

NORTH LINCOLNSHIRE COUNCIL

CABINET

SELECTIVE LICENSING OF PRIVATE RENTED ACCOMMODATION

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 This report provides an overview of the provisions of the Housing Act 2004 that allows councils to introduce a scheme for the selective licensing of private rented accommodation.
- 1.2 It seeks approval subject to progress towards the introduction of selective licensing including the development of a business case and the undertaking of a public consultation at the earliest possible opportunity.

2. BACKGROUND INFORMATION

- 2.1 Selective Licensing was introduced by the Housing Act 2004. It allows a council to designate areas for selective licensing. A general consent order allows councils to make their own designations (subject to certain criteria being met) without approval by the Secretary of State.
- 2.2 Selective Licensing is a discretionary licensing scheme. The scheme requires all private landlords within a designated area to operate under the terms of a licence. Licence conditions typically cover matters related to the property being safe and well managed. A licence usually lasts for 5 years.
- 2.3 Councils have to seek consent from the Secretary of State for any schemes which would cover more than 20% of their geographical area or would affect more than 20% of privately rented homes.
- 2.4 In order to respond to the concerns being voiced within our communities, the criteria for designation have been widened to include: -
 - Poor property conditions
 - Large amounts of inward migration
 - Problems of antisocial behaviour
 - A high level of deprivation, and/or
 - High levels of crime
- 2.5 In producing a business case and before starting a period of public consultation, we will need to consider the following: -

- Any alternative means of addressing the issues, and
 - Whether selective licensing fits with our overall housing strategy and relevant policies on homelessness and empty dwellings.
- 2.6 A variety of studies have been undertaken to evaluate the impact of Selective Licensing schemes including an “Evaluation of the impact of HMO and Selective Licensing” by the Building Research Establishment 2010. The summary of the findings of this study is attached as an appendix to this report.
- 2.7 Information collated from the 2011 Census, the Index of Multiple Deprivation (IMD) and our own records regarding enforcement appears to show a relationship between high levels of private rented accommodation, migration, deprivation, poor housing conditions and levels of crime and anti-social behaviour.
- 2.8 Within North Lincolnshire, an area particularly associated with significant levels of private rented accommodation, poor housing conditions, high crime and enforcement levels, amongst other things, is Scunthorpe North and in particular, parts of Town and Crosby and Park Wards. This is the area that we initially suggest as a suitable area for the introduction of selective licensing (see appendix two for a map of the area under consideration).
- 2.9 Within this area, Selective Licensing, along with a robust and coordinated approach to enforcement, could be an effective way of improving conditions, encouraging inward investment and driving up standards.
- 2.10 Selective Licensing would require landlords to manage their properties effectively, including the enforcement of tenancy conditions. In so doing, we would hope to establish a proactive, partnership based approach between landlords and statutory agencies to effectively tackle anti-social behaviour. Other Councils have, for example, used fee income to pay for an anti-social behaviour co-ordinator to work with landlords to tackle problem tenants.
- 2.11 A major aim of a selective licensing scheme would be to deal with issues in a proactive way. Consequently, the likelihood of landlord and tenant conflict is reduced far more effectively than can be achieved through enforcement or voluntary accreditation and is more likely to prove sustainable.
- 2.12 The business case for Selective Licensing needs to be robust. Some councils have been subject to successful legal challenge by landlords because their business cases have been inadequate or their consultation exercise insufficient. Our business case will need to cover the following areas:
- The case for Selective Licensing (drawing upon a broad range of data, including comparisons, down to street level where possible);
 - The area(s) to be covered by such a scheme;
 - The nature of the scheme,
 - The resource implications (including staffing implications),
 - The role of a multi-agency team supporting delivery,
 - The potential fee structure,
 - The public consultation.

2.13 We have to undertake a public consultation exercise before we can introduce licensing. Together with North East Lincolnshire Council, we are looking to procure an external support to carry out the consultation exercise.

3. OPTIONS FOR CONSIDERATION

3.1 To agree subject to consultation to take forward the option of selective licensing in parts of North Lincolnshire.

3.2 To approve that work is progressed in developing a business case by 1 October 2017.

3.3 To approve the progress of a public consultation exercise to commence by 1 November 2017.

4. ANALYSIS OF OPTIONS

4.1 Selective licensing allows us to attach conditions to a licence and by so doing, regulate the private rented market, improve housing conditions and promote better standards of management. Selective licensing is a proactive tool to help control conditions in the private rented market and as a consequence help create a more sustainable market and area. To not consider this as an option would result in a reactive approach to the problems highlighted, less integrated with other services. The resource would be much less coordinated and the effort would not produce the same overall benefits to the community.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 Financial – there are no financial implications that arise from this report at this time. However, should we decide to introduce Selective Licensing then this would have some significant financial implications for the Council. These implications should be considered fully as part of the business case but in simple terms, the costs associated with the administration of the scheme are recovered in full from charging landlords a licence fee.

5.2 Staffing Issues – the biggest issue around selective licensing is resourcing it, particularly the necessary checks at the time of licensing and through the life of the scheme. The business case will need to look in some detail at the resource implications but one option to consider would be co-regulation, which would allow us to work with a suitable partner organisation to help administer the scheme.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

6.1 An impact assessment has not been completed, but will be required when a decision is made to declare an area.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

7.1 We have raised the issue of selective licensing with some of our external partners, including Humberside Police. All partners have been supportive of the idea.

7.2 Internally, we have established a cross council working group of officers. All are supportive and will help towards developing a robust business case.

8. **RECOMMENDATIONS**

8.1 To approve, subject to consultation, to take forward selective licensing within parts of North Lincolnshire.

8.2 To approve that work is progressed to develop a business case by 1 October 2017.

8.3 To approve the progress of a public consultation exercise on selective licensing to commence 1 November 2017.

8.4 That the Cabinet Member for Safer, Greener and Cleaner Places be kept updated on progress on this matter and to receive a progress report in October 2017.

DIRECTOR OF OPERATIONS

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Background Papers used in the preparation of this report:-

Shelter – Selective Licensing for local authorities – a good practise guide,

Evaluation of the Impact of HMO Licensing and Selective Licensing by the Building Research Establishment (January 2010),

Evaluation of the Impact of HMO Licensing and Selective Licensing

Building Research Establishment
January 2010

Executive summary

Communities and Local Government commissioned the Building Research Establishment (BRE) to evaluate HMO (houses in multiple occupation) and selective licensing in England. The two-part study began in October 2005 and finished in April 2009. The first phase of the study established a baseline position on HMOs in England before licensing came into force on 6 April 2006. The baseline report was published by Communities and Local Government in August 2007. The second phase of the research started at the end of March 2008. The purpose of this phase of the study was to evaluate HMO and selective licensing by surveying local authorities (LAs) and conducting a detailed evaluation in twelve authorities. This report details the quantitative and qualitative findings of the research. The key findings were:

Selective licensing

At the time of the research, there were eight existing designations operated by six LAs. An additional 28 LAs who responded to the survey were considering applying for selective licensing; 11 of these expect to apply within a year.

The main barriers to applying for a designation are: the criteria are too narrow and tightly specified; lack of resources to research and compile the evidence; and uncertainty about whether problems will be deemed to be severe enough.

The consultation process for selective licensing was extensively criticised by landlords in a number of case study areas. More widely, LAs need to consider how they communicate with all stakeholder groups about the need for licensing and its implementation; in particular, how they can bring different interest groups together.

The schemes in the three case study authorities with a designation were all operating differently. The approach of issuing a licence without first inspecting the property was criticised by landlords, tenants and residents and makes it more likely that landlords will fail to apply for all, or some of, their properties, as they think they can get away with it.

In all three case studies with a designation, selective licensing was being implemented as part of a wider package involving regeneration, landlord support and initiatives to deal with anti-social behaviour (ASB) using effective joint working relationships with other departments and agencies. Regular meetings with residents' associations and having one or two named points of contact for all matters were an important feature in two areas.

APPENDIX ONE

Because of the different approaches, situations and linked initiatives in the three case study areas it is difficult to assess the impact of selective licensing per se and in general. Also, the schemes had been in operation for a year or less at the time of the case study interviews. The biggest impacts of licensing appear to have been on standards of management; in particular by providing referencing or vetting services for tenants and requiring written tenancy agreements in the terms and conditions.

Poor management still exists in these three areas, although none had applied for any interim management orders largely because of the amount of resources required and risk inherent in the process.

The impact of selective licensing on ASB is difficult to assess because much of the work is done by other agencies (particularly social services and the police) and one single case can have a profound impact on a small local area. The case study authorities have provided a number of success stories and good practice procedures. They have also highlighted the need to work more closely with social landlords in the licensing and adjacent areas to ensure that the good practice and intensive effort put into dealing with ASB in the private sector is not compromised by ASB caused by social rented tenants.

One of the key concerns expressed in the baseline was that selective licensing of one area would displace problems to another area. As yet, there is no evidence that this has happened in any of these three areas.

Although it is difficult to assess the impact of selective licensing in isolation; it does appear to have added three main things in the case study areas:

- It has helped to safeguard investment in regeneration by dissuading purchase of properties in these ‘cheap’ areas by short term investors with little interest in providing decent homes for people in the local community.
- It has also started to compel landlords who were unwilling to join voluntary accreditation schemes (the majority of landlords in these areas) to improve the standards of management and property conditions.
- The tenancy agreement, combined with referencing, has also provided a way of persuading those causing ASB to mend their ways, otherwise they risk losing their home and any prospect of finding good accommodation in the same area.

The case studies have highlighted many examples of good practice and failed initiatives which could valuably be shared by those with current designations and also those considering selective licensing schemes. It may be useful to provide a forum where LAs could network and share this.

The main things preventing licensing playing a bigger role in transforming these areas are the overall level and security of resources. It is not self-financing and expecting it to be so would transform it into an administrative exercise that would have little impact on the communities it was brought in to help.

There are also major concerns that five years is nowhere near long enough to effect change that would be self-sustaining in the medium to longer term.