

Report To:	SCRUTINY PANEL A	Date:	14 OCTOBER 2021
Heading:	SCRUTINY REVIEW: TENANCY SUPPORT		
Portfolio Holder:	NOT APPLICABLE		
Ward/s:	ALL		
Key Decision:	NO		
Subject to Call-In:	NO		

Purpose of Report

The purpose of this report is to present Panel Members with the information considered at the previous informal working group regarding the Selective Licensing Scheme Review in addition to details of the report on the original implementation of the Scheme five years ago. This report will also ask Members to identify how

Recommendation(s)

Scrutiny Panel A Members are recommended to:

- a. Note the information contained within this report.
- b. Identify how the Panel can contribute to the ongoing review of the Selective Licensing Scheme.
- c. Agree next steps required to progress the review, including appropriate Officer involvement and information needed.

Reasons for Recommendation(s)

Tenancy Support was added as a topic to the Scrutiny Workplan at the November 2020 meeting of the Overview and Scrutiny Committee.

Alternative Options Considered

No alternative options have been considered at this stage.

Detailed Information

SELECTIVE LICENSING SCHEME REVIEW

At an informal working group meeting of Scrutiny Panel A on 14 September 2021 Members were presented with detailed information on the Selective Licensing Scheme and the review process the Scheme is undergoing presently.

Please see below details of the presentation given by the Service Manager for Strategic Housing & Lettings and the Environmental Health Team Leader, for the benefit of those Members that were unable to attend the working group, and as a refresher for those that did.

Benefits for Landlords:

- Reduced turnover of tenants in the designated areas.
- Set out clear explicit standards for landlords, agents, and tenants in a regulated sector.
- Support, education, and guidance services have been provided for both landlords and tenants.
- The profile and public image of the designated areas has been raised encouraging tenants into the market and reputable investment.
- Tenants are more aware of their responsibilities for maintaining their tenancies.
- Improved rental and property values.
- Improved image and perception of the designated areas.
- Created a level playing field - decent landlords will not be undercut by an unscrupulous minority.
- Poor landlords are being pushed out of the area, either because they are unwilling to improve their properties condition or because they are issued with financial penalties and are unable to hold a license.
- Allows reputable landlords further opportunity for investment.

Benefits for Tenants:

- All licensed landlords and agents operating in the area are fit and proper and can manage property.
- More professional landlords bring about improvements to the quality and management of property.
- Tenants have seen economic benefits, reduced heating costs, and improved likelihood of regaining any deposit paid.
- Improvements to the neighbourhood have benefited private tenant's security and sense of community.

- Support, education, and guidance services have been provided for both landlords and tenants.
- Tenants have benefited from a guarantee of safer, healthier, and well managed housing.
- Improved the physical conditions of the housing stock to ensure that they are free from category 1 hazards as defined in the Housing Act 2004 to protect the health, safety, and welfare of the occupants.
- Better management practices have helped to increase the length of tenure and reduce incidence of unplanned moves or homelessness.

Benefits for the District:

- Reduced the number of empty properties within the designated areas.
- Ensured that both landlords and tenants can be held accountable.
- Generated licensing income of circa £225k to enable a proactive response to issues in the locality. Tackling issues in the area has not taken a disproportionate number of day-to-day resources, thus impacting on service delivery.
- Making it easier to involve landlords in wider strategies including crime reduction initiatives and local spatial strategies.
- Protecting vulnerable groups who are often occupiers of privately rented accommodation which is poorly managed.
- Generated income from successful Civil Penalties which is used to continue proactive work through the district.

Benefits for the Council:

- Landlords who have not responded to any previous measures such as registration schemes have been required to engage with Housing Enforcement Officers.
- Bad landlords have been forced to improve their practices or leave the market.
- The Council has gained extensive knowledge about private renting in part of the District. This has enabled targeted enforcement and support to landlords.
- Landlords and their agents are readily identifiable.
- The licence fee covers the costs of the scheme.
- Income generated from offences through civil penalties can be used to improve housing in areas outside of the designation and allow for more proactive work.

Housing Improvement

There have been 600 inspections in the designated Selective Licensing areas to date. Of these 600 inspections, 561 have required a Housing Health and Safety Rating System (HHSRS) inspection.

157 properties meet the HHSRS standards. There are 404 properties failing to meet the HHSRS standards. 98 properties have been identified as having category 1 hazards, where 400 properties have been identified as having category 2 hazards.

338 properties have had improvements made to ensure electrical installations meet required standards. 195 properties have had energy efficiency improvements made to boilers, windows, roofs, and insulation. 98 properties have been identified as high risk.

Empty Properties

In 2017, there were 21 identified empty residential properties within the designated areas. In 2021, there are 6 identified empty properties within the designated areas, with 2 currently for sale.

Licenses

Approximately 650 properties with the designated areas have been estimated to require a license under the Selective Licensing Scheme. To date:

- 620 licensing have been issued.
- 3 licences have been refused due to the proposed license holder not being deemed fit and proper.
- There are 12 pending civil penalties for failure to license.
- 3 landlords have been issued penalties for breach of licensing.
- 3 landlords are no longer deemed fit and proper.

Extending Licensing in the Designated Areas

- Encourage landlords to continue with good management of properties.
- Prevent rogue landlords investing in the area.
- Give the Council greater powers for dealing with substandard properties and poor management.
- The Council is not solely reliant on HHSRS for enforcing and breaches are strict offences which can be dealt with by means of civil penalties of up to £30,000 dependent on the severity.
- Money from non-compliance can be invested into other areas of the district and to fund proactive work in the private rented sector.
- Gives greater powers to support partner agencies dealing with other illegal activities (examples of this are recent work with both Trading Standards and Police).
- Little cost to the Council to implement.
- New more efficient application procedure.

- Embedded procedure to deal with breaches and failure to license.

SELECTIVE LICENSING IMPLEMENTATION

A report was presented to Cabinet in September 2016 detailing the original implementation of the Selective Licensing Scheme and the consultation exercises that took place at that time.

The recommendations presented to Cabinet at that time were as follows:

- To accept that there is evidence and considerable public support for the selective licensing of private rented properties in identified areas within the District.*
- That Council be recommended to formally designate the areas of Stanton Hill and Sutton Central as Housing Act 2004 Part 3 Selective Licensing areas.*
- To note that, following a decision to introduce a Selective Licensing Scheme, a public notification period of 3 months is required by statute ahead of implementation to communicate the decision to consultees and the public.*
- To agree and support the financial implications of implementing a Selective Licensing Scheme (including the proposed fees of £350 for a license for 5 years).*
- That Council recognise the risks in relation to the unknown elements of delivery of the Scheme and that we commit to undertake a review to ensure the fees and resources deployed to the Scheme are appropriate, and to enable further recommendations to be made to Cabinet as necessary after 12 months.*

The report goes on to detail that:

“Selecting Licensing is an important component of the Council’s wider regeneration strategy. It is the only option available to local authorities that compels landlords to look at how they manage their rented properties and where required, make improvements to their management practices. It is important that the significant investment from the Council and its partners aimed at improving the physical environment and economic conditions of the area are supported by this initiative. This will ensure that the area is sustainable as a mixed tenure environment with a range of housing options”.

Do Panel Members feel that these reasons are still applicable in 2021 as the Scheme is reviewed?

Further set out within the 2016 report, it is stated that strong evidence existed linking lower house prices in the identified areas of Stanton Hill and New Cross resulted in an influx of some unprofessional landlords purchasing properties to rent. These kinds of landlords often show little interest in managing their properties properly leading to a multitude of issues including increasing anti-social behaviour. Furthermore, inadequate property management leads to prevalent issues such as electrical hazards, damp and mould, fire safety, excess cold, and structural collapse.

Do these same issues persist after 5 years of the Selective Licensing Scheme being in place? Has the Scheme addressed them appropriately?

Statutory Consultation

Prior to implementation of the Selective License Scheme in Ashfield, numerous statutory consultation exercises were undertaken by the Council, and the results are detailed in the 2016 Cabinet report.

Consultation was carried out with landlords, tenants, and local business owners that included:

- A dedicated webpage launched on the 6 May 2016 listing a proposal document and all ancillary advice and documentation.
- An online questionnaire for the three main stakeholder groups.
- A street level leaflet drop to all affected properties and local businesses.
- Officers attended several public drop-in sessions to offer advice and clarification.
- A stakeholder pre-launch event was held.

If the Scheme is to be renewed following the end of the initial term, will there be a similar statutory requirement for consultation exercises? If so, what form will these exercises take?

NEXT STEPS

Following the informal working group where Members gained a baseline understanding of the Selective Licensing Scheme and the ongoing review of the Scheme, next steps for the review need to be identified.

At the informal working group, Members were informed that a report is planned to be presented to a future meeting of Cabinet detailing the evaluation and recommendations of the Selective Licensing Scheme Review. An appropriate next step for the Panel may be to present comments to Cabinet at the same time as the Selective Licensing Scheme Review report is presented.

To enable this, Members would need further information on the detail of the ongoing review and any other measures explored as part of that. Furthermore, Members need to discuss and agree key questions that need to be answered as part of the Scheme's review process.

Implications

Corporate Plan:

The Council's Corporate Plan 2019 – 2023 sets out key priorities and ambitions to be achieved over the coming years. Under the Homes and Housing vision, the following desired outcomes are set out:

- Assist tenants with welfare and monetary advice to increase tenancy sustainment.
- Maintain and increase positive preventative action.
- Increase tenancy sustainment by offering appropriate tenancy support.

Legal:

Panel Members are exploring the legislative requirements the Council must adhere to regarding tenancy support, and now specifically the legislative requirements of the Selective Licensing Scheme as the review shifts focus.

Finance:

There are no financial implications resulting from this report. Members will look to gain a further understanding of the financial implications surrounding the Selective Licensing Scheme and the prospective renewal of the Scheme.

Budget Area	Implication
General Fund – Revenue Budget	None.
General Fund – Capital Programme	
Housing Revenue Account – Revenue Budget	
Housing Revenue Account – Capital Programme	

Risk:

There are no risks identified at this stage of the review.

Human Resources:

There are no HR implications at this stage of the review.

Environmental/Sustainability:

There are no environmental/sustainability implications at this stage of the review.

Equalities:

There are no equalities implications at this stage of the review.

Other Implications:

There are no other implications at this stage of the review.

Reason(s) for Urgency

None.

Reason(s) for Exemption

None.

Background Papers

None.

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