



URN: 22-204

Subject: Selective Licensing Scheme Update

Report to: Housing and Neighbourhoods Committee 14th March 2023

Report by: James Wilson - Head of Environment and Sustainability
Ray Haslam – Interim Housing Manager

SUBJECT MATTER

This report seeks to update the committee on the existing selective licensing scheme for the Nelson ward and identifies an opportunity to consider a wider, selective licensing designation area to help enable this Authority to continue to tackle poor housing conditions and associated landlord non-compliant behaviours in the private sector.

RECOMMENDATION

That Committee:

- Note the success of the scheme and the improvements that have been made to housing conditions within the Nelson Ward.
- Commit to the development of a feasibility proposal for a wider Selective Licensing scheme within the Borough to enable the Council to continue to tackle poor property conditions and suspected non-compliant landlord activities within areas of greatest need
- Receive updates at Housing and neighbourhood Committee as this feasibility work for this proposal is progressed

1. Background

1.1 The Selective Licensing scheme in Nelson Ward of Great Yarmouth commenced in January 2019 for a five-year term. During the scheme duration, it was anticipated that there will be three planned inspections of licensed properties. The scheme aims to tackle significant and persistent levels of Anti-Social Behaviour (ASB), crime and poor housing conditions related to the private rented housing sector. The scheme will end on 6th January 2024. Whilst the scheme has delivered some significant outcomes and improvements for the residents within this area the Nelson Ward continues to be in the 10% most deprived ward areas in England according to the Office of National Statistics 2019.

1.2 The Home Safe Scheme (THSS) is the Councils' delivery agent for the scheme, enabling landlords to pay a small monthly fee to licence their property. Landlords can also register

directly with the Council for a licence to be issued but are then required to pay a one-off fee as opposed to paying the same fee over a five-year period.

2. Current Scheme Delivery

- 2.1 There are currently 1518 properties that are licenced within the Council's selective licensing area. Each property will be inspected 3 times during the 5-year licensing period. The delivering of this scheme will aim to be cost neutral to the Council.
- 2.2 The compliance inspection process rates the non-compliance and property conditions on 3 levels (high, medium, and low in accordance with risk). Identified risks and breaches are reported to the landlord who has a time limited requirement to submit a plan of action (POA) to remediate the breach. Continued non-compliance will result in the Council taking enforcement action against the landlord.
- 2.3 During the first inspection round, there were a total of 4,362 issues identified with 2115 of these being high priority. 73% of the properties inspected had at least 1 high priority concern. 95% of these high priority issues were resolved within three months. 2010 medium priority issues were identified and of those 94% were resolved within four months. 237 low priority issues were identified, and most were resolved with the landlords informally. Outstanding issues are managed through an escalation system which could result in enforcement action being taken if noncompliance continues. The top 3 hazards identified during this round of inspections were:
- Windows in poor working order – decayed – do not have working latches and safety or opening restrictors – can't be opened and latched shut – damaged glazing.
 - Damp and mould.
 - Insufficient number of working carbon monoxide detectors in appropriate places.
- 2.4 The second round of programmed inspections have revealed a large drop in the number of high and medium issues and resolution action plans are completed more effectively. The second inspection process saw a reduction in the high-risk issues by 50% and a reduction in in medium risks by 42%. The top 3 hazards for the second round of inspections were:
- Damp and mould.
 - Windows in poor working order – decayed – do not have working latches and safety catches or opening restrictors – can't be opened and latched shut – damaged glazing.
 - There are indications (such as the lack of RCD) that the electricity installation may not comply with the electrical regulations. Please note, this question was amended following the 1st round inspections to consider compliance to the electrical regulations.
- 2.5 Resolutions for the first inspections were on average delivered within 69 days, currently the resolution action plans for the second round of inspections are delivered within 43 days. This

information illustrates that both property conditions are improving, and Landlords are becoming more compliant in their responsibilities and addressing issues quicker.

- 2.6 As can be seen damp and mould is still in the top 3 hazards being found in properties although some of this is associated with structure and heating, there was a significant proportion that could be attributed to tenant behaviour and lifestyle. We are continuing to work with THSS and providing more information to all tenants and landlords around how to prevent, manage and remove damp and mould in properties.
- 2.7 The Council has recently held its first landlord forum, inviting all landlords and letting agents across the selective licensing area to come and engage with us on a number of topics, we had a good turnout for the first event and there was an appetite from all who attended for these to continue and deliver updates and training on current issues, as well as being an opportunity to feedback on the scheme's success and future work of the Council.
- 2.8 Along with the licensing scheme, the Police have developed their safer neighbourhood action plan for the Nelson ward which supports the licensing scheme in its efforts to reduce anti-social behaviour in the area. Furthermore, additional CCTV is due to be installed into the Nelson ward (via successful bid to safer street funding) to assist further with tackling these issues. The licensing and Police action planning for Nelson ward have resulted in tangible improvements to properties and reduction in localised anti-social behaviour.
- 2.9 Initial proposals for this licensing scheme included the opportunity to engage with tenants by linking them up with Community Connectors as appropriate to enable these tenants to have better support and be sign posted to relevant agencies. This was to include reporting crime and ASB, or enabling access to healthcare, and training.
- 3.10 Unfortunately, due to resourcing issues within the team, the pandemic, which virtually paused some aspects of the scheme for 18 months, this area of the proposed work did not get established to the level suggested in the original scheme designation. However, the tenant referral process to other agencies is delivered through liaison with the 'community hub' team and inspecting officers.
- 3.11 Where a tenant was deemed to be in need of additional holistic advice falling out of specific service functions such as ASB or crime, any linked officer would be able to gain consent to make a Community Hub referral. These referrals could be set up specifically to be identified as linked to the selective licencing scheme if required for reporting on volume and case type. Though this referral, residents would be signposted to community level support or be directly supported where appropriate to improve their situation.

3.0 Enforcement

- 3.1 In 2020 a Private Sector Housing Financial Penalties Policy was adopted by the Council, this introduces a framework for the imposition of a financial penalty up to £30,000 as an alternative to prosecution for certain specified offences, including failure to comply with an improvement notice and renting a property without a licence within a selective licensing area. This has enabled the Council to pursue non-compliant selective licensed landlords with civil penalty enforcement.

- 3.2 The monies received from these civil penalties must be ringfenced and reinvested into the team's work related to the private rented sector housing functions delivered by the Council.
- 3.3 The Council has been focussing its initial enforcement efforts on those landlords and lettings agents which have not licensed properties within the selective licencing area.
- 3.4 We currently have a total of 67 cases where landlords or letting agents have not registered their properties within the selective licensing area and as such the Council has moved forward with issuing the intention to issue a civil penalty notification. This action resulted in 30 of these cases being issued late application penalties on receipt of a valid application. 3 cases were withdrawn as the properties were sold and 34 are now subject to the final stage of the civil penalty process.
- 3.5 At present, we have 26 final civil penalty final notices that have passed the appeal period timeframe and the debt is now pursued by the Council Sundry Debtors for recovery. In addition to this if a tenant is in receipt of housing related benefits, then the Council can apply for a rent repayment order, another mechanism of financial penalty hitting the landlord in the pocket, where they must pay the Council the equivalent amount to 12 months' rent. Again, this money will be reinvested back into the housing team.
- 3.6 The issuing of the intention to issue a civil penalty notice to landlords has seen a dramatic increase in the number of direct applications to licence properties in the designation area. The threat of enforcement actions with financial sanctions has brought about the required persuasion for landlords to become compliant.
- 3.7 The scheme has, through its enforcement regime, also identified several local letting agencies that were receiving rent and managing unlicensed properties. Non-compliant letting and managing agencies are also subject to the civil penalties regime and could ultimately be subject to a banning order preventing them from operating as a letting agency.
- 3.8 95% of property condition issues identified have been addressed through the robust compliance management process agreed between THSS and GYBC, this has meant that the Council has not had to undertake any enforcement action under the Housing Act and not had to serve any improvement notices to resolve these issues. This highlights the success of the scheme with the focus of our efforts on compliance management.

4. The Home Safe Scheme (THSS)

- 4.1 Our selective licensing scheme has been delivered using a delivery partner, THSS, who handle online landlord licence applications and inspect the properties. The Council still issue the licences and remains the regulator, undertaking enforcement if required.
- 4.2 This delivery method addressed issues we had in terms of recruiting officer resource to deliver inspections, secondly, the Council did not have the right IT systems to allow for online applications and the ongoing management of these. The scheme also provided a value for money approach, ensuring the Council could keep the cost of the scheme realistic.
- 4.3 If Members agree to undertaking some feasibility work in terms of a future scheme, there will be a need to review of the delivery model of a future scheme to ensure the best model is used going forwards, this will include consideration of in-house delivery as well as continuing with a delivery partner.

5. Evidence base for a wider Licensing designated area.

- 5.1 As part of our legal obligations under the Housing Act 2004 the Council must keep the housing conditions in their area under review with a view to identifying any action that may need to be taken by them, this is normally completed via a private sector housing stock condition survey.
- 5.2 A procurement process is currently underway to engage the service of a stock condition surveyor to complete this work. This work will be completed by spring/summer 2023. The information and data from the report will give indications and evidence of the conditions of properties across the Borough although there will be some focus on the areas of higher deprivation across Great Yarmouth.
- 5.3 Once this survey has been completed there will need to be a review of this data as well as other data from the existing scheme in the Nelson Ward and other agencies to establish if there is sufficient evidence to renew the existing Nelson Ward scheme or consider a new scheme across a wider area. Other wards that have the potential to meet the criteria would include Southtown and Cobholm and Central and Northgate.
- 5.4 Any future Selective designated area will require the approval of the Secretary of State for Housing (SoS) regardless of the geographical and rented property area. The application to the SoS is detailed and requires extensive evidence of both condition of properties and landlord compliance and how the Council have already attempted to achieve improvements in these areas before consideration of a selective licensing.
- 5.5 Action required for additional proposed Selective licence designation
 - a) The stock condition survey report will need to be reviewed to indicate areas for intervention of poor housing and suspected criminal activities of landlords and by what internal and external agencies.
 - b) Several GYBC housing strategies and policies will need review and updating to support a further scheme, especially if such a scheme encompasses a wider area.
 - c) There is a requirement to review the existing THSS delivery model of the scheme. The review should look at current partnership with THSS and establish if any future scheme can be delivered internally whilst mitigating any financial risk of staff resourcing costs against utilising a partnership agency to deliver the application processing and inspection programs.
 - d) There is a need for continued work across all service areas within and beyond the Council who have interactions with landlords, lettings agents and tenants to work collaboratively in seeking resolutions to poor housing conditions, poor or criminal landlord practices and declining standards and behaviours in residential areas in GYBC. At present we have an excellent relationship with Fire and Rescue and the Police, and these relations would need to continue.
 - e) There is a need to deliver on a proposed project plan that reflects the strategic requirements for data analysis and evidence gathering for the selective licensing. This

project plan is included in appendix 1. The feasibility work could take up to 12 months to complete. Any decision on a designation by the SoS could take between 12 – 16 weeks.

6 Financial Implications

- 6.1 The original scheme was based on overall budget of £412,216 which included the use of £40,589 reserves to allow for staff to be recruited and resources to be purchased before income was received from the scheme fees. Members are asked to note that any income from this scheme must be used to deliver the scheme and or ringfenced to broader housing activities if there is a surplus. See table below.
- 6.2 The current Selective Licensing Scheme is forecasted to make a small surplus of £11,543 but essentially the scheme will break even and as such will not be a financial burden to the authority. These figures also include paying back the full amount of £40,589 that was used initially from reserves to establish this scheme.
- 6.3 See the table below for actuals to date. You will note that there have been additional costs incurred for staffing to deliver the inspections work associated with the scheme due to the increased number of direct applications made to the Council, backlog of inspections through covid and also the resources needed to deliver the enforcement related activity associated with the scheme. It is recommended that the small surplus forecasted by this scheme is used to develop a second scheme proposal as outlined in this report.

	Business case budget	Actuals to date	Forecast at end of scheme
Establishment Costs	333,984.00	333,267.80	433,267.80
Other Costs	37,643.00	38,764.08	44,764.08
Fees (including late penalty fees)	- 341,460.00	- 489,575.77	- 489,575.00
Special Projects Reserve Funding	- 40,589.00	- 40,589.00	- 40,589.00
Total	- 10,422.00	- 158,132.89	- 52,132.12
Total after payback of special reserve funding	30,167.00	- 117,543.89	- 11,543.12

- 6.4 As detailed in section 3 above there have been a significant number of civil penalties issued in relation to failure of landlords to licence a property. The estimated income from these penalties totals £157,500 (although this has invoiced not received yet) and can be retained by the local authority provided that it is used to further the local housing authority's statutory functions in relation to their enforcement activities covering the private rented sector. As such these civil penalties have not been included in this overall selective licensing budget as these will be used to fund work in the private rented sector housing team, not just selective licensing.
- 6.5 We have had a contractor covering the private rented sector housing manager post. This has meant due to the increased cost associated with a contractor, this post has been part funded through the Selective Licensing income streams to ensure this does not impact on the establishment budget of the service.
- 6.6 A financial business case to support any recommendations from the feasibility work will need to be presented to Members to support any future decisions that may be made.

7 Risk Implications

- 7.1 The data and report from the stock condition survey may not show the need to either widen or continue with a selective licensing designation, which would mean the Council would have to rethink its strategy around improving property conditions and landlord behaviour.
- 7.2 There is a risk that the application to the SoS is unsuccessful, and the collected data shows the need for intervention, the Council will need to propose and deliver alternative means of tackling poor conditions and non-compliant landlord behaviour without the resources a Selective Licensing scheme will provide, including enforcement measures.
- 7.3 The current scheme ends in January 2024. It is likely that any further Selective licensing approval will be delivered after the end of the current designation and there will be a gap between both schemes. This is due to the statutory time limitations of the scheme application, data and evidence capture and public consultations.

8 Legal Implications

- 8.1 Due to the complexity of undertaking a feasibility study the team will work closely with NP law to ensure that any designation is legal, and we have the appropriate data to provide the need to the SoS.

9 Conclusion

- 9.1 The Council's current selective licensing scheme has improved housing conditions of rented properties within the Nelson ward.
- 9.2 Good landlords have worked well under the licensing scheme to improve the standard of their accommodation. Sadly, there are still a small number of landlords and letting agents that have not engaged with the scheme, this is where the Council has focussed and will continue to focus its enforcement efforts for the remainder of the scheme.
- 9.3 Based on the success of the existing scheme there is an opportunity to explore a further scheme either focussed on the Nelson Ward or the wider Borough (Southtown and Cobholm and Central and Northgate) as detailed in the report, which would further improve the housing conditions of the rented sector in any area designated.

Background Papers

Selective Licensing Conditions Report ELT and HN 28 November 2018

Selective Licensing Designation Report 13 September 2018

Area for consideration	Comment
Monitoring Officer Consultation:	At ELT
Section 151 Officer Consultation:	At ELT
Existing Council Policies:	Private Sector Housing Financial Penalties Policy

Financial Implications (including VAT and tax):	As above
Legal Implications (including human rights):	As above
Risk Implications:	Yes, Risk register will be maintained in within the project delivery
Equality Issues/EQIA assessment:	Will be completed as part of the recommended feasibility work
Crime & Disorder:	Will be considered as part of the recommended feasibility work
Every Child Matters:	Will be considered as part of the recommended feasibility work