

	<b>REPORT TO CABINET TO BE HELD ON 13 SEPTEMBER 2016</b>	
	<b>Key Decision</b>	<b>YES</b>
<b>Corporate Priority Aim 3 – Creating Healthy and Vibrant Communities</b>	<b>Cabinet Portfolio Holder</b>	<b>Cllr B Chatt Cabinet Member for Public Health and Housing</b>

**REPORT OF: DIRECTOR (TW) – 16/202**

**WARDS AFFECTED: ALL**

**SUBJECT: SELECTIVE LICENSING OF PRIVATE RENTED  
ACCOMMODATION IN PARTS OF THE NORTH BAY  
AND CASTLE WARDS**

**RECOMMENDATION (S):**

Cabinet is recommended to:

1. Note the feedback from the public consultation exercise on the Selective Licensing of private rented accommodation in parts of the North Bay and Castle Wards.
2. Agree in principle to take forward Selective Licensing for this area.
3. Instruct officers to work up a final scheme for consideration by Cabinet in October 2016, subject to full Council agreement in November 2016.

## **REASON FOR RECOMMENDATION**

In April 2016 Cabinet approved a Business Case for the potential introduction of Selective Licensing of Private Rented Accommodation in an area identified as Scarborough North. This area incorporated parts of the North Bay and Castle Wards. Officers were instructed to undertake a comprehensive public consultation exercise on this proposal.

This report highlights the outcome of that consultation. It recommends that further to this exercise that Cabinet agrees in principle to take forward a scheme of Selective Licensing within the identified area.

The report highlights a number of key issues that arose from the consultation and recommends that officers are instructed explore these issues to help shape a final scheme for consideration by Cabinet and Council in October/ November.

## **HIGHLIGHTED RISKS:**

See attached risk matrix.

### **1. INTRODUCTION**

- 1.1 In April 2016 Cabinet considered report 1698. That report provided a detailed analysis of the need and justification for the introduction of Selective Licensing of private rented accommodation within certain parts of the Borough. On consideration of that report, Cabinet approved a Business Case for the introduction of Selective Licensing in an area defined as Scarborough North. This area covered much of the North Bay Ward and parts of Castle Ward. A map of that area is provided within **Appendix A** to this report.
- 1.2 Cabinet instructed officers to undertake a comprehensive public consultation exercise on this proposal. This report provides feedback in relation to that the outcomes of that consultation exercise. It seeks agreement in-principle to take forward a Selective Licensing scheme in the identified area. The report also highlights some key issues and options that were raised within the consultation exercise that need to be explored fully prior to the consideration of a final proposed scheme by Cabinet in October 2016.

### **2. CORPORATE AIMS/PRIORITIES AND THE COMMUNITY PLAN**

- 2.1 Contributes to Aim 3 of the Council's Corporate Plan, 'Creating Healthy and Vibrant Communities'.

### **3. CONSULTATION**

- 3.1 The consultation exercise referred to within this report was done in accordance with the requirements of Part 3, Section 80 (9) of the Housing Act 2004 along with reference to DCLG Guidance on the *Approval steps for additional and selective licensing designations in England*.

The full consultation report and associated appendices can be found on <https://www.scarborough.gov.uk/home/council/consultations/proposed-introduction-selective-licensing-scheme-scarborough-north>

### **4.0 BACKGROUND**

- 4.1 In April 2016, approval was given by the Cabinet to undertake formal consultation on the proposal to designate parts of the Castle and North Bay wards of Scarborough as a Selective Licensing area under Section 80 of the Housing Act 2004. This was the first of three separate areas that were considered by Cabinet as potential areas for the introduction of Selective Licensing schemes.
- 4.2 The consultation commenced on 2 May 2016 and ran for a period of 12 weeks up to 24 July 2016. The consultation consisted of:
- A resident and business questionnaire, delivered to 2000 households and businesses within the proposed area.
  - A landlord questionnaire, which was sent out to 640 landlords operating in the Borough.
  - A series of community drop in events within the proposed area.
  - A series of stakeholder events and meetings with individual stakeholders.
  - A presentation to landlords via the local Landlords Forum.
  - Consultation with the Local Ward Members and the Local MPs
  - Internal consultation with relevant Council officers and services.
- 4.3 In total, 263 completed questionnaires were received from residents and businesses, representing a response rate of 13%. In addition, 89 completed landlord questionnaires were received, representing a response rate of 14% of landlords consulted. A combined total of 352 completed questionnaires were received out of 2640 representing an overall response rate of 13.3%.

### **5.0 SUMMARY OF FEEDBACK**

#### **5.1 Resident and Business Feedback**

- 5.1.1 The majority of residents and businesses who responded to the consultation are very much in favour of the proposal. In total 65% (172) of the residents and business strongly agreed with the proposal to introduce Selective Licensing in the area, whilst 20.1%, (53 respondents) either disagreed or

strongly disagreed with the proposal. The remaining 38 respondents (14.5%) neither agreed nor disagreed or did not answer the question.

- 5.1.2 Of the residents and businesses who responded to the questionnaire, over 50% had experienced problems with both nuisance and ASB and with rubbish dumping from privately rented properties. A significantly high proportion had also experienced problems with poor condition of properties (43%) and poorly managed properties (35%).
- 5.1.3 Over 70% of respondents thought that Selective Licensing would improve management standards and the condition of privately rented properties in the area.
- 5.1.4 Just under 70% of respondents thought that Selective Licensing would reduce anti-social behaviour and nuisance in the area and over 70% of respondents thought that Selective Licensing would improve the area.
- 5.1.5 Whilst the majority of residents and businesses in the area in support of the proposal, there were a number of key issues raised by some residents that need to be considered to help shape the final scheme. A summary of these issues is included within **Appendix B** of this report.

## **5.2 Landlord and Agents Feedback**

- 5.2.1 The majority of landlords who responded to the consultation were not in favour of the proposal. In total, 64% of landlords (57) either disagreed or strongly disagreed however 23.6% (21) landlords either agreed or strongly agreed to the proposal. A further 12.4% (11) of landlords neither agreed or disagreed or did not answer the question.
- 5.2.2 Whilst the landlord questionnaire was sent to all known landlords in the Borough, the majority of respondents, 62%, owned or managed property within the proposed area.
- 5.2.3 Around 56% of landlords who responded stated they did not believe there are any problems with privately rented properties in the area.
- 5.2.4 Just under 30% of all landlord respondents thought that there were problems with nuisance and anti-social behaviour and with poor condition of properties in the proposed area. Just under a quarter of respondents also thought that there were problems with poorly managed properties and rubbish dumping in the proposed area.
- 5.2.5 Almost 70% of landlords do not think that Selective Licensing will improve management standards in the area. Just over two thirds (67.9%) of landlords do not think that Selective Licensing will improve the condition of properties. Almost 80% of landlords do not think that Selective Licensing will reduce anti-social behaviour and nuisance in the area. Over 72% of landlords do not think that Selective Licensing will improve the area.

5.2.6 In addition a significant amount of other feedback was provided by landlords in objection to the scheme. The Council also received detailed feedback from two national organisations representing landlords and lettings agents, the National Landlords Association (NLA) and the National Approved Lettings Scheme (NALS). A summary of common/ key issues raised by landlords and lettings agents and how they are being considered in relation to the final scheme is included within **Appendix B** of this report.

5.2.7 In addition, the Council received detailed feedback from two national bodies representing landlords and agents; the National Landlords Association and the National Approved Lettings Scheme. Again a summary of these issues and how they are being considered is included within **Appendix B**.

### **5.3 Wider Stakeholder Feedback**

5.3.1 As anticipated, key statutory agencies and partners have been supportive of the proposal to introduce Selective Licensing. From the outset positive feedback has been received via the local Public Service Executive. Specifically in response to the consultation exercise, written support has been received from North Yorkshire Police and North Yorkshire Fire and Rescue Service and the Community Safety Partnership.

5.3.2 In addition detailed feedback was received via Foundation Housing who again, whilst broadly supportive of the proposal raised issues regarding the impact the scheme may have on Foundations ability to accommodate and support vulnerable and chaotic people.

5.3.3 Written feedback has also been received from Robert Goodwill MP and a meeting has been held with him. Issues raised by the MP included the need to ensure the scheme does not negatively impact on local lettings agents along with the need to ensure that the fee structure is reasonable and fair.

### **5.4 Alternative Delivery Models/ Home Safe Scheme**

5.4.1 Detailed feedback was received from Home Safe. Home Safe is a privately run Selective Licensing scheme based in Doncaster. The scheme works on the basis of co-regulation for private landlords in conjunction with Doncaster MBC. Essentially a private sector provider acts as an agent on the Council's behalf to undertake the administration of the scheme.

5.4.2 Within Doncaster, landlords have the option to use this scheme or the Council's own in-house arrangement. This private sector led model is viewed by Doncaster Council as being preferable to many landlords (thus increasing take up rates) and enables the Council to focus its efforts on enforcement activity. The Home Safe Scheme includes some innovative practice, including training for landlords to undertake their own compliance inspections along with a variety of commercial benefits for landlords such as access to approved contractors.

5.4.3 Whilst in agreement with the need to do something within the identified area, following the consultation exercise Home Safe have asked the Council to consider their 'co-regulation' model as an alternative option to the scheme as originally envisaged.

## 6.0 ASSESSMENT AND KEY ISSUES

6.1 Cabinet shall recall that the evidence base already considered in relation to the need and justification to introduce a Selective Licensing Scheme within the Scarborough North Area (as highlighted within the business case) was very strong. In summary, key issues within the area included:

- A very high concentration of privately rented accommodation within the area (61% of all accommodation in Castle Ward and 57% in North Bay Ward)
- High levels of deprivation in the area (parts of Castle falling within the bottom 2% nationally in terms of Index of Multiple Deprivation rankings with North Bay falling into the bottom 3%)
- High levels of anti-social behaviour associated with poorly managed private rented property within the area (Castle and North Bay Wards falling into the bottom 10% nationally in terms of IMD crime and anti-social behaviour rankings).
- High levels of existing enforcement activity from the Council to tackle issues associated with poorly managed accommodation.
- Poor quality of housing stock (Castle and North Bay both falling into the bottom 1% nationally in terms of IMD rankings concerning the Living Environment (indoors) Domain).

6.2 The Business Case, adopted by Cabinet in April sets out the way that Selective Licensing of private rented accommodation could help tackle these issues and contribute to the regeneration and uplift of the area. It describes how a scheme for Selective Licensing could be delivered in this area.

6.3 Further to the consultation, feedback from residents, businesses and community groups has been generally in support of the need to introduce Selective Licensing and the impact the scheme could have to help uplift the area. The majority of residents and business appear to be strongly in favour of the introduction of the scheme.

6.4 In addition, feedback from key partners and stakeholders has also been very positive. At the local level the Council benefits from robust joint working arrangements between partners that could enable the proposed scheme to be taken forward in an effective way and these have come through strongly during the consultation process.

6.5 Feedback from the majority of landlords however (both individually and via the NLA) has generally been in opposition to the proposal and the extra regulatory burden and cost it would place on them.

- 6.6 Having had regard to the above issues and feedback it is recommended that Cabinet gives its 'in-principle' agreement to take forward a Selective Licensing Scheme for the identified area. This in-principle agreement is subject to a final scheme being developed and approved in October and agreement by Council in November 2016.
- 6.7 Whilst overall feedback toward the proposal provided through the consultation was positive, the exercise did highlight a number of key issues that need to be explored further to help shape a final scheme for consideration by Cabinet in October.
- 6.8 Issues for Further Consideration Prior to Final Scheme Approval**
- 6.8.1 It is accepted that more work on fees needs to be undertaken prior to final scheme approval. As highlighted in report 1698 and throughout the consultation process, it is anticipated that the average fee charged per licence shall be in the region of £750. This indicative average cost was a major issue raised primarily by landlords but also by some residents who feared that it would mean an increase in rents.
- 6.8.2 At the crux of the charging issue is the need to ensure that the Council strikes a balance between charging a sufficient level of fee to ensure that it has sufficient income to deliver the scheme in a meaningful way (e.g. sufficient income to employ additional staff to inspect properties) and the need to ensure that the fee charged does not place an unreasonable burden on landlords and in turn potentially push up rents too high.
- 6.8.3 During the consultation it became apparent that there was some confusion over the fee, including a fear that landlords were expected to pay £750 per tenanted property per year. In reality the fee to be charged covers a 5 year period and is for each licence awarded. Given the make-up of the stock in the proposed area the stock often includes multi-occupied flatted accommodation. Typically this would mean that a landlord who owned a block of say 4 flats would incur costs of around £37.50 per flat per year or 0.72p per flat per week.
- 6.8.4 Whilst it is also correct to assume that any additional cost incurred by a landlord is likely to result in increased rents overall, it also important to note that rents within the identified area are typically 30% lower than the rest of the Borough.
- 6.8.5 Officers are however very much mindful of the impact that a £750 charge could have on rents, in particular where the licence holder was the owner of a single dwelling.
- 6.8.6 Within the proposal a number of options were put forward for fee discounts, which included Discounts for Accredited Landlords, Early Bird Discounts and Multiple Property Discount.

6.8.7 Following feedback from the consultation, further work needs to be undertaken to explore options to minimise the impact to landlords and tenants, these include:

- Extending the fee discounts to landlords and agents with other nationally recognised landlord bodies such as NALS and the Residential Landlords Association
- Have fee discounts as a % of the “standard” licence fee rather than a fixed amount. This would mean that the discount for a larger property would be more in cash terms than a smaller property and would be more equitable.
- Offer the option to have staged payments, for example payment by annual direct debit of possibly 2 payments such as 50% on issue of licence and the remaining 50% partway through the licence period.
- Ensuring that fees are structured in such a way as not to unduly penalise the owners of single dwellings (e.g. by charging a reduced amount for single tenanted properties).

6.8.8 Another key issue that needs further consideration before a final scheme can be adopted is whether the Council wishes to move away from its original intention to develop a Council run Selective Licensing scheme that benefits from the close partnership working available at the local level from the Police, Fire Service to a private sector led/ co-regulatory model that may provide a different range of advantages to landlords and the Council (see 5.4).

6.8.9 A private sector led approach was not something that was envisaged or considered prior to the consultation process. Whilst officers have visited Doncaster MBC to see how the private sector led model works for them, to date no real investigation has been given into the pros and cons of such a proposal. No assessment has been made to date of the legal or procurement issues of such a proposal.

6.8.10 Prior to the final scheme being agreed it is therefore important that officers and the portfolio holder look into this proposal in more detail to help determine whether this alternative delivery model is something that the Council may wish to pursue. An assessment of the pros and cons of this approach and a recommendation as to whether the Council should pursue such an approach shall be made in October.

6.8.11 A further issue that needs some consideration before a final scheme can be recommended is the need to ensure that the Council develops a system of effective impact and outcome monitoring.

6.8.12 The high profile nature of Selective Licensing means that it will be subject to a high degree of scrutiny from a wide range of parties and interests including landlords and landlord bodies, residents, SBC members and others.

6.8.13 Strong and robust monitoring mechanisms need to be put in place once it is implemented, which will monitor the effectiveness and impacts of the scheme (both positive and negative) and enable changes to the scheme to be made during the licence period as and when required.



- 6.8.14 Key performance indicators will need to be established and agreed upon for the scheme and regular monitoring reports produced, both for SBC members and for other interested parties. An option to support this could be the development of a multi-agency steering group that includes landlord and tenant representation.
- 6.8.15 In addition, the monitoring of the scheme can then feed into the development and delivery of the further Selective Licensing schemes, which are proposed for the other areas of Scarborough as identified in the initial Business Case.
- 6.8.16 A further issue raised during the consultation was proposed changes to the area and the inclusion of certain streets running west off North Marine Road, including Durham Street. Again this needs to be considered and a further needs analysis prior to any final recommendation to Cabinet.

## **7.0 IMPLICATIONS**

### **7.1 Policy**

This report has no policy implications at this stage. Members shall be asked to consider a final proposed scheme and policy in October 2016.

### **7.2 Financial**

This report has no policy implications at this stage. Members shall be asked to consider a final proposed scheme and fee charging structure in October.

As highlighted in report 16/98. It is estimated that the cost of running such a scheme shall be in the region of £350K over the 5 year designation period and that average levels of fee income shall be around £750 per licence. A range of discounts are proposed and shall be refined and extended for consideration by Cabinet in October.

### **7.3 Legal**

The Housing Act 2004 enables Local Authorities to introduce Selective Licensing. Should the Council proceed with a Selective Licensing Scheme for the proposed area then a set legal process must be followed including the issuing of a public notice of designation.

### **7.4 Equalities and Diversity**

No implications at this stage.

### **7.5 Staffing Issues**

None at this stage however the introduction of Selective Licensing would have some key staffing implications should it be taken forward.

The Council does not have the capacity to take forward such a proposal with existing staffing resources. Additional staff would be required to administer the scheme (the number of officers would of course vary depending on the scale of any proposal). The additional cost associated with extra staff would be covered via fee income.

It is also very important to note that any effective scheme for selective licensing is likely to generate a significant level of additional enforcement activity for the Council, however the cost of this additional activity cannot be met via fee income.

The staffing/capacity implications of a scheme are therefore being considered as part of a wider review of environmental health services. Creating a platform for the introduction of Selective Licensing is being considered as a prerequisite of this review.

A new staffing structure is being recommended that includes the creation of a single residential enforcement unit. On-going consultation with staff and Unions is underway in relation to these proposed changes.

## 7.6 **Planning, Environmental, Health and Safety, Sustainability, Crime and Disorder**

There are no planning implications.

The introduction of Selective Licensing would have a positive impact in terms of environmental, sustainability and crime and disorder issues. The proposed scheme is intended to help contribute to tackling these issues in a planned way by uplifting standards of housing management and through close partnership working between key agencies.



**Trevor Watson**  
**Director**

**Author:** Andrew Rowe – Housing Manager  
Telephone No: 01723 383598  
Fax No: 01723 365280  
E-mail address: [andrew.rowe@scarborough.gov.uk](mailto:andrew.rowe@scarborough.gov.uk)

**Background Papers:**  
**Reports 16/98 12/4/2016 & 15248 16/6/2015. Members are also referred to the full consultation report and appendices on**  
<https://www.scarborough.gov.uk/home/council/consultations/proposed-introduction-selective-licensing-scheme-scarborough-north>

IF YOU HAVE ANY QUERIES ABOUT THIS REPORT OR WISH TO INSPECT ANY OF THE BACKGROUND PAPERS, PLEASE CONTACT ANDREW ROWE ON 01723 383598 OR E-MAIL [andrew.rowe@scarborough.gov.uk](mailto:andrew.rowe@scarborough.gov.uk)

<b>Risk Ref</b>	<b>Date</b>	<b>Risk</b>	<b>Consequences</b>	<b>Mitigation</b>	<b>Current Risk Score</b>	<b>Target Score</b>	<b>Service Unit Manager/ Responsible Officer</b>	<b>Action Plan</b>
1	August 2016	The Council does not agree to take forward selective licensing.	The Council shall continue with its current approach to tackling issues associated with poorly managed private rented properties within this area	Cabinet are being asked at this stage to give agreement in-principle subject to final approval in October.	B4	A1	Housing Manager	
2	August 2016	The Councils consultation process was not sufficiently robust	Potential Judicial Review/ Legal challenge	The consultation process was undertaken with regard to relevant Government Guidance	B4	A1	Housing Manager	
3	August 2016	The Council does not fully consider the outcomes of the consultation	Potential Judicial Review/ Legal Challenge. Potential for the scheme to not operate in a satisfactory manner.	In addition to the broad statistical results of the consultation, officers have carefully responded to key issues raised and where possible shall endeavour to use this feedback to help shape the final scheme.	B4	A1	Housing Manager	

## Glossary of Terms

Risk	An event which may prevent the Council achieving its objectives
Consequences	The outcome if the risk materialised
Mitigation	The processes and procedures that are in place to reduce the risk
Current Risk Score	The likelihood and impact score with the current mitigation measures in place
Corporate Objectives	An assessment of the Corporate Objectives that are affected by the risk identified.
Target Risk Score	The likelihood and impact score that the Council is aiming to achieve
Service Unit Manager	The Service Unit or Officer responsible for managing the risk
Action Plan	The proposed actions to be implemented in order to reduce the risk to the target score

## Risk Scoring

Impact	5					
	4					
	3					
	2					
	1					
			A	B	C	D
		Likelihood				

### Likelihood:

A = Very Low  
 B = Not Likely  
 C = Likely  
 D = Very Likely  
 E = Almost Certain

### Impact

1 = Low  
 2 = Minor  
 3 = Medium  
 4 = Major  
 5 = Disaster