

## APPENDIX B

### **Benchmarking Work on Selective and Additional Licensing**

- 1.0 To further inform the Council's considerations regarding landlord licensing information has been gathered from the Ministry of Housing, Communities and Local Government "Independent Review of the Use and Effectiveness of Selective Licensing" 2019. This report drew on the experience of a number of key national stakeholders including the Local Government Association, in depth interviews with 30 authorities, and a survey completed online by 273 local authorities (irrespective of whether or not they had a selective licensing designation in place.) The full review can be found at: [Title \(publishing.service.gov.uk\)](https://publishing.service.gov.uk).
- 2.0 Alongside this the of work the Chartered Institute of Environmental Health and the Chartered Institute of Housing Report, in their report "A Licence to Rent" has also been considered. The full report can be found at: [a-licence-to-rent.pdf \(cieh.org\)](https://www.cieh.org/a-licence-to-rent.pdf). Which made it clear for the 27 schemes considered Selective Licensing was not a 'quick win' in that it may take "several years before tangible outcomes are achieved". Nevertheless, many of the schemes they looked where acknowledged to be delivering significant benefits.
- 3.0 To further inform the Council's considerations contact with, and review work on, the experiences of individual local authorities has also taken place. Some examples are provided below for Members information.

#### (A) Stoke on Trent

- 3.1 Selective Licensing was first introduced in April 2014 in two areas of Stoke on Trent that had approximately 850 properties in the private rented sector, a small scheme that did not need Secretary of State approval. The schemes were to run for five years (until 2019).
- 3.2 In 2018 a second Selective Licensing Scheme was introduced in another two areas, these schemes covered another 1,400 properties in the Private Rented Sector.
- 3.3 Buoyed by the success of the 2014 and 2018 schemes and the improvements in the Private Rented Sector within the Selective Licensing areas, elected members were keen to extend Selective Licensing into more areas. This proposed increase in numbers of properties (3,000) and geographical area necessitated the need for Secretary of State approval.
- 3.4 The 2019 scheme was submitted to Secretary of State but was refused. It is understood that the reason for the refusal was "perceived problems" with the consultation process.
- 3.5 During the 2019 scheme consultation period there was a dedicated campaign by local landlords who were vehemently opposed to Selective Licensing.

Considerable lobbying of councillors took place, many of whom, themselves were opposed to any further licensing in the Private Rented Sector.

### **Key Learning**

- Suggested schemes need to be evidenced based.
- Consultation requires to be robust.

#### **(B) Coventry City Council**

- 3.6 As Coventry City Council approached the change in mandatory licensing rules in October 2018 (described earlier in this report regarding the removal of the three or more-story rule) not unlike Leicester, they reported they had “around 500” mandatory HMO licences. They are currently reporting they have around (again not unlike Leicester) 1,000 HMO mandatory licences – supported by an enhanced/larger team following the introduction of additional licensing in the City. They report they have an estimated 2,400 licensable mandatory licences.
- 3.7 In early 2019 Coventry City Council consulted on proposals relating to both Additional and Selective Licensing. Following the consultation, the results were assessed, and it was determined: -
- To approve the scheme relating to the whole of the city being subject to Additional Licensing
  - Not to progress with Selective Licensing at this time
- 3.8 The consultation resulted in a number of issues being raised by both residents of HMOs and residents living alongside HMOs. There was strong support for the introduction of an Additional Licensing scheme.
- 3.9 Responses from the consultation found more people were in strong disagreement than those strongly supporting Selective Licensing. The vast majority of landlords are good and therefore believe Selective Licensing to be punitive. There was broad agreement that the majority of issues re standards and impact on community is caused by HMOs combined with the transient nature of tenant.
- 3.10 There was concern about how areas had been selected and in particular the use of 2011 Census data, and some ward councillors raised concern with some areas not being included when they considered there to be problems.
- 3.11 Mention was made of the Government’s July 2019 independent review of the use and effectiveness Selective Licensing Schemes that included recommendations to review the data sources used to specify the designated selective licensing areas.

- 3.12 Coventry City Council resolved to keep Selective Licensing under review. The non-HMO private rented housing will continue to be managed using existing enforcement powers.

### **Key learning**

- Ensure that any scheme is tailored and evidenced to local need.

#### (C) Liverpool City Council

- 3.13 Liverpool introduced a five-year Selective Licensing in 2015 based on low housing demand, the scheme covered the entire City. The scheme was due to end 31<sup>st</sup> March 2020. An application to renew the scheme was submitted to the Secretary of State but it was not approved citing insufficient evidence of low demand to justify another citywide scheme.
- 3.14 Liverpool City Council are now pursuing a more targeted Selective Licensing Scheme.
- 3.15 Consultation took place for 12 weeks (3<sup>rd</sup> August to 26<sup>th</sup> October 2020), and they engaged with stakeholders affected by their new proposed schemes. The new schemes were more specific and targeted in areas of the City where there are acute housing problems and a high volume of Private Rented Sector and the scheme covered 75% of the City's rented sector.
- 3.16 The application was submitted in December 2020. A decision has not been announced yet.

### **Key learning**

- Ensure there is robust evidence and business case to stand up to any challenge including a potentially costly Judicial Review.

#### (D) Nottingham City Council

- 3.17 On 18<sup>th</sup> July 2017 Nottingham City Council designated an area as that being under the Selective Licensing Scheme. Under section 82 of the Act, the Designation required the approval of the appropriate national authority before it could come into force. With that in mind, on the 8<sup>th</sup> February 2018 the Secretary of State for Housing, Local Government and Communities, in exercise of his powers under Section 82 of the Act 2004 confirmed the Designation and specified that it shall come into force on 1<sup>st</sup> August 2018. The Designation shall cease to have effect on the 31st July 2023.
- 3.18 Nottingham City Council conducted a mid-scheme review in April 2021. The review states that the Council is satisfied with how the scheme has developed. They also report that "The scheme outcomes are difficult to

measure currently as we are early on in the compliance activity.” However, they state, “when the scheme started a number of interventions and improvements took place that wouldn’t have taken place.”

3.19 Whilst noting the above the Council has reported that they also faced a number of challenges, for example: -

- “Despite the significant amount of awareness raising there is still a large number of landlords that have not applied for a licence and applications continue to be received at approximately 200 per month.”
- “We continue to identify a lack of awareness in neighbourhoods – amongst both landlords and tenants.”
- “The Council has continued to review and streamline its processes as new challenges were identified that were meaning landlords were not providing a full (duly made) application at first attempt. The Council continues to try to ensure landlords can make applications as efficiently as possible, to ensure the properties are within the regulatory framework of licensing. For example, at the start of the scheme due the requirement to check the application form against land registry the Council ‘rejected’, at one point 50% of applications, because the application didn’t match up with for example the land registry data.”
- “At the start of the scheme, using BRE modelling data it was suggested there could be up to 32,000 properties subject to licensing. The council based the fee on receiving 24,000 applications. Applications continue to be received and the Council is looking at where these applications are coming from.”
- “There is on-going investigation and enforcement work linked to continuing to identify as many properties as possible and bring them into the licensing regime.”
- “We continue to identify new properties and bring them into the licensing regime.”

**Key learning** – there are several pieces of key learning including: -

- Nottingham had two staff full time for two years in place to produce a robust business case in advance of consultation.
- Once in place the Licensing Team at Nottingham overall, has around 70 staff – managers, admin, analysts, project manager, licensing, and processing officers.
- The application process was very paper based and added an additional burden to the process.
- Because of the application process they were unable to begin compliance checks and enforcement work until year two of the scheme and a strategy to tackle rogue landlords was not in place until the third delivery year.
- They undertook a risk-based approach to inspections as undertaking all inspections in year one was unachievable.

- They recruited and trained the team during the three-month standstill period.
- Awareness raising and promotion of the scheme is vital.
- They had a higher level of temporary exemption requests and landlords signing up for DASH (Decent and Safe Homes) accreditation. This significantly impacted on DASH.
- The high take up of accreditation impacted the financial modelling and the fee had to be raised.
- It is recognised that Nottingham did have significant feedback from landlords, who often raised concerns through the local press. A clear and coherent communication plan is needed to ensure that both landlords and tenants are aware of the scheme together with their rights and responsibilities and it is important there is communication with officers on a regular basis.