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To all Members of the Cabinet
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To all members of the Cabinet

Cabinet: Wednesday 12 November 2014 – “To Follow” Papers

Please find attached the following reports listed as “To Follow” on the agenda for the Cabinet meeting taking place next Wednesday 12th November:

Agenda Item 6: SEPTEMBER REVENUE MONITORING 2014/15 AND FINANCIAL UPDATE (Key decision – reference number 3950) (Pages 1 - 32)

Agenda Item 8: BOROUGH-WIDE ADDITIONAL LICENSING SCHEME FOR PRIVATE SECTOR LANDLORDS (Key decision – reference number U189/KD4026) (Pages 33 – 66)

I hope this is clear, but if you should have any queries on the arrangements for next Wednesday’s Cabinet meeting then please contact me.

Many Thanks

James Kinsella

(Governance Team Manager)

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MUNICIPAL YEAR 2014/2015 REPORT NO:112**MEETING TITLE AND DATE:**Cabinet: 12th November 2014**Report Of:**

Director of Finance, Resources and Customer Services

Contact:

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AGENDA PART 1**ITEM 6****Subject: Revenue Monitoring Report
2014/15: September 2014 &
2015/16 Financial Update****Wards: All****Councillors Consulted:****Councillor Stafford****1. EXECUTIVE SUMMARY**

- 1.1 This report sets out the Council's revenue budget monitoring position based on information to the end of September 2014. The report forecasts an outturn position of £2.5m overspend for 2014/15 subject to action plans to contain budget pressures.
- 1.2 It also updates Cabinet on the Medium Term Financial Plan and the budget consultation.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Notes the £2.5m overspend revenue outturn projection
- 2.2 Notes that specific work is in hand to identify mitigating actions for the projected overspends within Schools & Children's Services and Finance, Resources & Customer Services.
- 2.3 Notes the progress made to date in the preparation of the 2015/16 budget.
- 2.4 Agrees the new savings proposals for 2015-16 set out in Appendix D.

3. BACKGROUND

- 3.1 This report updates Cabinet on the financial outlook for the Council taking into account the Council's regular revenue monitoring report to the Corporate Management Board and Cabinet. The monitoring reports provide a snapshot of the revenue position for each Department and for the Council as a whole, and provide information on any projected additional budget pressures and risks, or any significant underspends both in the current and future years. In addition, future financial pressures and opportunities are constantly reviewed so as to update the Council's Medium Term Financial Plan and provide a basis for setting the following year's revenue budget and council tax.

Revenue Monitoring 2014/15

- 3.2 The Revenue Monitoring Report is a result of the monthly monitoring process carried out by Departments, which is based on the following principles to ensure accuracy, transparency and consistency:

- Risk assessments, to enable greater emphasis to be placed on high-risk budgets throughout the year.
 - Comparisons between expenditure to date, current budgets and budget profiles.
 - Expenditure is predicted to the year-end, taking account of seasonal fluctuations and other determinants of demand.
 - The ‘Key Drivers’ that affect, particularly, the high-risk budgets are monitored and reported to Department Management Teams.
 - Action plans to deal with any areas that are predicting or experiencing problems staying within agreed budgets are produced.
- 3.3 This report provides information on the main budget variances and their causes that are affecting the Council across all departments. Although a full budget monitor is carried out each month, the variations in this report are deliberately limited to +/- variances of £50,000 or over in order to provide a greater strategic focus.
- 3.4 A summary overview of financial performance is outlined below in Table 1. The intention of this is to provide the key highlight messages in a “dashboard” style summary. It is designed to capture the key messages across the Council's main financial areas, namely:
1. Income and expenditure;
 2. Balance sheet (liquidity, debtor/creditor management, investments and use of balances); and
 3. Cash flow forecasting and management.

Table 1: Summary performance overview

Area of review	Key highlights	Risk Rating		
		July	Aug	Sept
Income and expenditure position	<ul style="list-style-type: none"> • Year-end forecast variances of £2.5m overspend have been identified to date in relation to General Fund net controllable expenditure. Budget variances identified to date will need to be managed closely to ensure timely appropriate action can be taken. 	Red	Red	Red
	<ul style="list-style-type: none"> • Budget profiling across all departmental budgets will continue to be applied in order to better reflect predicted net spending patterns throughout the year. This will change to green when we are satisfied that the profiles for 14-15 are correct. 	Amber	Amber	Amber
	<ul style="list-style-type: none"> • The HRA is projecting a £346k surplus for year-end outturn against budget. 	Green	Green	Green
Balance Sheet	<ul style="list-style-type: none"> • The current profile of cash investments continues to be in accordance with the Council's approved strategy for prioritising security of funds over rate of return. 	Green	Green	Green
	<ul style="list-style-type: none"> • The year-end projections for General Fund balances assumed in the Council's Medium Term Financial Strategy will be dependent on bringing the income and expenditure back to the planned spending position. 	Green	Amber	Amber
Cash flow	<ul style="list-style-type: none"> • The Council's cash balances and cashflow forecast for the year (including borrowing) will ensure sufficient funds are available to cover planned capital and revenue commitments when they fall due. 	Green	Green	Green
	<ul style="list-style-type: none"> • Interest receipts forecast for the year are on target with budget. 	Green	Green	Green

4. September 2014 Monitoring – General Fund

4.1 A summary of the departmental and corporate projected outturns and variances against budget is set out in Table 2 as follows:

Table 2: Forecast Outturn Table- Net Controllable Budget / Spend

September 2014	Net Controllable Budget				
	Original Budget	Approved Changes	Approved Budget	Projected Outturn	Projected Variation
Department	£000s	£000s	£000s	£000s	£000s
Chief Executive	3,423	0	3,423	3,423	0
Environment	27,405	1,685	29,090	29,262	172
Finance, Resources & Customer Services	46,668	568	47,236	47,738	502
Health, Housing and Adult Social Care	92,094	61	92,155	92,155	0
Schools & Children's Services	49,635	1,880	51,515	53,357	1,842
Total Department Budgets	219,225	4,194	223,419	225,935	2,516
Collection Fund	319	0	319	319	0
Corporate Items	33,986	(4,194)	29,792	29,792	0
Government Funding	(155,932)	0	(155,932)	(155,932)	0
Council Tax Requirement	97,598	0	97,598	100,114	2,516

The current forecast is an overspend of £2.5m. Departments must implement savings to stay within budget. The Council also maintains a working balance and specific reserves with which to deal with short term financial pressures. Ongoing pressures are built into the Medium Term Financial Plan and managed via the budget process (as discussed later in this report).

5. DEPARTMENTAL MONITORING INFORMATION

Each department's detailed monitoring report is contained in Appendix A. Any department forecasting an overall overspend must formulate and implement action plans to remain within budget in 2014/15. Each department's outturn position is summarised below along with proposed actions to address overspends.

5.1 Chief Executive's Department (Appendix A1)

The department is currently projecting a level spend.

5.2 Regeneration & Environment (Appendix A2)

The department is currently projecting an overspend of £172k, explanations for variances over £50k are detailed in Appendix A.

5.3 Finance, Resources & Customer Services (Appendix A3)

Finance, Resources & Customer Services are currently projecting an overspend in 2014/15 of £0.5m. This projection is largely due to the loss of income from across the commercial portfolio. This is as a result of redevelopment of commercial properties and continuing difficult market conditions. The position should improve in the long term once redevelopments are completed and the commercial property market recovers fully from the economic recession. The Council has provided sufficient reserves to meet this pressure in 2014/15.

5.4 Health, Housing & Adult Social Care (Appendix A4)

The department is forecasting a balanced budget at year end. Currently there is a pressure of £1.5m which will be addressed through additional actions to return to run rate balance. The main forecast overspends, based upon prudent projections, are in Learning Disabilities (£0.8m), Older People and Physical Disabilities (£0.9m). The budget will continue to be managed throughout the year to reduce the forecast overspend and utilise specific HHASC reserves to meet any unavoidable cost pressures.

Community Housing

There is currently a projected nil variance for 2014/15. This is made up of £785k overspend funded by £785k specific contingency balances available, plus funding from existing reserves from within the division. This area of spend remains volatile and there has been a significant increase in the number of families placed in more expensive nightly paid temporary accommodation this year (2,340 compared to the budget of 2,059 in temporary accommodation as per the information available in September 2014 - an increase of 14%).

5.5 Schools & Children's Services (Appendix A5) Departmental (General Fund Budget)

Schools and Children's Services are currently projecting a pressure of £1.842m. This arises due to increased demand for Children's services including Care Placements for Looked after Children and Leaving Care Costs (£1.5m), Social Work Teams (£0.3m) and Unaccompanied Asylum Seeking Children (UASC) and UASC aged 18+ (£0.26m). Management actions as previously reported continue to be applied in order to manage the budget and these have contributed savings elsewhere in the budget in order to minimise the forecast overspend. However numbers have risen again this month and, as previously reported, the upward trend of the demographic pressures and the increasing numbers of children presenting with complex needs are still expected to result in a significant overspend at year end. The London Directors of Children's Services are currently compiling opportunities for the further lobbying of central government in relation to these additional pressures.

5.6 Schools Budgets (Appendix A6)

These variations do not form part of the General Fund position but are reported for information.

6. OTHER GENERAL FUND ITEMS

6.1 Treasury Management and cash flow analysis

The Council has started to re-finance its short-term borrowing early in order to off-set the likely increase in the Bank of England interest which is expected to rise by the end of the calendar year.

The Treasury Management strategy continues to take a cautious approach to investing surplus funds, we spread deposits over a number of approved financial institutions (at present 11 different financial institutions). The increased level of diversity has a small negative effect on interest receipts, however, it provides a more secure and risk adverse approach and is line with ongoing concerns around the capitalisation levels of banks. A Cashflow summary position is set out in Appendix B.

6.2 Corporate Items (Including Contingency) General Fund

The Council maintains a general contingency of £1.0m. The current balance remaining is £0.5m.

7. Housing Revenue Account (HRA) – Projected £346k surplus

The overall HRA position is projected to be a surplus of £346k. There are three main areas of underspend – Right to Buy (RTB) Income, Repairs and Maintenance (R&M) and Supervision & Management (S&M) Special.

As previously reported, the RTB's forecast remains unchanged at 200 for 2014/15, giving total admin income of £570k. After adjustment for the budgeted costs and additional RTB admin and legal costs the projected surplus remains at £426k.

The projected underspend of £139k on S&M Special is made up of a projected underspend of £100k on energy costs and £39k in total on Sheltered Housing.

The current Repairs & Maintenance monitoring shows a projected underspend of £124k, a £67k reduction from the previous month, due to the impact of the review of the Northgate contract extensions on jobs, overheads and profits of the current contractors. There is a risk this underspend may reduce if there is a severe winter and an increase in responsive works.

As reported in the last month's monitor, the remaining balance of the underspend comes mainly from the refund of incorrectly charged Business Rates of £83k and an underspend of £30k in the under occupation budget.

The expected increase in Leaseholder Service Charges of £350k (due to more efficient billing and increase in the number of leaseholders), has now been offset by the half year adjustments for 2013/14 actuals and no increase is now expected.

It is anticipated that there will be additional council tax payable of £100k on empty properties. The Rents Dwellings income is forecast to under recover by £380k, this is an increase of £30k from last month and is due to an increase in the number of decants and RTBs.

8. ACHIEVEMENT OF SAVINGS

8.1 The 2014/15 Budget Report included new savings and the achievement of increased income totalling £11.0m to be made in 2014/15. To date £8.6m of savings (78%) are classified as Blue or Green (on course for full achievement). £2.2m are currently Amber with £0.12m currently classed as Red. Appendix C provides supporting information for the Amber / Red savings. The overall savings position in terms of traffic light classifications is set out below:

Table 3: New Savings Monitor - Summary Position September 2014

Department	Red		Amber		Green		Blue		Total
	£000's	%	£000's	%	£000's	%	£000's	%	£000's
Chief Executive	0	0%	0	0%	(200)	100%	0	0%	(200)
Environment	(125)	8%	(200)	13%	(1,007)	66%	(200)	13%	(1,532)
Finance, Resources & Customer Services	0	0%	(89)	4%	(1,350)	61%	(792)	35%	(2,231)
Housing, Health & Adult Social Care	0	0%	(1,926)	37%	(1,068)	21%	(2,152)	42%	(5,146)
Regeneration, Leisure & Culture (<i>Saving achieved as part of restructure</i>)	0	0%	0	0%	(217)	100%	0	0%	(217)
Schools & Children's Services	0	0%	0	0%	(1,234)	75%	(408)	25%	(1,642)
Total Savings for 2014/15	(125)	1%	(2,215)	20%	(5,076)	46%	(3,552)	32%	(10,968)

8.2 Savings agreed as part of previous budgets total £12.6m. £11.6m (91%) of these are traffic lighted as green or blue on course for achievement. £1.0m are red /amber and are currently being reviewed by directors.

9. ENFIELD RESIDENT'S PRIORITY FUND

The Priority Fund budget for 2014-15 was agreed at £500k with an additional £200k from 2011-12 underspends as part of the February 2014 Budget report. The fund, held in an Earmarked Reserve, has been increased by the carry forward of 2013-14 budget not awarded in year of £34k. An analysis of the fund as it currently stands for 2014-15 is shown below:

Resident's Priority Fund- Sept 14	£000's
Allocation 2014-15	700.0
Allocation c/fwd from 2012-13	34.7
Schemes approved to date:	(27.3)
Balance currently available:	707.4
Bids currently submitted for approval:	112.5

10. 2015-16 FINANCIAL UPDATE.

10.1 Cabinet, on 23rd July 2014 as part of the Revenue Outturn Report 2013/14 were updated on the preparations for the setting of the 2015-16 Revenue Budget and Review of the Medium Term Financial Plan.

The update set out the latest position regarding the 2015/16 Medium Term Financial Strategy and the approach to be adopted for the budget consultation.

10.2 Directors have now identified and agreed £8.989m of savings with Portfolio Members and these are attached in Appendix D for approval. The October Cabinet report agreed the adoption of the Enfield 2017 programme which will deliver £15.1m of savings in Year 1, the breakdown of these savings is included in Appendix E. Once agreed, where possible, savings in Appendix D will be implemented in 2014/15. Further savings will be subject to appropriate governance arrangements.

10.3 The budget covers the next 4 years from 2015-16 to 2018-19 and is constantly evolving with future pressures and budget assumptions being updated as the financial picture continues to develop. Since the Cabinet meeting in July, work has progressed so that the latest draft 2015/16 Budget and Medium Term Financial Plan has been updated to take account of the changing position where a variety of government initiatives have an impact on the delivery of a balanced budget. Specific areas of review are:

- London Councils technical analysis of the Local Government Settlement and Government funding announcements providing a better understanding of CLG's illustrative grant figures for 2015/16 and the Treasury's general public spending indications for later years. All indications are that reductions in public spending will continue and cover the period of the Medium Term Financial Plan.
- Future price inflation, pay awards and changes to employers National Insurance contributions.
- The financial implications of the Capital Programme and alternative funding options to enable investment targets to be met
- Borrowing costs relating to new capital investment and options to capitalise interest over the life of major projects.
- The achievement of the 2014/15 budget savings and realisation of planned savings over the next four years.
- New risks and pressures emerging since the Council set the Medium Term Financial Plan in February 2014. Specifically in relation to the Care Act 2014 and the on-going adverse impact of welfare changes creating service pressures on temporary accommodation.
- The framework for the development of the budget must be robust and in line with service delivery requirements.
- Risk management is a key part of the process and council reserves, contingencies and balances must be set to ensure continued financial stability.

10.4 The Budget And Medium Term Financial Plan (MTFP)

The following section sets out the changes to the MTFP since the July report including savings identified to bridge the gap reported in July and latest assumptions on the Council's future funding in the light of the issues raised in the previous section.

Local Government Finance

The 2014/15 Budget and Financial Outlook reported to Cabinet on 23rd July commented upon the latest understanding on changes that will apply to the Local Government Finance Settlements for 2015/16. Since then there has been a technical consultation on minor aspects of the 2015/16 Settlement including confirmation that the 2014/15 Council Tax Freeze Grant will be rolled into Revenue Support Grant in 2015/16.

The London Enterprise Partnership has also agreed that the 2015/16 top-slicing of £70m New Homes Bonus from London Boroughs NHB allocations will be returned to each borough subject to schemes meeting the LEP's objectives on employment etc. Based on London Council work Enfield's NHB top-slice could be around £1m in 2015/16.

Enfield Council is currently lobbying CLG in partnership with other North East London Borough's regarding the unfairness of the Settlement compared to Western Boroughs. At this stage no gains can be anticipated given the Government's past intransigence on this issue.

Care Act 2014

Consultation on the allocation of 2015/16 funding has been issued by the Department of Health. The exemplified allocation of £1.2m is £0.3m less than the provisional figure in the 2015/16 Illustrative Local Government Finance Settlement. This is a far smaller variation than many other councils where swings of 34% have resulted from the proposed formula allocation methodology. The Council responded to the consultation emphasising the key issue was underfunding of the cost of the Act identified by the LGA, ADASS and London Councils. The outcome of the consultation will be updated in the MTFP once announced.

Temporary Accommodation

There is a significant risk that TA costs will increase in the next 3 years resulting in a significant pressure on the General Fund. The updated MTFP includes a £1.5m net additional pressure in 2016/17 which will need monitoring. Additional work is currently being undertaken to consider alternative measures to reduce this pressure in the future.

Pay and Inflation

The latest CPI September CPI is 1.2% and RPI 2.3%. The LGA employers NJC offer is for a general 2.2% awards for two years 2014-16. The HAY pay submission is for 1% in 2014/15. Based on these low percentages it is recommended that officers review the provisions in the MTFP for updating in the final recommendations to Council in February. Any reductions will need to be balanced against the risk of higher inflation and awards in the MTFP and the need to maintain balances to offset any potential overspend.

10.5 Identification of Revenue Savings

Proposals for new savings of £8.989m have been identified for 2015/16. These savings are at a stage where they can be recommended now and are set out in Appendix D for approval. If agreed, they will be implemented as soon as possible subject to governance requirements and consultation as necessary.

10.6 The Enfield 2017 savings (Appendix E) agreed at Special Cabinet in October of £29.2m (£15.1m 2015/16, £7.05m 2016/17 & £7.05m 2017/18) are now included in the Medium Term Financial Plan and will be implemented as soon as practicable.

The 2014/15 Budget Report to Council presented the Medium Term Financial Plan including the estimated 2015/16 full year effect of savings and pressures proposed in previous years totalling £1.186m.

10.7 Budget Position Following the Savings Review

The budget position following the initial savings review is shown in the table below. 2015/16 is currently showing a budget gap of £7.8m but this may change if new pressures or opportunities are identified including any changes to the Illustrative Local Government Finance Settlement 2015/16 provided so far by the Government. The Government's 2015/16 Spending Round and subsequent Budget did not include any indicative figures for local government funding. However, recent analysis by London Councils and experience gained following two years of the new financial regime has allowed future year funding allocations to be assessed with greater confidence and updated in the MTFP. The Council is currently working on savings options for the four years for the 2015/16 MTFP including these updates.

Cabinet should also note that it has agreed to progress a number of new capital projects including the Meridian Water Projects, The Lea Valley Heat Network and the Primary Expansion Plan Phase 2. The delivery of all these projects is dependant on future capital resources, which may have revenue financial implications (including short term pressures from invest to save projects) in later years which will add to the pressures already included in the Medium Term Financial Plan. Opportunities are being investigated to identify new streams of capital financing and investment to support the achievement of the Capital Programme. The capitalisation of interest to spread the revenue cost of major schemes is also being reviewed to see if any material savings can be generated.

Medium Term Financial Plan Pressures	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	Total £'000
North London Waste Authority Increasing cost in relation to the disposal of waste.	2,402	0	0	0	2,402
New Demographic pressures This pressure continues year on year in order to meet increased demand for Council services. This includes services to older people and those with disabilities.	1,410	1,580	2,000	0	4,990
Price Inflation & pay awards The rate of inflation is currently 1.2% (September CPI). 2015/16 also includes provision for extending the payment of the London Living Allowance and potential £2m employers national insurance increase in 2016/17.	4,054	2,600	2,500	2,500	11,654
Capital financing including interest charges Investment in schools, regeneration and highways improvements which is met by new borrowing and is repaid over the life of the asset.	3,027	2,346	1,532	1,193	8,098
Welfare reform - temporary accommodation Temporary Accommodation budget pressure	0	0	1,462	0	1,462
Local Plan later years not met from reserves Cost of the Local Development Scheme which sets out the programme for the preparation of Enfield's Local Plan.	933	(479)	(454)	0	0
Contracted out national insurance rebate abolished Employers National Insurance pressure in 2016/17.	0	2,000	0	0	2,000
Other Items	162	10	11	0	183
Total	11,988	8,057	7,051	3,693	30,789
Reduction in Government funding Loss of income from the Government from budget reductions and the fall out of Council Tax Freeze Grants	21,207	12,620	10,327	9,781	53,935
Total Pressures	33,195	20,677	17,378	13,474	84,724
Council Tax and savings:					
Full year savings identified in previous year's budgets	1,186	(554)	14	0	646
Collection Fund	(319)	0	0	0	(319)
Council Tax (0% 15/16 & 1% for future years)		(976)	(976)	(976)	(2,928)
Proposed savings to be agreed as set out in Appendix D	(8,989)	(3,922)	(2,033)	27	(14,917)
Assumed Council Tax Freeze Grant 2015/16	(1,204)	1,204	0	0	0
Enfield 2017 Savings	(15,100)	(7,050)	(7,050)	0	(29,200)
Departmental savings targets still to be realised	(964)	(157)	(3,967)	0	(5,088)
Latest Medium Term Financial Plan Resource Gap	7,805	9,222	3,366	12,525	32,918

10.8 Budget Consultation

Enfield Spending Review

As in previous years the Council is committed to consulting local residents on its budget plans and the 2015/16 Budget Consultation Process is currently underway. A number of initiatives have already been launched including the Budget Simulator, an online budget calculation tool available on the carousel of the Council's website. A number of Focus groups have also been set up for November and members of the public are being invited to attend and give their view on the Council's priorities.

The budget consultation survey will be included in the November version of

Our Enfield ensuring that the consultation is open to all residents of Enfield.

Consultation at Key Public Meetings

A number of briefing sessions will be held throughout November and December for members of the public, to increase their awareness of the budget and allow them register their opinions. The consultation will seek the views on all the Council's priorities as part of the 2015/16 budget process and will explain the budget pressures facing the Authority in the coming years and what action is currently being taken to address these pressures and balance the budget in future years.

There will also be engagement with all our key stakeholders via the Budget Consultation on the Council's web site for ratepayers, partners and interest groups in order to ensure the options on the budget are considered by as wide an audience as possible. This is absolutely key to the process as the future funding limitations will require joint working with our partners to deliver priorities in a cohesive way that meets the expectation of our clients.

Outcomes

The feedback from all these consultation processes will be put together and presented to the Budget Scrutiny Commission in January 2015. This feedback will then directly inform decision making on where funds will be prioritised and which savings measures will be adopted in the budget report to Council in February 2015.

11. ALTERNATIVE OPTIONS CONSIDERED

Not applicable to this report.

12. REASONS FOR RECOMMENDATIONS

To ensure that Members are aware of the projected budgetary position for the Authority for the current and future years including all major budget pressures and underspends which have contributed to the present monthly position and that are likely to affect the Council's finances over the period of the Medium Term Financial Plan. The recommendations if approved will allow the Authority to move forward with the development of the 2015-16 budget and Medium Term Financial Plan.

13. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

13.1 Financial Implications

As the Section 151 Officer, the Director of Finance, Resources & Customer Services is required to keep under review the financial position of the Authority, including the development of the 2015-16 budget and Medium Term Financial Plan. The monthly revenue monitoring is part of this review process and this latest monitoring report presents the overall position at this point in time. This report sets out the plans to manage the 2015-16 budget and Medium Term Financial Plan.

13.2 Legal Implications

The Council has a statutory duty to arrange for the proper administration of its financial affairs and a fiduciary duty to taxpayers with regards to its use of and

accounting for public monies. This report assists in the discharge of those duties.

13.3 **Property Implications**

Not applicable in this report.

14. **KEY RISKS**

There are a number of general risks to the Council being able to match expenditure with resources this financial year and over the Medium Term Financial Plan:-

- Achievement of challenging savings targets.
- State of the UK economy - which impacts on the Council's ability to raise income from fees and charges and on the provision for bad debt.
- Uncontrollable demand-led Service Pressures e.g. Adult Social Care, Child Protection, Welfare Benefits etc.
- Potential adjustments which may arise from the Audit of various Grant Claims.
- Government public spending plans
- Movement in interest rates.

Risks associated with specific Services are mentioned elsewhere in this report.

15. **IMPACT ON COUNCIL PRIORITIES**

15.1 **Fairness for All** – The recommendations in the report fully accord with this Council priority.

15.2 **Growth and Sustainability** – The recommendations in the report fully accord with this Council priority.

15.3 **Strong Communities** – The recommendations in the report fully accord with this Council priority.

16. **EQUALITIES IMPACT IMPLICATIONS**

The Council is committed to Fairness for All to apply throughout all work and decisions made. The Council serves the whole borough fairly, tackling inequality through the provision of excellent services for all, targeted to meet the needs of each area. The Council will listen to and understand the needs of all its communities.

The Council does not discriminate on grounds of age, colour, disability, ethnic origin, gender, HIV status, immigration status, marital status, social or economic status, nationality or national origins, race, faith, religious beliefs, responsibility for dependants, sexual orientation, gender identity, pregnancy and maternity, trade union membership or unrelated criminal conviction.

The Council will promote equality of access and opportunity for those in our community who suffer from unfair treatment on any of these grounds including those disadvantaged through multiple forms of discrimination. Financial monitoring is important in ensuring resources are used to deliver equitable services to all members of the community.

Each individual savings proposal for 2015/16 has been subject to an equalities impact assessment if it is considered that the savings will have an impact on services to the public.

17. PERFORMANCE MANAGEMENT IMPLICATIONS

The report provides clear evidence of sound financial management, efficient use of resources.

Appendix A1

Chief Executive	Forecast Budget Variation September 2014 (£'000)
The department is currently projecting a level spend. There are no current budget variances over £50k to report.	
Chief Executive Total	0

Appendix A2

Regeneration & Environment	Forecast Budget Variation September 2014 (£'000)
Parking- the overspend in Parking is mainly due to a reduction in car parks receipts and increase in contractor costs. The projection is based on assumptions for the collection of back dated parking arrears (£200k) and may be subject to alteration during the year once collection performance is quantified.	166
Vehicle Leasing- one-off underspend for 2014/15 only as a result of the decision to introduce a nine year replacement cycle for the majority of waste vehicles following a review of the vehicle replacement programme undertaken recently. The changes have led to the re-profiling of the outstanding internal leasing payments for these vehicles over their remaining life, resulting in a short term reduction in annual charges until the vehicles are disposed of.	(332)
People's Transport- Overspend in People Transport Service due to delay in contract award for buses and taxi service. Also due to the procurement and implementation of a new routing solution to replace the current manual processes in the People Transport Service which should deliver efficiencies.	235
Other Variations:	103
Environment Total	172

Appendix A3

Finance, Resources & Customer Services	Forecast Budget Variation September 2014 (£'000)
Property Services - due largely to loss of income from across the commercial portfolio notably New Southgate Estate (Ladderswood), Bus Shelter information Panels, Palace Garden Development and some units in Claverings Estate. This is as a result of redevelopment strategies and prevailing market conditions.	450
Corporate Governance - due to loss of income from the Metropolitan Police which cannot be adjusted by a reduction in expenditure.	55
Other Variations	(3)
Finance, Resources & Customer Services Total	502

Appendix A4

Health, Housing and Adult Social Care	Forecast Budget Variation September 2014 (£'000)
<p>Adult Social Care</p> <p>Key assumptions within the forecast are based on projected activity and year to year trends, which suggest that this is a prudent projection at this point in the financial year. An additional risk in 2014/15 is as a consequence of the recent Cheshire West Supreme Court ruling has been the broadening of what is considered a Deprivation of Liberty. This ruling has had a major impact on all English Councils who have a responsibility for Adult Social Care and we are expecting and have already seen a significant increase in the number of people who require a DoLs. The current anticipated cost to Enfield could be up to circ. £900k.</p>	
<p>Strategy & Resources - The service is projecting and underspend on Housing Related support contracts (-£363k), due to the early achievement of future year savings. However, this underspend has been offset by projected expenditure due to increase in DoLs applications (£107k).</p>	(256)
<p>Learning Disabilities- the service continues to project an overspend position as a result of managing demand lead services. The service operates a monthly efficiency programme that reviews progress against savings and manages demand for services during the year.</p>	846
<p>Older people and Physical disabilities (the Customer pathway)- The service is projecting care purchasing overspends against a net budget of £28m. The movement in month is £208k, this is due to a variations in client packages. These are only forecast projections and will continue to be reviewed throughout the year against the known activity. There is also pressure as a result of an increase in Safeguarding Adults referrals.</p>	889
<p>Public Health Grant</p> <p>The departmental forecast also includes ring fenced Public Health Grant. Public Health grant allocated in 2014/15 is £14.2m. The Public Health service is projecting to budget for 2014/15. It should be recognised that there is material risk associated with the demand led PH services which may impact on year end forecast, particularly for sexual health services and ongoing discussions with Enfield CCG on prescription costs. The Public Health grant is ring fenced and as per the Department of Health guidance underspends will be carried forward in to the next financial year to meet the grant conditions.</p>	
<p>Use of reserves</p>	(1,479)
<p>Adult Social Care & Public Health</p>	0

Appendix A4

Health, Housing and Adult Social Care	Forecast Budget Variation September 2014 (£'000)
Community Housing	
The Community housing base budget was increased by £4.1m from 2013/14 to 2014/15 and in addition a contingency of £763k was set aside for temporary accommodation.	
Temporary Accommodation -There is a net overspend of £864k on temporary accommodation, this is mainly due to the increase in procurement of the more expensive nightly paid accommodation. There is a forecast 14% (281) rise in the number of homeless clients compared to budget. In addition to this there is a further increase in PLA rates anticipated from Jan 2015 onwards. <i>This overspend is offset by £763k contingency funds available.</i>	864
Salaries - There is a £273k overspend on salaries due to displaced staff as a result of the restructure and a 135k underspend on other base budget staff. <i>This is offset by £194k contingency fund to cover off financial risks associated with the reorganisation .</i>	138
Running costs - There is a projected underspend in non-staffing costs of £35k, underspend on PSL repairs/ furniture purchase of £172k and furniture storage budgets of 23k there is also a £13k overspend relating to legal costs.	(217)
Specific contingency - balances available to offset overspend.	(785)
Note: It is anticipated that Discretionary Housing grants will be used to fund incentive payments made to temporary accommodation providers to support the prevention of homelessness.	
Community Housing	0
Housing, Health & Adult Social Care Total	0

Appendix A5

Schools & Children's Services	Forecast Budget Variation September £000
Early Years The underspend is due to salary savings pending a restructure and savings in support services previously provided by teaching staff now undertaken in-house.	(134)
Admissions The underspend is due to staff vacancies held pending a restructure.	(58)
Lettings Agency The planned closure of this service will result in an overspend of £50k due to costs incurred during the wind-up process.	50
Catering The forecast underspend has increased this month from -£10k to -£59k as the policy of UIFSM and its impact can start to be quantified.	(59)
School Swimming - An underspend in the region of £73k is anticipated as a result of increased take up of the service.	(73)
Education Welfare An overspend of £59k is projected as a result of the delay in the implementation of the staff restructure and the employment of agency staff to cover vacancies.	59
Children & Families Integrated Commissioning Service The projected overspend of £60k is due to interim agency cover pending the completion of the service reorganisation.	60
External Residential Child Care Places -The external residential homes and agency fostering budgets are showing an overspend of £984k which is due to higher weekly average costs for clients who are more challenging and vulnerable, which means they require specialist care placements to address their complex needs. The cost pressures was partially offset by a current underspend of £181k within the secure placements budget. These projections are based on current and planned placements so future new placements will cause further pressure on these budgets. Since December 2013 there has been a net increase of 20 Looked After Children to the end of Aug 2014. The increase of £236k this month is mainly due to a new residential placement and extensions to existing ones (+£140k), 5 new agency foster placements (+£61k) and 2 new secure remand placements (+£31k)	984
Children in Need Social Work Teams - Increasing demand for services requires these teams to maintain their full staffing establishment to provide a safe service. Staff turnover has increased resulting in higher costs due to agency staff filling key vacant posts. The projection has increased by £36k this month mainly as a result of extensions of agency staffing requirements for vacant posts.	288

Appendix A5

Schools & Children's Services	Forecast Budget Variation September £000
<p>Leaving Care - Client & Staffing Costs. The projected overspend of £550k is partially due to an 18.5% increase in the number of clients since June 2013. There is also an increase in the number of young offenders and young people at risk of sexual exploitation who require more specialised and intensive support plus an increase in client demand/needs pressures. The LAC service are continuing to review the most expensive support packages and exploring alternatives.</p>	550
<p>Unaccompanied Asylum Seeker Children (UASC). This budget is now supporting an additional 662 UASC client weeks above the original budget which is mainly due to an additional 16 clients. There is also a shortage of suitable accommodation for the recent arrivals resulting in the use of more expensive agency fostering placements. The government grant is also insufficient to cover the actual client costs for some clients who require expensive placements. There has been a net increase of 3 clients this month resulting in the £23k increase this month.</p>	130
<p>Former Unaccompanied Asylum Seeker Children 18+ - The overspend is mainly due to additional clients who are now turning 18 during 14/15 who have previously arrived as UASC towards the end of 13/14. There is also a lack of suitable inexpensive accommodation which is causing costs to rise. As the actual client numbers are still below the 25 fte threshold at 20 fte no grant funding will be claimable this year. The projection has reduced this month following a review of all support packages.</p>	128
<p>Other Variations</p>	(83)
	1,842

Appendix A6

Schools Budget	Forecast Budget Variation September 2014 (£'000)
Schools Budgets - These variations do not form part of the General Fund position.	
Behaviour Support- An underspend is projected as a result of an increase in referrals with a consequential increase in income.	(58)
Special Education Needs- Overspends of £216k for Independent Day and £51k for Recoupment Hospital are projected based on current client information. However these are reduced by underspends of £119k for Independent Residential and £57k for L.A. Special School Day resulting in a projected net overspend of £91k.	91
Central Licences- Licence fees higher than anticipated when budget set.	53
Other Variations	(39)
	47

APPENDIX B

Treasury Management Cashflow Investments & Borrowing as at 30th September 2014

The Treasury Management position as at 30th September 14 is set out below:

	Position April £000's	Position May £000's	Position June £000's	Position July £000's	Position August £000's	Position September £000's
Long term borrowing	265,624	265,624	265,624	265,624	265,264	264,079
Short-term borrowing	33,000	33,000	40,000	40,000	43,000	43,000
Total borrowing	298,624	298,624	305,624	305,624	308,624	307,079
Total investments	100,785	114,135	109,370	99,700	99,550	91,300
Net debt	197,839	184,489	196,254	205,924	209,074	215,779

Movement in debt over year

	1 st April 2014 £000's	Debt repaid £000's	New debt £000's	30 th Sept 2014 £000's
PWLB	232,085	-1,026	-	231,059
Commercial loan	30,000	-	-	30,000
Salix	3,540	-520	-	3,020
Temporary borrowing	33,000	-8,000	18,000	43,000
Total borrowing	298,625	-9,546	18,000	307,079

London Borough of Enfield Investments at 30th September 2014

Financial Institution	Principal	Start Date	Effective Maturity	Rate	Days to Maturity	Lowest Credit Rating
Call Accounts						
Svenska Handelsbanken	12,500,000		On demand	0.45%	1	AA-
Santander	12,500,000		On demand	0.40%	1	A
HSBC Call Account	10,800,000		On demand	0.40%	1	AA-
Money Market Funds						
Ignis	9,000,000		On demand	0.46%	1	AAAm*
Goldman Sachs	9,000,000		On demand	0.34%	1	AAAm*
Termed Deposits						
Barclays Bank PLC	7,500,000	10/03/2014	09/03/2015	0.84%	160	A
Nationwide Building Soci	7,500,000	10/04/2014	09/04/2015	0.81%	191	A
Lloyds Bank PLC	7,500,000	07/05/2014	06/05/2015	0.95%	218	A
Lloyds Bank PLC	5,000,000	22/04/2014	21/04/2015	0.95%	203	A
Barclays Bank PLC	5,000,000	01/04/2014	31/03/2015	0.86%	182	A
Nationwide BS	5,000,000	15/04/2014	14/04/2015	0.81%	196	A
Total - Investments	91,300,000		Average	0.66%	105	
Number of Investments	11					

*AAAm is the highest rating for money market funds

London Borough of Enfield Short Term loans at 30th September 2014

Financial Institution	Principal	Start Date	Effective Maturity	Rate	Days to Maturity
Bath & Northeast Somerset District Council	£5,000,000	4 th Oct 2013	3 rd Oct 2014	0.47%	3
South Yorkshire Joint Secretariat	£5,000,000	10 th Oct 2013	8 th Oct 2014	0.45%	8
South Yorkshire Joint Secretariat	£5,000,000	9 th Oct 2013	9 th Oct 2014	0.45%	9
Solihull MBC	£2,000,000	29 th Oct 2013	28 th Oct 2014	0.45%	28
Vale of Glamorgan Borough Council	£1,000,000	28 th Mar 2014	29 th Dec 2014	0.45%	90
Police & Crime for West Yorkshire	£4,000,000	28 th Mar 2014	29 th Dec 2014	0.50%	90
London Borough of Hackney	£3,000,000	5 th Mar 2014	5 th Mar 2015	0.49%	156
Worcestershire County Council	£2,000,000	5 th Aug 2014	5 th May 2015	0.45%	217
Worcestershire County Council	£2,000,000	16 th June 2014	15 th June 2015	0.45%	258
Wokingham Borough Council	£2,000,000	1 st July 2014	23 rd June 2015	0.44%	266
Portsmouth City Council	£5,000,000	27 th June 2014	26 th June 2015	0.45%	269
Humberside Fire and Rescue Services	£1,000,000	5 th Aug 2014	21 st May 2015	0.42%	233
Crawley Borough Council	£3,000,000	1 st July 2014	30 th June 2015	0.45%	273
Wokingham Borough Council	£3,000,000	15 th Oct 2013	11 th Aug 2015	0.48%	315
Total	£43,000,000		Average	0.46%	158

2014/15 Budget & Medium Term Financial Plan (£'000)
Red & Amber Savings - September 2014

APPENDIX C

Ref No.	Proposal Summary (from template)	Risk	Total 2014/15	Remarks
Red Savings			£000's	
Environment				
ENV04	Fleet Savings - People Transport	Red	(125)	Officers will undertake a detailed review of these savings and present an action plan in a future monitoring report
Total Red Savings			(125)	
Amber Savings				
Environment				
ENV25	Anti-Social Behaviour services LBE and Enfield Homes Joint Services Review	Amber	(100)	Discussion with Enfield Homes are on-going to implement changes to achieve saving.
ENV26	Health & Safety services- LBE and Enfield Homes Joint Services Review	Amber	(100)	Discussion with Enfield Homes are on-going to implement changes to achieve saving.
Housing, Health & Adult Social Care				
HHASC 14/15 01	Community Housing element of HHASC 14/15 01	Amber	(200)	On target – Restructure in progress, rollout of assimilation / recruitment taking longer than expected.
HHASC 14/15 04	Learning Disability Day Care procurement review	Amber	(150)	Action plan required for review from Procurement.
HHASC 14/15 05	Learning Disability - Personal Budget allocations - 5% reduction in budget	Amber	(700)	LD efficiency board continues to monitor all work being undertaken to deliver savings in year. FMS monitor places this saving currently at Amber.
HHASC 14/15 07	Older People/Physical Disabilities - Personal Budget allocations - 5% reduction in budget	Amber	(876)	Pathway continues to monitor activity, finance and savings month on month. FMS monitor places this saving currently at amber.
Finance, Resources & Customer Services				
Legal 1	Staff restructuring within Legal Services	Amber	(89)	
Total Amber Savings			(2,215)	
Total Red / Amber Savings			(2,340)	

Of the total new savings of £10.968m agreed as part of the 2014/15 budget setting process, £8.6m of savings (78%) are classified as on course for full achievement.

APPENDIX D

New Savings Proposals 2015/16		2015/16	2016/17	2017/18	2018/19	Full Year
<u>Regeneration & Environment</u>		£000's	£000's	£000's	£000's	£000's
RE 15/16 S2	Emergency Planning Arrangements	(50)	0	0	0	(50)
To provide the Councils Emergency Planning arrangements through aligning the co-ordinating function into other statutory posts within Regulatory Services. This will have no impact on the service provided.						
RE 15/16 S4	Efficiency savings arising out of using the LoHAC highways framework contract	(322)	0	0	0	(322)
This represents efficiency savings arising out of using the LoHAC framework contract for Highway maintenance and winter gritting. There is some risk arising from the reduction of the winter gritting schedule. These were set out in the Portfolio Report. However, the reduced network is based on the principles identified in the national Code of Practice for Highway Maintenance Management and therefore the risk is limited.						
RE 15/16 S5	Restructuring of Regulatory Services and Development Management	(35)	0	0	0	(35)
This saving will be achieved through the restructuring of Regulatory Services and Development Management, Review of Licensing, Pollution Control, Pest Control, GAT & Planning Enforcement.						
RE 15/16 S6	Review of capital and revenue costs	(845)	0	0	0	(845)
A review of the revenue costs for 7 day and 28 day repairs has determined that these should be funded through the Capital Programme. The costs will be contained within the current Capital Programme.						
RE 15/16 S7	Review of Street Lighting	(80)	0	0	0	(80)
Following a review of the Street Lighting PFI contract, a change in the specification will result in savings. This has been achieved by reducing risks to the PFI contract provider in order to reduce revenue costs to the Council by de-specification of some of the contract requirements.						
RE 15/16 S9	Reduction in Strategic Planning and Design revenue budget for Heritage and Design Team leader post	(35)	0	0	0	(35)
The Heritage and Design Team Leader post has been vacant since January 2013 when the previous post holder left the Council. Since then the heritage work programme has been delivered through the appointment of a series of temporary agency workers. This will have no impact on the delivery of the service.						
RE 15/16 S10	Capitalisation of Neighbourhood Regeneration Head of Service post & reduction in Neighbourhood Regeneration consultancy budget	(74)	0	0	0	(74)
The role of this Head of Service post is entirely based on capital schemes. In future this post will be charges to the Capital Programme it supports. There is no change to service provision.						
RE 15/16 S11	Reduction in Strategic Planning and Design staff budget offset with increased drawdown from s106 management fee	(100)	0	50	50	0
An opportunity has arisen to fund the Strategic Planning and Design staff budget from S106 Management fee income. This will have no impact on the service.						
RE 15/16 S12	Aqua Fund	(23)	(23)	(23)	(23)	(92)
The AquaFund is a multi-million pound grant available to assist the council to reduce its water consumption costs without the need for any budget. The grant value scheme was originally derived from HM Treasury "Invest to Save" budget and is now funded by private equity. The AquaFund provides a range of managed services to enable the council to make water cost savings from its corporate properties over a 5 year period, which is all paid for and project managed by AquaFund.						
RE 15/16 S13	Efficiencies in Regulatory Services	(100)	0	0	0	(100)
The Environment department has been running a project reviewing services and the related expenditure and income. As a result efficiencies have been achieved within Regulatory services. The total amount of the efficiencies is 100k. There will be no impact, review ensured that services could be run within remaining budget.						
RE 15/16 S14	Cease Whitewebbs Golf Course subsidy	0	0	(100)	0	(100)
Whitewebbs subsidy will be removed by 2017/18 (Year 3 of the MTFP). Action is in hand to make the service self-financing.						
	Total	(1,664)	(23)	(73)	27	(1,733)

Departmental Saving Proposal Summary		2015/16	2016/17	2017/18	2018/19	Full Year
Finance, Resources & Customer Services		£000's	£000's	£000's	£000's	£000's
FRCS 15/16 S2	Increase in Treasury interest receivable	0	(100)		0	(100)
This will be achieved through the management of short term investments and will be managed through prudential lending within strict risk management guidelines.						
FRCS 15/16 S3	Additional savings from the IT contract	(200)	(20)	(10)	0	(230)
Following re-negotiation of the Serco contract further savings have been found. This will have no impact on the service provision.						
FRCS 15/16 S4	Reduction in cost of ICT third party contracts	(200)	(100)	(100)	0	(400)
A reduction in the cost of ICT third party contracts has been identified. This was generated from 3rd Party Savings resulting from various contract renewals in 14/15 and 15/16.						
FRCS 15/16 S5	Review of cost of Audit & Risk management Services	(50)	0	0	0	(50)
A review of running costs has resulted in a saving of £50k in the Audit & Risk Management Service.						
FRCS 15/16 S6	Review of Concessionary Travel mobility assessment arrangements	0	0	(50)	0	(50)
A proposed reduction in spend on concessionary travel will be achieved through reviewing the arrangements for mobility assessments and new procurement. This includes a reduction in the amount paid to third party agents for mobility assessments and reduced support costs for the mobility assessments for Concessionary Travel Services.						
FRCS 15/16 S7	Reduction in running costs across several LB Enfield properties	0	0	(150)	0	(150)
Following a review of the running costs of various LBE properties savings have been implemented for the following properties- Community House, Civic Centre, Triangle House, St Andrews, Edmonton Centre, Charles Babbage House, Thomas Hardy House, Walford House, 9 Centre Way, 14 Centre Way, The Ark, Swan Annexe, Enfield Public Safety Building, Claverings & Green Belt.						
FRCS 15/16 S8	Increased volume of Land Charges fees	0	0	(150)	0	(150)
An anticipated increased demand for searches commensurate with an improved property market.						
FRCS 15/16 S9	Review of Land Charges fees	(225)	0	0	0	(225)
A review of Land Charges costs has identified that full cost recovery was not being achieved. This review has highlighted the need for increased fees to recover the full cost of the service.						
FRCS 15/16 S10	Employers Liability Insurance	0	(151)	0	0	(151)
An implementation of a change in the method by which Employer's liability insurance is charged so as to produce a central saving overall. Based on current budget allocations.						
FRCS 15/16 S11	Reduction in cost of stationery	(100)	0	0	0	(100)
A rationalisation exercise of stationery budgets has resulted in a saving based on the previous year's outturn versus budget figures 2013-14.						
FRCS 15/16 S12	Grounds Maintenance & Equipment	(13)	0	0	0	(13)
Firstly, in light of the capital development at Albany Leisure Centre, we are able to reduce the grounds maintenance costs for the Fusion contract. Secondly, having completed some of the latent defects in regards to the leisure centres, we are able to reduce equipment purchasing.						
FRCS 15/16 S13	Contract Monitoring Efficiencies	(9)	(18)	0	0	(27)
A reduction in the contract monitoring post through part time retirement, and the introduction of new contract monitoring processes. Monitoring is required for the proper assessment of Fusion Lifestyle's operation of the Council's Leisure Centres; the Council checks for any drop in their service below the expected level, and can penalise the contractor if required.						
FRCS 15/16 S14	Property Costs Leisure Centres	(10)	0	0	0	(10)
It was anticipated when the contract with Fusion Lifestyle began that there would be some property latent defects in Leisure Centres. We now believe that there are no outstanding latent defects of which we are aware. Thus the budget can be deleted.						
FRCS 15/16 S15	Reduction in Town Twinning & Tourism budgets	(30)	0	0	0	(30)
This proposal is to reduce the Town Twinning and Tourism budget. Twinning activity is lessening and it is unlikely that Enfield will twin with any new partners. This proposed reduction will still allow us to maintain our current partnerships. Possible risk for the maintenance of current town twinning relationships.						

FRCS 15/16 S16	Reduction in Festival's budget subsidy	(30)	(35)	0	0	(65)
Reduction in the budget available to deliver Festivals in the Borough. It will allow the team to continue to deliver the Festivals programme, including advertising and promotion; managing the Edmonton Festival and Enfield Town Show, and assisting partners; but there will be a reduction in some activities.						
FRCS 15/16 S19	Sports Development costs	(20)	(15)	0	0	(35)
Sports Development savings from service restructure following introduction of online bookings system, and anticipated increase in income. Anticipated increase in income based on commercial approach; introduction of online bookings system bringing about an administrative saving based on service restructure.						
FRCS 15/16 S20	Increase in Forty Hall income	(10)	(10)	0	0	(20)
Increasing income generated at Forty Hall by developing new sales areas, increasing the number of events and weddings bookings. If increased income target not reached, risk of saving not achievable.						
	Total	(897)	(449)	(460)	0	(1,806)

	Departmental Saving Proposal Summary	2015/16	2016/17	2017/18	2018/19	Full Year
Health, Housing & Adult Social Services		£000's	£000's	£000's	£000's	£000's
HHASC 15/16 S1	Brokerage Redesign to reduce net spend per head	(800)	(600)	(600)	0	(2,000)
Brokerage redesign - Further developing the way we support plan and broker services for people. Direct payments are a much more flexible and efficient way of meeting the needs of vulnerable people and of achieving better value for money.						
HHASC 15/16 S2	Dementia-Demand Management	(50)	(50)	(100)	0	(200)
Demand management Dementia – Better primary healthcare and stronger partnerships between health and social care (including through the Better Care Fund Plan) will ensure that more people with dementia get the support they need earlier on reducing the need for crisis response services and enabling more people to live safely and independently within their own homes.						
HHASC 15/16 S3	Reduction in unit costs - care purchasing	(1,200)	0	0	0	(1,200)
Reducing unit costs – particular areas of pressure for ASC currently are residential and nursing placements for older people and adults with a physical disability. We will work in partnership with providers to better understand costs linked appropriately to needs. We will also, in preparation for the Dilnot recommendation within the Care Act from April 2016, ensure that providers of residential services provide a transparent breakdown of costs which differentiate between care and support costs and the accommodation costs.						
HHASC 15/16 S4	Care purchasing reduction through market management	(2,000)	(2,000)	0	0	(4,000)
Managing risk appropriately we will work with people to reduce dependency on long term services, promote more self-management of long term health conditions and reward service providers for enabling and reducing or removing need rather than perpetuating it. Payment on delivery of outcomes rather than a focus on time and task services.						
HHASC 15/16 S5	Review of in house provided services	(300)	(400)	(800)	0	(1,500)
Review of In-House provided services - Adult Social Care continues to provide some services in-house. This includes enablement, day services and some residential provision. Although these are considered a trusted brand they are more expensive than similar provision within the independent sector. Work is underway to change the way these services operate in order that they become competitive in the current and future care markets. Ultimately they need to continue to be good quality, value for money services that individuals choose to spend their personal budget with.						
HHASC 15/16 S6	Personalisation of Transport services	(100)	(300)	0	0	(400)
Personalisation of transport services – Adult Social Care will work with colleagues in Environment to develop a Council transport offer which is competitive and value for money. ASC will also work with people to ensure that all disability benefits are maximised, travel options are fully explored (for example, taxi card schemes, freedom /disability travel passes, volunteer driver schemes).						
HHASC 15/16 S7	Valuing Care- residential price negotiation	(500)	0	0	0	(500)
Reviewing highest priced residential care placements to reduce costs. 150 top most expensive placements calculated to generate a saving of £698k with costs of £198k generating a net saving of £500k. Same service but better value for money.						

HHASC 15/16 S8	Review of commissioning contracts	(360)	(100)	0	0	(460)
Review of commissioning contracts – Adult Social Care will change the way it commissions services through the voluntary sector.						
HHASC 15/16 S9	Supporting People payment from HRA	(450)	0	0	0	(450)
Supporting People (General Fund) commissions warden controlled services in council run sheltered accommodation. These services will continue but with funding directly from the HRA and Supporting People funding will cease. Financing of support in council provided sheltered housing will be funded by the HRA.						
Total		(5,760)	(3,450)	(1,500)	0	(10,710)

Departmental Saving Proposal Summary		2015/16	2016/17	2017/18	2018/19	Full Year
Schools & Children's Services		£000's	£000's	£000's	£000's	£000's
SCS 15/16 S5	Commissioning and Community Engagement Team Merger	(120)	0	0	0	(120)
There will be a merger of 2 teams within CCE which will result in staff savings. The teams to be merged are Business Improvement and Partnerships with Integrated Commissioning. Two Heads of Service posts will be rolled into one but operational delivery will remain the same and administrative tasks will be subsumed by other administrative staff within the team. Minimal risk to the service providing the sub-structures are secure.						
SCS 15/16 S6	Family Support and Children's Centres Commissioning	(350)	0	0	0	(350)
A reduction in the number of commissioned services which will be offered in these areas. However, it is important to note that many of these services may still be offered via Public Health funding for Health Visitors who become the responsibility of the Council in 2015. Other services which will no longer be provided are ceased on the basis of very low or no take up. Whilst fewer services will be offered via the commissioned service route the core purpose for Family Support and Children's Centres will continue to be met.						
SCS 15/16 S7	Early Years -Non-Staffing savings	(50)	0	0	0	(50)
This saving will be achieved following the restructure of the service. The reduction in the numbers of staff has identified a number of related non-staffing savings that can be made. There will be no impact on the service provided.						
SCS 15/16 S10	Progression and Pathways - Deletion of Post following implementation of new Skills for Work Service.	(50)	0	0	0	(50)
Progression and Pathways - Deletion of Post following implementation of new Skills for Work Service. There will be no impact as the service is being provided by the Skills for Work service and some aspects will continue to be commissioned by this team. This saving will be achieved as a result of the establishment of the Skills for Work Service. The new service is now delivering the work previously associated with this post within the Progression and Pathways team.						
SCS 15/16 S11	Curriculum and Access - Substance misuse income	(48)	0	0	0	(48)
This saving will be achieved from a contribution from Public Health of £40K towards the salary of our substance misuse consultant. The additional £8k will come from an increase in income from the school SEN buyback. There will be no impact as this saving is from the substitution of funds from other sources.						
SCS 15/16 S13	Schools Intervention	(50)	0	0	0	(50)
This saving will be achieved by reducing the number/amount of school to school support projects that are funded from the base budget.						
Total		(668)	0	0	0	(668)
New Savings Proposals Total		(8,989)	(3,922)	(2,033)	27	(14,917)

APPENDIX E

Enfield 2017 Saving Proposals 2015-19		2015/16	2016/17	2017/18	2018/19	Full Year
Agreed at Cabinet- October 2014		£000's	£000's	£000's	£000's	£000's
	Business Intelligence	(2,068)	(966)	(966)		(4,000)
Ensure significant automation of KPI and MI allowing managers to receive this information via customisable dashboards and workflow						
	Customer Assessment Pathway	(3,465)	(1,618)	(1,618)	0	(6,700)
All financial assessments undertaken across the Council will be consolidated into a single electronically enabled process and function.						
	Finance & Business Support	(4,602)	(2,149)	(2,149)	0	(8,900)
To provide a consolidated business support function and improved automation of all finance transactions. Develop a more commercial risk based approach to delivering financial management and professional advice						
	Infrastructure	(466)	(217)	(217)	0	(900)
All Property function, ICT and procurement related work to be done through one corporate team.						
	Legal & Democratic	(155)	(72)	(72)	0	(300)
Develop a cost effective advisory legal service based on predictable work e.g. Children Services, Debt Recovery, HR.						
	Organisational Development	(4,344)	(2,028)	(2,028)	0	(8,400)
HR delivery will focus on strategic high level support to manage high risk areas. To support this service we will develop and enhance on-line information portal to provide increase self-service support to managers						
	Enfield 2017 Total	(15,100)	(7,050)	(7,050)	0	(29,200)

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MUNICIPAL YEAR 2014/2015 REPORT NO: 114

MEETING TITLE AND DATE
Cabinet 12 November 2014

REPORT OF:

Ray James, Director of Health,
 Housing and Adult Social Care

Contact officer and telephone number:
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Agenda – Part: 1	Item: 8
Subject: Proposal to implement a borough-wide additional licensing scheme for private sector landlords	
Wards: All	
Cabinet Member consulted: Cllr Ahmet Oykenner	

1. EXECUTIVE SUMMARY

- 1.2 This report seeks ratification and/ or review/ approval of its earlier decision to implement additional licensing of HMO's across the borough, (a decision made at Cabinet on 9 April 2014 – Proposal to Implement Borough Wide Additional and Selective Licensing Scheme, KD 230, to introduce additional licensing of houses in multiple occupation (HMOs)). The Council's Cabinet has already made this decision, but considers it prudent to ask the Council to confirm it in light of the grant of permission to Mr Regas to apply for judicial review and the further information and evidence now available. The Council must be satisfied that a significant proportion of HMO's in its area are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems for those occupying the HMOs or for members of the public (Housing Act 2004 s.56(2)).
- 1.3 The strategic value of this decision would be two-fold. It would i) give the authority much clearer information about who landlords are so as to work with those landlords and tenants of properties associated with anti-social behaviour (ASB) within the borough, and ii) ensure that all stakeholders within the rapidly growing private rented sector in the borough are aware of their responsibilities and position, so as to not continue with a situation where the authority and the residents of the borough are taking all responsibility for the externalities of the sector, such as through ASB and wider environmental crime.
- 1.4 A period of consultation was undertaken between November and February 2014, which informed the decision taken in April 2014. There has been consideration as to whether further consultation is required in advance of ratification, and it has been concluded that further consultation is not

necessary or proportionate. Research was gathered in advance of the April 2014 decision which justified the need for this scheme. That research has been updated to establish whether, since April 2014, the evidential basis has altered. The evidence continues to support the conclusion that there is sufficient justification for the implementation of the five year scheme in Enfield.

2. RECOMMENDATIONS

- 2.1 To ratify the decision to designate an additional licensing area of the district of the London Borough of Enfield as described and delineated on the map at **Appendix 1**.
- 2.2 Review and approve the proposed actions
 - a) Delegate authority to the relevant Directors to manage the introduction of the additional licensing scheme to come into force on April 1st 2015 with a team in place to process licenses from December 2014.
 - b) Delegate authority to the relevant Directors to agree changes to the proposed implementation where necessary and ensure that all statutory notifications are carried out in the prescribed manner for those designations.
- 2.3 Consider and agree the proposed (annual) frequency of reviews within the five-year period for each designation, when the Cabinet will receive an update on progress and impact.
- 2.4 Reiterate the Council's commitment to work with landlord representatives on the implementation and operation of the scheme

3. BACKGROUND

- 3.1 This report should be read in conjunction with the previous Cabinet report dated March 2014. The 2004 Housing Act gives authorities power to designate areas, or the whole of the area of its district, as subject to discretionary licensing in respect of private rented accommodation. All authorities had to license houses in multiple occupation (HMOs) of three stories or above (mandatory licensing), but powers in parts 2 and 3 of the act allowed for authorities to consider licensing for all HMOs (additional licensing).
- 3.2 Enfield is a borough with a significant private rented housing sector and a strong record of reducing anti-social behaviour. The Council has an historic approach of mandatory licensing, alongside engagement with landlords.
- 3.3 The exact number of private rented sector properties in a borough is always hard to confirm, and the 2011 Census confirmed a trend that had started to become more obvious to residents and the Authority. Out of 119,916

households in the borough, 69,462 were owner-occupied (57.9%), 21,073 were social rented (17.6%), and 26,591 were privately rented (22.2%). Further research suggests that this Census figure is likely to be a minimum for the private rented sector, with an estimated figure of up to 31,994 properties in late 2013, a slightly more conservative estimate of 29,000 properties has been used.

- 3.4 The tenure mix of the housing stock has changed significantly since 2001, with a 102.9% increase in the size of the private rented sector, a 9.2% increase in the social rented sector, and a 10.9% fall in the owner occupied sector. It is clear that the growth in the private rented sector is driven by changes in tenure within neighbourhoods and not just household growth.
- 3.5 These changes have not occurred in isolation, and there is a perception that this significantly increasing tenure type is having a negative impact on the neighbourhoods of Enfield. There have been ASB, significant noise nuisance and environmental crime and other externalities that are persistent, significant, and in some instances increasing. In consultation exercises, residents highlighted severe overcrowding and short term lets as a key driver of ASB.
- 3.6 There have been significant increases in calls to housing enforcement, alongside year-on-year increase in the instances of housing disrepair responses. It is clear that the externalities of the sector are creating increasing costs which are not being met by either the landlord or the tenants.
- 3.7 Finally, there have been significant and growing levels of overcrowding within the private rented sector at a time when overcrowding in the social sector is coming down. It is the responsibility of landlords to manage these levels, and this problem is getting significantly worse within the borough.
- 3.8 In August 2013 a project steering group was established within the authority to explore the evidence around these changes to housing, and in the intervening period, that steering group has developed a position that additional and selective licensing would be a valuable and relevant mechanism to deal with the issues that are occurring within Enfield.
- 3.9 Whilst this is general background and context for the decision, this report focuses on the ineffective, inadequate and insufficient management of HMOs. Reasonable steps have been taken to consult the persons likely to be affected by the designation of the borough of Enfield as subject to additional licensing of HMOs.
- 3.10 The April 2014 decision followed a two-part consultation exercise -
Phase 1 which took place between 15.11.2013 and 16.12.2013, was an initial listening and engagement exercise, which included meetings with local landlords and letting agents.
Phase 2- consultation exercise held between 2.1.2014 and 28.2.2014.

During the interval between phases 1 and 2 the Council was analysing (with assistance from an independent research organisation, Opinion Research

Services) the feedback from Phase 1 in order to inform Phase 2 of the consultation.

Phase 2 of the consultation took place by way of a range of methods including an online questionnaire, paper questionnaire, a telephone survey and public meetings across the borough. By those methods, in total there were 2,258 responses. Opinion Research Services remained involved in Phase 2.

- 3.11 The conclusion was that residents were, by a large majority, in favour of the Council's proposals in relation to borough-wide licensing of the privately rented sector (i.e. including both additional and selective licensing). 84% of residents, 62% of businesses and 59% of local organisations agreed with the proposal. 16% of letting/ management agents and 18% of private landlords were in favour.
- 3.12 The Council instructed Professor Mayhew, a market expert, of Mayhew Harper Associates Limited, to advise it as to the relationship between privately rented properties and reported ASB in its area. This report, together with the Council's local and anecdotal knowledge of ASB in its area and the consultation responses informed the decision to proceed with the selective and additional licensing schemes.
- 3.13 The Council took steps to implement its decisions including consultation with landlords as to the format of the license application and preparation of the IT system by which applications and payment will be made.
- 3.14 A claim for judicial review was issued against the Council by Mr Regas, an Enfield landlord, challenging its decision to implement both additional and selective licensing schemes. Permission to apply for judicial review was refused on the papers but was renewed at an oral hearing on 2.10.2014. On 3.10.2014, Mr Justice Ouseley granted permission to apply for judicial review in relation to the decision to implement additional licensing only. That claim was considered "arguable" by the Judge. Amended grounds of challenge have been filed in advance of a hearing in November 2014. Permission to challenge the decision to implement selective licensing was refused. Mr Regas is seeking to renew the application for permission in relation to selective licensing to the Court of Appeal, which has yet to decide whether he should have permission to bring his further challenge.
- 3.15 Other London Boroughs which have implemented Additional Licensing Schemes are London Boroughs of Newham, Barking and Dagenham, Brent and Haringey. Newham has shared information about its scheme which is the largest and most mature of the London schemes and has reported positive results so far (in terms of prosecutions and cautions) indicating an improvement in standards across the private rented sector.

4. KEY CONSIDERATIONS

- 4.1 In addition to the materials which were produced in advance of the Council's decision on 9.4.2014, the Council has obtained a further report from Professor

Mayhew dated 3rd November 2014, (**Appendix 2**). Professor Mayhew is considered to be an industry expert in providing statistical analysis to assist local authorities in, among other matters, identifying the extent of housing tenure types within an area, and establishing whether there is a relationship between tenure types and ASB. Considerable weight is to be given to Professor Mayhew's opinion.

- 4.2 For the purposes of this report, Professor Mayhew has been provided with data available as part of Appendix 4 of the original Cabinet decision, but not included in the analysis that he reported in March 2014. In his earlier report – Understanding the Relationship Between Private Rented Properties and Anti-Social Behaviour in Enfield, Nov 2013 - he analysed police ASB reports only, with map grid references and, in a limited number of 591, actual addresses. He did not discern any relationship between the available address-specific ASB reports and HMOs. In October 2014 he was provided with address specific ASB reports. In addition to this, the Council was able to provide additional environmental crime ASB data, such as pest control records that was not originally available.
- 4.3 In summary, he concludes that:
- (a) HMOs are second after single family rented properties in terms of noise complaints and garden rubbish among the various tenancy types;
 - (b) The differences in incident rates between HMO identified enviro-crime and council-wide rates were higher than, and statistically significantly different from zero;
 - (c) In addition, it was found that an HMO with no other risk factors is 20% more likely to give rise to enviro-crime, than a similar property with no other risk factors. In practical terms, if HMOs did not exist and that they were privately owned and occupied, there would have been approximately 250 fewer reported enviro-crime incidents over the period.
- 4.4 These “additional” enviro-crimes and other instances of ASB have, or are likely to have, the effect of causing nuisance or annoyance to residents and visitors to the borough. They also require significant council action (at cost to council tax payers) to remedy/ address.
- 4.5 The private rented sector has grown significantly in recent years, and this trend shows no indication of slowing or reversal. Given that HMOs are part of this sector, and more likely to be linked to ASB than owner-occupied properties, it is a reasonable inference that ASB incidents are likely to increase if the Council does not take action.
- 4.6 It is common knowledge among housing officers and others involved in the housing sector that ASB has a significant effect upon residents in terms of quality of life, and a single “incident” such as noise, dog fouling or litter is likely to have an impact upon multiple residents, visitors etc. Thus 250 “incidents” may affect a far greater number of residents, and the number of residents affected will determine the degree and cost of Council involvement in seeking to resolve the “incident”.

- 4.7 The totality of the evidence leads to the conclusion that a significant proportion of HMOs are linked to actual, or likely, ASB and the probable explanation for this is ineffective management of those HMOs. Alternative measures falling short of additional licensing were considered in the course of the March 2014 proposal and were rejected for reasons set out therein. Those reasons remain valid.
- 4.8 The designation for both of these schemes last for five years, after which point a full consultation, review and new decision would need to be made before the scheme could be continued.
- 4.9 An Equality Impact Assessment (EIA) was carried out in advance of the April 2014 decision. There has been consideration of whether there should be a further impact assessment in relation to the current proposal. The outcome of this consideration is that the EIA remains current and relevant and that a further EIA is not necessary or proportionate

Consultation

- 4.10 The purpose of this report is to recommend that the Council ratify and / or review / approve its earlier decision to implement additional licensing of HMO's across the borough. The Council's Cabinet has already made this decision, but considers it prudent to ask the Council to confirm it in light of the grant of permission to Mr Regas to apply for judicial review and the further information and evidence now available. The Council must be satisfied that a significant proportion of HMO's in its area are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems for those occupying the HMOs or for members of the public (Housing Act 2004 s.56(2)).
- 4.11 Consideration has been given to whether further consultation is required. A further consultation exercise is not considered to be reasonable or proportionate. There was an extensive consultation exercise which ended on 28.2.2014, which was overwhelmingly in favour of licensing across the privately rented sector and which specifically asked respondents about their views on additional licensing. In the Public and Stakeholder Consultation there was, in the first forum, more support for additional than for selective licensing and in the second, there was clear support for additional licensing for smaller HMO's as a means of reducing ASB/ neighbour nuisance. The surveys showed 85% of residents and 88% of organisations in favour of additional licensing, with telephone interviews indicating 76% support for HMO's to be licensed. As there was such clear support as recently as the beginning of 2014, the delay and expense of further consultation would be proportionate only if circumstances indicated that there might be a different response to the proposal now.
- 4.12 There has been no information gathered by Council staff to indicate a significant change in public opinion since the original consultation (**Appendix 3**). In t

he circumstances, taking into account the delay which would be caused by further consultation, it is not considered reasonable or necessary to undertake a further consultation exercise.

5. Service delivery

- 5.1 Under s.56(1) Housing Act 2004 a local authority may designate the area of its district or an area in its district as subject to additional licensing. Consideration has been given, both prior to the April 2014 decision and in relation to this proposal, to a scheme of partial coverage, focusing on the most certain hotspots in the borough. This was rejected on the grounds that significant pockets of anti-social behaviour that can be connected to prevalence of private sector rented dwellings can be evidenced across the borough and that consistency should be a guiding principle for a scheme of this nature.
- 5.2 25% of Enfield's total housing stock is privately rented. It has not been possible conclusively to establish the number of properties which are single family private rented properties and which are HMOs not subject to the currently applicable statutory licensing scheme. It is estimated that there are between 12715 and 12723 HMOs in the borough, out of a total of between 28042 and 32002 privately rented properties.
- 5.3 Housing stock in Enfield is predominantly lower than three storeys, therefore HMO's in the private rented sector are not likely to be subject to the current licensing requirements (currently only 61 in the borough are subject to mandatory licensing). There is a correlation between the private rented sector (including unlicensed HMOs) and anti-social behaviour as demonstrated by Professor Mayhew's analyses, alongside the anecdotal reports from council officers with day to day responsibility for ASB, environmental health and private rented sector issues.
- 5.4 If HMOs are not subject to additional licensing, there is a significant risk that a substantial number of privately rented HMO properties will remain ineffectively, inadequately and insufficiently managed which will impact on the Council's strategic aims set out in paragraph 6.5 and 6.6.
- 5.5 Additional licensing will enable the Council to create a coherent scheme whereby it is able, in conjunction with landlords, to tackle anti-social behaviour associated with properties used as HMOs. It will achieve this by identifying HMOs which are poorly managed and having clear information as to the identity of the responsible person or landlord. This in turn will enable the Council to:
 - (a) Ensure that landlords, tenants and other stakeholders are aware of their responsibilities;
 - (b) Ensure consistency of safeguards to privately renting tenants across tenure types and across the borough.

6. REASONS FOR RECOMMENDATIONS

- 6.1 The London Borough of Enfield suffers significant and persistent anti-social behaviour related to the private rented housing sector, together with poor property management.
- 6.2 Expert and anecdotal evidence, which includes the local knowledge of Council officers with extensive knowledge of the area and its housing type and ASB profile, support the conclusion that a significant proportion of HMO's across the borough are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems for those occupying the HMOs, or for members of the local community.
- 6.3 The consultation was sufficient in its approach to take reasonable steps to consult those likely to be affected by the designation and it highlighted a number of issues which have been considered above and incorporated into the scheme as a result of the exercise. The Council has no reason to believe that the views of potential consultees have altered significantly since the consultation was carried out.
- 6.4 There has been consideration of whether there are any other courses of action available that might provide, either alternatively or additionally, an effective method of dealing with the problem or problems in question s.57(4)(a) Housing Act 2004). Other statutory enforcement measures, or potentially voluntary measures such as an accreditation scheme are not considered sufficient to address the identified problems. In particular, it is not always possible to identify the landlord of an HMO in order to engage to resolve problems or to take enforcement action. Voluntary accreditation is unlikely be undertaken by those landlords whose management is ineffective or insufficient. It is considered that approving the designation will significantly assist the Council to deal with the problem and it will continue to consider the use of other enforcement powers, which it may be able to utilise more effectively, in conjunction with Additional Licensing.
- 6.5 The proposal is consistent with Enfield's Housing Strategy 2012 – 2027, in particular the strategy "*aspires to make Enfield safer and the Housing Strategic Partnership has made it a priority to look at ways of responding effectively to anti-social behaviour*". Aim 3 of the Strategy is to "*Improve the quality of homes and neighbourhoods and contribute to strong communities*" and the identified means by which that is to be achieved include, "*Improving standards and management of homes in the private rented sector*".
- 6.6 Enfield seeks to adopt a co-ordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour affecting the private rented sector. In particular it will combine licensing with other action taken by the Council or others (s.57(3) Housing Act 2004). This co-operative approach

within the Council, and with external agencies, is anticipated by the Housing Strategy 2012 – 2027, (see Foreword, Introduction and Objective 3, under the heading “*Supporting private tenants to repair and improve their homes*”).

- 6.7 It was argued in the judicial review proceedings that a decision to designate Enfield for additional licensing would engage The Provision of Services Regulations 2009 and that, to be lawful, the scheme thereby created had to comply in particular with regulations 14, 15 and 18. Assuming those regulations to apply, the recommendation is that the scheme as proposed would be fully compliant with the 2009 Regulations.
- 6.8 Firstly, the scheme would not discriminate against any provider of a service. As noted above, an equality impact assessment was carried out prior to the first decision and there is no need to update it.
- 6.9 Secondly, the need for a scheme is justified by an overriding reason relating to public interest, namely the prevention or reduction in anti-social behaviour, as this report amply demonstrates.
- 6.10 Thirdly, it is considered that the objective of tackling anti-social behaviour could not be attained by means of a less restrictive measure, again as this report makes clear. Far from being restrictive, the adoption of licensing is expected to be beneficial for landlords by creating a proactive relationship between them and tenants to tackle anti-social behaviour associated with residential dwellings; by enabling responsible landlords to sustain and grow their businesses, and by improving the quality of life for local residents (the more desirable the area the more buoyant the private-sector rented market is likely to be). The Council does not envisage that the licensing proposal will have a negative impact on good quality providers of accommodation working in Enfield. The scheme is therefore considered to represent a proportionate means of meeting the Council’s legitimate aims. There is nothing arbitrary about it.
- 6.11 Fourthly, the scheme will be clear, unambiguous, objective, made public in advance, transparent and accessible, for reasons adequately set out in this report.
- 6.12 Fifthly, the fee payable by landlords is a very modest fee especially if the landlord takes advantage of the ‘early bird’ discount and in real terms can be represent an outgoing of less than 60p per week. The fee does not include enforcement costs.

7. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

7.1 Financial Implications

- 7.1.1 The financial implications, in line with the April decision, remain unchanged if the implementation of additional and selective licensing goes ahead as originally planned.
- 7.1.2 The financial modelling estimated that the cost of the scheme will break even, over the five year life of the scheme. The financial analysis showed that there will be a surplus of income in the first two years of the scheme, when the majority of the income is likely to come into the Council, however the early year surpluses will be then used to fund the future years inspection, management and overhead running costs, achieving the ultimate break even position.
- 7.1.3 The proposed fee and early bird fee remain unchanged at £500 per licence and £250 per licence respectively.
- 7.1.4 However, should there be any material change required to the scheme then the financial impact of the change will need to be reassessed.

7.2 Legal Implications

- 7.2.1 The Council has sought expert legal opinion in respect of the rationale for this ratification and/or review/approval.

7.2.2 Criteria for Additional Licensing

Section 56 of the Housing Act 2004 (the Act) empowers a local housing authority to designate the area of their district, or an area in their district, as subject to **additional licensing** in respect of specified HMOs (other than those already subject to mandatory licensing) where it considers that a significant proportion of the properties in question are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems either for those occupying the HMOs or for members of the public.

- 7.2.3 Section 56(2) of the Act states that the authority must consider that a significant proportion of the HMOs of that description in the area are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems either for those occupying the HMOs or for members of the public

- 7.2.4 Guidance published by the Department of Communities and Local Government has been taken into account. It explains that examples of properties being managed sufficiently ineffectively include:

- those whose external condition and curtilage (including yards and gardens) adversely impact upon the general character and amenity of the area in which they are located;
- those whose internal condition, such as poor amenities, overcrowding etc., adversely impact upon the health, safety and welfare of the occupiers and the landlords of these properties are failing to take appropriate steps to address the issues;

- those where there is a significant and persistent problem of anti-social behaviour affecting other residents and/or the local community and the landlords of the HMOs are not taking reasonable and lawful steps to eliminate or reduce the problems; and;
- those where the lack of management or poor management skills or practices are otherwise adversely impacting upon the welfare, health or safety of residents and/or impacting upon the wider community.

7.2.5 'Anti-social behaviour' is defined in section 57(5) of the Act as "conduct on the part of occupiers of, or visitors to, residential premises –
(a) which causes or is likely to cause a nuisance or annoyance to persons residing, visiting or otherwise engaged in lawful activities in the vicinity of such premises, or
(b) which involves or is likely to involve the use of such premises for illegal purposes".

The DCLG Guidance explains that an area can be deemed to be suffering from significant and persistent anti-social behaviour, if it suffers from:

- **Crime** - tenants not respecting the property in which they live and engaging in vandalism, criminal damage, burglary, robbery/theft and car crime.
- **Nuisance Neighbours** - intimidation and harassment; noise, rowdy and nuisance behaviour; animal related problems; vehicle related nuisance. Tenants engaged in begging; anti-social drinking; street prostitution and kerb-crawling; street drugs market within the curtilage of the property.
- **Environmental Crime** - tenants engaged in graffiti and fly-posting; fly tipping; litter and waste; nuisance vehicles; drugs paraphernalia; fireworks misuse in and around the curtilage for their property.

Mandatory requirements for additional licensing

7.2.6 Before designating an area of additional licensing, the authority must take reasonable steps to consult persons who are likely to be affected by the designation and consider any representations made in accordance with the consultation and not withdrawn.

7.2.7 The authority must ensure that any exercise of the power to designate areas of additional licensing is consistent with the authority's overall housing strategy.

7.2.8 The authority must also seek to adopt a co-ordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour affecting the private rented sector, as regards combining licensing with other courses of action available to it, or measures taken by others.

7.2.9 A designation cannot come into force unless it has been confirmed by the appropriate national authority, or it falls within a description of designations in relation to which that authority has given a general approval.

7.2.10 As soon as a designation is confirmed or made, the authority must publish a notice containing prescribed information stating that the designation has been

made. The authority must also make copies of the designation and information available to the public for as long as the designation is in force.

- 7.2.11 A designation ceases to have effect 5 years after the date on which it comes into force. The authority must from time to time review the operation of any designation made by them. The authority may revoke a designation and, if it does so, must publish a notice of the revocation in prescribed form.

Grant of licences

- 7.2.12 The authority must apply a 'fit and proper person' test to applicants for licences and may include in any licence such conditions as it considers appropriate for regulating the management, use or occupation of the house concerned. In the instance of a dispute, the applicants will have a right of appeal to the Residential Property Tribunal.

Fees

- 7.2.13 When fixing licence fees the authority may take into account all costs incurred by it in carrying out its functions under the additional licensing provisions of the Act.

7.3 Property Implications

- 7.3.1 The proposed licensing scheme will introduce a new local regulatory environment for the private rented sector. The scheme will assist the Council in developing and maintaining a landlords' register thereby allowing transparency regarding the property and tenancy management arrangements for each address. This improved intelligence will enable the Council to notify landlords of their responsibilities and will assist the Council in responding appropriately to anti-social behaviour associated with the address. Implementation of similar schemes by other boroughs has been noted to improve the environment of neighbourhoods and reduce anti-social behaviour.
- 7.3.2 However, the use of additional and selective licensing which is landlord and property based, will not resolve many of the issues which are caused by 'bad tenants', however it will increase the oversight of these issues by landlords and where appropriate the use of enforcement powers where the law is being broken. In this regard, the Council proposes to ensure licensing and enforcement are complementary.
- 7.3.3 It is envisaged that the proposed scheme will assist in increasing the consistency of safeguards available to tenants, while improving the quality of private rented stock and tackling poor quality landlords. A desired outcome will be the effective management of their properties by private sector landlords.

8. KEY RISKS

- 8.1 A risk register exists to monitor the development of the proposals and their implementation upon approval. Key risks to be monitored include the effectiveness of communications strategies to get the message to landlords that registration is needed, the robustness of IT systems to ensure that licenses can be processed accurately and quickly, the information sharing protocols between departments to ensure that a joined up approach is pursued, the rigorous on-going testing of the financial model to maintain cost effectiveness and cost neutrality, the response times to customer enquiries are monitored and achieved. Each of these and other supporting areas will form the context of a risk register that will be maintained by the officer leading the scheme with support from the Council Risk Manager and incorporate best practice.

9. IMPACT ON COUNCIL PRIORITIES

9.1 Fairness for All

The successful implementation of a borough-wide additional landlord registration scheme will contribute positively to 'Fairness for All' by creating an environment in which all residents can expect to receive a standard of accommodation that is fit for purpose and that is located in an area where tackling anti-social behaviour is of paramount importance.

9.2 Growth and Sustainability

The successful implementation of the scheme will contribute positively to growth and sustainability in Enfield by encouraging stability in our private rented sector and will ensure that landlords have a greater stake in the areas that they let accommodation in and by contributing to the physical and social wellbeing of our neighbourhoods.

9.3 Strong Communities

The scheme if implemented successfully will create stronger communities in Enfield by encouraging both landlords and tenants alike to contribute more fully to the areas in which they live, recognise their civic responsibilities as such and to see themselves as part of dynamic and vibrant local areas that are committed to combating anti-social behaviour and promoting Enfield as a place that is attractive to live, visit and do business in.

10. EQUALITIES IMPACT IMPLICATIONS

Please refer to EIA appended to original cabinet report as Appendix 9 (see background papers)

11. PERFORMANCE MANAGEMENT IMPLICATIONS

- 11.1 The scheme will utilise robust performance management systems that will ensure that the scheme is effectively administered. Service Level Agreements will be enacted between relevant departments and clear timed responses

throughout the process of enacting the scheme have been identified (measurable agreed targets connected to the licensing process and enforcement). These will be implemented to ensure that the scheme will operate at an optimum level and deliver on its stated objectives. Quarterly reports will be produced by the implementation team that will be considered by the relevant strategic board and on a bi-annual basis report will be presented to CMB and Members. Improvement planning contingencies underpinned by robust risk monitoring will be employed to ensure slippage is minimised.

12. HEALTH AND SAFETY IMPLICATIONS

The Health and Safety at Work Act 1974 Section 2: Duties of employers to employees. Employees must ensure the health, safety and welfare of their employees, subject only to the defence of 'so far as is reasonably practicable'. All employers must make and review a suitable and sufficient assessment of the risks of their activities to employees. Employers must also have in place such arrangements as are necessary to effectively plan, organise, control, monitor and review any preventive and protective measures.

It would recommend that before any officer attends a property for inspection, a pre inspection questionnaire should be carried out by the landlord, who completes to ascertain condition of the property, possibly to insist on a framework of basic requirements for the landlords to meet such as gas safety, electrical safety certifications etc.

13. HR IMPLICATIONS

All roles created to support this scheme will require evaluated job descriptions. Recruitment to these posts should follow the guidance detailed in the Council's Recruitment Policy and Procedure. The posts should be advertised internally and consideration should be given to staff that are potentially affected by the Council's re-organisation plans in the first instance.

14. PUBLIC HEALTH IMPLICATIONS

Good quality housing is recognised as a wider determinant of positive Public Health outcomes. The implementation of licensing which will improve the standard of property and tenancy management will contribute to the public health objectives of Enfield Council, by contributing to a safer living environment for many of our residents and would help to ensure living standards in the accommodation offered were of a high quality.

Background Papers

Cabinet Report 9 April 2014 – Proposal to Implement Borough wide Additional and Selective Licensing Scheme KD 230

Appendix 1: Designation of an area for additional HMO licensing

The London Borough of Enfield Designation of an Area for Additional Licensing of Houses in Multiple Occupation 2014.

The London Borough of Enfield in exercise of their powers under section 56 of the Housing Act 2004 (“the Act”) hereby designates for additional licensing of Houses in Multiple Occupation (“HMOs”) the area described in paragraph 4 below.

CITATION, COMMENCEMENT AND DURATION

1. This designation may be cited as the London Borough of Enfield Designation for an Area for Additional Licensing of Houses in Multiple Occupation 2014.
2. This designation is made on 9th April 2014 and shall come into force on 1st April 2015.
3. This designation shall cease to have effect on 31st March 2020 or earlier if the Council revokes the scheme under section 60 of the Act.

AREA TO WHICH THE DESIGNATION APPLIES

4. This designation shall apply to the London Borough of Enfield as delineated on the map as shown below as Annex a.

APPLICATION OF THE DESIGNATION

5. This designation applies all HMOs within the area described in paragraph 4 unless -
 - (a) the building is of a description specified in annex c (Buildings that are not HMOs for the purpose of the Act- other than Part 1);
 - (b) the HMO is subject to an Interim or Final Management Order under Part 4 of the Act;

(c) the HMO is subject to a temporary exemption under section 62 of the Act; or

(d) the HMO is required to be licensed under section 55 (2) (a) of the Act (mandatory licensing).¹

EFFECT OF THE DESIGNATION

6. Subject to sub paragraphs 5(a) to (d) above every HMO of the description specified in that paragraph in the area specified in paragraph 4 shall be required to be licensed under section 61 of the Act.²

7. The London Borough of Enfield will comply with the notification requirements contained in section 59 of the Act and shall maintain a register of all houses registered under this designation, as required under section 232 of the Act.³

Date and authentication by the Council: 9th April 2014

Elected Cabinet

¹ For the application of mandatory licensing see SI 371/2006 – The Licensing of Houses in Multiple Occupation (Prescribed Descriptions) (England) Order 2006

² Section 62 of the Act provides for certain temporary exemption. As to suitability see section 64. Note, if the house is not suitable to be licensed the Council must make an Interim Management Order-see section 10

³ Section 232 of the Act and paragraph 11 of SI 373/2006

Private Rented Property Additional Licensing - Designation Boundary

Annex A



Annex b – Paragraph 5(a): Buildings that are not HMOs for the purpose of the Act⁴

Buildings controlled or managed by public bodies etc⁵

1. A building where the person managing or having control of it is⁶:
 - (a) a local housing authority;
 - (b) a police authority established under section 3 of the Police Act 1996 or the Metropolitan Police Authority established under section 5B of that Act;
 - (c) a fire and rescue authority under the Fire and Rescue Services Act 2004;
 - (d) a health service body within the meaning of section 4 of the National Health Service and Community Care Act 1990;
 - (e) a body which is registered as a social landlord under Part 1 of the Housing Act 1996.

Buildings regulated by other enactments⁷

4. A tenancy, licence or occupation of a house which is regulated under the following enactments:
 - (a) sections 87 to 87D of the Children Act 1989;
 - (b) section 43 (4) of the Prison Act 1952;
 - (c) section 34 of the Nationality, Immigration and Asylum Act 2002;

⁴ Schedule 14 of the Act and SI 373/2006

⁵ Paragraph 2 of schedule 14

⁶ For the definition of “person managing” and “person having control” see section 263 of the Act

⁷ Paragraph 3 of schedule 14 and paragraph 6 (1) and schedule 1 of SI 373/2006

- (d) The Secure Training Centre Rules 1998⁸;
- (e) The Prison Rules 1998⁹;
- (f) The Young Offender Institute Rules 2000¹⁰;

⁸ SI 472/1998 as amended by SI 3005/200

⁹ SI 728/1999 as amended by SI 1794/2000, SI 1149/2001, SI 2116/2002, SI 3135/2002. SI 3301/2003 and SI 869/200

¹⁰ SI 3371/2000 as amended by SI 2117/2002, SI 3135/2002 and SI 897/20

- (g) The Detention Centre Rules 2001¹¹;
- (h) The Criminal Justice and Court Service Act 200 (Approved Premises) Regulations 2001¹²;
- (i) The Care Homes Regulations 2001¹³;
- (j) The Children’s Homes Regulations 2001¹⁴;
- (k) The Residential Family Centres Regulations 2002.¹⁵

Certain student lettings etc¹⁶

5. A building –

- (i) which is managed or controlled by a specified educational establishment or is of a specified description of such establishments and
- (ii) the occupiers of the house or dwelling are undertaking a full time course of further or higher education at the specified establishment¹⁷ and
- (iii) the house or dwelling is being managed in conformity with an Approved Code of Practice for the management of excepted

¹¹ SI 238/2001. Section 66 (4) of the Nationality, Immigration and Asylum Act 2002 provides that the reference to a detention centre is to be construed as a reference to a removal centre as defined in Part VIII of the Immigration and Asylum Act 1999

¹² SI 850/2001

¹³ SI 3965/2001 as amended by SI 865/2001. SI 534/2003, SI 1590/2003, SI 1703/2003, SI 1845/2003, SI 664/2004, SI 696/2004, SI 1770/2004, SI 2071/2004 SI and SI 3168/200

¹⁴ SI 3967/2001 as amended by SI 865/2002, SI 2469/2002, SI 664/2004 and SI 3168/2004

¹⁵ SI 3213/2002 as amended by SI 664/2004, SI 865/2004 and SI 3168/2004

¹⁶ Paragraph 4 of schedule 14

¹⁷ See the schedule to The Houses in Multiple Occupation (Specified Educational Establishments) (England) (No 2) Regulations 2006 for the list of specified bodies

accommodation under section 233 of the Act.¹⁸

Religious communities¹⁹

6. A building which is occupied principally for the purpose of a religious community whose principal occupation is prayer, contemplation, education or the relief of the suffering except if the building is a converted block of flats to which section 257 of the Act applies.

Buildings occupied by owners²⁰

7. A building which is only occupied by –
 - (i) one or more persons who hold the freehold or a leasehold interest granted for a term of more than 21 years of the whole, or any part of, the building
 - (ii) and/or any member of the household²¹ of that person or persons but this exemption does not apply to a converted block of flats to which section 257 of the Act applies, except for ascertaining the status of any flat within the block.

Buildings occupied by Resident Landlord etc²²

8. A building which is occupied by a person or persons to whom paragraph 7 applies (subject to the proviso therein) and no more than two other persons²³, not forming part of the owner's household.

¹⁸ The relevant codes of practice are approved under SI 646/2006 – The Housing (Approval of Codes of Management Practice) (Student Accommodation) (England) Order 2006

¹⁹ Paragraph 5 of schedule 14

²⁰ Paragraph 6 of Schedule 14

²¹ For the definition of "household" see section 258 (2) and paragraphs 3 and 4 of SI 373/2006 Paragraph 6 of Schedule 14

²² Paragraph 6 of schedule 14 and SI 373/200

²³ Paragraph 6 (2) of SI 373/200

Buildings occupied by two persons²⁴

9. Any building which is only occupied by two persons (forming two households)

Meaning of “building”

10. In this annex, a “building” includes a part of a building.

²⁴ Paragraph 7 of schedule 1

Professor Mayhew's further report on anti-social behaviour in Enfield

1. Background

I have been asked by the London Borough of Enfield to provide a further, updated, report as to the relationship between anti-social behaviour and the HMO sector in order to assist it in its determination as to whether it should ratify the decision made on 09/04/2014 to introduce an additional licensing scheme covering HMOs other than those already subject to mandatory licensing legislation.

By way of background, I produced a report entitled 'Understanding the relationship between private rented properties and anti social behaviour in Enfield', dated November 2013. At that time, I had available only police reports of anti-social behaviour (ASB) in the borough, the majority of which were not linked to a specific address, but rather were geographically identified by a map grid reference.

The grid referenced information showed a link between ASB and single family rented properties¹ but not with HMOs. The latter consisted of properties of two or less storeys as well as mandatory HMOs of three or more storeys. Mandatory HMOs were only estimated to comprise less than 0.5% of the total high risk HMO stock

Of the 1,530 ASB address specific reports provided to me, only 590 were in the private sector. Although the data confirmed that ASB rates among single family rented properties were higher than for the private sector I was unable to discern a relationship between HMOs and the available ASB reports.

I have now been provided with further data from Enfield's records of ASB reports which *are* address specific. These data were included in the original cabinet report as part of Appendix 4, titled Anti Social Behaviour and the Private Rented Housing Sector in Enfield – Evidence Base and Research Summary, Feb 2014, but did not form part of the data sets used by *nkm* at that time.

I have now taken the data available in my original report coupled with the additional data and applied the same methodology. The new address specific reports concern enviro-crime (noise, rubbish in gardens, etc.) and council reported ASB. My further analysis is set out below.

2. Trends in Enviro-crime

Based on data from April 2010 to August 2014 Enfield council recorded around 19,500 addressable incidents of enviro-crime (~37,000 altogether). The main categories were domestic noise, rubbish in front and back gardens, fly-tipping and other (e.g. graffiti, litter, and dog fouling).

¹ The original study risk assessed all residential properties' in Enfield and classified them into either suspected single family households or suspected HMOs. Households with the highest risk scores were then sub-designated as either high risk single family households or high risk HMOs. In the analysis which follows only those designated high risk properties are referred to e.g. high risk HMOs comprise rows 1 to 7 of Table 1 in my original report or 12,811 properties.

Figure 1 shows that overall levels of enviro-crime have been slightly declining over time but that in the most common category, noise complaints, levels are persistent and increasing slightly year on year. Other common categories of any scale include garden rubbish and fly-tipping.

Enviro-crime by tenancy type and incident rates

Enviro-crime data were matched to tenancy information by Unique Property Reference Number (UPRN) as previously established. The number of enviro-crime events occurring in each tenancy type is shown in Table 1 in which the ‘private sector’ has been further subdivided into either high risk HMOs or single family dwellings.

The figures for each tenancy type used here are based on a methodology taken from our previous study to identify and separate single family dwelling and HMOs. For the purposes of this further analysis the details are not repeated here.

Table 1 shows the number of recorded incidents by tenancy type, so that for example, for comparative purposes, council stock experienced 1,646 incidents of any type in the period from 1/4/2010 to August 2014.

Table 2 shows the same information but converted into incident rates. For example, based on a council stock of 11,010 homes, this gives an overall enviro-crime rate of 15% for this property type ($1,646/11,010 \times 100 = 15\%$).

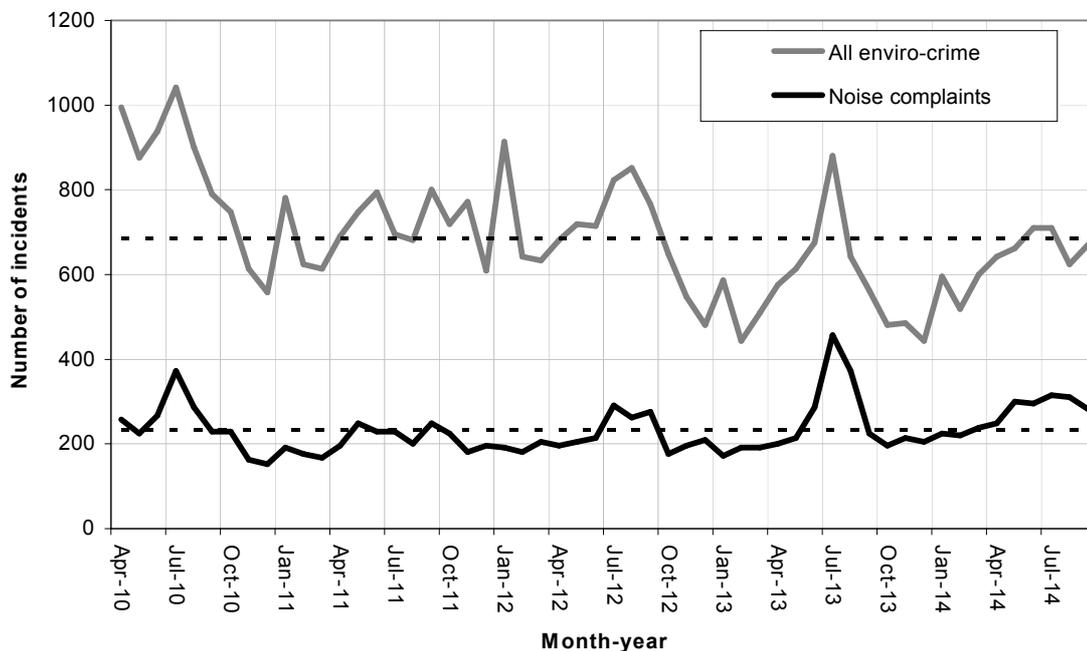


Figure 1: Monthly incidence of enviro-crime from April 2010 to August 2014(all tenancies)

Category of incident	Council Stock	Housing Association	Private	of which high risk HMO	of which high risk single family dwelling	Total events
All events <i>of which</i>	1,646	970	16,883	2,203	5,430	19,499
Domestic Noise	1,294	646	8607	1,248	2,974	10,547
Fly Tipping	91	97	2007	209	392	2,195
Rubbish Front & Back Gardens	138	109	3430	430	1,232	3,677
Other	123	118	2839	316	832	3,080
Total UPRNs	11,010	6,995	110,794	12,811	19,290	19,499

Table 1: Number of enviro-crime incidents by type and tenancy

Enviro-crime rates (incidents per UPRN %)	Council Stock	Housing Association	Private	of which high risk HMO	of which high risk single family dwelling	Council-wide all property average
All events <i>of which</i>	15.0	13.9	15.2	17.2	28.1	15.1
Domestic Noise	11.8	9.2	7.8	9.7	15.4	8.2
Fly Tipping	0.8	1.4	1.8	1.6	2.0	1.7
Rubbish Front & Back Gardens	1.3	1.6	3.1	3.4	6.4	2.9
Other	1.1	1.7	2.6	2.5	4.3	2.4

Table 2: Incidence rates of enviro-crime by type and tenancy

The following main points are noted:

- The highest rate of enviro-crime is committed by high risk single family rented dwellings (28.1%) as compared with the borough average of 15.1%. The lowest rates are committed by housing association tenants (13.9%)
- The comparative rate for high risk HMOs, over 99.5% of which are *not* currently covered by the current mandatory licensing scheme is 17.2% which is higher than, and statistically significantly different from the borough average ($p < 0.001$)
- The largest differences in enviro-crime between high risk HMOs and other properties are domestic noise (9.7% versus 8.2% borough wide) and rubbish in front and back gardens (3.4% versus 2.9% borough wide).

These results are consistent with my previous findings, namely that single family private rented dwellings are most likely to be associated with common types of ASB than other tenancies. The difference is that this analysis ties events to addresses and not just to the locality as previously.

However, it further shows that HMOs also tend to be more associated with ASB that is concerned with enviro-crime than the Council-wide average. Key examples of this tendency include domestic noise or garden rubbish.

The differences in incident rates between HMOs and council-wide averages is smaller than is the case for single family rented dwellings but is nonetheless statistically significantly different from zero ($p < 0.001$).

Since it is believed that the vast majority of high risk HMOs are not currently covered under the mandatory licensing scheme, this finding may be safely assumed to apply to this sub-group as well as to all HMOs (mandatory licensed HMOs only account for less than 0.5% of the total number of high risk HMOs).

Property risk markers for ASB and Enviro-crime

A key issue is which kind of households are more likely to commit enviro-crimes as described. Clearly there is more than one possible risk factor or marker and not simply tenancy e.g. whether a dwelling is private rented or not.

In this section we risk profile enviro-crime at address level using different combinations of risk factors including whether a property is a high risk HMO or not.

Several other risk factors were tested to find those most predictive of ASB among those available. Among these were pest control incidents, notification of housing disrepair and housing benefit status of each UPRN (a marker of low-income).

As an indication of the scale of the problem, we determined that there are over 300 pest control notifications per year and over 900 reports received of homes in disrepair. Annual reports of disrepair have increased over time whilst pest control figures have been broadly steady.

We tested whether pest control and houses in disrepair alongside rental markers such as whether or not a high risk HMO and benefit status were also predictive of enviro-crime (mainly domestic noise, garden rubbish, etc.). For this, we focussed our attention on privately owned properties.

Our four risk markers were as follows:

- Whether there had been any pest control event at an address since 01/04/2010
- if a home had been reported as being in disrepair
- whether occupants were in receipt of Housing Benefit
- if the property was a high risk HMO.

Four risk factors give rise to 16 possible combinations of risk factors or risk categories as shown in Table 3. In this table the risk categories has been ordered from highest to lowest risk based on the incidence rates of enviro-crime in each.

The columns show the number of properties exposed in each risk category, the risk factors that apply (indicated by ‘Y’), and the percentage of UPRNs experiencing at least one enviro-crime event. The column totals given the number of properties for which each risk factor has been identified.

Category	number in category	High Risk HMO	Any pest control event at address	Housing Benefit at address	Disrepair reported at address	% of UPRNs reporting enviro-crime incident
1	12	Y	Y	Y	Y	50.0
2	7	Y	Y		Y	42.9
3	47		Y		Y	42.6
4	26	Y	Y	Y		42.3
5	109		Y	Y	Y	42.2
6	183		Y	Y		35.5
7	576		Y			30.4
8	134	Y			Y	29.1
9	80	Y	Y			27.5
10	167	Y		Y	Y	26.3
11	941				Y	23.7
12	1,972			Y	Y	19.7
13	1,313	Y		Y		16.5
14	15,508			Y		12.6
15	11,072	Y				7.9
16	78,647					6.7
total	110,794	12,811	1,040	19,290	3,389	8.4

Table 3: Risk ladder showing the incidence of enviro-related crime based on the given risk factors.

For example in the first and highest risk category, row 1, we identified just 12 properties to which all four risk factors applied; 50% of these had experienced at least one enviro-crime incident in the time period.

The table shows that the average incident rate per property for any incident occurrence is 8.4% (bottom right) but that this ranges from 6.7% in the lowest risk category to 50% in the highest. Further, the top seven categories are associated with pest control, the top three with disrepair and top two with HMO status.

However, as can be seen, relatively few homes, whether HMO or not, are at risk in these higher categories. Nevertheless, it can be verified that wherever HMO status is indicated in the table enviro-crime incidence is above the borough average. An exception is row 15 where it is 7.9% i.e. just below the borough average.

Further analysis shows that the odds of any incident of enviro-crime occurring increase:

- 4.6 times if there has also been a pest control event
- 2.3 times if disrepairs have been reported
- 1.9 times if a person in the property receives housing benefit
- 1.2 times if it is a high risk HMO

These odds are multiplicative and statistically significantly different from evens (i.e. odds of one) at the 95% level of confidence. For example, if all four risk factors apply to a property the odds of enviro-crime are increased $4.6 \times 2.3 \times 1.9 \times 1.2 = 24.1$ times.

Hence, this means that if one of the risk factors applying to a property is HMO status the odds of enviro-crime are increased by 20% - in this example from 20.1 times to 24.1 times.

The predictive value of these four markers is apparent from Figure 2 which shows the predicted versus observed risk of enviro-crime based on these four risk factors. Statistically the four factors explain 87% of the variance in enviro-related crime in Enfield.

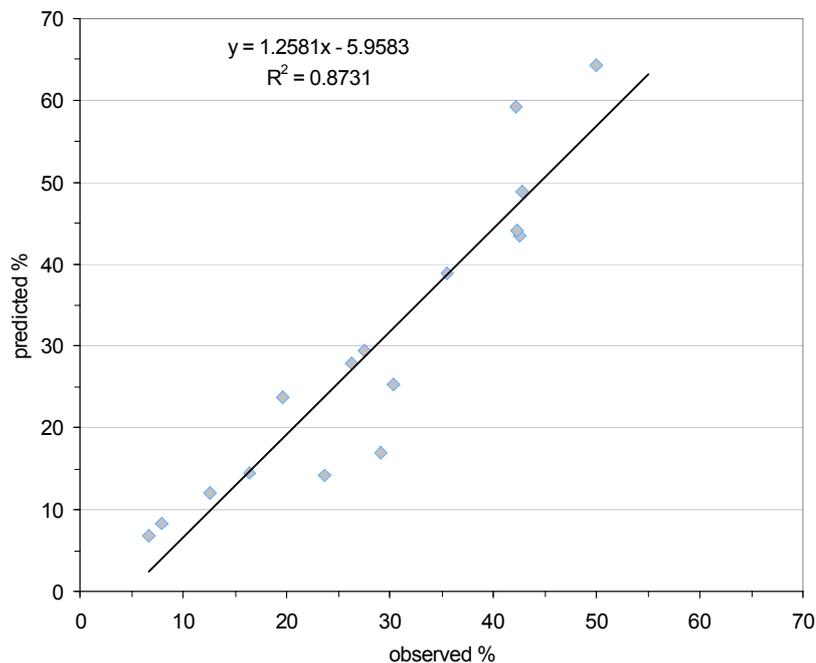


Figure 2: Predicted versus observed incidence of enviro-crime in Enfield based on risk factor analysis

3. Further information provided on Council reported ASB

The records of ASB offences that are kept by the council, excluding hate crimes, are those incidents that are reported to the Council in the first instance. These total less than the police recorded ASB used in the original study. These Council records contain a higher proportion of address based information.

Much of this data relates to abusive or violent behaviour and drugs, but also more serious noise related incidents such as follow neighbour disputes or other types of disturbance (e.g. associated with drugs or rowdy behaviour). This type of ASB may be considered as belonging to a different and more serious type of enviro-crime, although there are some overlaps (e.g. noise complaints)

Of the data linked to an address, some records show the address of the offender, and some records show where the incident took place, or both. This means it is difficult to

draw meaningful conclusions, especially as incident rates are very low, generally less than 1% of recorded incidents.

We found that incident rates in high risk HMOs were less than in high risk single family rented properties. However it should be noted that the sample sizes were all very small and so conclusions about tenancies are difficult to draw.

However, my findings on the slightly larger sample - which included address based police reported ASB - were contained in my previous report and in a letter from the Council dated 28 April 2014.

This stated that whilst ASB rates associated with abusive or violent behaviour, drugs and serious noise were more than double the average in single family rented dwellings, there was no discernible differences with HMOS and the private sector as a whole.

4. Conclusions

This further report has been concerned with assessing new data alongside previously used data to consider whether the Council should ratify the decision made on 09/04/2014 to introduce an Additional Licensing Scheme covering those HMOs not currently covered under the mandatory licensing scheme.

The evidence found that high risk HMOs were estimated to account for over 99.5% of the likely HMO stock and so whether to include or exclude existing mandatory HMOs does not materially affect the conclusions given here.

Most of the new data concerned various categories of enviro-crime data for which detailed Council records exist, but have not previously been linked at address level or analysed.

The new analysis addressed two issues: Whether HMOs were more likely than other tenancies to be responsible for certain types of enviro-crime and whether HMO tenancies were a risk factor in association with other markers of anti-social behaviour such as housing disrepair or pest control.

The results indicated that HMOs are second after single family rented properties in terms of noise complaints and garden rubbish among the various tenancy types. The differences in incident rates between HMO identified enviro-crime and council-wide rates were higher than, and statistically significantly different from zero. In addition, it was found that an HMO with no other risk factors is 20% more likely to commit an enviro-crime than a similar property with no other risk factors.

To give an illustration of what this might mean in very rough terms, if HMOs did not exist and that they were privately owned and occupied, there would have been approximately 250 fewer reported enviro-crime incidents over the period.

Overall the findings therefore appear consistent with the previous study which was based on police reported ASB, namely that single family rented properties are more

closely associated with ASB than private properties in general, HMOs and other tenancy types.

However, this new analysis which has been consolidated using more recent data shows that high risk HMOs are also more likely to be associated with enviro-crime than the private sector generally. This is especially so where the properties in question are associated with other risk factors, including pest control, disrepair and benefit status.

If the private rented sector continues its recent expansion as seems likely given the state of the London housing market, then the evidence suggests that categories of enviro-crime considered more typical of the private rented sector will tend to grow in tandem.

Although this is more likely to occur in the single family dwelling sector than elsewhere, the evidence is that HMOs are also not immune.

Dr L. Mayhew

03/11/2014

A handwritten signature in black ink, appearing to read 'L Mayhew', with a stylized flourish at the end.

Appendix 3

Case Studies from Council Officers.

Case study evidence has been gathered to demonstrate work that is already being done by the various Council departments and agencies across the borough. This illustrates the destabilising impact that crime and environmental crime type ASB can have on residents and their community, and also the myriad of problems for the council in trying to remedy situations, due to a lack of knowledge of property ownership and a lack of correct management by owners and letting agents with responsibility for the properties.

Case Study One

In the first case study, residents of a residential street made complaints to the Council's Environmental Protection Team about a property that suffered excessive environmental crime issues; such as rubbish and furniture being dumped in the front garden, rodent infestation and general disrepair of the property. Residents also complained about excessive noise emanating from the property and the stream of callers attending the property at different times of the day and night. The Enfield Council Community Safety Unit within the anti-social Behaviour Team (CSU ASB team) took on the case and carried out several unannounced visits but was unable to gain access. Investigations to determine ownership of the property was long and arduous and involved several agencies to determine this. Results revealed the ownership was a consortium and further difficulties arose to trace the managing agents, who when identified would not cooperate with either the ASB Team or the police. In the meantime, residents become increasingly anxious and worried about the increased ASB levels coming from the property. Several residents were intimidated when they challenged the callers. Further visits to the property by the joint working of the ASB Team and the police revealed that the property had been used to accommodate numerous single adults of whom some of the rooms had been taken over by gang members for the purposes of dealing drugs from the front and rear of the property. The property condition had many Category 1 hazards¹ and was not compliant to the fire safety standards to which a HMO would be required to meet. The Council applied for a closure notice in conjunction with the police to close the property.

Case Study Two

In another case, multiple complaints were being received by the Council's Community Safety Unit about a property that was having significant activity and persons coming in and out resulting in continued late night disturbances, noise and intimidation. Joint working with the (CSU) ASB team and the police revealed the property was being used to accommodate single occupants and also used as a brothel. On occasions, visitors to the property knocked on

¹ Part 1, section 2 Housing Act 2004

neighbour's doors assuming it was the brothel and on one occasion tried to force entry into a neighbour's property again assuming it was the brothel. Residents were living in fear. The ASB team with the police carried out extensive research in establishing ownership of the property. Eventually, through a lengthy and costly investigation, the owner of the property was traced and the police issued a warning due to the property being used as a brothel. This investigation also established that benefit fraud was occurring at the address.

The table below refers to incidents of anti-social behaviour (ASB) occurring in HMOs that are not covered under current Mandatory Licensing legislation, and that have been ineffectively and inadequately managed by landlords.

A sample of Officer reports for the period February 2014 to October 2014

Postcode	HMOs – Identified Issues
N9	Property raided by police and other enforcement agencies. Private Sector Housing Enforcement Officers investigating use of accommodation and housing conditions. PSH Officer unable to locate owner of property and has been unable to gain entry into the premises. Officer applied for power of entry and if necessary to apply for a warrant.
EN3	Officer visit with fire officer following suspected use of property for living accommodation. Property considered a HMO and an application for an HMO licence will be required. Necessary works required, including fire detection system; doors and alarms, rewire of electrics.
EN3	Illegal build – Planning Enforcement taking action.
N13	Housing Notice served on the owner to provide a suitable kitchen arrangement. There are several other rooms in the property which also require proper cooking facilities.
N18	An industrial factory that has been converted into units, some of which are used as bedrooms. Property converted with no planning application submitted.

	Raid carried out by the police and other enforcement agencies regarding possible illegal activities. PSH Enforcement carried out and established an HMO application required.
N9	Property found to have category 1 hazards and a bedroom converted from a garage with no external window. Council to serve notice /prohibit use of this room if owner does not deal with hazards and install window.
EN3	No fire precautions, unsatisfactory heating facilities and various disrepair issues. Property also used for illegal activity of which police involved.
N18	Drug dealing, rodent infestation, bagging out and dog fouling, numerous Category 1 hazards - suspended Prohibition notice served
N18	Category 1 hazards, dog fouling, rubbish in front garden, rodent infestation, rooms rented out & not considered habitable.
N9	Referral from Police and Council ASB Team – Property unfit for habitation. No fire detection system and numerous Category 1 hazards present
EN3	Referral from LFB and Council ASB Team - no working fire detection system
EN3	Referral from Police following incident at property – poor housing conditions & Category 1 hazards present
EN1	Entire property unfit for habitation – on electrics, no gas, property structure unsafe and rat infestation.
N18	No fire detection system, unsatisfactory heating system, and various disrepair issues/CAT 1 hazards
EN2	Drainage and fire safety problems identified at the property
N14	Contaminated wheeled bins and accumulation of waste in gardens
N14	Ongoing problems with over producing due to the amount of people in the property, resulting rubbish

	strewn across the floor and overflowing bins.
N11	Overcrowding and illegally converted outhouse / shed, rodent infestation, front garden full of rubbish, bins overflowing and rat infestation,
N11	Overcrowding. Improper disposal of waste
N14	Overcrowding. Property in poor condition and bins overflowing
EN3	Overcrowding. Property in poor condition, rubbish dumped in front and rear gardens. Neighbours experiencing rodent infestation.
N18	Housing Disrepair issues, bed bug infestation
N9	2 cases being investigated for Housing Benefit fraud revealed the accommodation they lived in as unlicensed HMOs. Further investigations identified that the properties were purchased for HMO use but then let as self-contained units to benefit from Housing Benefit rules.