

## TELFORD & WREKIN COUNCIL

CABINET – 23<sup>rd</sup> March, 2017

Re: Adoption of Selective Licensing in Telford & Wrekin



**REPORT OF: Assistant Director – Customer & Neighbourhood Services**  
**CABINET MEMBERS – Councillor Hilda Rhodes Lead Cabinet Member for Public Protection, Safety & Enforcement. Councillor Richard Overton- Deputy Leader & Cabinet Member for Housing, Leisure and Health**

### 1. SUMMARY OF MAIN PROPOSALS

- 1.1 Whilst the Council acknowledges that many landlords provide decent well-managed and well maintained accommodation there are examples in our borough where properties are poorly managed and have a negative impact on the local community.
- 1.2 Recently concerns have been raised by a number of key stakeholders including the Police that Telford & Wrekin has a number of neighbourhoods which have a high proportion of privately rented properties, where there is low housing demand and demonstrable evidence of anti-social behaviour and crime. These areas exist despite the council and our partners using our enforcement powers and providing guidance and assistance to the private rented sector landlords to improve standards over many years.
- 1.3 In order to address this challenge this report is recommending the Council adopts a Selective licensing scheme in addition to the mandatory Houses of Multiple Occupation (HMO's) licensing scheme already in operation. The Selective licensing scheme is a discretionary one, which requires all private landlords (with certain exemptions) operating within a designated zone to operate under the terms of a licence awarded by the local authority. Licence conditions typically include a range of requirements aimed at ensuring that properties are safe and are managed in a satisfactory way.
- 1.4 Such a scheme provides the local authority with an additional tool to help better regulate privately rented accommodation and to uplift standards of management within the area. This improvement in standards supports wider initiatives and plans to help uplift and regenerate areas. Selective license schemes last for five years and there is a fee payable to apply for the licence which covers the cost of the administration and implementation of the scheme, including any required enforcement activity for non-compliance.
- 1.5 This report is seeking approval to consult on a selective licensing scheme for properties within four zones who meet the criteria for this type of licensing scheme identified in the following wards: Hadley & Leegomery, The Nedge, Malinslee & Dawley Bank, Brookside, Woodside, Madeley & Sutton Hill. More detail can be found in Section 7.0 of this report and within the full business case for Selective Licensing attached as **Appendix A**.

1.6 A presentation on the proposal for a Selective Licensing scheme within the Borough was made to the Customer, Community & Partnership Scrutiny Committee on 23<sup>rd</sup> January 2017. The presentation covered a number of key areas including the proposed zones and the criteria necessary to designate a selective licensing scheme. Members of the scrutiny committee agreed that consideration of a Selective Licensing scheme was a welcomed good step forward and that they would like to see Cabinet endorse the proposed consultation

## 2. RECOMMENDATIONS

2.0 Cabinet to approve consultation with residents, private landlords, town and parish councils, businesses and other stakeholders within the potential licensing zones to designate a selective licensing scheme within the geographical areas highlighted in this report and outlined in the business case, **Appendix A**.

2.1 Subject to the outcome of satisfactory consultation delegate authority to the Assistant Director Customer & Neighbourhood Services in consultation with the Lead Cabinet Member for Public Protection, Safety & Enforcement to approve the designation of the four selective licensing zones identified in this report and make arrangements to implement the new scheme.

2.2 To approve the Licensing fee of £610 for a 5 year license as outlined in the business case attached as **Appendix A and within that report itemised in Appendix 1 page 55** . It is proposed that there will also be a late application fee of £860. This fee will be applied to landlords, who were landlords of properties within the four zones at the start of the selective licensing scheme, but who failed to apply for a license within the three month deadline. The increased fee reflects the additional work that the Council would have to undertake to ensure a licence application is ultimately submitted by the landlord in question.

2.3 To approve the re-launch of the Telford & Wrekin Landlord Accreditation Scheme and to delegate authority to the Assistant Director: Commercial Services in consultation with the Lead Cabinet Member: Housing, Leisure and Health to make any arrangements on behalf of the Council to implement this recommendation. **See Appendix A and within that report itemised in Appendix 2**

## 3.0 SUMMARY IMPACT ASSESSMENT

<b>Community Impact</b>	Do these proposals contribute to specific Co-Operative Council priority objective(s)?	
	Yes	Protect and support our vulnerable children and adults Ensure that neighbourhoods are safe, clean and well maintained. Improve the health and wellbeing of our communities and address health inequalities Regenerate those Neighbourhoods in need and work to ensure that local people have access to suitable housing.
	Will the proposals impact on specific groups of people?	
	Yes	Private sector landlords who have properties within the four zones identified in the following wards :- Hadley & Leegomery, The Nedge, Malinslee & Dawley Bank, Brookside, Woodside, Madeley & Sutton Hill

<b>Target Completion/ Delivery Date</b>	Start date for the selective licensing scheme will be three months on from designation date therefore anticipated to go live November 2017 subject to the outcome of consultation. The relaunch of the revised landlord accreditation scheme will commence from April 2017.	
<b>Financial/ Value for Money Impact</b>	Yes	<p>The fee for each individual selective license has been calculated at £610 for a 5 year period on a full cost recovery basis. Research has shown that there are approximately 2,000 properties that would be eligible for a selective license in the Borough. If 100% of the eligible properties applied for a license this would result in additional income of £1.2million for the Council. If only 75% of properties applied then income would be reduced to £900,000.</p> <p>Additional staff resources would be required to be employed in the Licensing Team in order to administer and enforce this scheme. The costs of the additional resources total £812k over a 5 year period. This can be met from the additional income generated from selective licenses as outlined above. It should be noted that 1,331 licenses would need to be issued at a minimum in order to cover these additional costs.</p> <p>Landlords will be given the option of spreading the £610 fee over the five year period. In calculating an annual fee there will be an additional administration fee to cover increased invoicing and collection costs of £30 and it is recommended that interest is charged to the annual fee at the current PWLB loan rate of 1.75%. This would result in an annual charge of £130 per property for each year of the five year period.</p> <p>Existing landlords needing to apply for a selective licence will be required to do so within a 3 month period as set out in this report. Those that do not apply for a licence before the deadline will be charged an additional £250 late payment fee per licence on top of the £610 licence fee to cover additional officer time within Public Protection and also Legal costs. This would result in a total fee of £860.</p> <p>It is estimated that Nuplace will have 100 properties who would require a selective licence.</p> <p>Section 12 of this covering report refers to a one off £50 discount being offered for the landlord accreditation scheme for those landlords holding a selective license. This will be given as a reduction in the landlord accreditation fee payable. The discount will be funded from the additional income generated from selective licence fees.</p> <p>The costs of the consultation exercise will be met from budgets held by Public Protection.</p> <p>MLB 02.03.17</p>

<p><b>Legal Issues</b></p>	<p>Yes</p>	<p>The Housing Act 2004 ('the 2004 Act') deals with housing conditions including the enforcement of housing standards, service of notices and enforcement actions. The Council being a local housing authority under the 2004 Act has a duty to review the housing conditions in their area with a view to identifying any action that may need to be taken in relation to defined matters, which includes licensing selective licensing. The 2004 Act provides for houses to be licensed by the local housing authority where they are within an area which is designated as a selective licensing area.</p> <p>Every local housing authority has a general duty to make arrangements to secure the effective implementation in their district of the licensing regime and to ensure that all applications for licences and other issues falling to be determined by the authority are determined within a reasonable time.</p> <p>The 2004 Act provides that the local housing authority may designate either the whole of their district or an area in their district to be subject to selective licensing in one of two cases, namely:</p> <ol style="list-style-type: none"> <li>1 the area is, or is likely to become, an area of low housing demand and that making a designation will, when combined with other measures taken in the area by the local housing authority contribute to the improvement of the social or economic conditions in the area; <b>OR</b></li> <li>2 that the area is experiencing a significant and persistent problem caused by anti-social behaviour; that some or all of the private sector landlords who have let premises in the area (whether under leases or licences) are failing to take action to combat the problem that it would be appropriate for them to take; and that making a designation will, when combined with other measures taken in the area by the local housing authority, or by other persons together with the local housing authority, lead to a reduction in, or the elimination of, the problem.</li> </ol> <p>The rules in respect of selective licensing schemes require local housing authorities to obtain approval from the Secretary of State where any such scheme would cover more than 20% of their geographical area or if it would affect more than 20% of privately rented homes in the local authority area. As the proposed selective licensing scheme does not exceed the threshold levels then this Authority can give its own general approval as permitted by and in accordance with the requirements of the 2004 Act.</p> <p>In terms of authority to designate selective licensing areas the decision is an executive function ordinarily exercised by the Leader and Cabinet however this may be delegated to Officers. It should be noted that the proposed implementation of selective licensing areas is a key decision, being significant in terms of its effects on communities living or working in an area comprising two or more</p>
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		<p>wards in the Borough and is therefore subject to the requirements in respect of key decisions in the Council's Constitution.</p> <p>The Authority will have to be satisfied that the consultation process is done in accordance with the DCLG guidance before proceeding to designate any area.</p> <p>This report sets out the framework for the consultation which it is proposed to undertake.</p>
<b>Other Impacts, Risks &amp; Opportunities</b>	Yes	<p>There is a risk of budget shortfall if the scheme does not receive applications and fees from the anticipated number of licensable premises. This has been mitigated by working budgets assuming only 75% of affected properties apply within the 5 year period. If take up of the scheme is not as anticipated then additional resources required to support the scheme would be reviewed and reduced as necessary in order to offset the shortfall in income levels.</p> <p>Selective Licensing offer's a real opportunity to enhance the standard of the private rental sector in these areas and to achieve a major reduction in environmental crime and ASB and to reduce the level of turnover of tenants through improved standards</p> <p>Additional enforcement may place additional workload for Legal Service colleagues however the income from the scheme can be used to enhance capacity within the legal services team as required to support all enforcement activity including prosecution.</p> <p>An equalities impact assessment of the proposed scheme has been completed and is available for review. The main risk is that the landlord passes the cost of the license fee onto the tenant however as many tenants who will be living in these areas will potentially qualify for Housing Benefit there is a cap on the amount of rent that a landlord can charge.</p>
<b>Impact on Specific Wards</b>	Yes	<p>This report has implications for the following wards :</p> <p>Hadley &amp; Leegomery  The Nedge  Malinslee &amp; Dawley Bank  Brookside  Woodside  Madeley &amp; Sutton Hill</p>

## **PART B – ADDITIONAL INFORMATION**

### **4.0 Background**

- 4.1 In Telford and Wrekin the private rented sector has more than doubled over the period 2001 to 2011. In 2011 the privately rented sector accommodated around 16.2% of households.
- 4.2 Historically, intervention with problem tenants and properties often linked to HMO's has been focussed on criminal enforcement methods, which tackle the individual problem at the time, rather than the area as a whole. By ensuring landlords have an investment in their communities, as well as the properties they own, we hope to influence and enable a reduction in ASB incidents. In a similar way, reactive housing enforcement to complaints about poor housing standards and landlord/tenant relationships can only have a limited and short term impact in areas with entrenched problems.
- 4.3 In October, 2016 DCLG consulted on making changes to the extension of the existing mandatory licensing of larger HMO's that have 5 or more people from more than 2 families. This is expected to become legislation around October of this year. Any premises that are covered by an existing license will not be subject to selective licensing. However regardless of this proposed change to legislation, with regard to HMO's in the proposed designated areas, there will be properties not covered. The problems that have been identified when compiling the business case for adopting selective licensing are a private rented sector problem and not just a HMO problem.

### **5.0 Selective Licensing Proposed Areas**

- 5.1 In order to introduce a selective licensing scheme within the borough a number of criteria must be met as set out in the [Housing Act 2004](#) and [Department for Communities and Local Government Guide](#).
- 5.2 The law states that a local authority may make a selective licensing designation if an area meets one or more of the following conditions:-
- that the area is, or is likely to become, an area of low housing demand (low demand being indicated by the value of residential premises compared to the value of other similar premises; the turnover of occupiers of residential premises; the number of premises available to buy or rent and the general appearance of the locality)
  - a significant and persistent problem caused by anti-social behaviour
  - poor property conditions
  - high levels of migration
  - high levels of deprivation
  - high levels of crime

For an area to be considered for selective licensing scheme it must also have a high level of private rented housing. A 'high level' is defined as being above average and currently the national average is 19.6%.<sup>1</sup>

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<sup>1</sup> [English Housing Survey 2014 to 2015 – published February 2016](#)

## **6.0 Methodology**

- 6.1 A wide range of data has been analysed to produce a geographical appraisal identifying those areas within the borough that would be most likely to benefit from the introduction of a selective licensing scheme.
- 6.2 Areas of Telford and Wrekin were assessed against the conditions of low housing demand, anti-social behaviour, poor property conditions and levels of crime. Data has been analysed to a Lower Super Output Area (LSOA) geography. These areas are defined by the Office of National Statistics and have an average of approximately 1,500 residents and 650 households.
- 6.3 There are 108 LSOAs within Telford & Wrekin. From this analysis an assessment was made as to which LSOAs or group of LSOAs have a proportion of privately rented properties above the national average and most closely met the following criteria and should therefore be considered for a selective licensing scheme:
- Were likely to be or become an area of low housing demand based on
  - Have high levels of anti-social behaviour
  - Are experiencing poor property conditions
  - Have high levels of recorded crime

A full breakdown of the data analysis is included at **Appendix A pages 6-33** of the business case.

The datasets used in the analysis are refreshed on a regular basis. This would enable the impact of selective licensing on the borough to be monitored throughout the lifetime of the scheme and allow a full evaluation to be made on completion after five years.

## **7.0 Proposed areas for selective licensing**

Based on this analysis it is proposed that four zones are created in the borough for inclusion in a selective licensing scheme.

Figure 1 shows the locations of the four proposed zones

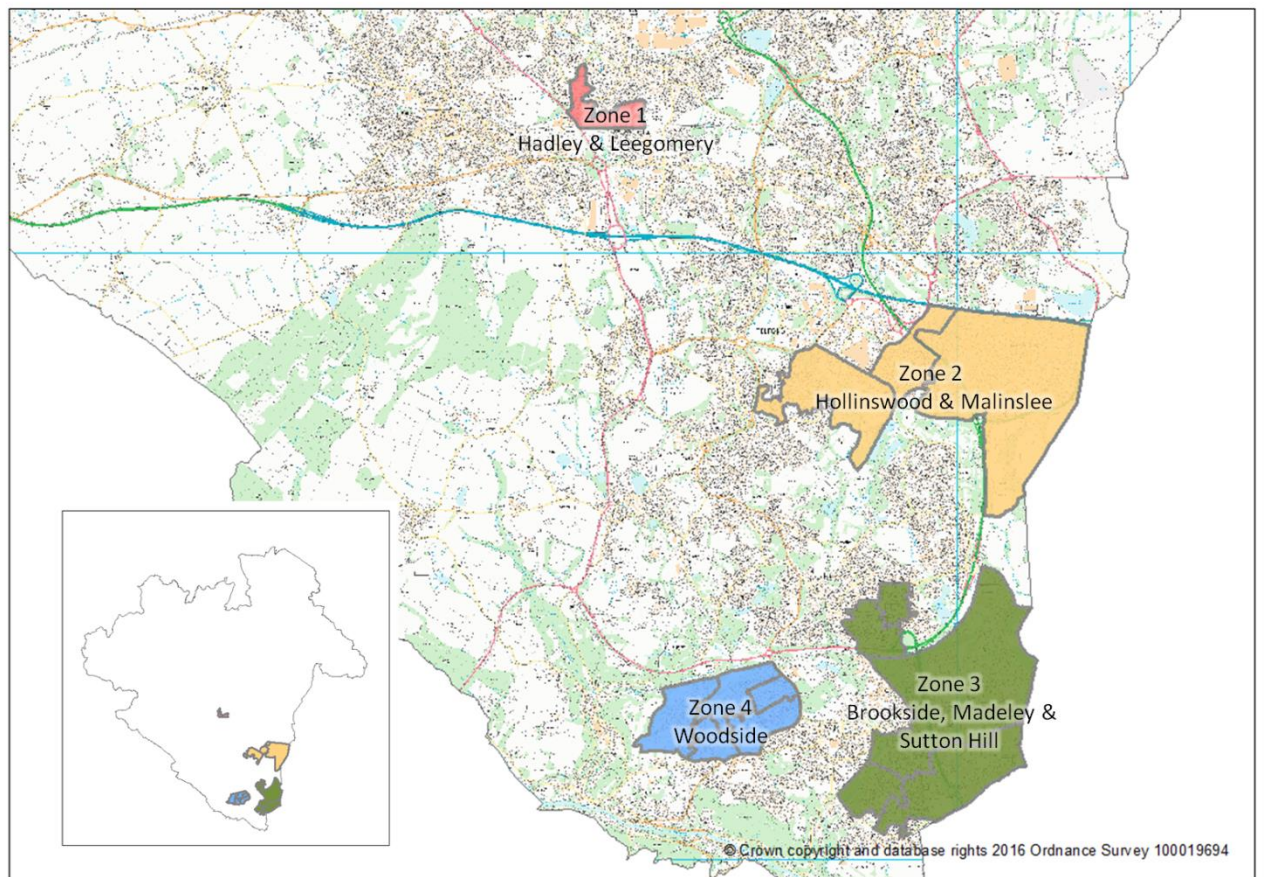


Figure 1: Proposed areas for selective licensing

- 7.1 **Zone 1** would include the area covered by LSOA 009D in the Hadley and Leegomery area only. This zone would cover approximately 500 properties. The total private rental proportion of this area from the 2011 census was 19%.
- 7.2 **Zone 2** would comprise LSOA 017D in Malinslee and LSOAs 018A and 018B in the Hollinswood area. This proposed zone would cover approximately 1,900 properties. The total private rental proportion for the areas covered by this zone from the 2011 census was 25%.
- 7.3 **Zone 3** is proposed to consist of LSOAs 020C and 020E in Brookside and 023A, 023B and 023D in Sutton Hill one single zone. Zone 3 would cover approximately 3,200 properties. The total private rental proportion from the 2011 census for the five LSOAs covered by this zone was 23%.
- 7.4 **Zone 4** would consist of all five LSOAs covering the Woodside area. Zone 4 would cover approximately 2,950 properties with a total private rental proportion from the 2011 census of 26%.
- 7.5 In total the four zones would cover approximately 8,550 properties of which in the region of 2,000 are estimated to be privately rented.
- 7.6 Based on the 2011 census, the number of private rented properties in these proposed zones accounted for 19.2% of total private rented properties in the Borough and is therefore below the 20% threshold that would require the scheme to

be submitted to the Secretary of State for Communities and Local Government for confirmation.

7.7 The proposed zones cover 1,104 hectares. This equates to 3.8% of the geographical area of the borough and is also below the 20% of geographical area threshold that would require approval from the Secretary of State.

7.8 The proposed zones only include the residential areas and whilst the LSOA may have industrial and commercial areas within them, these areas are excluded from the scheme as detailed in **Annex B Page 32 of the Business Case**

## **8.0 Fees**

8.1 The Council proposes to set the fee for the license at a level that ensures full cost recovery for the scheme and is a balance between a reasonable cost for landlords, whilst also seeking to ensure the scheme is successful, properly funded and appropriately resourced. The proposed fee is £610 and covers the full 5 years of the licence and has been benchmarked against other license fees across the country. It is proposed that the ability to pay the fee in instalments should be part of the scheme to provide flexibility for landlords. A late payment fee of £250 will also be charged to existing Landlords that do not apply for a selective licence within the given timeframe. Benchmarking information is contained on **Page 56 of the Business Case in Appendix 1.**

## **9.0 Consultation**

9.1 In order to designate these areas as selective licensing areas the Council has to undertake a full consultation. The consultation will include local residents, landlords and managing agents, members of the community who live or operate businesses or provide services within the proposed designed areas. The consultation should also include residents and businesses within the areas surrounding the designation. The consultation should last for a minimum of 10 weeks.

9.2 Once the consultation has been completed the results will be published along with a summary of the responses received and how these responses have been acted upon.

9.3 Once designated the scheme cannot come into force, in line with national guidance, until three months after it is made, therefore it is anticipated the scheme will go live around November of this year.

9.4 The Secretary of State has recently commended Nottingham Council for the approach to consultation regarding their selective licensing scheme and Telford will be adopting the same approach and adopting best practice.

## **10.0 Application Process**

10.1 Applications for the new licence would need to be made on line as part of our digital access strategy. Those wishing to apply using a traditional paper application form would be charged an additional £100 administration fee. Support to apply on line

can be provided from any of the Councils libraries along with free access to computers.

- 10.2 Following an application each property to be licensed will receive a compliance visit from officers working in the council's Public Protection Team who will be managing the scheme. The new license holder will receive a set of licensing conditions contained within the business case available on page 45. These new conditions will also be adopted for all HMO's subject to mandatory licensing across our borough. The conditions will be monitored through the administration of both the mandatory HMO licensing scheme and the selective licensing scheme. In some cases appropriate enforcement action in the form of prosecution will be undertaken where landlords either fail to licence their properties or fail to comply with the license conditions. A landlord found guilty of failing to licence a property can be fined up to £20,000. Landlords found guilty of not complying with licence conditions can be fined up to £5,000 per offence. All enforcement action will be taken in accordance with Public Protection's Enforcement Policy.

### **11.0 Selective and HMO licensing Conditions**

- 11.1 The conditions can be found in Appendix 1 of the business case attached. There are 60 individual conditions which cover a whole host of requirements about the property condition, requirements for the landlord to take responsibility for addressing fly tipping, waste, pests and other aspects of ASB occurring at their property. Other conditions include the need to supply maintenance and compliance certificates for gas, electrics, appliance's as well as providing alarms for fire and carbon monoxide. There is a requirement for the landlord to gain tenant references, provide emergency out of hour's contacts and undertake weekly checks of communal areas specifically for HMO's. The conditions will be subject to consultation and have been compiled having reviewed the very best of other conditions required by other councils across the country that already operate a selective licensing scheme.

### **12.0 Landlord Accreditation Scheme**

- 12.1 In conjunction with the proposal to introduce selective licensing, we are also proposing to relaunch an enhanced Telford & Wrekin Landlord Accreditation Scheme. The original scheme was introduced in July 2014 and has seen an annual membership of circa 140 landlords and letting agents. The Landlord Accreditation Scheme is a voluntary scheme that welcomes applications from all landlords and letting agents and is another element of our strategy to improve standards in the private rented sector, designed to complement enforcement and licensing powers. Accredited landlords and letting agents sign up and agree to adhere to a code of conduct to ensure their properties are up to Housing Health and Safety Rating System (HHSRS) standards and that they will act as a responsible landlord. In return, they benefit from training on legislation, free tenancy advice, refuse collection passes, leads of tenants requiring properties and the ability to promote to prospective tenants that they are accredited. The scheme aims to develop relationships with landlords and letting agents to encourage better working partnerships.
- 12.2 Following consultation with a number of the members and listening to some of the key issues raised around private rented properties, we propose to relaunch and

enhance the Landlord Accreditation Scheme to include two options of membership for landlords and a separate scheme with two options for letting agents. The revised scheme offers additional benefits to encourage more landlords to become accredited (**see Appendix 2 within the Business Case for full membership details**).

- 12.3 As an added incentive for landlords who apply and are accepted under this proposed selective licensing scheme, we will offer an initial discount of £50 from the landlord accreditation membership.

### **13.0 PREVIOUS MINUTES**

No Previous Minutes.

### **14.0 BACKGROUND PAPERS**

#### **Legislation**

Housing Act 2004

[http://www.legislation.gov.uk/ukpga/2004/34/pdfs/ukpga\\_20040034\\_en.pdf](http://www.legislation.gov.uk/ukpga/2004/34/pdfs/ukpga_20040034_en.pdf)

The Selective Licensing of Houses (Specified Exemptions) (England) Order 2006

<http://www.legislation.gov.uk/uksi/2006/370/memorandum/contents>

The Selective Licensing Houses (Additional Conditions) (England) Order 2015

<http://www.legislation.gov.uk/uksi/2015/977/contents/made>

Anti- Social Behaviour, Crime and Policing Act 2014

<http://www.legislation.gov.uk/ukpga/2014/12/contents/enacted>

Town and Country Planning (Use Classes Order) (England)

#### **Guidance**

Selective Licensing in the private rented sector – A Guide for Local Authorities

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/418551/150327\\_Guidance\\_on\\_selective\\_licensing\\_applications\\_FINAL\\_updated\\_isbn.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/418551/150327_Guidance_on_selective_licensing_applications_FINAL_updated_isbn.pdf)

#### **Reference**

Extending mandatory licensing of Houses in Multiple Occupation

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/560777/HMO\\_Tech\\_Disc\\_RESPONSE\\_DOC.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/560777/HMO_Tech_Disc_RESPONSE_DOC.pdf)

Strategic Housing Market Assessment 2016

[http://www.telford.gov.uk/downloads/file/3977/strategic\\_housing\\_market\\_assessment\\_report\\_2016](http://www.telford.gov.uk/downloads/file/3977/strategic_housing_market_assessment_report_2016)

Public Protection Enforcement Policy

[http://www.telford.gov.uk/info/20187/trading\\_standards/817/public\\_protection\\_enforcement\\_policy](http://www.telford.gov.uk/info/20187/trading_standards/817/public_protection_enforcement_policy)

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