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| <b>Growth, Resources &amp; Communities Scrutiny Committee</b> | AGENDA ITEM No. 6    |
| <b>7 MARCH 2023</b>   | <b>PUBLIC REPORT</b> |

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| Report of:                     | Peter Gell, Acting Service Director Regulatory Services                                       |                   |
| Cabinet Member(s) responsible: | Councillor Marco Cereste - Cabinet Member for Climate Change, Planning, Housing and Transport |                   |
| Contact Officer(s):            | Peter Gell, Acting Service Director Regulatory Services                                       | Tel. 07920 160701 |

**LICENSING SCHEMES – RAISING HOUSING STANDARDS**

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| <b>RECOMMENDATIONS</b>  |                                  |
| <b>FROM:</b> Peter Gell, Acting Service Director Regulatory Services  | <b>Deadline date:</b> 28/02/2023 |
| <p>It is recommended that Growth, Resources &amp; Communities Scrutiny Committee:</p> <ol style="list-style-type: none"> <li>Note the contents of the report and the current status of service development, to assist in evaluating progress in future reports to the committee.</li> </ol> |                                  |

**1. ORIGIN OF REPORT**

1.1 This report is submitted to Growth, Resource & Communities Scrutiny Committee following a request from Scrutiny Committee for an update regarding a Selective Licensing Scheme for the city having previously been informed about a public consultation exercise on such a scheme.

**2. PURPOSE AND REASON FOR REPORT**

2.1 The purpose of this report is to provide an update on progress in relation to a Selective Licensing Housing Scheme for the city as well as the wider approach being adopted to raise housing standards in the private rental sector.

There are rented properties in the city which provide poor quality accommodation putting the welfare and health of those that live in them at risk, the council has a responsibility to take action to raise the standards of such accommodation. The measures outlined within the report are intended to achieve that.

2.2 This report is for Growth, Resources and Communities Scrutiny Committee to consider under its Terms of Reference which include specific functions relating to:

- Housing need (including homelessness, housing options and selective licensing);
- Economic Development and Regeneration including Strategic Housing and Strategic Planning;

2.3 The following outlines how the recommendation links to the Council's Corporate Priorities:

**2.3.1 The Economy & Inclusive Growth**

Environment/Carbon Impact

The approach outlined in this report will have a positive impact on the environment in that property related energy efficiency standards will be promoted, and their compliance checked through the licensing regime. Having sufficient good quality housing provision is key to the city successfully achieving economic growth in a sustainable way.

### 2.3.2 **Our Places & Communities**

#### Health and Wellbeing

Good housing conditions are an important contributory factor in the overall health and wellbeing of those living in a property. The proposed Schemes will help improve housing standards.

#### **Prevention, Independence & Resilience**

### 2.3.3

#### Adults & Children

Opportunities to prevent crises for both adults and children will at times be identified during inspections of accommodation, ensuring these are not lost and the appropriate support is put in place will be a priority for the Service. Category 1 hazards, and as recently reported in national media, damp and mould can and do lead to serious poor health consequences if not addressed.

#### **Sustainable Future City Council**

### 2.3.4

#### How we Work, how we serve, how we enable

Using good qualitative data and information will help inform and drive interventions to improve housing standards compliance. Working collaboratively with other council services and external providers will help address the wider issues impacting negatively on communities, resulting in better outcomes.

## 3. **TIMESCALES**

|   |           |                                  |            |
|---|-----------|----------------------------------|------------|
| Is this a Major Policy Item/Statutory Plan? | <b>NO</b> | If yes, date for Cabinet meeting | <b>N/A</b> |
|---|-----------|----------------------------------|------------|

## 4. **BACKGROUND AND KEY ISSUES**

### 4.1 **Background**

4.1.1 Following the departure from the Council of the Assistant Director for Housing during 2022 interim management arrangements were put in place for the Private Sector Housing Team (PSHT). The Service was brought within the Regulatory Services Group. At that time with ongoing senior management changes and appointments in the organisation it was not possible to make a final decision on the teams longer term placement. It is expected that a forthcoming restructure consultation in the Place and Economy Department will propose that the team remains as a permanent addition to the Regulatory Services Group.

4.1.2 At the point Regulatory Services picked up responsibility for the Private Sector Housing Team a public consultation exercise regarding a Selective Licensing Scheme had taken place. The timing of the public consultation meant that some members of the Corporate Leadership Team, including our newly appointed Chief Executive had not been sufficiently briefed regarding housing standards in the city, the previous Selective Licensing Scheme, and future proposals.

4.1.3 It has been necessary to take stock to enable development of the private sector housing service in an informed way, this time has been invaluable, and will ensure the Service is well placed to deliver improved outcomes for the city in the future. This work has included looking at service delivery, the wider measures available to raise housing standards, evaluating the status of the Selective Licensing Scheme work, while developing proposals to support the council achieving a balanced budget for 2023/24. Delivery of the approach outlined in this report is dependent on transformation funding for which a case has been submitted, this adding some capacity to project manage implementation.

4.1.4 The PSHT is responsible for enforcing, undertaking, and administering a range of functions to maintain and improve housing conditions in the private rented sector. There are various tools available to the council to enable it to fulfil its housing duties including enforcement powers and penalties, the housing health and safety rating system (HHSRS), and licensing schemes.

4.1.5 Though there are well maintained properties and mobile homes in the city, offering good living conditions, there are also properties in need of improvement to bring them up to an acceptable standard.

4.1.6 Poor housing standards not only negatively impact on the general health and wellbeing of tenants but can also result in hazardous conditions for those living in the properties. Poor housing standards are consequently one of the factors that contribute towards poor health outcomes. There are health inequalities across the county, with parts of Peterborough having significantly lower life expectancy levels than others, improving housing standards is one measure that can help address these inequalities.

4.1.7 With a housing shortage, both in terms of the owner-occupied market and in the rented sector, it is essential that the PSHT works cohesively with other housing related functions within the council and external partners to maximise the availability of good quality, safe housing in the city. The team also has an important part to play working with other services to improve localities, supporting initiatives to address environmental crime, anti-social behaviour, statutory nuisances, parking issues, and reporting safeguarding and human trafficking concerns.

4.1.8 Both external and internal assessments of housing service delivery have identified that with a refocus the service can be more effective both in terms of its specific housing standards functions but also its wider contribution to corporate priorities.

4.1.9 The approach proposed to improve housing standards across the rented sector in the city is a combination of measures. A refocus of the PSHT in conjunction with skills development, better use of the enforcement tools available, and the introduction of both a Selective Licensing and an Additional Licensing Scheme to complement the Mandatory Licensing Scheme in the city. The suite of measures will provide a more integrated approach to compliance across the city, with interventions being applied proportionately recognising the seriousness of the conditions and attitude of the landlord towards addressing concerns. It is recognised that there are many responsible landlords who at times will just need some advice and guidance in order to meet housing condition requirements.

## **Staffing**

4.2 To ensure the PSHT is fit for purpose in the future, service transformation is required. The team could achieve more with better use of available enforcement sanctions, and through developing the skills, competence, and expertise of officers within the team in addition to appointing a housing technical lead to develop, and mentor others and lead on complex compliance issues.

4.2.1

4.2.2 All team members need to be able to carry out housing compliance activities across the breadth of the council's statutory housing compliance responsibilities. In addition, being able to use all the available enforcement sanctions in their toolkit is key to maximising their effectiveness in raising housing standards. Sanctions such as civil penalties have not been utilised enough yet provide a significant deterrent to rogue landlords due to the level of fines imposed as well as providing a revenue stream to offset the cost of enforcement.

Embedding a culture of looking holistically at issues and working in partnership with others where advantageous will deliver better outcomes and more sustainable solutions.

4.2.3 The first phase of the Service transformation is a staff restructure, the consultation of which will commence shortly.

## 4.2.4 **Housing Licensing Schemes**

### Mandatory Licensing

4.3 The Housing Act 2004 requires councils to administer the Mandatory Licensing Scheme, this provides housing standards requirements in relation to safety and management for rented

4.3.1 accommodation and applies when there are or 5 or more tenants sharing amenities. This scheme applies to all properties within the city meeting the criteria, and licences are for five years, after which there is a requirement for them to be renewed.

### Selective Licensing

4.3.2 The Selective Licensing Scheme (SLS) implemented by the council expired in 2021 after its five-year licence period. The scheme applied to a designated part of the city consisting of 22 lower output areas in which rented accommodation met the qualifying criteria. Under the scheme all private rented accommodation in the area needed to be licenced, although properties with 5 or more tenants were already subject to the mandatory licensing scheme.

4.3.3 To identify the area for a new scheme the Selective Licensing Index (SLI) was developed. This was designed to provide an objective geographical appraisal based on Lower Super Output Areas (LSOA) of those locations across the city which may benefit from the implementation of a SLS. The SLI amalgamates crime, socio-demographic, deprivation, and other housing related data to produce a tool used to assess each of the six criteria upon which a Selective Licensing Scheme can be legally based. The six criteria are:

- Low housing demand
- Anti-Social Behaviour
- Housing conditions
- Migration
- Deprivation
- Crime

There are approximately 9,000 properties within scope for a new scheme, these being within 24 LSOA. Consultation regarding a new scheme based on the revised area took place between 20 January 2022 and 13 April 2022.

4.3.4 On the 25th of January 2023 Council approved the submission of a SLS application to the Secretary of State (SoS) for approval based on the revised area in Peterborough as provided for under Section 80 of the Housing Act 2004. The approval is required where a Scheme will cover more than 20% of their geographical area or that would affect more than 20% of privately rented homes in the local authority area. The proposed new scheme will cover 39.75% of the city's private rented stock. This scheme if implemented would again bring added controls to help raise housing standards. The next step is for an application to be submitted to the SoS. Subject to approval it is likely that the SoS will require a period, possibly 3 months, before the council can launch a scheme.

4.3.5 Unlike the previous SLS which the council administered and undertook the compliance checks, it is proposed that for a new scheme the council will enter into an agreement with a third-party organisation to undertake both aspects using systems that they provide. The third party would be funded from the licensing fee, with the council retaining some funding to issue the licence once the application process and all compliance checks are complete. The licensing scheme would be cost neutral to the council.

4.3.6 This option is preferable to the previous arrangement for several reasons. The council only achieved one compliance check for each property during the lifetime of the previous scheme, whereas there are third-party providers with better track records in this respect, helped by a single focus, and no other housing standard responsibilities. The council does not currently have a system to administer a new scheme and would need firstly to resolve an existing contract with a service provider, and secure the funding, this will take some time to resolve.

4.3.7 With a third party administering the scheme and completing the compliance checks the council would pick up referrals from the third-party provider in the instances where enforcement sanctions need to be exercised, such as landlords refusing to licence properties, or raise standards to meet scheme conditions. The councils PSHT would consequently be leaner and more focused on rogue landlords in respect of housing standards compliance. The council

4.3.8

initiated soft market testing for a third-party provide in early February and has since commenced the full procurement process.

#### Additional Licensing

4.3.9 Additional Licensing Schemes (ALS) apply to all 3 and 4 bed rented accommodation with shared amenities. Unlike the national Mandatory Scheme covering 5 beds or more, implementation is at the discretion of the local authority, and does not require SoS approval like an SLS. An ALS provides a means of regulating standards of housing in parts of the city which do not meet the criteria to become a SLS but would still benefit from controls raising housing conditions in properties not caught by the mandatory scheme. There are believed to be between 1,500-2,000 properties within scope.

An analytical piece of work be undertaken to identify those areas of the city that would benefit from the introduction of an ALS, and that the findings form part of a public consultation exercise. Once final scheme proposals have been developed a decision on implementation will be sought from a Cabinet.

4.3.10 It is proposed that the administration of a scheme and the associated compliance checks also be undertaken by a third-party provider.

4.3.11

### **5. CONSULTATION**

5.1 A public consultation was undertaken regarding the implementation of a SLS for 12 weeks commencing on the 20th January 2022 and finishing on the 13th April 2022. The document outlining the scheme proposals used in the public consultation exercise can be seen in Appendix A, and the consultation findings, and recommendations in the consultation report in Appendix B.

5.2 A further public consultation would need to be undertaken in relation to the introduction of an ALS for those localities affected subject to approval to progress work towards implementing such a scheme.

5.3 The approach outlined within this report was considered by the Corporate Leadership Team (CLT) on 21 December 2022, Cabinet Policy Forum on 9 January 2023, and approved by Council on the 25 January 2023.

### **6. ANTICIPATED OUTCOMES OR IMPACT**

6.1 The anticipated impact of the approach detailed in this report is that it will provide better outcomes in terms of raising housing standards that is currently achieved.

### **7. REASON FOR THE RECOMMENDATION**

7.1 The council has a statutory responsibility with regards to regulating housing standards in the private rented sector and could do more to improve housing standards through a refocus of the council's PSHT, a more expansive use of enforcement powers, and the introduction of a blend of licensing schemes in the rented sector. A previous SLS ended in October 2021 having come to the end of its 5-year period, and consequently there is a gap in the regulatory controls in the locality. Housing standard complaints and officer inspections confirm there remain properties providing poor housing condition standards.

### **8. ALTERNATIVE OPTIONS CONSIDERED**

8.1 The alternative options that were considered by Cabinet are set out below. The recommendations made by Cabinet were adopted by Council at the meeting on 25 January 2023.

## 8.2 **Option One (Status Quo)**

The current service delivery arrangement is not sustainable financially as much of the current staffing was funded out of the previous SLS, therefore without additional revenue the size of the team would have to be reduced to reflect cash limits. The status quo position would rely on the Mandatory Licensing Scheme alone in conjunction with the enforcement sanctions available to officers. If the team were resourced based on the cash limits for 2023/24 there would be insufficient staffing to meet housing compliance needs.

## 8.3 **Option Two (Service transformation, no SLS, or ALS)**

In this case the service would still need to be adjusted to reflect cash limits, though with transformation of the PSHT the extent of the adjustment could be mitigated by raising additional revenue from the use of civil penalties to address poor housing standards. This sanction is currently underused. Transformation would in addition increase the effectiveness of the team and lead to better community outcomes. The only licensing scheme in place would be the Mandatory Licensing Scheme.

## 8.4 **Option Three (service transformation and introduction of SLS)**

This option reflects that proposed within the report other than only a SLS would be progressed with a view to obtaining approval for implementation, the council would not develop proposals for an ALS at this time and keep matters under review. This does not provide the integrated approach that including ALS would, though would enable a review of third-party delivery arrangement performance before committing to including ALS.

## 8.5 **Option Four (service transformation and introduction of ALS)**

This option reflects that proposed within the report, though instead of a SLS the council would pursue ALS instead. In this case it would be necessary to undertake an analytical exercise to evaluate the locality requirements for such a scheme, then undertake a public consultation exercise. If replicating that undertaken for SLS the consultation exercise would take 12 weeks. The council can make a local determination with respect to ALS implementation. This does not provide the integrated approach that including SLS would.

# 9. **IMPLICATIONS**

## 9.1 **Financial Implications**

The introduction of Selective Licencing and Additional Licencing schemes will result in a third-party provider being funded from the fees derived from the licences they administer for the council, the council receiving a proportion of the fees to cover the cost of issuing the licence once the third party has completed all the compliance checks and confirmed the scheme requirements have been met and a licence can be issued.

## 9.2 **Legal Implications**

9.2.1 The Housing Act 2004 provides the legislative background to the proposed introduction of Selective Licensing Policies and Additional Licensing Schemes by the Council. Both schemes require public consultation, which has already been undertaken in respect of the Selective Licensing Scheme. The government is required to approve the implementation of a Selective Licensing Scheme before a council can introduce a scheme.

9.2.2 The Council will need to ensure that all procurement and legal steps are followed prior to engaging a third party to undertake the compliance checks.

## 9.3 **Equalities Implications**

9.3.1 The proposal does not negatively discriminate against any group with protected characteristics. The proposal, if adopted, will improve living conditions for people living in poor housing conditions in the rented sector. Younger households are more likely to live in the private rented sector than older households according to Office of National Statistics (ONS) data, the largest age group being 25-34. Any improved standards will benefit all those in rented accommodation,

slightly more so those in the 25-34 age group as the biggest age grouping, though not disproportionately.

9.3.2 Poor housing standards are known to have a significant detrimental impact on peoples' health, so improvements help contribute towards achieving better health outcomes. Due to high inflation, and heating costs some tenants will be experiencing extreme hardship, compliance checks therefore provide an opportunity to put people in touch with available support.

9.3.3 Good responsible landlords will benefit as they can invest in providing good quality accommodation knowing it is a level playing field, as rogue landlords will not be able to cut corners.

#### 9.4 **Rural Implications**

9.4.1 There are no implications from the SLS on rural communities as they are not captured in the defined areas due to not meeting the eligibility criteria.

9.4.2 Should analytical work identify rural communities that may come into scope for Additional Licensing the impact on them, should a scheme be implemented, is expected to be minimal as rental properties are predominantly in urban areas.

#### 9.5 **Carbon Impact Assessment**

This project has a positive impact on carbon emissions and the environment due to energy efficiency requirements being part of new licensing scheme conditions. There will be a slight reduction in carbon emissions by the council through reduced transport, this is however balanced off by a third-party undertaking work on the council's behalf.

#### 9.6 **Other implications**

This report has implications for areas of the city providing rented accommodation. The proposal outlines an approach to improve compliance with regards to housing standards in the private rental sector. A combination of housing schemes used in conjunction with effective use of enforcement sanctions will provide a locality specific and proportionate approach to compliance.

### 10. **BACKGROUND DOCUMENTS**

10.1 Selective Licensing Scheme Consultation Document

10.2 Selective Licensing Scheme Consultation Report

### 11. **APPENDICES**

11.1 Appendix A - Selective Licensing Scheme Consultation Document

11.2 Appendix B - Selective Licensing Scheme Consultation Report

