

<b>Report To:</b>	Cabinet	<b>Date:</b>	13 July 2017
<b>Heading:</b>	SELECTIVE LICENSING UPDATE		
<b>Portfolio Holder:</b>	CLLR KEIR MORRISON -PORTFOLIO HOLDER FOR HOUSING AND ASSETS		
<b>Ward/s:</b>	CENTRAL NEW CROSS & STANTON HILL AND SKEGBY		
<b>Key Decision:</b>	Yes		
<b>Subject To Call-In:</b>	Yes		

### **Purpose Of Report**

To update Members on the progress of the Selective Licensing Scheme in Stanton Hill and Sutton Central (New Cross) Areas, including expected licence numbers, current/projected income and highlights of the implementation and operation of the scheme within the designated areas.

To highlight additional administrative support in place and to propose additional Environmental Health Officer (EHO)/Enforcement Officer and on-line application resources for Selective Licencing following re-evaluation of impact, workload and income levels in respect of the Selective Licensing Scheme.

### **Recommendation(s)**

- 1. That Members note the contents of the report.**
- 2. Extend current 15 month secondment Enforcement Officer (Private Sector Enforcement) role to a full two years from commencement of this post in November 2016**
- 3. Create additional full-time EHO role in the Private Sector Enforcement Team for a period of 18 months to further increase the level of resource to the end of year two of the scheme.**
- 4. Allocate a sum of £30,000 to develop an on-line application process for selective licensing.**
- 5. Request a further report in early 2018 providing a further update and to include proposals for adopting similar designations in other parts of the district, subject to both a needs assessment and further evaluation of effectiveness.**

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## **Reasons For Recommendation(s)**

Review of up-to-date information regarding the number of premises that will be subject to Selective Licensing has shown a significant increase in the projected income from this scheme. As well as increasing the administrative burden/support requirements in respect of the scheme, the projected increase in the number of premises that will be subject to licensing will result in a significantly increased workload in terms of undertaking HHSRS inspections of premises and associated action to remedy hazards found in the properties. In addition to this, new Houses in Multiple Occupations (HMO) licensing requirements coming into force later this year will increase the number of HMO licenses that need to be issued. For this reason, an additional EHO/Enforcement Officer resource will give the necessary expertise and capacity to carry out necessary enforcement duties/actions flowing from the licensing scheme. Due to the increased income projected, the costs of the additional resources set out in this report can be met with no additional burden on the general fund.

Moving towards facilitating an on-line application process for selective licenses will reduce the future need for additional administrative resources for the scheme and will help to provide the necessary infrastructure to facilitate on-line payments of other licensing functions.

## **Alternative Options Considered (With Reasons Why Not Adopted)**

**Maintain current level of EHO support for the scheme.** The huge increase in projected premises requiring a licence under the scheme will mean that existing EHO resources are insufficient to cope with the volume, nature and potential complexity of enforcement work associated with implementation of the new scheme.

**Additional Selective Licensing Officer post.** This is not a preferred option as the EHO proposals will provide necessary flexibility/expertise to effectively deal with hazards found during inspections of premises requiring a licence under the selective licensing scheme.

**Not investing in on-line application processes.** This will result in a greater requirement for administrative resource in terms of processing selective licence applications, which is less efficient and not as convenient for the applicants. Should future Selective Licensing areas be implemented in other areas of the district, developing an on-line application process will reduce the administrative burden in respect of the scheme.

## **Detailed Information**

### **Implementation of the Scheme**

Section 80 of the Housing Act 2004 allows local authorities to apply for selective licensing of privately rented properties in areas which are experiencing low housing demand, suffering from anti-social behaviour, poor housing conditions, an influx of migration, high levels of deprivation and/or high levels of crime. The main provisions in respect of selective licensing came into force in April 2006. The same Act also introduced a new licensing regime for Houses in Multiple Occupation (HMOs).

The scheme in Stanton Hill and Sutton Central meets the criteria for the Secretary of State's general approval because the areas together cover less than 20% of the geographical area of the Council and affect less than 20% of privately rented homes in the area.

On 22 September 2016 Cabinet made a decision to designate two Selective Licensing Areas within the Ashfield district. The areas were identified as having sufficient evidence of low-quality properties in chronic disrepair with anti social behaviour and social economic concerns within privately rented accommodation . These were Stanton Hill and Sutton Central.

This followed an extensive statutory consultation exercise, which had confirmed that there was considerable support for the approach, on 22 September 2016, Cabinet recommended that both Stanton Hill and Sutton Central be designated as Selective Licensing areas.

A Public Notice dated 29 September 2016, stated that the designation will come into force on 1 February 2017 and unless revoked under section 84 of the Act, this designation shall cease to have effect on 31 January 2022.

### Key Impacts of the Scheme on Housing Standards Following Implementation

Landlords who are applying for a licence have, in the main, instructed considerable works in their properties to improve standards prior to applying. This includes:

- 36 properties which have been fully re-wired
- 17 properties have had new roofs and new windows
- 8 properties with serious risk have been identified by the Selective Licensing Officers and escalated to the PSE team, who have investigated and mitigated the hazards through advice and enforcement action
- 3 of the 8 properties identified had high risk life-threatening risks including, no heating, dangerous electrical installations, a property that had no repairs for over 30 years and explosion risks.

It can be seen that initial indications are that the implementation of the Selective Licensing areas will have a significant impact in terms of proactively improving the standard of housing in the district and the health and well-being of the occupants due to improvements.

It is also evident that implementation of the scheme is beginning to result in additional enforcement work in respect of poor housing standards in the new Selective Licensing areas. This is at a higher risk level than anticipated with many properties needing to be inspected fully within the first 12 months of the scheme rather than in years 3 & 4 of the scheme. This is further added to by the reduced number of landlords who choose to join an accredited landlord scheme, which identifies risks to the Council directly.

### Emerging Picture of Premises Within the Selective Licensing Areas

The report to Cabinet on 22 September 2016 estimated that there are approximately 1258 homes in the proposed areas of which approximately 463 properties would require a licence under the rules of the proposed scheme.

At the time of writing this report, some 5 months after the scheme coming into force, we have been able to fully establish the following:-

- Around **950** residential properties will require a licence in the two areas. This is a significant increase on the previously estimated numbers of affected properties. Although, this may fluctuate due to existence of single properties, which are in fact multiples. (ie. 4 Somewhere Street is in fact 4a,4b,4c,4d,4e Somewhere Street. So 1 licence becomes 5 in respect of separate dwellings within the property)
- We have engaged with all landlords for those 950 addresses, in relation to the requirement to licence, on more than 5 occasions post consultation.

- In 536 cases, landlords are actively engaged in the licence process.
- 260 applications are being processed by the licensing officers with a total income of around £75,000 at the time of writing this report.
- Revised estimates on projected income for the scheme at around £319,000 (The original Cabinet Report recommending adoption of the scheme detailed a projected income of around £143,550).

## Proposals

Given early indications of the impact of the scheme and the revised financial position/projected surplus, it is timely to consider proposals for developing the Council's approach to management of existing and potential future Selective Licensing Areas.

Firstly, it should be noted that the income generated from the Selective Licensing Scheme must only be utilised to administer and enforce the Phase 1 and 2 of the designated scheme and scoping for further selective licensing consultations. It cannot be used for any other purposes by the Council. The original Cabinet report detailed spending proposals for licence monies received including appointment of an administrative resource for an initial six month period and appointment of two Selective Licensing Officers for the first two years of the scheme.

Given the increase in workload associated with the implementation of the scheme including administrative and enforcement issues, spending proposals for the projected surplus income have been considered.

As part of this process, administrative provision for the scheme has already been considered as a matter of urgency, with an Officer Decision Record being implemented, which has increased the level of administrative resource to a full-time Administration Officer for a year (previously 0.6FTE post for 6 months).

In terms of enforcement issues arising from the implementation of the scheme, it is proposed to employ the services of an additional EHO and Enforcement Officer resource, which will comprise of two proposals:

1. Extend current secondment Enforcement Officer (Private Sector Housing) role to a full two years from commencement of this post (taking finish date from February 2018 to November 2018)
2. Create additional full-time EHO role for a period of 18 months to take this resource to the end of year two of the scheme.

This current proposal is well covered by the projected income surplus for the scheme.

It should be noted that the Environmental Health Service Plan for the 2017/2018 financial year details an action to review potential for further implementation of Selective Licensing Areas in other key areas of the Ashfield District (including Hucknall) and consider future links with licensing more generally. Additional Administrative and EHO/Enforcement Officer resource proposed will help to facilitate a further review of implementation of Selective Licensing in other areas of the Ashfield District.

In addition to the above proposals, it is proposed to allocate £30,000 for the development of an on-line application process. Although this may have limited impact/benefit for the existing licensing areas, it will have major benefit for the implementation of any new Selective

Licensing Areas as well as the potential to streamline other licences such as HMO licences. It is intended that on-line applications (including payments) will streamline the process and make it easier for landlords with multiple properties to make multiple applications with ease and convenience.

## **Implications**

### **Corporate Plan:**

Selective 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 to note 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. As detail in this report, the implementation of existing Selective Licensing Areas has already resulted in significant environmental improvements and repairs giving rise to significant safety and health improvements in these areas.

### **Legal:**

The Selective Licensing Scheme has been properly designated in accordance with the Housing Act 2004 with fees being set for licence applications.

### **Finance:**

This report is effective from 13/07/2017 and has the following financial implications:

At the time of writing, 247 applications have been received with a total income of £73.35k. This includes 131 applications where a discounted fee of £250 has been paid. However, as the discount rate expired on 1st May 2017, the other 819 properties will be subject to the full £350 application fee.

This review indicates a projected total income of £319.4k for the scheme.

<b>Projected Income</b>	
131 licences at £250	£32.75k
819 Licences at £350	£286.65k
<b>Total Income</b>	<b>£319.4k</b>

The original Cabinet Report recommending adoption of the scheme detailed estimates for the cost of the scheme and projected income. The projected income from the scheme at the time was around £143.55k.

The proposal, including the extension of Admin support covered by an earlier Officer Decision Record, would result in an increase in costs for 2017/18 of £68.8k. Additional costs for

2018/19 are anticipated to be £70.6k. These are covered by an expected increase in income from the scheme. The original projection was for a maximum income of £143.55k. The updated estimate is £319.4k.

Budget Area	Implication
General Fund – Revenue Budget	<p>Enhanced Licensing Administration function (already approved) projected costs are £18.3k in 2017/18 and £5.4k in 2018/19.</p> <p>Extension of Enforcement Officer (Private Sector Housing) Secondment to two years, costs are £1.8k in 2017/18 and £26.5k for 2018/19. This post is already included in the budget for 2017/18, but a small adjustment is required for a change of scale point within the grade.</p> <p>Employment of additional EHO (Private Sector Housing) is £18.7k for 2017/18, and £38.7k for 2018/19.</p> <p>Allocation of funding to on-line application processing of £30k (to be met from Selective Licencing income).</p>
General Fund – Capital Programme	None
Housing Revenue Account – Revenue Budget	None
Housing Revenue Account – Capital Programme	None

### Human Resources / Equality and Diversity:

The expanded selective licensing team will sit alongside the current Private Sector Enforcement team, who currently deal with rogue landlords operating in the proposed areas in order to deliver on the Council's objectives.

All relevant Council HR policies and procedures will apply in the recruitment, redeployment or redundancy of affected employees. Statutory employment rights, including a redundancy payment will apply to any employment exceeding two years.

### Other Implications:

Developing on-line application facilities for Selective Licensing will help to facilitate on-line application processes for other licensing activities etc within the Council.

**Reason(s) for Urgency (if applicable):**

N/A

**Exempt Report:**

N/A

**Background Papers**

None

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