

Business Planning / MTFS Options 2021/22 – 2025/26

PL20/01

Please fill this pro forma out fully. It is important that options brought forward from Stage 1 are worked up into fuller, more robust proposals that are fit for progression to the formal decision-making process.

Title of Option:	Selective Licensing Scheme		
Priority:	Place	Responsible Officer:	Gavin Douglas
Affected Service(s) and AD:	Eubert Malcolm	Contact / Lead:	Gavin Douglas

Description of Option:

- What is the proposal in essence? What is its scope? What will change?
 - What will be the impact on the Council's objectives and outcomes (please refer to relevant Borough Plan 2019-23 objectives and outcomes, and Borough Plan Evidence Packs)
 - How will the proposal deliver the benefits outlined?
- [Proposals will be mapped to the any new Borough Plan Priorities/Objectives/Outcomes as they emerge – please take account of any likely changes when framing proposals]

Selective Licensing will mean that any private rented property within a selected area will require some type of Licence. Selective Licensing is an aspiration in the Borough plan.

The overall aim is to improve living standards and make landlords accountable for the management of their properties.

A licensing scheme fees can only be used for the functions and administration of the scheme itself.

The saving relate to a proportion of some existing costs of established positions. The licensing scheme cannot make a profit only cover the costs of administering the scheme and ensuring compliance.

Combining HMO Licensing and the proposed Selective Licensing systems and processes will allow for increased efficiency and further existing substantive base budget costs have been found that can be offset . If agreed there will be a positive impact on the Council's objectives and outcomes.

Financial Benefits Summary

Please provide indicative financial benefits information, including any initial investment costs below. Where figures are speculative and require further detailed work to refine these, please indicate this in the text box below.

Revenue Impacts <i>All figures shown on an incremental basis</i>	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	Total £000s
New net additional savings	-	100	-	-	-	100

Initial One-Off Investment Costs	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	Total £000s
Total	70	-	-	-	-	50

Financial Implications Outline

- How have the savings above been determined? Please provide a brief breakdown of the factors considered.
- Is any additional investment required in order to deliver the proposal?
- If relevant, how will additional income be generated and how has the amounts been determined?
- Please describe the nature of one off implementation costs (if applicable)

The additional savings have been identified by the increased efficiency of administration which are offset against officer costs that have contributed to selective licensing programme.

Selective Licensing requires a in-depth project analysis document to be produced which will be used by the MCHLG to assess whether our proposal for selective licensing meets the legal criteria.

The savings will be met from a reduction of core staffing funding gross budget in 2022/23.

To maximise the use of additional fee income recharges for ancillary services such as ASB enforcement officers (noise, nuisance, waste, anti-social behaviour) and corporate overheads will be charged against the licence fees. Training costs will be applicable during service delivery. End of scheme redundancy costs may become applicable after the five year period and sufficient reserve should be maintained to cover this potential cost.

Delivery Confidence – Stage 1

At this stage, how confident are you that this option could be delivered and benefits realised as set out? (1 = not at all confident; 5 = very confident)	3 the scheme is subject to consultation, cabinet approval and Government approval . There should be no inference made by this proposal that a scheme will be delivered and no predetermination of outcomes
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Indicative timescale for implementation

Est. start date for consultation DD/MM/YY	09/01/2020	Est. completion date for implementation DD/MM/YY	31/03/2022
Is there an opportunity for implementation before April 2021? Y/N ; any constraints?	No		

Implementation Details

- How will the proposal be implemented? Are any additional resources required?
- Please provide a brief timeline of the implementation phase.
- How will a successful implementation be measured? Which performance indicators are most relevant?

Implementation requires consultation on the proposal which has been approved by Cabinet. Once consultation is complete a business case has to be made to MHCLG for approval and must be agreed by Cabinet. Existing HMO scheme does not have the income for a one off fee and the HMO scheme cost can not be used for Selective Licensing. Success will be measured by; the number of applications received declaring compliance.

Impact / non-financial benefits and disbenefits

What is the likely impact on customers and how will negative impacts be mitigated or managed?

List both positive and negative impacts. Where possible link these to outcomes (please refer to relevant Borough Plan 2019-23 objectives and outcomes)

Positive Impacts

- Licences require landlords to meet conditions throughout the licence period. Failing to comply with licence conditions is an offence.
- Drives up Living Standards.
- Increases available resource for Local Authorities to regulate.
- Licence holder who must be a fit and proper person to be responsible for the property.
- Significant enforcement tool to ensure Landlords take an active role in the management of their tenants and their property.
- A licence is for a maximum 5 year period but can be varied to shorter lengths by the local authority as a penalty for non-compliance.
- A public register of all licence holders contact details must be held by the authority and made available to the public. This is a very good tool for tenants to check the landlord before they take on a property. It allows the public to see if a property is licenced within their community and report it if it is not. It allows other Council services working with landlords to very quickly ascertain who is responsible for a property or an offence.

Negative Impacts

Businesses may feel that this is a business tax against a poor outlook investment wise for the private rented sector. Mortgage income can not be of set against properties.

Landlords might pass on the costs to tenants.

However there is no evidence of this in other schemes or reviews that this is the case.

What is the impact on businesses, members, staff, partners and other stakeholders and how will this be mitigated or managed? How has this been discussed / agreed with other parties affected?
List both positive and negative impacts.

Positive Impacts

More level playing field for compliant businesses as focus of scheme will be to drive up standards.

Negative Impacts

Impact on private sector housing businesses will be more difficult to implement through a recession.

How does this option ensure the Council is able to meet **statutory requirements**?

The Council will still be in a position to meet its statutory requirements and the remodelling exercise, will see further efficiencies within the service. The service will not be required to inspect all properties but will identify and target higher risk properties for any inspection.

Risks and Mitigation

What are the main risks associated with this option and how could they be mitigated?(Add rows if required)

Risk	Impact (H/M/L)	Probability (H/M/L)	Mitigation
Consultation	H	H	can not be mitigated
MHCLG reject business case	H	M	Strong evidence base requiring transformation monies and
legal challenge from Landlords	H	M	Follow Legal processes and evidence base
Alienate Landlords	M	L	Landlord engagement

Has the EqIA Screening Tool been completed for this proposal? The Screening Tool should be completed for all Options at Stage 1. EqIA Screening Tool	yes
Is a full EqIA required? Full EqIAs to be undertaken at Stage 2	yes

Reviewed by		
Director / AD		[Comments]
[name]	Signature:	
	Date:	
Finance Business Partner		[Comments]
[name]	Signature:	
	Date:	