

Business Planning / MTFS Options
2020/21 – 2024/25

20/25 - PL01

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|------------------------------------|---|-----------------------------|---|
| Title of Option: | Selective Licensing | | |
| Priority: | Place | Responsible Officer: | Gavin Douglas |
| Affected Service(s) and AD: | Community Safety and Enforcement, Environment & | Contact / Lead: | Gavin Douglas/ Lynn Sellar / Matthew Duhy |

Description of Option:

- What is the proposal in essence? What is its scope? What will change?
- What will be the impact on the Council's objectives and outcomes (please refer to relevant Borough Plan 2019-23 objectives and outcomes, and Borough Plan Evidence Packs)
- How does this option ensure the Council is still able to meet statutory requirements?
- How will the proposal deliver the benefits outlined?

[Proposals will be mapped to the new Borough Plan Priorities/Objectives/Outcomes as they emerge – please take account of any likely changes when framing proposals]

To consider the evidence base for Selective Licensing of the Private Rented sector within the Borough . This will mean any private rented property within selected areas will require some type of Licence. Selective Licensing is an aspiration in the Borough plan. The overall aim is to improve living standards and make landlords accountable for the management of their properties. Licensing scheme fees can only be used for the functions and administration. Savings relate to a proportion of some existing costs of established positions. The licensing scheme cannot make a profit only cover the costs of administering the scheme and ensuring compliance.

The savings will be met from a reduction of core staffing funding gross budget in 2022/23.

To maximise the use of additional fee income, recharges for ancillary services such as ASB enforcement officers (noise, nuisance, waste, anti-social behaviour) and corporate overheads will be charged against the licence fees. Training costs will be applicable during service delivery. End of scheme redundancy costs may become applicable after the five year period and sufficient reserve should be maintained to cover this potential cost.

Financial Benefits Summary

| Savings <i>All savings shown on an incremental</i> | 2020/21 £000s | 2021/22 £000s | 2022/23 £000s | 2023/24 £000s | 2024/25 £000s | Total £000s |
|---|------------------|------------------|------------------|------------------|------------------|----------------|
| New net additional savings | - | 239 | - | - | - | 239 |

| Capital Implementation Costs | 2020/21 £000s | 2021/22 £000s | 2022/23 £000s | 2023/24 £000s | 2024/25 £000s | Total £000s |
|------------------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| Total Capital Costs | - | - | - | - | - | - |

Financial Implications Outline

- How have the savings above been determined? Please provide a brief breakdown of the factors considered.
- Is any additional investment required in order to deliver the proposal?
- If relevant, how will additional income be generated and how has the amounts been determined?

At present the evidence base is being considered and any scheme is subject to meeting the conditions set out in the Housing Act which includes consultation and Secretary of State approval.

However given previous work and the proliferation of PRS in the borough it would be highly likely that 20% private sector Housing threshold in many parts of the Borough.

There will be some costs of implementation related to IT and project support.

Delivery Confidence

| | |
|---|--|
| At this stage, how confident are you that this option could be delivered and benefits realised as set out? <i>(1 = not at all confident; 5 = very confident)</i> | At this stage 2. Any thing over 20% of the Borough requires Secretary of State approval and the evidence base has not been worked through. There is always the risk of judicial review |
|---|--|

Indicative timescale for implementation

| Est. start date for consultation DD/MM/YY | 01/07/2020 | Est. completion date for implementation DD/MM/YY | 01/04/2022 |
|--|--|--|------------|
| Is there an opportunity for implementation before April 2020? Y/N ; any constraints? | No . There are three stages to consider. 1 evidence base, 2 Consultation and 3 Secretary of State approval | | |

Implementation Details

- How will the proposal be implemented? Are any additional resources required?
- Please provide a brief timeline of the implementation phase.
- How will a successful implementation be measured? Which performance indicators are most relevant?

Success will be measured by: the number of applications received declaring compliance. •100% compliance from landlords in the submission of Gas Certificates (where applicable); and no licences being granted without this key document. Number of private rented properties improved.

Evidence base being considered Dec 2019, will require Cabinet Approval to consult June 2020.

Cabinet consideration of consultation outcome and evidence scheme April/ May 2021 Secretary of State consideration June-Jan 2021. April 2022 implementation subject to evidence and conditions being met.

Impact / non-financial benefits and disbenefits

What is the likely impact on customers and how will negative impacts be mitigated or managed?

List both positive and negative impacts. Where possible link these to outcomes (please refer to relevant Borough Plan 2019-23 objectives and outcomes)

Positive Impacts

- Licences require landlords to meet conditions throughout the licence period. Failing to comply with licence conditions is an offence.
- Drives up Living Standards.
- Increases available resource for Local Authorities to regulate.
- Licence holder who must be a fit and proper person to be responsible for the property.
- Significant enforcement tool to ensure Landlords take an active role in the management of their tenants and their property.
- A licence is for a maximum 5 year period but can be varied to shorter lengths by the local authority as a penalty for non-compliance.
- A public register of all licence holders contact details must be held by the authority and made available to the public. This is a very good tool for tenants to check landlord before they take on a property. It allows the public to see if a property is licensed within their community and report it if it is not. It allows other Council services working with landlords to very quickly ascertain who is responsible for a property or an offence.

Negative Impacts

Businesses may feel that this is a business tax against a poor outlook investment-wise for the private rented sector. Mortgage income can not be offset against properties. Landlords will complain that the market is already poor and this will further affect them and might pass on the costs to tenants. Can be seen to penalise those who are already compliant. Tenants may fear that the costs of the scheme will be passed on to them. However there is no evidence of this in other schemes or reviews that this is the case.

What is the impact on businesses, members, staff, partners and other stakeholders and how will this be mitigated or managed? How has this been discussed / agreed with other parties affected?

List both positive and negative impacts.

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level playing field for Landlords. Selective Licensing will be very light touch to compliant landlords and will focus throughout the 5 years on those that are unlicensed or non compliant. The general principle has been discussed at Landlord forums.

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How does this option ensure the Council is able to meet statutory requirements?

Bringing in the scheme is a discretionary Statutory Instrument and will assist in the Regulation of the Housing Act 2004

Risks and Mitigation

What are the main risks associated with this option and how could they be mitigated?(Add rows if required)

| Risk | Impact (H/M/L) | Probability (H/M/L) | Mitigation | | |
|---|-------------------|------------------------|---|-----|--|
| Any savings | H | M | Investment needs to be high to ensure success | | |
| Alienate Landlords | M | M | Landlords Forums, Regulation on Rogues | | |
| Judicial review | H | H | Robust evidence base and legal consultation | | |
| Non Approval or delay from S of S | H | M | Early Engagement | | |
| Has the EqIA Screening Tool been completed for this proposal? | | | | yes | |
| <u>EqIA Screening Tool</u> | | | | | |
| Is a full EqIA required? | | | | yes | |