



**EAST STAFFORDSHIRE BOROUGH COUNCIL**

**REPORT COVER SHEET**

<b>Title of Report:</b>	Selective Licensing Scheme Evaluation and Consideration for Future Expansion	To be marked with an 'X' by Democratic Services after report has been presented
<b>Meeting of:</b>	Corporate Management Team - 15 October 2019	X
	Leader and Deputy Leaders - 21 October 2019	X
	Leader's / Leader of the Opposition's Advisory Group / Independent Alliance Advisory Group - 30 <sup>th</sup> October 2019/ 31 <sup>st</sup> October 2019	X
	Cabinet – 11 November 2019	
	Scrutiny Audit and Value for Money Council Services Committee [DATE] / Scrutiny Community Regeneration, Environment and Health and Well Being Committee [DATE]	



Is this an Executive Decision:	YES	Is this a Key Decision:	YES
Is this in the Forward Plan:	YES	Is the Report Confidential:	NO
If so, please state relevant paragraph from Schedule 12A LGA 1972:	N/A		

**Essential Signatories:**

**ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE**

Monitoring Officer: **Angela Wakefield**

Date ..... Signature .....

Chief Finance Officer: **Sal Khan**

Date ..... Signature .....

**EAST STAFFORDSHIRE BOROUGH COUNCIL**

**Report to Cabinet**

**Date: 11 November 2019**

**REPORT TITLE: Selective Licensing Evaluation and Future Expansion**

**PORTFOLIO: Regulatory Services**

**HEAD OF SERVICE: Mark Rizk**

**CONTACT OFFICER: Rachel Liddle Ext. No. x1838**

**WARD(S) AFFECTED: Anglesey, Burton, Eton Park, Shobnall**

**1. Purpose of the Report**

- 1.1. To provide an update to members on the second year of operations of the Selective Licensing Scheme Pilot and to provide recommendations for future expansion.
- 1.2. To provide an annual review of the Selective Licensing Fees.

**2. Executive Summary**

- 2.1. Selective Licensing was designated in September 2017 following Cabinet approval in June 2017. It aims to improve the condition and management of privately rented accommodation in the eastern area of Anglesey.
- 2.2. The Selective Licensing Policy 2017 sets out requirements for the monitoring and review of the scheme which includes an annual review to establish whether it is having the desired effect and achieving its aims and objectives.
- 2.3. This report aims to provide an update to members on the operation and implementation of the scheme along with recommendations for future expansion.
- 2.4. The first two years of the scheme have demonstrated ongoing compliance with the licensing requirements of the scheme with the majority of properties being granted a licence. However a number of landlords continue to evade the schemes requirements for which enforcement action is being taken. Whilst the

majority of properties have been licensed, the majority of inspections identified works that were required to improve the condition of the property. To assess compliance with these requirements, the forthcoming year will focus on inspection revisits to assess and summarise the overall improvements that have been made due to selective licensing.

- 2.5. The review of the scheme has not identified an increase in homelessness which is one of the main concerns raised by stakeholders and the average fee has also remained low despite an increase to fees in 2018 and the expiry of early discounts that were available at the start of the scheme.
- 2.6. In considering the future expansion of the scheme it is clear that whilst housing complaints have reduced, there are still high concentrations of poor conditions that are reported about properties within Anglesey, Burton, Eton Park and Shobnall wards. Three options have been identified for areas to be considered for a selective licensing designation; a further lower super output area, a complete ward designation or a designation covering specified streets. A number of lessons learnt have also been identified which are recommended to be incorporated in to any future selective licensing scheme.

### 3. **Background**

- 3.1. The Selective Licensing Scheme Pilot was approved by Cabinet in June 2017 to improve housing conditions and management of privately rented accommodation in the eastern area of Anglesey, as shown below. Following a mandatory three month standstill period the designation became active on 12 September 2017 and is effective until 11 September 2022.



- 3.2. Selective licensing was introduced to protect the welfare of tenants, provide confidence in the rented sector, and ensure that standards are met. It is more conducive to good landlords but provides a regulatory environment that is less

opportunistic and attractive for poor and criminal landlords. It also assists landlords in dealing with tenants that choose to cause anti-social behaviour.

- 3.3. A Selective Licensing Policy was adopted setting out how the scheme will be delivered to ensure that the Council effectively:
  - Implements the selective licensing scheme, ensuring that all licensing functions are carried out in accordance with the provisions of the Housing Act;
  - Monitors and enforces any licences granted during the selective licensing scheme;
  - Ensures any future proposals for introducing licensing designations are given due consideration in accordance with the statutory requirements;
  - Implements and delivers existing and future schemes in cohesion with other related strategies and initiatives: particularly those in place to tackle issues of empty properties, flytipping and anti-social behaviour.
- 3.4. The policy sets out an annual review of the operation of the selective licensing scheme along with a review of the licence fees to measure whether it is having the desired effect and achieving its aims and objectives. Should the review indicate that the designation has worked and the issues that it intended to resolve have been resolved then the local authority may consider that the designation is no longer needed and may be revised or revoked. Alternatively if the designation was failing to tackle the issues then the designation may be revised or revoked and alternative measures may be considered to address the issues.
- 3.5. The delivery of the scheme has been monitored on a monthly basis and regularly reported to the Head of Service and Deputy Leader. A briefing on the Selective Licensing Scheme was also presented to members on 21<sup>st</sup> June 2018 which gave an overview of the delivery and implementation of the scheme. This information has also been fed back to landlords through the landlord forum.
- 3.6. The Council's arrangements regarding the administration of the Selective Licensing Scheme were also reviewed by Internal Audit in 2017/18 which identified a number of recommendations which have since been implemented.
- 3.7. The first review completed in November 2018 reported that inspections of rented accommodation had identified numerous hazards which resulted in improvements to the living conditions and the management of properties within the selective licensing area. At this time there was no identified increase in homelessness in the area which was one of the main concerns raised by stakeholders and the average fee also remained low due to a high take-up of the discounts for early compliance with the scheme.
- 3.8. It was agreed by Cabinet that the selective licensing designation remain in place subject to revised licensing fees to incorporate inflation, and a further annual review be undertaken in 2019 in accordance with the Selective Licensing Policy.

#### 4. Contribution to Corporate Priorities

4.1. Environment and Health & Wellbeing: The improvement of housing conditions will contribute to the provision of a strong, healthy and vibrant private sector housing market that offers security, stability and decency to tenants and landlords.

#### 5. Selective Licensing Evaluation- 2<sup>nd</sup> Year

5.1. The second year of the selective licensing scheme has focussed on increasing compliance to ensure that valid applications have been submitted, followed by inspections to check on the standards of accommodation prior to licences being granted. Enforcement action is currently being considered on a case by case basis for landlords that have not yet submitted a valid application or where the conditions of the property have required enforcement action to be taken.

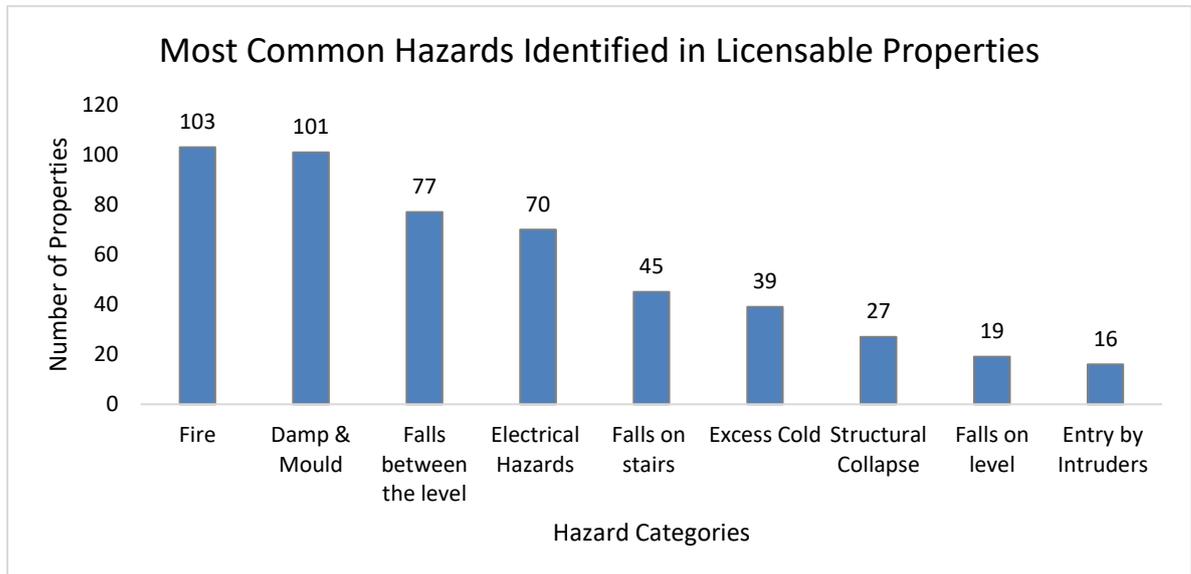
5.2. The Selective Licensing Policy requires ongoing monitoring and review of the scheme. The following statistics have been collated to provide an annual update of the selective licensing scheme, and have been broken down to show the statistics reported for year 1, along with an overall total at the end of year 2:

Monitored Activity for Selective Licensing		
	Year 1	Year 2 (Total)
Number of licence applications received	258	327
Number of valid licence applications received	203	322
Number of invalid applications	55	5
Number of licenses granted	107	244
Number of licenses revoked	0	0
Number of temporary exemptions	1	4
Number of licenses varied	0	0
Number of Cat 1 hazards identified-	4 properties	6 properties
Number of high Cat 2 hazards identified-	10 properties	25 properties
Number of lower Cat 2 hazards identified-	57 properties	209 properties
Review of anti-social behaviour complaints (ESBC records)	3	1
Review of number of vacant properties	1 property vacant due to service of a prohibition order	1 property vacant due to service of a prohibition order
Review of complaints regarding overgrown gardens/rubbish	21 complaints. (Increased reporting from 7 complaints in previous period)	16 Complaints
Review of enforcement action taken including:		
o Number of notices served	1 Prohibition Order	1 Prohibition Order 1 Improvement Notice
o Number of management orders	0	0
o Number of prosecutions/ Civil Penalties	0	5 <sup>1</sup>

<sup>1</sup> 5 Civil Penalties have been issued as an alternative to prosecution

- 5.3. The average licence fee paid has risen slightly from £345 in year 1 to £379 in year 2 following an increase of fees at the end of year 1. This ranges from £250 as the minimum fee to £569 as the maximum dependent on the type of property and the type of discounts applicable. The number of introductory or accredited landlord discounts have not increased in year 2, demonstrating a stability in landlord ownership in the area; however the number of multiple property discounts have increased from 108 in year 1. To date, the following discounts have been granted:
- 143 Introductory discounts
  - 127 Multiple property discounts
  - 39 Accredited landlord discounts (12 individual accredited landlords)
- 5.4. Homelessness figures provided by Housing Options have not demonstrated an increase in homelessness applications from this area since the introduction of selective licensing. At the end of the 1<sup>st</sup> year of the selective licensing scheme it was reported that 9 homelessness applications had been completed since July 2017 which is representative of figures from previous years. Due to the introduction of the Homelessness Reduction Act in April 2018, there has been a slight decrease in the number of initial enquiries across the whole borough. The housing options team have indicated that this figure is representative of the number of enquiries within the whole borough, with no significant pressures from the selective licensing area to indicate that selective licensing has been a causal factor in homelessness applications.
- 5.5. During the 1<sup>st</sup> year review of the scheme it was recommended that rental fees were ascertained to determine whether fees were being increased which could result in homelessness. The average rental price is currently £491.97. This compares to a median monthly rental price of £575.00 for East Staffordshire.
- 5.6. Housing inspections have revealed a number of hazards within properties. These are considered by the inspecting officer to determine the most appropriate course of enforcement action to be taken depending on the risk associated with the identified hazard in accordance with the Housing Enforcement Policy.

- 5.7. A total of 285 inspections have been undertaken in properties, for which 65% have identified hazards that affect the health and safety of the occupants. The graph below shows the most common hazards identified during inspections of licensable properties:



- 5.8. 1 property was served with a prohibition order in August 2018 as the hazards identified were so high that it was not suitable for habitation. This property remains vacant as remedial works have not been undertaken. At this stage the property is not suitable for a selective licence as it is not habitable.
- 5.9. 1 property has been served with an improvement notice in June 2019 due to several high risk hazards that were identified within the property, for which enforcement action is currently ongoing.
- 5.10. Since the beginning of the scheme 6 properties have been identified with category 1 hazards and 25 properties have identified high category 2 hazards which require remedial action to remove the hazards.
- 5.11. In total 162 properties have received schedules of work detailing the hazards identified and the remedial action that is required to remove the hazards. These properties are in the process of being revisited to determine compliance and to consider any further enforcement action that is required.
- 5.12. During inspections officers have continued to identify the following management issues which selective licensing has addressed:
- 5.12.1. Poor conditions where the landlord is not present at the inspection
  - 5.12.2. Poor communication between the landlord and the tenant
  - 5.12.3. Poor communication between letting agent and landlord whereby letting agents have failed to notify landlords about the scheme
  - 5.12.4. Issues whereby landlord has an incorrect mortgage type for the property and landlords unaware of how the property is being let
  - 5.12.5. A number of tenants have reported that repair works previously raised with the landlords have been completed prior to the inspection.

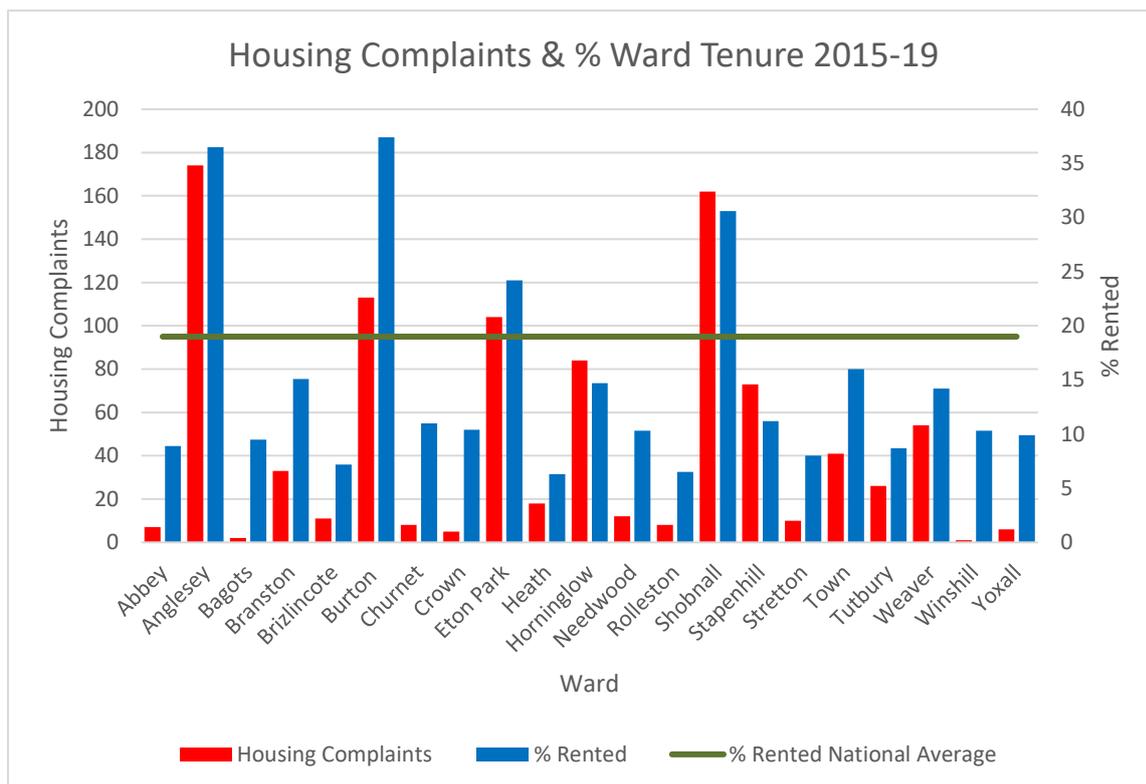
- 5.13. The first year of the scheme was reported to have had a relatively positive uptake of the selective licensing scheme, although a number of properties were still to apply for a licence. The number of applications received in the second year of the scheme has continued to increase, with a total of 327 applications received to date; and a significant increase of applications that are valid compared to the first year.
- 5.14. This is a result of ongoing investigative work to identify landlords that had failed to provide valid licence applications and warnings of enforcement action. Whilst this has increased the level of compliance to 93%, there are still 32 properties that have not submitted valid applications or are being investigated for breaching the legislative requirements of the scheme.
- 5.15. 5 Civil Penalties have been served on 3 landlords that have failed to comply with the scheme as an alternative to prosecution. The level of fines currently range from £1,691.00 to £3,634.75.
- 5.16. The forthcoming year will continue to focus on enforcement action for landlords that have not applied for a licence along with those that have not submitted a valid application. To date 3 interviews have been undertaken for which enforcement files have been completed for formal enforcement action to be taken against non-compliant landlords. The selective licensing policy has also been revised to enable enforcement action to be considered at an earlier stage for landlords that have failed to comply with the requirements of the selective licensing scheme. The policy is included as Appendix 1.
- 5.17. Revisits will also be undertaken to check for compliance in properties that have been licenced but have received a schedule of works to address any identified hazards. Where necessary enforcement action will considered for any non-compliance.
- 5.18. One of the most common hazards identified in properties has been fire and following the introduction of the Smoke and Carbon Monoxide Alarm (England) Regulations 2015 the mandatory conditions for selective licensing have been amended. These conditions have therefore been updated in the Selective Licensing Policy.
- 5.19. It is clear that compliance with the scheme has increased, with a high number of landlords that have applied for and been granted a licence. Enforcement action is in process for any non-compliant landlords that have submitted a valid application or have properties with high risk hazards that have not been rectified to improve the condition of their properties. In year 3 this will continue to properties that have been issued with schedules of works to assess compliance, and enforcement action will be considered for any outstanding issues to ensure housing conditions are improved for the tenants.
- 5.20. Considering the findings of the inspections it is apparent that the scheme is working to improve the condition and management of properties within the selective licensing area. The review of the scheme has not identified an

increase in homelessness which is one of the main concerns raised by stakeholders and the average fee has also remained low due to a high take-up of the discounts for early compliance with the scheme.

- 5.21. This review demonstrates that the designation is tackling the poor housing conditions within the selective licensing area, with the majority of rented properties being licensed; however a number of landlords are continuing to evade compliance from licensing for which enforcement action is being taken. Whilst a high number of properties have been licensed, it is recognised that the majority of inspections identified works that were required to improve the property. The levels of compliance for these landlords are currently unknown until revisits have been undertaken in properties where improvement works have been identified; this will form the main workload for the team in the next year. It is therefore recommended that the selective licensing designation remains in place and a further annual review is undertaken in 2020 in accordance with the Selective Licensing Policy.

## **6. Future Expansion of Selective Licensing**

- 6.1. Selective licensing is a discretionary measure available under the Housing Act 2004 to proactively improve the condition and management of privately rented accommodation. In order to introduce selective licensing the council must demonstrate that an area has a high level of privately rented housing accommodation and that one or more of the following criteria are met:
- 6.1.1. Low Housing Demand
  - 6.1.2. Anti-social Behaviour
  - 6.1.3. Poor Property Conditions
  - 6.1.4. Level of Migration
  - 6.1.5. High Levels of Deprivation
  - 6.1.6. High Levels of Crime
- 6.2. In considering whether to designate an area for Selective Licensing on the grounds set out above, the local housing authority may only make a designation if the area has a high proportion of property in the private rented sector. An area is considered as 'high' if the proportion of private rented stock exceeds the national average which is currently 19%.
- 6.3. Selective Licensing was designated in the eastern area of Anglesey in 2017 requiring over 300 rented properties to obtain a selective licence and comply with a range of conditions to improve the condition and management of the rented property. It was chosen out of 16 lower super output areas within the wards of Anglesey, Branston, Burton, Eton Park, Horninglow and Shobnall that were identified as being suitable for selective licensing, with high percentages of private rented accommodation and high numbers of poor housing conditions. Through extensive analysis of neighbourhood and local data against the criteria for selective licensing, a Lower Super Output Area within Anglesey ward (Anglesey- East) was identified as the most suitable area in which to designate a selective licensing scheme. This specific area covers 667 households with a population of 1681; 40% of properties (271) were estimated to fall within the private rented sector.



6.4. Prior to its implementation, the environmental health team received on average 25 housing complaints a year from tenants living in the selective licensing area which has subsequently dropped to 17 in the 1<sup>st</sup> year of the scheme and has halved in the second year, to 8 in 2018/19.

6.5. Whilst selective licensing has significantly reduced the number of housing complaints in the designated area, complaints in the surrounding areas have also reduced. However, since the implementation of selective licensing the number of complaints about properties located in Anglesey, Burton, Eton Park and Shobnall wards have remained high, accounting for over 50% of all complaints within the borough. The graph below highlights this trend by comparing the number of complaints received per ward. The % rented accommodation is included along with a comparison for the national average.

6.6. The number of housing complaints received for Anglesey, Burton, Eton Park and Shobnall wards for the two years before and after the introduction of selective licensing are highlighted in the table below, with a comparison for the number of complaints received for all wards in the borough:

Ward	Proportion of Private Rented (Total Properties)	Number of Housing Complaints (2015-17)	Number of Housing Complaints (2017-19)	Total Housing Complaints (2015-2019)
Anglesey	36.5% (962)	100	74	174
Burton	37.4% (650)	67	46	113
Eton Park	24.2% (605)	55	49	104
Shobnall	30.6% (896)	100	62	162
Total		322	231	553
All Wards		559	393	952

- 6.7. The area chosen for selective licensing can cover any geographical area that meets one or more of the criteria set out in 6.3. Based on the information above all 4 wards meet the criteria for high levels of private rented accommodation and poor property conditions. There are 3 options for consideration for selective licensing to be expanded; a further designation based on a lower super output area; a designation covering a full ward; or a designation covering specified streets.
- 6.8. Option 1- Lower Super Output Area Designation- The previous designation was based on a lower super output area, which is a small area within a ward, to ensure that the size of the scheme was manageable and to focus resources on areas with high concentrations of poor properties, identified by the number of housing complaints. This option would affect similar figures to the current scheme. This option helps to reduce the number of 'good landlords' that are affected by the scheme, however in the current scheme it created a number of problems in identifying exactly which properties fell within the area due to a lack of official data on addresses and misleading mapping information. This made it confusing for landlords to ascertain whether they were subject to the selective licensing scheme, and also resulted in some streets only having one side covered by the scheme, as the opposite side of the street fell out of the lower super output area.
- 6.9. Option 2- Ward Designation- A designation covering a whole ward would enable clearer identification of the area and the properties that fall within the selective licensing scheme. However, 4 wards have been identified in para. 6.8 as having relatively similar complaint levels so focussing on one ward would not result in any improvement in the remaining wards. The average number of properties in a ward is significantly higher with 780<sup>2</sup> affected properties compared to 271 in the current selective licensing scheme.
- 6.10. Within each of the wards detailed in para 6.8, there are concentrations of poor property conditions which are identifiable by street names. These areas are well known to the Environmental Health Team. The following table highlights the number of housing complaints received for each street along with the ward data:

Number of Housing Complaints Per Street (2015-2019)							
Shobnall Ward		Eton Park Ward		Burton Ward		Anglesey Ward	
Waterloo Street	29	Goodman Street	21	Uxbridge Street	14	Branston Road	29
Shobnall Street	25	Stafford Street	12	Moor Street	10	Anglesey Road	15
Borough Road	11	Thornley Street	9	Shannon Approach	10	Queen Street	14
Edward Street	10	Dallow street	7	High Street	9	Uxbridge Street	12
Gordon Street	10	Victoria Crescent	8	Horninglow Street	7	Blackpool Street	12
Princess Street	9	Eton Road	6	James Street	7	King Street	11
Shobnall Road	9	Horninglow Road	6	Ordish Street	7	Napier Street	10
Byrkley Street	7	Derby Road	5	Branston Road	6	Broadway Street	10
Derby Street	7	Hunter Street	4	Wetmore Road	6	All Saints Road	9
Grange Street	7	Victoria Street	4	Hawkins Lane	5	Oak Street	7
Victoria Street	5	Derby Street	3	Station Street	5	Ash Street	6
Wellington Street	5	Shakespeare Road	3	Grants Yard	5	Clarence Street	4

<sup>2</sup> Based on ONS tenure statistics for each ward

Richmond Street	3	Barker Round Way	2	New street	4	Alma Street	4
Shobnall Close	3	Beech Avenue	2	Duke Street	3	Wood Street	3
Albert Street	2	Masefield Crescent	2	Wetmore Lane	3	South Broadway St	3
Curzon Street	2	Wordsworth Close	2	Bridge Street	1	Beech Street	3
Outwoods Street	2	Abbots Fold Court	1	Caxton Court	1	Winchester Drive	2
Saw Mill Way	2	Beech Lane	1	Cross Street	1	Tiger Court	2
Arthur Place	1	Dallow Crescent	1	George Street	1	St Matthews Street	2
Black Eagle Court	1	George Orton Court	1	Gough Side	1	South Uxbridge St	2
Cambridge Street	1	Parker Street	1	Green Street	1	Oxford Street	2
Dallow Street	1	Tennyson road	1	Guild Street	1	Leicester Street	2
Grange Close	1	The Evergreens	1	Meadow Road	1	Cornwall Road	2
Lordswell Road	1	Weston Park Av	1	Mosley Street	1	Cambridge Street	2
Rangemore street	1			Sheffield Street	1	Trent Street	1
Salisbury Av	1			Wood Street	1	South Oak Street	1
St Pauls Court	1			Wyllie Mews	1	Harrow Drive	1
St Pauls Street	1					Evershed Way	1
Victoria Road	1					Caroline Court	1
Waverley Lane	1					All Saints Croft	1

6.11. The table above highlights Shobnall Street, Waterloo Street, Goodman Street, Branston Road and Uxbridge Street as streets that are associated with poor property conditions. The remaining streets do not produce as many complaints and the risk of designating a whole ward for selective licensing is that a high number of good landlords will be affected and resources are targeted at areas that do not require additional regulation and enforcement.

6.12. Option 3- Street Designation- A third option for the expansion of selective licensing is to designate specific streets where we receive the highest number of complaints concerning the condition of the property. The following table shows the number of complaints received over the past two years for each street highlighted in para. 6.13, along with the total number of properties that would require a licence and the % tenure for that street. In this scenario 496<sup>3</sup> properties would require a licence, covering 5 streets within Anglesey, Burton, Eton Park and Shobnall wards.

Street	Number of Complaints 2015-19	Total Number Rented (% tenure)
Shobnall Street	25	84 (25%)
Waterloo Street	29	91 (46%)
Goodman Street	21	76 (37%)
Branston Road	35	120 (45%)
Uxbridge Street	26	125 (43%)
<b>Total</b>	<b>136</b>	<b>496</b>

6.13. During the implementation of selective licensing a number of lessons have been learnt that are recommended to be incorporated to any future selective licensing scheme:

6.13.1. Licences to be granted following the submission of a valid licence application, with an inspection undertaken following the issue of a licence. This is to reduce delays associated with gaining access to the

<sup>3</sup> Based on stock condition data on dwelling level tenure.

property to undertake an inspection, which has been the main reason that all licences have not been granted for properties that have submitted a valid application.

- 6.13.2. Due to a lack of information on ownership and tenure for the properties within the selective licensing area we have relied heavily on Council Tax data which has been an additional resource issue and a cause of delay in being able to write to landlords. Improved access to this data will be considered prior to any further selective licensing designation
- 6.13.3. The use of a phased approach and introductory offer was considered to work well in the current scheme and it is recommended that these be incorporated in to any future scheme.
- 6.13.4. A full and detailed consultation was undertaken prior to the scheme being considered for approval. This was written in accordance with Government Guidance and it is recommended that the same format be used for any future scheme.

## **7. Financial Considerations**

*This section has been approved by the following member of the Financial Management Unit: Anya Murray*

- 7.1. The main financial issues arising from this Report are as follows:

### Current Scheme

- 7.2. The selective licensing scheme identified fees to recoup the total costs of the scheme adopted over the schemes 5 year duration.
- 7.3. To date the following income has been received through Selective Licensing Fees.

Selective Licensing Income	2017/18	2018/19	2019/20
Selective Licensing Fee Income	£36,662	£64,047	£18,751

- 7.4. The costs have been reviewed and continue to reflect the time taken to complete all the identified aspects of the work required for the licensing scheme profiled over the 5 year duration of the scheme and recover associated costs and that this year there is no need to increase the fees associated with the scheme.

### Any Future Scheme

- 7.5. Equally any future Selective Licensing scheme should recoup the total costs of the scheme adopted over the schemes 5 year duration.
- 7.6. The costs below have been based on Option 3 assuming 500 properties require a licence and have been calculated in accordance with recommended accounting practice to reflect the expected time taken to complete all the identified aspects of the work required for the licensing scheme. Based on a projected start date of 2021/22, the fee for a standard licence is estimated to be £472 which has then been profiled over the 5 year duration of the scheme as below:

<b><u>Project Cash Flow</u></b>	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	
	Yr 0	Yr1	Yr2	Yr3	Yr4	Yr 5	Total
	£	£	£	£	£	£	£
Set up Costs	17,850						17,850
Annual Operating Costs		68,200	94,000	30,900	15,250	9,800	218,150
Total Expenditure	17,850	68,200	94,000	30,900	15,250	9,800	236,000
No of licences per year	0	200	200	70	20	10	500
Fee per licence							472
Total Income		94,400	94,400	33,040	9,440	4,720	236,000
Yearly surplus(+)/deficit(-)	-17,850	26,200	400	2,140	-5,810	-5,080	0

7.7. Where a variation to fee is applicable, this has been calculated based on the reduced or additional amount of work required to recover the relevant costs. In this instance, income and expenditure is still budgeted to match over the 5 year of the licence.

7.8 The methodology and fee for a standard licence above will be used as an appropriate base for the fees consulted upon within any proposed scheme.

## **8. Risk Assessment and Management**

8.1. The main hypothetical risks to this Report and the Council achieving its objectives in order of greatest impact are:

8.2. Positive (Opportunities/Benefits):

8.2.1. Improved housing conditions and a reduction in overcrowding

8.2.2. Higher standards of management by ensuring landlords and agents are clear about their responsibilities

8.2.3. Increased number of compliant landlords

8.2.4. Identification of non-compliant/rogue landlords

8.2.5. Reduction in crime and anti-social behaviour

8.2.6. Improved waste management/reduction in overgrown gardens

8.2.7. Improved image and perception of the area making it a more desirable place to live

8.2.8. Improved ability and assistance for landlords to deal with rogue tenants

8.3. Negative (Threats):

8.3.1. Insufficient fee to cover costs.

8.3.2. Increase in rent due to fee being passed onto the tenant

8.3.3. Lack of compliance from landlords

8.3.4. Insufficient management and monitoring of the scheme

8.3.5. Increase in rented properties sold to avoid licence fee

8.3.6. Impact on neighbouring areas due to unprofessional landlords or challenging tenants moving into surrounding areas

8.3.7. Large numbers of appeals made to the Residential Property Tribunal Service

- 8.4. The risks do not need to be entered in the Risk Register. Any financial implications to mitigate against these risks are considered above.

## **9. Legal Considerations**

*This section has been approved by the following member of the Legal Team:  
Angela Wakefield*

- 9.1. The main legal issues arising from this Report are as follows.
- 9.2. Enforcement initiatives are underway to identify unlicensed properties within the selective licensing area. A combination of land registry data, council tax information and tenancy deposit scheme data is being used to identify the location of owners and a proportionate enforcement approach is being followed to ensure landlords comply with the scheme. Where this is unsuccessful further investigations are being undertaken with a view to taking enforcement against those that flout the law in relation to selective licensing.
- 9.3. It is a criminal offence to let a privately rented property in a designated area without a licence and failure to apply for one could lead to an unlimited fine. Failure to comply with any of the conditions of the licence could lead to a fine of up to £5,000. It is also a criminal offence to make a false statement in an application for a licence or fail to comply with any condition of a licence.
- 9.4. Additional enforcement powers are in place through the Housing and Planning Act which aims to continue to drive up safety and standards in the private rented sector, and drive out rogue landlords. Additional powers include the introduction of banning orders to remove the worst landlords or agents from operating, a rogue landlord database and the introduction of civil penalties that can be issued by Councils to landlords as an alternative to prosecution. These powers do not assist with proactive enforcement but will assist in the enforcement of the scheme, further reducing the costs of any required legal action due to non-compliance following the introduction of civil penalties and banning orders for those that persistently fail to comply with housing legislation.
- 9.5. An amendment to the Housing Act 2004 affects the definition of HMOs that require a licence. This may affect properties that are in the selective licensing area, however transitional arrangements are available for properties that hold a selective licence that fall under the amended HMO legislation from 1<sup>st</sup> October 2018.

## **10. Equalities and Health**

- 10.1. Equality impacts: The subject of this Report is not a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is not required.
- 10.2. Health impacts: The Health Impact Assessment was completed prior to the approval of the scheme which identified positive health impacts due to the

improvement of housing conditions. Para. 5.11 details the types of hazards that are being reduced to improve the health and wellbeing for tenants.

**11. Human Rights**

11.1. There are no Human Rights issues arising from this Report.

**12. Sustainability (including climate change and change adaptation measures)**

12.1. Does the proposal result in an overall positive effect in terms of sustainability (including climate change and change adaptation measures) No

**13. Recommendation(s)**

13.1. To note the ongoing designation of the selective licensing pilot scheme for the remaining 3 years until 11 September 2022 and annual review to be undertaken in 2020 in accordance with the Selective Licensing Policy.

13.2. To approve the amendment to the selective licensing policy for the incorporation of a mandatory licence condition for smoke and carbon monoxide alarms.

13.3. To approve option 3 for the future expansion of selective licensing.

**14. Background Papers**

14.1. Cabinet report- June 2017

**15. Appendices**

15.1. Appendix 1- Selective Licensing Policy 2017v4