



EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	4 th Annual Selective Licensing Scheme Evaluation	To be marked with an 'X' by Democratic Services after report has been presented
Meeting of:	Corporate Management Team – 19 October 2021	X
	Leader and Deputy Leaders - 25 October 2021	X
	Leader's / Leader of the Opposition's Advisory Group / Independent Alliance Advisory Group – 3 rd November 2021/ 4 th November 2021	X
	Cabinet – 15 November 2021	
	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: 15 November 2021

REPORT TITLE: 4th Annual Selective Licensing Evaluation

PORTFOLIO: Regulatory Services

HEAD OF SERVICE: Mark Rizk

CONTACT OFFICER: Rachel Liddle Ext. No. x1838

WARD(S) AFFECTED: Anglesey

1. Purpose of the Report

- 1.1. To provide an update to members on the fourth year of operations of the Selective Licensing Scheme Pilot.
- 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.
- 2.4. To date the scheme has demonstrated ongoing compliance with the licensing requirements of the scheme with the majority of properties being granted a licence. The third and fourth years of the scheme aimed to focus on compliance inspections in properties that had improvements identified; however this has been significantly impacted by Covid-19. As an alternative, remote compliance checks have been undertaken which has identified a number of improvements

made to properties. Any properties that have failed to provide evidence of improvements will be inspected and enforcement action will be taken where required.

- 2.5. Selective licensing has been found not to have negatively affected homelessness and the average fee has also remained low despite an increase to fees in 2018 and 2019 and the reduced use of early discounts that were available at the start of the scheme.
- 2.6. The current selective licensing scheme is due to end on 11 September 2022, at which time all granted licences will end. To consider whether the scheme should be extended for a further 5 years it is proposed to commence a consultation on the extension of the existing scheme in January 2022 for 10 weeks.
- 2.7. To consider the future expansion of the scheme a consultation was commenced in January 2020 to tackle high concentrations of poor property conditions in specified streets within Anglesey, Burton, Eton Park and Shobnall wards. The consultation concluded on 30 March 2020, however a meeting with Leaders of the Council was requested which was unable to be held due to Covid restrictions. In accordance with government advice, the consultation was put on hold and landlords were advised that the requested meeting would be held once restrictions had lifted. These restrictions have recently been lifted to enable the process of designating selective licensing areas to recommence.
- 2.8. It is proposed that the requested meeting with Leaders of the Council be held during the 10 week consultation to be launched in January 2022. This will provide alignment of the existing selective licensing scheme in the eastern area of Anglesey and the proposed expanded scheme covering Shobnall Street, Waterloo Street, Goodman Street, Branston Road and Uxbridge Street.

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. 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 an 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 set 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 is 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 presented to members on 21st June 2018 giving an overview of the delivery and implementation of the scheme, and this was fed back to landlords thorough the Landlord Forum. The administration of the Scheme was reviewed by Internal Audit in 2017/18 which identified a number of recommendations which have since been implemented.
- 3.6. 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 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.
- 3.7. The second review in November 2019 reported on enforcement work to increase compliance, ensuring that valid applications had been submitted followed by inspections to check on the standards of accommodation prior to licences being granted. Enforcement action was taken on cases that had failed to comply with the scheme through the issuing of Civil Penalty Notices.
- 3.8. Average rental prices were reviewed to determine whether rental fess had been increased following the designation of the scheme. The average rental price was reported as £491.97 which is lower than the median monthly rental price of £575.00 for East Staffordshire.
- 3.9. During inspections officers identified the following management issues which selective licensing has addressed:
- 3.9.1. Poor conditions where the landlord is not present at the inspection
 - 3.9.2. Poor communication between the landlord and the tenant

- 3.9.3. Poor communication between letting agent and landlord whereby letting agents have failed to notify landlords about the scheme
 - 3.9.4. Issues whereby the landlord has an incorrect mortgage type for the property and landlords unaware of how the property is being let
 - 3.9.5. A number of tenants reported that repair works previously raised with the landlords have been completed prior to the inspection.
- 3.10. One of the most common hazards identified in properties has been the potential for fire and following the introduction of the Smoke and Carbon Monoxide Alarm (England) Regulations 2015 the mandatory conditions for selective licensing were amended. This has since enabled a Remedial Action Notice to be served on a property that did not meet the requirements; which has since been complied with.
- 3.11. It was agreed by Cabinet that the selective licensing designation remain in place and a further annual review be undertaken in 2021 in accordance with the Selective Licensing Policy. The decision was also made to consult on a Selective Licensing designation to tackle high concentrations of poor property conditions in specified streets within Anglesey, Burton, Eton Park and Shobnall wards. This commenced in January 2020 and has since been put on hold following Government advice issued by the MHCLG in March 2020 in relation to Covid-19.

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- 4th Year

- 5.1. The third and fourth years of the selective licensing scheme had planned to focus on revisits to properties to check on compliance with housing standards. However following guidance issued by the MHCLG on 28th March 2020, proactive inspections were put on hold, which has had an impact on compliance checks. These restrictions have extended into the fourth year of selective licensing as the guidance was only recently removed in July 2021. However, to ensure the ongoing delivery of the scheme officers have continued to remotely identify and investigate properties that have not applied for a Licence and grant licences where a valid application has been received.
- 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 years 1-4:

Monitored Activity for Selective Licensing				
	Year 1	Year 2	Year 3	Year 4

Number of licence applications received (Cumulative Total)	258	327	346	362
Number of valid licence applications received (Cumulative Total)	203	322	333	359
Number of invalid/unpaid applications (at year end)	55	5	13	3
Number of licenses granted (Cumulative Total)	107	244	333	359
Number of licenses revoked (per year)	0	0	3	6
Number of temporary exemptions (Cumulative Total)	1	4	4	3
Number of licenses varied	0	0	0	0
Number of Cat 1 hazards identified (Cumulative Total)	4 properties	6 properties	8 properties	9 properties
Number of high Cat 2 hazards identified (Cumulative Total)	10 properties	25 properties	26 properties	26 properties
Number of lower Cat 2 hazards identified (Cumulative Total)	57 properties	209 properties	226 properties	227 properties
Review of anti-social behaviour complaints (ESBC records per year)	3	1	2	1
Review of number of vacant properties (per year)	1 property vacant due to the service of a prohibition order in August 2018		0	3 (1 due to a prohibition notice served 1 due to an improvement notice served 1 long term empty)
Review of complaints regarding overgrown gardens/rubbish (per year)	21 complaints. (Increased reporting from 7 complaints in previous period)	16 Complaints	18 Complaints	13 Complaints
Review of enforcement action taken per year:				

o Number of notices served	1 Prohibition Order	1 Prohibition Order 1 Improvement Notice	2 Improvement Notices 1 Remedial Notice	1 Prohibition Notice
o Number of management orders	0	0	0	0
o Number of prosecutions/ Civil Penalties	0	3 ¹	1	0

5.3. The average licence fee paid has continued to rise slightly from £345 in year 1 to £386 in year 4 following an increase of fees due to inflation in April 2019 and the lack of discounts available for valid applications received following the introductory period. 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. To date, the following discounts have been granted:

- 144 Introductory discounts
- 130 Multiple property discounts
- 41 Accredited landlord discounts (13 individual accredited landlords)

5.4. Since the beginning of the scheme 9 properties have been identified with category 1 hazards and 26 properties have identified high category 2 hazards which require remedial action to remove the hazards.

5.5. Remote revisits have been undertaken in 18 properties with 7 demonstrating compliance with the works that were required to be undertaken. The remaining properties are in the process of being inspected.

5.6. Inspections have been undertaken in 2 properties due to non-compliance with previous enforcement action or complaints received which has resulted in enforcement notices being served for both properties.

5.7. 1 property has been served with a prohibition notice following non-compliance with an Improvement Notice. The property had a number of high risk hazards such as a penetrating damp and mould growth inside the property, electrical hazards, insufficient fire detectors and fire escapes and a partially collapsed ceiling; it is now empty until works have been undertaken to improve the property.

¹ 4 Civil Penalties have been issued as an alternative to prosecution

- 5.8. A total of 321 inspections have been undertaken in properties, for which 64%² have identified hazards that affect the health and safety of the occupants. The most common hazards are shown in figure 1

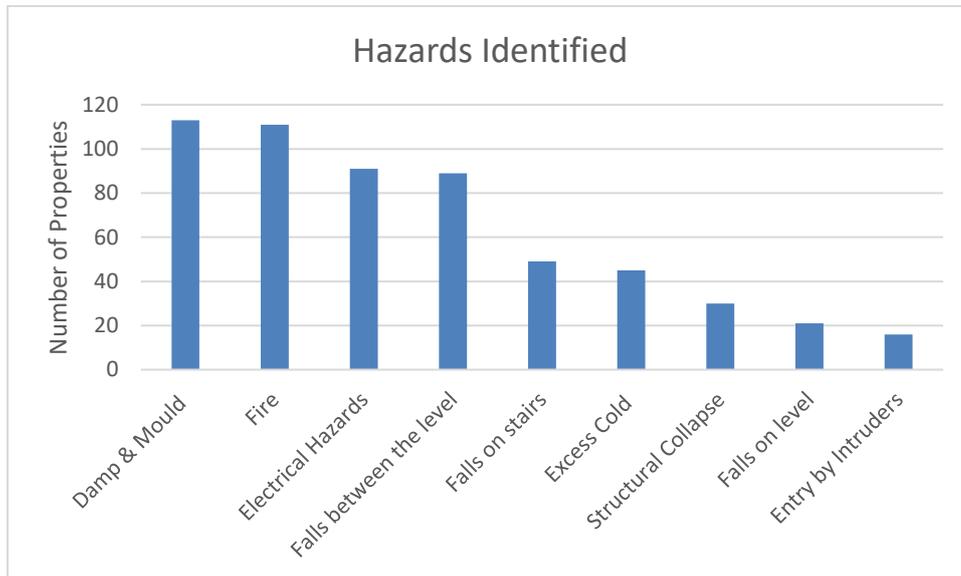


Figure 1- Hazards Identified during Inspections

- 5.9. Since the start of the scheme 10 HMOs have been identified; 2 are licensable HMOs which have now been licensed and 8 are not licensable, but still required to meet additional standards for HMOs. Due to the multi-occupancy status, HMOs are deemed high risk properties, especially in relation to fire. They are required to meet higher standards compared to single occupancy properties, however these are often ignored. Unless we get notified of these properties or are able to find them then we are unable to ensure that the standards are sufficient. The selective licensing scheme has enabled us to identify 10 of these properties- 2 of which were unlicensed and have now been brought into line with the standards required for HMOs. This, along with any future selective licensing designations enable us to work towards proactively ensuring that all properties meet the required standards so that occupants are living in satisfactory accommodation.
- 5.10. There is evidence of significant growth in the amount of shared supported accommodation, which has resulted in a relatively high number of complaints and an increase in lost Housing Benefit subsidy. A project plan to maximise VFM and improve pathways out of supported housing was approved by Cabinet in June 2021 in response. An objective of this plan is to investigate and enforce where organisations in this sector are not meeting the required standards. The selective licensing scheme is recognised as supporting this objective, with the evidence underpinning the proposed Article 4 direction being used to explore potential ways that selective and additional licencing can be introduced and monitored in the borough, including addressing the impacts of increasing numbers of unregulated supported exempt providers.

² 207 out of 321 inspections have identified hazards

5.11. Figure 2 shows how compliance with the scheme has developed over the 4 years with a relatively positive uptake in the first 2 years with the majority of applications being received in years 1 and 2. In years 3 and 4 100% of valid applications had been granted a Selective Licence and in year 4 the number of valid applications has increased from 96% in year 3 to 99% in year 4.

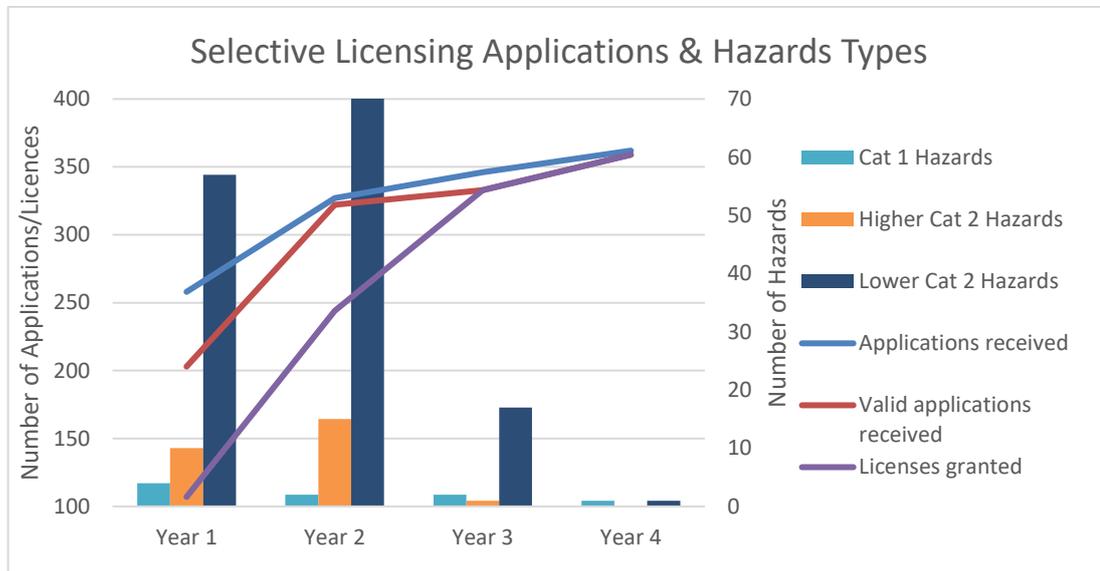


Figure 2- Number of applications and hazards per year

5.12. 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 99%³, there are still 3 properties that have not submitted valid applications and 5 properties that are being investigated for not submitting an application, however this has reduced from 15 in year 3.

5.13. Whilst there has been a reduction of inspections and revisits due to Covid-19 restrictions, compliance with the scheme has increased, and there has been no significant increase of complaints within the area or an increase in homelessness figures.

5.14. This review demonstrates that the designation is tackling the poor housing conditions within the selective licensing area, with the vast majority of rented properties being licensed, or in the process of a licence being issued.

5.15. The current licensing designation ends on 11 September 2022 which means that all licences granted will end on this date, irrespective of the date on the licence. To consider whether the scheme should be continued it is recommended that a consultation is commenced in January 2022. This will provide sufficient time for a 10 week consultation to be completed and considered followed by the 3 month designation process prior to the current designation ending. This will provide a seamless transition of the licensing scheme and enable those licences with an end date after the 11 September 2022 to continue into the re-designated (extended) licensing scheme.

³ Number of applications received (362) compared to total number of valid applications (359)

6. Future Selective Licensing Designation

- 6.1. On 20 January 2020 a consultation for the expansion of selective licensing was commenced to consider the designation of specific streets where the highest amount of housing complaints are received. This included Shobnall Street, Waterloo Street, Goodman Street, Branston Road and Uxbridge Street.
- 6.2. A draft consultation response document is provided in Appendix 1.
- 6.3. The consultation period continued for 10 weeks and ended on 30 March 2020, however a meeting was requested by Landlords that wished to speak to Leaders of the Council about the proposal. Due to restrictions imposed by Covid, we were unable to arrange the meeting at that time and advised that a meeting would be held once restrictions had been lifted.
- 6.4. The designation process was put on hold in accordance with guidance issued by the MHCLG on 28 March 2020. This guidance has now been removed and therefore the process of designation can recommence.
- 6.5. It is recommended that the requested meeting with the Leaders of the Council is held during the 10 week consultation period detailed in 5.15 to provide alignment of the existing selective licensing scheme in the east of Anglesey and the proposed expanded scheme covering Shobnall Street, Waterloo Street, Goodman Street, Branston Road and Uxbridge Street. It is proposed that it is held at the Town Hall and restricted to 100 attendees using a pre-booked ticketing system to ensure numbers are controlled.
- 6.6. The consultation response document in Appendix 1 will be updated with any representation made during this meeting.

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:
- 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	2020/21	2021/22
Selective Licensing Fee Income	£36,662	£64,047	£24,148	£15,036	£2,180
Transfer of HMO funds allocated in error previous year	£0	£0	£0	(£1,100)	£0

Total Selective Licensing Fee Income	£36,662	£64,047	£24,148	£13,936	£2,180
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- 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.
- 7.5 The financial implications of any extension of the selective licensing designation beyond 11 September 2022 will be considered within the relevant report/s. The consultation costs are being met from existing resources allocated within the MTFS.

8. Risk Assessment and Management

- 8.1. The main risks to this Report and the Council achieving its objectives are as follows:
- 8.2. Positive (Opportunities/Benefits):
- 8.2.1. Improved housing conditions and a reduction in overcrowding
 - 8.2.2. Improved image and perception of the area making it a more desirable place to live
 - 8.2.3. Improved ability and assistance for landlords to deal with rogue tenants
 - 8.2.4. Reduction in crime and anti-social behaviour
 - 8.2.5. Improved waste management/reduction in overgrown gardens
 - 8.2.6. Increased number of compliant landlords
 - 8.2.7. Higher standards of management by ensuring landlords and agents are clear about their responsibilities
 - 8.2.8. Identification of non-compliant/rogue landlords
- 8.3. Negative (Threats):
- 8.3.1. Impact on neighbouring areas due to unprofessional landlords or challenging tenants moving into surrounding areas
 - 8.3.2. Insufficient fee to cover costs.
 - 8.3.3. Lack of compliance from landlords
 - 8.3.4. Insufficient management and monitoring of the scheme
- 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:
Caroline Elwood*

- 9.1. The main legal issues arising from this Report are as follows.
- 9.2. All properties within the Selective Licensing area are continually being reviewed to identify unlicensed properties. A combination of land registry data, council

tax information and tenancy deposit scheme data is used to identify the location of owners and a proportionate enforcement approach is followed to ensure landlords comply with the scheme. Where this is unsuccessful further investigations are 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. 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 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.

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. The original equality and health impact assessment was completed prior to the approval of the scheme which has been reviewed.
- 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. 5.8 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 approve the ongoing designation of the selective licensing pilot scheme until 11 September 2022 and annual review to be undertaken in 2022 in accordance with the Selective Licensing Policy.

- 13.2. To approve a consultation to consider re-designating (extending) the current selective licensing area in the eastern area of Anglesey for a further 5 year period.
- 13.3. To arrange and host a meeting for landlords to discuss the future selective licensing designation with Leaders of the Council which will be held during the 10 week consultation that will commence in January 2022.

14. Appendices

- 14.1. Appendix 1- Selective Licensing Consultation Response