
33-75	ODDS	CLARENDON ROAD	CH44 8EJ	WALLASEY
44-90	EVENS	CLARENDON ROAD	CH44 8EP	WALLASEY
1-16	ALL	DALEHURST CLOSE	CH44 8AE	WALLASEY
2A		DRAYTON ROAD	CH44 9EQ	WALLASEY
1-11	ALL	ELMBANK STREET	CH44 9BG	WALLASEY
49-87	ODDS	FALKLAND ROAD	CH44 8EW	WALLASEY
128-158	EVEN	FALKLAND ROAD	CH44 8ER	WALLASEY
1-12	ALL	GORSEBANK STREET	CH44 9BQ	WALLASEY
2-50	EVEN	HALVILLE ROAD	CH44 9AZ	WALLASEY
67-107	ODDS	LISCARD ROAD	CH44 8AE	WALLASEY
62A-84	EVENS	LISCARD ROAD	CH44 8AA	WALLASEY
South Lodge		LISCARD ROAD	CH44 0BS	WALLASEY
1-38	ALL	LUMLEY ROAD	CH44 9AB	WALLASEY
1-77	ALL	NORTHBROOK ROAD	CH44 9AP CH44 9AR	WALLASEY
1-9	ALL	OAKBANK STREET	CH44 9BE	WALLASEY
1-8	ALL	PARK AVENUE	CH44 9DZ	WALLASEY
1-77	ALL	PARK ROAD	CH44 9EA CH44 9EB	WALLASEY
1-46	ALL	PARKSIDE	CH44 9AH CH44 9AJ	WALLASEY
117-153	ODDS	POULTON ROAD	CH44 9DF	WALLASEY
102-122	EVENS	POULTON ROAD	CH44 9DJ	WALLASEY
1-17	ALL	REDFIELD CLOSE	CH44 8HY	WALLASEY
2-44	ALL	RIVINGTON ROAD	CH44 9AN CH44 9AW	WALLASEY
1-22	ALL	TRENTHAM ROAD	CH44 9EG	WALLASEY
1-22	ALL	WITHINGTON ROAD	CH44 9BH	WALLASEY

5. Seacombe Library (LSOA E01007278)



Prop Numbers		Street	Postcode	Post Town
4-14	EVENS	ADDINGTON STREET	CH44 9DS	WALLASEY
2-68	EVENS	ALBEMARLE ROAD	CH44 6LX	WALLASEY
71-103	ODDS	BELL ROAD	CH44 8DP	WALLASEY
78-108	EVENS	BELL ROAD	CH44 8DP	WALLASEY
8-64	EVENS	BELLE VUE ROAD	CH44 6JY	WALLASEY
136-192	ALL	BOROUGH ROAD	CH44 6NH CH44 6NE	WALLASEY
2-77	ALL	BROUGHAM ROAD	CH44 6PW CH44 6PN	WALLASEY
2-24	ALL	BULKELEY ROAD	CH44 9DR	WALLASEY
1		CLARENCE ROAD	CH44 9ES	WALLASEY
1-49	ODDS	EDITH ROAD	CH44 6LG	WALLASEY
1-17	ODDS	ETHEL ROAD	CH44 6LR	WALLASEY
2		ETHEL ROAD	CH44 6LR	WALLASEY
1-46	ALL	FLORENCE ROAD	CH44 6LE CH44 6LF	WALLASEY
1-10	ALL	GLADSTONE ROAD	CH44 6JZ	WALLASEY
1-19	ODDS	GLENBURN ROAD	CH44 6PY	WALLASEY
6-57	ALL	HATHERLEY STREET	CH44 6RA	WALLASEY
1-13	ODDS	HOOD STREET	CH44 6LS	WALLASEY
2-36	ALL	ILCHESTER ROAD	CH44 9DP	WALLASEY
1-63	ODDS	KENILWORTH ROAD	CH44 6QG	WALLASEY
2-42A	EVENS	LISCARD ROAD	CH44 6LN CH44 6LW	WALLASEY
31-37	ODDS	LISCARD ROAD	CH44 6LT	WALLASEY
1-45	ALL	MAINWARING ROAD	CH44 9DN CH44 9DW	WALLASEY
4-38	EVENS	NAPLES ROAD	CH44 7HL	WALLASEY
1-73	ODDS	POULTON ROAD	CH44 6LB CH44 9DD	WALLASEY
22-58	EVENS	POULTON ROAD	CH44 9DQ	WALLASEY
1-71	ODDS	RAPPART ROAD	CH44 6QD	WALLASEY
54-106	EVENS	RAPPART ROAD	CH44 6QF	WALLASEY
1-5	ODDS	WESLEY GROVE	CH44 6QB	WALLASEY
1-61	ALL	WICKHAM CLOSE	CH44 6RD CH44 6RB	WALLASEY

Prop Numbers		Street	Postcode	Post Town
2-178	ALL	ARGYLE STREET SOUTH	CH41 9BX CH41 9BY CH41 9BZ CH41 9DA	BIRKENHEAD
CENTRAL STATION HOUSE	35	BOROUGH ROAD	CH41 2XS	BIRKENHEAD
1A-53	ODDS	CLIFTON ROAD	CH41 2SE CH41 2SF	BIRKENHEAD
1-8 CLIFTON COURT	ALL	CLIFTON ROAD	CH41 2SE	BIRKENHEAD
9-16 VENTURE COURT	AL	CLIFTON ROAD	CH41 2SE	BIRKENHEAD
1-7	ALL	FAIRVIEW	CH41 9EH	BIRKENHEAD
16-28	EVENS	FRODSHAM STREET	CH41 9DN	BIRKENHEAD
1-18	ALL	GREEN LANE	CH41 9AG	BIRKENHEAD
1-23	ALL	HELMINGHAM GROVE	CH41 9EY	BIRKENHEAD
1-5	ALL	HILLSIDE CLOSE	CH41 9HU	BIRKENHEAD
34-60	ALL	HILLSIDE ROAD	CH41 9EQ CH41 9ER	BIRKENHEAD
1-11	ALL	HINDERTON CLOSE	CH41 9HE	BIRKENHEAD
2-165	ALL	HINDERTON ROAD	CH41 9AA CH41 9AB CH41 9AD CH41 9AE CH41 9AF	BIRKENHEAD
1-38	ALL	HOLBORN HILL	CH41 9DJ	BIRKENHEAD
1-86	ALL	HOLT HILL	CH41 9DG CH41 9DH CH41 9DQ	BIRKENHEAD
3-23	ODDS	HOLT HILL TERRACE	CH42 5LB	BIRKENHEAD
12-82	EVENS	HOLT ROAD	CH41 9ES	BIRKENHEAD
2-40	EVENS	LEIGHTON ROAD	CH41 9DZ	BIRKENHEAD
5-55	ODDS	LEIGHTON ROAD	CH41 9DU	BIRKENHEAD
1-31	ALL	MARQUIS STREET	CH41 9DU	BIRKENHEAD
2-48	EVENS	OLD CHESTER ROAD	CH41 9AU	BIRKENHEAD
45-69	ODDS	OLD CHESTER ROAD	CH41 9AW	BIRKENHEAD
STATION HOUSE	1	OLD CHESTER ROAD	CH41 9AN	BIRKENHEAD
1-12	ALL	OLIVE CRESCENT	CH41 9DR	BIRKENHEAD
8-48	EVENS	OLIVE MOUNT	CH41 9DP	BIRKENHEAD
31-37	ODDS	OLIVE MOUNT	CH41 9DL	BIRKENHEAD
THE WILLOWS	39	OLIVE MOUNT	CH41 9DP	BIRKENHEAD
1-2		PEARSON ROAD	CH42 5LA	BIRKENHEAD
1-64	ALL	PEMBROKE COURT	CH41 9BJ	BIRKENHEAD
1-49	ALL	QUEEN STREET	CH41 9AS	BIRKENHEAD
1-73 VINCENT NAUGHTON COURT	ALL	RODNEY STREET	CH41 2ZA	BIRKENHEAD

19-182	ALL	RODNEY STREET	CH41 2RG CH41 2RN CH41 2RQ CH41 2SB CH41 2SD	BIRKENHEAD
4 CROMWELL ROW		WARRINGTON STREET	CH41 9AL	BIRKENHEAD
1-2 MARQUIS MEWS		WARRINGTON STREET	CH41 9AP	BIRKENHEAD
1-19 MERSEY VIEW	ALL	WARRINGTON STREET	CH41 9AR	BIRKENHEAD
1-8 PRIORY VIEW	ALL	WARRINGTON STREET	CH41 9AX	BIRKENHEAD
1-19 RIVER VIEW	ALL	WARRINGTON STREET	CH41 9AQ	BIRKENHEAD
1-10	ALL	WESTBURY STREET	CH41 9DT	BIRKENHEAD
101-135	ODDS	WHETSTONE LANE	CH41 2TE CH41 9DE	BIRKENHEAD

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WIRRAL COUNCIL
CONSULTATION PLAN 2019

**PROPOSAL FOR IMPLEMENTATION OF
SELECTIVE LICENSING IN DESIGNATED
WIRRAL AREAS**

1.0 SUMMARY

- 1.1 This report sets out Wirral Council's Consultation Plan in relation to the potential to continue to operate a scheme in the four original areas or extend to further areas, depending on the data analysis.
- 1.2 The consultation programme will be meaningful and comprehensive, providing interested parties with detailed, accessible information on the proposal and providing a choice of methods for providing their views.
- 1.3 Any concerns raised by stakeholders through this consultation process will be accurately reported to Members in order that due regard can be given and informed decisions can be taken.

2.0 CONSULTATION

- 2.1 Wirral is committed to asking everyone with an interest in the services that the Council provides, including residents, community groups, landlords, partners and staff, to consider proposals and share views so that they can be taken into account by Councillors when they make decisions on the future service delivery.
- 2.2 With particular reference to Selective Licensing, Part 3, Section 80 (9) of the Housing Act 2004 states that before considering making a designation for Selective Licensing the local housing authority must:
 - a) Take reasonable steps to consult persons who are likely to be affected by the designation; and
 - b) Consider any representations made in accordance with the consultation and not withdrawn.
- 2.3 The Department for Communities and Local Government has a procedural document on the subject of selective licensing: *Selective Licensing in the private rented sector. A guide for local authorities March 2015*.
- 2.4 Within this document it is clear that local authorities are required to conduct a full consultation in considering designation of selective licensing. Consultation should include local residents, including tenants, landlords and where appropriate their managing agents and other members of the community who live or operate businesses or provide services within the proposed designation. It should also include local residents and those who operate businesses or provide services in the surrounding area outside the proposed designation that will be affected.
- 2.5 The minimum statutory consultation period, on any proposed Selective Licensing Scheme, required by DCLG is ten weeks. If approved by Members, Wirral's Selective Licensing consultation will commence in August 2019 and end in October or November 2019, depending on the start date.

3.0 COMMUNICATIONS

- 3.1 Consultation should be appropriate to the scale, scope and nature of the project being completed. Effective consultation that is meaningful and genuine depends on all stakeholders being sufficiently well-informed about the project, having clear, concise information, the opportunity to convey their perspectives and their concerns, and developing confidence that their perspectives are being reflected in the design.
- 3.2 It is common for consultation processes to result in changes to the project and to its design. In order to make the maximum contribution to risk management in return for the smallest cost, consultation therefore needs to commence early and continue throughout the project life-cycle.
- 3.3 This is at the heart of Wirral's consultation plan which has been set out for the proposed Selective Licensing Scheme and we will achieve this via:-
- publishing a draft business case outlining the reasons for the proposal, the method used to identify the proposed licensing areas, the components of the fee structure.
 - priming of discussions by providing some initial information about the project;
 - making sure there is ongoing dialogue with consultees throughout the consultation process;
 - participation of those tenants and residents affected or likely to be effected by the proposed implementation in the designated areas;
 - facilitated interactions among participants;
 - making sure that there is sufficient diversity among those groups or individuals being consulted, to ensure that all relevant perspectives are represented, and all relevant information is gathered;
 - making sure that each group has the opportunity to provide information;
 - making sure that the method of consultation suits the consultation group, for example using workshops or focus groups as an alternative to, or even as well as, formal written consultation;
 - making sure that the information provided and the perspectives, concerns and issues raised during the consultation process are analysed and duly considered in the final design and implementation of any scheme taken forward.

3.4 **Consultation will be taking place using a survey, which will be promoted through the following methods:**

- Wirral Council website: www.wirral.gov.uk/selective-licensing and other social media.
- Direct mail-out to landlords and managing/letting agents.
- Engagement sessions with managing/letting agents.
- Mail drop to all residents and businesses or services within the selected areas.
- Direct mail and email to known local community groups such as tenant or resident groups in the areas and any other community group that may have an interest in Selective Licensing (this includes a number of harder to reach groups) and which may involve officers attending meetings to talk about Selective Licensing.
- Press releases to local media/press.
- Posters erected in local venues such as cafes, pub etc as appropriate in each area.
- Drop in sessions planned for stakeholders directly affected across the proposed areas.
- Communications via LCD screens in council buildings;
- Written papers and presentations where appropriate.
- Telephone or face to face interviews with stakeholders.

3.5 The Council will also ensure a copy of the business case will be available on the internet, or provided in written format if requested. A questionnaire will also be produced, which will be used to gather views from all stakeholders to the proposal.

3.6 All documents will be published on the Council website and promoted to key groups through the methods outlined in Section 4 below.

4.0 STAKEHOLDER ENGAGEMENT

4.1 To ensure a true reflection of the views of affected groups related to this consultation, it is important that particular groups of stakeholders are effectively targeted with communications about the proposal and given every opportunity to share their views.

4.2 The following groups will receive direct communications about the proposal to request their views:

- **All residents in the proposed Selective Licensing area**
Notification of the consultation will be sent direct to the homes address of all residents living within the proposed selective licensing areas, inviting them to participate in the consultation. Some of the residents in the existing and proposed Selective Licensing areas may be interviewed on their doorstep in order to reach and gather the views of as many affected residents as possible.

- **Elected Members and local Members of Parliament**
 The Business case and Consultation plan will be submitted to Cabinet for approval to go out to consultation. Following this the Elected members for the proposed areas, the four Members of Parliament and four parliamentary Constituency Managers will be e-mailed detailing the key aspects of the proposal. This e-mail will invite any feedback or comments regarding the proposal. The same will be sent to the Leader of each of the political parties to cascade to their colleagues.
- **Businesses/services within the proposed designation areas in Wirral and in the immediately surrounding areas**
 Mail drop - All properties within the proposed streets within the designated areas and in the immediately surrounding areas will be mail dropped a card providing information on the proposals and an invitation to participate. It will be designed to encourage businesses and stakeholders to also visit the website to obtain further information and complete the questionnaire either online or they can request a paper copy if required.
- **Social Landlords**
 All social landlords who operate in the designated areas or who could manage stock will be contacted directly by e-mail and advised of the consultation process, business case and will be invited to complete a questionnaire.
- **Private Landlords, Letting Agents/Estate Agents and National and Local Landlord Associations**
 Direct mail – all known landlords and letting agents and Estate Agents will be sent an email explaining what the proposal is and how it will affect them as landlords. The email will include links to the website where the full consultation document is available, and will invite completion of the questionnaire.

The National Landlords Association, the Association of Residential lettings Agents, the Guild of Residential Landlords, Residential Landlords Association and the North West Property Owners Association will be contacted directly by email.

A separate invitation will be sent regarding a number of landlord sessions to be held at various venues and various times of the day. These sessions will be aimed predominately at those who are directly affected or are likely to be affected and will be informal so landlords or the public can call in at any time. The sessions will be held so that landlords can find out more about the proposal, ask any questions and provide any comments/feedback. Council staff will be on hand to answer any questions.

- **Landlords recorded on Housing Benefit Records**
An email will be sent to all landlords who have properties where Housing Benefit is being claimed, directing them to the Council's website.
- **Stakeholders, Partners & Community Groups in the proposed Designated areas**
Community groups will be contacted by e-mail with details of the proposal. They will be advised of the information available on the website and that information sessions will be held with details to be made available on the Council website.

Stakeholders and interested parties such as Merseyside Police, Merseyside Fire & Rescue Service, Community Action Wirral (CAW) Citizens' Advice Bureau.

Whilst direct consultation will attempt to be as exhaustive as possible, any interested groups not already identified and consulted directly will also encouraged to complete the questionnaire or make comments. Groups not consulted directly are considered likely to hear about the proposal through mediums such as the website, posters and local press releases.

- **Wirral Council Staff**
An e-mail will be sent to relevant Departments/Teams to advise them of the proposal seeking comments. Relevant areas include but are not limited to – Housing Benefits, Community Patrol, Supported Housing and Homelessness, Streetscene, Environmental Health, Strategic Planning and Development Control. For any team who may experience a significant impact from the proposal, a meeting can be arranged to discuss the implications and to provide an opportunity for Council officers to provide suggestions and feedback on the proposal. Information will be sent through to all staff via the Chief Executive's regular staff e-mail bulletin.
- **All Other Residents in Wirral**
Press releases will be issued to local media to promote the consultation. Posters will be placed around the proposed Selective Licensing areas advertising the consultation. The Council will create a micro site within the Council's own website where all information regarding the proposal will be posted. LCD screens in Council buildings will display information and highlight the consultation being undertaken. Some key local venues (shops/cafes/pubs) will be asked to display poster/leaflets.

Information will be available on the council website so any people with internet access will be able to find out more about the proposal as well as completing an online questionnaire which also enables the opportunity to add comments. Details will be made available on the website and posters, once they are confirmed, of the number of

information sessions to be held in public places in order to make them as accessible as possible.

- **Landlords who operate in neighbouring Local Authority areas**
An email will be sent to all neighbouring authorities inviting them to contact the landlords on their contact lists to participate in the consultation by answering the questionnaire.

4.3 Further communication will be sent to a database resident email addresses with information related to the proposal and a direct link to the consultation questionnaire.

5.0 How issues raised will be dealt with as part of the consultation

5.1 Throughout the consultation process a record of each consultation event or period that has been undertaken and what issues were raised from these will be formally logged. This will detail the date of the consultation, what form the consultation took place, who was consulted and what were the results/issues raised. Different methods of communications will be used as part of the consultation process and a separate consultation report will be produced for each event to enable a 'portfolios' to be produced as one document at the end, with each element represented as a section.

5.2 Wirral is committed to ensuring all comments received are recorded and there is a clear audit trail of all decisions made and how consultation responses were taken into consideration and balanced with any evidence and specific information gathered. The consultation report will be published and placed on the website.

6.0 TIMESCALES AND REPORTING

6.1 The timetable for component elements of the consultation is in the project plan attached.

Appendix 1 – Wirral Consultation Plan methods of Consultation and Timetable

Method	Target Audience	How	officer	When
Devise questionnaires	All stakeholders and members of the public	Devise questionnaires, Set up on-line Prepare for going-live include telephone, email, on-line and post as options to complete the questionnaire.		July 2019
Questionnaires and leaflets	Tenants, Residents, Accredited landlords, as well as letting/ managing agents and businesses/service providers in the area	Questionnaire highlighted to all local residents, stakeholder and businesses also referral to full business case on website if required.		Duration of the consultation
Cabinet report	Cabinet Members	Cabinet report on Business Case and Consultation Plan for Approval to go out to consultation.		July 2019
E-mail/Letter Correspondence	Councillors, Leaders of Three Political Parties Members of Parliament	E-mail/Letters sent detailing aspects of proposal and inviting feedback/comments.		July/August 2019

Registered Providers	Registered providers in proposed area	E-mail sent to all Registered Providers in Wirral who form the strategic Housing Partnership advising of the proposal and seeking views		August 2019
Landlord Working Group	Accredited Landlords and letting/managing agents	Separate to questionnaire sent to all landlords. The landlord working group will be invited to comment specifically on licensing conditions, proposed component fee structure and operation of the scheme via regular working group meetings.		August / September 2019
Wirral Council staff/Teams	All staff but particular emphasis on :- Housing Benefits Community Patrol Supported Housing and Homelessness Streetscene Environmental Health Strategic Planning and Development Management	E-mails sent direct to relevant staff and Project Officer, with one to one meetings to take place if requested and Q & A session.		August – October 2019
National and Regional Landlord Agencies	National landlord Association, Association of Residential Agents, Guild of residential Landlords Residential landlords	Direct letters to all associations advising of proposal and ability to complete questionnaire and invites for meetings with Council officers to discuss partnership working.		August 2019
Landlords Briefing	All known landlords	Email sent to all known landlords		August 2019

Community Groups	Local community groups in the affected areas	Specific letters sent to known community groups operating in the affected areas, attendance of meetings if required.		August / September 2019
Press release and Posters	All Wirral stakeholders	Posters to be placed in service providers i.e. doctors, local venues (cafes/pubs) Press release to be issue to local media.		August 2019
Partner agencies	CAB CAW	Direct letters/e-mails to advise of proposal and also direct to complete questionnaires and feedback. One to one meeting to be held if requested and Q & A session.		August – October 2019
Internet	Residents Landlords Tenants and residents across the borough Community Groups	Information on Wirral website with contact details Information distributed and obtained via social media		Duration of the consultation
Council LED Screens	All users of key Council public buildings	Information on LED screens at One Stop Shops, Libraries and Leisure Centres		August – October 2019
Landlord reminder email	Landlords	Reminder sent to Landlords who have not responded as a reminder that consultation would be ending soon		October 2019
Open forum sessions	Landlords, tenants and business within proposed designated area or likely to be affected	Sessions (daytime and evening) for all stakeholders in the area to attend, included Q & A Sessions		September – October 2019

Unknown landlords in affected areas	Landlords	Letters sent to tenants to forward to landlords regarding the open forums, if there are no details available. Send letters to 'The Landlord' to all empty properties we are aware of. Ask Landlord Association / Letting Agents to advise their members, including those which may not be known to the Council.		August – September 2019
Interviews with stakeholders	Landlords, residents	Face to face interviews or telephone interviews where the questionnaire can be completed with comments to ensure the most people possible will complete the questionnaire		August – October 2019
Email inviting participation in questionnaire	Landlords of neighbouring boroughs	Write to neighbouring boroughs and ask to contact their known landlords to invite to participate in the consultation via questionnaire.		August 2019

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Wirral Council

Selective Licence Conditions

(Amended January 2019)

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Selective licence conditions

This document details the mandatory conditions which **must** to be included within any selective licence scheme under Schedule 4 of the Housing Act 2004 (“the Act”) and additional conditions which Wirral Council (“the Council”) would also like to introduce under Section 90 of the Act.

In the attached conditions ‘dwelling’ means a building or part of a building which is required to be licensed under Part 3 of the Act.

Section 1: Mandatory Conditions

1. The licence holder is required:-
 - a) if gas is supplied to the dwelling, to produce to the council annually for their inspection a gas safety certificate obtained in respect of the house within the last 12 months;
 - b) to keep electrical appliances and furniture made available as part of the tenancy within the dwelling in a safe condition (**guidance note 1**);
 - c) to supply the Council, on demand, with a declaration by the licence holder as to the safety of such electrical appliances and furniture;
 - d) to ensure that appropriately sited smoke alarms are installed on each storey of the dwelling and to keep them in proper working order;
 - e) to supply the Council, on demand, with a declaration by him as to the condition and positioning of such alarms;
 - f) to ensure that an appropriately sited carbon monoxide alarm is installed in any room in the dwelling which is used wholly or partly as living accommodation and contains a solid fuel burning combustion appliance;
 - g) to ensure that any carbon monoxide alarm installed in the dwelling is in proper working order;
 - h) to supply the Council, on demand, with a declaration by him as to the condition and positioning of any carbon monoxide alarm installed in the dwelling.
2. The licence holder must supply to the occupiers of the dwelling a written statement of the terms on which they occupy it. (**guidance note 2**)
3. The licence holder must demand references from persons who wish to occupy the dwelling before entering into any tenancy, licence or other agreement. The references must be kept for the duration of the selective licence. This information must be provided to the Council on demand within 7 days of the demand.

Section 2: Additional Conditions.

1. The licence holder **must** be a fit and proper person to be the licence holder under Section 88(3)(a) or (c) of the Act. Consideration as to the fit and proper person status of the licence holder and/or manager of the premises, is in accordance with section 89 of the act. **(guidance note 3)**

2. The licence holder must:-
 - a) provide a copy of the licence to the current or incoming occupant;
 - b) provide the tenants with a copy of the licence conditions if requested by the current or incoming tenant;
 - c) provide an emergency name, telephone number(s) and email address(es) to the tenants for the purposes of reporting responsive maintenance and repair issues. This information is also to be provided to the council;
 - d) provide all tenants with clear advice on what action is required in the event of an emergency; **(See Guidance note 4)**
 - e) ensure that the maximum number of persons allowed to occupy the property is not exceeded;
 - f) ensure that access to the licensed dwelling is given to officers from the council for the purposes of carrying out inspections, where a request has been made in writing giving reasonable notice to the occupant and licence holder as necessary;
 - g) co-operate fully if the council has reason to believe any conditions contained in the licence have been breached;
 - h) act lawfully and responsibly when dealing with rent payments, advanced payments, protecting and returning deposits and considering deductions from deposits.

3. The licence for this dwelling is not transferable to another person/organisation or another premises once granted in accordance with Section 91(6) of the Housing Act 2004.

4. Any payment paid in respect of licence fees is non-refundable.

5. The licence holder must notify the council immediately if:-
 - a) the contact information given in the licence changes, e.g. name, telephone number, address, email;
 - b) the licence holder ceases to have any involvement with the dwelling;
 - c) there is a change of managing agent and provide a new contact information including address, telephone number(s) and email address(es);

- d) the licence holder is the managing agent and the person specified as the main contact ceases to be that contact. They must also provide a new contact, including telephone number(s) and email address(es);
- e) there is a change in circumstances for either the licence holder or managing agent where they have:-
 - i. Committed any offence involving fraud or other dishonesty, or violence or drugs, or any offence listed in Schedule 3 to the Sexual Offences Act 2003 (c. 42) (offences attracting notification requirements); and/or;
 - ii. Practised unlawful discrimination on grounds of sex, colour, race, ethnic or national origins or disability in, or in connection with, the carrying on of any business and/or;
 - iii. Contravened any provision of the law relating to housing or landlord and tenant law, and/or;
 - iv. Acted otherwise than in accordance with any applicable code of practice and/or;
- f) they become aware that or suspect that any person involved with the management and/or ownership of the dwelling is not a fit and proper person (**see guidance note 3**);
- g) any person proposed to be involved in the management of the house has insufficient competence and experience to be so involved;
- h) there are intended alterations or changes to the use and occupancy levels of the dwelling which may affect the conditions of the licence;
- i) there is any material change of circumstance affecting the licence holder or the operation of the dwelling. (**see guidance note 5**)

Section 3 Management Conditions

3.1 Tenancy Management

1. The licence holder will provide the tenant with:-

- a) a 'Tenant Information Pack' which will contain the following documentation:-
 - i. A true copy of the licence to which these conditions apply;
 - ii. A notice with the name, address/care of address, daytime, emergency contact number(s) and email address(es) of the licence holder or managing agent;
 - iii. A true copy of the current gas safety record;
 - iv. A suitable tenancy agreement including a statement of the terms on which they occupy the premises;(**see guidance note 2**)
 - v. A copy of the current energy performance certificate (EPC);

- vi. A copy of current version of the Department for Communities and Local Government 'How to rent' guide. (Downloadable from www.gov.uk).
 - vii. Relevant details of the government backed approved tenancy deposit scheme in which any deposit is held;
 - viii. written instruction on the correct operation and setting of any fixed form of heating, cooking, washing and/or any electrical appliances where provided as part of the tenancy;
 - ix. Details of arrangements for the storage and disposal of household waste including details of when to present refuse for disposal; (see www.wirral.gov.uk for collection days);
- b) suitable emergency information and other management arrangements in the event of the licence holders absence through illness, holidays, or similar.

2. The Licence holder must:-

- a) provide the Council with a copy of the 'Tenant Information Pack' (including any document contained within it) for inspection within 7 days of the demand;
 - b) carry out 'Right to Rent' checks in accordance with Home Office requirements prior to agreeing to a tenancy (guidance downloadable from www.gov.uk);
 - c) provide to the Council on demand proof of the 'Right to Rent' check for inspection within 7 days of the demand.
3. The licence holder and his representatives will ensure that the tenant's right to quiet enjoyment of the dwelling is respected. Where entry is required to the premises for the purpose of undertaking landlord duties and responsibilities, the licence holder will ensure that the tenant receives at least 24 hours written notice of intention to enter the premises and tenants consent is given before entering.
4. The licence holder shall ensure that any inspections of the premises carried out are recorded and suitable notes taken identifying any problems that may be relevant to any further dispute subject to the tenancy ending.
5. The dwelling must be inspected at least once within a 12 month period to ensure it is free from any disrepair and/or issues relating to the tenancy.
6. The records of any inspection must be kept for the duration of this licence. This information must be provided to the Council within 7 days of the demand.

3.2 Maintenance of Existing Installations and Equipment

The Licence Holder must ensure:-

- a. the provision of adequate bathroom facilities and equipment within the premises such as lighting, ventilation, toilets, baths, showers, wash basins and any cupboards, shelving or fittings;
- b. the provision of adequate kitchen facilities for the safe storage and safe preparation of food within the premises such as lighting, ventilation, sink/drainer, worktops (including splashbacks), cupboards, draws and readily cleansable surfaces;
- c. all facilities, installations and equipment are maintained and kept in good repair and full working order;
- d. all repairs to the dwelling and any installations, facilities or equipment are carried out to a good reasonable standard by competent and reputable persons;
- e. all surface finishes are to a good standard and decorative order where required following any remedial work;
- f. that they provide on-going maintenance of the gas installation. In addition to the mandatory condition of providing annual gas safety records for appliances, the Licence Holder of premises also has further duties under the Gas Safety (Installation and Use) Regulations 1998 and should not assume that carrying out annual gas safety checks will be sufficient to provide effective maintenance of all gas appliances. All such maintenance works and/or servicing should be carried to manufacturers recommendations and/or Gas Safety (Installation and Use) Regulations 1998 by a gas safe registered engineer which can be found at www.gassaferegister.co.uk;
- g. that any mains voltage household electric goods supplied by the landlord/licence holder to the occupier, in the course of business, are maintained in a safe and working condition and supply to the Council, on demand, a declaration and/or a Portable Appliance Test record by a competent person as to the safety of such electrical goods;
- h. that the premises provides a safe and secure environment for the occupiers of the house;
- i. that the premises, as far as is reasonably practicable, shall not become overcrowded subject to the Housing Act 2004;
- j. they are familiar with the Landlord and Tenant Act 1985 S11 covenant for keeping in repair and good working order the installations for water, gas and electrical;
- k. that emergency works necessary to protect the security of the dwelling are undertaken within 24hrs of notification, e.g. damage to windows/entry points to the property, as far as reasonably possible.

3.3 Alley Gates

Where there are alley-gates installed to the rear and/or side entry of licensed dwelling, the Licence Holder must, at the time of letting, provide all new tenants with the appropriate alley-gate key. Replacement keys may be requested via the telephone number (0151) 606 5443.

3.4 Pests and Infestations

The licence holder shall take reasonable steps to ensure that the dwelling is free from any pest infestation at the start of a tenancy and where necessary carry out a treatment program to eradicate the pest infestation. Records shall be kept of such treatment programs and these must be provided to the Council within 28 days on demand.

3.5 Fire Safety

- a. In addition to the mandatory condition for installing smoke alarms (See Section 1(d) (e), ensure that fire precaution facilities and equipment are maintained in accordance with the current British Standard BS 5839 Part 6.

3.6 Anti-Social Behaviour

1. The Licence Holder must:-
 - a. take reasonable and practical steps to reduce or prevent anti-social behaviour by persons occupying or visiting the dwelling and the use of the dwelling for illegal purposes;
 - b. provide new occupants with a tenancy agreement that includes clauses that allow the licence holder to take steps to tackle anti-social behaviour (**guidance note 6**);
 - c. have adequate facilities to receive and respond to initial complaints about the behaviour of other tenants and visitors;
 - d. take reasonable steps to deal with anti social behaviour, should it occur by the occupants or visitors to the premises;
 - e. provide the relevant occupants of the dwelling with written confirmation detailing arrangements in place to report nuisance and anti-social behaviour;
 - f. provide on demand a written action plan to the Council outlining procedures for dealing with anti-social behaviour. This must be reviewed periodically and submitted on request;
 - g. obtain tenant references prior to granting a tenancy as to previous tenancy conduct, including behaviour of the proposed occupier and household and be satisfied that the tenant is not likely to cause any anti-social behaviour;
 - h. keep records of any complaints received and action taken in respect of anti-social behaviour. These records should be kept for the duration of the licence and produced to the Council within 7 days of a demand.

3.7 External Area, Refuse and Waste

1. The Licence Holder must ensure that:-
 - a. the exterior of the dwelling is maintained in a reasonable decorative order and state of repair. This includes, but is not limited to, chimney stacks, roofs, rainwater goods, drainage, exterior brickwork, external timberwork, boundary walls/fences, paths/yards and gardens (including any foliage);
 - b. prior to the commencement of any tenancy and between tenancies any gardens, yards and other external areas within the curtilage of the dwelling are kept in reasonably clean and tidy condition and free from rodent infestation;
 - c. at the start of each new tenancy suitable and adequate provision is made for storage of refuse generated in the property and that occupants use receptacles provided by the Council (one green wheeled bin and one grey wheeled bin for storage prior to collection, where applicable). Bins must be in good condition. The licence holder must notify the council of missing green and /or grey bins and if applicable provide new bin(s). A replacement bin may be requested via the following web-link www.wirral.gov.uk/bins-recycling/request-new-bin;
 - d. the receptacles, or plastic refuse sacks where receptacles have not yet been issued, must not be exposed for a period longer than 18 hours prior to collection and must not cause obstruction at any time;
 - e. any new occupant of the dwelling is notified of the date of collection for the green and grey wheelie bins and the location of the nearest Council recycling centre/ rubbish tip.(see section 3.1)

3.8 Energy Performance

The Licence Holder must provide the tenant of the licenced dwelling with an Energy Performance Certificate (EPC). The Licence Holder must provide a copy of the EPC to the Council on demand. Please note that any new tenancy cannot be entered into after April 2018 where a property has an EPC rating of F or G (38 or lower).

3.9 Training

The licence holder of the dwelling shall attend any additional training as the Council see fit in relation to improving management skills to a sufficient level of competence to operate a licensed premises.

3.10 HMOs

Where the property is defined as a house in multiple occupation subject to section 254 to section 257 of the Housing Act 2004, the following conditions will also apply to a dwelling house as part of the selective licence conditions:-

1. The Licence holder must:-

- a) comply fully with the standards of the Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions)(England) Regulations 2006, Statutory Instrument No. 373 as amended by Regulation 12 of the 2007 Statutory Instrument, No. 1903;
- b) comply fully with The Licensing and Management of Houses in Multiple Occupation (Additional Provisions) (England) Regulations 2007, when deciding the suitability for occupation of an HMO by a particular maximum number of households or persons;
- c) comply fully with the licensing and management regulations for HMOs 2007 that apply to buildings containing only self-contained flats, to which section 257 of the Act applies;
- d) provide adequate amenity standards identified in SI373 as amended. Should the amenities be below the required minimum standard, the Council will require the licence holder to provide the additional amenities. The Council will use its discretion on specifying a suitable and reasonable timescale for these amenities to be provided as part of the licence condition;
- e) where there are temporary battery smoke detectors installed within the premises carry out a Fire Risk Assessment of the premises in accordance with the Fire Safety Order 2006 to determine the appropriate mains powered Automatic Fire Detection system.
- f) where there are no temporary battery smoke detectors or an Automatic Fire Detection system installed within the premises carry out a Fire Risk Assessment of the premises in accordance with the Fire Safety Order 2006 to determine the appropriate mains powered Automatic Fire Detection system.
- g) supply the Council, on demand, with a written declaration as to the condition and positioning of the smoke detectors. As a minimum one detector is to be suitably located in the hallway and another on the landing or similar area;
- h) ensure that the house is compliant with the council's guidelines and standards for Houses in Multiple Occupation, according to the type of accommodation offered. These standards will be reviewed periodically to ensure that they remain appropriate to the type of multi-occupied housing within the Council's area and needs of residents;
- i) ensure that the name and contact details of the licence holder and/or manager are on display in a prominent position within the premises;

- j) display at all times a copy of the licence certificate and licence conditions in a prominent position within the premises;
- k) make reasonable and adequate arrangements, if applicable, to ensure that gas and electric supplies to any common parts are installed on a separate landlords supply by means of a suitable credit meter and that any payment required by a utility service is made on request. Prepayment meters are not acceptable on a landlords supply;
- l) ensure that any present fire precaution facilities and equipment are maintained in accordance with the current British Standards and Codes of Practice;
- m) produce on demand within 7 days to the Council the logbook detailing regular weekly/monthly tests undertaken on any fire alarm and/or emergency lighting.
- n) produce on demand within 7 days to the Council for their inspection, a Fire Detection & Alarm System Certificate (in accordance with BS5839) obtained in respect of the house within the last 6 months;
- o) produce to the Council on demand a valid Electrical Installation Condition Report (EICR) or alternatively a valid Periodic Installation Report (PIR) for the whole of the electrical installations in accordance with current IEE wiring regulations. Such a report should be provided by a competent person who is a member of an appropriate competent person scheme, details of which can be found at www.competentperson.co.uk (to comply with Part P of the Building Regulations). Where the report expires during the term of the licence, an up-to-date Electrical Installation Condition Report must be provided to the licensing team of the Council within 28 days of the expiry date; Ensure that any remedial works identified on the EICR or PIR are attended to subject to the required remedial action.

3.11 Licence fee payments

Failure to maintain any licence fee payment arrangement made with the Council will constitute a breach of licence conditions and will result in the removal of any discounts applied. Failure to pay the licence in full within 14 days of a demand for payment may result in the existing licence being revoked and/or prosecution. It is the responsibility of the licence holder to ensure that any licence fee payment arrangement is maintained until the full licence fee balance has been paid to the Council.

3.12 New legislation and/or amendments in legislation

Subsequent changes and/or additional legislative requirements with regards to the management of privately rented accommodation within the duration of a designated Selective licensing scheme under Part 3 of the Housing Act 2004 will also be bound by conditions of a Part 3 Licence.

SELECTIVE LICENCING CONDITIONS

GUIDANCE NOTES

Guidance note 1

Schedule 4 of the Housing Act 2004 stipulates that Licences under Part 2 (HMO's) and Part 3 (Selective Licencing that it is a mandatory condition to keep electrical appliances and furniture made available to tenant in a safe condition. A portable electrical appliance is any item of electrical equipment with a lead and/or a plug and which is normally moved around or can be moved and is connected to the mains supply. Examples include but are not limited to cooking appliances, vacuum cleaners, heaters, washing machines, dryers, fridges, toasters, kettles, etc. A Portable Electrical Appliance (PAT) certificate is only required where the appliance is supplied as part of the tenancy agreement.

Upholstered furniture supplied with rented accommodation must comply with the Furniture and Furnishings (Fire)(Safety) Regulations 1988 (as amended). This means that all cover materials must have passed cigarette and match ignition tests and filling materials must have passed flammability tests. You should check to see that your furniture has a label permanently attached to the lining or underside giving the appropriate details.

Guidance note 2

The landlord should provide tenants with a written statement of the terms of their occupancy, stating the following:

- Address of the property being let, and what it is.
- Start and end dates of the tenancy period.
- Rent terms (frequency and method of payment).
- Deposit amounts (and how the deposit will be protected).
- Landlord's contact address in the UK for the service of notices.
- The landlord will inform the tenant in writing of any additional charges, utility bills, ground rent or maintenance charges that the tenant will be required to pay during the tenancy, stating where possible the amounts for each and the frequency and method of payment.
- The landlord will provide the tenant, at the beginning of the tenancy, with a telephone number or other means of contacting the landlord or their agent in an emergency; in particular when the landlord is absent.

Guidance note 3

Section 89 of the Housing Act 2004 states:

(1) In deciding for the purposes of section 88(3)(a) or (c) whether a person (“P”) is a fit and proper person to be the licence holder or (as the case may be) the manager of the house, the local housing authority must have regard (among other things) to any evidence within subsection (2) or (3).

(2) Evidence is within this subsection if it shows that P has—

(a) committed any offence involving fraud or other dishonesty, or violence or drugs, or any offence listed in Schedule 3 to the Sexual Offences Act 2003 (c. 42) (offences attracting notification requirements);

(b) practiced unlawful discrimination on grounds of sex, colour, race, ethnic or national origins or disability in, or in connection with, the carrying on of any business; or

(c) contravened any provision of the law relating to housing or of landlord and tenant law.

(3) Evidence is within this subsection if:-

(a) it shows that any person associated or formerly associated with P (whether on a personal, work or other basis) has done any of the things set out in subsection (2)(a) to (c), and

(b) it appears to the authority that the evidence is relevant to the question whether P is a fit and proper person to be the licence holder or (as the case may be) the manager of the house.

(4) For the purposes of section 88(3)(a) the local housing authority must assume, unless the contrary is shown, that the person having control of the house is a more appropriate person to be the licence holder than a person not having control of it.

(5) In deciding for the purposes of section 88(3)(d) whether the proposed management arrangements for the house are otherwise satisfactory, the local housing authority must have regard (among other things) to the considerations mentioned in subsection (6).

(6) The considerations are:-

(a) whether any person proposed to be involved in the management of the house has a sufficient level of competence to be so involved;

(b) whether any person proposed to be involved in the management of the house (other than the manager) is a fit and proper person to be so involved; and

(c) whether any proposed management structures and funding arrangements are suitable.

(7) Any reference in section 88(3)(b)(i) or (ii) or subsection (4) above to a person having control of the house, or to being a person of any other description, includes a reference to a person who is proposing to have control of the house, or (as the case may be) to be a person of that description, at the time when the licence would come into force.

Guidance note 4

The tenant should be provided with clear advice on what action is required in the event of an emergency. This includes advising the tenant of the location of the water isolation valve (stop cock), the incoming gas supply isolation valve and electrical installation isolation switch (trip switch). Tenants should also be made aware of the location of all fire egress windows and any other facilities to enable the safe evacuation of the property in an emergency situation.

Guidance note 5

Section 89 (6)(c) of the Housing Act 2004 states that the local authority must take into consideration whether any proposed management structures and funding arrangements are suitable. Therefore, the licence holder must advise the Selective Licensing team if they are subject to a bankruptcy order, debt relief order or in certain other arrangements where an individual is insolvent and powers to deal with assets are restricted.

Guidance note 6

The licence holder must ensure that any tenancy agreement granted after the issue of this licence includes the following clause within the tenant's obligations.

'Nuisance and Anti-social Behaviour: Not to cause, or allow household members, or visitors to engage in anti-social behaviour, which means any conduct causing or capable of causing a nuisance or annoyance to the landlord, other occupiers, neighbours or people engaging in unlawful activity within the locality. (Examples of anti-social behaviour include failure to control dogs or children, leaving gardens untidy, not properly disposing of rubbish, inconsiderate use of the property, as well as more serious problems such as noise, violent and criminal behaviour, domestic abuse, the supply and use of controlled drugs, and intimidation, harassment or victimisation on the grounds of a person's race, sex (gender), sexual orientation, disability, age, religion or belief, pregnancy or maternity status, socio-economic status)'

Business Case Risk Register

Risk Description	unmanaged scores			risk category	risk owner	Planned controls	current scores			risk review frequency	additional controls	control owner	target date	target scores			current risk status	risk action update
	Likelihood	impact	total (LxI)				Likelihood	impact	total (LxI)					Likelihood	impact	total (LxI)		
Challenge of the councils decision by seeking judicial review of the decision resulting in cost implications for the council.	high	high	high		Emma Foley	Robust consultation plan to be agreed by cabinet Consultation with landlords and agents to promote benefits of a scheme and seek views on fee structure & conditions Licence conditions and fees ammended where appropriate to reflect views and concerns from consultation	med / high	med		monthly up to implementation	Landlords working group in place and extended to reflect proposed new licensing areas and consulting with National Landlords Associations. Continue to engage following consultation Articles in Landlord Link-up Councils legal team involved in feasibility and consultation processess	Head of Operational Housing Services Senior Manager Selective Licensing Team and Housing Investment team	Mar-18	med	med	med		
Landlords do not licence their properties resulting in an income shortfall and or impact on staffing resources	med	high	med		Emma Foley	Comprehensive database Full consultation taken place All landlords receive regular information Enforcement and appropriate publicity undertaken to highlight successes early bird discounts to encourage landlords to come forward	low	high		quarterly	Support given to landlords to ensure all apply for licences Those landlords who do not apply for licenses are unable to say did not know about requirement as a defense if Council progress with prosecution. High profile publicity- reinforce message we will prosecute or impose civil penalty if they do not licence- thereby encourage other landlords to licence. Cabinet asked for additional resources	Head of Operational Housing Services Senior Manager Selective Licensing Team and Housing Investment team	Apr-19	low	med	med		
Landlords sell properties instead of licence	med	med	med		Emma Foley	Promotion of licensing benefits Support and information to landlords Encourage landlords to join Accreditation Scheme	low/med	low/med		quarterly	promoting benefits of scheme to landlords publicising benefits e.g decreased empty homes / greater stability. If landlords selling property encourage professional landlords to acquire. Ensure new landlords are aware of scheme requirements	Selective Licensing Team	Feb-19	low	low	low		
Local authority inadequately manage the scheme	low	high	med		Emma Foley	Project plan is clear, concise and agreed Properly resource team to coordinate scheme Ensure scheme is enforced in robust and consistent manner Clearly defined achievable expectations targets set and scheme outputs monitored using performance management framework	low	med		quarterly	Project reported to head of Service if additional resources needed to manage higher than anticipated volume of applications Staff performance appraisals, regular performance meetings and appropriate staffing structure in place to deliver scheme	Selective Licensing Team	Feb-19	low	low	low		
People move out of area or demand for housing decreases because of negative impression of area- high crime and ASB	low	med	low		Emma Foley	Positive publicity utilising local media, a landlord newsletter Community awareness events to promote good work Positive information given to letting agents for future tenants Landlords to promote positive message	low	low		quarterly	promoting outcomes of scheme to landlords & community publicising benefits e.g decreased empty homes / greater stability	Selective Licensing Team	Feb-19	low	low	low		

Risk Description	unmanaged scores			risk category	risk owner	Planned controls	current scores			risk review frequency	additional controls	control owner	target date	target scores			current risk status	risk action update
	Likelihood	impact	total (LxI)				Likelihood	impact	total (LxI)					Likelihood	impact	total (LxI)		
ASB increases despite selective licensing	low	med	low		Emma Foley	Ensure ASB is dealt with in quick and effective manner Positive publicity Targeted information about how to report ASB Action group Information sharing Robust tenancy agreement enforcement action taken against landlord where conditions breached.	low	med		six monthly	Set up multi-agency meeting to target resources and address ASB Develop Action Plan if ASB ongoing	ASB Police Selective Licensing Team Landlords	Apr-19	low	low	low		
Standards of properties don't improve	med	med	med		Emma Foley	All landlords receive regular information Ensure that plan of inspecting properties is in place and is adhered to Ensure lack of action by landlords is enforced in robust and consistent manner Publicity including mail shot direct to all landlords Pursue active enforcement policy	low	med		quarterly	Publicise prosecution cases Pursue Management orders	EHOs Selective Licensing Team Landlords	Apr-19	low	low	low		
At end of five years, selective Licensing has not achieved its aims	med	high	high		Emma Foley	Robust and regular annual monitoring during the scheme on key performance outcomes Ensure scheme is enforced in robust and consistent manner Clearly defined achievable expectations Clear exit strategy	low	med		Annual Review via questionnaire of residents and landlords in area, coupled with analysis of key performance data. Full 4 evaluation Report	Evaluate barriers, successes and failures of each of the schemes and where appropriate make the case to re-designate areas for a further 5 yr period	Selective Licensing team Police Fire Landlord working Group Landlords	Nov-22	low	low	low		
Illegal evictions	med	high	high		Emma Foley	Support and training for landlords Information to tenants about their rights Housing Options Case Worker assigned where tenant threatened with illegal eviction	low	med		quarterly	Housing Options Team Briefings Signposting of other partner agencies such as CAB Report to Head of Service if numbers affected become significant	Selective Licensing Team Landlords/Accreditation Scheme	Apr-19	low	med	med		
Displacement of irresponsible or inexperienced landlords	med	high	med		Emma Foley	Information sharing between relevant partners Support and training for landlords Use of early warning system in neighbouring areas to ensure it's identified early Benefits of Selective Licensing promoted	med	med		quarterly	Targeted work with landlords known to be considering selling their properties Promotion of benefits & positive outcomes of scheme resulting from Selective Licensing e.g greater stability, improved perception of landlords etc. LCR PRS group to share information on landlords / agents prosecuted Continue to explore this option if the Selective Licensing proposal is supported.	Housing Renewal Team Leader Housing Delivery teams	Apr-19	low	med	low		
Inability to process and respond to high level of licence applications all submitted at the same time	high	med	high		Emma Foley	Re-organisation of appropriate staff workloads and prioritisation of processing applications. Consider option if required to draft in temporary staff to support process	high	med		monthly	Extension of existing scheme online application and payments	Housing Services Senior Manager and Selective Licensing Team	Dec-18	med	low	low		



CABINET

Monday, 22 July 2019

FINANCIAL MONITORING OUT-TURN 2018-19

Councillor Janette Williamson Cabinet Member Finance and Resources, said:

“Robust financial management is vital. As austerity continues, and local councils throughout our Region continue to have their budgets slashed and are forced to deal with ever increasing demand, the need for excellent financial planning and oversight only gets more important. This report provides Cabinet with the final budget position for the past financial year.”

REPORT SUMMARY

This report details the out-turn for 2018/19 and concludes the reporting to Cabinet for the 2018/19 financial year. There are separate Appendices for Revenue (including details of the reserves), Capital (including resources used to fund the Programme) and the Collection Summary (including Council Tax, Business Rates and Sundry Debts).

This is a key decision which affects all Wards within the Borough.

RECOMMENDATION/S

1) Revenue

- a) The revenue out-turn indicates a variance of £0.6 million of expenditure less than budget in 2018/19;
- b) The General Fund Balances at 31 March 2019 of £10.7 million, be noted; and
- c) The Earmarked Reserves totalling £59.5 million (£85.5 million subject to External Audit) be confirmed.

2) Capital

- a) The additional re-profiling of £5.0 million from 2018/19 to 2019/20 be noted;
- b) The financing of the Programme for 2018/19 be noted; and
- c) The Programme for 2019/20 and beyond be kept under review to ensure it is realistic and deliverable.

3) **Collection Summary**

- a) The decrease in Council Tax in-year collection rate from 95.5% in 2017/18 to 94.8% in 2018/19 be noted;
- b) Increase in cash collected for Council Tax 2018/19 of £9.4m;
- c) The Business Rates collection rate for 2018/19 of 97.9%; the same collection rate of 97.9% as attained in 2017/18;
- d) The Sundry Debt arrears figure as at 31 March 2019 decreased by £3 million to £26 million; and
- e) That the sundry debts for Adults Social Services and Other Directorates detailed in the report be written-off against the Provision for Bad Debts.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Local authorities have to produce an Annual Statement of Accounts which demonstrates the financial performance of the Council for the year and the financial position at the end of the period. The full Statement is approved by Audit & Risk Management Committee on behalf of the Council. This report informs Cabinet of the key elements.
- 1.2 The Collection Summary provides details on income collection performance and any sums which are deemed irrecoverable need to be written off in accord with the authorisation processes set out in the Council Constitution.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options were considered. There is a legal requirement to publish the Statement of Accounts and agree the capital spend and financing at the end of the financial year.

3.0 BACKGROUND INFORMATION

- 3.1 Throughout the financial year Cabinet received Monitoring Reports in respect of Revenue (including income and debt collection) and Capital. This report is a summary of the actual out-turn for 2018/19.
- 3.2 The last monitoring reports were for Quarter 3 and were considered by Cabinet on 18 February 2019. Since the end of March work has been on-going in order to conclude the accounts for the financial year.
- 3.3 The detail contained within the Appendices informs part of the Annual Statement of Accounts for 2018/19. The Statement has to be issued on 31 May 2019. It is then subject to review by the appointed External Auditor (Grant Thornton UK LLP) and will be considered by Audit & Risk Management Committee on 22 July 2019. The Statement has to be published by 31 July 2019.

REVENUE OUT-TURN

- 3.4 See Appendix 1 for details.

CAPITAL OUT-TURN

- 3.5 See Appendix 2 for details.

COLLECTION (INCOME)

- 3.6 See Appendix 3 for details.

4.0 FINANCIAL IMPLICATIONS

4.1 The financial implications detailed within the Appendices.

5.0 LEGAL IMPLICATIONS

5.1 Local authorities have to produce an Annual Statement of Accounts which demonstrates the financial performance of the Council for the year and the financial position at the end of the period. The Accounts must comply with the Code Of Practice on Local Authority Accounting. There is a legal requirement to publish the Statement of Accounts each year.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 There are no staffing, IT or asset implications arising directly from this report.

7.0 RELEVANT RISKS

7.1 There are none associated with the summary of the financial position for 2018/19. The position has been monitored throughout the year and has been the subject of monthly reports to Cabinet.

7.2 In respect of the collection of income this has been the subject of reports to Cabinet and the inclusion of items which are irrecoverable overstates the potential income which could be collected by the Council.

8.0 ENGAGEMENT/CONSULTATION

8.1 This is an end of year report. Consultation takes place as part of the planning and implementation of specific schemes or projects within the Council Budget and Capital Programme.

9.0 EQUALITY IMPLICATIONS

9.1 (b) No because there is no relevance to equality.

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APPENDICES

Appendix 1 Revenue Out-turn 2018/19.
Appendix 2 Capital Out-turn 2018/19.
Appendix 3 Collection Summary 2018/19.

BACKGROUND DOCUMENTS

CIPFA Code Of Practice On Local Authority Accounting In The UK 201819.
Local Government Act 2003 and subsequent amendments.
Local Government (Capital Finance and Accounting) Regulations 2008.
Accounts and Audit (England) Regulations 2015.

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REVENUE OUT-TURN 2018/19

REPORT SUMMARY

This Appendix informs Cabinet of the Revenue Out-turn for 2018/19 including details of the level of General Fund Balances and reserves at 31 March 2019.

RECOMMENDATIONS

That: -

- a) The revenue out-turn indicates a variance of £0.6 million of expenditure less than budget in 2018/19.
- b) The General Fund Balances at 31 March 2019 of £10.7 million, be noted.
- c) The Earmarked Reserves totalling £59.5 million (£85.5 million subject to External Audit) be confirmed.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 Local authorities have to produce an Annual Statement of Accounts which demonstrates the financial performance of the Council for the year and the financial position at the end of the period. The full Statement is approved by Audit & Risk Management Committee on behalf of the Council.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options were considered. There is a legal requirement to publish the Statement of Accounts by 31 July 2019.

3.0 BACKGROUND INFORMATION

MONITORING 2018/19

- 3.1 The 2018/19 Budget was agreed by Council on 5 March 2018. Changes since the approval of the budget have been detailed in the tables below and comprise variations approved by Cabinet / Council including approved virements; budget realignments reflecting changes to the Councils organisational structure and responsibilities; the allocation of savings and the contingency; any technical adjustments. In Table 1 the budget is aligned to directorates.

Table 1: 2018/19 Original & Revised Net Budget by Directorates

	Original Net Budget	Budget Change During Year	Revised Net Budget
	£000	£000	£000
Economic & Housing Growth	3,114	22,443	25,557
Delivery Services	47,486	18,347	65,833
Strategy & Partnerships	46,062	-27,826	18,236
Care & Health	93,667	-1,796	91,871
Children's Services	77,142	12,429	89,571
Business Management	33,049	-22,253	10,796
Net Cost of Services	300,520	1,344	301,864

- 3.2 In-year an additional £1.1 million capital receipts funding for Children's Services transformation programme (revenue) was brought forward from 2017/18 (agreed at cabinet on the 26 November 2018). In addition, coastal car parking saving proposal of £0.25 million was cancelled and the sum funded from general fund balances. This summarises the base budget increase of by £1.3 million.
- 3.3 Throughout the financial year Cabinet received Revenue Monitoring reports for each quarter. The last monitoring report, for Quarter 3 (Cabinet 18 February 2019) projected a General Fund overspend of £0.72 million this being attributable to Delivery Services in its entirety with all other directorates showing a balanced position. The majority of this predicted overspend was due to savings failing to be delivered.

2018/19 Outturn

- 3.4 The draft (audit work is being undertaken at present, the outcome of which may impact on final figures) 2018/19 out-turn position illustrates a positive variance of £0.6 million. This represents a difference of £1.32 million from the quarter 3 forecast, equal to 0.4% of the net budget position. The movement stems from greater than expected returns on treasury management activity.
- 3.5 Financial Monitoring activity recorded the progress made by directorates throughout the year. Several of the favourable variances in 2018/19 were either one-off, e.g. minimising the financing costs of the Capital programme through effective cashflow management or have been reflected in the 2019/20 budget, e.g. underspends within the transformation budget that have been carried forward. This means that while the final position for the year was favourable, it is largely attributable to defined activity that does not translate to on-going savings.

Table 2: 2018/19 Actual Variations by Directorate

Directorates and reasons for variances from budget	Budget £million	Outturn £million	Variance £million
Economic & Housing Growth: Local Plan and Wirral Growth Company pressures developed in year. They were funded from the use of one-off funding and reserves.	25.6	25.6	0
Delivery Services: Adverse variance reflects the non-achievement of savings e.g. expected contract efficiencies on bin collection and targeted garden waste income within Waste and Environment.	65.8	67.0	(1.2)
Strategy & Partnerships: Numerous, small, positive variances were offset by adverse variances led to a balanced budget position in this area. Most notable variances are vacancy savings in Constituencies budgets offsetting an under-resourced establishment in the Intelligence & Performance team.	18.2	18.2	0
Care & Health: Pressures on Adult Social Care have been contained through actions to managed demand related costs.	91.9	91.9	0
Children's Services: Pressures in Social Care and Schools (Special Education Needs costs in special and mainstream schools increased significantly during the year) have largely been managed through the phasing of staffing changes. Additional costs in relation to schools (the total increase in Special Education Needs not met by staffing phasing) have been reserve funded form the DSG reserve.	89.6	89.6	0
Business Management: Treasury Management activities have produced a positive variance positions, mainly attributable to minimising the financing costs of the Capital programme through effective cashflow management.	10.8	8.9	1.8
OVERALL UNDERSPEND	301.9	301.3	0.6

- 3.6 The net underspend of £0.6 million at the year-end has been transferred to General Fund Balances.

LEVEL OF GENERAL FUND BALANCES

- 3.7 The level of balances is locally determined using a risk-based assessment which takes into account the strategic, operational and financial risks facing the Council. The approach was adopted during 2018/19 and Cabinet 18

February 2019 agreed to the level of balances being set at, or above, the locally determined figure.

- 3.8 The General fund balance as at the end of 2018/19 is £10.7 million.

Table 4: Summary of the General Fund balances

Details	£m
Balance at 31 March 2018	24.8
Less: Contribution to 2018/19 Budget	-16.0
Add : Collection Fund Surplus	+1.4
Add : Outturn 2018/19 Underspend	+0.6
Less: Contributions to Reserves and in-year support to specific items	-0.1
Actual Balance 31 March 2019	10.7

The former Audit Commission guidance for good financial management and resilience was that general fund balances should be between 3% and 5% of the net budget. The general fund balance of £10.7 million represents 3.8% of the net budget.

COLLECTION FUND

- 3.9 During 2018/19 the Council was part of the Liverpool City Region 100% Business Rates Retention Pilot. Under the arrangement the Council retains 100% of the business rates collected, with certain grant payments such as Revenue Support Grant ceasing but being compensated for via the higher percentage of business rates retention.
- 3.10 The Collection Fund comprises Council Tax and Business Rates balances which are apportioned separately in accordance with relevant legislation. The Council Tax element was in surplus at the end of the year, whilst the Business Rates element was in a deficit position. The shares that related to Wirral are set out below.

Table 5: Collection Fund Balance As At 31 March 2019

	£000
Council Tax	1,159
Business Rates (NNDR)	-318
Net Surplus	841

- 3.11 For 2018/19 the Fund showed a surplus of £0.84 million. Surplus elements are distributed to the relevant precepting authorities whilst deficits are recovered in future years through the fund.

PROVISIONS FOR BAD DEBTS

3.12 Performance on the recovery of debts are contained in the Collection Summary 2018/19 which details the level of debts at the year-end and debts written-off in the year.

Table 6: Provision for Bad Debts

	At 31 Mar 2019	At 31 Mar 2018
	£000	£000
General Fund		
Sundry Debtors	9,044	8,137
Summons Costs	903	836
Housing Benefit	9,647	9,927
Collection Fund		
Business Rates	3,081	3,082
Council Tax	11,768	10,252

RESERVES

- 3.13 The Council maintains a number of reserves that earmark funding for likely future activity. A review of reserves is carried out as part of the annual budget setting process. Overall movement in reserves was £4.7 million for 2018-19 (made up of £31.3 million additions to, and £26.6 million contributions from, reserves). There is a new reserve of £26m for the repayment of future debt that is still subject to External Audit approval so is not included in the figures above. The categories of reserves are as follows: -

Category and Purpose
INSURANCE AND TAXATION Assessed liabilities including potential cost of meeting outstanding Insurance Fund claims, Business Rates appeals, etc.
TRANSFORMATION Support the Transformation programme, which includes support to projects to deliver future savings and the reconfiguration of services.
SCHOOLS RELATED Balances and sums for school-related services which can only be used by schools and not available to pay for Council services.
SUPPORT SERVICE ACTIVITIES AND PROJECTS Includes Government Grant funded schemes when the grant is received and spend incurred in the following year and sums held that are earmarked for the completion of programmes such as Community Asset Transfer, planned maintenance and parks improvements.

- 3.14 A full list of earmarked reserves can be found at note 10. - Statement of Accounts 2018/19.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The Revenue out-turn for 2018/19 showed an underspend of £0.6 million. The General Fund Balances at 31 March 2019 were £10.7 million. The Earmarked Reserves at 31 March 2019 totalled £85.5 million.

5.0 LEGAL IMPLICATIONS

5.1 Local authorities have to produce an Annual Statement of Accounts which demonstrates the financial performance of the Council for the year and the financial position at the end of the period. The Accounts must comply with the Code of Practice on Local Authority Accounting. There is a legal requirement to publish the Statement of Accounts each year.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

6.1 There are no staffing, IT or asset implications arising directly from this report.

7.0 RELEVANT RISKS

7.1 There are none associated with this report which provides a summary of the Council's financial affairs for 2018/19 and the balances at 31 March 2019.

8.0 ENGAGEMENT/CONSULTATION

8.1 This is an end of year report. Consultation takes place as part of the planning and implementation of specific schemes within the Council Budget.

9.0 EQUALITIES IMPLICATIONS

9.1 There are no implications arising directly from this report being a report on the overall financial affairs for the financial year just completed.

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REFERENCE MATERIAL

CIPFA Code of Practice on Local Authority Accounting In the UK 2018/19.
Local Government Act 2003 and subsequent amendments.
Local Government (Capital Finance and Accounting) Regulations 2008.
Accounts and Audit Regulations 2015.

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Out-turn 2016/17	16 July 2017
Cabinet - Out-turn 2017/18	16 July 2018
Cabinet – Budget 2017/18	20 February 2017
Council – Budget 2017/18	6 March 2017
Cabinet – Budget 2018/19	19 February 2018
Council – Budget 2018/19	5 March 2018
Cabinet – Revenue Monitoring 2018/19	Quarterly reports

CAPITAL OUT-TURN 2018/19

REPORT SUMMARY

This Appendix details the Capital Out-turn for 2018/19, the resources used to fund the Programme and provides a review of the progress of the delivery of the agreed Capital Programme.

RECOMMENDATIONS

- a) The additional re-profiling of £5.0 million from 2018/19 to 2019/20 be noted.
- b) The financing of the Programme for 2018/19 be noted.
- c) The Programme for 2019/20 and beyond be kept under review to ensure it is realistic and deliverable.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 The Council is required to make a number of formal Determinations in respect of its capital expenditure and financing and this report includes those for the 2018/19 financial year.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options were considered. There is a legal requirement to publish the capital expenditure and financing at the end of the financial year.

3.0 BACKGROUND INFORMATION

MONITORING 2018/19

- 3.1 The Capital Programme 2018/19 was considered by Cabinet on 19 February 2018 and approved by Council on 5 March 2018. The Programme is based on the Wirral Plan priorities, Government grant announcements and scheme affordability. It was highlighted that the Council's revenue budget position limited the scope for unsupported capital expenditure.
- 3.2 Cabinet received regular updates in respect of capital monitoring throughout the year. The last monitoring report, for Quarter 3, was considered by Cabinet on 18 February 2019. Since then work has been on-going in order to conclude the accounts for the financial year.
- 3.3 During the year the Programme was regularly reviewed which resulted in schemes being deferred to 2019/20 along with the supporting funding. This continued to deliver one-off Treasury Management savings through a reduced need to borrow in 2018/19.

CAPITAL OUT-TURN

- 3.4 The capital expenditure for the year was £48.5 million compared to the Revised Programme of £53.9 million which was reported in February 2019 (Quarter 3). This is summarised in Table 1.
- 3.5 Both estimates below, and the outturn now include the Formula Capital schemes delegated to schools.

Table 1: Capital Programme 2018/19

Spend	Capital Strategy	Revised December	Actual Out-turn
	£000	£000	£000
Directorates			
Adult Care & Health	7,912	1,204	798
Business Management	4,990	6,239	7,237
Children's Services	19,482	17,547	16,293
Delivery Services	24,775	17,600	13,810
Economic & Housing Growth	17,785	11,370	10,362
Total Programme	74,944	53,960	48,500

- 3.6 Cabinet has previously approved amendments totalling £20.9 million to the originally approved programme, as reflected in the position for Quarter 3. Since then a further £5.0 million has been identified to be deferred until 2019/20.

Table 2: Significant variations identified since Quarter 3

Scheme	£000
Adult Care & Health - re-profiling	
Extra Care Housing	-440
Minor variations	34
	-406
Business Management	
Windows 10 Rollout – re-profiling, implemented ahead of schedule	364
Transformation Programme – Early Voluntary Retirement/Voluntary Severance	880
Minor variations	-110
	998
Children's Services	
Transformation Programme – reduced requirement	-617
Primary Places - re-profiling	-126
SEN and disabilities fund – re-profiling	-154
Systems improvements (Liquidlogic) – re-profiling	-123
Minor variations	-234
	-1,254

Scheme	£000
Delivery Services - re-profiling	
Aids, adaptations and DFGs – implemented ahead of schedule	357
Transport for Growth	-1,500
Sustainable Transport Enhancement Programme	-374
Key Route Network	-259
Cemeteries and crematoria	-250
Illuminated lighting and street signage	-245
Highways Asset Management system	-200
Highway maintenance	-193
Tower Rd National Productivity Investment Fund	-188
Dock Bridge and other bridges	-178
Beach cleaning equipment	-171
Street lighting	-135
Treasury building	-115
Other minor variations	-339
	-3,790
Economic and Housing Growth	
New Ferry regeneration – re-profiling	-1,300
Housing Infrastructure Fund – scheme b/fwd from 2019/20	185
Other minor variations	107
	-1,008
Overall total variation	-5,460

3.7 A summary of progress in the year within the Programme is as follows: -

3.7.1 Adult Care & Health

Electronic Support Planning for Domiciliary Care Providers is realising key benefits ensuring appropriate care is delivered to service users. Care workers now update activities real-time which is auditable to support statutory requirements. The new Brokerage Module is operating replacing the previous manual process of emailing Domiciliary Care Providers to source packages of care. Feedback from Care Providers and Health partners regarding these modules has been really positive in streamlining the overall process and making the provision of care more efficient.

3.7.2 Business Management

By the end of March 2019 1,002 Windows 10 devices had been deployed which represents 29% completion of the estimated goal. The progress includes priority group completions (Children’s social care, senior managers and Councillors), creation of the application store for deployment of software and WorkSmart profiling to determine correct equipment deployment.

The new Hyper-Convergence Corporate Storage Solution has been procured and this will replace Wirral's existing SAN storage and Virtual Server Network. It will be implemented during the first and second quarters of 2019 and once installation is complete, services and applications will be migrated to the new Infrastructure.

During 2018/19 employees could leave the Authority on EVR/VS. The severance payments and full 5-year pension strain costs have been capitalised allowing services to be transformed through restructures and savings to be achieved in future years. The final cost of £3.4 million was funded from the flexible use of capital receipts.

3.7.3 Children's Services - Schools

Government Grants funded almost 90% of the investment in schools in 2018/19 and is subject to future annual announcements. All works are undertaken with schools and mindful of the impact upon the service are largely arranged for completion outside of term-times. These factors impact upon the timing of the actual spend with frequent revisions to be accommodated. With £5.3 million invested during 2018/19 some of the key projects are detailed in the following paragraphs.

Town Lane Infant School: This scheme was required to provide an increase in pupil numbers [capacity]. The project included a new class-base, extended reception base, internal re-configuration of the previous children centre and parts of the main school building. The scheme cost over £0.9 million and was completed in April 2018. The school has now converted to Academy status.

Pensby High School: To meet improved security and safeguarding the main entrance was re-designed to include a new reception office and secure waiting area for visitors. This project cost over £0.05 million and was completed in August 2018.

Heygarth Primary School: This scheme was required to provide an increase in pupil numbers [capacity]. The project consisted of; two new classrooms, internal re-configuration of the reception class-base, improved pupil toilet facilities and additional car parking, improved footpaths/access and safe standing area for parents and visitors. This project cost over £0.45 million and was completed in September 2018.

Higher Bebington Junior School: This scheme is required to provide an increase in pupil numbers [capacity]. The project consisted of; the extending of three existing classrooms, new pupil toilet facilities including DDA toilet, major internal re-configuration of 4 class-bases, re-location of staff offices and improved main entrance. This scheme has a committed value of over £0.6 million.

Well Lane Primary School: This project consists of internal refurbishment, including new pupils' toilets, enlarging two classrooms, new main entrance and office accommodation. The scheme has a committed value of over £0.3 million.

West Kirby Primary School: The project consists of a new main entrance with improved security, reception and Headteachers office, minor internal re-configuration, infill of an unused area to form a new classroom in a non-traditional design. The scheme has a committed value of over £0.3 million.

3.7.4 **Children's Services - Transformation**

Transformation funding of £10.483 million has been used to establish the right capacity across Children's Services meaning the average caseload is at an appropriate level for both Social Care staff and Independent Reviewing Officers. A recruitment push has taken place to establish a permanent workforce including new micro-site, recruitment events and conversion of agency staff to permanent contracts; this has resulted in stable, strong management structure to provide leadership and governance across the Directorate.

There has been a continued programme of improvements to policies and processes, plus training staff, in core social practice in order to embed the performance management structure. Investment in the Early Help and Prevention service area has helped to manage demands at the front door and apply consistent thresholds in order to reduce unnecessary demand on Social Care. Investing in the Adolescent support area and Edge of Care area has enabled support to be provided to more families, improving outcomes and managing demand on statutory services.

3.7.5 **Delivery Services**

Transport for Growth - expenditure has been incurred on a number of schemes to date. The most significant being the improvement to the junction of the M53 and A554 (£0.593 million) for which a contribution of £0.1 million was received from Highways England as additional works were required following the need to lift the highway. In addition, expenditure has been incurred on cycle and footway improvements (£0.233 million) and the A41 New Ferry - Rock Ferry Bypass - speed enforcement measures, surface treatment and signing (£0.124 million). The termination of the BAM Nuttall contract has resulted in significant delays and a backlog of outstanding work, hence the considerable slippage into 2019/20.

Sustainable Transport Enhancement Programme (STEP). Expenditure is focused on 2 significant schemes; Northbank East (£0.65 million) which will provide increased accessibility for pedestrians and cyclists to the Wirral Waters West Float development and increased attractiveness of the area for businesses and investors; The Croft Retail Corridor (£0.22 million) which will also improve accessibility for pedestrians and cyclists, including improved safety for cyclists through the provision of an off road route.

Highway maintenance - the most significant area of expenditure was in respect of micro asphaltting (£0.91 million).

£0.575 million was spent on pothole repairs with those considered to be dangerous given priority for action. Efforts are directed both to repairs and prevention.

Dock Bridges - a further of £0.84 million was incurred during the year in respect of the current replacement scheme.

The BAM Nuttall settlement payment plus the purchase of 2 of their vehicles was completed at a cost of £0.561 million.

£2.3 million of grant aid has been provided for the provision of essential aids and adaptations giving disabled people better freedom of movement in and around their homes. A new home adaptation pilot scheme commenced in August. The stair lift contract has also been awarded to facilitate faster installation of lifts and hoists. These 2 factors combined have resulted in greater expenditure than originally envisaged.

The home improvement project provides a continuation of both financial assistance and intervention to remedy poor housing conditions in the private sector, including serious disrepair/hazardous housing conditions, low market demand and bringing long term empty properties back into productive use. Expenditure in the year was £0.5 million.

3.7.6 Economic and Housing Growth

Within the Programme is an allocation of £9.8 million for investment in properties. Closely linked to the progressing Wirral Growth Company it is intended to fund potential acquisitions which will, in turn, provide a revenue income stream to the Council. Acquisition of the Vue cinema was completed at a cost of £7.18 million. The acquisition of the leasehold interest in Birkenhead Market has also been completed at a cost of £2.61 million with the management of the Market returning to the council.

CAPITAL FINANCING

3.8 Table 3 details the resources used to finance the Capital Programme.

Table 3: Capital Financing 2018/19

Resources	Capital Strategy	Revised December	Actual Out-turn
	£000	£000	£000
Borrowing	33,584	25,466	19,364
Capital Receipts	14,162	14,076	14,339
Grants	21,198	14,418	14,786
Business Rates	6,000	0	0
Revenue and Reserves	0	0	11
Total Resources	74,944	53,960	48,500

- 3.9 The re-profiling referred to earlier has seen the schemes and associated funding deferred until 2019/20.

CAPITAL RECEIPTS

- 3.10 Table 4 shows the movements in the Capital Receipts Reserve during 2018/19. Receipts for the year totalled £13.590 million with £0.923 million available at 31 March 2019.
- 3.11 In accord with the Capital Receipts flexibilities introduced by the Government capital receipts generated between 1 April 2016 and 31 March 2022 can be used to support transformation of services that results in efficiencies. This has been reflected in the Capital Programme for 2018/19 onwards.

Table 4: Capital Receipts Reserve

	£000
Balance as at 1 April 2018	1,672
Add: Receipts during the year	13,590
Less: Used to part fund the Capital Programme	-476
Less: Flexible use of receipts to fund transformation schemes	-13,863
Balance as at 31 March 2019	923

- 3.12 The balance is available, if required, to fund any Transformation Programmes allowed under the Council's "Use of Flexible Capital Receipts".

4.0 FINANCIAL IMPLICATIONS

- 4.1 The capital expenditure for the year amounted to £48.500 million. This was funded from borrowing of £19.364 million, Government Grants of £14.786 million, capital receipts of £14.339 million and revenue/reserves £0.011 million.
- 4.2 The re-profiling of schemes from 2018/19 to 2019/20 has seen the funding similarly re-profiled. This includes the planned borrowing which has been deferred and has contributed towards the in-year savings on Treasury Management activities within the revenue budget.

5.0 LEGAL IMPLICATIONS

- 5.1 There is a legal requirement to publish a report on the capital spend and financing at the end of each financial year

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 There are no staffing, IT or asset implications arising directly from this report.

7.0 RELEVANT RISKS

7.1 There are none associated with this report which provides a summary of the expenditure and financing of the Capital Programme in 2018/19. The Programme has been monitored throughout the year and by reports to Cabinet.

8.0 ENGAGEMENT/CONSULTATION

8.1 This is an end of year report. Consultation takes places as part of considering the capital programme and over the planning and implementation of the specific schemes within the Programme.

9.0 EQUALITIES IMPLICATIONS

9.1 There are no implications arising directly from this report which covers the overall programme and its funding for the financial year.

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REFERENCE MATERIAL

CIPFA Code of Practice on Local Authority Accounting in the UK 2018/19.
Local Government Act 2003 and subsequent amendments.
Local Government (Capital Finance and Accounting) Regulations 2008.
Accounts and Audit (England) Regulations 2015.

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Out-turn 2015/16	18 July 2016
Cabinet - Out-turn 2016/17	26 June 2017
Cabinet - Out-turn 2017/18	16 July 2018
Cabinet – Budget 2018/19	19 February 2018
Council – Budget 2018/19	5 March 2018
Cabinet – Capital Monitoring 2018/19	Quarterly reports

COLLECTION SUMMARY 2018/19

REPORT SUMMARY

This Appendix details the collection of Council Tax, Business Rates, Sundry Debtors, and Housing Benefit Overpayments. It also highlights key collection indicators and for irrecoverable sums, the sums that were written off under delegation and details of those debts for which Cabinet approval is sought to write off.

RECOMMENDATIONS

- a) That the sundry debts for Adults Social Services and Other Directorates detailed in the report be written-off against the Provision for Bad Debts.

ITEMS TO BE NOTED

- a) The decrease in Council Tax in-year collection rate from 95.5% in 2017/18 to 94.8% in 2018/19
- b) Increase in cash collected for Council Tax 2018/19 of £9.4m
- c) The Business Rates collection rate for 2018/19 of 97.9%; the same collection rate of 97.9% as attained in 2017/18
- d) The Sundry Debt arrears figure as at 31 March 2019 decreased by £3 million to £26 million

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 To inform Members of the collection activity undertaken in these areas.
- 1.2 Sums written off are approved either under delegation or by Cabinet.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The report presents a summary of the collection performance for 2018/19 and no other options were considered.

3.0 BACKGROUND INFORMATION

COUNCIL TAX

- 3.1 Work backlogs reduced throughout the year and various steps were taken to improve processing time and resources and this work is still underway with recruitment imminent. Although the in-year collection rate decreased from 95.5% in 2017/18 to 94.8% in 2018/19, an additional £9,415,611 was been collected in 2018/19, compared to 2017/18.

3.2 Collection Summary 2018/19

	£	£
Arrears brought forward 01/04/2018		19,438,669
Total Charge 2018/19		<u>192,230,075</u>
		211,668,744
Less credit brought forward 01/04/2018		<u>-1,545,854</u>
		210,122,890
Less adjustments	160,060	
Council Tax Support	-27,604,852	
Write-offs	-2,075,608	
		<u>-29,520,400</u>
		180,602,490
Add Refunds		1,620,794
Add Costs		<u>1,187,765</u>
		183,411,049
Less Cash received		<u>-162,381,041</u>
		21,030,008
Add Credit carried forward to 2019/20		<u>1,526,180</u>
Arrears carried forward 31/03/2019		<u>22,556,188</u>

Irrecoverable

- 3.3 Recovery of Council Tax is maximised wherever possible and year on year collection continues to be high. In some circumstances, however, cases need to be put forward for write off, for example where the liable person is deceased with no estate or the person cannot be traced.
- 3.4 In addition to normal on going recovery action, additional resources were allocated in 2018/19 to review all outstanding debt. This exercise highlighted debt that had been through all possible recovery action, including referral to Enforcement Agents and Trace Agencies. The only cases to be written off were ones where all recovery avenues had been exhausted, and as such no further cost-effective recovery action option is possible.

The Bad Debt provision for 2018/19 was £13.8 million. The write off categories are as follows; -

Category	2018/19	2017/18
	£	£
Deceased	69,236	108,016
Insolvency	282,059	431,504
Care Leavers	34,351	
Non-traceable	970,126	426,276
Uncollectable (old debt)	<u>719,836</u>	<u>4,005,390</u>
Total	<u>2,075,608</u>	<u>4,971,187</u>

3.5 Statistics

	<u>2018/19</u>	<u>2017/18</u>
Number of properties	148,853	148,271
Number of Council Tax Scheme Recipients	31,277	32,594
Council Tax Collection	94.8%	95.5%

BUSINESS RATES (NATIONAL NON DOMESTIC RATES)

3.6 The collection rate of 97.9% in 2018/19 which was equal to the collection rate attained in 2017/18.

3.7 Collection Summary 2018/19

	£	£
Opening Debit		93,077,461
Plus Balance Brought Forward		4,924,995
Less Credit Brought Forward		<u>-5,221,225</u>
		92,781,231
<u>Allowances</u>		
Assessment changes in year	-857,596	
Transitional Relief	1,219,023	
Empty relief exemptions	- 4,178,107	
Part Occupation relief	-4,099	
Void Property Relief	-280	
Charitable Organisations	-6,569,563	
Hardship	0	
Small Business Rate Relief (SBRR)	-9,777,075	
Multi Occupation SBRR	-35,994	
Local Disc/Flood/Retail	- 350,029	
Local Newspaper Relief	- 1500	
Enterprise Zone Discount	-75,926	
Re-Occupation Relief	0	
Write-Offs	<u>-774,207</u>	<u>-21,405,353</u>
		71,375,878
Add costs		<u>53,730</u>
		71,429,608
Less Payments Received		-75,624,319
Add Refunds		6,056,380
Add Credit c/fwd. to 2019/20		2,152,961
Add 2019/20 Prepayments (inc 18/19 cash received)		736 384
Balance Carried Forward		<u>4,751,014</u>

Irrecoverable

3.8 The Bad Debt provision for Business Rates is £3.1 million in 2018/19 and those written-off by category in 2018/19 were:-.

Category	<u>2018/19</u>	<u>2017/18</u>
	£	£
Absconded/Irrecoverable	166,153	214,204
Insolvency	608,984	760,578
Miscellaneous (including deceased)	<u>-930</u>	<u>803</u>
Total	<u>774,207</u>	<u>975,585</u>

3.9 Statistics

	<u>2018/19</u>	<u>2017/18</u>
Number of Properties on Valuation List	8,585	8,532
Rateable Value	£191,308,171	£190,141,397
New and Altered Property Notifications	295	291
Charge payers on Direct Debit	1,805	2,227
Collection Rate	97.9%	97.9%

3.10 The Council has an Enterprise Zone, Wirral Waters, which came into force on 1 April 2012.

3.11 The Birkenhead Business Improvement District (BID) includes 652 businesses in the Zone that pay a levy of 1.5% of the Rateable Value and covers a period of 5 years. In 2018/19 (year 3) the BID levy raised £431,943, which is reinvested to improve the BID area. The collection rate was 95.2%.

3.12 Wirral is part of the Liverpool City Region pilot whereby it will retain 99% of all Business Rates collected from 2018/19 with 1% being paid to the Fire Authority. There are now proposals that the government will roll out a 75% retention by all LA's in 2020/10.

3.13 The outcome of the Government review into Business Rates means that from April 2017 businesses with a Rateable Value of £12,000 or under do not pay Business Rates which affects some 5,500 business in Wirral. Whilst a further 500 businesses with a Rateable Value of £12,000 to £15,000 receive tapered relief. Properties with a Rateable Value of up to £51,000 pay the lower poundage.

3.14 As a result of the 2017 revaluation of non-domestic properties, some ratepayers were subject to substantial increases in the amounts payable and others substantial reductions. The Government introduced arrangements to phase the effects of these changes, setting limits on increases and reductions in bills. The limits continue to apply to yearly increases and decreases until the full amount becomes due, over the 4 year period.

3.15 The Chancellor of the Exchequer announced measures to help businesses in his budget statement on 8 March 2017 which are to help those affected by the revaluation of properties effective from 1 April 2017. On Wirral, the full amount of additional relief of £532k was awarded to support local businesses' in 2017/18 and again in 2018/19 the full amount was awarded to the value of £259k.

ACCOUNTS RECEIVABLE (SUNDRY DEBTS)

3.16 Accounts Receivable invoices, often referred to as Sundry Debtors, are issued in respect of a wide and varying range of services, including charges for Adult Social Care. In 2018/19, invoices totalling £113.9 million were raised and income of £105.3 million collected. 2018/19 saw the introduction of a new billing scheme for DASS Top- Up client, invoicing through the AR system.

3.17 Collection Statement

	2018/19 £	2017/2018 £
3.18 Balance Brought Forward at 01/04/2018	29,040,400	26,075,759
Net amount of Invoices	101,846,508	98,603,473
	130,886,908	124,679,232
Less Write-offs	281,786	2,026,308
	130,605,122	122,652,924
Payments Received	105,305,521	93,746,768
Adjustments	840,861	134,244
Balance carried forward at 31/03/2018	26,140,462	29,040,400

Included in the 2018/19 are invoices raised in the final days of March. For 2018/19 this involved invoices totalling £9.7 million.

Irrecoverable

- 3.19 Sums over the limit of delegation £1,000 and below £5,000 require Cabinet approval and for each case over £5,000 explanations are provided to Cabinet. (see Annex) The Bad Debt provision for 2018/2019 is £9.04m.
- 3.20 Sums totalling £281,786 are proposed for write off comprising £271,378 of Adult Social Services debtors and a further £10,408 of other Departmental debts.

Debt – Value	Adult Social Services		Other Directorates	
	Number	£	Number	£
<£1,000	636	125,129	22	2,812
£1,000-£5,000	41	98,660	3	7,596
>£5000	4	47,589		
Total	681	271,378	25	10,408

Write Off Reason	Adult Social Services		Other Directorates	
	No.	£	No.	£
Deceased	312	99,462	0	0
Dept. Advise	0	0	2	557
Irrecoverable	220	132,922	8	1,591
Liquidation	0	0	2	6,065
No Trace	0	0	1	93
Settlement	0	0	1	1,531
Small Amount	0	0	7	89
Statute Barred	71	38,316	0	482
Uneconomical	78	679	4	0
Total	681	271,378	25	10,408

HOUSING BENEFIT OVERPAYMENT DEBTS

3.21 The following Housing Benefit overpayment debts were written off in 2018/19.

Reason	No	£
Elderly	8	6,999
Bankrupt	81	61,009
Deceased	67	43,151
Statute Barred	73	38,014
Small Balance	110	1,637
Uneconomic to pursue	105	15,946
Total	444	166,756

Irrecoverable

3.22 Under delegated powers, the following have been written off in year: -

	£
Council Tax	2,075,608
Business Rates	774,207
Sundry Debtors	281,786
Housing Benefits Overpayments	<u>166,756</u>
Total	<u>3,298,357</u>

4.0 FINANCIAL IMPLICATIONS

4.1 Debts written off as irrecoverable are charged against the Council provisions for bad debts which are reviewed annually in accordance with the requirements of accounting practice. At 31 March 2018 the provision for Council Tax stood at £13.8 million, Business Rates £3.1 million and Sundry Debts £9.04 million.

5.0 LEGAL IMPLICATIONS

5.1 Those debts recommended for write-off have been agreed by the Head of Legal and Member Services.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

6.1 Staffing issues were raised to the Director of Finance & Investment in year. Recruitment is now underway to address resource deficit. There are no known IT or asset implications arising directly from this report.

7.0 RELEVANT RISKS

7.1 Debts are written off following rigorous recovery actions checks are exhausted. All write offs are reviewed by Head of Service and Senior Manager Income, Strategy and Policy before presentation to Director of Finance and Investment.

8.0 ENGAGEMENT/CONSULTATION

8.1 Relevant officers of the Council have been consulted in preparing this report.

9.0 EQUALITIES IMPLICATIONS

9.1 There are no implications arising directly from this report being a report on the overall financial affairs for the financial year just completed.

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ANNEX

Sundry Debtor Accounts – Write-Offs over £5,000

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Collection Summary 2013/14	7 July 2014
Cabinet - Outturn Collection Summary 2014/15	13 July 2015
Cabinet - Outturn Collection Summary 2015/16	18 July 2016
Cabinet - Outturn Collection Summary 2016/17	19 June 2017
Cabinet - Outturn Collection Summary 2017/18	16 July 2018

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CABINET

MONDAY, 22 JULY 2019

TREASURY MANAGEMENT ANNUAL REPORT 2018/19

Councillor Janette Williamson (Cabinet Member for Finance and Resources) said:

We have an excellent track record of investing public money to deliver a good return, and using the profits to support the services our residents rely on. I am pleased to bring this report to Cabinet which demonstrates this trend continuing.

An organisation the size of Wirral Council has a highly complex cashflow, with money coming in and out on a daily basis as services are provided and paid for. Our job is to manage those resources well, and make sure we maximise the interest we earn and the returns we can generate from sensible, targeted investments.

The return we get from these investments supports our services and goes towards offsetting the continuing reductions in support from Central Government.”

REPORT SUMMARY

The Authority’s treasury management activity is underpinned by CIPFA’s Code of Practice on Treasury Management (“the Code”), which requires the Authority to approve treasury management semi-annual and annual reports.

This report fulfils the Authority’s legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance.

Proactive Treasury Management activity has resulted in savings of £2.1 million. This is £1.0 million more than the estimated £1.1 million reported in the Treasury mid-year review. These savings were on top of the £3.8 million worth of Treasury Management savings already built into the 18/19 budget. The additional savings resulted due to a combination of increased investment income and securing lower cost loans. This means that the £2m saving in 2019/20 budget for increased income from Treasury Management has already been achieved.

The level of Capital Financing debt, including the Merseyside Residuary Body debt managed by the Council on behalf of the constituent authorities, was £174 million at 31 March 2018. This is a reduction of £90 million since 1 April 2012.

The Council has complied with the Prudential and Treasury Management Indicators as set out in the agreed Treasury Management Strategy for 2018/19.

This matter affects all Wards within the Borough.

The decisions in this report are key decisions.

RECOMMENDATIONS

- 1 That the Treasury Management Annual Report for 2018/19 be agreed; and
- 2 That the saving of £2.1 million from treasury and capital financing activities in 2018/19 be noted.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 Wirral has adopted the CIPFA Code of Practice on Treasury Management (“the Code”), which includes regular update reports to Members of treasury activity. This report is the annual review for 2018/19.
- 1.2 Under the Council’s Financial Regulations any surplus resources, including any additional income, are returned to General Fund Balances and so used to support the delivery of other Council services.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 There is a legal requirement to produce an Annual Report on Treasury Management activities so no other options have been considered.

3.0 BACKGROUND INFORMATION

- 3.1 Treasury management is defined by CIPFA as: “The management of the local authority investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 3.2 Cabinet approves the Treasury Management Strategy at the start of each financial year. This identifies how it is proposed to finance capital expenditure, borrow and invest in the light of capital spending requirements, the interest rate forecasts and the expected economic conditions. During the year Cabinet receives a mid-year report on treasury management activities and at the end of each financial year and an Annual Report.

ECONOMIC BACKGROUND

- 3.3 **Growth & Inflation:** UK Consumer Price Inflation (CPI) for February 2019 was up 1.9% year/year, just above the consensus forecast but broadly in line with the Bank of England’s February Inflation Report. The most recent labour market data for the three months to January 2019 showed the unemployment rate fell to a new low 3.9% while the employment rate of 76.1% was the highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.4% as wages continue to rise steadily and provide some upward pressure on general inflation. Once adjusted for inflation, real wages were up 1.4%.
- 3.4 After rising to 0.6% in the third calendar quarter from 0.4% in the second, fourth quarter economic growth slowed to 0.2% as weaker expansion in production, construction and services dragged on overall activity. Annual GDP growth at 1.4% continues to remain below trend. Whilst the economic growth consequences of leaving the EU remain speculative, there is uniformity in expectations that uncertainty over the UK’s future trade relations with the EU and the rest of the world will weigh on economic activity and business investment, constrain investment intentions and tighten credit availability.

- 3.5 A slowdown in economic growth in the EU, in both Germany and France, together with ongoing trade tensions between the US and China led the International Monetary Fund to downgrade its forecasts for potential global economic growth in 2019.
- 3.6 **Monetary Policy:** The Bank of England's Monetary Policy Committee (MPC) increased Bank Rate to 0.75% in August 2018. No changes to monetary policy have been made since.
- 3.7 **Market Reaction:** The increase in Bank Rate resulted in higher money markets rates. Gilt yields continued to display significant volatility over the period on the back of ongoing economic and political uncertainty in the UK and Europe. Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth is not just a UK phenomenon but a global risk. Further evidence of such market volatility can be seen by looking back at the stock markets, most notably equities. In December the FTSE 100 fell by around 13% in pure price terms, but since the turn of the year markets have rallied, with the FTSE 100 around 10% higher than at the end of 2018.

BORROWING AND DEBT MANAGEMENT

- 3.8 The Authority's underlying need to borrow as measured by the Capital Financing Requirement (CFR) at 31 March 2019 was £371.8 million.

	Balance at 01/04/18 £000	Matured Debt £000	New Borrowing £000	Balance at 31/03/19 £000
CFR	339,074			371,769
Outstanding Debt				
Short Term Capital Debt	9,965	(9,965)	5,233	5,233
Long Term Capital Debt	171,502	(12,646)	5,625	164,481
Total Capital Debt	181,467	(22,611)	10,858	169,714
Temporary Cashflow Loans	85,331	(85,331)	89,060	89,060
Other Long Term Liabilities	45,365	(2,947)	0	42,418
Total External Debt	312,163	(110,889)	99,918	301,192

- 3.9 The difference between the Capital Financing Requirement and the level of External Debt is the extent to which the Authority is 'internally borrowed'. This is where the Authority utilises its own resources rather than take on external borrowing.
- 3.10 Affordability and the "cost of carry" remained important influences on the borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the

money markets at rates of interest significantly lower than the cost of borrowing. As short-term interest rates have remained lower than long-term rates, it was more cost effective in the short-term to use internal resources instead.

- 3.11 The benefits of internal borrowing were monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose, the treasury management advisers, assist the Authority with this 'cost of carry' and breakeven analysis.
- 3.12 The chief objective when borrowing is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the long-term plans change, being a secondary objective.
- 3.13 Given the reductions in local government funding, the borrowing strategy continued to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.
- 3.14 As a consequence of the decision to borrow internally, the Authority's level of external long-term borrowing has reduced significantly over recent years. Utilisation of the short-term borrowing market has aided the policy of internal borrowing, whilst enabling the Council to have enough liquidity at a lower cost compared to the longer-term loan market.
- 3.15 With external borrowing reducing, the annual cost of financing this debt has also fallen year on year, generating savings, as illustrated below. These cost reductions, coupled with the deferral of further borrowing costs through internal borrowing provided substantial one-off savings.

Year ending 31st March	Capital Financing Loans £m	Annual Interest Cost £m
2012	264.3	10.9
2013	247.2	10.5
2014	217.2	9.8
2015	204.2	9.4
2016	199.4	9.2
2017	190.9	9.1
2018	181.8	9.0
2019	173.9	8.9

- 3.16 At 31 March 2019 the total external debt included £31.3 million for the Merseyside Residuary Body debt, which is repayable by other external organisations, which is administered by the Authority (£35.7 million at 31 March 2018).
- 3.17 The following table shows the capital financing loans repaid during the year.

Loans maturing in 2017/18	Principal £m	Fixed/ Variable	Rate %	Loan start date	Terms
*PWLB	5.00	Fixed	4.75	March 1999	Maturity
PWLB	0.13	Fixed	2.16	February 2019	E I P
PWLB	0.50	Fixed	3.04	February 2010	E I P
PWLB	0.50	Fixed	2.94	March 2010	E I P
PWLB	0.50	Fixed	1.89	October 2010	E I P
PWLB	0.50	Fixed	2.30	November 2011	E I P
SALIX	0.70	Fixed	0.00	October 2015	E I P
Total Maturing Borrowing	7.83				

Note: Equal Instalments of Principal (EIP) loans are loans that are repaid in equal instalments spread over the duration of the loan. Maturity loans are repaid in full at the maturity date of the loan.

- 3.18 During 2018/19 an opportunity was taken to refinance a long-term bank loan, on reduced settlement terms. The Council repaid a bank loan of £6 million running at an interest rate of 4.75% and replaced it with a PWLB loan with an interest rate of 2.16%.
- 3.19 The average rate of interest paid on long term borrowings as at 31 March 2019 was 5.84% (5.83% for 2017/18) and the average life is 27 years, (29 years in 2017/18). It should be noted that the average rate calculation excludes the benefit received from the policy of using internal borrowing to delay borrowing for capital financing purposes. This incurs a £nil borrowing cost at the expense of foregone investment income (approximately 1% at 31 March 2019) and if included would reduce the average rate.
- 3.20 Temporary, short dated loans, predominantly from other local authorities remain affordable and attractive for periods of low cash flow.

Other Long-Term Liabilities

- 3.21 Other Long-Term Liabilities relates to the schools Private Finance Initiative (PFI) scheme. Under the International Financial Reporting Standards (IFRS) these items are now shown on the Balance Sheet as a Financial Liability and therefore need to be considered within any Treasury Management decision making process.
- 3.22 As at 31 March 2019 the PFI liability was valued at £42.4 million to be repaid by 2031.

Minimum Revenue Provision (MRP)

- 3.23 The amount of MRP charged during the year is determined in the main by the Capital Financing Requirement (CFR). The Council takes a prudential approach the management of the repayment of long-term borrowing debt. The aim is to minimise the financial commitment to the revenue budget, over the long term, of the cost of meeting the capital financing requirement of the capital

programme. This reserve has been created in 2018/19 following a debt payment review that examined past capital financing requirements and reprofiled the requirements for the funding of the consequences of this past borrowing. Consequently, this reserve holds the funding that has resulted from the assessment and the re-profiling debt payments over the long term. These annual revenue payments will be funded from an annual release of a specific amount from this reserve. The reserve is still subject to External Audit and in the event this treatment is not in line with their agreement, future years provision for MRP will instead be reduced to the same value.

INVESTMENT ACTIVITY

- 3.28 Both the CIPFA and the CLG's Investment Guidance require the Authority to invest prudently and have regard to the security and liquidity of investments before seeking the optimum yield. The following table summarises the investment activity during the year.

Investment Counterparty	Balance 01/04/18 £000	Investments Made £000	Maturities £000	Balance 31/03/19 £000	Credit Rating
UK Local Authorities	5,000	-	(5,000)	-	AA
Banks	6,000	29,833	(28,555)	7,278	AA-
	3,000	92,644	(90,644)	5,000	A+
	3,000	35,495	(38,495)	-	A
Building Societies	3,000	1,000	(4,000)	-	Unrated
Money Market Funds	22,650	313,345	(315,168)	20,827	AAA
Corporate	1,650	300	(400)	1,550	Unrated
Externally Managed Funds	6,000	1,000	-	7,000	AAA
Total	50,300	473,617	(482,262)	41,655	

Note 1: Any unrated Building Societies utilised have been independently assessed as credit worthy

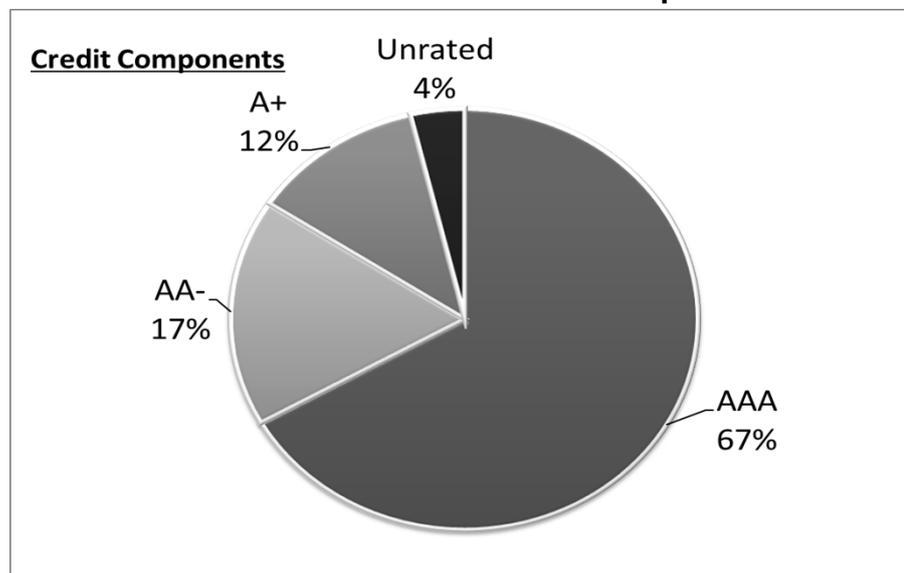
Note 2: Unrated Corporate investments are cash flow facilities backed by suitable financial guarantees.

- 3.29 Security of capital remained the main investment objective. This was maintained by following the counterparty policy set out in the Treasury Management Strategy Statement for 2018/19 which defined "high credit quality" organisations as those having a long-term credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher.
- 3.30 Counterparty credit quality was assessed and monitored with reference to credit ratings (the Authority's minimum long-term counterparty rating for 2018/19 was

A- across rating agencies Fitch, S&P and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

- 3.31 The following chart shows the credit composition of the Council's investment portfolio as at 31 March 2019:

Chart 1: Investment Portfolio – Credit Components



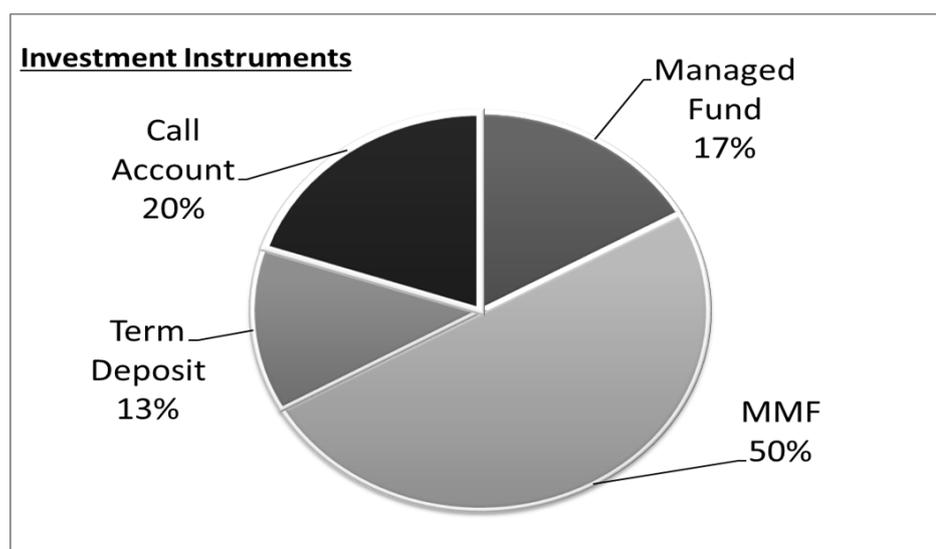
Note: 'Unrated' components relate to Building Societies and Corporate investments that despite the absence of a formal rating, are either deemed credit worthy due to analysis of their performance over a variety of credit metrics or backed by suitable financial guarantees. These institutions are subject to a lower counterparty limit than those with formal credit ratings.

- 3.32 Investments with Banks and Building Societies were primarily call accounts and fixed-rate term deposits. The maximum duration of any new investment was constantly reviewed in line with the prevailing credit outlook during the year as well as market conditions.
- 3.33 The outlawing of bail-outs, the introduction of bail-ins, and the preference being given to large numbers of depositors other than local authorities means that the risks of making unsecured deposits has risen relative to other investment options. The Authority included further options for investment diversification in the Treasury Management Strategy Statement for 2018/19. In keeping with the MHCLG Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds and the use of call accounts.
- 3.34 The Authority also has investments in externally managed cash plus funds, a strategic bond fund and a pooled property fund, which allow the Authority to diversify into asset classes other than cash with the need to own and manage the underlying investments. The funds which are operated on a variable net asset value (VNAV) basis offer diversification of investment risk, coupled with the services of a professional fund manager; they also offer enhanced returns over the longer term but are more volatile in the short-term. The Authority's

pooled fund investments are in the respective fund's 'distributing' share class which pay out the income generated.

- 3.35 Although money can be redeemed from the pooled funds at short notice, the Authority's intention is to hold them for the medium-term. Their performance and suitability in meeting the Authority's investment objectives are monitored regularly and discussed with Arlingclose.
- 3.36 For diversification purposes the Treasury Management team invest in a variety of counterparties and financial instruments to help mitigate counterparty and liquidity risks. A summary of the instruments invested in follows:

Chart 2: Investment Portfolio – Financial Instruments



- 3.37 As stated in the Revenue Monitoring reports the budgeted investment income for the year estimated at £0.56 million was unlikely to be achieved. The final income for the year was £0.38 million (£0.30 million in 2017/18) with the reduction due to: -
- a) The continuing policy of achieving larger savings by relying on internal borrowing to temporarily fund and thereby delay borrowing for the Capital Programme, which also reduces balances available to put into investments.
 - b) Low interest rates offered for investments.
- 3.38 The level of investment income does not reflect the savings of an estimated 2.5% on delayed borrowing for amounts internally borrowed. Despite the UK Bank Rate being raised to 0.75% in August 2018, interests rates have remained at historically low levels. The return on investments, along with our policy of internally borrowing, reflects prevailing market conditions and the objective of optimising returns commensurate with the principles of security and liquidity.

Credit Rating Developments

- 3.39 The statutory deadline for UK banks' ring-fencing passed on the 1st January 2019. The ringfencing of the big four UK banks (Barclays, Bank of Scotland/Lloyds, HSBC and RBS/NatWest Bank plc) transferred their business lines into retail (ringfenced) and investment banking (non-ringfenced) entities.
- 3.40 Credit Default Swaps (CDS) can be used as a measure of the financial markets view of the financial health of a banking institution, the higher the CDS the higher the uncertainty level. CDS prices drifted up towards the end of 2018 on the back of Brexit uncertainty before declining again in 2019 and continuing to remain low in historical terms.
- 3.41 In February, Fitch put the UK AA sovereign long-term rating on Rating Watch Negative as a result of Brexit uncertainty, following this move with the same treatment for UK banks and several government-related entities. There were minimal other credit rating changes during the period. Moody's revised the outlook on Santander UK to positive from stable to reflect the bank's expected issuance plans which will provide additional protection for the its senior unsecured debt and deposits.

Readiness for Brexit

- 3.42 With little by way of political clarity as to the exact date on whether there would be an agreed deal prior to leaving the EU and to be prepared for the outside chance of a particularly disruptive Brexit (such as last-minute no-deal) on 29th March, the Authority ensured there were enough accounts open at UK-domiciled banks and Money Market Funds to hold sufficient liquidity over the year end and that its account with the Debt Management Account Deposit Facility (DMADF) remained available for use in an emergency..
- 3.43 The Authority's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short- and long-term borrowing was maintained.

Non-Treasury Investments

- 3.44 The Treasury Management Code definition of 'investments' has been widened to include financial assets as well as non-financial assets held primarily for financial returns such as investment property. These, along with other investments made for non-treasury management purposes such as loans supporting service outcomes and investments in subsidiaries, must be discussed in the Capital Strategy or Investment Strategy. Additional risks of such investments are to be set out clearly and the impact on financial sustainability is to be identified and reported.

COMPLIANCE WITH PRUDENTIAL & TREASURY INDICATORS

- 3.47 The Authority confirms that it has complied with its Prudential Indicators and Treasury Management Indicators for 2018/19, which were approved on 19

February 2018 as part of the Treasury Management Strategy Statement. Details can be found in the Appendix.

- 3.48 In compliance with the requirements of the CIPFA Code of Practice this report provides Members with a summary report of the treasury management activity during 2018/19. None of the indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

4.0 FINANCIAL IMPLICATIONS

- 4.1 In the financial year 2018/19 proactive treasury management activities produced a one-off saving of £2.1 million.

- 4.2 Capital financing debt has reduced to £174 million, a decrease of £90 million since 2012, despite additional annual Capital commitments. This has also contributed to the generation of substantial savings.

- 4.3 Investment income has also helped to generate resources for service delivery.

5.0 LEGAL IMPLICATIONS

- 5.1 The Council's has adopted the CIPFA Code of Practice on Treasury Management. This requires the annual production of Prudential Indicators and a Treasury Management Strategy Statement and the reporting of treasury management activities at least twice a year.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 There are none arising directly from this report.

7.0 RELEVANT RISKS

- 7.1 The Council is responsible for treasury decisions and activity and none of these decisions are without risk. The successful identification, monitoring and control of risk are important and the main risks are:-

- Liquidity Risk (Inadequate cash resources).
- Market or Interest Rate Risk (Fluctuations in interest rate levels).
- Inflation Risk (Exposure to inflation).
- Credit and Counterparty Risk (Security of investments).
- Refinancing Risk (Impact of debt maturing in future years).
- Legal and Regulatory Risk.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 There has been no specific consultation with regards to this report.

9.0 EQUALITY IMPLICATIONS

- 9.1 There are none arising directly from this report.

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APPENDICES

Appendix Prudential & Treasury Indicators 2018/19

BACKGROUND DOCUMENTS

SUBJECT HISTORY

Council Meeting	Date
Treasury Management Annual Report 2017/18	16 July 2018
Treasury Management Strategy Statement 2018/19	19 February 2018
Treasury Management Mid-Year Report 2018/19	26 November 2018

PRUDENTIAL INDICATORS 2018/19

(a) Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Authority adopted the principles of best practice.

The Council has previously approved the adoption of the revised CIPFA Treasury Management Code 2017 Edition.

(b) Capital Expenditure

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and in particular, to consider the impact on Council Tax.

Expenditure	31/03/19 Actual £m	31/03/20 Estimate £m	31/03/21 Estimate £m
General Fund	48.5	91.3	29.3

Capital expenditure has or will be funded as follows:

Capital Financing	31/03/19 Actual £m	31/03/20 Estimate £m	31/03/21 Estimate £m
Capital receipts	14.3	0.0	0
Grants and Contributions	14.8	41.1	17.6
Revenue and Reserves	0.0	0	0
Unsupported borrowing	19.4	50.2	11.7
Total Funding	48.5	91.3	29.3

(c) Capital Financing Requirement (CFR)

Estimates of the Authority's cumulative maximum external borrowing requirement for 2018/19 to 2020/21 are shown in the table below:

Capital Financing Requirement	31/03/19 Actual £m	31/03/2020 Estimate £m	31/03/2021 Estimate £m
General Fund	371.8	408.3	404.3

(d) Gross Debt and the Capital Financing Requirement:

In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of Capital Financing Requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next

two financial years. This is a key indicator of prudence.

Debt	31/03/2019 Actual £m	31/03/2020 Estimate £m	31/03/21 Estimate £m
Borrowing	258.8	306.1	314.1
PFI liabilities	42.4	39.5	36.5
Total Debt	301.2	345.6	350.6
Borrowing in excess of CFR?	No	No	No

Total debt is expected to remain below the CFR during the forecast period.

(e) Authorised Limit and Operational Boundary for External Debt

The Operational Boundary for External Debt is based on the Authority's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring. Other long-term liabilities relate to the Private Finance Initiative that are not borrowing but form part of the Authority's debt.

The Authorised Limit for External Debt is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

There were no breaches to the Authorised Limit and the Operational Boundary during 2018/19.

	Operational Boundary (Approved) 31/03/2019 £m	Authorised Limit (Approved) 31/03/2019 £m	Actual External Debt 31/03/2019 £m
Borrowing	404.0	414.0	258.8
Other Long-term Liabilities	58.0	63.0	42.4
Total	462.0	477.0	301.2

(f) Ratio of financing costs to net revenue stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The ratio is based on costs net of investment income.

Ratio of Finance Costs to Net Revenue Stream	2018/19 Actual %	2019/20 Estimate %	2020/21 Estimate %
Ratio	6.27	7.38	8.07

(g) Incremental Impact of Capital Investment Decisions

This is an indicator of affordability that shows the impact of capital investment decisions on Council tax levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with the equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2018/19 Actual £	2019/20 Estimate £	2020/21 Estimate £
Increase in Band D Council Tax	4.88	8.22	22.59

TREASURY MANAGEMENT INDICATORS

(h) Maturity Structure of Fixed Rate Borrowing

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Lower Limit	Upper Limit %	Actual Fixed Rate Borrowing at 31/03/19 £m	Actual Fixed Rate Borrowing at 31/03/19 %
Under 12 months*	0	80	181.8	70.2
12 months and within 24 months	0	50	3.6	1.4
24 months and within 5 years*	0	50	21.6	8.4
5 years and within 10 years	0	50	6.7	2.6
10 years and over	0	100	45.1	17.4
Total			258.8	100.0

*LOBO loans have been included at their next possible call date, which range between 1 month and 5 years.

(i) Upper Limits for Fixed and Variable Interest Rate Exposure

These allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on the portfolio of investments.

Interest Rate Exposure	Fixed Rate of Interest	Variable Rate of Interest	Total
Borrowings	£169.7	£89.1m	£258.8m
Proportion of Borrowings	66%	34%	100%
Upper Limit	100%	100%	
Investments	£5.6m	£36.1m	£41.7m
Proportion of Investments	13%	87%	100%
Upper Limit	100%	100%	
Net Borrowing	£164.1m	£53.0m	£217.1m
Proportion of Total Net Borrowing	76%	24%	100%

j) Total principal sums invested for periods longer than 364 days

This indicator allows the Council to manage the risk inherent in investments longer than 364 days and for 2018/19 the limit was set at £75 million.

As at 31 March 2019 the Council had £1.6 million that potentially could be invested for longer than 364 days.