



**COUNCILLOR
GEORGE DAVIES**

CABINET

Monday, 1 October 2018

CONSIDERATION OF PROPOSAL TO IMPLEMENT SELECTIVE LICENSING FOLLOWING CONSULTATION

Councillor George Davies, Cabinet Member - Housing and Community Safety (and Deputy Leader of the Council), said:

“Wirral residents demand – and deserve – to live in good quality, safe and attractive housing. The availability of private rented accommodation has more than doubled in Wirral in the last 10 years and while we know that many of these properties are of an excellent standard, managed by responsible landlords, there are others that aren’t up to scratch.

“We will not tolerate Wirral residents being forced to live in poor conditions by irresponsible landlords. This licensing scheme is a good way for us to tackle this issue and, where a landlord does not live up to their responsibilities to their tenants, we will not hesitate to take action against them.

“Our Selective Licensing scheme supports improvement in the quality of housing in the areas of Birkenhead and Wallasey where it is applied. It has brought many social and health benefits along with it and people from across the political spectrum have rightly highlighted its success and championed it for their own area, calling for its expansion.

“This is where the council needs to step in and use all the powers that we have to drive up the standards of this housing on behalf of tenants and this is what we are aiming to do by extending the Selective Licensing scheme.”

REPORT SUMMARY

This report presents Members with the results of the consultation exercise for extending Wirral’s Selective Licensing Scheme to four more designated areas in the Borough. Those areas are known as:

- Hamilton Square
- Seacombe St Pauls
- Birkenhead West
- Birkenhead Central

The maps and address lists are detailed in the updated Business Case which can be found by clicking the [link to business case](#).

Based on the feedback from the consultation undertaken and the robust evidence used for the Business Case rationale, Members are asked to approve the extension of Wirral's Selective Licensing Scheme for all tenanted private rented properties within these additional four designated areas under Section 80 of the Housing Act 2004.

Members are also asked to approve changes to the existing Licence Conditions following operational and legislative changes introduced since the initial scheme was launched. These changes, which have been consulted on, will apply to both the existing scheme and proposed scheme and are detailed in [Appendix One](#) of this report.

The scheme contributes to the Wirral Plan 2020 Pledge; 'Good quality housing which meets the needs of residents' by improving the quality of Wirral's housing offer for our residents which is a key component of Wirral's Housing Strategy.

Wards affected include Bidston and St James, Birkenhead and Tranmere and Seacombe.

This is a key decision.

RECOMMENDATIONS

Cabinet are requested to:-

- (1) approve the proposal for the designation of Selective Licensing in the four additional areas (Hamilton Square, Seacombe St Paul, Birkenhead West, Birkenhead Central) of the borough as set out in the Business Case to cover all private rented properties in accordance with Section 80 of the Housing Act 2004.
- (2) agree that the Selective Licensing designation for these additional four areas shall come into force on 1st November 2018 with an anticipated commencement date of 1st April 2019.
- (3) approve changes to the existing Licence Conditions following operational and legislative changes introduced since the initial scheme was launched. These changes are detailed in the Selective Licence Conditions.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATIONS

- 1.1 The report sets out the reasons for implementing a Selective Licencing scheme in four additional designated areas in the borough. There is a robust evidence base to justify the targeting of proposed areas and support for the scheme has been confirmed by 77% of respondents to a recent statutory consultation exercise compared to less than 12% who disagreed or strongly disagreed. Furthermore evidence provided by the existing Selective Licensing Scheme has confirmed that private rented properties in these areas have an extremely low level of compliance with licensing conditions which further strengthens the case for rolling out this scheme to the proposed new areas. The report sets out the proposed changes to the existing Licence Conditions following operational and legislative changes introduced since the initial scheme was launched. These recommendations will improve living conditions and ensure well managed private rented properties in designated areas.
- 1.2 Selective Licencing contributes to the Wirral Plan 2020 Pledge; 'Good quality housing which meets the needs of residents' by improving the quality of Wirral's housing offer for our residents which is a key component of Wirral's Housing Strategy.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council has used a range of tools for tackling poor management including property accreditation, healthy homes, landlord forums and training. In addition, the Council uses existing enforcement powers under the Housing Act 2004 to improve housing conditions including the operation of a mandatory HMO Licensing Scheme and a reactive approach to complaints from tenants and partner agencies. Whilst these powers are effective at improving conditions, taking prosecutions and undertaking work in default are resource intensive processes. Landlords are also able to avoid prosecution by doing a small amount of the required works but delaying completion or evicting tenants and sometimes selling the property on to a new owner. In these cases, the Council may have to invest a significant amount of time into tracking down new owners before any enforcement action can be taken. Selective Licensing helps to avoid wasted time tracking down the person managing the property by making it a mandatory requirement for landlords to apply for a licence in designated areas. Whilst this has had some success, the benefit that Selective Licensing brings is a co-ordinated, targeted mandatory approach, where the ultimate sanction is that a landlord can be prevented from letting out properties.
- 2.2 The current Selective Licensing Scheme has demonstrated that the targeted approach has accurately identified areas of properties in very poor condition which is not reflected in the low number of complaints the Council receives about property condition from tenants. This demonstrates that more vulnerable residents do not complain about their housing conditions, so without Selective Licensing it is highly likely that their hazardous housing condition would not have been addressed. In the current Selective Licensing scheme, 136 dwellings have had serious hazards addressed since the scheme commenced.

- 2.3 A Borough wide approach was also considered but the Selective Licensing of Housing (Additional Conditions)(England) Order 2015 requires new schemes to be introduced in areas where the private rented stock is greater than the national average at 19% without Secretary of State approval. Whilst local authority areas with less than 19% can still request a designation by the Secretary of State, officers are not confident they can demonstrate a need for a Borough wide initiative. This is due to the fact that in Wirral there are very distinct housing markets where the private rented sector is significantly higher, which are clearly concentrated in small pockets in the east of the borough, but there are also areas of high demand where the levels of private renting are much lower. Recent evidence from Wirral Intelligence Service Report (Business Case (August 2018) which can be found on the following link: [link to business case](#) supports the fact that there is significant polarisation of housing markets in the borough. It is recommended therefore that the Council should focus resources in the areas displaying the worst problems of low demand and poor property condition.

3.0 BACKGROUND INFORMATION

- 3.1 Wirral introduced its first Selective Licensing Scheme in the Borough on 1st July 2015 into four designated areas in Birkenhead, Tranmere, Seacombe and Egremont. Over 1,300 Licence applications have been granted in these areas representing over 99% of known licensable landlords. Compliance checks, which are based on license conditions, have been completed for 589 privately rented properties; however the compliance rate with license conditions has been found to be extremely poor at only 29.37% of those 589 properties inspected. While most landlords and agents have completed any necessary works voluntarily, the Council have been proactive in taking enforcement action where necessary and have been successful in securing prosecutions for 41 offences relating to licensing and non-compliance with notices. In addition 1,884 Healthy Homes Surveys have been completed and 2,382 referrals made to over 48 partner organisations to assist residents in Selective Licensing Areas improve their health and wellbeing.
- 3.2 Although the worst properties have been targeted for early inspections, the scheme demonstrates that without pro-active Council intervention in these areas, vulnerable tenants would continue to live in poor quality, often hazardous housing. Officers aim to inspect all privately rented properties in these areas by 30th June 2020 which is the end of the current five year designation period.
- 3.3 It is still too early to assess whether or not Selective Licensing has had its intended impact of reducing low housing demand, however an initial review of the scheme was undertaken in July 2017 along with a residents and landlord survey to gauge some initial views on progress.
- 3.4 Whilst feedback showed that after 18 months residents did not yet see big changes in Selective Licensing Areas, feedback was positive in many aspects such as a high overall satisfaction with the areas and improving property conditions. Some landlords have sold up portfolios of properties rather than comply with minimum conditions and we are aware of professional landlords that have bought these, renovated them to a good standard and licensed them. There have been some excellent outcomes generated as a result of new residents associations and street clean-up days that are indicative of a renewed pride in some areas, but there is still a long way to go. We will

continue to monitor the housing market in these areas and an analysis will be completed as part of the evaluation in year four of the scheme.

- 3.5 It is recognised that improving awareness of the support available via the scheme will need to be continually promoted along with more multi-agency approaches being taken to tackle wider issues in the Selective Licensing scheme over the remaining years of the scheme and any proposed new scheme.

4.0 CONSULTATION

- 4.1 The Housing Act 2004, Section 80 imposes statutory consultation requirements in respect of local authorities designating a licensing scheme. The Act states the Council must take reasonable steps to consult persons who are likely to be affected by designation and then fully consider any representations made.
- 4.2 The Business Case and associated appendices were approved by Cabinet on 27th November 2017 as the basis for the selection of four additional selective licensing areas and subsequent 10 week statutory public consultation. This Cabinet report also outlined the evidence used to determine the four additional proposed Selective Licensing areas. The evaluation involved an analysis of individual data sets for the worst performing small geographical areas across the borough called Lower Super Output Areas. These are the smallest geographical areas where official data which is collected at a national level can be used for analysis. The LSOAs are determined nationally and to change these boundaries would affect the robustness of the analysis. Data analysed included for example the number of long term empty properties, low sales values and sales rates, high numbers of private rented properties, high turnover of private rented properties and longer than average times that privately rented properties took to be re-let as well of other data that reflects areas suffering from low-demand
- 4.3 An extensive public consultation with landlords, residents, business and stakeholders commenced on 11th December 2017. All responses and representations made have been analysed and considered as part of the Business Case (August 2018). This is available for Members to view following the [link to business case](#). The final report which sets out the Public and Stakeholder Consultation findings can be found as Appendix two of this report.
- 4.4 The consultation process was significant and wide ranging and included an online questionnaire, press release, website information, social media releases and emails. In addition, postcards were delivered to all homes within the existing Selective Licensing area and the proposed four additional area boundaries. In addition the Councils One Stop Shops provided information on their plasma screens, along with copies of the questionnaire and posters to draw attention to them as well as posters placed in shops and local businesses in the proposed areas.
- 4.5 Various consultation methods were used for different stakeholder groups such as specific meetings with residents, landlord associations and local managing agents. In total 621 people and organisations have responded to the consultation, broken down as follows:

529 responses received to the on line survey and hard copy questionnaires
 10 written submissions (eight emails and two letters)
 6 landlords and agents attended three Selective Licensing Landlord Steering Group meetings
 44 landlords attended four focus groups
 32 residents attended five open forums.

4.6 All of the responses from this process have informed the basis of the Business Case August 2018), Public and Stakeholder Consultation report and proposed changes to the scheme, which members are being asked to approve. Key messages identified from the consultation findings are detailed below:

- From the on-line survey, the overwhelming majority (76.55%) of respondents either strongly agreed or agreed with selective licensing proposals compared to 11.53% who either strongly disagree or disagreed.
- 51 of the respondents to the on-line questionnaire, and many of the landlords and agents who attended the workshops made comments in support of the proposal. A common view was that whilst good landlords were already meeting these requirements, there were unscrupulous landlords that were neglecting their responsibilities and selective licensing would provide greater protection for tenants. Landlords also expressed their opinions that extending selective licensing will improve more areas, help average landlords perform better and allow landlords to receive support.
- There were a significant number of respondents to the on-line questionnaire who thought that the scheme should be extended to further areas or across Wirral as a whole rather than being limited to small areas. In addition, several written responses received supported these views and also suggesting specific areas that could be included.
- There were 38 general comments submitted via the on-line questionnaire against the proposal to extend the Selective Licensing scheme. A number of reasons were highlighted for this including unnecessary regulation; it is penalising good landlords while not addressing the bad; the Council already has existing powers to tackle poor landlords, there are few benefits for landlords and it will increase rents as landlords will have to pass the costs on to tenants. These views were also supported to some extent by those attending the landlord and agent workshops, and further included issues such as the extension of the scheme would be discriminatory to good landlords, and specific blocks of flats or roads should be excluded as there are no issues were also highlighted.
- A number of landlords who are against the scheme being both introduced and extended further, suggested the existing landlord accreditation scheme was adequate for good landlords and as they were accredited, they should not have to pay an additional selective licensing fee.
- In addition to the general comments against selective licensing, there were a substantial number written comments received to the on-line questionnaire as well as comments made during workshops, relating specifically to fees. Many of the comments suggested the scheme was a 'money making exercise' for the Council and that landlords would sell their properties rather than pay the fee associated with selective licensing. Others said that they were already operating at reduced margins due to changes in tax relating to letting properties and increased regulation at a national level and they felt that selective licensing

fees were therefore not affordable. Many of the comments referred to the fee as an additional tax on landlords.

- 64 respondents made neutral comments through the on-line questionnaire that were neither in support of nor against selective licensing but offered wide-ranging suggestions or observations about how the scheme should operate on a practical level. These suggestions have been considered in the revised fee structure, draft conditions and other operational considerations.

5.0 CHANGES TO THE BUSINESS CASE AS A RESULT OF CONSULTATION AND REPRESENTATIONS MADE

5.1 In addition to the above, there were a number of issues raised as part of the consultation process which has resulted in the Business Case and associated appendices being reviewed and amended. The Business Case (August 2018) can be found on the following [link to business case](#). The case setting out the evidence base and rationale for the introduction of selective licensing has remained unchanged.

5.2 The main changes in the Business Case relate to the following key aspects:

Licence Conditions

The existing licence conditions were implemented on 1st July 2015 following agreement by members. However, during the course of the existing scheme and following a number of reviews, officers identified various required amendments due to operational and legislative changes.

The amendments involve rewording of a number of the existing licence conditions and general reformatting to ensure the licence conditions document is more user friendly for licence holders and service users. The proposed legislative inclusions within the licence conditions are as follows:

- license holders to carry out Right to Rent checks in accordance with Home Office requirements
- to provide ongoing maintenance of gas installations.

A new clause has been included within the proposed licence conditions which Members approval is sought for. This relates to additional legislative requirements that may be introduced over the lifetime of the scheme (e.g. electrical safety certificates) regarding the management of privately rented accommodation.

For HMOs (not required to be licensed by the mandatory HMO licensing scheme) where there is not a fire risk assessment, it is proposed that 10 year battery operated smoke detectors are required to be in place as an interim measure.

In addition, it is proposed that licence holders are responsible for providing adequate kitchen facilities. Licence holders will be required to carry out inspections of the licenced dwelling on an annual basis and to ensure emergency works to protect the security of the dwelling within 24 hours of being notified.

During the consultation process all proposed amendments to the existing conditions were consulted on. Of the 73% of landlords who responded to questions on licence

conditions, there was some variation in support for the individual conditions, however overall the majority of landlords agreed with the proposals. Some minor changes were suggested by respondents, such as extending the length of time bins can be put out on the pavement from 12 hours until 18 hours which is more practical in allowing residents to place household bins out the previous evening to allow early morning collections of household waste.

In addition further guidance notes have been included with the licence conditions to assist licence holders. A copy of the proposed revised licence conditions (amended July 2018) can be found in Appendix One of the report.

Fees and Charges

The Housing Act 2004 stipulates that local authorities may charge for the introduction and administration of a Selective Licensing Scheme; however they cannot make a profit from such a scheme. The existing Selective Licensing scheme is subsidised by Council funding, however it was hoped that efficiencies gained from the processes of the existing scheme, which are now well established, means a reduction in the amount of funding required by the Council can be achieved while passing on savings where possible to landlords.

The fee level of a licence within the existing scheme is £695 for the five year duration of the scheme (without discounts). In setting the fee level of the proposed scheme, Officers are of the opinion that landlords who don't come forward and co-operate with the Council should be charged the full fee, whilst landlords who are accredited or come forward promptly to licence their properties should be rewarded with discounts.

The early bird discount can be justified by the increased workload to identify landlords who haven't come forward voluntarily to be licensed. The accreditation discount recognises landlords who are already accredited with the Council's scheme or a national landlords association, have declared they meet the statutory minimum standards in terms of property and management standards, all of which will reduce the time needed for certain compliance checks to be completed.

Those who are found not to meet these standards on inspection may have to re-pay the accreditation discount. There were exceptionally high numbers of new accreditation applications at the start of the current scheme from landlords seeking a discount which caused problems with staffing resources at that time. It is therefore proposed the accreditation scheme is suspended for *new* applications within the proposed Selective Licensing areas from 31st December 2018 to allow time for inspections and processing before the proposed selective licensing scheme commences. Properties that are already accredited with the Council at this time will be able to apply for the accreditation discount. Landlords who miss the deadline will still be able to get the accreditation discount if they are accredited with one of the national landlord associations.

Some larger landlords wanted a bigger discount for licensing multiple properties, however the reduction of £50 for 2nd and every additional property after that has been re-calculated based on reductions in processing time for applications and it has not been possible to justify a larger discount at this time.

A common concern for landlords during the consultation related to the level of fees which a significant number of landlords felt were too high, particularly when they reported experiencing more regulation from central government, lower rental yields, difficulties receiving rent payments from delays in their tenant receiving Universal Credit and an increasing number of tenants with complex support needs. The Council has been reluctant to pass on increases in staffing and associated costs to landlords since the first scheme, however a new software system has been acquired for the extended HMO Licensing Scheme (due to go live in October 2018) which could also be used for Selective Licensing. This will further streamline the application process and generate a small saving to the overall cost of the license which will be passed on to landlords.

The overall license fee for the proposed scheme has therefore reduced to £645 per property for the 5 year duration of the scheme. Discounts on the fee include:

Accredited with the Council or a national landlord association scheme discount.	£100
Early Bird Discount (for applications within 3 months)	£100
Multi-property discount for 2 nd and subsequent properties discount	£50

There will be an additional charge of £50 per property for payments by instalments and £50 per application for landlords who make paper applications or request assistance to make an on-line application in Council Offices.

Existing Selective licensing scheme benefits

- Whilst the Council will not provide financial assistance for landlords to carry out improvements where their property falls below the minimum statutory standard, financial support will be provided towards renovation costs of empty properties that have been vacant for more than six months. This level of financial support was previously £3,000, however it was previously agreed by members to increase the maximum limit of financial support within designated Selective Licensing areas to £5,000 to encourage long term empty properties in Selective Licensing Areas to be brought back into use.
- In addition to this Heating and Renovation Loans of up to £4,000 are available to qualifying tenants to enable heating improvements to be made to rented properties.
- The Council currently has a team of Healthy Homes Community Workers which are externally funded by Public Health until March 2019. Their work, which is focused in the existing Selective Licensing Areas, supports very vulnerable residents via a referral hub to multiple-agencies with the aim of improving wellbeing and reducing health inequalities. Officers will look at opportunities to see if this can be extended into the proposed Selective Licensing areas.
- The Council will continue to offer information and advice to landlords and residents in both the existing and proposed Selective Licensing Areas to help address issues relating to anti-social behaviour (ASB), will offer mediation where this is applicable and offer an Anti-Social Behaviour case management service to landlords where the level of ASB does not warrant enforcement action. Where required, practical training sessions will be provided for landlords and where appropriate cases may also be referred to the Troubled Families Project.

- Consultation feedback so far has also identified that a high number of tenants in these areas lack general lifestyle and tenancy management skills, putting them at a higher risk of homelessness due to tenancy breakdown. Tenants who are at risk of losing their tenancy or their landlords who have properties in Selective Licensing areas will have access to a free, commissioned tenancy support service. Where necessary a case worker will be provided to offer support as well as advising tenants of their rights, responsibilities and implications of their actions including how to behave and act within the terms of their tenancy agreements.

Additional considerations relating to benefits following consultation:

- The Council will also commit to exploring a facility of assisting landlords in the removal of waste from privately rented accommodation. The provision of this facility will potentially reduce the number of occurrences of fly tipping to the Borough as a whole, providing an environmental improvement to communities.
- The Selective Licensing consultation feedback suggested that the benefits offered within the current scheme are not widely promoted but will be a benefit to landlords, tenants and the community. A newsletter will therefore be offered in the proposed and existing areas to update residents and landlords on the progress of Selective Licensing and advice on how to access assistance.
- Respondents also asked for parking permits for landlords undertaking checks / work within their properties as this was raised as a problem. This option has been discussed with officers within the Wirral Council Strategic Hub who have advised that this was not currently considered as a priority to take forward and would also require a policy change which would have resource implications. They have advised however that there is already a temporary permit scheme in place where landlords can apply for temporary parking permits. The National Landlords Association have been clear that the existing scheme is not flexible enough to respond to their requirements as it requires landlords to apply for a temporary permit in advance of when they want to visit one of their properties, which is not always possible.

Monitoring of Impacts

It is proposed that the following outputs are collected and reported on an annual basis and published on the council's website:

- No of properties licensed in each designated area;
- No of properties compliant;
- Number of properties where *informal action* has been taken to improve properties;
- Number of properties where *Improvement Notices* have been served to improve properties;
- Number of hazards removed from properties;
- Number of prosecutions;
- Number of Empty Properties brought back into use in Selective Licensing Areas; and
- Number of long term empty properties.

Evaluation – How will success be measured?

It is acknowledged by government that selective licensing may take longer than the five year licence period to have any positive impact on many of the low demand indicators such as property price and the time it takes to let properties. Indicators on property

condition are likely to be achieved quicker following proactive licensing inspections as action is taken to remove hazards in the home throughout the life of the scheme.

The council proposes to re-visit all indicators early in year five of the scheme which will allow time for the impacts of selective licensing to filter through. This will also feed into the review of the scheme in year five to inform a decision on whether or not it requires a re-designation at the end of the scheme term.

It must also be acknowledged that a change in some indicators may not necessarily be as a result of selective licensing as it is sometimes difficult to separate the various factors contributing to low demand which can be due to national policy or national economic conditions.

As well as statistical indicators, the council will obtain qualitative evidence on the impact of selective licensing in the new areas through a resident and landlord survey towards the end of year two and in year five.

The council will judge success on the following:

- Improved resident satisfaction in the designated neighbourhoods
- All high risk private rented properties will be inspected and hazards removed;
- All landlords who fail to license their properties or comply with improvement notices will be prosecuted;
- There will be a significant improvement in the condition of the private rented properties;
- High positive awareness of selective licensing amongst landlords and residents and high awareness of the assistance that can be provided to improve private rented property management and to improve the health and welfare of residents in the areas;
- There will be a reduction in the number of long term empty properties.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 The estimated costs of operating a scheme in the four areas are estimated to be in the region of £191k per year over the five year designation period with a projected income being received of £126k per year during this period. The set up costs for the proposed scheme are significantly less than when the first scheme was introduced as processes are now established and streamlined.
- 6.2 The Council's contribution for the first scheme was £675k over the lifetime of the project, averaging £135k per year. Funding required for the proposed scheme is estimated to be significantly less at £326k i.e. just over £65k per year. Council funding is required to support the scheme as there are elements of the scheme which the Council is not legally able to charge landlords for and will cover the cost of the staffing resource to cover enforcement costs to address hazardous housing conditions. This is already a statutory duty of the Council and therefore cannot be funded from the license fee.
- 6.3 Council schemes in other Local Authority areas which report not to have a Council contribution, and are usually operational over a larger geographical area, often don't have a commitment to inspect all of the licensed properties, and therefore will need

less staff per licensable property. These schemes have been criticised by landlords as being money making opportunities for Councils as they are less likely to be addressing rogue landlords and serious disrepair to the same extent as Wirral's scheme. Compliance checks has been fundamental to Wirral's scheme given that it is targeted to areas where the non-compliance is expected to be very high. Of the 589 compliance checks undertaken since the original scheme commenced, only 29.37% have complied with licence conditions.

- 6.4 100% of the income received from the *existing* Selective Licensing scheme fees has been attributed to the operational costs on this scheme, which is prescribed by statute. The Council's contribution to the *existing* scheme which is currently sitting in reserve was not fully utilised and it is being proposed the remainder of this reserve can be used to fund the proposed £65K per year required for the new Selective Licensing areas.
- 6.5 It is intended that the staff required to operate the proposed scheme is broadly the same as the existing Selective Licensing Scheme. If approval is given for the proposed scheme, it is intended to establish a staffing structure based on fixed term contract arrangements initially until a decision on whether the existing scheme would be re-designated has been made. This is likely to be in autumn 2019 and will allow for any potential redeployment of permanent staff into the new scheme if necessary.
- 6.6 Members should note assumptions on costs regarding fee income have had to be made on an estimated level of private rented properties across the areas. This could be subject to change if there are less private rented properties in the area or landlords make more properties empty to try and avoid fees. This would have an impact on the level of fee income generated and would need to be reported to members however there would be a small contingency of £30,000 in reserve to mitigate this which officers consider is a low risk based on the number of licences applied for in the first scheme. This risk however will be managed through regular monitoring of income generation and by the proposed new team working to establish an accurate private landlord database.
- 6.7 Officers are proposing a baseline fee per licence in the designated area of £645. The proposed fee to be charged is based on the true costs associated with running the scheme, this includes processing applications, administration costs for issuing the licence and staff monitoring compliance of the scheme conditions over the five year designation period. The proposed fee charge will need to be included in the Councils Fees and Charges Directory.
- 6.8 Member's attention is drawn to Appendix two of this report which sets out the Public and Stakeholder Consultation findings, which officers have had regard to when proposing the final fee structure and the range of discounts which will be available.

7.0 LEGAL IMPLICATIONS

- 7.1 The Housing Act 2004 and regulations under the Act contain provisions for local authorities to license the private rented sector in some circumstances. Selective Licensing is one form of licensing that can be used. The Housing Act 2004 also imposes statutory consultation requirements in respect of local authorities designating

a licensing scheme. The Act states that the authority must ensure that any exercise of the power is consistent with the authority's overall housing strategy. Guidance requires the Local Authority to present the case for selective licensing, why it is the most appropriate solution, how consultations have been undertaken and how responses have been dealt with.

- 7.2 Previously an application for licensing had to be approved by the Secretary of State for Housing, Communities and Local Government. Since April 2010 local authorities can approve schemes themselves under "general consent" powers. From April 2015 the Secretary of State for Housing, Communities and Local Government has to confirm any scheme which would cover more than 20% of a Local Authority's geographical area or that would affect more than 20% of privately rented homes in the local authority area. This scheme would not need that approval.
- 7.3 After formal designation it will be an offence for a person who has control of or manages a property within the designated area (landlord or managing agent) not to have a licence unless the property is exempt. The fine payable following summary conviction is now unlimited (previously £20,000). It will also be an offence if someone who is so licensed breaches a condition of the licence. The fine payable following summary conviction is now unlimited (previously £5000). Any person who is convicted of these offences may be regarded not to be a 'fit and proper' person and may be refused a licence upon application or have an existing licence revoked.

8.0 RELEVANT RISKS

- 8.1 As full Risk Assessment can be found in the Business Case (August 2018) on the following [link to business case](#) however Members attention is drawn to the following key risks:-

Risk	Controls
Low take up by landlords resulting in an income shortfall	<ul style="list-style-type: none"> • Full Consultation taken place • Prediction of number of licenses based on the existing SL scheme • Early bird discount offered to encourage landlords to come forward; • Enforcement and publicity of noncompliant landlords • Small contingency in place that will be offered as a saving if not required.
Inability to process and respond to high level of licence applications all submitted at the same time	<ul style="list-style-type: none"> • Existing staff are fully trained and experienced with processing large numbers of applications • New software to improve processing of applications with payment module • Fixed term staff to assist in early stage of programme if higher level of applications than anticipated are received.
Challenge of the Councils decision by seeking judicial review of the decision resulting in cost implications for the council	<ul style="list-style-type: none"> • Councils legal team involved in feasibility and consultation processes • Robust consultation plan agreed by cabinet

	<ul style="list-style-type: none"> • License conditions and fees changed to reflect views and concerns from consultation with landlords.
Newly acquired computer database for processing applications not commissioned prior to commencement of proposed designation of new Selective Licensing areas.	<ul style="list-style-type: none"> • Contractual agreements/service level agreements to be incorporated with in contract for new provider. • Utilise paper applications and existing computer database to process applications should issues arise.

9.0 EQUALITY IMPLICATIONS

- 9.1 It is anticipated that the proposed implementation of Selective Licensing into four new areas of the borough will have a positive impact on stakeholders in those affected areas through improvements in the standards and management of private rented properties, improving the Boroughs Housing Offer and improved access to quality housing in those areas.
- 9.2 The introduction of a Selective Licensing Scheme in four further areas of the borough is consistent with the priorities identified in Wirral's Housing Strategy of which an Equality Impact Assessment (EIA) was completed. An Equality Impact Assessment (EIA) in relation to expanding the Selective Licensing area is available through the following link: <https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2017/delivery>

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APPENDICES

Appendix 1: [Revised Selective Licencing Conditions](#)

Appendix 2: [Public and Stakeholder Consultation Findings](#)

REFERENCE MATERIAL

Approval Steps for additional and selective licensing designations in England, Department of Communities and Local Government, Revised edition 2010

Selective Licensing of Privately Rented Housing December 2013, House of Commons

Selective Licensing of Housing (Additional Conditions)(England) Order 2015, Department of Communities and Local Government.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet – Approval of business Case and consultation approach for the proposed extension of Selective Licensing	27 th November 2017
Cabinet – Consideration of proposal to implement Selective Licensing following consultation	12 th March 2015
Cabinet – Approval of Business Case and consultation approach for the proposed introduction of Selective Licensing	6 th November 2014