



Civic Centre,  
Arnot Hill Park,  
Arnold,  
Nottinghamshire,  
NG5 6LU

# Agenda

## Cabinet

Date: **Thursday 8 March 2018**

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Time: **12.30 pm**

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Place: **Chappell Room**

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For any further information please contact:

**Alec Dubberley**

Service Manager Democratic Services

0115 901 3906

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# Cabinet

## Membership

**Chair** Councillor John Clarke

**Vice-Chair** Councillor Michael Payne

Councillor Peter Barnes  
Councillor David Ellis  
Councillor Gary Gregory  
Councillor Jenny Hollingsworth  
Councillor Henry Wheeler

**Observers:** Councillor Chris Barnfather

## **AGENDA**

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- 2 To approve, as a correct record, the minutes of the meetings held on 1 and 15 February 2018.** 5 - 12
- 3 Declaration of Interests.**
- 4 Derby-Nottingham Metropolitan Strategy** 13 - 88  
Report of the Chief Executive.
- 5 Selective Licensing Implementation in the Netherfield Ward** 89 - 146  
Report of the Food, Health and Housing Manager.
- 6 Council Tax Care Leavers' Reduction** 147 - 156  
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Report of the Service Manager Democratic Services.
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- 9 Member's Questions to Portfolio Holders.**
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## **MINUTES CABINET**

**Thursday 1 February 2018**

Councillor John Clarke (Chair)

Councillor Michael Payne  
Councillor Peter Barnes  
Councillor David Ellis

Councillor Gary Gregory  
Councillor Jenny Hollingsworth

Observers: Councillor Chris Barnfather

Absent: Councillor Henry Wheeler

Officers in Attendance: H Barrington, A Dubberley, M Hill, J Robinson and D Wakelin

**78 APOLOGIES FOR ABSENCE.**

Apologies for absence were received from Councillor Wheeler.

**79 TO APPROVE, AS A CORRECT RECORD, THE MINUTES OF THE MEETING HELD ON 11 JANUARY 2018.**

**RESOLVED:**

That the minutes of the above meeting, having been circulated, be approved as a correct record.

**80 DECLARATION OF INTERESTS.**

None

**81 PRUDENTIAL CODE INDICATOR MONITORING 2017/18 AND QUARTERLY TREASURY ACTIVITY REPORT FOR QUARTER ENDED 31 DECEMBER 2017**

The Deputy Chief Executive introduced a report, which had been circulated prior to the meeting, informing Members of the performance monitoring of the 2017/18 Prudential Code Indicators, and advising Members of the quarterly treasury activity, as required by the Treasury Management Strategy.

**RESOLVED:**

To note the report, together with the Treasury Activity Report 2017/18 for Quarter 3, at Appendix 1, and the Prudential and Treasury Indicator Monitoring 2017/18 for Quarter 3, at Appendix 3 to the report.

**82 QUARTERLY BUDGET MONITORING, PERFORMANCE DIGEST & VIREMENT REPORT**

The Director of Organisational Development and Democratic Services introduced a report, which had been circulated prior to the meeting, providing some details of performance during quarter 3 of the current year. The Deputy Chief Executive and Director of Finance provided some details of the likely year-end financial position as at the end of quarter 3 for the same period.

**RESOLVED to:**

- 1) Note the progress against Improvement Actions and Performance Indicators in the 2017/19 Gedling Plan;
- 2) Approve the General Fund Revenue Budget virements included in Appendix 1 to the report;
- 3) Note the use of reserves and funds during quarter three as detailed in Appendix 2 to the report; and
- 4) Approve the changes to the capital programme included in paragraph 2.2.3 of the report.

**83 FORWARD PLAN**

Consideration was given to a report of the Service Manager Democratic Services, which had been circulated prior to the meeting, detailing the Executive's draft Forward Plan for the next four month period.

**RESOLVED:**

To note the report.

**84 PROGRESS REPORTS FROM PORTFOLIO HOLDERS.**

**Councillor Peter Barnes (Environment)**

- Following on from the motion at Council, new advertising of the "plastics friendly" scheme was to be put onto Council vehicles.

**Councillor Jenny Hollingsworth (Growth and Regeneration)**

- A protocol for encouraging housing delivery was currently out for consultation amongst developers and it was hoped this may assist with removing barriers to speedy housing development.

- New occupants have moved into the first houses on the Chase Farm development.

**Councillor Gary Gregory (Community Development)**

- There would be an apprenticeships fair and mock interviews for local school children coming up on 22 February as part of the economic development work done for young residents.

**Councillor David Ellis (Public Protection)**

- New premises that had achieved a 5 star Food hygiene rating were being advertised on twitter in the hope of encouraging good practice.
- Fixed penalty fine levels are to be reviewed and a portfolio holder report would aim to increase the fines to act as more of a deterrent where appropriate.

**Councillor John Clarke (Leader of the Council)**

- Councillor Wheeler was recovering after recent surgery and sent the following updates:
  - It was hoped that Gedling Homes staff would soon be able to co-locate at the civic centre
  - The Youth council will be progressing work on body image.
  - Local lettings policy was shortly to be agreed
  - Bonnington Theatre and leisure centre footfall continues to increase
- Very positive discussions about a county wide approach to illegal traveller encampments have been held.

**85 MEMBER'S QUESTIONS TO PORTFOLIO HOLDERS.**

None.

**86 ANY OTHER ITEMS THE CHAIR CONSIDERS URGENT.**

None.

The meeting finished at 1.30 pm

Signed by Chair:  
Date:

**MINUTES  
CABINET**

**Thursday 15 February 2018**

Councillor John Clarke (Chair)

Councillor Michael Payne  
Councillor Peter Barnes  
Councillor David Ellis

Councillor Gary Gregory  
Councillor Jenny Hollingsworth  
Councillor Henry Wheeler

Observers: Councillor Chris Barnfather

Officers in Attendance: H Barrington, A Dubberley, M Hill and D Wakelin

**87 APOLOGIES FOR ABSENCE.**

None.

**88 DECLARATION OF INTERESTS.**

None

**89 PRUDENTIAL AND TREASURY INDICATORS AND TREASURY MANAGEMENT STRATEGY STATEMENT (TMSS) 2018/19**

The Deputy Chief Executive introduced the report, which had been circulated prior to the meeting, presenting the Council's Prudential Code Indicators and Treasury Strategy for 2018/19.

**RESOLVED:**

To note the Prudential Indicators and Treasury Strategy 2018/19 as detailed in the report, and refer it to Full Council for approval as required by regulations consisting of:

1. The Minimum Revenue Provision (MRP) Policy Statement (at paragraph 2.1.3 of the report)
2. The Borrowing Strategy (at paragraph 2.2.4 of the report)
3. The Annual Investment Strategy (at paragraph 2.2.8 of the report)
4. Capital Affordability Prudential Indicators (at Appendix 1 to the report)
5. Treasury Indicators including affordability limits to borrowing (at Appendix 1 to the report)

**90 CAPITAL PROGRAMME AND CAPITAL INVESTMENT STRATEGY 2018/19 TO 2020/21**

The Deputy Chief Executive introduced a report, which had been circulated prior to the meeting, setting out the Capital Programme and Capital Investment Strategy for the next financial year.

**RESOLVED to:**

- 1) Endorse the Capital Investment Strategy 2018/19 to 2020/21 detailed at Appendix 1 to the report and refer it to Council for approval on 5 March 2018;
- 2) Note the estimated capital financing available for 2018/19 to 2020/21; and
- 3) Endorse the Capital Programme for 2018/19 to 2020/21 detailed at Appendix 2 to the report and refer it to Council for approval on 5 March 2018.

91

**GEDLING PLAN 2018-19 (INCLUDING GENERAL FUND REVENUE BUDGET)**

The Deputy Chief Executive introduced the proposed 2018/19 general fund budget. The Director of Organisational Development and Democratic Services gave an overview of the Gedling Plan for 2016-19 and summarised a number of key points.

**RESOLVED to:**

- 1) Approve a 3% discretionary income inflation increase for the individual portfolios as shown in the table at paragraph 3.6.5 of the report;
- 2) Recommend to Council on 5 March 2018:
  - a) That the financial threshold above which decisions will be regarded as Key Decisions be set at £0.5m for 2018/19;
  - b) A Council Tax increase of £5 which balances the financing of a Net Council Tax Requirement of £5,974,500 in 2018/19;
  - c) That the Gedling Plan and the detailed budget for 2018/19, as detailed in Appendices 1 and 3 of the report be approved;
  - d) The future cumulative efficiency target of £1.1m with the following annual ongoing targets: 2019/20 £100,000; 2020/21 £200,000; 2021/22 £400,000; 2022/23 £400,000; and to instruct officers to develop delivery plans for the 2019/20 budget process.

**92 ANY OTHER ITEMS THE CHAIR CONSIDERS URGENT.**

None.

The meeting finished at 12.50 pm

Signed by Chair:  
Date:

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## **Report to Cabinet**

**Subject:** Derby-Nottingham Metropolitan Strategy

**Date:** 8 March 2018

**Author:** John Robinson, Chief Executive

### **Wards Affected**

All

### **Purpose**

To seek Cabinet's endorsement of the Derby-Nottingham Metropolitan Strategy and the Leader's involvement in the Metro Delivery Board.

### **Key Decision**

This is not a key decision.

### **Background**

- 1.1 The Metro Strategy was commissioned by the Leaders of Derby and Nottingham City Councils in late 2015.
- 1.2 The strategy, which is attached at Appendix 1, builds on the complementary strengths of the two cities' economies, the close proximity of the two cities and their transport links and commuting flows.
- 1.3 The strategy seeks to drive economic growth by utilising the scale of the combined conurbations i.e. Nottingham City, Ashfield, Broxtowe, Gedling, Derby City, Amber Valley, Erewash, Rushcliffe and South Derbyshire.
- 1.4 Individually, the two cities are ranked outside of the top 100 population centres in Europe but together with their conurbations, the Derby-Nottingham area is within the top 30. The case for a metro is based on the premise that scale is significant in establishing a global reputation for the Derby-Nottingham area in order to boost trade and inward investment.
- 1.5 The strategy seeks address to address a legacy of underfunding to the metro area and wider East Midlands by speaking to Government with a cohesive voice and maximising its influence through the Midlands Engine,

Midlands Connect, HS2 and East Midlands Airport. With England's six Mayoral authorities set to continue to receive a disproportionate amount of additional investment funding, one of objectives of the metro is address that imbalance.

1.6 The Metro Strategy sets out five initial themes for action:-

- Metro Enterprise - to promote Derby and Nottingham worldwide to attract new investment, support businesses to innovate, diversify and find new markets; increase productivity and strengthen supply chains.
- Metro Talent - to enhance leadership, knowledge and creativity of skilled workers; nurture young people to be ready for work in the 21st century
- Connected Metro - to improve accessibility to the cities through shared development of transport corridors, application of new transport technologies and better integration with rail and airport interchanges
- Metro Living - to provide a range of exciting and accessible opportunities for a modern urban lifestyle, befitting of a world class urban area
- Efficient Metro - Protecting and improving public services

1.7 The two cities have started work on some 'quick wins', for example integrating their leisure and cultural offer allowing those who work in one city and live in the other to access facilities and services in both. In addition, liaison between universities and further education colleges has been taking place and collaboration between the two separate place marketing organisations.

1.8 It's fair to say that delivery of the strategy is still in its early stages and that the two cities are keen to engage beyond their boundaries to help shape and implement the work going forwards. A Metro Summit was held on 17 January 2018 at which the Leader and Chief Executive attended and at which the two cities sought to raise awareness with, and generate support from, a wide range of stakeholders. The summit also fed back on the findings of an independent report on the potential growth opportunities of a Derby-Nottingham metro and the full report is attached at Appendix 2. While the report concluded that there were compelling economic benefits for metro collaboration, none of these benefits are specific to Gedling at this stage. However, since the majority of Gedling residents are employed in the City, strengthening the City's economy can be assumed to be of benefit to Gedling residents and businesses too.

- 1.9 While some concerns were raised at the time of publication of the report that metro collaboration was a move towards local government re-organisation, the two cities have made it clear that this is intended to be 'a coalition of the willing' and will not impact on existing local authority structures.
- 1.10 To date, a number of prominent businesses have endorsed the strategy and agreed to participate in its development, including Boots, Rolls Royce and Toyota. Gedling's Leader has been invited to form part of a Metro Delivery Board.

### **Proposal**

- 2.1 Given Gedling's economic dependence on the City, it is proposed that the Council actively engages in the further development and implementation of the Metro Strategy and seeks to maximise benefits for Gedling. These are likely to include support for improved transport infra-structure and inward investment related to Colwick Industrial Park.

### **Alternative Options**

- 3.1 To have no involvement with the Metro Strategy.

### **Financial Implications**

- 4.1 None at this stage

### **Appendices**

- 5.1 A copy of the Metro Strategy and the Economic Case for a Derby-Nottingham Metro are attached at Appendices 1 and 2.

### **Recommendations**

Cabinet is recommended to endorse the Derby-Nottingham Metro Strategy and agree to be represented by the Leader (or his alternative) in governance arrangements associated with the development and implementation of the strategy.

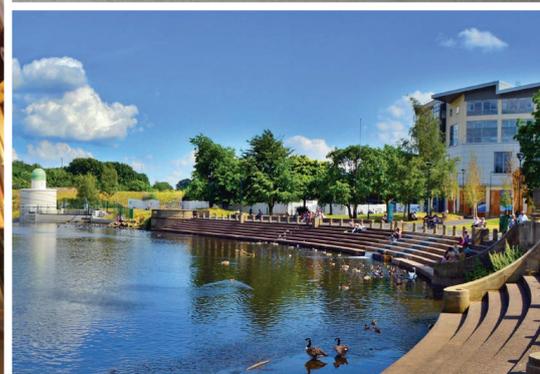
### **Reasons for Recommendations**

To ensure that Gedling has the opportunity to influence and benefit from a potentially significant new venture.

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# Derby & Nottingham Metropolitan Strategy 2030



Driving jobs and prosperity to fuel the engine for growth...



## Two Great Cities

### One Vision

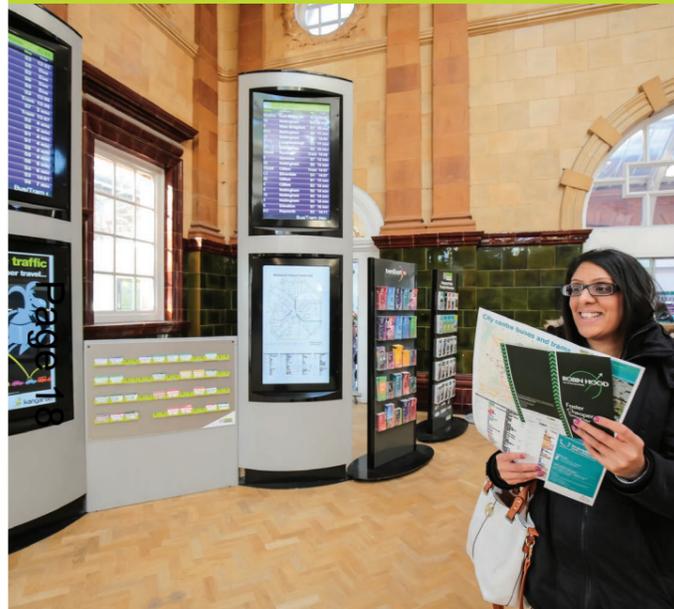
By 2030 Derby & Nottingham will have a global reputation as an exciting place to live, work and play – you'll want to learn here, do business here, have fun here and make this great place your home.

### One Voice

Added together Derby & Nottingham not only form one of the UK's most important urban areas but they become one of the top 30 population centres in Europe. Both cities have a young demographic which is predicted to grow, in contrast to the national trend of an aging population.

By bringing all that exciting potential together and joining our urban voice, we will drive the jobs and prosperity that will fuel the Midlands as an engine for UK growth, so by 2030 Derby & Nottingham will:

- be internationally recognised as a vibrant, creative urban centre offering a great modern city lifestyle to its citizens and visitors
- be renowned for producing world-class ideas, products and people with a leading voice in the UK and at Westminster
- have a recognised identity across the world, known for the quality of its international relationships, with a passion for exchanging ideas and open for trade



### Why Derby and Nottingham are better together

Of course Derby & Nottingham have proud individual histories fed by our great rivers, the Derwent and the Trent, but we have many natural **connections** such as the daily flow of over 40,000 citizens making their **living** commuting between the two cities on our strong transport links; together we can make the most of new opportunities like High Speed Two. We share the experience of an industrial heritage and an **enterprise** culture; many of our growing business sectors complement each other from Derby's thriving advanced transport manufacturing to Nottingham's burgeoning life sciences. We have more to gain from cooperation than competition if we want to unlock the potential of our cities to develop and keep our local **talent**.



### How we can grow our cities of the future

Our Metropolitan Strategy has four big ambitions that will ensure we are moving forward over the next 15 years:

- **Metro Enterprise:** Promoting Derby & Nottingham world-wide to attract new investment; supporting businesses to innovate, diversify, find new markets, increase productivity and strengthen supply chains
- **Metro Talent:** Enhancing leadership, knowledge and creativity of skilled workers; nurturing young people to be ready for work in the 21st century
- **Connected Metro:** Improving accessibility to the cities through shared development of our transport corridors, application of new transport technologies and better integration with our superb rail and airport interchanges
- **Metro Living:** Providing a range of exciting and accessible opportunities for a modern urban lifestyle and vibrant city centres, befitting of a world-class urban area, where residents can live, earn and play through a wide range of sporting and cultural activities

### Making it work

**Strong Leadership:** Successful cities need strong leadership and effective management to deliver their vision. Through this strategy Derby & Nottingham City Council Leaders have made a commitment to developing closer ties and bringing functions and services together where the benefits for our cities are clear. They will also champion close, collaborative working with our neighbour authorities and leaders from across the public, private and third sectors who share the belief that together we can achieve more for our citizens.



**City Centres:** Vibrant city centres are key drivers of successful economies. Our Metro Strategy and supporting city centre masterplans provide the right environment for economic growth both within the cities and across the D2N2 area as a whole.

**Partnership:** Derby & Nottingham are forging a new partnership in a rapidly evolving partnership landscape. We will work with partners including our D2N2 Local Enterprise Partnership to place Derby & Nottingham at the forefront of our ambitions for growth, ensuring that the benefits flow from the urban area through the market towns and rural areas across the D2N2 geography. We will work with Government to ensure we maximise the opportunities presented by major national developments like High Speed Two rail.

**Innovation and ideas:** Our cities have grown through our pursuit of change, innovation, taking risks and creating opportunities. We need to nurture this culture as a catalyst for growth and one way will be to work with our Universities to amplify their research capacity and attract new thinkers from across the globe, supporting cutting edge ideas so that they become basis of innovation to sustain our future city generations.

**Building on history:** We share an industrial heritage, a history of silk and lace, manufacturing and ideas, leaving us a rich legacy in a resilient economic base with strengths in advanced manufacturing and life sciences. We share many of the same opportunities and challenges facing cities today – diverse cultures, a young demographic, a wide commute to work area and some significant deprivation. Whilst we have often collaborated on individual projects in the past, we now seek to collaborate strategically, working together to unlock our potential and prove what we are capable of.

## Playing our part in a bigger picture

Derby & Nottingham are all about city life, but we know people enjoy taking time out and our residents enjoy the unique market towns and picturesque villages in our neighbouring counties and access to nature and open spaces in the Peak District National Park and Sherwood Forest. The close proximity of rural and city living provides mutual benefits, giving access to rich and diverse experiences for residents, employees and visitors.

This strategy is the urban expression of the total capacity for economic growth across the collective area of Derbyshire, Nottinghamshire, Derby & Nottingham. Our cities are the urban heart of this collaboration; strengthening our joint approach we will contribute more to our shared ambitions for growth across the region and make a significant contribution to the wider economic goals of the Midlands Engine and the UK.



## How we will deliver our strategy

We will agree a range of actions to help us move towards our 2030 vision and meet our four Big Ambitions. We will agree how to measure the impact of these actions and our strategy and publish these regularly to show you how we are progressing.



For more information about the strategy and how you can get involved, search Derby Nottingham Metro on the [derby.gov.uk](https://derby.gov.uk) or [nottinghamcity.gov.uk](https://nottinghamcity.gov.uk) sites or contact

[verna.bayliss@derby.gov.uk](mailto:verna.bayliss@derby.gov.uk) or

[peter.davies-bright@nottinghamcity.gov.uk](mailto:peter.davies-bright@nottinghamcity.gov.uk)

To have your say on the Derby Nottingham Metro Vision go to [www.nottinghamcity.gov.uk/consultation](https://www.nottinghamcity.gov.uk/consultation) or visit [www.derby.gov.uk/yourcityyoursay](https://www.derby.gov.uk/yourcityyoursay)

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# The Economic Case for the Derby-Nottingham Metro

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# 1 Foreword

When Derby and Nottingham City Councils asked Metro Dynamics to explore the economic case for the area functioning as a metro economy, I jumped at the opportunity.

I grew up in Beeston, which as part of Broxtowe District Council, lies on the route between Nottingham and Derby. As a teenager in the late 1970s, I was a passionate Nottingham Forest fan. The rivalry between Derby and Forest was as real then as it is now. But both sets of fans are also only too aware that the two clubs experienced their greatest success under the same manager, Brian Clough, whose name has been given to the A52 that runs between the two cities.

The more you look at Derby and Nottingham, the more apparent their underlying economic interdependence becomes, but it has often been obscured by competing identities. An old friend of mine summed this up very well when he said to me as we walked away from a Forest game, “everyone in Nottingham hates Derby, mind you, half my mates work there!”

Even as someone who knows the area well, I was surprised by the extent to which the two cities are connected economically. 40,000 people commute regularly between the two cities and over 400,000 people commute to work within the wider metro area. Three quarters of the people who live in the area, also work in the area.

Moreover, far from being in economic competition, the two cities complement one another. Derby specialises in advanced manufacturing and engineering, whereas Nottingham’s economy is much more about professional services, biotech, data and digital and creative sectors.

But whilst the area already has many of the characteristics of an urban metro, it doesn’t operate like one, and it loses out as a result. Its collective voice is not as loud as it should be. For that reason, it gets less public spending and transport infrastructure investment per capita than other similar areas. Despite relatively buoyant economies, and similar levels of GVA for the two cities, there are significant levels of inequality, particularly in the north of Nottingham and south of Derby. For poor communities in these areas, the economic opportunities in advanced manufacturing and the digital economy feel as remote as if they were in another country.

The metro area is also part of a wider East Midlands region which has not so far benefited from any new devolution arrangements. Whereas the West Midlands Combined Authority can provide coherent and co-ordinated economic leadership for their area, there is no equivalent across the East of the Midlands Engine.

Our report makes a strong case for more collaboration to drive inclusive growth. Whilst the two cities will be critical to this, many future economic opportunities lie in the broader metro area and the intersections between the places and sectors that this represents. The metro area, based on Eurostat and ONS data, consists of the urban districts immediately adjacent to the two cities as well as those between them, adding up to a metro population of 1.4m. It is the fifth largest in the UK.

The biggest growth opportunities that we identify are located between Derby and Nottingham, the most significant of which is HS2 at Toton. The potential here is enormous, it could be an innovation campus that links Derby's advanced manufacturing and engineering strengths with Nottingham's burgeoning digital sector, building on the Midlands Engine Innovation accelerator plans. It could also provide much needed housing and be the catalyst for enabling the former Stanton Ironworks site to be developed to its full potential.

But this opportunity will not make itself. Britain has plenty of Parkway stations which failed to act as catalysts for economic renewal. Making the most of this will require determined action, leadership and collaboration between Councils, businesses and genuine public participation. This can't be about one place trying to dominate another, nor about the public sector trying to brow beat Universities, Colleges and businesses.

If all of the key organisations, City and County councils, Districts, LEPs, businesses, education institutions and local communities can work together in a real spirit of collaboration then there is a big economic prize to be grasped. We were commissioned to highlight the scale of the economic opportunity - £11bn more in GVA by 2030 and a more inclusive local economy. Now it's up to local political, business and civic leaders to decide how they want to respond this.



**Ben Lucas**

Managing Director, Metro Dynamics

## 2 Executive Summary

Derby and Nottingham are cities with different but long histories. They were both at the forefront of the original industrial revolution and share the potential to be at the heart of the new one. Their unique assets were fundamental in driving their economies in the past, whereas their combined agglomeration opportunity is the key to their economic future.

Pivotal to unlocking this opportunity is developing an industrial strategy for the metro area that can use the catalyst of the HS2 station at Toton to drive a new wave of economic innovation, generate more quality jobs, and build much needed housing. This will require an industrial deal for the Derby-Nottingham metro on HS2 development, investment, innovation and housing.

Metro Dynamics were commissioned by Derby and Nottingham City Councils to prepare an independent report on the potential growth opportunities that could be developed if the Derby-Nottingham area were to function, in economic terms, as a metro. In developing this report, we have reviewed a range of economic data, looked at how the area currently functions, assessed the emerging agglomeration opportunities, and spoken to key figures in the local economy.

Our conclusion from this review is that the area already has some of the characteristics of a metro area, but if it started to act as one, it could accelerate these economic benefits and drive inclusive growth more effectively across the whole area.

### An economic pen portrait

The metro area is a powerful economy. Both cities coped better with 1980s de-industrialisation than other industrial cities. Consequently, their economies are stronger and have grown more than many other industrial cities in the UK. The area has some of the finest and most internationally recognised businesses, universities and colleges in the UK.

- Gross Value Added (GVA) per capita is third highest of all core city regions, similar to Greater Manchester<sup>1</sup>.
- Over 600,000 jobs<sup>2</sup>, with a combined GVA of £30bn<sup>3</sup>.
- Derby is home to world class advanced manufacturing, which accounts for 30% of its GVA, making it the strongest manufacturing city in the UK<sup>4</sup>.
- Nottingham has regional city strengths in finance, business services and public administration, as well as growing specialisms in biotech, data processing, digital and creative sectors.
- Three major universities -University of Derby, Nottingham Trent University and University of Nottingham.
- Location and/or home for major businesses such as Rolls-Royce, Boots, Bombardier, Experian, Toyota, Capital One and Paul Smith.

1 ONS Regional Accounts, per capita estimate 2015

2 Business Register and Employment Survey (BRES) 2015

## The metro geography

The RSA City Growth Commission<sup>5</sup> identified Derby and Nottingham as one of the 15 large urban areas in the UK that could benefit from operating formally as metro economic areas. The basis for this designation was the use of Office for National Statistics (ONS) built up areas data. We have combined this methodology with Eurostat urban area data. This aligns economic evidence, built up areas and Strategic Housing Market areas. The resulting metro area:

- Covers the local authority areas of Amber Valley, Ashfield, Broxtowe, Derby, Erewash, Gedling, Nottingham, Rushcliffe, South Derbyshire.
- Has a population of 1.4m<sup>6</sup>.
- Is among the top 5 largest metro areas outside London, and in top 50 metro areas in Europe<sup>7</sup>.

## A metro in all but name

The Derby-Nottingham area already has many of the characteristics of a metro area<sup>8</sup>:

- 40,000 people commute daily between the two cities, and 426,000 metro residents commute daily<sup>9</sup>.
- The metro area covers 87% of commuters into Derby and Nottingham<sup>10</sup>.
- 40% of the metro population live in the two cities<sup>11</sup>, yet 55% of jobs<sup>12</sup> and 70% of job adverts are in the cities of Derby or Nottingham.
- 82% of metro residents work in the metro, whilst 83% of metro workers live in the area, this is a level of self-containment greater than that of the Metro Mayoral areas of the West of England and Cambridgeshire and Peterborough<sup>13</sup>.
- Derby and Nottingham are the only two adjacent cities in Britain that have almost identical levels of GVA per capita<sup>14</sup>.
- The two cities are closer than the Olympic Stadium and Wembley in London<sup>15</sup>.

5 [www.thersa.org/discover/publications-and-articles/reports/unleashing-metro-growth-final-recommendations](http://www.thersa.org/discover/publications-and-articles/reports/unleashing-metro-growth-final-recommendations) 2014

6 ONS population estimates 2016

7 Eurostat database urban audit 2014; We have combined the urban areas of Nottingham and Derby and combined them with other urban areas to get this figure.

8 All commuting figures are from Census 2011

9 Both are figures from Census 2011. The first figure counts commuters between both 'Metro cities', that is Derby Metro City (Derby, Amber Valley, Erewash and South Derbyshire) and Nottingham Metro City (Nottingham, Ashfield, Broxtowe, Gedling and Rushcliffe)

10 Census 2011 11 ONS population estimates 2016

12 BRES 2015

13 <http://sheffieldcityregiondevolution.org.uk/wp-content/uploads/2016/07/1741120-20SCR20-20CA20Expansion20-20Final20report20-202820June20-20Incl20Exec20Sum.pdf>

14 The only other two proximate UK cities with similar levels of GVA per head are Birmingham (£22,307) and Coventry (£22,164). This is from ONS Regional Accounts 2015.

15 Using the centres between the two cities and walking distance from Google, and that of the Olympic Stadium and Wembley

## The case for operating as a metro

In an economic and public policy context in which scale matters to achieving agglomeration benefits and sub-regional clout, there is a powerful case for the area to operate more formally as a metro partnership. As Britain prepares for Brexit, it will be critically important for local authorities to work closely with business to respond to any immediate economic shocks, as well as to seize new trading opportunities that may emerge. The report notes that the two city councils have decided to get on with collaboration and have published a metro strategy, which they are now enacting. This joint working - which covers areas such as leisure services, back office, and procurement - is an early indication both of intent and potential.

This report identifies a number of benefits for more formal metro economic arrangements. The most compelling include:

- Overcoming the challenges of relatively underbounded cities to establish a model of voluntary collaboration that builds on the bicentric and complementary relationships between the two cities and the local authority areas around and between them.
- Giving the metro a more powerful voice, so that it can respond strongly to the challenges and opportunities of the post-Brexit economy and engage effectively both with the Midlands Engine and UK government.
- Enabling a more strategic approach to generating inclusive growth, through combined approaches to education and skills improvement.
- Ensuring that the area will be able to reap the full economic, connectivity and inclusive growth benefits of Hs2 at Toton.
- Building on the fact that the metro's major growth opportunities lie in economic and location intersections across the area, for example, between digital and manufacturing sectors, and between Nottingham, Broxtowe, Erewash and Derby over exploiting the full potential of HS2 at Toton.

## Growth ambition

The objective for greater economic collaboration is to grow and spread prosperity and opportunity across the metro area. Internationally, the Derby-Nottingham metro should be competing and collaborating with other successful urban metro areas. In the report, we look at the example of Nuremburg-Furth in Bavaria.

Globally, cities are driving growth and outperforming their national economies. But despite its strengths, the Derby-Nottingham economy lags behind the national GVA rate. Our report proposes a target of closing this gap by 2030. This would add an additional £11bn to the economy, which is 20% of the target that the Midlands Engine has set for itself over the same time period, even though the Derby-Nottingham population only makes up 15% of the Midlands population<sup>16</sup>.

## Priorities for metro collaboration

The way in which the Derby-Nottingham metro will meet its growth ambition is through accelerating agglomeration benefits that can drive better productivity and create the right environment for business innovation. Providing effective support to local businesses, combined with imaginative public sector working, could create a very strong testbed for innovation as well as driving more inclusive growth. The report identifies five priority areas on which metro collaboration should focus:

### 1

#### Inclusive growth

The report sets out a range of proposed actions including: better aligning skills demand and provision with local skill needs; a combined approach to better business engagement with schools; a combined approach to educational and skills improvement; a Low Pay Commission, and an inclusive growth investment framework and metrics.

### 2

#### Infrastructure

We highlight how HS2 at Toton represents a significant opportunity for radical improvements in connectivity, particularly by catalysing frequent and fast connectivity between the two cities through Toton. There will need to be substantial infrastructure investment to ensure that Toton fulfils and surpasses to its potential, including through unlocking housing development.

### 3

#### Business and Innovation

The metro is already home to established and successful businesses but it needs to do better at identifying supply chain cluster growth opportunities. In addition, there is potential to grow the metro's reputation as a centre for innovation, with the existing innovation parks and the proposed innovation campus at HS2 in Toton.

### 4

#### Place and promotion

In the post-Brexit world, Derby-Nottingham will need to market itself as an attractive location for investment and migration. The report suggests that joint working on the tourism and marketing activity of Derby and Nottingham should be an early priority, alongside a city centre masterplan, and collaborative event bidding.

### 5

#### Public Service Reform

The two city councils have begun to work to scope the public service reform potential of deeper collaboration. We outline the potential to extend this to a range of other citizen services. There are obviously opportunities to promote collaboration of wider wellbeing and care services and the report also points to the efficiency and wider economic benefits that might flow from collaboration on procurement, planning and back-office services.

## A new local industrial strategy deal - governance and delivery

There is an opportunity for Derby-Nottingham metro to establish a new model for metro governance and delivery, which would be appropriate for a local industrial strategy deal. This would need to be robust and clear, and reflect the principles on which metro economic arrangements would be based. The metro area exists within two county areas, Derbyshire and Nottinghamshire, along with seven district councils, the D2N2 LEP and an array of major businesses, universities and colleges. Therefore, the core principles for any new arrangements should be partnership and collaboration.

This will require different ways of working. The metro will not be a panacea for growth in every instance, and businesses, councils, universities and colleges will need to continue to work at local, Midlands Engine and national level where appropriate. To be successful as a metro, the partners will have to develop behaviours and principles that embed collaboration. This cannot appear to be about any one place or organisation dominating the area. What is required is a genuine commitment to partnership, in which it is clear that metro working will drive benefits for every area and group, and where the basis for this is established from the outset.

A set of arrangements designed to co-ordinate and drive inclusive growth across the metro area and to strike a deal with government on funding, investment and new powers should be based on partnership between the public sector and business. The great 19th Century Cities, such as Derby and Nottingham, grew as municipal corporations, by bringing together councils and business people to provide their economic leadership. Derby-Nottingham metro could establish a modern corporation model, incorporating a version of the 'modern aldermen' proposed in the government's industrial strategy Green Paper.

A Metro Growth Board could be established that draws its membership from the existing Metro Strategic Advisory Group, which is made up of a mixture of council, business and education leaders. It would be responsible for local industrial strategy and could have oversight and governance responsibilities over several delivery vehicles.

These delivery vehicles could include:

- Growth Company - Supporting jobs, growth, productivity, business support and place marketing.
- HS2 Development Corporation - Delivering the HS2 economic growth and infrastructure plan at Toton - would require statutory Development Corporation powers.
- Housing Company - Delivering housing on public land sites, packaging sites to attract private sector investment.
- Municipal Corporation - Owning and operating shared services and systems, both back and front office.
- Derby and Nottingham Transport Board - Co-ordinating transport plans and developing investment proposals for better connectivity across the metro.
- Inclusive Growth Board - Bringing together Opportunity area work in Derby with improvement work in Nottingham to co-ordinate activity at all-ages, including school improvement, skills co-ordination and investment proposals.

## Funding the metro

As the report highlights, the Derby-Nottingham area has been considerably underfunded both in general public spending and in infrastructure investment.

A key element of ensuring that any new arrangements could deliver on their potential and achieve the inclusive growth ambition will be the funding and investment that the metro is able to win and attract. In addition to exploring options for business rate pooling, that will depend on government policy on fiscal devolution, the other funding components could include:

- Infrastructure Investment - A Tax Increment Financing (TIF) equivalent to fund investment in transport connectivity linking the two cities to, and through, HS2 at Toton.
- Housing investment - Both through current and future Housing Investment Fund (HIF) bids, other forms of local housing deals and greater flexibility on Housing Revenue Account (HRA) levels.
- European Structural and Investment Funds (ESIF) allocation via UK Prosperity Fund - The metro should receive its share of the ESIF funding currently allocated to the area - £160m<sup>17</sup>- so that it can plan to invest this to support inclusive growth.
- Land value capture - The metro should explore the financial options associated with land value capture, as this will be an important revenue and finance opportunity due to the direct and indirect impact of HS2 on land values.

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<sup>17</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/307492/bis-14-772-uk-allocations-eu-structural-funds-2014-2020-letter.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/307492/bis-14-772-uk-allocations-eu-structural-funds-2014-2020-letter.pdf) - Although the metro's allocation may change compared to the wider D2N2 LEP area, the metro is already among the 'More developed' UK areas, and so it is unlikely that its per capita funding of €120 per person would change significantly. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/307562/bis-14-773-eu-structural-funds-uk-allocations-2014-to-2020-equality-impact.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/307562/bis-14-773-eu-structural-funds-uk-allocations-2014-to-2020-equality-impact.pdf)

# 3 The Derby-Nottingham Metro

The Derby-Nottingham metro is a £30bn GVA economy, and home to 1.4m people and 600,000 jobs. The metro is amongst the top 5 largest metro areas in England (outside London), placing it in the top 50 metro areas in Europe for population. This gives it size and scale on a world stage.

At the heart of the metro area are the two cities of Derby and Nottingham, only 15-miles apart. The two cities are economically distinct and this drives the economic specialism of the local authority areas that surround them.

Derby is a world leader in manufacturing and engineering; Nottingham in bioscience and business services. These strengths have made the area an attractive location for a number of productive multi-national companies, including: Rolls-Royce, Boots, Experian, Bombardier, Toyota and Capital One.



**Within 2 hours of 90% of England's population**



**Less than an hour from London by 2032**



**Two cities closer together than the Olympic Stadium and Wembley (15 miles)**

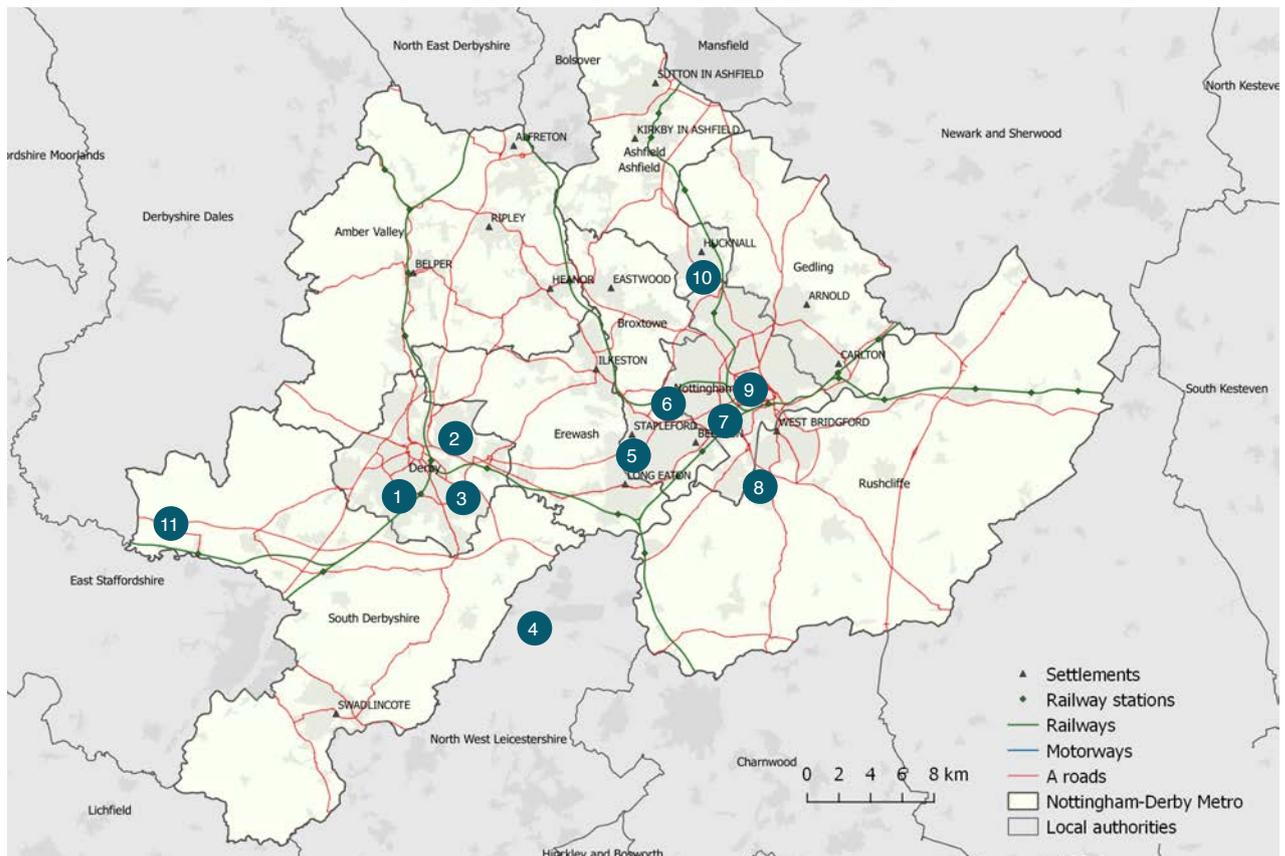
## Operating at scale

Metros, as defined by Bruce Katz and others, are the larger constellations of cities and towns that constitute a functional economy within built up areas. The RSA City Growth Commission (2014)<sup>18</sup> identified the Derby-Nottingham Metro as one of the UK’s 15 areas best placed to drive economic growth through joined-up decision making. The Commission used Office for National Statistics (ONS) built up areas to show that 1 million people live in the urban areas of the two cities.

We have combined this methodology with Eurostat urban area data. Eurostat uses economic and demographic statistics to identify the appropriate geography for urban areas, and is widely used to compare European cities. Combining these methodologies provides a geography best placed to maximise the economic benefits of operating at scale, aligning with economic evidence, built-up areas and Strategic Housing Market Areas.

This provides a geography for the Derby-Nottingham metro of: Derby, Nottingham, Amber Valley, Ashfield, Broxtowe, Erewash, Gedling, Rushcliffe and South Derbyshire.

Figure 1 - A map of the metro with key employers’ locations.



- |                          |             |                   |
|--------------------------|-------------|-------------------|
| 1, 2, 10. Rolls-Royce    | 5. HS2      | 8. Vision Express |
| 3. Bombardier            | 6. Experian | 9. Capital One    |
| 4. East Midlands Airport | 7. Boots    | 11. JCB           |

Operating at this scale provides opportunity. Economic evidence cites the capability of agglomeration to drive economic growth in places. It is this logic that has driven the global increase in metro level governance, from India to Germany. Linking places helps drive productivity through widening labour markets and employment opportunities, improving skills provision, creating relationships between drivers of innovation and expanding markets for products. It can also provide the scale necessary to attract additional investment.

Derby and Nottingham are well placed to benefit from this opportunity, as the cities are underbounded. Nearly 50% of the cities' residents do not live within the two cities' local authority boundaries according to ONS built up areas<sup>19</sup> - making collaboration between the cities and their neighbouring authorities vital. This is even more pertinent given the high levels of commuting flows into the cities - as demonstrated in Section 4.

The complementary strengths of the two cities also provide opportunities. The two cities' different strengths mean that little is gained from competition between them, whilst collaboration is advantageous for skills and workforce. The diverse industrial strengths provide an opportunity to foster innovation through collaboration between sectors (as outlined in the industrial strategy Green Paper).

Business does not recognise local authority boundaries. For instance, Rolls-Royce already employ around 1,000 people in Hucknall and Annesley alongside its main base in Derby<sup>20</sup>, whilst both shopping centres are owned by INTU and there are numerous other links between the two cities which can be enhanced through the networks created by agglomeration.

## Why now?

HS2 offers a unique opportunity to capitalise on the potential economic benefits of the two cities working together. Toton will be only 52-minutes from London and is almost equidistant between the two cities. This offers a growth opportunity, but one that can only be built upon through wider metro area collaboration. A combination of political will and economic imperative could maximise the mutual benefits of agglomeration between the two cities.

The government's industrial policy is also well placed to harness the opportunities. Derby and Nottingham's diverse but complementary economies offer cross-sector collaboration potential to drive innovation and national productivity gains. No other area of the UK has such untapped potential for this kind of collaboration between innovative industries and major multinational companies.

As Britain prepares for Brexit, it will be critical that local authorities work closely with business to prepare for any potential economic shocks, as well as seizing new trading opportunities that might emerge. Collaborating at metro level will help make the most of the area's export strengths, building on burgeoning relationships with China and India. Moreover, to build a metro that can respond to the economic opportunities of the future will require mobilising resources and investment at scale to support innovation in automation, AI, cyber security and food and energy self sufficiency.

<sup>19</sup> Census 2011 ONS built up area data

<sup>20</sup> <http://www.nottinghampost.com/news/business/tens-millions-invested-nottinghamshire-147102>



| Cities account for 80% of global growth<sup>21</sup>



| 61% of the UK's growth is driven by its city regions<sup>22</sup>



| The two cities provide 55% of jobs and 75% of inter-council commuting<sup>23</sup>, but 40% of population



| 70% of job adverts are within the cities



| As self-contained as D2N2 (despite a smaller size) and significantly more self-contained than Derbyshire (79%) and Nottinghamshire (81%)<sup>24</sup>

## 4 The economic case for working as a metro

### A uniquely bicentric economy

No other two cities are so close together, yet have such different economic specialism. Over 30.0% of Derby's GVA is generated by manufacturing, compared to only 7.7% of Nottingham's and the UK average of 9.7%<sup>25</sup>. This is despite their proximity, and is over 50% more accentuated than any other proximate UK cities<sup>26</sup>.

The cities have similar productivity within their local authority areas; this is unusual compared to other UK cities and is particularly notable given the lack of similarity between the two economies. Nottingham has a GVA per head of £27,645, compared to Derby's GVA per head of £27,259<sup>27</sup>.

**The cities make up 53% of the area's GVA<sup>28</sup>, despite being only 45% of its population.**

**GVA per capita is 3rd highest of all core city regions and similar to Greater Manchester and Leeds City Region<sup>29</sup>.**

**The two cities have higher GVA per head than Liverpool, Cardiff, Birmingham, Leicester, Newcastle, and are similar to Leeds.**

<sup>25</sup> ONS regional accounts 2015

<sup>26</sup> We have compared the ONS sub regional GVA figures for the local authority areas of: Bath and Bristol; Newcastle and Sunderland; Birmingham, Wolverhampton and Coventry; Cardiff and Newport; Bradford and Leeds; Portsmouth and Southampton.

<sup>27</sup> ONS regional accounts 2015 per head data

<sup>28</sup> ONS regional accounts 2015

<sup>29</sup> ONS regional accounts 2015

## Derby

Derby was a home of the industrial revolution. The presence of strong and established companies in advanced engineering saw the city weather de-industrialisation, experiencing rapid GVA growth over the last 15-years. This has accelerated recently with the city's GVA per head growing by 9.5%<sup>30</sup> over the last five years, the second highest of local authorities in the metro. Derby is the strongest city in the UK for manufacturing by a significant margin, as well as the most productive council area in the country with a specialism (30% of GVA+) in manufacturing<sup>31</sup>.

Derby's manufacturing strength drives similar advantages in its neighbouring local authorities. South Derbyshire, Amber Valley and Erewash derive at least 20% of their

GVA from manufacturing, which is over double the national average<sup>32</sup>. These local authorities' recent strong GVA per capita growth has mirrored the strong recent growth in Derby - unsurprisingly given their similar manufacturing strength.

- Rolls-Royce (12,000 employees in Derby, 1,000 in Nottinghamshire)<sup>33</sup>
- Bombardier (1,600 employees)<sup>34</sup>
- Toyota (3,000 employees)<sup>35</sup>
- Over 12,000 employed in the manufacture of other transport equipment<sup>36</sup>
- Nearly 5,000 employed in architectural and engineering activities<sup>37</sup>

## Nottingham

Nottingham's economic composition is more typical of a large UK city. It coped relatively well with de-industrialisation, with a successful pivot to financial and business services in the 1980s. It is the regional hub for government departments such as the Inland Revenue, resulting in a specialism in public administration (28.6%, compared to an England average of 17.8%<sup>38</sup>). Nottingham has a knowledge-driven economy, with high productivity associated with headquarters of major companies and a strength in IT. The city has burgeoning biotech and data processing businesses, driven by major businesses such as Boots, Experian and Capital One.

As with Derby, Nottingham's sectoral strengths shape the economy of the areas around it. The closer these areas are to Derby, the more manufacturing orientated their economies are. Broxtowe and Ashfield have significantly above average GVA generated by manufacturing, whilst Rushcliffe and Gedling - to the south and east of Nottingham - are more orientated towards science and

business services. These authorities' productivity gains are closely tied to Nottingham's. The wider Nottingham area has seen slow recent growth compared to Derby, as Nottingham's GVA per capita fell by 1.1% between 2010 and 2015 .

- 7,650 people employed by Boots<sup>39</sup>
- Over 3,000 people employed in data processing - 9x the UK average<sup>40</sup>
- Nearly 1,000 employed by Capital One<sup>41</sup>
- 1,125 by Games Workshop<sup>42</sup>
- Global headquarters of Experian<sup>43</sup>
- 1,134 employed by Paul Smith<sup>44</sup>
- By 2021, up to 2,600 people employed by the Inland Revenue<sup>45</sup>
- Over 10,000 people employed in higher education - Over 3x the UK average<sup>46</sup>

30 ONS regional accounts 2010 - 2015

31, 32 ONS regional accounts 2015

33 <http://careers.rolls-royce.co.uk/united-kingdom/engineering-and-manufacturing/our-locations/derby#/>; <http://www.nottinghampost.com/news/business/tens-millions-invested-nottinghamshire-rolls-147162>

34 Planes Trains and Automobiles Part 2, Derby City Council, March 2017

35 FAME database by Bureau van Dijk 2015 (FAME)

36 BRES 2015 - SIC30

37 BRES 2015 - SIC71

38, 39 ONS regional accounts 2015

40 <http://www.nottinghampost.com/news/business/nottinghamshires-top-200-companies-revealed-162688>

41 BRES 2015; employees in SIC 63110- Data processing, hosting and related activities

42, 43, 44 FAME 2016

45 <https://www.civilserviceworld.com/articles/news/hmrc-announces-major-office-closure-programme-%E2%80%93-full-regional-breakdown-and-reaction>

46 BRES 2015

# GVA breakdown by industry (2015)

- Agriculture, forestry and fishing
- Manufacturing
- Production
- Construction
- Distribution; transport; accommodation and food
- Information and communication
- Financial and insurance activities
- Real estate activities
- Business service activities
- Public administration; education; health
- Other services and household activities

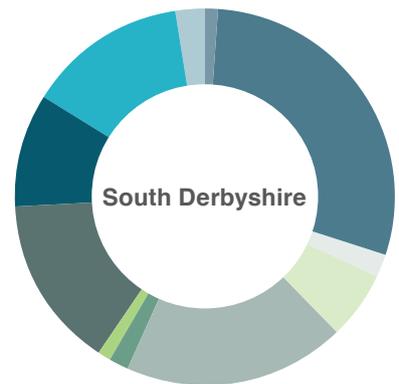
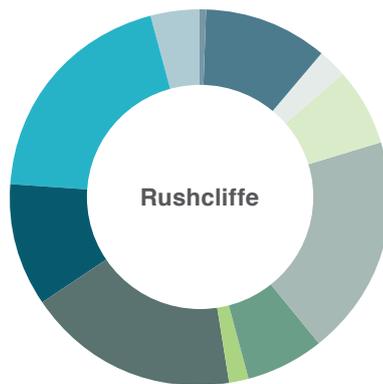
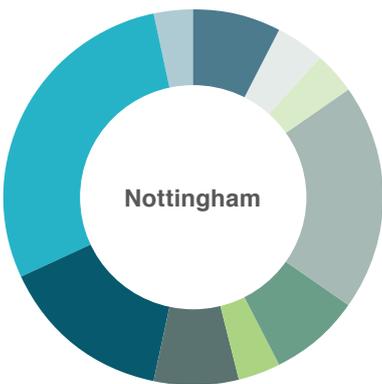
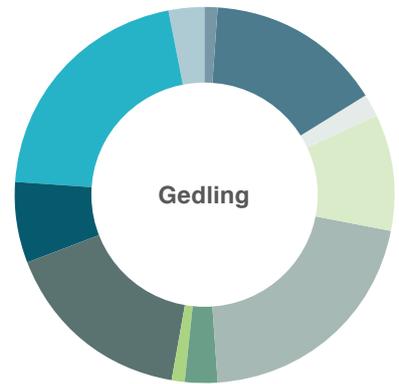
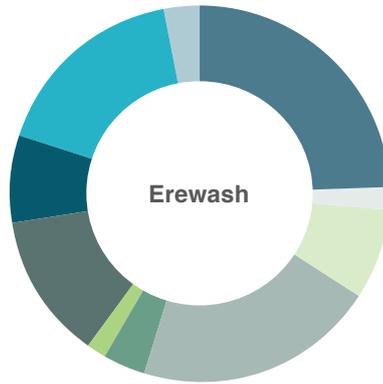
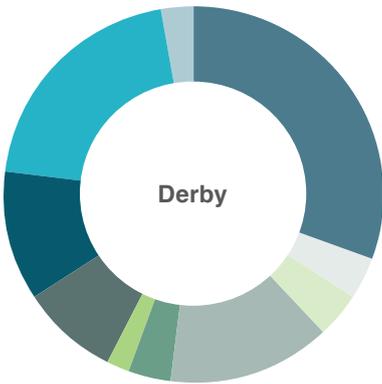
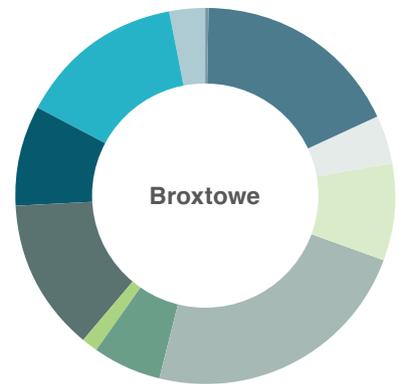
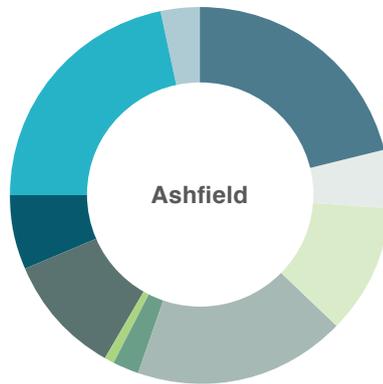
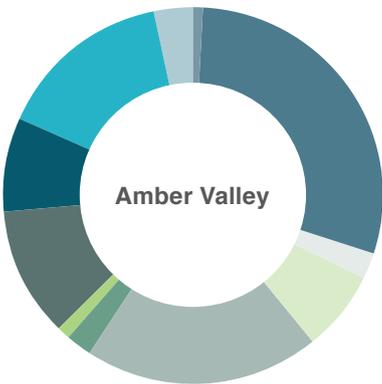
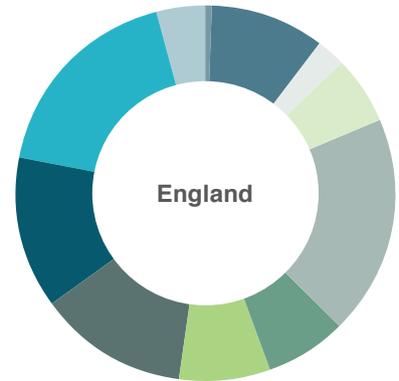


Figure 2 - GVA breakdown by industry (2015) for each metro local authority

## Linked by its people

Commuting patterns highlight the extent to which the metro already functions as one economy. The top nine areas for commuting to and from councils are the nine metro local authorities. A total of 82% of metro residents work in the metro, whilst 83% of metro workers live in the metro<sup>47</sup>. This figure of 82% is well above the ONS minimum of 75% (the threshold for being seen as a functional economic market area in terms of self-containment<sup>48</sup>), making the area more self-contained than Cambridgeshire and Peterborough and the West of England MCAs, and similar to Greater Manchester. The figure of 82% compares to a self-containment of 71% in Derby and Derbyshire and 80% in Nottingham and Nottinghamshire.<sup>49</sup>



**40,000 daily commuters**

between the two metro cities<sup>50</sup>

**The metro area covers 87%**

of commuters into Derby and Nottingham<sup>50</sup>

**426,000 daily commuters**

within the metro<sup>50</sup>

**55% of commuters**

go to Nottingham and Derby<sup>50</sup>

**Nottingham, at 43%,**

is significantly less contained than Derby (62%)<sup>50</sup>



<sup>47</sup> Census 2011

<sup>48</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/traveltoworkareaanalysisingreatbritain/2016>

<sup>49</sup> Census 2011

<sup>50</sup> All sources for commuting infographics from Census 2011

## Origins of metro workers

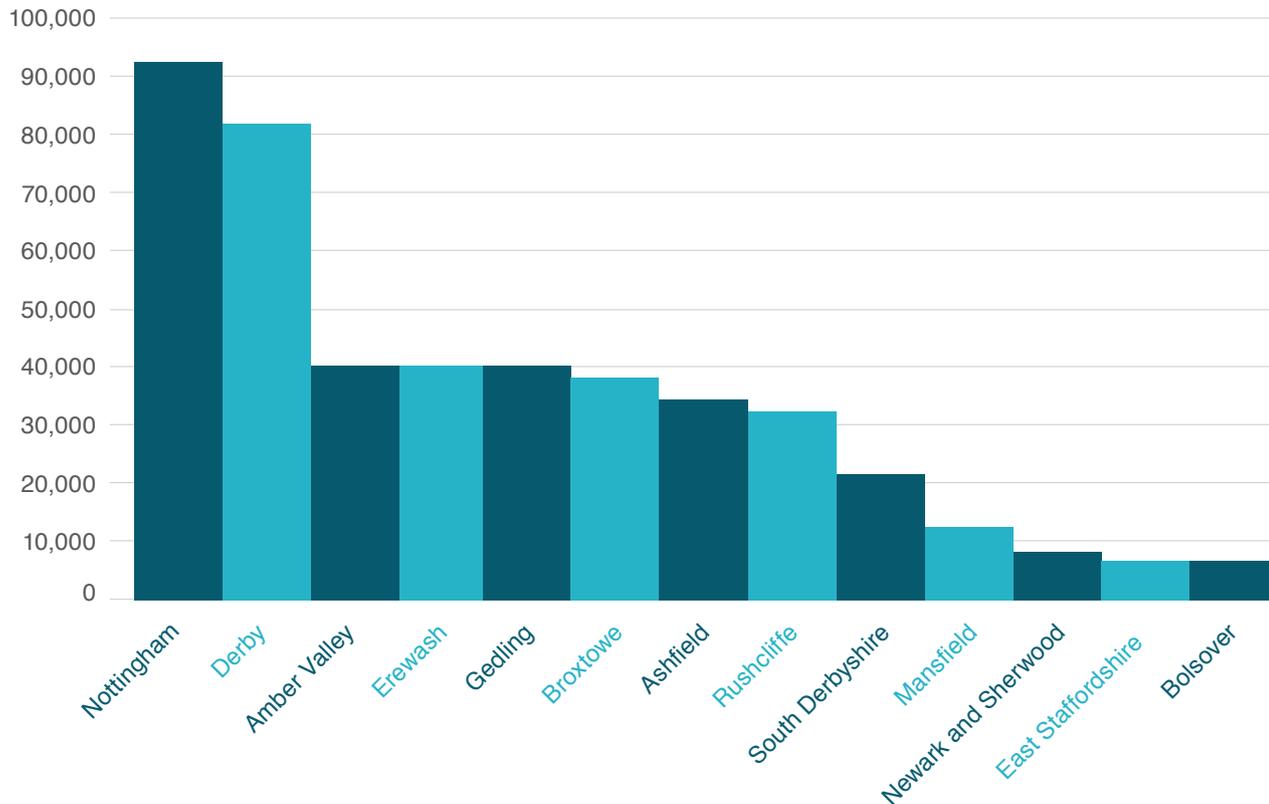


Figure 3 - A graph showing the daily origins of metro workers.

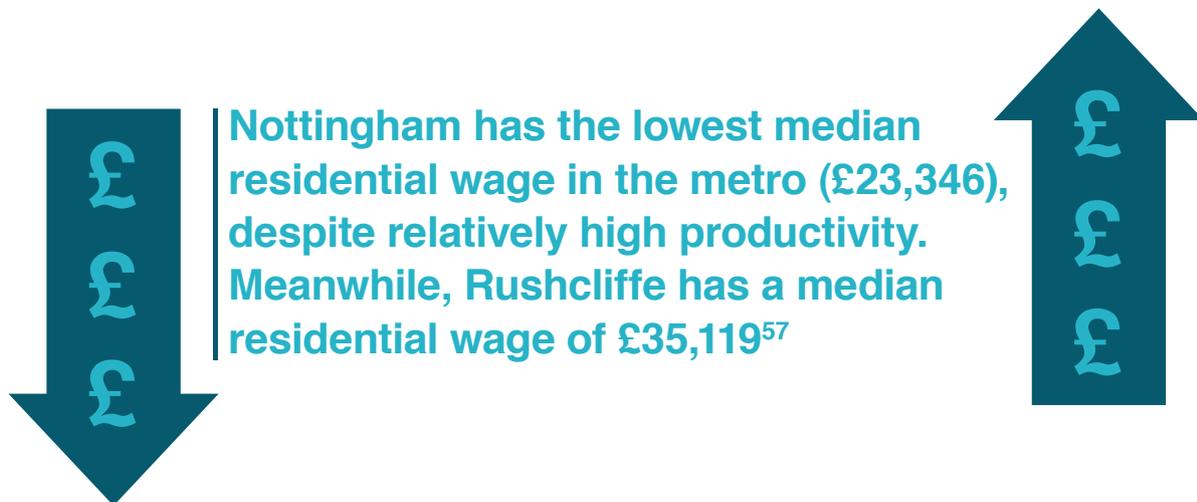
Source: 2011 Census

Interdependence is mirrored in migration figures. Every year, 32,000 people migrate from one local authority in the metro to another<sup>51</sup>. This accounts for 41% of migration to metro authorities. Testament to the importance of these cities to the wider economy, 72% of these 32,000 people are going into or out of either Nottingham or Derby. The cities also act as beacons to young people from outside the area through their universities, a trend which is enhanced by older migrants being more likely to move outside the cities.

## Wealth concentrated in the hinterlands

Despite the relatively high GVA of the cities, they suffer from high levels of deprivation—meaning their growth fails to benefit many residents. This is particularly the case in Nottingham. Many of its wealthiest earners live outside the city, such as in Gedling, Rushcliffe and Broxtowe. In Gedling and Rushcliffe, 40.7% and 46.4% of residents, respectively have NVQ4+ qualifications<sup>52</sup>, compared to 29.6% in Nottingham (and 33.3% in Derby)<sup>53</sup>. The local authorities surrounding the cities are also more likely to be home to managers, directors and professionals<sup>54</sup>. This is reflected in lower property prices in the cities<sup>55</sup>.

This trend results in low residential wages in the cities. Derby (highest) and Nottingham (5th) have relatively high median workplace wages<sup>56</sup>, yet low residential wages<sup>57</sup>. All other local authorities in the metro (except Ashfield) have higher residential than workplace wages.



52 Annual Population Survey (APS) 2016

53 APS 2016

54 APS 2016

55 Land Registry 2016

56 ASHE 2016

57 ASHE 2016

## Population clusters

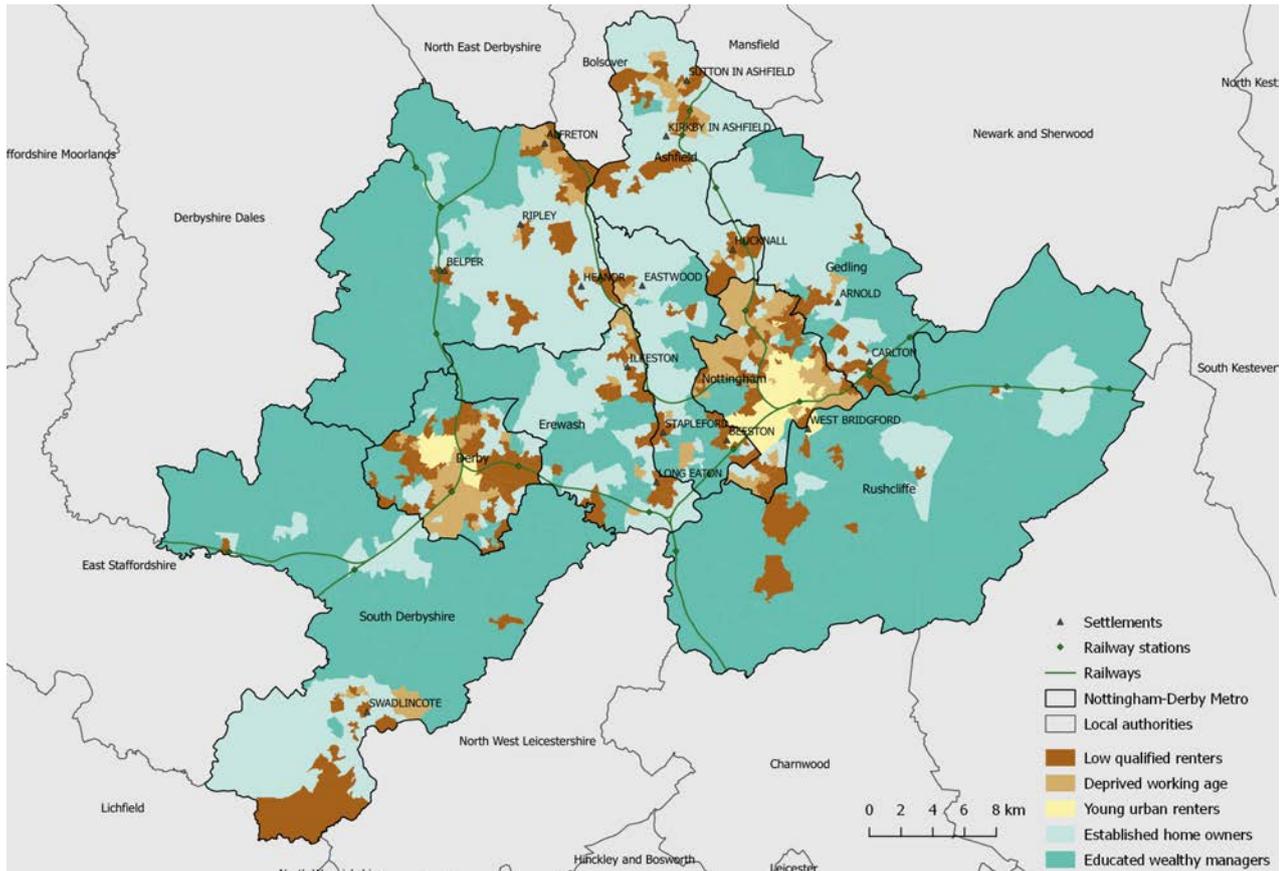


Figure 4 - Cluster map of the Metro

Source: Metro Dynamics methodology analysing 2011 Census data.

The cluster analysis above further highlights this trend. Rushcliffe, the majority of south Derbyshire and clusters of Amber Valley and Gedling have high numbers of 'educated wealthy managers' (dark green) - people who own homes, have managerial jobs and are university educated. On the other hand, the northern area of the metro is more likely to be home to established home owners (light green) - with low levels of qualifications but low levels of deprivation.

Meanwhile, working age residents in poverty (light brown) and young urban residents (yellow) congregate in the cities. The cities' pull of young people through their universities sees the latter group cluster within them - residents likely to be university educated, renting and young. This makes both cities (particularly Nottingham) significantly younger than the UK average<sup>58</sup>.

## With the need for a focus on inclusive growth in the cities

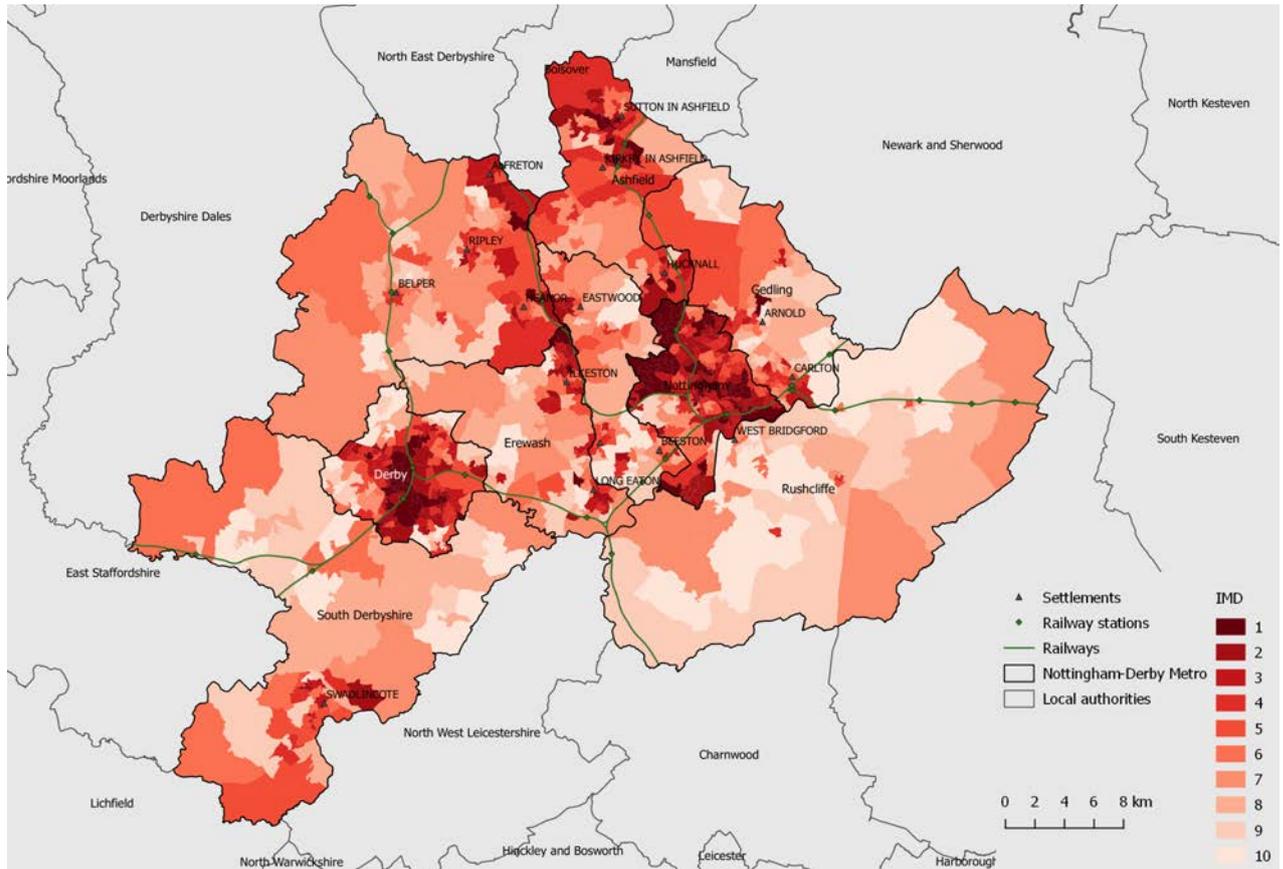


Figure 5 - Map of Metro LSOAs by Index of Multiple Deprivation  
 Source: Indices of Multiple Deprivation (2016)

### Wages

This commuting, educational and wage disparity within the metro makes inclusive growth a priority, particularly for the cities. No unitary authority or county council with a GVA per head below £30,000 has as wide a negative disparity between its residential wage and GVA per head as Nottingham<sup>59</sup>. Simply put, growth is failing to benefit enough of Nottingham and Derby’s residents. This is demonstrated in both wages and economic inactivity rates.

35% of Nottingham’s and 28% of Derby’s residents’ jobs are paid below the Living Wage, with a particular problem existing for part-time workers.<sup>60</sup>

33.9% of Nottingham’s working age residents are economically inactive - above the England average. This is followed by Ashfield and Derby, which have inactivity rates of 23.8% and 23.4%. Metro inactivity is 22.4%.<sup>61</sup>

Nottingham has 7.9% unemployment, compared to a national average of 4.9% and metro unemployment of 4.1%.<sup>62</sup>

7.35% of Nottingham’s residents receive ESA, alongside 7% of Derby’s and 7.67% of Ashfield’s.<sup>63</sup>

59 This is a comparison with any unitary or county local authority in the UK, based on their GVA (ONS Subregional Accounts, 2015) and their residential wage (ASHE 2016)

60 <https://www.thersa.org/action-and-research/rsa-projects/public-services-and-communities-folder/inclusive-growth-commission/map>; Living Wage by place 2016

61 Economic inactivity rates can be distorted by high levels of students - which is likely in Nottingham. Nevertheless, Nottingham’s economic inactivity is still likely to be too high.

62 APS 2016

63 Using ESA raw numbers from DWP (ages 18-59); proportions calculated using ONS Population estimates 2016

## % of pupils at the end of KS4 with 5A\*-Cs (including English and maths)

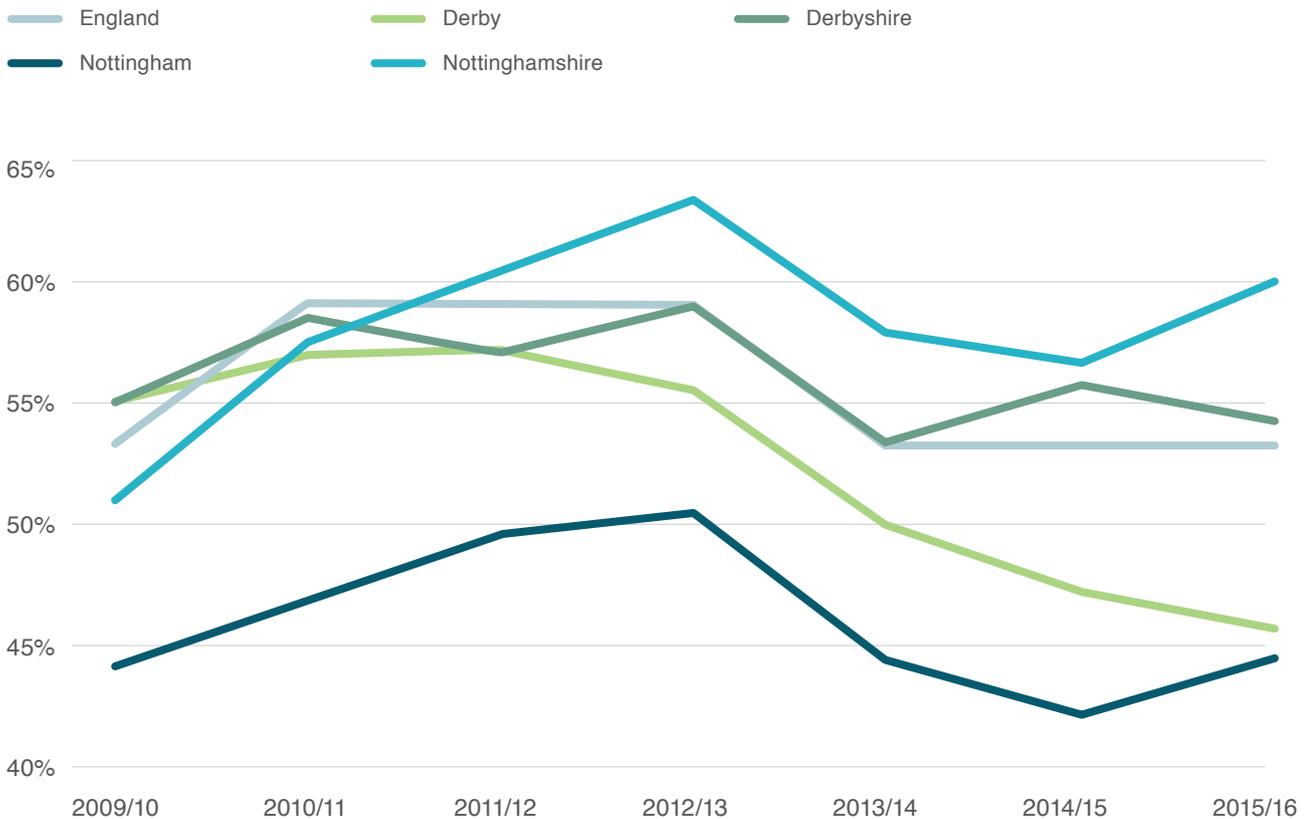


Figure 6 - Graph of KS4 attainment

Source: Revised GCSE and equivalent results in England: 2015 to 2016; Department for Education; 14th July 2017

### Education

An associated problem for both cities is education. Poor education hinders residents from accessing the labour market and is a drain on productivity. Both cities have an above average proportion of their residents without qualifications - Nottingham and Derby with 13.4% and 9.3% of working age (16-64) residents with no qualifications, respectively<sup>64</sup>.

This compares to a UK average of 5.2%.

Nottingham has the 6th highest proportion of working age residents with no qualifications of any city in the country (13.4%).<sup>65</sup>

Both Nottingham and Derby have poorer education results than the national average - below 45% of students left KS4 with five A\*-Cs (including English and Maths) in 2015/16<sup>66</sup>. This falls below the averages for Derbyshire and Nottinghamshire, which are both above the England average. Nottingham's system has consistently underperformed national trends over the last 5 years, whilst Derby's results have seen a significant decline since 2011/12.

64 APS 2016

65 Revised GCSE and equivalent results in England: 2015 to 2016; Department for Education; 14th July 2017

66 APS 2016



## 5 Business and education providers' views on the metro

During the writing of this report, we have held confidential one-to-one discussions with a wide range of business, council, education and university leaders from across the Derby-Nottingham Metro. This was a key part of the evidence base, to be used alongside the data analysis. In this section of the report, we summarise the findings arising from this senior stakeholder research. A full list of interviewees is included in the appendix.

### Top-level objectives of a metro strategy:

- **The key economic growth opportunities for the area are outside the two cities, particularly HS2:** Making HS2 work is an important part of driving productivity further in the metro area. Meanwhile the two cities are under bounded - their housing and employment need can only be supplied by working with neighbours in partnership. This makes operating at a metro level an economic priority.
- **To drive agglomeration benefits between the cities:** It was agreed that the area has huge capacity for economic improvement through collaboration and agglomeration. A successful metro strategy should focus on facilitating these links, with transport improvements central to this.
- **To end damaging competition between partners:** All stakeholders - particularly those involved in place marketing - highlighted that old rivalries between the cities has constrained the ability of the place to maximise its capacity to create agglomeration benefits and secure investment. This applies as much to securing private sector as public-sector investment.
- **To capitalise on the investment benefits of operating at scale:** To be successful, the metro needs to be pitched at a sufficient scale to be on the first rung for investments and investors who are accustomed to the city region size of Chinese cities.
- **To provide an effective voice in the Midlands Engine:** It was agreed that the Midlands Engine has cut through with investors at MIPIM, as well as with central government. The Metro should be providing a strong, co-ordinated voice in the East Midlands, that can be heard within the Midlands Engine and within government.

## Maximising the impact of the metro:

- **The need to develop new forms of collaborative behaviour:** There are concerns from some of the districts that the metro would provide an opportunity for domination by big cities. To mitigate this, there will need to be evidence of inclusive decision making and benefits which accrue across the metro area.
- **A clear and important role for business:** The absence of a shared governance structure has led the relationship between local councils and businesses to seem transactional in the past, rather than a genuine partnership. This means that business leaders should be engaged appropriately during meetings, with a real commitment by council leaders and officers to attend these meetings. This should be reinforced with business leadership being at the heart of the metro, providing real power in decision making.
- **A close relationship with Nottinghamshire and Derbyshire County Councils:** The metro can only be successful if it works closely with the county councils that cover half of its population and its districts. All of the metro's organisations should remain open for district and county council partnership and - where desired - shared ownership, in recognition of the benefits of co-operation.
- **A metro where its benefits stretch beyond its boundaries:** Important economic opportunities, such as East Midlands Airport and supply chain links with the West Midlands, are beyond the metro's boundaries. Metro success is dependent on working closely with Nottinghamshire, Derbyshire Leicestershire, Sheffield, Lincolnshire and others, not at the expense of them. The metro should therefore demonstrate how the wealth and investment generated will stretch beyond the area.
- **An assessment of the relationship between the metro and the Local Enterprise Partnership (LEP):** Some areas of focus for the metro, such as business support, are functions currently provided by the LEP. The bodies need to be clear about how they would work together for the joint benefit of the area and ensure there is not overlap.

## Areas of opportunity and important focus:

- **Education is a crucial issue for the metro:** The education system in both Derby and Nottingham is widely regarded as poor and this is backed up by the data. Business people stressed the importance of education in improving productivity, with businesses frequently training school leavers with limited numerical and literacy skills. The Chamber of Commerce reported that skills and education have been the number one barrier to business growth over the last ten years.
- **The importance of place:** Businesses stressed that they were far more concerned about skills supply and a sense of momentum around a place, rather than enterprise zones or business rates. This makes place-marketing and supporting the metro's skills and infrastructure needs vital.
- **The key to making the metro feel real is supporting fast rail infrastructure:** Connectivity between Derby and Nottingham is weak compared to other major cities, constraining the ability of the area to act as one connected whole.
- **The disappointment of the Midlands Mainline:** The cancellation of the Midlands Mainline electrification is a real source of dissatisfaction in the area, and a potential area of co-ordinated campaigning by a metro authority, alongside partners.

## Key requirements of the metro strategy:

- It is important it is not just a talking shop.
- It should have a target all parties can unite around as the 'size of the prize'.
- Needs a clear rationale and justification.
- Must be ambitious - more so than the existing metro strategy.
- Must have business involvement in decision making and shaping the metro action.
- Must have council commitment to co-operate as partners in the wider economic interest of the area, not in that of one institution or authority.

## 6 How the area is operating currently

### A history of competition

Economic evidence and stakeholder conversations emphasise that operating at a metro level offers an economic opportunity precisely because the advantages of city collaboration are so untapped. A significant cause of this is historic political institutions. Despite being only 15-miles apart<sup>67</sup>, local government configuration has created more links between each county and city than the two cities. Until 1997, both cities were districts in their respective counties. Though both cities are now unitaries, they are still members of county-wide marketing organisations, county-wide Police and Crime Commissioners, etc.

This county-based political orientation has built upon and reinforced a competitive divide between the two cities. Both cities have a strong local identity tied to the counties that bear their name, whilst neither city has been big enough to dominate the other. This is embodied by the rivalry between their football and cricket clubs. This rivalry can arguably be seen where both cities working against each other in bids for investment, marketing and local government.

The North Midlands Devolution Deal would have been the first elected political institution between the two cities. The absence of the metropolitan county structures which predominate in most of the UK's other large urban areas has resulted in the absence of any shared organisation across the metro. Tyneside, Manchester and Liverpool, for example, all have organisations that emerged from old transport authorities. The legacy of this is that the area has failed to effectively link the economic strengths of the two cities, and as a consequence has suffered from inadequate levels of public sector capital investment.



**Nottingham Forest and Derby  
County football clubs, divided by  
Page 48, united by Brian Clough**

## A legacy of underfunding

This absence of regional and sub-regional organisations has contributed to the metro's underfunding compared to similar areas. This, combined with an economy which coped reasonably well with deindustrialisation compared to the great northern cities, has created a perception - and reality - of the area being overlooked by government.

Although Derby-Nottingham has similar GVA per head to Leeds and Manchester city regions<sup>68</sup>, it receives lower government spending per person. The metro area is estimated to receive £9,962 per person in spending, compared to its tax contribution of £8,384 per person<sup>69</sup>. If the area received the same level of government spending per head as Greater Manchester, per person spend would rise by £800, generating an additional £1.1bn for the metro<sup>70</sup>.

There is also a disparity in transport funding. An analysis of government spending estimates that the East Midlands will receive £221 per person in transport spending from 2016/17 onwards, the third lowest for any region<sup>71</sup>. The North is set to receive £427 per person<sup>72</sup>. This is a continuation of historic underfunding - between 2004/5 and 2015/16 regional spending per head increased at a lower rate than any other English region (less than 1% per annum). All other regions saw transport spending increase by at least 1.5%, whilst the UK average was 2.8%<sup>73</sup>. This regional underfunding has been corroborated by a recent report by East Midlands Councils on projected public investment by region<sup>74</sup>.

The East Midlands receives (of all regions)<sup>75</sup>:

**| 2nd lowest spending on transport as a % of GVA**

**| 3rd lowest spending per head as a % of tax revenue**

**| Lowest spending per 1m vehicle miles on roads**

**| 2nd lowest spending per head on roads**

**| 3rd lowest spending per head on railways**

68 ONS Subregional GVA - comparing West Yorkshire CA and Greater Manchester MCA geographies with the Metro

69 Metro Dynamics analysis of the New Economy Nespresso tool

70 Metro Dynamics analysis of the New Economy Nespresso tool

71 <https://www.ippr.org/news-and-media/press-releases/new-transport-figures-reveal-london-gets-1-500-per-head-more-than-the-north-but-north-west-powerhouse-catching-up>

72 <https://www.ippr.org/news-and-media/press-releases/new-transport-figures-reveal-london-gets-1-500-per-head-more-than-the-north-but-north-west-powerhouse-catching-up>

73 [https://www.london.gov.uk/sites/default/files/transportexpenditure\\_final\\_cin54.pdf](https://www.london.gov.uk/sites/default/files/transportexpenditure_final_cin54.pdf)

74 [http://www.emcouncils.gov.uk/write/Levels\\_of\\_Public\\_Investment\\_in\\_East\\_Midlands.pdf](http://www.emcouncils.gov.uk/write/Levels_of_Public_Investment_in_East_Midlands.pdf)

75 See report for all stats in the infographics at: [https://www.london.gov.uk/sites/default/files/transportexpenditure\\_final\\_cin54.pdf](https://www.london.gov.uk/sites/default/files/transportexpenditure_final_cin54.pdf)

## The new metro strategy

The area risks falling further behind in spending if it fails to speak to government with one cohesive voice. England's six Mayoral Combined Authorities are ahead of the metro, receiving a combined total of £161.5m per annum<sup>76</sup> in additional investment funding. This already looks likely to increase, with the government exploring further devolution of funding and powers to some metro regions. In short, the Derby-Nottingham Metro can no longer afford not to work as one economic area.

To achieve this, councils need to end damaging competition and recognise their mutual interests. Nottingham is unlikely to negotiate another City Deal which doesn't involve any local authority neighbours, and Derby cannot afford to fail to secure a City Deal again<sup>77</sup>. All partners need to acknowledge - and have the mechanisms that ensure - that economic growth and collaboration across the metro will benefit each local authority area individually too.

Derby and Nottingham City Councils have already begun ambitious work to build the basis for metro level collaboration. This began with the 'Derby and Nottingham Metropolitan Strategy 2030', published in April 2017<sup>78</sup>. The Metro Strategy laid out the ambition for the two cities to speak with one voice, recognising that working closely together would allow the councils to collectively punch above their weight with the public and private sector in the UK and internationally.

The Metro Strategy identified five strands of work and ambitions: enterprise, skills, connectivity, place and public services. An action plan has been developed to identify the short and medium-term actions required to meet these ambitions and the three objectives that have been identified under each ambition. These include quick wins that can be secured to deliver immediate service improvements for residents, and medium-term actions that can build on these quick wins to deliver deeper and more ambitious collaboration in the long term.

The metro strategy has already been successful in delivering service improvements to improve the lives of the residents of the two cities. For example, the two councils have already taken steps to integrate their leisure and cultural offer for residents and visitors. This will allow those who work in one city and live in the other to access leisure facilities in both. Behind the scenes collaboration on transport, place marketing and fostering innovation has also been developing, which will help deliver more investment, productivity and a better run transport system to the metro.

Work is already going on between the two councils to deepen and broaden this strategy, to make the two cities better places to live, work and play. This should deliver savings and service improvements for residents in the context of the ongoing and future squeeze on local government finances. This existing and developing shared commitment of the cities to work together more closely gives them credibility in implementing the recommendations of this report. The two cities will continue to work more closely in the future, providing the base for the area to capitalise on the economic opportunities of the metro working as one.

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76 <https://www.nao.org.uk/wp-content/uploads/2016/04/English-devolution-deals.pdf>

77 Derby was one of only English two key cities (the other being Bournemouth) that didn't receive a City Deal during the last government.

78 Derby Nottingham Metro Strategy; April 2017

## The Opportunity: Nuremberg-Furth

The Nuremberg-Furth area is identified by Eurostat as a relatively similar area to Derby-Nottingham. It has a similar economic makeup<sup>79</sup>, with a strong advanced manufacturing economy driven by a big local multinational (Siemens), an urban area of a similar size (1.7m people)<sup>80</sup> and an economy driven by two cities in close proximity. Nuremberg and Furth are only 8km apart. However, Nuremberg-Furth is significantly more economically successful than Derby-Nottingham. The area's GDP per head (2014) is 17% higher than the German average<sup>81</sup>.

### Governance

Geographically, like Derby-Nottingham, Nuremberg-Furth is the second largest metro area in its wider region. Pertinently, the Midlands Engine identified Bavaria as a comparator region to the Midlands. Just as Nuremberg-Furth is the second largest metro area in Bavaria after Munich, so Derby-Nottingham is the second biggest metro area in the Midlands after the West Midlands. Nuremberg is closely linked to Munich through a high-speed rail connection, just as Toton will soon provide a rapid link to Birmingham (and London).

State governance has helped support Nuremberg-Furth's economic development, providing support for transport connectivity and aligned economic development. Under the state's governance, the metro is united as Middle Franconia, one of seven decentralised administrative structures (Regierungsbezirke) of the Bavarian government. These are intermediary administrations between the Bavarian government ministries in Munich and the local authorities, coordinating the work of various ministries and monitoring and supervising the multitude of local authorities within the respective regions.

### With agglomeration benefits driven by transport connectivity

A key driver of Nuremberg-Furth's productivity is the benefits provided by agglomeration. The metro region's high population density and strong transport connections have seen it designated an agglomeration region<sup>82</sup>. Nuremberg's agglomeration as the region's business and

transport hub promotes links between business, science and culture across the area. This has been supported by the Bavarian State.

A key factor in this is connectivity. Unlike Derby-Nottingham, the cities are closely linked by advanced transport infrastructure. A conventional train line, joined-up road network and metro system unite the populations of Nuremberg-Furth together and with the wider region. Like Nottingham, Nuremberg also has its own tram system. The wider metropolitan area (circa 3.5m people) is the second largest integrated public transport system in Germany, with an integrated fare system, daily commuter traffic and accessibility of local transport.

### And a holistic approach to supporting innovation in sectoral strengths

Improved transport infrastructure has been complemented by state and metro-level attempts to drive productivity through R&D. Bavaria has undergone a 'high tech office' since 2000<sup>83</sup>, supporting sustainable investments and innovation. As part of this, a €1.4bn High Tech Initiative (1999-2006) built universities and research institutes across the state. In 2015 the state established a strategy for digitisation.

At a Metro level, the regional development strategy emphasises science based activities located in Nuremberg or other major centres with universities. This, coupled with specific Medtech initiatives such as Medical Valley - a national cluster for medical technology - has been done through the logic that economic growth in sectors of strength will drive benefits for the wider metro economy.

A holistic approach coupled with an integrated transport system which has allowed for reciprocal movements of people<sup>84</sup> has delivered significant levels of economic growth. The continued expansion and unification of the public transport network across the area has contributed to making all of the region accessible by public transport. This has driven behavioural pattern changes, with the metro region increasingly becoming a functional economic area, delivering the productivity benefits associated with agglomeration<sup>85</sup>.

79 Eurostat database urban audit 2004

80 Eurostat database urban audit 2014; We have combined the urban areas of Nottingham and Derby and combined them with the Eurostat classified urban area of Nuremberg-Furth.

81 Eurostat database urban audit 2014; We have combined the urban areas of Nottingham and Derby and combined them with the Eurostat classified urban area of Nuremberg-Furth.

82 [http://ftp.zew.de/pub/zew-docs/gutachten/ECR2015-NIW\\_wiiv\\_ZEW-RCastudy.pdf](http://ftp.zew.de/pub/zew-docs/gutachten/ECR2015-NIW_wiiv_ZEW-RCastudy.pdf)

Please note, this is the wider metro region, which includes the Nuremberg-Furth Metro Area

83 [http://ftp.zew.de/pub/zew-docs/gutachten/ECR2015-NIW\\_wiiv\\_ZEW-RCastudy.pdf](http://ftp.zew.de/pub/zew-docs/gutachten/ECR2015-NIW_wiiv_ZEW-RCastudy.pdf), p.g. 80

84 OECD Rural Policy Reviews Rural-Urban Partnerships, OECD, p.g. 220

85 OECD Rural Policy Reviews Rural-Urban Partnerships, OECD, p.g. 221



# 7 The growth ambition

## An area with strong growth potential

The metro has already experienced a steady recovery from the financial crisis. Its GVA per head growth over the last five years has been in line with national trends, driven by the rapid productivity growth of Derby and its neighbours. However, the metro's GVA per head (£21,613 in 2015) still hasn't recovered to its pre-crash high of £21,713 (2005)<sup>86</sup>.

There are opportunities to close the gap on England's productivity and grow above current trend. HS2, the Midlands Engine, the government's industrial strategy (and the close fit of the metro's economy with this) and ongoing transformational projects in the region all offer opportunities. Maximising their potential depends on the extent to which the area capitalises on them - and is supported in doing so by the government. This will help drive economic growth in the Metro, its surrounding areas and the Midlands as a whole.

### The growth target<sup>87</sup>

We believe that the GVA per head gap on England could be closed by 2030 through a combination of fully utilising the catalytic benefits of HS2 at Toton and developing an industrial strategy for the Metro. This would require significant government support to drive increased growth from agglomeration, alongside the success of the Midlands Engine. The Metro would need to work closely with government to maximise the benefits of the transformational projects in the area.

Productivity would grow at slightly below the Midlands Engine target<sup>88</sup> (which is 5.46% growth), delivering 20% of the Midland Engine's projected GVA growth, despite being only 15% of the population<sup>89</sup>.

| 5.2% nominal GVA growth

| GVA grows from £29.8bn in 2015 (2015 prices) to £63.7bn in 2030 (2030 prices).

| GVA per head grows from £21,616 (2015 prices) to £42,175 (in 2030 prices).

<sup>86</sup> ONS Regional Accounts 2015

<sup>87</sup> All projections used in this report are in the year that the projection is for. This means the Metro can be held to account against them. However it also means that the figures include inflation, which is we have estimated to average around 2% to 2020.

<sup>88</sup> <https://www.midlandsengine.org/wp-content/uploads/Midlands-Engine-Vision-for-Growth.pdf>

<sup>89</sup> These are approximations based on the Metro's current proportion of Midlands GVA from ONS Regional Accounts 2015 and the Midlands' population from ONS population estimates

## Nominal GVA projections (£m)

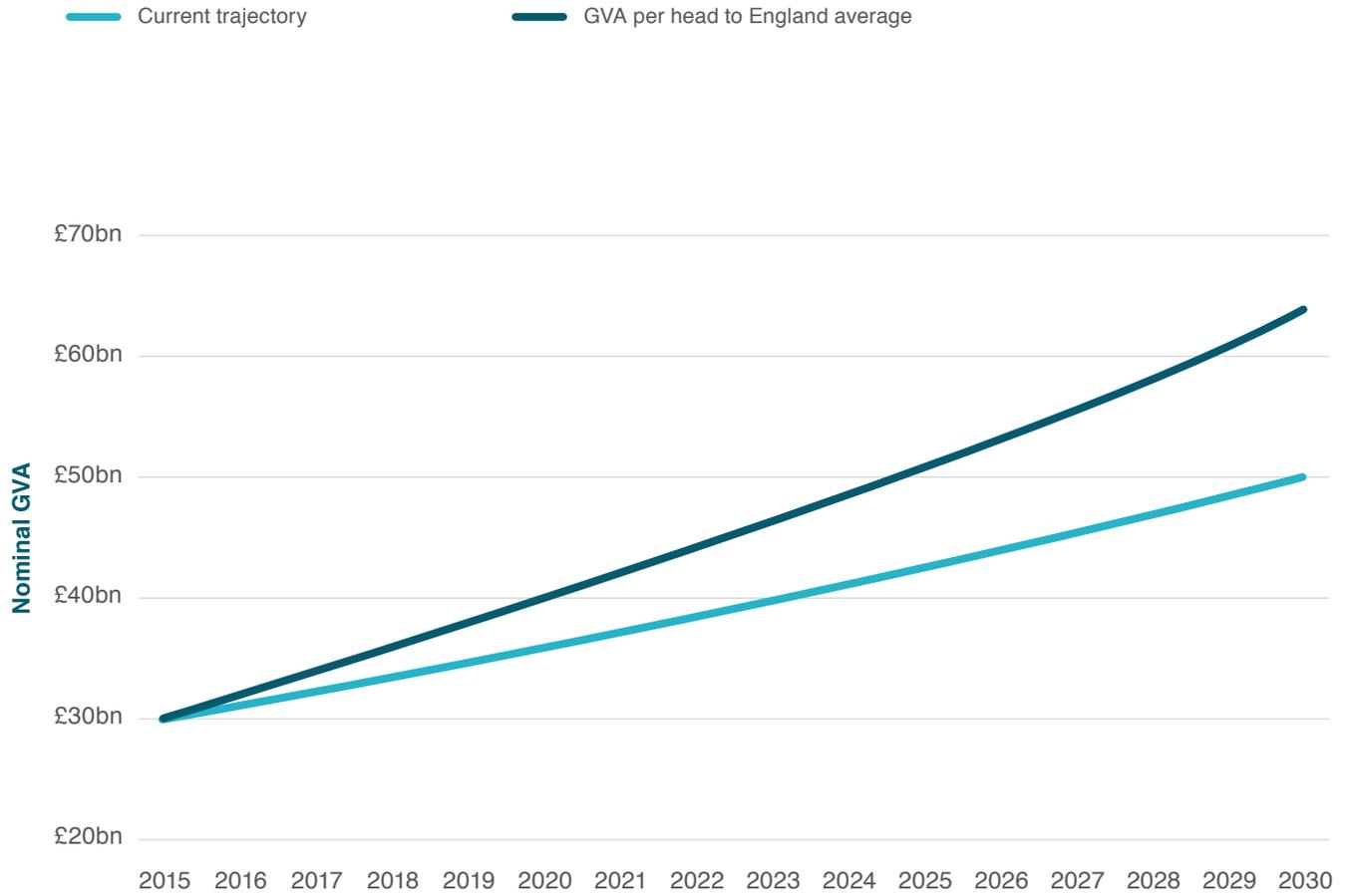


Figure 7 - Metro GVA growth target

Source: Metro Dynamics estimates. Please note: this growth includes inflation.

## The need for strong local industrial governance

Maximising economic growth, capitalising on developing links between the two councils and overcoming historic divisions requires a new governance model rooted in the industrial strategy. This should be tailored to the economic geography and political context of the area.

Existing combined authorities have largely been rooted in the logic of one city being the focal point of its wider economic geography. Liverpool, Manchester, Sheffield, Newcastle, Birmingham, Leeds, Cambridge and Bristol are the primary economic drivers of their combined authority areas, whilst Tees Valley is based on historic geographies. No combined authority has successfully cut across county boundaries.

However, the economic opportunity of the metro is exciting precisely because of its bicentricity. This should be reflected in its governance, creating the shared organisations that bring economic cohesion to the area. It also needs to be underpinned by a genuine public-private sector governance structure which gives real power to business, universities and skills providers in decision-making.

Derby and Nottingham worked with their businesses through growth and renaissance boards to emerge successfully from the recession. The area currently engages businesses at a metro level through its Strategic Advisory Group. Now, the area should capitalise on the challenges and opportunities afforded by the national context through embedding business in decision-making.

## Five key areas aligned with the industrial strategy

We suggest five areas of focus for closer working in order to drive economic growth in the metro. These are strongly aligned with those of the national industrial strategy, to create a local industrial strategy. They are also in broad alignment with the earlier metro strategy developed by the two Councils.

To be successful, work within these themes needs to be joined up, both between public and private sector organisations and between the areas of focus. The areas of focus, as shown in the diagram on the opposite page, are outlined in more detail in Section 8.

## The Metro themes



Figure 8 - The Metro themes

## 8 Priorities for metro collaboration

### Inclusive growth

A key component of success for the metro will be that local interventions lead to growth benefiting all metro residents. This is not easy. Despite the area's relatively good economic performance, there is a very serious underlying inclusive growth problem: too many people are not benefiting from growth. No one intervention alone will change this, as it will require a package of interventions focused around 'people', as discussed in this section, as well as infrastructure, business growth and public service reform interventions as set out in the other sections.

#### A strategic approach to inclusive growth

We recommend that a strategic joined up approach now be taken to inclusive growth, with a focus on raising skills and employment levels across the metro. The workforce is not homogeneous and we know that various cohorts will have different needs and experience distinct challenges. For example, younger people tend to be in precarious forms of employment and older people are more likely to experience longer periods of unemployment.

We suggest that national partners be engaged to create a broad all ages approach, which can then be targeted at the various points in the life cycle where a young person or adult can be at risk of disengagement. With this in mind, we recommend, at a minimum, engagement with Jobcentre Plus (JCP) and the Education and Skills Funding Agency (ESFA), and potentially Public Health England (PHE) and Housing Providers, alongside employers, as part of a new Inclusive Growth Board. This would provide a mechanism to identify where issues are by cohort and create a joined-up offer to pilot and trial new initiatives around inclusive growth.

Given the existing foundations, we suggest that the first focus of the Board should be co-ordinating the Careers Education, Information, Advice, and Guidance (CEIAG) and employer engagement in schools. Given the barriers to work that exist across the life cycle, and the importance of establishing a life-long approach to learning, provision should be upscaled and expanded across the metro to ensure that every resident is supported to succeed. It should have a single front door approach for employers wishing to contribute and schools wishing to access resources. This will require a central function and brokerage service to effectively link businesses with schools and support their relationship.

Early encounters with enterprise are important for a young person's development and success. In our consultations, we have heard examples of good practice across the metro to introduce young people to the world of work. The work of the Derby Renaissance Board and Nottingham Futures were mentioned positively; employers such as JCB were praised for their entry into education; and New College Nottingham is taking an employer-led approach to curriculum planning.

Alongside this must sit a high quality Labour Market Information (LMI) function. When used effectively LMI is an important resource for young people and educators to ensure that they are fully informed about the future career paths which are available in the metro. It provides the evidence base to better align local skills supply and demand. Using a robust evidence based approach, the Board should seek the ability to define and commission education outcomes that they would like to see from providers using ESFA budgets.

### A transformational project: The Nottingham Skills Hub

The Nottingham Skills Hub is an exemplar project in looking to foster inclusive growth in the metro. Led by New College in Nottingham, the £60m project will create a state of the art educational facility at Canal Street Nottingham, driving the revitalisation of the local area. Part of the curriculum will be business-orientated and led, tailored to matching courses with local business skills needs, prioritising sectors that are likely to undergo future growth.

This should help ensure that students have the skills to access the well paid and productive jobs of the local economy's future.

Working with colleges at a metro level could deliver a wider range of job opportunities by aligning skills provision to the wider metro economy's need. This could see colleges rooted in the specialism of their local place and business base (i.e. Nottingham and digital/creative industries) and attracting students from across the metro to acquire these skills.

### The educational challenge - a focus on STEM

We have not undertaken a review of education in the metro, however it is clear from the outcomes data and the consultation feedback that despite the excellent (and high profile) employers in the area, the metro underperforms in education outcomes. Achievement of five GCSEs A\*-C including English and Maths is significantly below the national average in both Derby and Nottingham<sup>90</sup>, and will require a range of interventions from primary onwards to change this. We would suggest that this be a priority focus, with the metro setting strong targets around increasing attainment and social mobility in conjunction with Department for Education. This is a broad area and the metro could focus on raising Science, Technology, Engineering and Maths (STEM) attainment and local take up of STEM related apprenticeships, fitting well with local job opportunities and national priorities.

The strong engineering and manufacturing sector presents excellent job opportunities for young people, however the consultations highlighted that there is a lack of skills, often from the local population. It was suggested to us in the consultations that interventions need to start before young people make their GCSE choices, as working in various engineering and scientific backgrounds requires certain choices at GCSE level, particularly around science. A lack of awareness of these requirements from when young people start secondary school can impact their job opportunities later.

Metro work should complement the October 2016 announcement when Derby became one of the government's Opportunity areas. This is a welcome start, but with £72m set to be shared between ten areas, it will only be a small part of the action required to turn around the poor education outcomes seen in the metro. By way of comparison, at its height, the London Challenge cost around £40 million per year. Department for Education have announced other initiatives, and we would recommend that the metro take a co-ordinated approach to increasing the quality of STEM teaching and education outcomes through applications to the Teaching and Leadership Innovation Fund, creating an Institute of Technology, and Level 3 Maths Support Programme, amongst others.

We have not spoken to schools as part of this work, but often schools in underperforming areas struggle to recruit and retain high quality teachers in subjects such as maths. The increased number of Teach First recruits into Derby schools is a good start, but we believe the metro provides a scale to develop peer-to-peer networks of support between all metro schools to pool access to high quality resource and for sharing good practice and collective problem solving. Furthermore, the metro should look at the potential for specialist support in certain areas to drive up success rates. This could be supplemented with packages of intensive, joined-up support for the weakest schools, and investment in school leadership through the provision of tailored development programmes for schools and leaders under a leadership strategy.

### **Bold investigation into in work poverty - a Low Pay Commission**

Whilst much of the focus is on getting people into work, in-work poverty is an increasing issue in the UK. The number of people earning less than the Living Wage has risen in recent years. Sectors such as hospitality, retail and residential care have particularly high incidence of low-paid work. Whilst there will always be low-paid jobs, it is important that the metro has a comprehensive understanding of the issue and policy interventions which could raise living standards and productivity. We recommend that the metro establish a Low Pay Commission focused on the following areas:

- Progression - what are the reasons people are in low paid employment, what skills training and career ladders are there?
- Business models - is low pay leading to low productivity? What can be done to incentive employers to adopt new technologies and innovation.
- Brexit - what will the potential implications of less low-skilled immigration be on the region's low paid sectors?
- Job security - low pay is only one element of employment, and the whole work environment should be considered, including prevalence of zero hours contracts and job quality.

### **Using an inclusive growth investment framework and metrics**

The metro should prioritise, at scale, a commitment to driving local inclusive growth through procurement. This is an area where Nottingham has already seen success by using procurement procedures to support city-based contractors. Collaboration on this at a metro level would drive the growth of local contractors, keeping more money within the metro economy and supporting local businesses. Doing this at scale would also provide a means to work with contractors to pay the Living Wage.

We would suggest that for Inclusive Growth to be at the heart of the metro, tools are used to help steer decision-making and to measure progress. Joseph Rountree Foundation (JRF), supported by Metro Dynamics, have been developing an Inclusive Growth Decision Making framework which is designed specifically for use by the public sector. Its aim is to establish a simple toolkit to determine whether and how an investment or intervention supports Inclusive Growth. It is designed to challenge current ways of thinking but also to complement them.

Alongside this, JRF and also the Inclusive Growth Commission (IGC), have developed metrics which complement the traditional GVA measurements to measure Inclusive Growth. We would recommend that the metro monitor and report against this regularly, and use these metrics to adjust focus and delivery depending on progress. The IGC's 'Quality GVA' measure is perhaps the simplest to use as a high-level indicator.

## **Business and innovation**

The key to the area's future economic success will be in developing and growing new innovative businesses, particularly those in sectors such as digital, biotech and advanced manufacturing. There is an opportunity to link the Metro's companies and industries in digital, biotech and advanced manufacturing. Numerous metro and

industry-specific reports stress that innovation in these industries will be delivered through sharing disciplines<sup>91</sup> and the metro scale draws in a variety of sectors and higher education institutions (HEIs). Doing so requires innovation-focussed built assets, university linkages, business support and supply chain work.

### **A transformational project: The Defence and National Rehabilitation Centre**

The relocation of the Defence and National Rehabilitation Centre at Stanford Hall in Rushcliffe Borough Council is a major opportunity for the area. It will be at the cutting edge of clinical rehabilitation; a national centre for training and education, research and development, undertaking leading work with both the military and civilian patients. The metro already has recognized Med-tech strengths through the Centre

for Healthcare Technologies, which rapidly deploys curiosity driven science through to clinical application, as well as university research, the Queen's Medical Centre, and the planned Medipark. We recommend that the metro work closely with the facility and County Council and other partners as it develops to maximise its benefits.

### Targeted Business Support

The business support landscape can be difficult to navigate, and the arrival of growth hubs was welcomed to coordinate and deliver locally the various programmes and products. There are already national, local and LEP level programmes which focus on business support in the metro. These are often broad programmes that do not target particular local growth sectors or companies. The consultations were positive about the local and LEP level provision as well as the networking and events led by the Chamber of Commerce, but consultees identified various areas where more could be done as a metro to supplement, not replace, existing programmes.

The major businesses in the metro often look globally for their supply chains, but more could be done to identify local clusters. There are complementary industries across local authorities in the metro, but there is not enough work done to link them together. This is a problem at a local authority as well as a metro level. One business owner described undertaking a Europe-wide search for a materials provider, only to discover the best company was 400 metres away.

A metro business support offer should be developed which maps and develops supply chains to actively identify growth opportunities and the barriers to entry. Premises, equipment, Research and Development (R&D), skills and access to finance can all be barriers, and the metro should identify support packages to assist businesses with the potential to succeed and scale-up. This will require a place-based solution which incorporates HEIs, businesses, the public sector, investors and further education.

### Increasing Innovation

The Nottingham and Derby Enterprise Zone (including a number of sites such as Infinity Park and the Boots Enterprise Zone), and other assets such as University of Nottingham Science Innovation Park (UNIP), provide a strong offer to inward investors and around innovation. However, we believe that more could be done to promote these assets jointly to create an innovation corridor across the metro. This would include the proposed innovation

campus at HS2 in Toton. This campus, located between the two cities, is an opportunity to link the innovative industries of each city with the opportunity afforded by connectivity to London and the West Midlands. Linking these assets gives the metro a world class offer to promote.

We understand from our work with the Midlands Engine that they are looking to develop an innovation programme linked to the Midlands Engine Science and Innovation Audit (SIA). There are some big opportunities here for the metro as the emerging proposals for innovation accelerators (building on the energy research accelerator model) could bring together the area's strength in digital and advanced manufacturing with its university research.

However, for this to happen the Metro needs a coherent set of messages about its innovation assets and potential. We recommend that the metro undertake something similar to the West Midlands Combined Authority's SIA, which identifies both existing strengths but also creates the vision and acts as a call to arms to stakeholders within the metro to break down barriers and establish a joined-up innovation corridor.

### The potential for a Free Trade Zone

The impact of Brexit is uncertain. We have seen growth forecasts revised downwards and various troubling signs from businesses caused by the uncertainty of post-Brexit trading terms and conditions. The Midlands Engine, along with others such as Centre for Policy Studies, have started to consider the potential that a Free Trade Zone (FTZ) could bring. This is new territory for the UK and until we know what parameters which Brexit will deliver around the Customs Union and EU Single Market it is difficult to develop this. However, in the United States over 250 FTZs employ 420,000 people, and primarily support manufacturers to develop goods with reduced tariffs<sup>92</sup>. Given the predominance of the production industry and the importance of trade through East Midlands Airport, the metro could be the right place to design and pilot a FTZ which supports local needs. We would recommend that the metro undertake a study to establish the merits of an FTZ, and identify paths to delivery.

## Infrastructure

### Transport connectivity

A critical component of driving economic growth through agglomeration is transport infrastructure and connectivity. Currently, the Metro's transport connectivity is heavily dependent on the A52 as the primary highway and link road. This can lead to significant congestion at peak times. These road links are supplemented by an effective and wide reaching bus service. There is a 24-hour service between Nottingham and Derby, strong connections between each city and outlying metro towns, and fast and frequent connections to the Airport from both cities.

Business leaders emphasised in consultations that the metro will not be a reality without improved connectivity between the two cities. The tram system in Nottingham is an asset. However, there is no single multimodal transport system which incorporates light rail that connects the two cities and encourages citizens to make economic links across the area. Nuremberg-Furth shows what can be done when highspeed rail is combined with a joined up local transport network.

A lack of a metro or tram solution is in part driven by the segmented nature of the metro, with localised transport planning and delivery, and a range of private sector operators and national agencies. Operating at a metro level should provide a facility to work with partners such as Network Rail and Highways England, securing their investment into a wider metro transport vision and strategy.

Peak hour rail commuting<sup>93</sup>:

- | Derby-Nottingham (15 miles). Service every 15 mins, takes 25 minutes. (National Rail)
- | Bradford-Leeds (10 miles). Service every 10 mins, takes 20 minutes.  
(2 National Rail stations)
- | Bristol-Bath (13 miles). Service every 15 mins, takes 15 minutes. (National Rail)
- | Cardiff-Newport (11 miles). Service every 8 mins, takes 15 minutes.  
(national rail; proposed metro)
- | Birmingham - Coventry (19 miles). Service every 8 mins, takes 20/25 minutes.  
(national rail)
- | Newcastle - Sunderland (14 miles). Service every 10 mins, takes 30 mins. (metro)

We recommend that metro local authorities and public-sector partners develop a transport vision with shared priorities to build the case for investment. This should look at a 2050 horizon and consider all forms of transport, with a focus on maximising agglomeration (faster connectivity and increased frequency of services), inclusive growth (low cost and targeted provision by cohort) and health (increasing sustainable travel options and improving air quality).

The long-term horizon also allows for the metro to incorporate bold ideas. These should build on the assets in the area - Rolls-Royce, the airport, and HS2 for example - and set out a technology-driven priority for the metro which could be shared with government and private sector for investment. This could be a new high-speed connectivity solution between the metro and the airport, a metro-wide tram system, or the first fully autonomous bus region. We would recommend that a metro group explore some of the possibilities here.

#### **Transformational Project: HS2 - the catalyst for change**

This is an opportunity for the metro to conceive long-term transformation projects around connectivity, housing and enterprise, and to work together to deliver accelerated growth.

HS2 at Toton represents a big opportunity for improvements in connectivity and to stimulate growth both around Toton and in the wider metro. This is right at the heart of the rationale for the metro, as only through collaboration and new structures (such as a new Development Corporation) will the full transformational benefit of HS2 be realised.

This will require frequent and fast connectivity between the two cities through Toton. There will need to be substantial infrastructure investment to ensure that Toton lives up to its potential rather than becoming a Parkway. This in turn will unlock the housing potential that can help the area meet much of its future homes need. The whole development is expected to generate 74,000 jobs, providing a huge boost to the metro's economy.

The HS2 Growth Strategy is already looking at an infrastructure solution such as light rail or an extension of the tramway. The metro should ensure this solution maximises the potential for links between the two cities as well as Toton. It should also look to develop bold ideas such as a wider metro-level transport system, tied together by smart ticketing and an integrated system such as the metro's equivalent of a tube map.

## Housing & Planning

Across the UK, places are struggling to build enough houses and generate the supply and demand for employment land. Work we have recently undertaken with Midlands Engine and the Homes and Communities Agency (HCA) suggests that the Midlands Engine will need to build around 600,000 homes in the next 15-years, equating to delivering something the size of Nottingham every three years. Meanwhile, the metro area needs to build over 43,000 dwellings over the next 10 years<sup>94</sup>.

This is a big challenge, but also an opportunity for the metro to drive forward growth through housing. Many of the local authorities have similar barriers to housing and commercial development, such as having brownfield sites which need work, council skill gaps and lacking the scale to attract major investors. Other metro sites, such as Stanton Ironworks, are of a scale so as to be of strategic importance beyond their own local authority boundaries. This provides an opportunity for joint working. Metro level may also be the appropriate scale to engage central government on the rationalisation of public sector land.

The metro contains two housing market areas and within these each district council retains planning powers. This is not an issue per se, but it would benefit from a collective vision, plan for success, and investment team to underpin local planning and decision making. This could identify opportunities which are too big or risky for one council to take on, but could be delivered at metro level.

This has the potential to be a sensitive area for various districts, but there are three areas where we recommend you start collaboration. These are all local solutions which are based around the specific needs of the metro, as opposed to replicating national policy and delivery. In addition to these is the opportunity outlined above at Toton, which will clearly form a major part of closer joint working, but perhaps as part of the discreet Development Corporation.

### A transformational project: East Midlands Airport

The East Midlands Airport (EMA) is a metro asset. As it grows we recommend that the metro work strategically with the airport to maximise the local benefits for employment, trade, business and the visitor economy as it implements its 2040 vision. Its growth is linked to the metro - nearly 6,000 metro residents<sup>97</sup> (nearly 70% of commuters from outside North West Leicestershire) commute to the airport every day.

We recommend an Airport Growth Strategy be jointly developed with the airport to cover the following areas.

- Employment & Skills - to ensure that metro residents (especially at lower skill levels) are ready and supported to apply for jobs at the airport.
- Connectivity - to develop light or heavy rail connections that reach into population centres, and to improve highways UK freight links to links ports, EMA and distribution centres.
- New Routes - to stimulate demand for flights to European cities and hubs that were lost in the recession, making the EMA a regional, UK and European gateway.

94 Application of proposed formula for assessing housing need, with contextual data, 14th September 2017

95 Nottingham's Smart City Strategy, Nottingham City Council, 2017

96 Ibid

### Create a local strategic partnership framework

There are certain freedoms and flexibilities which would benefit the metro and complement local planning authorities. We suggest a new partnership framework be formed between the metro and the HCA based on local collaboration and co-commissioning to achieve national housing targets. This would have the ability to act outside of the national policy parameters, with powers of Compulsory Purchase Orders (CPO), and a new function, which was described to us in the consultations with council officers, to pilot Compulsory Selling Orders. The partnership could look to manage funding and identify opportunities for bidding and funding at scale, such as via the Housing Infrastructure Fund, or maximise borrowing against Housing Revenue Account.

### Maximise the city centres through a two city centre masterplan

We heard from various consultees that the city centres are underutilised, and the analysis of home / workplace wages shows that wealthier residents tend to commute in to the cities to work, but live in the hinterlands. Whilst we have not undertaken an assessment of the property markets, we heard in our consultations that both cities have turned away inward investment enquiries due to lack of Grade A office space. Accompanying this is the potential to attract and retain more of the talent which comes to the metro for university. Our analysis identified strong pockets of young urban renters in both city centres. The number of young people leaving the metro from age 25 suggests this could grow further. The metro could decide to prioritise and plan urban living solutions which create attractive housing options in the urban centres. Crucially these must be affordable to young buyers who currently struggle to enter the housing market.

### Becoming the UK centre for future homes

The UK has ambitious housing targets and we need to be building at a rate which was last achieved in the post-war period. There are a variety of reasons why this is not happening, including our methods of house building, lack of attractive land for developers, and the absence of local authority led building programmes. One part of the answer could be through modular housing, which can be both cheaper and accelerate completions. We suggest that the metro explore the opportunities to lead the UK in advanced manufacturing in modular builds, building on the recent investments such as Legal & General Modular Homes near Leeds.

This should be considered within the wider SMART city agenda, through predicting and designing solutions to future challenges, such as addressing housing shortages and targeting liveability for various cohorts, for instance by reducing social isolation and using technology to support an ageing population. There should be an ongoing drive for innovation, where new technologies are deployed to reduce costs and improve quality. The metro would both become a factory and technology hub for off-site builds in the UK, but also to create new housing developments within the metro which are entirely modular build.

A challenge for cities is the way we generate energy, which is unsustainable for citizens and the environment. Nottingham City Council analysis shows that 12.6% of its residents live in fuel poverty, with energy costs expected to continue to rise in coming years<sup>95</sup>. Focus on creating the right homes for the future could set a specific ambition to create more energy efficient homes, which both require less energy to run and could ultimately generate their own energy and feed back into the National Grid. Nottingham has a strong track record in this area with the most solar rooftops per household in the UK, a district heating network used to heat residential homes, reducing home energy costs and carbon emissions, as well as a pilot of nine ultra-low carbon homes that require little-to-no heating<sup>96</sup>.

## Place and promotion

The Derby-Nottingham metro already has a high quality of life, good quality green space (including Sherwood Forest), a broad range of cultural and sporting opportunities, and is in close proximity to the Peak District. However, the area could do more to support, develop and promote its place strengths. In the post-Brexit world, Derby-Nottingham will need to market itself as an attractive location for investment and migration, and create a recognisable sense of place for residents, visitors, learners and business.

### Aligning the marketing and tourism activity of Derby and Nottingham

In some cases, undertaking promotion as individual places will be appropriate; however, we have identified several areas where we believe working together as a metro will have a bigger impact. We recommend that the metro looks to collaborate in these areas, taking a place - based and consistent approach to place and promotion in these areas.

1. Foreign Direct Investment (FDI) - at an international level the metro area will have a far bigger impact by pooling the assets of the whole metro.
2. The visitor economy - creating a destination offer which incorporates the strengths of the metro and also looks outwards to the Peak District to create short stay itineraries based around nature, history, sport and literature.
3. Conference bidding - the breadth of academic strengths, enterprise and the sporting venues create an offer for the international business conference circuit. Working together on metro bids combines the business tourism expertise contained in the two organisations and enables the metro to attract shared conferences and events.

### Developing a bold metro event and conference facilities

Securing and delivering a major international event can have significant economic and social benefits, including generating a legacy for residents, long term trade, growth and investment. Nottingham City Council is currently bidding to be European Capital of Culture in 2023. Given the current process is in train, it may not be appropriate to widen this to metro level; as a minimum the metro should consider fringe events and a metro wide legacy which is inclusive for the area's young people.

We recommend that the metro consider creating a metro collaboration to bid for a major international event. This could be a major sporting event like the World Athletics Championships or something advantageous to the metro's priorities, such as the World Routes event, or it could focus on exploiting the region's strengths through a bespoke event, in the style of Liverpool's International Festival of Business or the Manchester International Festival. What is most important is that it provides common focus and collaborative working, setting the scale of ambition for delivery on an international stage.

Alongside this, the metro should consider the merits of new conference facilities. The proposed East Midlands Convention Centre will fill a market gap for international scale and quality conference facilities on the UK's eastern side. This would be an important asset for the metro as part of a fresh approach to internationalisation.

## Public Service Reform

The metro has a complex and multi-tiered system of local government. Its boundaries are not coterminous with either county, whilst - as described in section 6 - the area has little history of operating at a metro level. With the metro covering two unitary councils, seven district councils and part of two county council areas, along with different borders for blue light services, there can't - and there shouldn't be - a one size-fits-all approach to public service reform in the area.

Instead, reform and collaboration need to operate at various levels and across different service areas. This is in recognition that some of the metro's councils will have similar opportunities for reform (i.e. between two unitary authorities) and that local politics and boundaries help shape the potential for collaboration. A nuanced approach towards public service reform is essential, one which recognises that flexible approaches will be necessary. Where the opportunity exists, this should extend to blue light services, and central government departments. It may include service integration, pooled budgets, alignment, and shared outcomes - each should be assessed for viability and benefits.

### Improving collaboration in the two cities

The two city councils are starting to deliver savings and service improvements through working together. As described in Part 6, the metro strategy has already identified several short-term opportunities for the two councils, laying the ground for deeper collaboration. This is currently being developed by the two councils and may stretch beyond the examples identified below, which were identified by the council officers in the collaborations. We recommend that any work be inclusive of districts and counties, whilst being aware that the two cities' unitary status may lead to some opportunities being best explored between Derby and Nottingham. Work is focused on:

1. Achieving the level of collaboration that would deliver real savings for both city councils will require a wider cultural and systems change that goes beyond work on specific issues. Areas of focus include Revenues and Benefits, Oracle (which provides a platform for both councils), Insurance, Legal Services, internal audit and procurement at scale.
2. Sharing the systems that underlie council operations should be complemented by collaborating where there are already opportunities. This will require vision and a genuine commitment by both councils to working as equal partners. Any initial suggestions are preliminary, but could include: energy, community protection, commercial waste collection, property management, IT and environmental protection/trading standards. These could help deliver short and medium term budgetary savings.

In the long term, a more ambitious approach could involve moving towards a joint contractual delivery model. Some core services could be delivered by a publicly owned body from which both councils contract their services. Doing so could maintain public value, deliver benefits from operating and contracting at scale and encourage the two councils to operate across a wider economic area. This could be managed as a Modern Municipal Corporation controlled by both councils, as outlined in the following section.

### Potential areas of collaboration between the local authorities of the metro

We understand that officers are working to identify where shared services could be appropriate. We think this is a positive first step, however we would also recommend that local authorities use this as an opportunity to look at the whole system and approach to service provision. Politics and the different functions of district and unitary authorities may mean that it makes sense for the most wide-reaching public service reform to be done between the two cities. Nevertheless, there are considerable advantages of scale and scope for both the cities and districts to collaborate in certain areas for mutual benefit.

- Leisure is a good example of the cities working together, but where there is further opportunity. Firstly, collaborating with districts to offer leisure services across the metro for their residents. It could also consider new arms length deliver models such as a leisure trust, and could also look at how parks and open spaces are managed.
- Senior council officers highlighted various areas where they lack skills, and are competing in a small labour pool with fellow local authorities for the same skill-set and job role. They highlighted the potential to share officers within certain services - for example property management.
- As service budgets have been cut, provision has tended to focus on the acute end of care and support, with hospitals and other acute services under increasing pressure. We would recommend that the metro adopt a prevention and early intervention based approach to service provision. A first step is to identify all areas of spend in the metro and identify where are the biggest areas of reactive spend. This can help identify where early intervention will have biggest returns to the public purse (and where the savings / spend occurs). Ultimately this makes the case for pooled budgets to invest where best returns are made, and can form the basis of a new collaboration with government to develop invest to save models.

### Using data to drive better outcomes

Better sharing of data between public services could help deliver better outcomes, particularly by taking action at an early stage when the data suggests individuals or families are at risk. An integrated digital platform could use real time data to improve decision making. More broadly, an approach to share data in the style of Chicago or other leading cities could enable the business and university base to identify innovative solutions to public challenges. We recommend that the metro look at this as it identifies ways to better coordinate and share services and information.



## 9 Governance and delivery

There is an opportunity for Derby-Nottingham metro to establish a new model for metro governance and delivery, which would be appropriate for a local industrial strategy deal. This would need to be robust and clear, and reflect the principles on which metro economic arrangements would be based. The metro exists within two county areas, Derbyshire and Nottinghamshire, along with seven district councils, the D2N2 LEP and an array of major businesses, universities and colleges. Therefore, the core principles for any new arrangements should be partnership and collaboration.

This will require different ways of working. The metro will not be a panacea for growth in every instance, as businesses, councils, universities and colleges will need to continue to work at County, Midlands Engine and national level. To be successful as a metro, the partners will have to develop behaviours and principles that embed collaboration. This cannot appear to be about any one place or organisation dominating the area. What is required is a genuine commitment to partnership, in which it is clear that metro working will drive benefits for every area and group, and that the basis for this is clear from the outset.

A set of arrangements designed to co-ordinate and drive inclusive growth across the metro area and to strike a deal with government on funding, investment and new powers should be based on partnership between the public sector and business. The great 19th Century Cities, such as Derby and Nottingham, grew as municipal corporations, by bringing together councils and business people to provide their economic leadership. Derby-Nottingham metro could establish a modern corporation model, incorporating a version of the 'modern aldermen' proposed in the government's industrial strategy Green Paper.

## Metro Growth Board

The importance and strength of the Metro's multinational companies and universities to the economic success of the area makes their involvement in a local industrial strategy critical alongside the area's strong political leadership. Making businesses feel like they are involved in decision-making at the appropriate level rather than following councils is vital. The forum for this should be a Metro Growth Board.

This Board should be a governance and delivery vehicle. It should be responsible for governing, developing, building on and implementing the Metro Strategy. It would arise from the steps the metro already has taken to involve businesses through the Strategic Advisory Group. This would involve:

- Advising Derby and Nottingham City Councils and other council members on their strategies and policies relating to economic growth.
- Over-seeing joint delivery vehicles responsible for delivering the strategy (whether those vehicles are responsible for economic growth or public service delivery).
- Submitting proposals to government and other funding bodies for joint investment proposals under the Metro Strategy.
- Overseeing the expenditure of funding received from government and reporting to government on progress against outcomes related to this funding.

Representation on the Board should be composed of representatives of the constituent local authorities, universities, further education institutions, businesses and the voluntary sector. A starting point for this would be the membership of the current Metro Strategic Advisory Group. The Board would appoint a Chair and a Modern Alderman, preferably a business leader of independent local standing.

## Delivery vehicles and advisory bodies

This Metro Growth Board would be supported by a number of delivery vehicles, focussed on driving economic growth and alignment at a metro level. The precise governance of these vehicles would need to be discussed, though we envisage that the bodies that receive significant levels of funding and powers from an industrial strategy deal would benefit most from private sector leadership. On the other hand, the Growth Board would be best placed to deliver strategic advice to council-led organisations such as a Municipal Corporation.

The bodies that we propose to underlie the Growth Board are related to our five themes of Infrastructure, Business and Innovation, Inclusive Growth, Public Service Reform and Place. We suggest they are divided into delivery vehicles and commissioning and advisory bodies. Delivery vehicles would be established companies that fall under current councils' remits and/or benefit from direct powers/funding in this proposal, whilst commissioning and advisory bodies will look to co-ordinate and advise areas that have been identified as needing work.

## Delivery vehicles

### Growth Company

There are a wealth of different agencies and companies operating in business support and place marketing across the metro, many of which have broader geographical reaches. Integrating these agencies and ensuring their operation across one economic geography in a Growth Company would deliver savings and service improvements. The savings made could be used to develop other required services identified in this report, such as on supply chains. This could be established locally, though would benefit from Central government support.

### HS2 Development Corporation

HS2 offers an economic opportunity for the area and the incentive for partners to act at a metro level. Decisions made on housing supply and employment space provision will have more impact on the metro than any other economic geography. A Development Corporation would support these priorities for Toton, ensuring the site is planned appropriately, is able to attract investment and provides appropriate infrastructure. This would require a government statute and initial capitalisation, however the benefits should significantly exceed costs.

### Municipal Corporation

Austerity has had a real impact on local government funding, with significant real-terms reductions in local authorities' income. A Municipal Corporation, owning and operating the councils' shared front and back office services, could deliver real savings for both organisations. Its scale would help reduce existing costs and deliver improvements. This would require strong local commitment and political leadership.

### Housing Company

Both councils own land within their areas and have companies that construct social housing. Nottingham also part-owns a developer of private sector accommodation. Combining services could form a business case for a housing company, that leads the development of council land and, where relevant, seeks private sector investment. This would benefit from the support of central government departments in their asset release programmes.

### A Leisure Trust

Leisure has been identified as a key early opportunity for public sector collaboration. Here, there are significant benefits of scale for all metro councils in pooling their leisure assets collectively into a Leisure Trust. This has the potential to streamline their operation and provide benefits for residents who want to access facilities in numerous local authority areas. This model could (and probably should) be applied to similar opportunities when they arrive. This would be delivered solely by metro local authorities.

## Commissioning and Advisory bodies

### A Transport Board

Transport is an important issue in driving economic growth in the metro. Delivering the transport solutions the area needs requires attracting external investment and supporting this effectively, alongside aligned transport strategies. A transport board could co-ordinate plans and implementation on local transport issues and develop these investment proposals. This can be created and initially driven by the metro, but would require committed government intervention to realise its potential.

### An Inclusive Growth Board

Not all residents in the metro currently benefit from economic growth, with pockets of real deprivation in the cities, despite their high workplace wages and GVA. An inclusive growth partnership between the councils and like-minded businesses and organisations such as universities could hold the metro to account on inclusive growth and advise on growth plans. This should have

a specific focus on employment support, skills and education, with powers to drive improvements on a metro level, co-ordinating plans and implementation on local education and skills issues and developing investment proposals. Ultimately it could look to set the education outcomes for the metro and to commission provision. A board would be driven by the metro, but require engagement by the local public sector and DfE, ESFA, JCP and others.

### A SMART Commission

The way that places work is changing and will continue to change - and the metro needs to keep pace with this. A SMART Commission that covers the urban area would support the development of both cities' Smart City plans. It could engage business and universities in delivering projects in support of ambitions and co-ordinate a wider metro SMART element in transport work, for example. This would be driven by the metro locally, with co-ordinated bids to Innovate UK.

## Overseen by a Local Public Accounts Committee

Those Combined Authorities that have received devolved powers and funding have public accountability through an elected Mayor, as well as through the leaders of constituent councils holding portfolio positions. For an industrial strategy deal, there could be an opportunity to develop a different accountability model. This could be led by a Local Public Accounts Committee.

This Committee would be led by local MPs, with attendance by local members of the public. It would oversee the spending and decision-making processes of the Metro Growth Board, providing:

- A level of public accountability and financial scrutiny that would provide the metro's leadership with credibility.
- Continuity for central government: the MPs that influence the creation and divesting of powers to the metro would be able to scrutinise how it uses these powers and spends this money.
- A solid base of MP support for the metro.
- Reassurance to government that devolved finance would be properly scrutinised and accounted for, potentially laying the groundwork for further devolved powers.

## 10 Funding the metro

The proposed metro's unique system of public-private governance and the scrutiny provided by a Local Public Accounts Committee should provide the basis for its effective operation. It would be supported by the strong base of two increasingly collaborative city councils, as well as other metro local authorities. However, in order for the body to be successful it will need the security provided by guaranteed funding. This will require a roadmap to success, including multi-year finance settlements; greater borrowing flexibilities; and the ability to retain the proceeds of growth.

### Creating a single pot

#### Infrastructure funding

As has been stressed throughout this report, the metro would benefit significantly from increased infrastructure spending. The East Midlands as a whole has been - and continues to be - underfunded in terms of infrastructure, with a reliance on bus services for reliable connections between Derby and Nottingham demonstrative of this. No other proximate cities in the UK are so weakly connected. To realise the benefits described, the metro therefore needs serious infrastructure investment. Only through significant transport funding can the dual aims of maximising HS2 and harnessing the benefits of links between industries be achieved.

#### Economic Development

The metro should also look to secure its proportional share of the future 'UK Shared Prosperity Fund'. In its 2017 manifesto, the Conservative Party committed to the creation of this fund, replacing the ESIF structural funds that areas currently receive from the European Union. D2N2 LEP will receive €244m from ESIF between 2014 and 2020<sup>98</sup>. Apportioned on a per capita basis, this is around €160m to the metro area (€26m a year in 2013 prices).

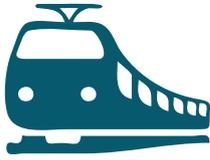
#### Housing

The government's recent housing need consultation identified that the metro area needs to build over 43,000 dwellings over the next 10 years<sup>99</sup>. Nearly 50% of this target is in the cities. However the metro's total need and any additional need above that identified by the government can only be delivered through collaboration. The alignment of the metro's geography with that of each city's Strategic Housing Market Areas provides a real opportunity to drive housing delivery at this spatial level, particularly as underbounding means many housing opportunities are located between the two cities.

98 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/307492/bis-14-772-uk-allocations-eu-structural-funds-2014-2020-letter.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/307492/bis-14-772-uk-allocations-eu-structural-funds-2014-2020-letter.pdf). Although the metro's allocation may change compared to the wider D2N2 LEP area, the metro is already among the 'More developed' UK areas, and so it is unlikely that it's per capita funding of €120 per person would change significantly.

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/307562/bis-14-773-eu-structural-funds-uk-allocations-2014-to-2020-equality-impact.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/307562/bis-14-773-eu-structural-funds-uk-allocations-2014-to-2020-equality-impact.pdf)

99 See the consultation of a proposed formula for assessing housing need, with contextual data, 27th September 2017



**Toton’s strong infrastructure links and connectivity to London offers strong growth potential**



**Stanton Ironworks is a major site which can deliver 2,000 homes and a new business park, transforming Ilkeston and supporting metro growth**

The recent Cambridgeshire and Peterborough Devolution Deal recognised that devolution deals could effectively drive housing delivery. The Combined Authority area acquired control over a £100m housing and infrastructure fund, as well as an additional £70m over five years for Cambridge City to meet housing needs<sup>100</sup>.

In the metro, local authority housing officers are already collaborating at a D2N2 LEP level on accelerating housing provision. A number of sites have been identified that will be essential to supporting growth, particularly in response to the expected demand of HS2. These sites could deliver 15-20,000 new homes. This delivery could be increased further with additional central government support along the lines of the Cambridgeshire and Peterborough deal.

## Local land value capture

### Business rates

Figure 9 - Business rates income by local authority

- Derby, £88m
- Erewash, £26m
- Nottingham, £130m
- Broxtowe, £24m
- Amber Valley, £33m
- South Derbyshire, £23m
- Rushcliffe, £28m
- Gedling, £22m
- Ashfield, £34m



Source: Metro Dynamics analysis of each local authorities' 2015/16 Final Statement of Accounts, and Derby's 2015/16 Draft Statement of Accounts.

There are a range of ways of thinking about financing and funding, and one of those could be business rates. Business rates align business growth with local revenue and are therefore a useful tool in financially benefiting from growth. A form of business rates pooling could incentivise metro local authorities to support metro-level economic decisions. The metro currently collects around £400m of business rates every year<sup>101</sup>.

There are different opportunities for business rates pooling that could be explored. However, these options are framed by the uncertainty of the government's currently stalled plans to deliver full business rates devolution to places by 2020, as well as the uncertainty created by the current system of appeals. The two options outlined below should not be pursued until, and unless, the government clarifies the future of business rates.

1. **A Tax Increment Financing (TIF) deal on Toton:** A TIF deal on Toton, potentially linked to the Development Corporation or funding for connecting infrastructure could ensure that partners are aligned and a reliable form of infrastructure funding existed linked to Toton's expansion. This would require a deal from central government.
2. **The devolution of business rates growth to the metro level:** This could maximise the extent to which the metro was financially incentivised to operate as one functional economic area. Maintaining a baseline for local authorities would ensure no one local authority directly lost income. This would require real government certainty on the long term future of rates devolution.

### Infrastructure-specific funding mechanisms

HS2 should have a positive impact on house prices and employment land prices in the area, generating significant local value. Meanwhile a metro line in between Nottingham and Derby, linked to HS2, could have a wider spatial impact on potential house building and the value of employment land in that area. Numerous academic studies have linked infrastructure construction to an increase in land values. There are several mechanisms available to the local public sector to capture value generated by infrastructure, repaying its upfront cost. This could form part of a funding package agreed with government.

- **An area-wide Business Rates Levy:** Currently LEP areas have the power to place a 2% levy on rateable value to fund infrastructure, with consent from private sector board members. The metro could seek the devolution of this power as part of a package to contribute local funding to a Derby-Nottingham metro system. It could provide up to £16m per annum<sup>102</sup>. A levy on rateable values has already been used to part-fund Crossrail and the extension of the Northern Line to Battersea.
- **An area-wide Community Infrastructure Levy (CIL):** Local authorities that benefit from a prospective infrastructure scheme could agree on an area-wide CIL to help fund it. This could involve a graded system in which those areas that benefit most have the highest CIL rates, as with Crossrail.
- **Value Capture through metro vehicles:** Establishing an HS2 Development Corporation and a Housing Delivery Company would give the metro two powerful vehicles for land value capture from infrastructure investment. Their tactical use in line with infrastructure proposals could contribute to funding infrastructure as these bodies would directly benefit from the growth in land value of properties along the line. This would require a long-term approach to investment and the success of funding for a metro line.

<sup>101</sup> Information from the graph on page 55

<sup>102</sup> Based on a 2% Levy on a total realistic rateable value of around £800m.

# 11 An industrial strategy deal

## Devolution context

An overarching recommendation for the Metro is to continue to explore the idea of an industrial strategy Deal with government. Government is expected to shortly publish the Industrial Strategy White Paper, and there is an opportunity for the Metro to forge a new path which builds on the concept of City Deals and some of the principles underpinning devolution deals. This is a new model and the Metro could bring together its stakeholders to determine what should comprise the ask and offer, working with Government as the paper is published to maximise the opportunities it outlines for the Metro.

The importance of a local industrial strategy Deal to the metro and government is based on the logic that productivity and economic growth can be maximised when operating at the appropriate city region level. Devolving power to a local level means decisions being taken at a local economic area level, so that policies are designed for the particular circumstances of that place. There is now a strong, and widely accepted, narrative about cities as the engines of economic growth. This was the logic behind the Mayoral Combined Authorities in the English devolution deals.

### City deals

The first step on the path to locally driven economic growth was City Deals, announced in 2011. All Core City local authorities except Nottingham collaborated with their neighbours when forming a City Deal. Based on the logic that local authorities are well placed to steer their local economies, city deals relate to specific programmes and expected outcomes. They do not transfer general powers over policy areas to local authorities. These deals were designed to: empower cities to boost local economic growth; work with a wider metro area; be predicated on local places setting out their own priorities; be city led; and, be accompanied by robust accountability and decision-making structures.

Nottingham finalised its City Deal in 2012<sup>103</sup>. It had 3 objectives: fostering enterprise; supporting a high-quality workforce and developing a 21st-century infrastructure. The deal outlined the significant growth potential of the City's Creative Quarter, with the aim to drive a 4% GVA uplift and create 7,000 new jobs in Nottingham's three emerging sectors. Strategic oversight of the Nottingham Growth Plan and development of economic strategy was provided by the Nottingham Economic Growth Board - comprised of public and private sector individuals. This firmly established the importance of private sector involvement to driving Nottingham's economic growth.

## The opportunity of non-English deals

Devolution policy in England is based on a flexible and bottom-up approach to deal-making with individual places, enabling city regions to bid for greater powers from Whitehall departments. The Productivity Plan emphasised city growth through strong governance, transport devolution, skills and innovation as drivers of productivity. To date, deals in England have focussed on the creation of Mayoral Combined Authorities.

### The Scottish City Deals

The government has continued to make deals with cities in Scotland and Wales at the same time as Mayoral Combined Authorities have emerged as the focus in England. Scottish cities have agreed various city deals and commitment and this was reaffirmed in the March 2016 Budget. In August 2014, the Scottish and UK governments committed over £1 billion over 20 years to the Glasgow and Clyde Valley City Deal<sup>104</sup>. This was the first deal of its kind in Scotland and was an agreement between the UK government, the Scottish government and the eight local authorities across Glasgow and Clyde Valley.



| In March 2016, the Inverness and Highland City Deal was finalised <sup>105</sup>.

| In December 2016, a City Deal was finalised with Aberdeen and Aberdeenshire <sup>106</sup>.

| In July 2017, a City Deal was announced with Edinburgh and the south east of Scotland, with a Scottish and UK government commitment of £600m <sup>107</sup>.

As City Deals, they have focussed on funding, rather than significant governance changes and power redistribution, joining up investment with local partner institutions such as universities. Nevertheless, they indicate the commitment of the UK government to driving economic growth locally. All City Deals have focussed on driving city region growth at a metro, not single local authority level.

<sup>104</sup> <https://www.gov.uk/government/publications/city-deal-glasgow-and-clyde-valley>

<sup>105</sup> <https://www.gov.uk/government/publications/inverness-and-highland-city-region-deal>

<sup>106</sup> <https://www.gov.uk/government/publications/city-deal-aberdeen-city-region>

<sup>107</sup> <https://www.gov.uk/government/publications/city-deal-heads-of-terms-for-edinburgh-and-south-east-scotland>

### Welsh City Deals

A similar process has been ongoing in Wales. Most recently, in March 2017 the Swansea Bay City Deal (4 councils) was signed off. This was worth nearly £300m from the Welsh and UK governments<sup>108</sup>. As in Scotland, the deal was specifically tailored to the needs of each local economy, rather than the devolution of major powers. It focussed on the area's status as 'the internet coast', with 11 different projects aimed at supporting next generation industries. There are also talks going on over a deal in North Wales (a Growth Deal is being considered by the UK government) and a potential 'North Wales Metro' in the country's north east.

However, the most interesting deal in the context of Nottingham and Derby is the Cardiff Capital Region City Deal. This deal was explicitly focussed on the productivity benefits to be secured from transport improvements, with £734m ringfenced for the South Wales Metro<sup>109</sup>. The deal also provided local authorities with more fiscal tools to financially benefit from growth. These included: the possible retention of business rates income above an agreed growth baseline; an infrastructure supplement on business rates; and, a new non-statutory Regional Transport Authority to co-ordinate transport planning and investment.



| Covers two cities - Newport and Cardiff and 10 local authorities.

| 1.5m residents.

| The deal saw the creation of a £1.22bn investment fund over a 20-year period, with the Welsh government contributing £500m, local authorities £120m, the ERDF £100m and the UK government £500m (providing gateway reviews are met)<sup>110</sup>.

The Cardiff Capital Region City Deal and the upcoming deals with both areas of North Wales indicate the attraction to government in doing deals with areas that will benefit significantly from transport improvements. A clear commitment and demonstration of the benefits of these, coupled with operation at a metro level and a firm rooting in national context, offer a real opportunity for the Derby-Nottingham Metro.

108 <http://www.swanseabaycityregion.com/en/cd.htm>

109 <http://www.walesonline.co.uk/business/business-news/12b-500-million-deal-team-to-cardiff-13306128>

110 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/508268/Cardiff\\_Capital\\_Region\\_City\\_Deal.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508268/Cardiff_Capital_Region_City_Deal.pdf)

## 12 Recommendations

This report is the result of significant consultation and research. We have assessed the potential for the metro, looking both at its own performance and the wider national policy arena. There is clearly a lot of potential for closer collaboration and for the metro to lead the way nationally with an industrial strategy deal. Below are our primary recommendations for how the Metro could be developed to achieve its economic potential.

1. Create a strong inclusive growth and productivity narrative for the metro, which develops the case for devolved investment and powers with government, and also draws in support from stakeholders within the metro area. This should have a clear roadmap to delivery, including short, medium and long-term priorities for growth.
2. Collectively agree a set of principles for what collaborative working would look like and how to make the metro a reality, with Year One priorities for the constituent members. The first priority would be to develop an industrial strategy deal with government on funding, investment and new powers, which should be based on partnership between the public sector and business.
3. Establish a new model for metro governance and delivery, which would be appropriate for a local industrial strategy deal. This should include a new Growth Board and delivery mechanisms.
4. Prioritise delivery of Toton development and the surrounding infrastructure which will make HS2 a success for the metro area. Maximising the benefits of HS2 at a metro scale through connectivity, housing and business will be a central driver of growth.
5. Identify the opportunities and challenges that Brexit may bring, and create the conditions for the metro to be a pilot area for new forms of international trade and production with government, for example a free trade zone based around manufacturing and production.

6. Create a long-term strategic approach to infrastructure planning, including: a 2050 transport vision with shared priorities and investment case, with radical technology driven solutions to increase connectivity; an Airport Growth Strategy; a local strategic partnership framework; a two city-centre masterplan; and becoming the UK's centre of excellence for future Housing.
7. Establish a strategic approach to inclusive growth, bringing in national agencies such as ESFA and JCP to work on local priorities. This should include a solid evidence base and inclusive growth investment framework. A first step will be a metro wide programme of Careers Education, Information, Advice and Guidance (CEIAG), co-ordinated employer engagement with schools, and a low pay commission.
8. Focus on metro specific enterprise support to complement existing provision. This should cover a targeted supply chain and scale up programme, a metro wide Science and Innovation Audit, and a leading Medtech cluster based around the Defence National Rehabilitation Centre's (DNRC)s world leading expertise in rehabilitation.
9. Continue the work by the two city councils to identify opportunities for shared services, but broaden this to cover the metro area and innovation in delivery models, alongside data sharing. Agree a prevention and early intervention approach to service provision across all local public services, including health and social care.
10. Create a globally significant metro presence by aligning the work of Marketing Derby and Marketing Nottingham in specific areas to attract FDI, market the visitor economy, and to bid for international conferences, with an intention to build enhanced facilities and attract a world class event.

## 13 Conclusion

This report is our independent analysis of the potential of the Metro. Our conclusion from this review is that the area already has some of the characteristics of a metro area, but if it started to act as one, then it could really accelerate these economic benefits and be able to more effectively drive inclusive growth across the whole area.

We have identified five policy areas where the Metro should focus. Within this are a number of opportunities - HS2 in particular can have a transformational effect for the area. No one council can act alone to deliver this. We identified a suggested governance and delivery structure, one which reflects the functions and opportunities highlighted, as opposed to lifting an existing model.

This presents exciting prospects, and potentially a real first mover advantage for the Metro as the industrial strategy White Paper is published. But it will not happen without the active involvement of the constituent parts, and wider stakeholders. In particular, we have highlighted an area which could cover nine local authorities. This is far wider than the existing collaboration between the two cities. All must be invited to be part of this as equal partners, with clear operating principles from the outset to agree ways of working.

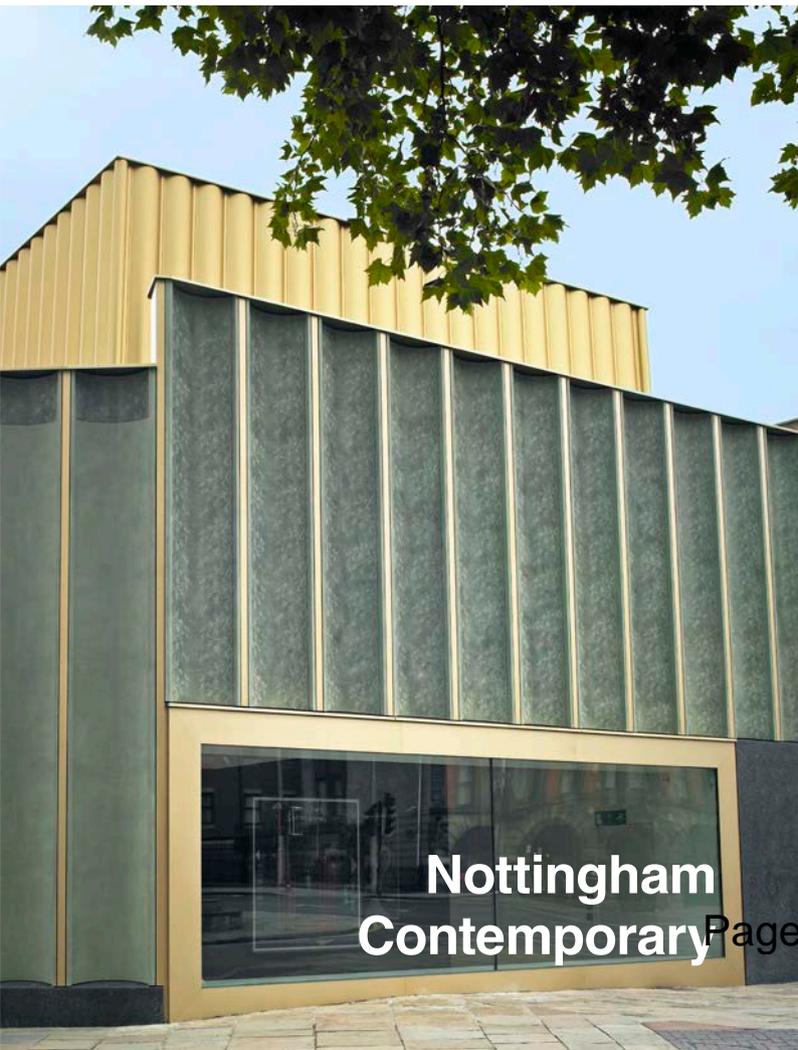
The next few months will be critical for the two cities to work both locally and nationally to agree how best to progress. This could be a challenging but achievable timeframe, and as our analysis shows, it could unlock significant rewards for the Metro.



Toyota



BioCity



Nottingham Contemporary



Rolls-Royce

# 14 Appendix

## References

### **The Centre for Urban and Regional Development Studies Report**

The most prominent report which looked at a similar economic geography to the metro level was 'City Regions and Polycentricity: the East Midlands Urban Network'. This was a study commissioned by the East Midlands Development Agency and conducted by the Centre for Urban and Regional Development Studies (CURDS) in December 2005. Although not focussed on Derby-Nottingham, this report looked at the economic linkages between city regions in the East Midlands and the extent to which this has created a polycentric region.

The CURDS Report's conclusion on the distinctiveness between Derby and Nottingham's economies is corroborated by our work. We highlight that this difference means the two cities may not compete for company relocations and internal investment. A conclusion of the CURDS report is that the East Midlands does not constitute a polycentric economic area. A key reason for this in the CURDS report -because it is not strongly integrated internally- is supported in this report.

## Sources

A wide range of sources have been used to build up the economic evidence base of this report. These have been footnoted throughout. Where the same figure or fact has been used twice, the first time it has appeared has been footnoted. All sources we have used use the most recent dates, except where otherwise specified in the footnote. Sources were accessed in July 2017.

A quick overview of the sources we have used are as follows:

- Annual Survey of Hours and Earnings (ASHE)
- Annual Population Survey (APS)
- Bank of England deflators
- Business Register and Employment Survey (BRES)
- Census 2011
- DWP benefits information
- Eurostat database urban audit
- FAME database by Bureau van Dijk
- Land Registry house price data
- New Economy Nespresso Tool
- ONS built up areas data
- ONS points of interest data
- ONS population estimates and equations
- ONS regional accounts

## Consultees

We are grateful for the support and feedback of all the consultees listed in the below table; all either participated in a one to one consultation, or as part of the Strategic Advisory Group in October 2017. The project team from both councils has been invaluable to our work. In addition to this group and the consultees listed below, we are

also grateful for the time and support of employees of both city councils for the support they have offered this report. This includes the senior leadership teams of both councils, as well as specialist officers in the fields of skills, transport, housing and planning and business support.

| Organisation  | Name                   | Position   |
|---|------------------------|--|
| Alliance Boots  | Mark Chivers           | Director of Estates                                    |
| Broxtowe District Council                               | Ruth Hyde              | Chief Executive  |
| CT Skills   | Alex Ford              | Chief Executive  |
| D2N2 LEP  | David Ralph            | Chief Executive  |
| D2N2 LEP  | Peter Richardson       | Chair  |
| Derby City Council                                      | David Gartside         | Service Director, Partnerships, Planning and Transport |
| Derby City Council                                      | Greg Jennings          | Acting Director of Regeneration, Property and Housing  |
| Derby City Council                                      | Paul Robinson          | Chief Executive  |
| Derby City Council                                      | Ranjit Banwait         | Leader of The Council                                  |
| Derby City Council                                      | Verna Bayliss          | Strategic Partnership Manager                          |
| Derby City Council                                      | Christine Durrant      | Strategic Director, Communities and Place              |
| Derby College   | Mandy Stravino         | Chief Executive  |
| Derby/Nottingham City Councils                          | Dave Tantum            | Derby/Nottingham Metro                                 |
| East Midlands Airport                                   | Andy Cliffe            | Managing Director                                      |
| East Midlands Chamber of Commerce                       | Scott Knowles          | Chief Executive  |
| EoN   | Jeremy Bungey          | Director of B2M Strategic Solutions                    |
| EoN   | Natalie Robinson       | Strategic Account Manager                              |
| Erewash District Council                                | Ian Sankey             | Deputy Chief Executive                                 |
| Geldards LLP/Derby-Nottingham Strategic Advisory Group  | David Williams         | Chair/ Chair   |
| Intu Plc  | Janine Bone            | Regional Centre Director                               |
| Marketing Derby; Smith of Derby Ltd                     | Bob Betts              | Chair; Chief Executive                                 |
| Marketing Nottingham And Nottinghamshire                | Brendan Moffatt        | Chief Executive  |
| New College Nottingham                                  | John Van De Laarschott | Chief Executive  |
| Nottingham Business School, Nottingham Trent University | Will Rossiter          | Associate Professor of Regional Policy and Development |
| Nottingham City Council                                 | Chris Henning          | Director for Economic Development                      |
| Nottingham City Council                                 | Geoff Walker           | Director of Strategic Finance                          |
| Nottingham City Council                                 | Ian Curryer            | Chief Executive  |
| Nottingham City Council                                 | James Schrodell        | Policy Officer   |
| Nottingham City Council                                 | Jon Collins            | Leader of The Council                                  |
| Nottingham City Council                                 | Peter Davies-Bright    | Economic Policy and Strategy Manager                   |
| Nottingham Trent University                             | Michael Carr           | Pro Vice-Chancellor, Employer and Economic Engagement  |
| Pennine Healthcare                                      | Liz Fothergill         | Chair  |
| Rolls-Royce   | Paul Harris            | Director of Economic Engagement                        |
| Trent Barton  | Jeff Counsell          | Chief Executive  |
| University of Derby                                     | Kathryn Mitchell       | Vice-Chancellor  |
| University of Nottingham                                | Liz Lesquereux         | Head of Business and Local Partnerships                |
| University of Nottingham                                | Steve Upcraft          | Lead in SME Engagement                                 |

## Acronyms

| Acronym  | Meaning  |
|----------|--|
| AI       | Artificial Intelligence  |
| BEIS     | Department for Business, Energy and Industrial Strategy                        |
| CIL      | Community Infrastructure Levy  |
| D2N2 LEP | Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership |
| DfE      | Department for Education   |
| DNRC     | Defence National Rehabilitation Centre   |
| EMA      | East Midlands Airport  |
| ERDF     | European Regional Development Fund   |
| ESA      | Employment and Support Allowance   |
| ESFA     | Education and Skills Funding Agency  |
| ESIF     | European Structural and Investment Funds                                       |
| FDI      | Foreign Direct Investment  |
| FTZ      | Free Trade Zone  |
| GDP      | Gross Domestic Product   |
| GVA      | Gross Value Added  |
| HCA      | Homes and Communities Agency   |
| HEI      | Higher Education Institution   |
| HIF      | Housing Investment Fund  |
| HRA      | Housing Revenue Account  |
| HS2      | High Speed Two   |
| JCP      | Job Centre Plus  |
| KS4      | Key Stage 4  |
| LEP      | Local Enterprise Partnership   |
| LMI      | Labour Market Information  |
| MCA      | Mayoral Combined Authorities   |
| Medtech  | Medical Technology   |
| MPs      | Member of Parliament   |
| NVQ4+    | National Vocational Qualification 4+   |
| ONS      | Office for National Statistics   |
| R&D      | Research and Development   |
| RSA      | Royal Society of the Arts  |
| SIA      | Science and Innovation Audit   |
| SME      | Small and Medium Enterprise  |
| TIF      | Tax Increment Financing  |



## Metro — Dynamics

3 Waterhouse Square  
138 Holborn  
London  
EC1N 2SW

0203 868 3085

Elliot House  
151 Deansgate  
Manchester  
M3 3WD

0161 393 4364

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## **Report to Cabinet**

**Subject:** Selective Licensing Implementation in the Netherfield Ward

**Date:** 8 March 2018

**Author:** Food, Health and Housing Manager

### **Wards Affected**

Netherfield ward

### **Purpose**

To consider the results of the 12 week public consultation following Cabinet's resolution of 12 October 2017 in relation to a proposal to designate the Netherfield ward for selective licensing for a period of 5 years.

To approve the designation of the Netherfield Ward shown outlined in red at Appendix 1 to this report as being subject to Selective Licensing with effect from 1 October 2018.

To approve the licence conditions to be attached to licences issued under the Selective Licensing Scheme as set out at Appendix 2 to this report.

To authorise the Director of Health and Community Wellbeing to publish a Notice of Designation in accordance with the Housing Act 2004

To approve the licensing fees as set out in Table 1 of paragraph 4.2 of this report.

To authorise a review of the scheme in 18 months, the outcome of the review will be reported back to Cabinet.

To note the financial implications of implementing a selective licensing scheme including the operational staff structure.

### **Key Decision**

This is a key decision because it is likely to have a significant impact on the whole of the Netherfield ward and has potential implications for the private rented sector in the rest of the Borough and Landlords living inside and outside the Borough who hold properties in the Netherfield ward.

## Background

### 1.1 Legislative background

Section 80 of the Housing Act 2004 allows local authorities to introduce selective licensing of private rented properties in a designated area. The Secretary of State's guidance for local authorities issued by the Department of Communities and Local Government in 2015 requires that a designated area for selective licensing must have a high proportion of private rented accommodation (over 19%). Where the designated area covers over 20% of the local authority area or over 20% of the housing stock in the local authority area, the authority to designate must be granted from the Secretary of State. Below the 20% threshold the local authority has the power to designate the area.

1.2 The Secretary of State's guidance describes that a local authority can designate an area for selective licensing where one or more of the following conditions exist:

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

In order for the Council to make a designation it must:-

- a) be satisfied that one or more of the statutory grounds for making a scheme are met
- b) have taken reasonable steps to consult persons likely to be affected by the designation and have considered any representations
- c) ensure that any exercise of the power is consistent with the authority's overall housing strategy
- d) seek to adopt a co-ordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour both as regards combining selective licensing with other courses of action available to them and measures taken by other persons

The Council must not make a designation unless:-

- a) it has considered whether there are any other courses of action available to it that might provide an effective method of achieving the objective(s) that the designation would be intended to achieve, and;
- b) it considers that making the designation will significantly assist it to achieve that/those objective(s)

- 1.3 The purpose of local authorities licensing all private landlords in a designated area is to ensure that a minimum standard of property management is achieved. The explanatory notes to Part 3 of the Housing Act 2004 makes it clear that selective licensing is strongly linked into the Government's anti-social behaviour agenda. Registered Social Landlords and their properties are exempt from selective licensing
- 1.4 Prior to designating an area for selective licensing the local authority must have conducted a public consultation for a minimum period of 10 weeks.
- 1.5 In areas designated for Selective licensing all rented properties must be licensed by the council with the exception of those already subject to mandatory HMO licensing or those managed or owned by Registered Social Landlords. All private landlords will be required to hold a licence in order to rent out a property. The licence last for up to five years.
- 1.6 To qualify for a licence a landlord must be able to demonstrate that they are acting within the law and taking adequate steps to manage their properties and keep them safe. Prior to issuing a licence, council officers will inspect every private rented property to ensure they meet minimum standards and will comply with the licence conditions. In addition, a 'fit and proper' person test will be applied to test the landlord's suitability to manage the tenancy.
- 1.7 If a decision is made to approve the designation, a public notification period of 3 months is required before implementation of the scheme in order to communicate the decision to consultees and the public.
- 1.8 At it's meeting of 12 October 2017 Cabinet noted the scheme of Selective Licensing as outlined in the 'Proposal to Declare a Selective Licensing Designation within the Private Rented Sector of the Netherfield Ward' ("the Proposal") and gave approval for a 12 week consultation on the scheme to be carried out. The report including the draft "Proposal" are available via the councils webpage or clicking [here](#).
- 1.9 As outlined to Cabinet in the "Proposal" the statutory grounds upon which the Council would rely for the designation of the Netherfield Ward are; a

significant and persistent problem caused by anti-social behaviour, poor property conditions, high levels of deprivation and high levels of crime. These grounds, along with the other statutory requirements listed above, were fully evidenced in the “Proposal” considered by Cabinet at the meeting of 12 October 2017.

#### 1.10 Fees

Part 3 of the Housing Act 2004 outlines that the Authority may require the selective licensing application to be accompanied by a fee fixed by the authority. As detailed in the statutory consultation responses, the majority of landlords and agents indicated the proposed fee for the selective licensing designation area was too high and should contain a larger reduction for those landlords accredited through a relevant scheme.

1.11 The fees are calculated on a cost recovery basis. A review of Selective Licensing fees nationally have found that there is a broad range in fee ranging from £250 to £900 for a licence.

1.12 Officers have approached Ashfield District Council who are the only Council in Nottinghamshire to have implemented Selective Licensing, to learn of their experiences and the level of staffing resource they have employed to administer their scheme. Ashfield charge £250 for Accredited landlords and £350 for non-Accredited landlords. However, it is noted that Ashfield are reviewing their fees with the view to increasing them for their next schemes, they are also in the process of buying an IT system to receive and process licence applications (this cost has already been factored into Gedling’s proposal). The Financial Implications Section of this report outlines the amendments to the scheme following the public consultation and further research.

#### 1.13 Breaches of conditions and fines

The key purpose of selective licensing is to improve management conditions, therefore if the scheme is introduced, the key actions by Council officers will be to ensure that the landlords rectify problems in their properties. Those who do not apply to get a licence or breach licence conditions could, as a last resort, be prosecuted and receive an unlimited fine. The Housing and Planning Act 2016 introduced the concept of civil penalties for certain housing related offences, officers are in the process of drafting a policy to implement this legislation. The income generated through civil penalties is to be spent on private housing services in the council’s area.

1.14 Exemptions of the requirement to licence a property are as follows:

- Local Housing Authorities or Registered Social Landlords tenancies
- Holiday lets
- Where a family member rents the property from you (proof required)
- Long lease tenancies (21 years)
- Business tenancies
- Properties where the council has taken action to close the property down.

1.15 Results of the Public Consultation

The public consultation on selective licensing in Netherfield was held between 16<sup>th</sup> October 2017 and 5<sup>th</sup> January 2018. To bring the consultation to the attention of stakeholders and seek their views the Council used the following methods:

- 2 rounds of leaflet drops to every residential property in the Netherfield ward, businesses on Victoria Road, and a series of posters in public noticeboards in the vicinity.
- 2 public briefings for residents and the St Georges Centre, Victoria Road, Netherfield. These briefings were attended by 22 residents.
- A briefing event for landlords and managing agents at Gedling Borough Council Chamber. This briefing was attended by 38 landlords and managing agents.
- A press release and photo opportunity at a private rented property in the Netherfield ward that was covered by local media including the Nottingham Post and Gedling Eye
- Tweets and Facebook Posts on the Councils Corporate Social Media platforms.
- A mailshot was sent to over 100 landlords and agents known to own and manage properties in Netherfield ward according to Housing Benefit and environmental health records
- An article in the autumn edition of Contacts magazine that was sent to every resident of the borough.
- An independent meeting with representatives from the National Landlords Association (NLA) and the East Midlands Property

Owners Group (EMPO).

- A meeting with Nottinghamshire Police Local Inspector and Police Sargent for the ward.
- A meeting with representatives from Nottinghamshire County Council Public Health Department.
- A meeting with representatives from the Netherfield Steering group which includes local Councillors, Service Providers, and representatives from the Netherfield community.

1.16 The consultation questionnaire was hosted on the Council's website and Cabinet are required to take into consideration the responses raised in the consultation before reaching a decision. 83 responses were received via the website and a further 4 written representations were received directly by the Council. A summary of the headline statistics from those responding to the online survey are attached in Appendix 3.

1.17 83% of respondents own, live in or manage a home in Netherfield and are stakeholders in the area. There is good level of public support for introducing a scheme with 63% of residents and local service providers in support of the proposal to introduce a selective licensing scheme.

1.18 Appendix 4 shows a summarised log of the issues raised during the consultation process and how the council has responded.

Some of the comments in support of the proposal include the following:

*"there is definitely an issue in Netherfield"*

*"there are a number of rented properties where we live and most of them are scruffy looking from the outside, the windows and curtains are filthy, the gardens are a mess. If the tenant is not going to keep the property neat and tidy the landlord should be made to do so. There is also a lot of anti-social behaviour from these properties. Nobody knows who to complain to."*

*"there are large pockets of deprivation in Netherfield. Some property investors see this a great opportunity for high gain returns. The downside is that people on low incomes are affected and have to live in poor housing conditions. There are properties in Netherfield that have single glazed windows, damp and no central heating or hot water. This shouldn't be tolerated. It's clear that this area needs to be regulated and improvements need to be done."*

*"housing quality and the safety of citizens has strong and clear links to improved outcomes for people. This is a key step in the right direction to*

*adding some control to a rental sector within which there have been clear historical issues.”*

*“I believe the introduction of licensing will help prevent the exploitation of low income tenants and improve the quality of housing that is available to residents of Netherfield. The system will help regulate what’s going on in the private sector and we full support Gedling Borough Council’s proposals. Everyone deserves a safe and secure home. Being a landlord or a property investor should be seen as a business and NOT a investment.”*

- 1.19 52% of all respondents were landlords or managing agents, and as anticipated many of these are not supportive of the proposal to introduce licensing which will include checks on properties to ensure minimum standards are achieved and a licence fee. Many respondents reported comments that the licence fee is too high and are concerned that costs will be passed on to tenants.

Accordingly it is proposed if the scheme is to go ahead that the licence fees will be reduced from the initial proposal prior to the consultation. A greater fee reduction will be offered for Accredited landlords – these fee reductions have been calculated by reducing the staffing resource based on feedback from Ashfield District Council’s experience of implementing a similar scheme.

Landlord Accreditation is a practical way to improve the quality of private rented accommodation by setting out standards for their members. Most schemes with into three general models, either, property based, management standard based or a hybrid involving a combination of inspection and landlord management standards. Joining Accreditation schemes are voluntary but can achieve a number of benefits for landlords such as access to advice, support and training, as well as gaining a market advantage for tenants who want assurance their landlord operates professionally.

- 1.20 Other comments in the consultation both in support and against the proposal indicated that if the scheme is to go ahead that it should apply to other areas in addition to Netherfield.

Netherfield has been selected as there is clear evidence supporting the introduction of Selective Licensing. If this report is supported it is proposed that a further review is carried out within 18 months of the introduction of a scheme to evaluate the learning and benefits of the introduction of a scheme to Netherfield and consider whether there is evidence to support extending a Selective Licensing scheme to other areas of the borough.

- 1.21 As outlined in para 1.15 above a dedicated meeting was held with both main landlord associations in the Nottinghamshire area; EMPO and NLA. Both organisations also attended the landlord and managing agents briefing event and submitted written responses to the consultation.
- 1.22 EMPO offered general support for the proposal recognised it as an effective tool to improve housing conditions and that it is a targeted and focused scheme, however they have raised concerns around the fee level being too high and advised a fee set at the right level is an important part of the scheme. EMPO also briefed their members about the scheme at their local meeting on 9<sup>th</sup> November 2017.
- 1.23 NLA were less supportive of the proposal and submitted a written letter to the Council not via the website. NLA comment that the council's proposal is flawed, they disagree that landlords have any responsibility for antisocial behaviour of their tenants outside their property and their only course of action can be to serve notice to evict their tenant.
- 1.24 NLA consider that the introduction of selective licensing will lead to the displacement of tenants and migrant labour and will stigmatise Netherfield. NLA have requested further supplementary information supporting the council's proposal which has been responded to as a freedom of information request.
- 1.25 Cabinet are asked to note the comments by NLA but recognise that there are counter arguments to all of the comments raised by NLA. Selective licensing is outlined by Government in their explanatory guidance (issued when the powers were created) as an important part of their strategy to tackle and address antisocial behaviour. Guidance released by Government "*problems are known to arise when landlords let properties to anti-social tenants and then fail to take the action that is open to them to deal with the tenants' behaviour. The problems of vandalism, empty properties, drugs, crime and general disorder have a significant impact on the quality of life of people living in the neighbourhood of these properties*" Selective Licensing was created as a mechanism to work in collaboration with other powers to address these issues.
- 1.26 In the experience of the Public Protection Service and Nottinghamshire Police, landlords can play a key role in engaging tenants in behavioural change. Selective licensing will enable enforcement partners to engage with landlords at an early stage as they will be identified by the licensing regime. This is not currently the case and as commented in para 1.18, above the community doesn't know who owns private rented homes and who to complain to. Engaging with absent landlords is a challenge for the Police, Council and other partners. Enforcement agencies consider the displacement of problematic tenants as an effective deterrent and tool in addressing and bringing about behavioural change associated with

criminal and antisocial behaviour.

- 1.27 The NLA and other respondents to the consultation who suggest landlords have a limited role in addressing crime and ASB also fail to recognise the role of the council and partners in investigating and identifying criminal and ASB issues which will be enhanced through the inspection process, presence in the ward, and more informed decision making due to the information available to the council as a result of the licensing regime. Furthermore the council will directly address any criminal landlords identified in the area if they fail to licence their properties or provide accommodation below the minimum legal standards.
- 1.28 It is considered that the introduction of selective licensing will enhance the Netherfield area as the Council and partners will work together to address the issues of crime, ASB, poor housing conditions and deprivation as evidenced in the proposal document.
- 1.29 Regard must also be had to the Council's duty under the Equality Act 2010 to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between protected groups, including consideration of the Equality Impact assessment attached at Appendix 5 to this report. The assessment reflects the material comments that have been expressed and the different sectors of the community that have responded to the consultation. Cabinet must consider what impact of the proposals will be on the needs of those with protected characteristics and whether the need to introduce a Selective Licensing Scheme and potential positive outcomes of the Scheme outweighs the potential negative outcomes.

## **Proposal**

- 2.1 It is proposed that Cabinet approve the designation of the Netherfield Ward shown outlined in red at Appendix 1 to this report as being subject to Selective Licensing with effect from 1 October 2018.
- 2.2 It is proposed that Cabinet approve the licence conditions to be attached to licences issued under the Selective Licensing Scheme as set out at Appendix 2 to this report.
- 2.3 It is proposed that Cabinet authorise the Director of Health and Community Wellbeing to publish a Notice of Designation in accordance with the Housing Act 2004.
- 2.4 It is proposed that Cabinet approve the licensing fees as set out in Table 1 of paragraph 4.2 of this report.
- 2.5 It is proposed that Cabinet authorise a review of the scheme in 18 months, the

outcome of the review will be reported back to Cabinet

- 2.6 It is proposed that Cabinet note the financial and staffing implications associated with the Selective Licensing Scheme.

### **Alternative Options**

- 3.1 Legally, it is required that Councils, before they implement any selective licensing scheme, must have considered any other course of action that might provide an effective method of achieving the objectives that such a scheme would bring.
- 3.2 This may include voluntary measures such as accreditation and giving the opportunity for local landlords to prove that they are committed to ensuring the quality of the private rented sector. Such a voluntary scheme does bring a set of standards relating to management or physical condition of privately rented accommodation and, in that, it does recognise and rewards landlords who manage their properties to a good standard. It does not, however, bring a *mandatory* test of a landlord being a fit and proper person to be the licence holder or a *mandatory* requirement to comply with licence conditions.
- 3.3 Officers also considered not seeking a scheme for selective licensing in the district but this was not pursued as it would not address poor housing conditions and improve property management and address crime and antisocial behaviour in the Netherfield ward.
- 3.4 Officers also considered introducing a district-wide scheme but this was not taken forward at this stage because the evidence is not yet sufficient to consider the whole district and therefore such an application is unlikely to be supported by the Secretary of State (who has to agree to the implementation of a significantly larger scheme). However it is the Council's intention to collect data and review this position once the proposed designated scheme can be evaluated, it may also consider other ward based or smaller areas for selective licensing.

### **Financial Implications**

- 4.1 As outlined in the results of the consultation detailed in the background section of this report, concerns were raised through the consultation about the level of fees and the costs being passed onto tenants. Suggestions were also put forward to pay the licence fees by instalments. Guidance issued by the Local Government Association in 2017 recommends recovery of licence fees in two parts; the first part is associated with processing the licence application and the second part is charged only to those applicants who receive a licence and covers the costs associated with compliance and enforcement of the licence.

The introduction of 2 part fees will go some way to addressing the concerns

raised in the consultation about meeting the fee costs and will spread the costs for landlords. The part 2 fee will need to be paid once the Council has processed the application, inspected the property and is ready to issue the licence. Issuing the licence will be conditional to the applicant paying both parts of the fee, without which they will be operating without a licence which is a criminal offence.

It is not recommended for this scheme to introduce payment by annual instalments for the following reasons:

- it will introduce confusion for landlords over the correct fee due to the variety of fee levels that would be required for Accredited and Non-Accredited landlords and the 2 part fee system as recommended by the LGA.
- It will place additional burden and costs on the council to manage payment plans and direct debits and continually check the income receive throughout the 5 year period of the scheme
- It will increase the risk for the council of not collecting the full level of income required to provide the service. Landlords could cancel their direct debit arrangements or not pay future instalments and the Council would then need to carry out enforcement to recover the costs.

This recommendation is consistent with the Council’s Financial Regulations which recommend collection of income in advance to avoid the time and cost of administering debts.

4.2 The total proposed licence fees have been reduced from £650 for accredited landlords and £675 for non-accredited landlords to the new proposed fees set out in the table below:

Table 1

| <b>Landlord type</b>     | <b>Part 1 fee</b> | <b>Part 2 fee</b> | <b>Total</b> | <b>Number of Properties</b> |  |
|--------------------------|-------------------|-------------------|--------------|-----------------------------|--|
| Accredited Landlords     | £360              | £130              | £490         | <b>254</b>                  | (estimated 40% Accredited)<br>(estimated 60% Non-Accredited) |
| Non Accredited Landlords | £475              | £165              | £640         | <b>381</b>                  |  |
|                          |                   |                   | <b>Total</b> | <b>635</b>                  |  |

4.3 To accommodate the reduced licence fees as outlined above the staffing resource has been reduced to maintain full cost recovery of the service. Prior to consultation it was proposed to have the following:

Table 2

| <b>Original Staffing proposal prior to consultation</b>  |
|--|
| One Senior EHO Band 10 (permanent)<br>One Deletion Environmental Health Officer Band 9<br>One Housing Improvement Officer Band 8 (permanent)<br>Two Housing Improvement & Enforcement officers (Band 7/8 2yr fixed term) |

- 4.4 Following the consultation, taking into account the views of stakeholders about the fees and learning from the experience and resources utilised at Ashfield District Council the proposed staffing structure is outlined in table 3 below. The proposal is that there will be three temporary Band 8 posts (rather than one permanent and two temporary). Initially an existing EHO will be recruited through a competitive process into a new Senior EHO for a period of 2 years with an option to extend for a further year. 18 months after the commencement of the scheme a review will be completed which will include consideration of the staffing resources and fees and whether to create any permanent positions. This will allow the service to accommodate any variance from the projected income level. The costs of the new structure are outlined in the following table:

Table 3

| <b>Proposed Staff structure following consultation</b>  |
|---|
| Establish Senior EHO position through an honorarium to an existing EHO for initial 2 year period with option to extend. |
| Two temporary Housing Improvement & Enforcement Officers 2yr Fixed Term - Band 8, employed in years 1 & 2               |
| One temporary Housing Improvement and Enforcement Officer Band 8 (2yr), employed in years 2 & 3                         |

The proposed staffing structure has reduced the overall costs of the scheme as 4 temporary positions will be created which will be kept under review as the scheme proceeds.

- 4.5 The table 4 over the page outlines the 5 year projected costs and income. The IT costs have increased from the original proposed costs to include training and running costs of the mobile hardware devices to be used by the service. The original proposed only included the setup costs for the web-based

application processing system and the hardware costs.

Table 4

| <b>Selective Licencing Scheme Costs and Income</b> |                  |                |               |               |               |                 |          |
|--|------------------|----------------|---------------|---------------|---------------|-----------------|----------|
|  | <b>Year 1</b>    | <b>Year 2</b>  | <b>Year 3</b> | <b>Year 4</b> | <b>Year 5</b> | <b>Total</b>    |          |
|  | <b>£</b>         | <b>£</b>       | <b>£</b>      | <b>£</b>      | <b>£</b>      | <b>£</b>        | <b>£</b> |
| Additional Staff Costs                             | 82,200           | 123,100        | 45,400        | 5,400         | 5,500         | 261,600         |          |
| DASH Membership Fees                               | 5,300            | 5300           | 5300          | 5300          | 5300          | 26,500          |          |
| IT Costs   | 35,000           | 0              | 0             | 0             | 0             | 35,000          |          |
| Other Expenses                                     | 15,000           | 0              | 0             | 0             | 0             | 15,000          |          |
| <b>Total Costs</b>                                 | <b>137,500</b>   | <b>128,400</b> | <b>50,700</b> | <b>10,700</b> | <b>10,700</b> | <b>338,100</b>  |          |
| Licencing Fee Income                               | (272,200)        | (95,000)       | 0             | 0             | 0             | (367,200)       |          |
| <b>Total Net Contribution to Overheads</b>         | <b>(134,700)</b> | <b>33,400</b>  | <b>50,700</b> | <b>10,700</b> | <b>10,700</b> | <b>(29,100)</b> |          |

It should be noted that the number of properties used to calculate income has been based on the most current information possible. There is a risk that the number of properties, and therefore income, may be lower than expected, however scheme costs will be managed to match the demand for the service ensuring no adverse financial impact to the Council.

- 4.6 The previous tables show how the scheme is expected to perform over a five year period, the years shown do not currently reflect financial years. If this report is supported the scheme is proposed to start from 1<sup>st</sup> October 2018 however the years of the scheme stated in the table will cross over 2 financial years. Budgets will be adjusted once we have a greater understanding of when income is expected to be received and in which financial years.
- 4.7 Cabinet are asked to note the headline budget allocations in table 4 above and the staffing structure and implications in table 3. The budgets required for the selective licencing scheme have been included in the Gedling Plan 2018/19 report considered by Cabinet on 15 February 2018 and recommended to Council on 5 March 2018. Should Cabinet approve this report the staffing implications will implemented via a separate report to the Chief Executive who will approve the establishment of post in accordance with delegated authority.

## **Appendices**

- 5.1 Appendix 1 – designation and map
- 5.2 Appendix 2 – licence conditions

- 5.3 Appendix 3 – results of consultation
- 5.4 Appendix 4 – summary of issues raised
- 5.5 Appendix 5 – Equalities Impact Assessment

### **Background Papers**

- 6.1 Secretary of State’s guidance Selective licensing
- 6.2 October Report including draft proposal

### **Recommendation(s)**

That Cabinet :

- 7.1 approve the designation of the Netherfield Ward shown outlined in red at Appendix 1 to this report as being subject to Selective Licensing with effect from 1 October 2018.
- 7.2 approve the licence conditions to be attached to licences issued under the Selective Licensing Scheme as set out at Appendix 2 to this report.
- 7.3 authorise the Director of Health and Community Wellbeing to publish a Notice of Designation in accordance with the Housing Act 2004
- 7.4 approve the licensing fees as set out in Table 1 of paragraph 4.2 of this report
- 7.5 authorise a review of the scheme in 18 months, the outcome of the review will be reported back to Cabinet
- 7.6 note the financial and staffing implications associated with the Selective Licensing scheme.

### **Reasons for Recommendations**

The Council considers that the general conditions required to designate the Netherfield ward under Section 80(6) of the Housing Act 2004 are satisfied.

Selective licensing is an important component of the Councils strategy to improve the Netherfield ward which is a priority ward for the Council. It is the only option available to the local authorities that compels landlords to look at how they manage their rented properties and where required, make improvements to their management practices. It is important that this scheme will support the work of the Council and partners in improving the physical environment and economic conditions of the area.

## **Gedling Borough Council Designation of an Area for Selective Licensing Netherfield Ward 2018.**

Gedling Borough Council in exercise of their powers under section 80 of the Housing Act 2004 ("the Act") hereby designates for selective licensing the area described in paragraph 4.

### **CITATION, COMMENCEMENT AND DURATION**

1. This designation may be cited as Gedling Borough Council Designation for an Area for Selective Licensing – Netherfield ward 2018.
2. This designation is made on 8<sup>th</sup> March 2018 and shall come into force on **1<sup>st</sup> October 2018**
3. This designation shall cease to have effect on **30th September 2023** or earlier if the Council revokes the scheme under section 84 of the Act.

### **AREA TO WHICH THE DESIGNATION APPLIES**

4. This designation shall apply to **the residential area of the Netherfield ward** as delineated and edged red on the map at annex a.

### **APPLICATION OF THE DESIGNATION**

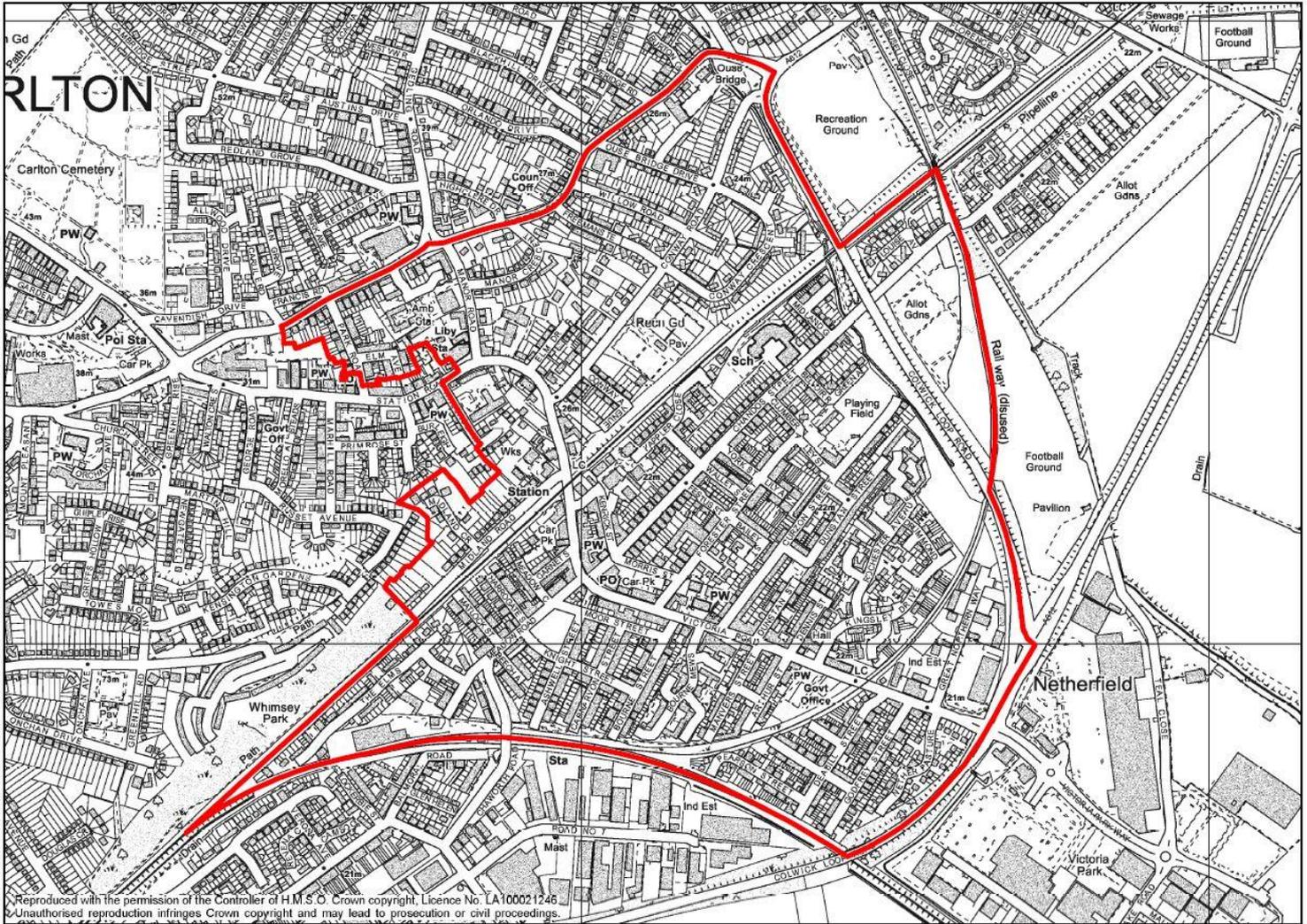
5. This designation applies to any house as defined by the Act which is let or occupied under a tenancy or licence within the area described in paragraph 4 unless-
  - (a) the house is a house in multiple occupation and is required to be licensed under Part 2 of the Act;
  - (b) the tenancy or licence of the house has been granted by a registered social landlord;
  - (c) the house is subject to an Interim or Final Management Order under Part 4 of the Act;
  - (d) the house is subject to a temporary exemption under section 86 of the Act; or
  - (e) the house is occupied under a tenancy or licence which is exempt under the Act or the occupation is of a building or part of a building so exempt as defined in annex b;

### **EFFECT OF THE DESIGNATION**

6. Subject to sub paragraphs 5(a) to (e) every house in the area specified in paragraph 4 that is occupied under a tenancy or licence shall be required to be licensed under section 85 of the Act.
7. Gedling Borough Council will comply with the notification requirements contained in section 83 of the Act and shall maintain a register of all houses registered under this designation, as required under section 232 of the Act.

Date and authentication by the Council. **8<sup>th</sup> March 2018**

**Annex A – Designated area for Selective Licensing – Netherfield ward 2018**



This report was generated on 09/01/18. Overall 83 respondents completed this questionnaire. The report has been filtered to show the responses for 'All Respondents'.

The following charts are restricted to the top 12 codes. Lists are restricted to the most recent 100 rows.

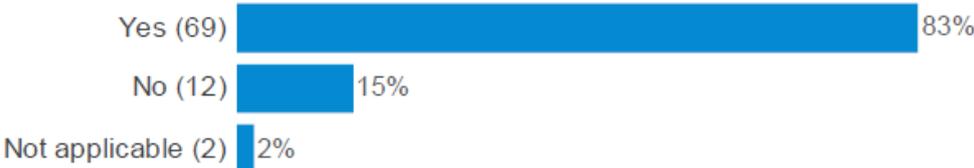
**Are you responding as:**



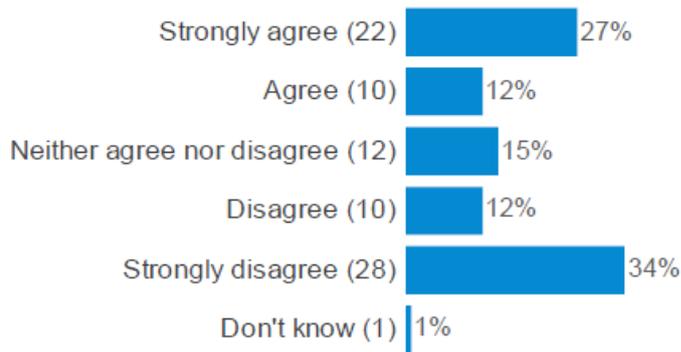
**If other, please specify**

- A former private landlord
- Public Health
- East Midlands Property Owners Ltd (EMPO) - Residential Landlord Association
- Local Authority

**Does any of the following apply to you: You own a home in Netherfield, you live in Netherfield or you manage a home in Netherfield?**

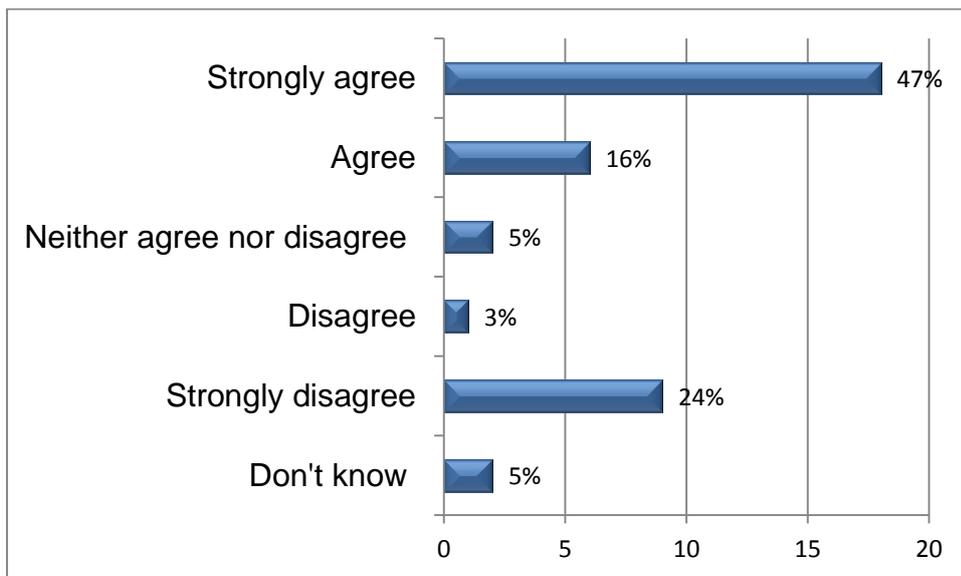


**To what extent do you agree or disagree that the proposed conditions of the scheme will improve the standard of privately rented properties in Netherfield?**



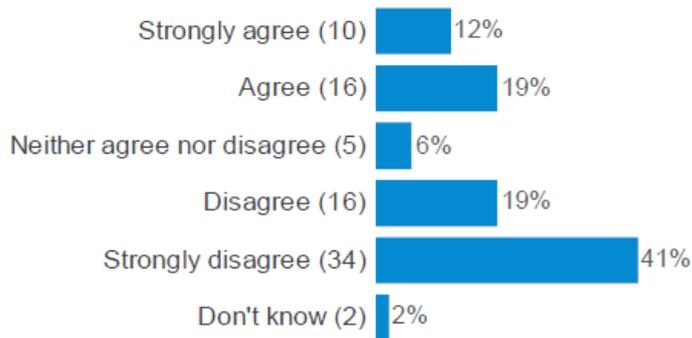
**Same question as above without landlords and letting agents responses**

**To what extent do you agree or disagree that the proposed conditions of the scheme will improve the standard of privately rented properties in Netherfield?**

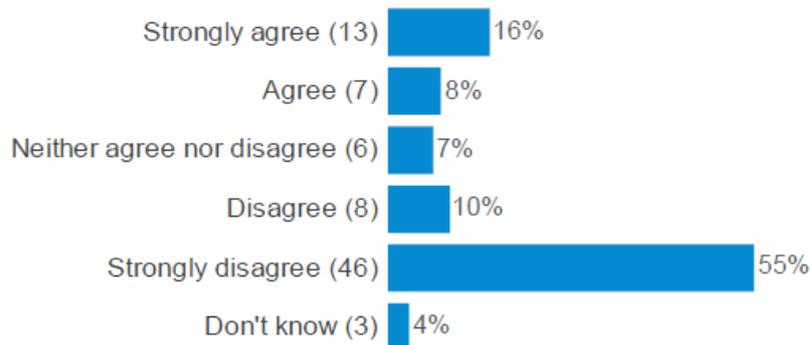


**63% on respondents other than landlords and agents agree proposed conditions will improve the standard of PRS.**

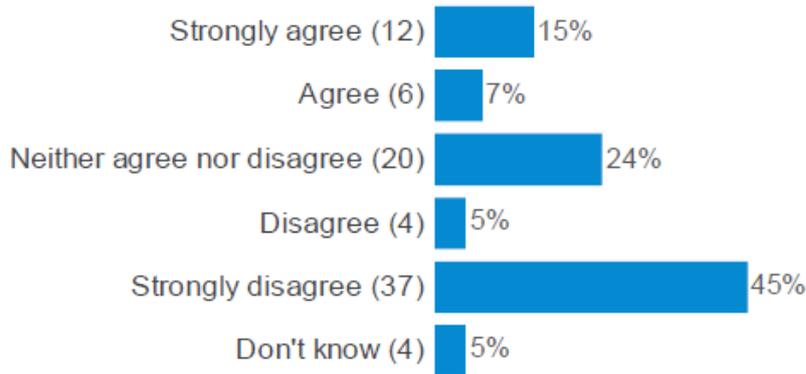
**To what extent do you agree or disagree that the proposed conditions of the scheme will reduce crime and antisocial behaviour related to privately rented properties in Netherfield?**



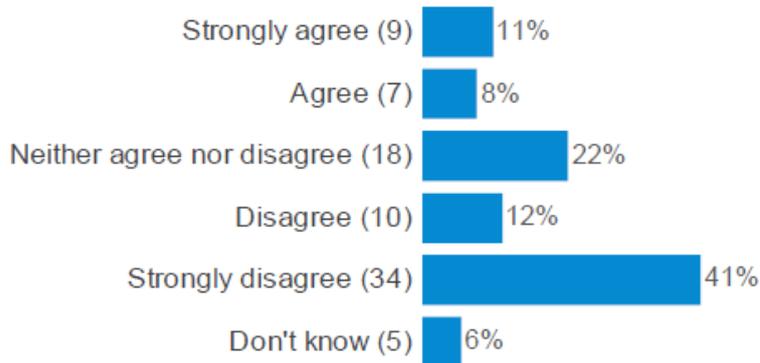
**To what extent do you agree or disagree with the proposed fee for the scheme of £675 per property to be paid by the property owner?**



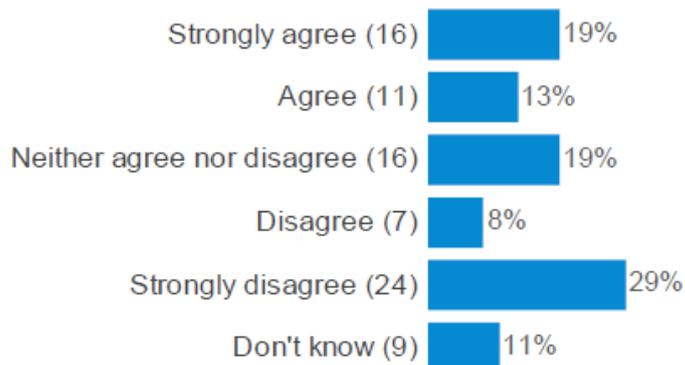
**To what extent do you agree or disagree with the proposed reduction of £25 for accredited landlords?**



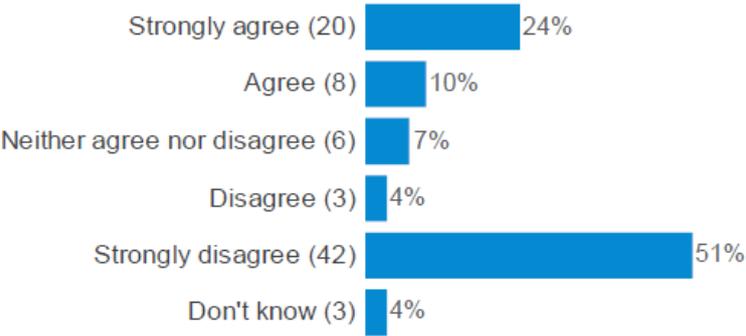
**To what extent do you agree or disagree with the other fees within the proposed scheme?**



**To what extent do you agree or disagree with the proposed designated area of the scheme:**

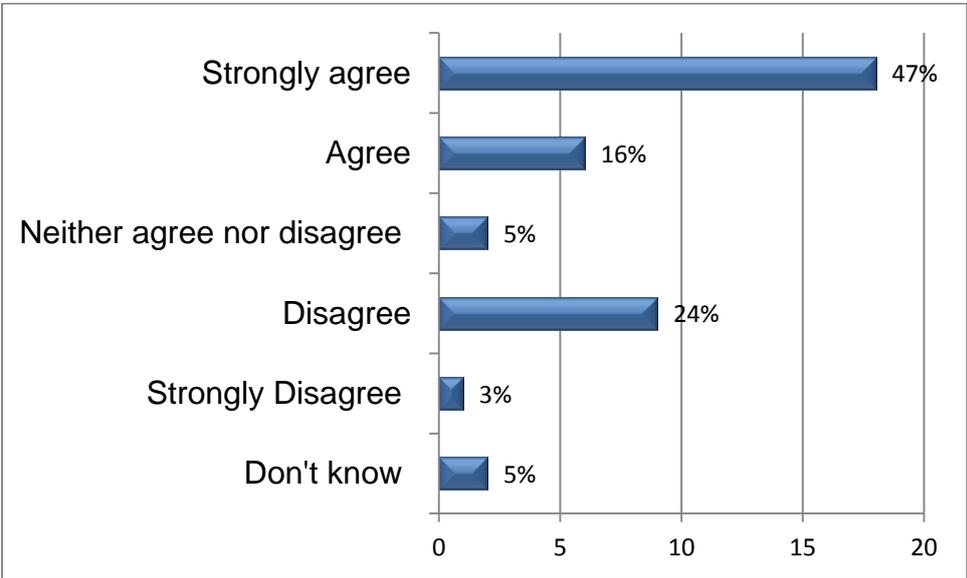


Overall, to what extent do you agree or disagree with the proposal to introduce a licence scheme for all privately rented properties in Netherfield? (To what extent do you agree or disagree with the proposed...)



**Same question as above without landlord and letting agent responses.**

Overall, to what extent do you agree or disagree with the proposal to introduce a licence scheme for all privately rented properties in Netherfield?



**63% of respondents other than landlords and agents support the proposal to introduce Selective Licensing.**

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| Summary of responses received                        | How have the issues been acted on or not   |
|--|--|
| Fees are too high / unaffordable                     | The fees were calculated on a full cost recovery basis. Since conducting the public consultation a review of the fees and anticipated staffing resources has been completed and it is proposed to reduce the staffing resource in order to reduce the fees payable by licence applicants.  |
| Discount for Accredited landlords is not sufficient. | See above, we have reduced the fee for Accredited Landlords.   |
| Won't reduce Crime & ASB                             | Our view is that the scheme will address Crime and ASB. The consultation feedback focuses on the limitations of landlord's ability to address crime and ASB. We have a different view. Over 95% of compliance and behaviour change achieved by the Council is through informal means, i.e. letter, telephone calls, visits - we consider landlords and agents have the ability to use the same interactions with problematic tenants. Additionally, respondents have missed the role of the Council and Police through the licensing process - our officers will be clearly visible in the area to act as a deterrent and we plan to work closely with the Police and other partners to inspect every licensable property in the area. Through having a presence in the area and property inspections we will be able assist with tackling any criminal or ASB directly observed during this process. We will also proactively target criminal landlords who fail to licence their properties. A Selective Licensing scheme provides additional legal powers to address such crime or ASB. Many of the licence conditions are designed to address ASB. The Council does take on board the concerns raised from the consultation and is aware of the limitations that landlords face in eradicating ASB in certain situations. Each case of ASB identified will be assessed on a case by case basis and in turn so will the expectations of the licence holder. It is the Council's belief that through partnership working and increased regulation through the licensing scheme tackling ASB will be more achievable for landlords and the Council. |

|  |   |
|--|---|
| <p>Legal framework already in place why implement licensing? Licence conditions duplicate existing legislation</p> | <p>Many of the licence conditions do bring together existing legal provisions such as annual gas safety inspections but these are not currently enforceable by the Council and are not a priority to the HSE. Other conditions formalise good practice such as Electrical Condition Reports which are recommended every 5 years but not a strict legal requirement unless they present a risk to the occupants or visitors.</p> <p>The licence document also lays out what is expected from licence holder in a clear and concise format. It draws together numerous different requirements from a wide selection of legislation and government guidance in a format which is clear to the licence holder. The benefits of this is that it is clear to all licence holders what is required at a time where legislation can be quite confusing and licence holders know exactly what is expected of them for compliance. As these requirements are set out as licence conditions the council is able to quickly and easily address any failures by the licence holder under Part 2 of the Housing Act 2004.</p> |
| <p>scheme will penalise good landlords</p>   | <p>Very few landlords in the area are Accredited which is the recognised standard for 'good' landlords. The scheme aims to incentivise good landlords by offering a greater fee discount. In our experience even 'good' landlords benefit from independent inspections by appropriately trained officers. Housing law is extremely complex and regularly changing and our intention is to provide advice and support to landlords through the licencing process to ensure properties are safe and compliant.</p> <p>It will also be a more effective way of ensuring all landlords within the area bring their houses up to the same standard and operate in the same way. Currently 'good' landlords may feel aggrieved that neighbouring private rented properties are not up to the same standard as their own and this is something that this scheme will look to address.</p>  |
| <p>lots of ASB from rented properties nobody knows who to complain to.</p>   | <p>A benefit of implementing a licensing scheme is that it will raise awareness for the community of their rights and responsibilities as private rented tenants. In most cases when officers inspect properties they will meet tenants and be able to educate and advise on all housing issues but also issues</p>   |

|  |  |
|--|--|
|  | <p>relating to ASB.. The availability of a public register will make it transparent which properties have a licence and in time it is expected that tenants will know to report any concerns relating to ASB to the licensing team.</p>  |
| <p>Some improvements necessary but targeting all private landlords in Netherfield will drive good landlords out of the area.</p> | <p>The Council wants to work with all landlords and is not intending to drive good landlords out of the sector. They are a key partner, but the evidence suggests there are issues in Netherfield which a Selective Licensing scheme will help to address.</p> <p>All landlords will have an inspection of their property and will be able to call on the licensing team for advice and guidance. It is also expected that as properties are brought up to standard this will improve the area as a whole and in turn benefit those landlords who are currently meeting their legal obligation.</p>  |
| <p>Should only target problem properties in the area.</p>  | <p>Without a licensing scheme the council simply does not have the resources to target properties on a scale which would be necessary for the whole of the Netherfield ward. The Council only has resources to provide a reactive service across the borough. As stated in a previous comment many do not know how to report issues and we know there is under-reporting of issues.. A licensing scheme will enable the council to better identify where the private rented properties are in the area in order to target them.</p>  |
| <p>Will this stop bad landlords being bad?</p>   | <p>We believe the scheme will improve property management and housing conditions in Netherfield. Failure to comply with the licence conditions can result in prosecution and/or revocation of the licence. In such an instance where a licence is revoked the person having control would have to employ someone competent to manage their property for them. Therefore non-compliance would have a large detrimental impact on a 'bad' landlord which in turn should encourage them to operate in line with the law. When licenses are revoked, the problematic person can no longer have control and someone competent instead would need to take over the management of the property.</p> |

|   |  |
|---|--|
| <p>Landlords will pass on costs to tenants and rents will rise.</p>   | <p>The market will dictate the local rent levels. Nottingham City Council is proposing a similar licensing scheme covering the majority of the city, during their consultation the same fears about rent rises has been raised. We anticipate a scheme being designated in Nottingham and if rents rise across Nottingham City due to licensing then they would rise across Gedling regardless of whether a scheme is implemented in Netherfield. We have not found evidence of rents rising due to licensing schemes. Spread over 5 years the cost is in the region of £2.50 a week and less for Accredited landlords. We are proposing a 2 part fee which will help spread the cost for landlords.</p> |
| <p>Potential investors will be put off from area</p>  | <p>Evidence from Ashfield District Council's experience is that good landlords and investors have been attracted to their licensing areas.</p>   |
| <p>Should be a voluntary code of practice and star rating as with takeaways</p>   | <p>All takeaways are subject to mandatory registration and subject to regular unannounced inspections from the Council - this is not the same for private rented homes. We have promoted Accreditation locally which is free through DASH and voluntary but there has been a low uptake.</p>   |
| <p>Landlords need stricter guidelines to ensure good housing for tenants.</p>   | <p>We agree that all landlords should comply with the minimum legal standards. The proposed licensing scheme will assist with this.</p>  |
| <p>should provide more social housing</p>   | <p>This is a separate matter to the proposal.</p>  |
| <p>should implement a scheme for tenants to report poor standards</p>   | <p>That currently exists. Our intention through licensing is to take the onus off of the tenants reporting, we consider there is under reporting of issues. Tenants will also become more aware of their rights as private rented tenants and in turn how to report concerns to the Council.</p>   |
| <p>Majority of landlords provide good homes, majority do it as a business of pension for them, should be a 2 strike system regarding complaints and reports of ASB.</p> | <p>We are in the process of updating our enforcement policy which will outline how we will deal with non-compliance.</p>   |

|  |   |
|--|---|
| <p>Standards should be a minimum for all landlords but they should not be charged a fee unless they do not meet the standard. Landlords already pay income tax.</p>                          | <p>The licence fees will generate the revenue to provide the service. Without the fee income we would be unable to employ the staff to assess whether the properties meet the standard. Income tax does not contribute to costs associated with regulating the private rented sector. The current Government policy is businesses who are regulated should contribute towards the costs of the regulation and not general tax payers. All fees that are to be charged will go only towards paying the costs to operate the scheme.</p>  |
| <p>The proposal will make it harder to rent. Landlords should be vetted to see if they are fit enough to rent out a property without it infringing on those renting and looking to rent.</p> | <p>We do not consider the proposal will make it harder to rent. The licensing proposal will introduce a vetting system to ensure landlords are fit and proper and the properties meet current minimum standards. We disagree that the introduction of landlord licensing will infringe on those renting or looking to rent.</p>   |
| <p>Bad landlords will simply hide from the scheme.</p>   | <p>We will encourage the community and tenants to report properties requiring a licence. We will also gather intelligence and proactively investigate landlords who require a licence. Where necessary we will take firm and appropriate enforcement against unlicensed landlords who operate in the area. If such action is taken then the landlord would still be required to apply for a licence and any enforcement/prosecution action would impact their ability to be granted a licence. If a licence is refused then the landlord would need to employ someone competent to manage the property on their behalf i.e. a managing agent or fit and proper landlord.</p> <p>The fine for failing to licence a property is currently unlimited which should serve as a respectable deterrent to landlords.</p> |
| <p>A well know criminal has moved near me and gone round neighbours' housing asking to buy their properties from them.</p>   | <p>The council encourages tenants and the community to report criminal behaviour to the police and appropriate enforcement agencies, such as the council if there are offences relating to housing conditions.</p>  |

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| <p>What way are you going to improve tenant's lives, I'm going to increase the rents or serve notice my tenant.</p> | <p>The evidence is clear that there are social, economic, and environmental issues in Netherfield that can be improved by a licensing scheme to improve housing conditions and property management. Through the scheme there is potential for improved health outcomes and improved opportunities for tenants through improved housing conditions. The council urges landlords to carefully consider the reasons for implementing the scheme and the potential benefits for the area. The licensing fees will be no more that £2.50 a week when spread over 5 years.</p> |
| <p>If there is an issue with private rented landlords focus on these landlords with targeted reviews and fines.</p> | <p>Without a licensing scheme the council simply does not have the resources to effectively target properties on the scale necessary in the Netherfield ward. The Council only has resources to provide a reactive service across the borough. As stated in a previous comment many do not know who owns rented properties and how to report issues to them. We know there is under reporting of disrepair and property management issues in the private rented sector and expect the licensing scheme to aid this issue.</p>  |
| <p>The scheme is designed to make money, profiteering from landlords.</p>   | <p>The fees were calculated on a full cost recovery basis. Since conducting the public consultation a review of the fees and anticipated staffing resources has been completed and the fees and proposed staffing resource has been reduced.</p> <p>The scheme will not operate at a profit, the fees recovered from landlords will all go directly towards operating this scheme.</p>   |
| <p>There are properties in Netherfield that appear below standard for habitation.</p>                               | <p>The evidence available in the proposal document supports this statement. Licensing will address this by requiring landlords to bring properties up to standard.</p>   |
| <p>Scheme should include Legionella testing.</p>  | <p>The licensing conditions can only include specific requirements included in the regulations for selective licensing. However the process of licensing will allow the council to offer advice to landlords and where necessary enforcement on other legal requirements which have the potential to impact the health and safety of tenants.</p>  |
| <p>99% of landlords look after their properties and tenants</p>   | <p>'Look after' is a broad statement based on perception and your reference of '99%' does not correlate with the data which formed the basis for our proposal. The evidence in the proposal indicates it is highly likely that there</p>   |

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|   | are private rented properties in Netherfield that fail meet the minimum legal standards.  |
| Potential for properties to be smoke free.  | <p>This is not possible through licensing conditions. But there is opportunity to bring about improvements and address wider determinants in health as a direct result of implementing a scheme and is one of the aims of the proposal. There will opportunity for service providers to work in partnership with the council and also utilise the public register to target interventions.</p> <p>Should this ever become a requirement at central government level then this is something we could potentially incorporate into the licensing process.</p> |
| Multiple flats at end of road leaving rubbish on street, police often attending Currently ruining reputation for Netherfield. | The proposed scheme will help address these comments if the properties are private rented.  |
| Bad landlords could be fined directly not charge good landlords   | The licence fees are not the same as fines. Licence fees cover the cost of providing the licensing service. Due to the age and quality of the housing stock in the ward it is anticipated that all landlords will benefit from independent property inspections to ensure properties meet the current minimum legal standards.  |
| Should be looking at all rented stock across the borough no matter who is the landlord  | <p>The legislation set by Government applies to private landlords only. Consideration will be given to other areas of the borough after learning from the experience with Netherfield.</p> <p>As much as we would want the scheme to cover all rented stock we can only operate within the framework as set by Central Government. There will be an increased presence in the area which we expect will help to detect issues relating to rented properties which are not private rents which can then be addressed by our officers.</p>                    |
| tenants on housing benefit will not be able to afford an increase in rent   | Rent prices relate to the local market. The introduction of licence fees does not necessarily mean rents will rise. Spread over 5 years the licence fee will have minimal impact on landlords.  |
| should charge heavier enforcement penalties   | Breaches of improvement notices and failure to licence a property are now subject to unlimited fines. Breaches of licence conditions also carry a fine if found guilty in court.  |

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| By making landlords responsible it will mean that necessary steps will be taken without the tenant feeling under pressure.  | The council agrees with this statement.  |
| Selective Licensing has done nothing to improve conditions in Nottingham City, it will just drive landlords underground.  | Selective Licensing is not currently operating anywhere in Nottingham City. Nottingham City Council has only consulted on a proposal.  |
| I think this is wanted for tenants as some landlords do nothing or very basic work.   | These comments are noted and support the proposal.   |
| Useful for targeting disrepair, low housing demand and management failing. Not effective for tackling crime and ASB landlords have limited power to influence tenant behaviour. Supported by reports from resident associations in Nottingham City. | These comments are noted. The primary aim is to address housing conditions and property management. The council considers in achieving these aims the scheme will contribute to tackling crime and ASB. The proposed Selective scheme in Gedling differs from the Nottingham Additional licensing scheme.<br><br>Gedling Borough Council are aware that crime and ASB issues are often complex and do not always have a quick easy fix. We want to work with landlords to help address crime and ASB and believe that licensing will assist with this. |
| Conditions coupled with a comprehensive inspection regime are a positive step.  | These comments are noted and support the proposal.   |
| Dealing with crime and ASB is responsibility of enforcement agencies, Neighbourhood Wardens, police and social services, not landlords  | We disagree. Landlords are a key partner in tackling crime and ASB. Issues are often complex and partnership working is widely recognised as the most effective way of effectively managing these issues.  |
| Why not simply identify all the rented properties and inspect them. Start with those landlords who haven't registered their properties.   | The introduction of a licensing scheme will provide the council with the resources to identify all of the rented properties and do just that. Landlords do not currently have to register their properties. The introduction of a licensing scheme will require all private landlords in the area to apply for a licence.  |
| Netherfield has had millions poured into it, why is it still bad, why are landlords to blame for the deprivation.   | Improving housing conditions and property management will improve health outcomes and increase opportunities for tenants to help make Netherfield less deprived.<br><br>We are not suggesting landlords are to blame for Netherfield 'still being bad' as you state. There are numerous social and economic issues which have an impact on areas such as Netherfield, some of which are housing conditions and ASB which this scheme aims to have a positive effect on.  |
| Conditions may improve the standard but would not welcome 6 monthly inspections.  | These comments are noted.  |

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| Why not social housing, should apply to social housing.  | The legislation set by Government applies to private landlords only and we have to work within this framework.   |
| Will help the exploitation of low income tenants and improve the quality of housing.   | These comments are noted and support the proposal.   |
| Rental accommodation not sole cause of crime and ASB, home owners and families also to blame.  | The council is not blaming crime and ASB on any single source. This scheme will help to address issues associated with private rented properties.  |
| Main problem is social housing tenants.  | The evidence suggests the issue is broader than one sector of tenant.  |
| Landlords cannot be expected to educate or influence tenants   | The council disagrees with this statement and landlords are an important partner in influencing poor tenant behaviour.   |
| Landlords can only tackle ASB by evicting tenants  | That is one option. The vast majority of behaviour change is achieved by more informal means.  |
| We now have drug dealing, motorcars and bikes racing around Netherfield all times of the day and night.  | These comments are noted and support the proposal.   |
| dog mess has got much worse recently.  | This matter has been reported to the Neighbourhood wardens who routinely patrol the area to witness offenders.   |
| Targeted investigating, more Police presence, with a community interaction is likely to bring about a more effective result to reduce crime and ASB. | We consider the introduction of selective licensing will enhance and complement this suggestion. Under the current regime the council does not have sufficient information or resources to further target interventions. Selective licensing will provide further information where all of the private rented homes are to allow targeting of interventions. We intend to work closely with the police who we are co-located with. |
| Frequent drinking outside properties, broken glass, police attendance.   | These comments are noted and support the proposal.   |
| how will conditions be enforced?   | We propose to employ additional staff and intend to inspect every private rented home in the ward to check whether they are compliant with the licence conditions and housing law. The officers will also respond to any complaints received about housing conditions or breach of licence conditions. The council will carry out any enforcement in accordance with the service enforcement policies.                             |
| Landlords currently have option to not renew tenancy for problematic tenants.  | We agree with this statement, however in some cases further intervention is required before the end of the tenancy agreement.  |

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| <p>Problem tenants will just move elsewhere.</p>   | <p>Displacement is an effective tool in dealing with crime and disorder and antisocial behaviour. We believe the prospect of a tenant potentially losing their home due to their behaviour is an effective deterrent in the majority of cases.</p>  |
| <p>The council needs to invest more into the area in terms of amenities, infrastructure, and roads. No correlation between property condition and crime and ASB.</p> | <p>We disagree and consider there is a correlation; Netherfield is well served in terms of roads and amenities. The proposal shows evidence of poor quality and poor property management in the ward. Central Government introduced the legislation and powers to address these issues.</p>   |
| <p>Licensing is not the solution.</p>  | <p>These comments are noted. As outlined in the proposal the council is utilising a number of approaches to improve the ward and feels that licensing will help aid this.</p>   |
| <p>Crime and ASB Data is flawed figures given were from Netherfield and Colwick as a whole area, some of the perpetrators were from outside of Netherfield.</p>      | <p>The police data was used to provide hotspot maps for the whole borough. Significantly more crime occurred in Netherfield than Colwick. The same about perpetrators could be said for crime statistics for any ward. Year on year Netherfield is in the top 15/20 wards in the whole of Nottinghamshire most affected by high levels of crime.</p>  |
| <p>Fees should be based on Council tax rate which Council has figures for.</p>   | <p>The fees are set on a full cost recovery basis in terms of the cost to the council to provide the service.</p>   |
| <p>Is the fee annual or not</p>  | <p>The fee is for the period of the designation, up to 5 years. We are considering implementing a 2 part fee structure which will help to spread the cost.</p>  |
| <p>What benefit will come from the fee other than providing income to the Council.</p>   | <p>Additional staff will be employed dedicated to the Netherfield ward. These staff will inspect every private rented home in the ward to ensure the properties comply with the licence conditions and current housing law. Where standards fall below the desired level the landlord will be required to bring about improvements. The officers will also gather intelligence of any criminal behaviour/ASB/safeguarding or other relevant matters and liaise with the appropriate organisations to ensure issues are addressed.</p> |
| <p>The area is not being maintained by the Council there are lots of weeds.</p>  | <p>These comments have been forwarded to the council's Parks and Street Care service.</p>   |
| <p>Personally think the fee should be more, the money raised should go toward policing properties and the maintenance of the properties.</p>                         | <p>These comments are noted. The fees are set on a cost recovery basis for providing the service as per the requirements set out by Central Government for such a scheme.</p>   |

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| The fee structure is not a major issue,,,,, the scheme proposed is.                            | The comments are noted.  |
| Rents low and profit margin low, tax will reduce this margin                                   | These comments are noted.  |
| Fee seems disproportionate to the level of work required checking certificates.                | The fee covers the full range of services associated with receiving, processing, and compliance checking of licence applications.  |
| How can fee be justified compared to Ashfield £250 and £350 fees.                              | Ashfield are proposing to increase their fees. Our fees are calculated on a full cost recovery basis. However following the consultation we will be looking to reduce our fee from the initial proposal which will mean reducing the number of staff to oversee the scheme.                                      |
| Should provide service anyway without licence fee.   | The council does not have the resources to provide the service without charging to recover the cost of providing the service.  |
| Accredited landlords are considered good landlords and shouldn't have to pay anything at all.  | We recognise that less work should be required when processing applications from accredited landlords and are therefore offering a discount fee. As a result of feedback in the consultation process we are considering increasing the discount for accredited landlords.  |
| How can DASH provide the same service for free   | DASH are subsidised to provide their services. They do not provide the same service as a licensing regime but there are some similarities.   |
| £675 is low for HMOs who can make £2000 per month in rent.                                     | These comments are noted and support the proposal.   |
| What happens to the fee if the rental property changes hands.                                  | A new fee will be required as licences are not transferable. The reason for this is because a fit and proper assessment of the proposed licence holder and any other people having an influence is undertaken when processing the licence. If the property changes hands this would have to be undertaken again. |
| Why should I pay if I already pay council tax  | The licence fee is to cover the costs of provide the licensing service. Council tax pays for services used by the general public not one specific sector.  |
| The fees are too high compared to the running costs associated with the Nottingham City scheme | The fees are similar to the Nottingham City scheme. The difference in the cost is largely due to the different scales and approaches in administering the schemes.   |
| Fees will help encourage responsible landlords to the area.                                    | These comments are noted and support the proposal.   |
| Landlords have had to absorb other costs in recent years costs will be passed onto tenants     | These comments are noted and we are looking to reduce the licence fees and introduce a 2 part fee which will help spread the costs and make the scheme more affordable.  |

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| The fees raised are reasonable only £2.60 per week over 5 years. The funds raised will help employ the staff to inspect poor quality housing in Netherfield.           | These comments are noted and support the proposal.   |
| There should be no reduction for any landlords, everyone should be treated the same. Most landlords don't care who they put in their properties or for the neighbours. | These comments are noted.  |
| How much will I have to pay DASH to become Accredited?   | Currently DASH is free to landlords operating in the Gedling Borough area.   |
| Is the discount only for NLA members or does it apply to RLA and DASH members?   | The discount will apply to all recognised landlord accreditation schemes including the ones mentioned.   |
| Discount is a great incentive to encourage Accreditation.  | These comments are noted and support the proposal. We would always encourage landlords to become accredited with a recognised accreditation scheme.  |
| Other fees of the scheme are more reasonable as they are imposed when the landlord is not complying with their duty.   | These comments are noted and support the proposal.   |
| Report of criminal activity associated with a property on Deabill Street   | Reported to Community Safety Team to investigate / liaise with partners.   |
| Other fees will lead to increased rents.   | These comments are noted and following feedback in the consultation we are proposing to reduce the licence application fee.  |
| If a landlord is unable to use an online form or upload documentation due to age or disability to disadvantage them by charging extra for a paper form is wrong.       | The council will accept paper applications but it will cost the council more to process them and so will need to recover these costs from the applicant. If an applicant has a disability which means they are unable to submit and electronic application and are only able to submit a paper application we would make reasonable adjustments to accommodate this and would not charge the applicant the additional cost associated with processing a paper application. |
| Manor Crescent and Park Road are not classed as Netherfield  | They are within the Netherfield ward.  |
| Why just this area?  | The proposal document explains why the Netherfield ward has been selected. There is clear evidence supporting why the Netherfield ward has been selected.  |
| Everything will be brought down to a low level rather than raising the standard.   | There is no evidence to support this claim in other schemes in the country. We believe the scheme will improve housing conditions and property management as all landlords will be required to bring properties up to standard which makes them safe.  |
| Should include the whole of the borough and country/nationwide.  | These comments are noted. We do not consider there is sufficient evidence to support a borough wide scheme.  |

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| <p>Why Netherfield there are run down parts of Arnold, Carlton and Gedling.</p>   | <p>The proposal document explains why the Netherfield ward has been selected. There is clear evidence supporting why the Netherfield ward has been selected. If the Council's Cabinet decide to designate the Netherfield ward for selective licensing and once the benefits have been understood, consideration will be given to whether there is evidence to support any other schemes elsewhere in the borough.</p> |
| <p>Landlords struggle to collect rent from tenants who receive Housing Benefit direct and we will also have to cope with Universal Credit with a 6 week delay. I'd make it all of Gedling. How can you create a Netherfield Ghetto?</p>           | <p>The evidence available does not support a borough wide scheme. We do not consider this proposal will disadvantage the Netherfield ward.</p>   |
| <p>No map published</p>   | <p>The proposal map was available as attachment on the webpage and via a link through the consultation question. The map was also included in the proposal document.</p>   |
| <p>There is definitely an issue in Netherfield.</p>   | <p>These comments are noted and support the proposal.</p>  |
| <p>Progress is important.</p>   | <p>These comments are noted.</p>   |
| <p>Why not propose all of Carlton and Gedling as well?</p>  | <p>The evidence supports a clear case for the Netherfield ward as outlined in the proposal document. The strategic approach is to first learn from the Netherfield experience where there is an identified need for selective licensing and then consider whether other areas would also benefit from a similar scheme.</p>  |
| <p>Should do the whole of NG4 or not at all. Don't pick off bits where you feel renting is presenting the community social issues that is for the constabulary to deal with. Checking gas certificates will not lift society.</p>                 | <p>The evidence supports a clear case for the Netherfield ward. The aim of the scheme is to improve housing conditions and property management. The council works very closely with the Police and other partners to tackle crime and ASB. The scheme has a much broader remit than only checking gas certificates.</p>  |
| <p>Emerys road has always been in Gedling not Netherfield. The streets around these properties contain bungalows, detached, semi-detached houses and flats. Many pensioners live on Emerys Road there are not problems with these properties.</p> | <p>The proposal includes the whole residential area of the Netherfield ward. The evidence supports a ward based approach.</p>  |
| <p>Its is certainly needed in Netherfield.</p>  | <p>These comments are noted and support the proposal.</p>  |
| <p>Proposal to convert Fire and Spice into 9 flats, surely not a good idea, wont make good living conditions.</p>   | <p>These comments are noted and relate to development in the ward and not the proposed scheme.</p>   |

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| <p>Lived in Netherfield 14 months only ASB come across is lots of dog fouling. I am sure ASB does happen is in other Nottingham areas.</p>   | <p>These comments are noted.</p>   |
| <p>If a landlord is rubbish then ban them regardless of where property is.</p>   | <p>The Government has now introduced banning orders for landlords. The introduction of licensing requirements will complement the banning order powers.</p>  |
| <p>Not been advertised properly says Netherfield only not Netherfield ward, looking on map covers Carlton. Has this been properly notified to landlords?</p>   | <p>Extensive consultation has been carried out, it is clear that the proposal includes all residential properties in the Netherfield ward.</p>   |
| <p>It is fair if the scheme covers other wards than Netherfield; probably unfair if it doesn't.</p>  | <p>The proposal document explains why the Netherfield ward has been selected. There is clear evidence supporting why the Netherfield ward has been selected. If the Council's Cabinet decide to designate the Netherfield ward for selective licensing and once the benefits have been understood, consideration will be given to whether there is evidence to support any other schemes elsewhere in the borough.</p> |
| <p>The only fair way to introduce Selective Licensing is for all properties in Netherfield.</p>  | <p>The proposed scheme includes all private rented properties in the Netherfield ward. The legislation and government guidance only applies to private rented properties.</p>  |
| <p>The are large pockets of deprivation in Netherfield. Some property investors see this a great opportunity to gain high returns. The down side to this is that people on low income is affected and have to live in poor housing conditions. There are properties in Netherfield that have single glazed windows, damp and no central heating and hot water. This shouldn't be tolerated. It is clear that this area needs to be regulated and improvements need to be done.</p> | <p>These comments are noted and support the proposal.</p>  |
| <p>The council should spend this money on doing repairs and building homes in Gedling.</p>   | <p>The fees are calculated on a full cost recovery basis for providing the service.</p>  |
| <p>I am a good landlord. I look after my tenants and I look after my house in Netherfield. Its clean, safe and secure. Due to the bedroom tax and that I rent it to a lady with a disability and on DSS I am already losing money on not charging the rent I should. It makes me want to sell up.</p>  | <p>These comments are noted and following feedback in the consultation we are proposing to reduce the licence application fee and break it down to be paid in two parts to help assist applicants.</p>   |

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| <p>Penalises good landlords, I would support the scheme if it applied to landlords not providing a good standard. Do not support it being mandatory for good landlords.</p>   | <p>The licence fees are calculated to provide sufficient resource to administer the scheme. The council would not be able to check whether every property and landlord is 'good' without charging to provide the service. We are proposing a greater discount for accredited landlords in recognition that they offer a better quality of service and it costs the council less to process their licence applications.</p>  |
| <p>Completely understand the wish to improve housing standards. Current legislation already provide tools to tackle issues related to poor housing standards. Bad landlords will always be bad landlords unless the law is enforced. Good landlord will suffer from scheme, and their tenants who will be paying higher rent.</p> | <p>Good landlords and their tenants will also benefit from improvements to property management and conditions. We are proposing a greater reduction in licence fees for accredited landlords as well as a 2 part fee to help spread the cost.</p> <p>Should 'bad' landlords continue to be 'bad' they will fall foul of the licensing requirements and action will be taken. This in turn will either encourage them to improve or ensure that someone competent is responsible for their property.</p> |
| <p>A cap on rents and an accredited star rating scheme alongside a voluntary code would be a better start than this proposal.</p>   | <p>The council is unable to cap rents this would require legislation and resources from Central Government. To be successful a star rating scheme would require independent verification and additional resources to implement which would need to be paid for. Government guidance supports that those who are regulated should meet the cost of that regulation.</p>  |
| <p>Landlords will sell up making tenants homeless, increasing costs for the council. Landlords will avoid buying in the area, and house prices will reduce for owner occupiers.</p>   | <p>We have been unable to find any evidence to support this claim from other schemes already operating in the country. Feedback from the consultation indicates that good landlords will not be put off by the licensing requirements.</p>  |
| <p>Poor landlords should be reported and addressed, not implement a scheme that penalises all landlords.</p>  | <p>The evidence suggests that many issues go unreported for a variety of reasons. The scheme will not penalise landlords but will ensure their properties meet minimum standards.</p>   |

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| <p>Fewer properties will be available to rent in Netherfield. Will consider selling all 8 properties that rent out in area and buy elsewhere. Scheme will increase costs and the amount of work for landlord managing the properties under the proposals.</p>  | <p>The properties will remain with the Netherfield ward to provide homes to the community. We consider the costs associated with selling properties and relocating to be significantly greater than the licence fees. The works required by landlords are not onerous and formalise good practice and meeting minimum legal standards which we want to become standard practice in the area. Any issues identified in terms of improvement within the properties as a result of the licence inspections would be required in any other properties purchased in other areas as they form the basic minimum requirements for rented properties. We will work with tenants and landlords to facilitate improvements and reasonable timescales will be given for completion.</p> |
| <p>The government has already stopped income tax relief on buy to let mortgages. Soon owning rental properties will become unviable and you will have to increase your social housing stock.</p>   | <p>The council recognises the importance of a well-managed and maintained private rented sector. We do not consider the scheme will make private renting unviable.</p>   |
| <p>Disagree with proposal, concern about increased costs for tenant and landlords all because council hasn't listened to tenants and thoroughly checked private landlords. Instead of fees why not target actual landlords who let down private letting? Why not impose these charges and more on them? why not revoke any licence they need to let? why not shut those landlords down? These fees will hurt everyone.</p> | <p>The current regime does not require checks before a property is rented privately. The scheme is targeted to where the evidence suggests intervention is required. Without introducing a licensing scheme the council would be unable to revoke any licences. Should a scheme become operational it is our intention to take enforcement action against unlicensed landlords and where landlords do not follow our advice to make their properties compliant. This would include prosecution proceedings, revoking licences etc. Where a licence is refused or revoked the person having control of the property would have to employ someone fit and proper to become their licence holder and manage the property for them.</p>  |
| <p>Time to give the younger generation something to strive for, i.e homeownership and all its responsibilities.</p>  | <p>These comments are noted but are more of a statement than an issue.</p>   |
| <p>All I will do is give notice and put happy tenants on the streets you sort it out.</p>  | <p>These comments are noted, and are unnecessary unless the property is substandard and the landlord is incapable of complying with the minimum legal standards.</p>   |

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| <p>Its not been thought through properly. See how is goes down in the National Press, and on Twitter etc. How popular will you all be for putting a whole area into a GHETTO implying substandard living conditions?</p>  | <p>Selective licensing is a power provided by Government subject to the criteria outlined in the Government's guidance. We consider the Netherfield ward meets the criteria outlined in the Government's guidance. There are many selective licensing schemes operating in the country. The intention of the scheme is to improve property management and housing conditions in the ward.</p> |
| <p>Protection from rogue and uncaring landlords is needed but the council need to stop using Netherfield as the dumping ground of the borough.</p>  | <p>Netherfield is a priority ward for the Council and has a dedicated Localities Co-ordinator to bring together partners to improve the ward. We believe the selective licensing scheme will bring about improvements in property condition and management within the ward.</p>   |
| <p>Idea seems positive to improve quality of life for tenants. Concerned about costs.</p>   | <p>These comments are noted. We are proposing a reduction in the licence fees from the initial proposal together with a greater discount for accredited landlords and a 2 part fee which will help spread the cost of the licence fees.</p>   |
| <p>To support the licensing scheme employees could take part in making every contact count training which is an approach to behaviour change that utilises the millions of day-to-day interactions that organisations and individuals have with other people to support them in making positive changes to their physical and mental health and wellbeing. Contact <a href="mailto:jo.marshall@nottsc.gov.uk">jo.marshall@nottsc.gov.uk</a> for more information and support.</p> | <p>These comments are noted and should the scheme proceed officers will complete this training. It is an intention of the scheme to maximise the outcomes achieved as a result of the site visits to properties.</p>  |
| <p>How is this information used? How do I know if it will work? Not convinced all landlords will comply? What guarantees are in place?</p>  | <p>The council anticipates that some properties will not be compliant and some may not apply for a licence. The council will ensure the appropriate enforcement action is taken where necessary. There are significant penalties to landlords where there is non-compliance which acts as a significant deterrent.</p>  |
| <p>Doesn't think a £675 licensing scheme will suddenly solve all the problems.</p>  | <p>The intention of the scheme is to improve housing conditions and property management in the ward. It will not improve the area overnight but in time once properties are brought up to standard we are confident it will help address a number of issues identified in this ward.</p>  |
| <p>The scheme should just be for where there are problem areas with ASB and negligent landlords.</p>  | <p>The evidence outlined in the proposal indicates this statement applies to the Netherfield ward.</p>  |

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| <p>Has been needed for years.</p>   | <p>These comments are noted and support the proposal.</p>  |
| <p>EMPO believes the number of properties being rented across Netherfield will be higher than published by the Council in the proposal. The Council is basing its figure of 635 properties on data extracted from the 2011 census. However it appears no calculation has been made to reflect the growth of the Private Rented Sector since 2010 which households renting have increased by 1.1million according to the English House Survey.</p> | <p>We have taken into account that the private rented sector has grown since the 2011 census but it is difficult calculate the exact impact of this growth to the Netherfield ward. Through the consultation some landlords have indicated they intend to sell their properties so that also has to be taken into account when predicting the number of private rented properties. We consider the census data is sufficiently robust to support the proposal.</p>   |
| <p>Housing quality and the safety of citizens has strong and clear links to improved outcomes for people. This is a key step in the right direction to adding some control to a rental sector within which there have been clear historical issues.</p>   | <p>These comments are noted and support the proposal.</p>  |
| <p>Where is the incentive for landlords to improve tenants living environments? Whole concept is ill-conceived and bureaucratic.</p>  | <p>The council has carefully considered and supported the proposal. We consider that the provision of well-maintained and managed homes is a basic right for the community. We propose a greater fee reduction for accredited landlords to encourage more landlords to become accredited.</p> <p>Bringing private rented properties up to an acceptable standard shouldn't be dependent on an incentive for landlords – it should be done because this is the nature of the sector and tenants have a right to a safe property in which to live.</p> |
| <p>If you could find a method of penalising bad landlords and improving the life of poorly treated tenants without penalising good landlords and their own tenants then I would be all in favour of the scheme.</p>   | <p>We do not consider the proposal is penalising good landlords, and due to the age and condition of the housing stock in the ward even good landlords would benefit from an independent inspection from an authorised officer.</p>  |
| <p>This is an attempt to root our rogue landlords. Council already has sufficient powers. Another funding exercise for council coffers.</p>   | <p>The scheme will introduce additional requirements that do not currently apply. We consider the licence conditions are required. The scheme is self-financing and fees are calculated on a full cost recovery basis.</p>   |
| <p>How can landlord control tenant behaviour. Landlord has to give notice to inspect. Council and police have enforcement powers to close properties these are not being used in Netherfield.</p>   | <p>We consider that landlords are an important partner in addressing tenant behaviour. The scheme will provide additional staffing resource to carry out further enforcement. We hope to work in partnership with landlords to address such issues and believe this scheme will aid that.</p>  |

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| <p>I agree on 3 conditions. 1 GBC tracks down all rogue landlords in Netherfield, rather than just a tick box exercise and way of raising money. 2 the fee is spread annually, it can be done so there are no extra costs to GBC. 3 refund any fees within 5 years to anyone who ceases to be a landlord - please be fair to landlords.</p>  | <p>The intention is to take proactive action to ensure all private landlords apply for licences as necessary. We consider the introduction of an annual fee would increase the burden and risk to the council for the scheme and would lead to increased fees. However, we are proposing a 2 part fee which will help spread the cost. We will be unable to refund the licence once the licence has been processed as the costs will have already been incurred by the council. The licence fees are set on a full cost recovery basis.</p>   |
| <p>I believe that the introduction of licensing will help prevent exploitation of low income tenants and improve the quality of housing that is available to residents of Netherfield. The system will help regulate what's going on in the private sector and we full support Gedling Borough Council's proposals. Everyone deserves a safe secure home. Being a landlord or a property investor should be seen as a business and NOT a investment.</p> | <p>We note these comments that support the proposal.</p>  |
| <p>The proposal does not take into account rent to rent or sublet properties, or those who exploit both landlords and tenants</p>  | <p>We consider that rent to rent and subletting of properties is not regular practice in the area. We will tackle cases on a case by case basis ensure the licensing regime is complied with. We intend the scheme to address those who exploit tenants and landlords.</p> <p>In cases where properties are being sub-let without the owner's knowledge the licensing process will highlight this to the owner who can then take the appropriate action.</p>  |
| <p>What support will the Council provide for landlords?</p>  | <p>Our intention is to employ specific officers with the job title of 'Improvement &amp; Enforcement Officers' part of their remit will be to offer support and guidance to enable landlords to comply with their legal obligations and licence conditions. Within the Public Protection Service we also have an ASB Co-ordinator, Environmental Health Officers and Neighbourhood Wardens who will be able to support the scheme and landlords. We intend to signpost landlords to relevant services and offer support. We recognise that informal means are often far more cost effective in bringing about improvements and compliance with legal obligations.</p> |

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| <p>How can landlords tackle overcrowding without infringing on tenants?</p>   | <p>Landlords can offer clear advice and expectations at the beginning of tenancies and investigate reports of overcrowding in a property. We understand that sometimes a tenant's circumstances change throughout a tenancy and their family can out grow a property. We would expect landlord's to take reasonable action and where necessary support a tenant to ensure their property is not overcrowded. The overcrowding provisions are specifically aimed at rogue landlords who deliberately overcrowd their properties to increase their profit margins at the expense of the tenant's rights and safety.</p> |
| <p>Proposal fails to address link between homelessness and the effect that licensing has on tenants.</p>  | <p>Selective licensing is a power provided by Government subject to the criteria outlined in the Government's guidance, one of the key criteria is 'high levels of deprivation'. There are many Selective licensing schemes operating throughout the country we are not aware that such schemes lead to an increase in homelessness.</p>  |
| <p>There is no obligation within selective licensing for the landlord to resolve an allegation of ASB. A landlord has a tenancy agreement with a tenant and this is the only thing that the landlord can legally enforce.</p> | <p>In our experience, enforcement and eviction are not always the solution as neighbour disputes can sometimes be complex. Many can be resolved informally. Sometimes disputes can be resolved by practical solutions that can be resolved by the landlord and tenant communicating with each other, as proposed through the licence conditions.</p>  |
| <p>How will a landlord know if a noise complaint is genuine ASB, what if they end a tenancy and the complaint is false?</p>   | <p>We would recommend liaising with the Council's Public Protection Service who can investigate the noise. We would only recommend ending the tenancy if the facts of the case supported such action. For example if the offender had ignored warnings and was proven to have breached an abatement notice or had been served with fixed penalty notices for noise etc.</p>   |
| <p>Local authorities with large number of private rented properties need to consider a strategy for collection of excess waste at the end of tenancies.</p>   | <p>We are in conversations internally with our waste service to consider what further support can be offered for licenced landlords. We will explore this suggestion further.</p>   |
| <p>Is it the councils policy to reduce the private rented sector? Where does the council wish to see the private rented sector grow?</p>  | <p>The council has no control over the growth of the private rented sector. Selective licensing is proposed to regulate the quality of the private rented sector and improve property conditions and management.</p>  |

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| <p>Landlords will face increased costs by raising rent prices and will look elsewhere for tenants.</p>  | <p>Spread over the 5 years of the scheme the fees are not considered significant for landlords. Tenants should expect the level of service required by the licence condition as standard practice for private rented accommodation, all the licence does is formalise this and provide powers to the Council to take action where there is a breach.</p>                         |
| <p>Mortgage lenders have withdrawn mortgage products where selective licensing has been introduced. This appears on a landlord's credit history causing them higher costs.</p>                        | <p>We are not aware of this happening locally. There are many city and borough wide schemes around the country; we consider it unlikely that landlords would be unable to access mortgages as mortgage companies will be aware of such schemes. Landlords need to ensure they are adequately financed to provide living accommodation for their tenants.</p>                     |
| <p>Proposing selective licensing will stigmatise the area and affect property values and increase insurance premiums.</p>   | <p>We disagree that this effect would be due to selective licensing. Insurance premiums are already linked to crime statistics in an area and house prices relate to the location and local market value. Selective licensing is an attempt to improve property management and housing conditions which will benefit the area.</p>   |
| <p>Selective licensing will have a greater impact on tenants evicted from social housing. How does the council expect landlords to solve these tenants' issues when the social sector has failed?</p> | <p>Selective licensing will only impact tenants who fail to behave appropriately. We support social landlords evicting problematic tenants who blight communities with criminal and antisocial behaviour. We expect private landlords to work with the council and partners to address crime and ASB. Part of the aims of the scheme is to reduce crime and ASB in the ward.</p> |

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| <p>The council should consider the Homesafe approach of Doncaster - this has not been reviewed or presented in the proposal.</p>   | <p>Officers have spoken directly with Homesafe and with Doncaster BC and West Lindsey DC who operate these schemes. These are essentially private sector run schemes which according to our constitution would subject to public procurement tendering. We are not aware these same rules have been followed in the other council areas. We consider a tendering exercise would add significant delays to a scheme and the council would lose control of the service compared to a directly delivered scheme. Contracting the service to a private sector organisation would place additional contract management burdens on the council and potential reputational issues if the scheme does not deliver. We would prefer a directly delivered approach as proposed in line with what is currently provided for the vast majority of selective licensing schemes in the country.</p> |
| <p>some landlords won't know about the scheme how are we going to find them?</p>   | <p>We will promote the scheme widely and have a visible presence of officers in the ward. We will target the area using gathered intelligence to identify properties that should be licenced. Where landlords fail to licence their properties they will be subject to proportionate enforcement action.</p>  |
| <p>What is going to attract landlords in the future to Netherfield?</p>  | <p>There are many reasons to invest in Netherfield. Feedback from some landlords through the consultation process indicates they would not be put off investing in Netherfield.</p>   |
| <p>What happens if a landlord doesn't have the money, especially if they have multiple properties?</p>   | <p>We do not consider the costs are prohibitive to landlords with multiple properties. We are proposing to introduce a 2 part fee to help spread the cost and to reduce the licence fees from the initial proposal.</p>   |
| <p>Will there be a public register?</p>  | <p>The Housing Act 2004 requires a public register of licenced properties and the details that should be contained on the register.</p>   |
| <p>Landlord of a property on Dunstan Street supports the scheme as some landlords are exploiting tenants. There is a link between ASB and poor housing. Gas engineers are regulated to operate, the same should apply for landlords.</p> | <p>These comments are noted and support the proposal.</p>   |

## EQUALITY IMPACT NEEDS ASSESSMENT

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| <b>Policy/Service/Procedure to be assessed</b>  | <b>Proposed Designation for Selective Licensing of the Private Rented Sector – Netherfield Ward</b> |
| <b>Assessment completed by:</b>   | <b>Food, Health and Housing Manager</b>   |
| <p><b>Aims/objectives of the Policy/Service/Procedure</b></p> <p><b>Selective licensing is a regulatory tool provided by the Housing Act 2004. Part3</b></p> <p>Selective licensing is a regulatory tool provided by the Housing Act 2004. Part 3 of the Housing Act 2004 (the Act) sets out the theme for licensing private rented properties in a local housing authority area. Under section 80 of the Act a local housing authority can designate the whole or any part or parts of its area as subject to selective licensing. Where a selective licensing designation is made it applies to all privately rented property in the area.</p> <p>The Council is proposing to implement a selective licensing scheme in a designated area which covers the residential area of the Netherfield ward– see map at the end of EIA.</p> <p>Under the proposed designation, all privately rented houses (as defined by the Act) will require a licence; and applications will need to be made to the Council by landlords.</p> <p>Prior to designating a scheme for selective licensing the council must have completed. This EIA is produced following the 12 week public consultation which included 3 public briefings with stakeholders and a meeting with the two main local landlord associations.</p> <p>The consultation on the proposed scheme generated a number of responses which have equalities implications. The document below shows these and sets out how, where possible, the Council intends to respond to them in progressing the scheme</p> <p>One of the key benefits which licensing is perceived to bring is an improvement in the management and condition of private rented accommodation in Netherfield where a large number of vulnerable residents are housed.</p> |   |

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| <p><b>Who are the customers and stakeholders of this service?</b></p> <p>Tenants living in private rented accommodation in Netherfield.<br/>Landlords and managing agents of private rented accommodation in Netherfield<br/>Landlord associations such as EMPO and NLA<br/>Residents &amp; Businesses in the Netherfield ward<br/>Councillors<br/>Partner organisations such as Nottinghamshire Police, Nottinghamshire Fire and Rescue, Public Health.</p> |  |
| <p><b>Detail below what information you already have about the impact this policy/service/procedure has on the following groups including results from consultation, complaints, census:</b></p>   |  |
| <p><b>Black and minority ethnic people</b></p>   | <p>3% of respondents to the consultation were from the BME group</p>   |
| <p><b>Men/women and trans</b></p>  | <p>48% of respondents were men<br/>39% were women<br/>14% would prefer not to say</p>  |
| <p><b>Disabled people</b></p>  | <p>15% of respondents reported that their day to day activities are limited because of a health problem or a disability which has lasted, or is expected to last, at least 12months.</p> |
| <p><b>Gay/Lesbian/bisexual People</b></p>  | <p>No data recorded</p>  |
| <p><b>People from different faiths</b></p>   | <p>The 2011 Census data shows that 57.1% of the population are Christian, 31.7.% of no religious belief and 1.4% are Muslim, with 7.1% following a not stated religion</p>               |
| <p><b>People of different ages</b></p>   | <p>No under 25s respondent to the consultation<br/>13% were aged 25 to 34</p>  |

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|  | <p><b>19% were aged 35 to 44</b><br/><b>26% were aged 45 to 54</b><br/><b>18% were aged 55 to 64</b><br/><b>13% were aged 65 to 74</b><br/><b>1% were aged 75 to 84</b><br/><b>11% would prefer not to say</b></p> |
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| <b>How will this policy/service/procedure impact on the following groups:</b> |  |   |
|---|--|---|
|   | <b>Positive impact</b>   | <b>Negative impact</b>  |
| <b>Black and minority ethnic people</b>                                       | <p>Improved housing conditions and property management in the private rented sector.</p> <p>Improved health and wellbeing /life chances/opportunities as a result of improving housing.</p> <p>It is hoped the scheme will help to tackle crime and ASB issues in the PRS.</p> | <p>It is hoped the benefits will outweigh the disadvantages, but concerns have been raised about potential for rents to increase due to the fees of the scheme. It is considered that spread over 5 years the fees are minimal. As a result of feedback in the consultation it is proposed to introduce a 2 part fee to help spread the costs and also to reduce the total licence fee and offer a greater discount for accredited landlords.</p> |
| <b>Men/women and trans</b>  | <p>It is not envisaged that this sector of society will impacted in a different way than outlined above.</p>   | <p>It is not envisaged that this sector of the community will impacted in a different way than outlined above.</p>  |
| <b>Disabled people</b>  | <p>As stated for the BME sector but also greater signposting to support and grant assistance services such as the Disabled Facilities Grants and Warm Homes on Prescription Service. This is likely to benefit this sector of society positively.</p>                          | <p>It is not envisaged that this sector of the community will impacted in a different way than outlined for the BME sector.</p>   |
| <b>Gay/Lesbian/bi-sexual people</b>   | <p>It is not envisaged that this sector of the community will impacted in a different way than outlined for the BME sector.</p>  | <p>It is not envisaged that this sector of the community will impacted in a different way than outlined for the BME sector.</p>   |
| <b>People from different faiths</b>   | <p>It is not envisaged that this sector of the community will impacted in a different way than outlined for the BME sector.</p>  | <p>It is not envisaged that this sector of the community will impacted in a different way than outlined for the BME sector.</p>   |
| <b>People of different ages</b>   | <p>It is not envisaged that this sector of the community will impacted in a different way</p>  | <p>Feedback from the consultation has suggested some older landlords and managing agents may</p>  |

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|  | <p>than outlined for the BME sector. Older people are more likely to be affected by health and mobility conditions, it is envisaged that through the licensing process the council will be able to signpost more eligible customers to services like the Disabled Facilities grants service and Warm Homes on Prescription. This is likely to benefit this sector of society positively.</p> | <p>be less familiar with completing online licence applications. We will provide advice and support for submitting licence applications and provide the facility to receive paper based applications and associated documents.</p> |
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**What changes could be made to the policy/service/procedure to address any negative impacts?**

As a result of feedback through the consultation process it is proposal to reduce the licence fees, introduce a 2 part licence fee to help spread the cost and offer a greater discount for accredited landlords.

We will accept paper based applications forms and associated documentation but there will be a charge for receiving the information in this format as there will be additional processing costs for the Council.

**What monitoring will be carried out to ensure this policy/service/procedure meets diverse needs**

The service will be targeted at all private rented homes within the Netherfield ward. Should particular diversity needs become identified through the project then the scheme will adjusted to ensure that any particular sectors of the community are not disadvantaged.

**What actions will be included in your service plan arising from this assessment?**

| Action | Outcome | Date? | Who? |
|--------|---------|-------|------|
|        |         |       |      |

**Are you satisfied that all aspects of this policy/service/procedure have been thoroughly assessed for all the strands of diversity and that no further investigation is required?**      **Yes**

If no then a fuller impact assessment is required.

Signed..... *Sam Palmer*

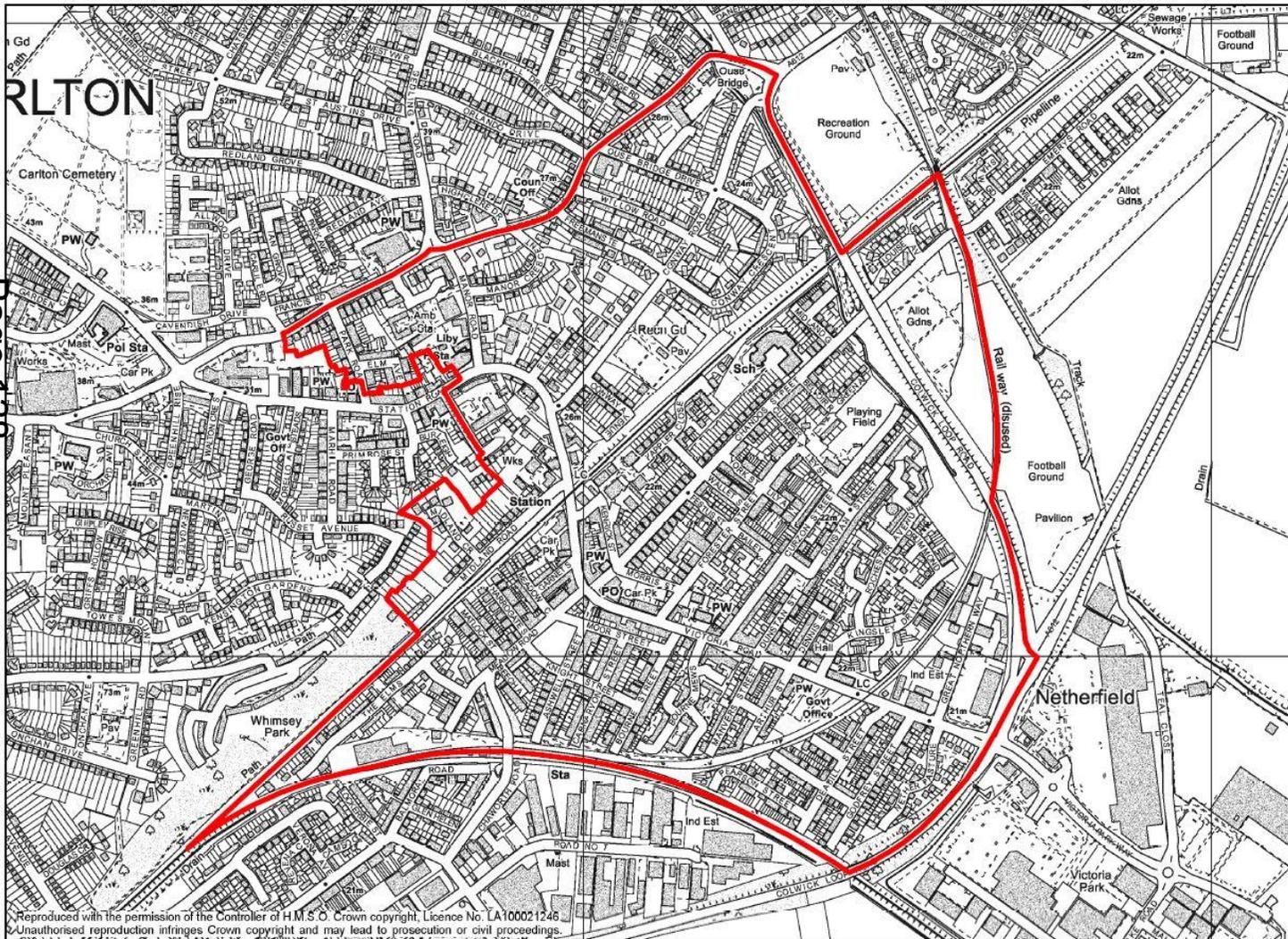
.....(manager)

Signed..... 

...(Corporate Equality Representative)

## Designated area for Selective Licensing – Netherfield ward 2018

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## Selective Licence Conditions for Privately Rented Properties

*\*Indicates a statutory condition as prescribed by the Housing Act 2004*

### **A. Gas, Electrical and Fire Safety**

#### **Gas Safety**

1. Where gas is supplied to the house, the licence holder shall ensure that all gas installations and appliances are in safe condition at all times and that an annual gas safety check is carried out by a Gas Safe registered engineer. The licence holder shall provide a copy to all tenants/occupiers at the beginning of their tenancy, and keep a written record that it has been provided. \*
2. The licence holder shall produce the gas safety certificate issued in respect of the house within the previous 12 months for inspection within 7 days of the council's demand. \*

Details of Gas Safe engineers can be found at [www.gassaferegister.co.uk](http://www.gassaferegister.co.uk)

#### **Safety of Electrical Appliances**

3. The licence holder shall ensure that electrical appliances made available in the house by them are kept in a safe condition and proper working order at all times. \*
4. The licence holder shall ensure a record of visual inspection and tests of such appliances is maintained and shall submit this record to the council within 7 days of the council's demand.
5. Within 7 days of the council's demand, the licence holder shall supply a declaration as to the safety of electrical appliances made available by him at the house. \*

#### **Safety of Electrical Installations**

6. The licence holder shall ensure that the electrical installation in the house is kept safe and in proper working order at all times. The licence holder shall ensure that a satisfactory Electrical Installation Condition Report (EICR) or Electrical Installation Certificate (EIC) is produced at intervals of no more than 5 years or more frequently if indicated on the previous report and supply the most recent EICR or EIC to the council within 7 days of the council's demand.

#### **Smoke Alarms/Fire Detection Systems**

7. The licence holder shall ensure that at all times a suitable fire detection and alarm system is installed in the house and is maintained in proper working order. As a minimum, there must be a smoke alarm installed on each storey of the house on which there is a room used wholly or partly as living accommodation. For the purposes of this paragraph, a bathroom or lavatory is to be treated as a room used as living accommodation. \*
8. The licence holder shall ensure that where the current BS 5839 (or any British Standards which subsequently replaces this) requires the fire alarm system to be

tested in accordance with it that they system is so tested, inspected and serviced by a competent person and that copies of testing certificates shall be supplied to the council within 7 days of the council's demand.

9. The licence holder shall supply a declaration as to the condition and position of any smoke alarms/detectors in the property within 7 days of the council's demand. \*

### **Emergency Escape Lighting**

10. The licence holder shall ensure that any emergency escape lighting in the house is inspected, tested and serviced by a competent person in accordance with BS 5266-1:2012 (or any British Standard which subsequently replaces this.) Copies of testing certificates shall be provided to the council within 7 days of the council's demand.

### **Furniture and Furnishings (Fire Safety)**

11. The licence holder shall ensure that the furniture made available by them at the house is kept in a safe condition as all times. \*

12. The licence holder shall supply a declaration as to the safety of the furniture made available by him at the house within 7 days of the council's demand. \*

### **Carbon Monoxide Alarms**

13. The licence holder shall ensure that a carbon monoxide alarm is installed in any room in the house which is used wholly or partly as living accommodation and contains a solid fuel burning combustion appliance. Any such alarm must be kept in proper working order. For the purposes of this paragraph, a bathroom, lavatory, hall or landing are all treated as being a room used as living accommodation. \*

14. The licence holder shall supply a declaration as to the condition and position of any carbon monoxide alarms in the property within 7 days of the council's demand. \*

## **B. Property Management**

15. The licence holder must ensure all reasonable and practical steps are taken to respond to repair and maintenance issues at their property and that any works to deal with repairs are undertaken within a reasonable period of time after they are notified, and within the timescales notified to occupiers under condition 22.

16. The licence holder must ensure that:

- a) The property is kept in a good state of repair and free from significant hazards that could affect the health and safety of tenants, occupiers and visitors to the property (as required by part 1 of the Housing Act 2004)
- b) The exterior of the property is maintained in a reasonable decorative order, and in a good state of repair.
- c) The exterior of the property and boundary walls, fences and gates etc. are kept free from graffiti.

- d) Gardens, yards and other external areas within the boundary of the property are kept in a clean and tidy condition and free from rodent infestations at all times.

17. The licence holder shall ensure the property is secure by complying with the requirements of paragraphs a) to g) below:

- a) So far as reasonably possible, any emergency works necessary to protect the security of the property are undertaken within 24hrs of notification e.g. damage to windows/entrance points to the property.
- b) The security provisions for the access to the property (locks, latches, deadbolts and entry systems etc.) are maintained in good working order at all times;
- c) Where window locks are fitted, that keys are provided to the occupant(s) of the property;
- d) Where a burglar alarm is fitted to the house, that the occupant(s) is (are) made aware of the code, how the alarm is operated and the circumstances under which the code for the alarm can be changed;
- e) Where previous occupiers have not surrendered keys, arranging for a lock change to be undertaken, prior to new occupiers moving in;
- f) Where alley gates are installed to the side or rear of the licensed property, taking responsibility for holding a key and making satisfactory arrangements for the occupiers' access;
- g) The main escape route (usually the front door) must be fitted with a thumb turn mortice lock, or equivalent, to five-lever security level. The lock must comply with fire safety requirements in that it shall be openable from the inside without the use of a key.

### **Dealing with Rubbish:**

18. The licence holder shall at the beginning of a tenancy, provide written information to the occupiers of the property indicating:

- What day refuse collections take place
- What type of bins to use for household and recycling waste
- Details of the council's bulky waste collection service
- The occupier's responsibility to put bins out no earlier than 4pm on the day before collection and to return refuse containers within the boundary of the property by 8am the day after they are emptied
- That occupiers should make arrangements for any extra rubbish that cannot fit in the bins to be collected and/or disposed of as soon as is reasonably possible and ensure that such rubbish, where possible, is stored at the rear of and within the boundary of the property until collection/disposal
- The licence holder shall ensure so far as is reasonably possible, that the occupiers make arrangements for the collection of waste in accordance with these provisions and, when the property is unoccupied, adhere to these provisions him/herself.

19. The licence holder shall ensure that suitable and adequate provision for refuse storage and collection is made at the house. This shall include a closable bin(s) of suitable capacity as specified by the council.

## **Property Inspections**

20. The licence holder must ensure that the tenant's right to quiet enjoyment of the property is respected. Where entry is required the licence holder must ensure that any notice requirements contained in the tenancy agreement are complied with. Where the tenancy agreement does not contain any such requirements, the licence holder must ensure that the tenant receives at least 24 hours written notice of intention to enter the property specifying the reason entry is required. The only exception when it would not be reasonable to give such notice and access is urgent, e.g. in an emergency.

21. The licence holder shall ensure that inspections of the property are carried out at least every six months to identify any problems relating to the condition and management of the property. The records of such inspections shall be kept for the duration of this licence. As a minimum requirement, the record must contain a log who carried out the inspection, date and time of inspection and issues for an action(s) taken. Copies of these must be provided within 7 days of the council's demand.

## **C. Tenancy Management**

22. At the beginning of a new tenancy, the licence holder must provide the occupier(s) with written information, including contact details, explaining how they can make a complaint about the property and the arrangements in place to deal with emergency and other repairs. The contact and telephone number details should be applicable for contact between 9am – 5pm Monday to Friday and should also include out of hours contact details for use in emergencies. Any change in contact and/or telephone number details should be provided to occupiers within 24 hours of the changes being made. Copies of the written information provided to tenants must be provided within 7 days of the council's demand.

23. The licence holder shall indicate to the occupier(s) how they intend to respond to the complaint including a timescale for the steps they intend to take.

24. The licence holder shall respond to any complaint within a reasonable timescale. Copies of all correspondence relating to complaints shall be retained during the currency of the occupation and for 6 months thereafter and shall be provided to the council within 7 days of the council's demand.

25. The licence holder must provide the tenant with an information pack containing the following details:

- a) A true copy of the licence to which these conditions apply.
- b) A notice with the name, address, day time and emergency contact number of the licence holder or managing agent.
- c) Where appropriate, true copies of the current gas, electrical safety and energy performance certificates.
- d) The information required by conditions 18, 22 and 26.

26. The licence holder shall supply to the occupiers of the house a written statement of the terms on which they occupy it. This statement shall be provided within 7 days

of the occupancy beginning and the licence holder shall supply a copy of the written statement within 7 days of the council's demand. \*

27. The licence holder shall comply with all relevant landlord and tenant law shall ensure that all legal processes are followed when requiring occupiers to leave. If a complaint of illegal eviction is made to the council, the licence holder shall provide information as to the steps taken to evict an occupant within 7 days of the council's demand.

28. The licence holder shall demand references for new occupiers before entering into any occupancy agreement with them or allowing them to occupy the premises. Copies of these references shall be kept for the duration of this licence and made available to the council within 7 days of the council's demand. \*

29. The licence holder shall ensure there is suitable and sufficient buildings insurance in place for the duration of this licence. This should cover the costs of re-housing occupiers in the event of a need arising.

30. Before a new tenancy is issued the licence holder/agent should carry out an inventory and document it with photographs (where appropriate). Both the licence holder and the tenant shall date and sign the inventory and each retain a copy.

31. Where a deposit is taken the licence holder must provide any tenant with the relevant information about the deposit scheme to which it relates and any other information required under section 213 of the Housing Act 2004. The information must be provided to the council within 7 days of the council's demand.

#### **D. Tackling Anti-Social Behaviour**

32. The licence holder shall ensure that all reasonable and practical steps are taken to prevent and respond to anti-social behaviour. These include written tenancy management arrangements to prevent or reduce anti-social behaviour by persons occupying or visiting the property. Copies of these must be provided to the Council within 7 days of the Council's demand. If the licence holder or manager / agent receive complaints of anti-social behaviour that concern the occupiers of, or visitors to the property or that result from their actions they must comply with requirements (a) to (i) below:

- a) Any letters, relating to anti-social behaviour, sent or received by the licence holder, or agent of the licence holder, must be kept by the licence holder. True copies of the original document should be provided to the Council within 7 days on demand.
- b) Ensure that written notes are kept of any meetings or telephone conversations or investigations regarding anti-social behaviour.
- c) If a complaint is received, or anti-social behaviour is discovered, within 7 days the tenant must be informed of the allegations of anti-social behaviour in writing and of the consequence of its continuation.
- d) From the date of receipt of the complaint of anti-social behaviour, monitor any allegations of anti-social behaviour and take all necessary steps to establish if it is continuing.

- e) Where the anti-social behaviour is continuing after 14 days from receipt of the complaint, the licence holder, or his agent must, within 7 days visit the premises and give to the tenant, or leave at the property marked for their attention, a warning letter advising them of the possibility of eviction.
- f) Where the licence holder or his agent has reason to believe that the anti-social behaviour involves criminal activity the licence holder must ensure that the appropriate authorities (e.g. Police, Council etc.) are informed.
- g) If after 14 days of giving a warning letter the tenant has failed adequately to address the anti-social behaviour so that it is continuing, the licence holder must take appropriate formal steps under the tenancy agreement, whether to enforce its terms or to terminate it, including, where necessary, by taking legal proceedings against the occupier(s).
- h) Where the obligation under (g) has arisen, the licence holder must, within 7 days, provide to the Council in writing a plan setting out the steps he proposes to take, and the timescale for taking those steps, in order to resolve the problem.
- i) If the licence holder is invited to do so, they must attend a case conference or Multi-Agency Meeting arranged by the Council or Police (whether following the provision of a plan referred to at (h) above, or generally.)

There may be instances where anti-social behaviour occurs more than once, but not continuously and possibly several months apart. In such circumstances the licence holder would still be expected to take all reasonable and practical steps to ensure it is effectively dealt with, up to and including eviction.

#### **E. Change of Details or Circumstances**

33. The licence holder must inform the council within 21 days of any material change in circumstances including:

- a) Change of their address
- b) Change of manager, management arrangements or ownership
- c) Any changes to their, the manager's or any associate's circumstances which could affect their fit and proper person status i.e. any cautions or convictions for any offence involving fraud, dishonesty, violence, drugs, sexual offences (under Sexual Offences Act, schedule 3) discrimination or breach of housing or landlord/tenant law.
- d) Any proposed changes to the layout of the house that would affect the licence or licence conditions.

#### **F. Licence Holder Training**

34. Where the licence holder has not attended relevant training in the previous 3 years, they must as a minimum attend suitable training on the law and legal requirements relating to managing privately rented housing within 12 months of the date the licence is issued. This requirement can be satisfied in one of the following ways:

- a) By attending a one-day training course arranged and delivered by the Council or our accreditation partner DASH Services and submitting a certificate to the Council following this training. Visit [www.dashservices.org.uk](http://www.dashservices.org.uk) or call 01332 641111 to arrange this.
- b) By completion of the accreditation training of the National Landlords Association (NLA) or Residential Landlords Association (RLA) or other equivalent recognised landlord accreditation body and submitting the pass certificates to the Council for confirmation.
- c) By completion of other suitable training on the law and legal requirements relating to managing privately rented properties subject to approval by the Council in advance and subject to submitting a pass certificate or similar document to the Council for confirmation.

## **G. Interpretation**

35. Where reports, certificates, declarations or other documents are required to be produced or supplied to the Council, this shall mean sending by email (preferred method), post or delivering by hand, declaration to the Council's offices for the attention of the Housing Licensing and Compliance team.

36. Any reference to tenant or tenancy can also be interpreted to include occupancy by licence or other form of written agreement for the purposes of these conditions.

37. Where electrical works/certificates are required they shall be carried out by a suitably qualified electrical contractor who should be registered/member of an approved scheme such as NICEIC, ECA, NAPIT etc. or registered to undertake electrical works in accordance with part P of the Building Regulations. Electrical contractors that are on a relevant competent person scheme can be found at [www.competentperson.co.uk](http://www.competentperson.co.uk)

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## **Report to Cabinet**

**Subject:** Care Leavers' Council Tax Reduction Scheme

**Date:** 8<sup>th</sup> March 2018

**Author:** Revenues Manager

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## **Wards Affected**

All

## **Purpose**

The purpose of this report is:

- 1) To seek approval for the Council's guidance, at Appendix 1 to this report, for determining applications for a reduction in council tax for persons leaving care and living in the Borough of Gedling.
- 2) To delegate to the Director responsible for Revenues and Welfare Support Services the authority to determine applications for discretionary reduction in council tax under section 13A(1)(c) of the Local Government Finance Act 1992 in relation to persons leaving care and living in the Borough of Gedling in line with the guidance at Appendix 1 to this report.

## **Key Decision**

This is not a key decision.

## **Background**

- 1.1 Corporate parenting is a statutory function of the Council. The underlying principle is that every local authority will seek the same outcomes for children and young people in care that every good parent would want for their own children.
- 1.2 Looked after children and care leavers are amongst the most vulnerable groups in society. Many will have suffered abuse or neglect. Research advises that care

leavers show significantly lower academic achievement, are more likely to be unemployed, to have mental health needs, be homeless and be disproportionately represented in prison. Care leavers tend to leave home at a younger age and have more abrupt transitions to adulthood than their peers. Unlike many of their peers who normally remain in the family home, care leavers will often be living independently at age 18. As corporate parent, the Council wants to make sure that young people's experiences leaving care and moving into independent living are positive and improve their life chances.

- 1.3 Managing budgets can be very challenging for most people on low incomes, none more so than vulnerable young people as they transition into adulthood, adjusting to living by themselves. Care leavers whose transition is often 'not of choice' and whose life experiences are often characterised by trauma and limited support networks are more likely to find it even more difficult than their counterparts.
- 1.4 The Government's report entitled "*Keep on Caring*", published in July 2016, encourages local authorities and their partners to consider the role of a Corporate Parent 'through the lens of what any reasonable parent does to give their child the best start in life'. Furthermore, nationally care leavers have consistently reported they were insufficiently prepared for the realities of living independently, particularly in relation to budgeting. The Government's report is attached as a background paper to this report.
- 1.5 A March 2015 report by The Children's Society "*The Wolf at the Door: How council tax debt collection is harming children*" suggests that care leavers are a particularly vulnerable group for council tax debt. It found that when care leavers move into independent accommodation and they begin to manage their own budget fully for the first time, that this is a challenging time for care leavers, particularly if they are falling behind on their council tax. The Children's Society report made a number of recommendations, including making care leavers eligible for a council tax reduction. This would help to relieve some of that initial pressure and would sit alongside a number of other financial support arrangements available to care leavers. The Children's Society's report is attached as a background paper to this report.
- 1.6 The Council has the discretion to reduce the council tax liability for individuals or prescribed groups as it thinks fit. This discretion is exercised in accordance with section 13A(1)(c) of the Local Government Finance Act 1992.
- 1.7 For the purposes of this report, and the guidance at Appendix 1 to this report, a care leaver is defined as a person aged between 16 and 25, who is currently resident in the Borough with a council tax liability and:
  - i. has been in the care of a local authority (looked after) for a period, or cumulative periods equalling at least 13 weeks since the age of 14 and which ended on or after their 16<sup>th</sup> birthday, or;

- ii. is aged between 16 and 21 and with respect to whom a guardianship order is in force (or was in force on their 18<sup>th</sup> birthday) and was looked after immediately before the making of that order, or;
- iii. at any time after their 16<sup>th</sup> birthday but before their 18<sup>th</sup> birthday, was, but no longer is, looked after, accommodated or fostered.

This definition incorporates the statutory definitions of “former relevant child” and “qualifying care leaver” as defined in the Children Act 1989.

1.8 Nottinghamshire County Council has provided figures on the County’s defined care leavers as at 5<sup>th</sup> February 2018. These figures are detailed in the table below:

| <b>Local Authority</b>             | <b>Nottinghamshire County Council defined care leavers</b> |
|------------------------------------|--|
| Ashfield District Council          | 104  |
| Bassetlaw District Council         | 77   |
| Broxtowe Borough Council           | 43   |
| Gedling Borough Council            | 44   |
| Mansfield District Council         | 103  |
| Newark & Sherwood District Council | 65   |
| Rushcliffe Borough Council         | 33   |

1.9 The Council currently runs a council tax reduction scheme (CTRS) which grants a reduction to council tax payers based on an assessment of their means to pay. In practice, it is estimated that a proportion of care leavers will fall into the scope of the CTRS scheme and will therefore not require any further reduction in their council tax. However, the care leavers’ reduction will still act as a top up in reduction for any care leavers who do not receive CTRS at 100%.

1.10 Offering council tax assistance to care leavers in the Borough of Gedling aligns with the Council’s vision to be a compassionate Council that reaches out to the lonely and marginalised and encourages others to do the same.

1.11 The granting of a reduction would also meet the Council’s priority in the Gedling Plan in relation to reducing hardship and providing support to the most vulnerable.

1.12 The guidance at Appendix 1 to this report sets out in more detail how the discretion should be exercised in practice.

## **Proposal**

2.1 It is proposed that the guidance at Appendix 1 (termed Care Leavers' Council Tax Reduction Guidance) is approved for use in the determination of applications for care leavers’ reductions.

2.2 It is proposed that Cabinet allows the determination of a discretionary reduction in relation to care leavers' reduction in line with the guidance (Appendix 1) to be delegated to the Director responsible for Revenues and Welfare Support Services.

### **Alternative Options**

3.1 An alternative to the first proposal would be to not approve the guidance and not offer a council tax reduction to care leavers. The position would remain the same; however, this would not give care leavers the extra support recommended by the Children's Society report or assist such individuals in their transition into independent living and adulthood.

3.2 An alternative to the second proposal would be to report each application for local discretionary relief to the Portfolio Holder for Resources and Reputation for his determination. This would place a burden on the Executive which is not considered necessary where there is adopted guidance available for the determination of such reductions.

### **Financial Implications**

4.1 The Council does not currently have the software to administer such a reduction in council tax. The cost of purchasing this software is £5,700 plus an ongoing annual maintenance fee of £1,100. This amount will be met from existing budgets.

4.2 The Council does not yet have a full understanding of this demographic but it may be that the majority of care leavers fall within the scope of existing reductions under CTRS. If this is the case, then there will be no further reduction in the council tax collected and no additional cost to the Council. However, if a further reduction is required in this demographic, then the worst case scenario would be a maximum decrease in collected council tax of £51,900 per annum. This maximum estimate is based on all 44 care leavers in 2017/18 living independently for a full year each in a band A property in the Borough.

4.3 Of the estimated maximum reduction in collected council tax, approximately £5,200 would be met by Gedling with the remaining £46,700 met by the other major precepting authorities.

4.4 This reduction is not means tested and will be granted to anyone meeting the eligibility criteria as set out in Appendix 1 to this report.

## **Appendices**

5.1 Appendix 1 – Gedling Borough Council Care Leavers' Council Tax Reduction Guidance.

## **Background Papers**

6.1 MHCLG Council Tax Information Letter – 21<sup>st</sup> December 2016

6.2 [Department for Education, Keep on Caring – July 2016](#)

6.3 [The Children's Society – The Wolf at the Door – March 2015](#)

6.4 [The Children's Society – A Local Offer for Care Leavers – November 2017](#)

## **Recommendations**

THAT CABINET:

- (a) approve the Council's guidance, at Appendix 1, for determining an application for a reduction in council tax for persons leaving care and living in the Borough of Gedling.
- (b) delegates to the Director responsible for Revenues and Welfare Support Services the authority to determine applications for discretionary reduction in council tax under section 13A(1)(c) of the Local Government Finance Act 1992 in relation to persons leaving care and living in the Borough of Gedling in line with the guidance at Appendix 1.

## **Reasons for Recommendations**

- 7.1 It is considered that the financial impact of granting a reduction in council tax to care leavers is minimal compared to the positive impact such a reduction could have on individuals' lives.
- 7.2 The Council has a corporate parenting responsibility and it is considered that this reduction in council tax contributes to the Council's role as a corporate parent.
- 7.3 The delegation is requested in order to ensure that no unnecessary burden is placed on the Executive.

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# Gedling Borough Council

## Care Leavers' Council Tax Reduction Guidance

## **1. Introduction**

Gedling Borough has the discretion to reduce the council tax of any such persons as it sees fit. This discretion is allowed by section 13A(1)(c) of the Local Government Finance Act 1992.

The Council has determined that it will provide a reduction in council tax to those persons liable to pay council tax within the Borough who are defined as care leavers.

Providing this support will help care leavers manage the social and financial transition from local authority care to independent living.

## **2. Delegation**

The authority to determine applications for council tax reduction for care leavers is delegated to the Director responsible for Revenues & Welfare Support services.

Each request for relief will be considered on its own merits.

## **3. Who is eligible for council tax reduction?**

For the purposes of this guidance, a care leaver is defined as a person aged between 16 and 25, who is currently resident in the Borough with a council tax liability and:

- i. has been in the care of a local authority (looked after) for a period, or cumulative periods equalling at least 13 weeks since the age of 14 and which ended on or after their 16<sup>th</sup> birthday, or;
- ii. is aged between 16 and 21 and with respect to whom a guardianship order is in force (or was in force on their 18<sup>th</sup> birthday) and was looked after immediately before the making of that order, or;
- iii. at any time after their 16<sup>th</sup> birthday but before their 18<sup>th</sup> birthday, was, but no longer is, looked after, accommodated or fostered.

This definition incorporates the statutory definitions of “former relevant child” and “qualifying care leaver” as defined in the Children Act 1989.

## **4. How will council tax reduction be applied?**

The council tax reduction will take effect from 1<sup>st</sup> April 2018. Care leavers who become responsible for council tax after this date will be granted a reduction from the date their council tax liability begins.

Care leavers who are liable for council tax on 1<sup>st</sup> April 2018 will be granted a reduction from 1<sup>st</sup> April 2018.

The reduction will be awarded after all other relevant discounts, reductions and exemptions to the council tax liability have been awarded.

Where the reduction is awarded, it will remain in place until the care leaver reaches the age of 25 years (the care leaver's 25<sup>th</sup> birthday) or ceases to be liable for the council tax, whichever date occurs first. In these circumstances, the bill will be apportioned.

Where a reduction has been awarded, a council tax bill will be issued showing the detail of the reduction. If a request for reduction is refused, a letter will be issued detailing the reasons for the refusal.

## **5. How much council tax reduction will be applied?**

Where a care leaver has a liability for council tax, the reduction in that liability will be up to 100%.

The amount of reduction awarded will be the relevant amount (after all other discounts, reductions and exemptions) required to reduce the care leaver's council tax liability amount to zero.

If, subsequent to an award, the care leaver's liability for council tax reduces during the period of the award, for example if the care leaver becomes entitled to a single person discount, the care leaver's reduction will be amended to ensure the award does not exceed the care leaver's council tax liability for the period.

Where there is a shared liability for council tax, the reduction will only be paid to cover the share for which the care leaver would be liable.

## **6. Right of appeal**

Under section 16 of the Local Government Finance Act 1992, a person applying for a reduction in council tax who is not happy with the decision of the Council may appeal the decision.

This appeal in the first instance should be made to the Council's Revenues and Welfare Support Service. If after this the person making the request for reduction is still not satisfied, they may then make an appeal to the Valuation Tribunal for England (VTE).

The VTE is an independent body which adjudicates between taxpayers and the Council. Appeals to the VTE must be made directly to the VTE.

Author: Andrew Solley

Last Review: 12<sup>th</sup> February 2018

Next Review Due: c.31<sup>st</sup> March 2019

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## **Report to Cabinet**

**Subject:** Forward Plan

**Date:** 8 March 2018

**Author:** Service Manager, Democratic Services

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### **Wards Affected**

Borough-wide.

### **Purpose**

To present the Executive's draft Forward Plan for the next four month period.

### **Key Decision**

This is not a Key Decision.

### **Background**

- 1 The Council is required by law to give to give notice of key decisions that are scheduled to be taken by the Executive.

A key decision is one which is financially significant, in terms of spending or savings, for the service or function concerned (more than £500,000), or which will have a significant impact on communities, in two or more wards in the Borough.

In the interests of effective coordination and public transparency, the plan includes any item that is likely to require an Executive decision of the Council, Cabinet or Cabinet Member (whether a key decision or not). The Forward Plan covers the following 4 months and must be updated on a rolling monthly basis. All items have been discussed and approved by the Senior Leadership Team.

### **Proposal**

- 2 The Forward Plan is ultimately the responsibility of the Leader and Cabinet as it contains Executive business due for decision. The Plan is therefore presented at this meeting to give Cabinet the opportunity to discuss, amend or delete any item that is listed.

### **Alternative Options**

- 3.1 Cabinet could decide not agree with any of the items are suggested for inclusion in the plan. This would then be referred back to the Senior Leadership Team.
- 3.2 Cabinet could decide to move the date for consideration of any item.

### **Financial Implications**

- 4 There are no financial implications directly arising from this report.

### **Appendices**

- 5 Appendix 1 – Forward Plan

### **Background Papers**

- 6 None identified.

### **Recommendation(s)**

It is recommended THAT Cabinet note the contents of the draft Forward Plan making comments where appropriate.

### **Reasons for Recommendations**

- 7 To promote the items that are due for decision by Gedling Borough Council's Executive over the following four month period.

| Issue                                    | Key Decision or Council Decision? | Who will decide and date of decision | Documents to be considered (only applicable to executive Key decisions) | Who will be consulted? | From whom can further information be obtained and representations made?               |
|--|-----------------------------------|--------------------------------------|---|------------------------|---|
| Health and Wellbeing Delivery in Gedling | Not Key                           | Cabinet<br>5 April 2018              |   |                        | Fiona Hextall<br>fiona.hextall@gedling.gov.uk   |
| Gedling Community Pottery                | Not Key                           | Cabinet<br>5 April 2018              |   |                        | Mike Hill, Deputy Chief Executive and Director of Finance<br>Mike.Hill@gedling.gov.uk |

Members of Gedling Borough Council Cabinet  
 Councillor John Clarke – Leader of the Council  
 Councillor Michael Payne – Deputy Leader and Portfolio Holder for Resources and Reputation  
 Councillor Peter Barnes – Portfolio Holder for Environment  
 Councillor David Ellis – Portfolio Holder for Public Protection  
 Councillor Gary Gregory – Portfolio Holder for Community Development  
 Councillor Jenny Hollingsworth – Portfolio Holder for Growth and Regeneration  
 Councillor Henry Wheeler – Portfolio Holder for Health and Wellbeing.

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