

CABINET

Monday, 24 February, 2020

**CONSIDERATION OF PROPOSAL TO IMPLEMENT SELECTIVE
LICENSING FOLLOWING CONSULTATION**

Councillor Stuart Whittingham, Cabinet Member - Housing and Planning 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, evidence from current Selective Licensing Schemes has demonstrated that 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 continuing with Selective Licensing in the four areas introduced in July 2015 and extending the scheme to two additional areas.”

REPORT SUMMARY

This report presents Members with the results of the consultation exercise for re-designating a Selective Licensing Scheme in the four areas introduced in July 2015 and extending it to two more designated areas in the Borough. It is proposed that these six areas listed below are included in a new scheme (referred to as *scheme 3*) starting on 1st July 2020:

- Birkenhead South (LSOA E01007129)
 - Egerton North (LSOA E01007179)
 - Egremont Promenade South (LSOA E01007215)
 - Seacombe Library (LSOA E01007278)
 - Tranmere Lairds (LSOA E01007291)
 - Egremont South (LSOA E01007275)
- } existing scheme
} 2 additional areas

The maps and address lists for the *scheme 3* areas are detailed in the updated Business Case (Appendix 1)

Based on the feedback from the consultation undertaken and the robust evidence used for the Business Case rationale, Members are asked to approve the designation of Wirral's Selective Licensing Scheme (*scheme 3*) for all tenanted private rented properties within these six designated areas under Section 80 of the Housing Act 2004.

The Wirral Plan 2020 set out a commitment to work together up to 2020 and beyond to achieve the 20 pledges, including 'good quality housing which meets the needs of residents. Wirral's Housing Strategy has supported the 2020 Plan and clearly sets out the long-term strategic housing direction for Wirral. The Council has worked in partnership to deliver the ambitions of the plan and housing priorities working with a wide range of partners and stakeholders to improve the quality, quantity and access to housing. Building on this good track record, the Council will continue this approach as it adopts the new Wirral Council Plan 2025, its priorities and future strategies which Selective Licensing has a key role to play.

Wards affected include Birkenhead & Tranmere, Claughton, Liscard, Oxton, Prenton, Rock Ferry and Seacombe.

This is a key decision.

RECOMMENDATION/S

Cabinet are requested to:-

- a) approve the draft proposal for Selective Licensing in the following six areas of the borough based on the robust evidence base:
 - Birkenhead South (LSOA E01007129)
 - Egerton North (LSOA E01007179)
 - Egremont Promenade South (LSOA E01007215)
 - Egremont South (LSOA E01007275)
 - Seacombe Library (LSOA E01007278)
 - Tranmere Lairds (LSOA E01007291)
- b) agree that the Selective Licensing designation for these six areas shall commence on 1st July 2020 until 30th June 2025.
- c) agree to the exclusion of Mariners Park from the proposed Selective Licensing Scheme.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATIONS

- 1.1 The report sets out the reasons for implementing a Selective Licencing scheme (*scheme 3*) in six 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 evidenced through feedback from a wide ranging consultation exercise undertaken, with 61.15% of respondents who either strongly agreed or agreed with selective licensing proposals compared to 18.37% who either strongly disagree or disagreed.
- 1.2 Latest evidence for the existing Selective Licensing Scheme (*scheme 1* – see Appendix 2 for definition) has confirmed that private rented properties in these areas have an extremely low level of compliance (26.78%) with licensing conditions. The Council as a result, has prosecuted 57 offences during the 4 ½ years this current scheme has been operating, specifically where landlords & agents refused to co-operate with licensing requirements. While there have been substantial improvements in property conditions, the 1st Selective Licensing Scheme demonstrates that without pro-active Council intervention in these areas, vulnerable tenants would continue to live in poor quality, often hazardous housing. This further strengthens the case for rolling out this scheme to the proposed new areas.
- 1.3 The Council received an appeal from Nautilus Welfare Fund during the statutory consultation against their 125 properties being included in the Selective Licensing designation. Section 5 of this reports sets out the reasons why Officers have recommended that this specific development is excluded from the scheme due to its unique characteristics, tenure and management.
- 1.4 The Wirral Plan 2020 set out a commitment to work together up to 2020 and beyond to achieve the 20 pledges, including 'good quality housing which meets the needs of residents. Wirral's Housing Strategy has supported the 2020 Plan and clearly set out the long-term strategic housing direction for Wirral. The Council has worked in partnership to deliver the ambitions of the plan and housing priorities, working with a wide range of partners and stakeholders to improve the quality, quantity and access to housing. Building on this good track record, the Council will continue this approach as it adopts the new Wirral Council Plan 2025, its priorities and future strategies which Selective Licensing has a key role to play.

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,
 - training.

In addition, the Council uses existing enforcement powers (Housing Act 2004) to improve housing conditions such as the operation of a mandatory HMO Licensing Scheme and a reactive approach to complaints from tenants and partner agencies.

- 2.2 Whilst these powers are effective at improving conditions, progressing prosecutions and undertaking work in default are resource intensive processes. Landlords often avoid prosecution by undertaking a minimal amount of the required works or sometimes evicting tenants or 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 makes it a mandatory requirement for landlords to apply for a licence in designated areas requires a co-ordinated, targeted mandatory approach, where the ultimate sanction is that a landlord can be prevented from letting out properties.
- 2.3 The current Selective Licensing Scheme (*scheme 1*) has demonstrated that this targeted approach has accurately identified areas of properties in very poor condition where traditionally residents do not complain about their housing conditions. In the current Selective Licensing scheme (*scheme 1*), 136 dwellings have had serious hazards addressed since the scheme commenced. If Selective Licensing was not in place in these areas it is highly likely that hazardous housing conditions would not have been addressed.
- 2.4 A Borough wide approach was also considered however the Selective Licensing of Housing (Additional Conditions) (England) Order 2015 is clear that new schemes can only be introduced without Secretary of State approval, in areas where the private rented stock is greater than the national average (19%). If Wirral wanted a borough wide scheme, a request for a designation could be made to the Secretary of State, however officers are not confident they could demonstrate a need for a Borough wide initiative. The reason for this is that Wirral has very distinct housing markets, where the private rented sector is significantly higher and they are 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 (Appendix 1) 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 smaller discrete areas displaying the worst problems of low demand and poor property condition.

3.0 BACKGROUND INFORMATION

3.1 Scheme 1

Wirral introduced its first Selective Licensing Scheme (referred to as *scheme 1*) in the Borough on 1st July 2015 into four designated areas in Birkenhead, Tranmere, Seacombe and Egremont. At December 2019 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 997 privately rented properties; however, the compliance rate with license conditions has been found to be extremely poor at under 30% of those 997 properties inspected. Whilst most landlords and agents have completed any necessary works voluntarily, the Council has been proactive in taking enforcement action where necessary and have been successful in securing prosecutions for 57 offences relating to licensing and non-compliance with notices. More recently, the Council has been issuing Rent Repayment Orders where appropriate and has been successful with two Orders. Officers have also directly assisted a tenant with a successful Rent Repayment Order. In addition, 2,234 Healthy Homes Surveys have been completed

and 5,284 referrals made to over 49 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, although the higher than envisaged volume of complex and time consuming prosecution work may prevent 100% surveys being achieved in the remaining months.
- 3.3 It is still too early to assess whether or not Selective Licensing in *scheme 1* has had its intended impact of reducing low housing demand, however, reviews of the scheme were undertaken in 2017 and 2019, including consulting with residents' and landlords to gauge some initial views on progress.
- 3.4 Whilst the initial review feedback in 2017 showed that after 18 months residents had not yet seen significant improvements in their Selective Licensing Areas, feedback was positive in many aspects such as a high overall satisfaction with the areas and improving property conditions. Since the introduction of the scheme, some landlords have sold their portfolios of properties rather than comply with minimum conditions and there are some other professional landlords who have bought and renovated these properties to a good standard and licensed them. There have also been some excellent outcomes generated as a result of the development of new residents' associations and street clean-up days that are indicative of a renewed pride in some areas. The 2019 consultation highlighted overall, residents seem reasonably happy with the areas in which they live and have seen further improvement in their properties however views on the living environment were more mixed, which remains a concern.
- 3.5 Scheme 2
In April 2019, a further Selective Licensing Scheme (referred to as *Scheme 2* – see Appendix One for definition) was introduced into four additional areas. Since April, 709 licenses have been issued in these additional areas and to date, initial compliance inspections have been targeted at properties known to the Council to have problems. Of the number inspected, the compliance rate is only 7.89%, which gives an indication of the extent of the problems in the areas.
- 3.6 Consultation with local residents and landlords will be undertaken during the 5 year duration of this scheme, in line with the approach adopted for *scheme 1*, in order to review this scheme as it progresses in order to understand progress and target the Councils approach effectively.
- 3.7 Scheme lifespans
Schemes 1 and 2 have a lifespan of five years. *Scheme 1* areas are due to cease at the end of June 2020 and *Scheme 2* areas are due to cease at the end of March 2024.

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 22nd July 2019 as the basis for the selection of six selective licensing areas (*scheme 3*) and subsequent 10-week statutory public consultation. The report also outlined the evidence used to determine the six 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 (LSOAs). These are the smallest geographical areas where official data 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 5th August 2019. All responses and representations made have been analysed and considered as part of the Business Case. (Appendix 1). The final report which sets out the Public and Stakeholder Consultation findings can be found as Appendix 3 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 areas (*scheme 1*) and the proposed two additional area boundaries 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 attending existing events to engage with residents, letters sent to landlord associations and focus groups were set up for local landlords and managing agents. In total 353 people and organisations have responded to the consultation, broken down as follows:
- 332 responses received to the on-line questionnaires
 - 8 written submissions (emails and letters)
 - 13 landlords and agents attended two landlord drop-in sessions
- 4.6 Key messages identified from the consultation findings are detailed below:
- From the on-line surveys, the majority (61.15%) of respondents either strongly agreed or agreed with selective licensing proposals compared to 18.37% who either strongly disagree or disagreed.
 - 14.8% 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.

- 9.3% of respondents submitted comments via the on-line questionnaire against the proposal to extend the Selective Licencing 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.
- 4.2% 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.

4.7 There were no proposals during this consultation to amend the licencing conditions, which therefore remain unchanged.

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

5.1 In addition to the feedback summarised in section 4 of this report, there were issues raised as part of the consultation process which has resulted in the Business Case (Appendix 1) and associated appendices being reviewed and amended. The case setting out the evidence base and rationale for the introduction of selective licensing has remained unchanged.

5.2 During the comprehensive consultation on the designation of *the scheme* 3 areas, an appeal against the inclusion of Mariners' Park in the Selective Licensing Scheme was received. Mariners' Park is situated within the LSOA E01007138 Egremont Promenade South and consists of 125 private rented properties which are owned and managed by the Nautilus Welfare Fund which provides housing, care and support to retired merchant mariners and their dependents. The appeal responds in detail to the issues that Selective Licensing tackles, demonstrating why Nautilus believe the issues do not apply in their discrete 16-acre park. The appeal is discussed in further detail in the revised business case.

5.3 Impact on the LSOA if Mariners' Park estate was removed from Selective Licensing proposals.

The following information highlights the impact removing the 125 Mariners' Park properties from the LSOA will have on the indicators and where this LSOA has scored in the evidence base matrix.

5.3.1 Private rented properties

In *Wirral Selective Licensing Application: Supporting Evidence and Rational* Egremont Promenade South was 6th highest for the percentage of privately rented properties in Wirral with 37.4% of properties. This equates to 293 properties in the PRS. If the 125 Nautilus properties are removed from the LSOA, then 168 of 659 properties would be privately rented. This equates to 25.5% private rented properties

in the remaining LSOA, compared to an average of 15.8% in Wirral as a whole. The government guidance for Selective Licensing states that if an area has more than 19% of stock in the PRS then it may be considered for Selective Licensing.

5.3.2 Long term empty properties

In *Wirral Selective Licensing Application: Supporting Evidence and Rational* Egremont Promenade South was 10th highest for long term empty properties in Wirral, and 3rd highest in the length of time long term properties were empty. As of 1st April 2019, Council Tax records show that only one property was empty for more than 6 months, and if the Mariners' Park properties were removed from the LSOA figures, the percentage of long term empties would increase to 5.9%, pushing the LSOA up the list to 7th highest.

5.3.3 Rate of property sales

In *Wirral Selective Licensing Application: Supporting Evidence and Rational* Egremont Promenade South had the 6th lowest rate of property sales as a proportion of housing stock in Wirral. The 125 properties owned by Nautilus will have an impact on the sales in the LSOA because the charity do not sell their properties, nor have plans to sell. If the 125 properties were removed from the LSOA the rate would become 5.09% which would remain in the 6th position in this table.

5.3.4 Property condition

In *Wirral Selective Licensing Application: Supporting Evidence and Rational* Egremont Promenade South was 4th highest for LSOAs with the highest number of interventions due to poor property condition. (34 interventions in the LSOA for 2017 and 2018; a rate of 19.7). Further investigation of the Mariners' Park in 2017 and 2018, there were 7 interventions, broadly similar to the LSOA as a whole, and if the Mariners' Park figures were taken out, the LSOA would still have 27 interventions, which means that this would not made a difference to the position of the LSOA in the table. The issues found on inspection of the properties in Mariners' Park were very minor and already being dealt with or were dealt with promptly.

5.3.5 Other indicators

The Egremont Promenade South LSOA is not scored in the tables for lowest average sold prices in Wirral, highest number of deliberately started fires by LSOA, highest ratio of environmental health complaints related to privately owned properties or LSOAs with the highest rates of HHSRS Category 1 Hazards in private rented properties in the *Wirral Selective Licensing Application: Supporting Evidence and Rational*. Of the Supporting Indicators, Egremont Promenade South is scored in only two of the tables: Wirral LSOAs with the highest percentage of private rented households claiming Housing Benefit (HB) and highest percentage of Employment Support Allowance Claimants 2019.

5.3.6 Of the first, 30.6% of the households in the LSOA claim HB which equates to 140 households. If we assume all 125 properties claim HB, this leaves 115 households in the LSOA, which equates to 17.45%. This figure is still high, and therefore the LSOA would continue to be in the top 10 of LSOAs for this indicator at joint 4th place.

5.3.7 The final table that Egremont Promenade South appears in, in the *Wirral Selective Licensing Application: Supporting Evidence and Rational* is for the highest percentage of ESA claimants 2019. As all of those living in Mariners' Park are of

pensionable age, this table is irrelevant to these properties and removing the 125 properties will only increase the percentage, therefore the LSOA will continue to score the same.

5.3.8 In conclusion, the LSOA would still score 12, even if the Mariners' Park properties were removed from the calculations and would still therefore be a priority for Selective Licensing. Having considered the arguments put forward by Nautilus and the impact such an exclusion would have, officers consider the suggested exclusion of Mariners Park from the proposed selective licensing scheme should be accepted, and the rationale for including the remainder of this LSOA remains robust. Furthermore, should the Council choose to dismiss Nautilus's representations, it is considered that a Judicial Review would rule in their favour.

5.4 Fees and Charges

5.4.1 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 (scheme 1) is subsidised by Council funding for some statutory elements of the scheme that cannot be charged for through the licence fee. Any efficiency gained from streamlining the license processes therefore must be passed on to the landlord.

5.4.2 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. Officers have therefore strived to reduce the actual costs of administering the scheme even further and should members give approval for a new scheme to be introduced to six areas from 1st July 2020, additional processing efficiencies will enable the fee level to be brought down further as set out in Section 6 of this report.

5.5 Existing Selective licensing scheme benefits

5.5.1 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. 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 repairs or improvements to be made to rented properties.

5.5.2 The Council currently has a small team of Healthy Homes Community Workers which are externally funded by Public Health until March 2021. Their work is focused in the existing Selective Licensing Areas and supports very vulnerable residents via a referral hub to multiple agencies to improve wellbeing and reduce health inequalities. Officers will look at opportunities to see if this can be extended into the proposed Selective Licensing areas.

- 5.5.3 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.
- 5.5.4 The Council has introduced a facility of assisting landlords of licenced properties within the existing Selective Licensing areas in the removal of waste from privately rented accommodation. The provision of this facility was introduced to reduce the number of occurrences of fly tipping to the Borough as a whole, providing an environmental improvement to communities.

5.6 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.

5.7 Evaluation – How will success be measured?

- 5.7.1 By agreeing to extend the Selective Licensing Scheme in the *scheme 1* areas, it is acknowledged in government guidance that selective licensing can take longer than the initial five-year designation period to have a sustainable positive impact within these areas. While property condition has undoubtedly improved in the *scheme 1* areas following Council intervention, it is recommended that follow-up inspections on all sub-standard properties will be undertaken in the next designation period to ensure that landlords & agents are maintaining them to the correct standard. Spot checks on the remainder of privately rented properties in these areas will also be undertaken. A higher rate of inspections will be programmed for the 2 new designated areas Egremont South (LSOA E01007275) and Tranmere Lairds (LSOA

E01007291) on a risk basis, as is the case for the second Selective Licensing *scheme 2*, which commenced in April 2019.

5.7.2 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.

5.7.3 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 FINANCIAL IMPLICATIONS

6.1 The estimated costs of operating a scheme in the four areas are estimated to be in the region of £261k per year over the five-year designation period with a projected income being received of £128k per year during this period.

6.2 The Council's contribution for *scheme 3* will be the same for the existing *scheme 1* at around £132k per year despite the scheme encompassing two new areas. This 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, but a budget is already in place to cover these costs without an additional resource been required by the Council.

6.3 As with previous schemes, 100% of the income received from the Selective Licensing scheme fees will be ring-fenced to cover the operational costs on this scheme, which is prescribed by statute.

6.4 The fee level of a licence within the existing *scheme 1* is £695 for the five-year duration of the scheme (without discounts). The fee level has been reviewed and efficiencies in processing will enable fees to be set at £595 for the five-year duration of the scheme based on the costs associated with processing applications, administration costs for issuing the licence and staff monitoring compliance of the scheme conditions over the five-year designation period. In setting the fee level, 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.

- 6.5 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 either the Council's accreditation scheme or a national landlords association equivalent scheme, 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.

The overall license fee for the proposed scheme has therefore reduced to £595 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 (as opposed to on-line applications) or request assistance to make an on-line application in Council Offices.

- 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 10% of costs 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. There will be the ability to re-charge for specific services over the duration of the scheme and in the event of the full income being realised, this will result in a one off saving to the Council which will be considered in the final year of the programme.
- 6.7 Member's attention is drawn to Appendix three 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

During the landlord consultation drop-in events, landlords and agents discussed the proposed fees, fee structure of the proposed licence, and asked many general operating questions over payments for licence fees and discounts. Landlords and agents were split about the cost of the licence, as some thought the fee was reasonable whilst the majority, 57% considered it was expensive. Another comment

“Good idea in principle but as with other licensing just quite expensive / could payment be spread paid monthly” will be recognised with payments possible over a 12-month period.

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 proposed *scheme 3* 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 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 8.1 It is intended that the staff required to operate the proposed scheme is broadly the same as the existing Selective Licensing Scheme with the addition of a compliance officer to help with the additional property inspections from the two new areas to be completed. If approval is given for the proposed scheme, it will enable staff currently in post delivering the existing *scheme (1)* which is due to come to an end on 30th June 2020, to be retained for a further 5-year period. If approval is not given for this proposal, this will result in 5 FTE staff being redeployed and potential redundancy.

9.0 RELEVANT RISKS

- 9.1 A full Risk Assessment can be found in the 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 <i>schemes 1&2</i> • 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 • License fee changed to reflect views and concerns from consultation with landlords. • Exclusion of Mariners Park from Scheme 3 following representation made as part of the consultation exercise

10.0 ENGAGEMENT/CONSULTATION

10.1 As detailed in sections 4 & 5 of this report.

11.0 EQUALITY IMPLICATIONS

11.1 It is anticipated that the proposed implementation of Selective Licensing *scheme 3* 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.

11.2 The introduction of Selective Licensing *scheme 3* in six 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 new Equality Impact Assessment (EIA) in relation to all Selective Licensing schemes, including the proposed *scheme 3* is available through the following link: <https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2017/delivery>

12.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 12.1 Selective Licensing focuses on areas of poorest property condition and areas where the housing stock is generally oldest and harder to heat and therefore it could be argued that the opportunity to reduce CO2 emissions in these areas is greatest. The Selective Licensing Scheme would seek to reduce CO2 emissions by undertaking compliance inspections in Selective Licensing areas and take action where 'excess cold' hazards are identified in properties. Selective Licensing, together with the Healthy Homes initiative that is focused in these areas will ensure that residents, where needed, receive assistance to improve the thermal efficiency of their homes and/or get support to reduce fuel poverty through support to combat fuel debt or other debts that are reducing their ability to heat their homes adequately.

The content and/or recommendations contained within this report are expected to:

Reduce emissions of CO2

REPORT AUTHOR: **Emma Foley**
Housing Services Senior Manager
Telephone: 0151 691 8198
Email: emmafoley@wirral.gov.uk

APPENDICES

Appendix 1 **Selective Licensing Business Case 2019**
Appendix 2: **Selective Licensing Area Definitions**
Appendix 3: **Selective Licensing Public and Stakeholder Consultation Findings**

BACKGROUND PAPERS

Approval Steps for additional and selective licensing designations in England, Department of Communities and Local Government, Revised addition 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 proposed selective licensing	22nd July 2019
Cabinet – Consideration of proposal to implement selective licensing following consultation	1st October 2018
Cabinet – Approval of business Case and consultation approach for the proposed extension	27th November 2017

of Selective Licensing

**Cabinet – Consideration of proposal to implement
Selective Licensing following consultation**

12th March 2015

**Cabinet – Approval of Business Case and
consultation approach for the proposed
introduction of Selective Licensing**

6th November 2014