



EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	Selective Licensing Scheme Evaluation- 5 th year review	To be marked with an 'X' by Democratic Services after report has been presented
Meeting of:	Corporate Management Team 19 October 2022	X
	Leader and Deputy Leaders 24 October 2022	X
	Leader's / Leader of the Opposition's Advisory Group / Independent Alliance Advisory Group 2 November/ 3 November 2022	X
	Cabinet 15 November 2022	
	Audit Committee [DATE] / Scrutiny Community Regeneration Committee [DATE] / Scrutiny Environment and Health and Well Being Committee [DATE] / Scrutiny Value for Money Council Services 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: If so, please state relevant paragraph from Schedule 12A LGA 1972:	NO []

Essential Signatories:

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

Monitoring Officer: **John Teasdale**

Date Signature

Chief Finance Officer: **Sal Khan**

Date Signature

EAST STAFFORDSHIRE BOROUGH COUNCIL

Report to Cabinet

Date: 15 November 2022

REPORT TITLE: Selective Licensing Scheme Evaluation- 5th year

PORTFOLIO: Communities and Housing Standards

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 fifth year of operations of the Selective Licensing Scheme Pilot.

2. Executive Summary

2.1. Selective Licensing was designated in September 2017 following Cabinet approval in June 2017. It aimed to improve the condition and management of privately rented accommodation in the eastern area of Anglesey.

2.2. The selective licensing scheme lasts for 5 years and ended on 11 September 2022 at which time all granted licenses ended.

2.3. This report provides a final review and evaluation of the Selective Licensing Pilot Scheme designated in 2017.

2.4. The scheme has been reviewed annually and has demonstrated ongoing compliance with the licensing requirements with the vast majority of properties being granted a licence. Whilst the third and fourth years of the scheme were significantly affected by Covid, the final year has secured a high number of inspections and revisits which have found a high number of cat 2 hazards but a reduction in cat 1 hazards¹. Several properties have been identified that remained unlicensed at the end of the scheme, along with some properties that

¹ Cat 1 hazards are a serious and immediate risk to a person's health and safety. Cat 2 hazards are less serious or less urgent

had not complied with the improvements raised during earlier inspections. These will be progressed as a priority in the new selective licensing scheme 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. Since the start of the scheme we have granted 371 Selective Licenses and undertaken 539 inspections and revisits. 71% of inspections have identified hazards, with fire safety, damp and mould, electrical hazards and falls being the most common hazard identified. 67 properties were found to be unsatisfactory and 318 properties required improvements. 7 enforcement notices have been served along with 4 Civil Penalties as an alternative to prosecution.
- 2.7. 10 HMOs were identified, 2 of which were licensable, and complaints relating to ASB have reduced. There has been no increase in homelessness, but there has been turnover of properties, although these have remained within the private rented sector.
- 2.8. The scheme also identified issues in relation to a lack of communication between the landlord, tenant and agent and tenants reported that disrepair works that had been reported to landlords previously had been undertaken once the scheme went live.
- 2.9. The scheme has been found to have improved the working relationship between council officers, landlords and tenants. The number of landlords that attend the landlord's forum has increased and a selective licensing officer is now available for advice on compliance and assistance with rogue tenants. This has resulted in landlords and agents being made aware of their responsibilities for managing their properties. However, the level of compliance in undertaking these improvements requires improvement; future inspections will therefore focus on ensuring that landlords undertake all works required during the new selective licensing scheme.

3. Background

- 3.1. The Selective Licensing Scheme Pilot was approved by Cabinet in June 2017 to improve the 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 ended on 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 currently the only proactive approach that provides resources to target, monitor and improve housing conditions.

- 3.3. It is more conducive to good landlords but provides an environment that is less opportunistic and attractive for poor and criminal landlords. Since introducing selective licensing we have found that landlords become more likely to comply with standards simply by virtue of knowing that the authority are undertaking proactive work in the area. It also assists landlords in dealing with tenants that choose to cause anti-social behaviour.
- 3.4. A Selective Licensing Policy was adopted setting out how the scheme will be delivered. 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.
- 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.
- 3.6. Following the success of the scheme a decision was made to designate a selective licensing scheme for the following streets; Blackpool Street, Branston Road, Broadway Street, Goodman Street, King Street, Queen Street, Shobnall Street, Uxbridge Street and Waterloo Street. This was designated on 12 September 2022 and includes and extends some streets from the original 2017 scheme, including Blackpool Street, Branston Road, Broadway Street, King Street and Queen Street.

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- 5th Year

- 5.1. The Selective Licensing Scheme aimed to improve the condition and management of privately rented accommodation in the eastern area of Anglesey, with benefits anticipated to include:
 - 5.1.1. Higher standards of management by ensuring landlords and agents are clear about their responsibilities
 - 5.1.2. Better housing conditions and a reduction in overcrowding
 - 5.1.3. Improved image and perception of the area making it a more desirable place to live
 - 5.1.4. Improved ability for landlords to deal with rogue tenants
 - 5.1.5. Reduction in crime and anti-social behaviour
 - 5.1.6. Improved waste management/reduction in overgrown gardens
 - 5.1.7. Increased number of landlords that are part of an accreditation scheme
- 5.2. 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 the 5 year period:

Monitored Activity for Selective Licensing					
	Year 1	Year 2	Year 3	Year 4	Year 5
Number of licence applications received (Cumulative Total)	258	327	346	362	380
Number of valid licence applications received (Cumulative Total)	203	322	333	359	371
Number of invalid/unpaid applications (at year end)	55	5	13	3	9 ²
Number of licenses granted (Cumulative Total)	107	244	333	359	371
Number of licenses revoked (per year)	0	0	3	6	4
Number of temporary exemptions (Cumulative Total)	1	4	4	3	0
Number of licenses varied	0	0	0	0	0
Number of Cat 1 hazards identified (Total properties per year)	4	2	2	1	0
Cumulative Total over 5 year scheme duration					9 properties
Number of high Cat 2 hazards identified (Total properties per year)	10	15	1	0	32
Cumulative Total over 5 year scheme duration					58 properties
Number of lower Cat 2 hazards identified (Total properties per year)	57	152	17	1	91
Cumulative Total over 5 year scheme duration					318 properties
Review of anti-social behaviour complaints (ESBC records per year)	3	1	2	1	2

² New applications due to a recent change of ownership

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)	5 (1 long term empty, 4 undergoing renovation works)
Review of complaints regarding overgrown gardens/rubbish (Total complaints per year)	21 (Increased reporting from 7 complaints in previous period)	16	18	13	23
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	0
o Number of management orders	0	0	0	0	0
o Number of prosecutions/ Civil Penalties	0	3 ³	1	0	0

5.3. The average licence fee paid over the 5 years is £390 which rose from £345 in year 1 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.

5.4. The following discounts were granted:

- 149 Introductory discounts
- 137 Multiple property discounts
- 44 Accredited landlord discounts

5.5. Since the beginning of the scheme 9 properties have been identified with category 1 hazards and 58 properties have identified high category 2 hazards which require remedial action to remove the hazards⁴.

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

⁴ Cat 1 hazards are a serious and immediate risk to a person's health and safety. Cat 2 hazards are less serious or less urgent

- 5.6. 91 inspections and 32 revisits have been undertaken in the final year with several properties demonstrating a lack of compliance with identified improvement works. These will continue to be monitored in the current selective licensing scheme.
- 5.7. Over the 5 years, a total of 539 inspections and revisits have been undertaken in properties, for which 71% have identified hazards that affect the health and safety of the occupants. The most common hazards are shown below in figure 1.

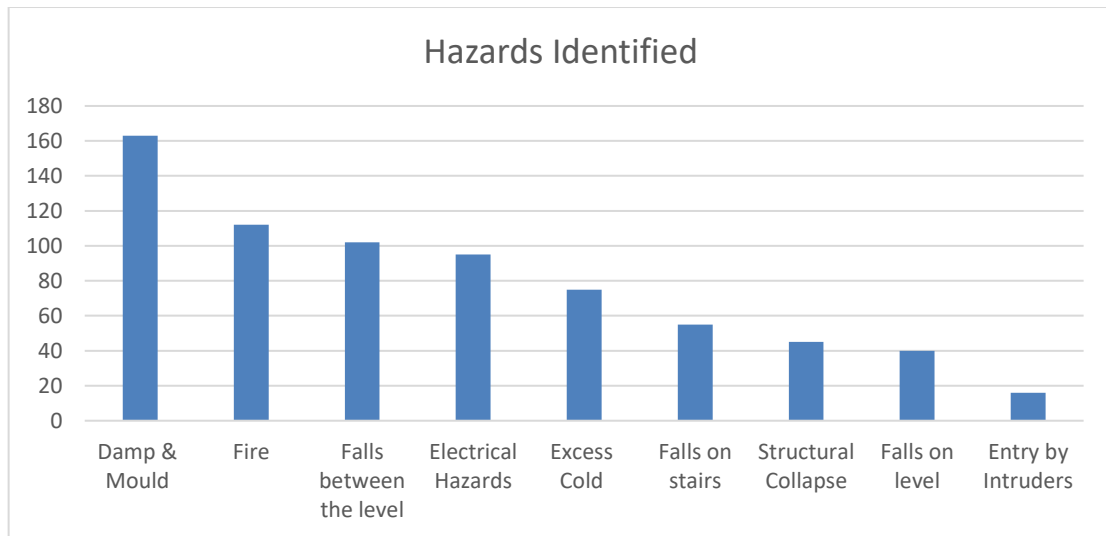


Figure 1- Hazards Identified during Inspections

- 5.8. 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 bought into line with the standards required for HMOs.
- 5.9. Over the 5 years we have not identified a significant increase in homelessness which was a concern raised at the start of the scheme. We have however identified a number of properties that have been sold during the period of the selective licensing scheme, which has resulted in a higher level of licenses being granted than was originally anticipated, as the majority of these properties have remained in the rented sector. This demonstrates that the scheme has not had a negative impact, and is working to improve the image of the area making it a more desirable place to live.
- 5.10. The number of ASB complaints has also remained low, however there has been an increase in overgrown garden/waste complaints. A third of these complaints are repeat complaints and have been addressed on a case by case basis

however further work is needed to ensure the landlords take responsibility to manage and reduce these issues.

5.11. Figure 2 shows how compliance with the scheme has developed over the 5 years with a relatively positive uptake in the first 2 years and the majority of applications being received in years 1 and 2. In years 3-5 100% of valid applications had been granted a Licence and in year 5 the number of valid applications dropped slightly to 98% from 99% in year 4, which was due to recent changes in ownership. These properties fall within the new selective licensing scheme that began 12 September 2022 and are currently being processed.

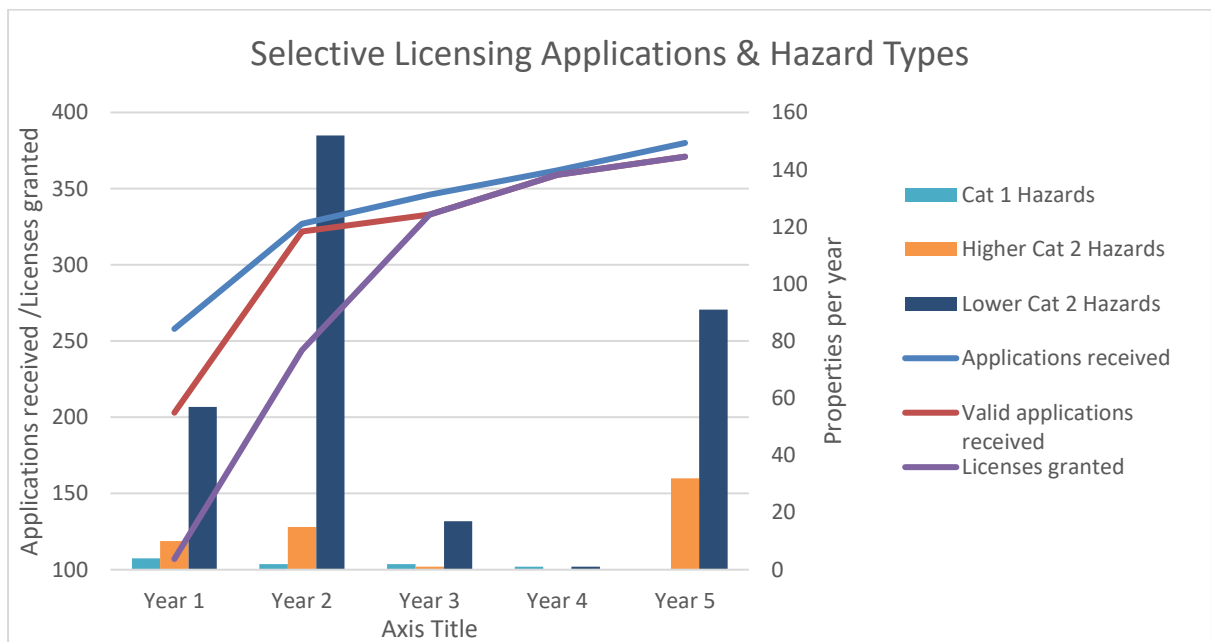


Figure 2- Number of applications and hazards per year

5.12. The impact of Covid-19 is clearly reflected in years 3 and 4 where inspections and revisits were restricted. Whilst the number of Cat 1 hazards have reduced following year 3, the number of category 2 hazards has risen.

5.13. This review demonstrates that compliance has increased over the duration of the scheme, with an improvement in housing conditions. This can be seen in the reduction in significantly poor housing conditions, however a number of landlords have failed to improve the standard of their properties. These properties will continue to be monitored in the new selective licensing scheme and where required enforcement action will be taken to secure an improvement.

5.14. Officers have continually monitored the area for property sales and purchases to ensure that any new landlords are aware of and comply with the scheme. The used of Civil Penalties and enforcement notices has also aided in ensuring landlords apply in a timely manner and we have built some good working relationships with the managing agents to assist in educating landlords about their legal duties.

5.15. Over 500 properties have been inspected, which has improved the working relationship between council officers, landlords and tenants. We have had an increased number of landlords that attend the landlord's forum and landlords have access to a selective licensing officer for advice on compliance and assistance with rogue tenants. This has resulted in landlords and agents being made aware of their responsibilities for managing their properties, as the majority of landlords have been advised of works that are needed to improve their properties. However, the level of compliance in undertaking these improvements requires improvement; future inspections will therefore focus on ensuring that landlords undertake all works required during the new selective licensing scheme.

6. Financial Considerations

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

- 6.1. The main financial issues arising from this Report are as follows:
- 6.2. The selective licensing scheme identified fees to recoup the total costs of the scheme adopted over the schemes 5 year duration.
- 6.3. At the end of the 5 year designation, the following income has been received through Selective Licensing Fees.

Selective Licensing Income	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Selective Licensing Fee Income	£36,662	£64,047	£24,148	£15,036	£4,726	£2,746
Transfer of HMO funds allocated in error previous year	£0	£0	£0	(£1,100)	£0	£0
Total Selective Licensing Fee Income	£36,662	£64,047	£24,148	£13,936	£4,726	£2,746

7. Risk Assessment and Management

- 7.1. The main risks to this Report and the Council achieving its objectives are as follows:
- 7.2. **Positive** (Opportunities/Benefits):
- 7.3. Positive (Opportunities/Benefits):
- 7.3.1. Improved housing conditions and a reduction in overcrowding
 - 7.3.2. Improved image and perception of the area making it a more desirable place to live
 - 7.3.3. Improved ability and assistance for landlords to deal with rogue tenants
 - 7.3.4. Reduction in crime and anti-social behaviour
 - 7.3.5. Improved waste management/reduction in overgrown gardens

- 7.3.6. Increased number of compliant landlords
- 7.3.7. Higher standards of management by ensuring landlords and agents are clear about their responsibilities
- 7.3.8. Identification of non-compliant/rogue landlords

7.4. **Negative (Threats):**

- 7.4.1. Impact on neighbouring areas due to unprofessional landlords or challenging tenants moving into surrounding areas
- 7.4.2. Insufficient fee to cover costs.
- 7.4.3. Lack of compliance from landlords

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

8. **Legal Considerations**

*This section has been approved by the following member of the Legal Team:
John Teasdale*

8.1. The main legal issues arising from this Report are as follows.

8.2. All properties within the Selective Licensing area have been continually reviewed to identify unlicensed properties. A combination of land registry data, council tax information and tenancy deposit scheme data has been used to identify the location of owners and a proportionate enforcement approach was followed to ensure landlords comply with the scheme. Where this is unsuccessful further investigations have been undertaken with a view to taking enforcement against those that flout the law in relation to selective licensing.

8.3. 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.

8.4. 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 have assisted in the enforcement of the scheme, further reducing the costs of any required legal action due to non-compliance for those that persistently fail to comply with housing legislation.

9. **Equalities and Health**

9.1. **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.

9.2. **Health impacts:** The outcome of the health screening question does not require a full Health Impact Assessment to be completed. An equality and health impact assessment is not required.

10. **Data Protection Implications – Data Protection Impact Assessment (DPIA)**

10.1. A DPIA must be completed where there are plans to:

- use systematic and extensive profiling with significant effects;
- process special category or criminal offence data on a large scale; or
- systematically monitor publicly accessible places on a large scale
- use new technologies;
- use profiling or special category data to decide on access to services;
- profile individuals on a large scale;
- process biometric data;
- process genetic data;
- match data or combine datasets from different sources;
- collect personal data from a source other than the individual without providing them with a privacy notice ('invisible processing');
- track individuals' location or behaviour;
- profile children or target marketing or online services at them; or
- process data that might endanger the individual's physical health or safety in the event of a security breach

10.2 Following consideration of the above, there are no Data Protection implications arising from this report which would require a DPIA

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 contents of the report and approve the annual review of the new selective licensing scheme in accordance with the selective licensing policy.