

<b>CABINET</b>	<b>AGENDA ITEM No. 5</b>
<b>19 JUNE 2023</b>	<b>PUBLIC REPORT</b>

Report of:	Adrian Chapman Executive Director Place and Economy	
Cabinet Member(s) responsible:	Councillor Nigel Simons, Cabinet Member for Infrastructure, Environment and Climate Change	
Contact Officer(s):	Peter Gell, Head of Regulatory Services	Tel. 07920 160701

## **HOUSING LICENSING SCHEME - AWARD OF CONTRACT**

<b>RECOMMENDATIONS</b>	
<b>FROM:</b> Executive Director Place and Economy	<b>Deadline date:</b> 19 June 2023
<p>It is recommended that Cabinet:</p> <p>Authorises the award of a services concession contract to The Home Safe Scheme Ltd for the administration of a Selective Licencing Scheme for private sector housing covering the area approved by council on the 25 January 2023 and included at Appendix 1, subject to approval for the Scheme being granted by the Secretary of State.</p>	

### **1. ORIGIN OF REPORT**

- 1.1 This report is further to that received by Cabinet on the 16 January 2023 and Full Council on 25 January 2023 regarding housing standards in Peterborough that had been requested by the Cabinet Member for Climate Change, Planning, Housing and Transport.

### **2. PURPOSE AND REASON FOR REPORT**

- 2.1 The purpose of this report is to update Cabinet on the progress towards implementation of licensing schemes in the city to regulate private sector housing, and to seek approval to award a contract to a third-party to administer a Selective Licensing Scheme.
- 2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.2, 'To take collective responsibility for any Executive decision that has significant implications across two or more portfolios.'

### **3. TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	<b>N/A</b>
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### **4. BACKGROUND AND KEY ISSUES**

- 4.1 On 16 January 2023 Cabinet agreed to recommend to Council that an application for a Selective Licensing Scheme for the area defined within the public consultation undertaken between 20 January 2022 and 13 April 2022 be submitted to the Secretary of State. Cabinet further agreed that analytical work be undertaken to identify areas within the city suitable for

the implementation of Additional Licensing Schemes and the subsequent public consultation on a proposed scheme.

- 4.2 On the 25 January 2023 Council agreed, following the recommendation by Cabinet, that an application for a Selective Licensing Scheme be submitted to the Secretary of State.
- 4.3 Following an extensive piece of work to collate the required evidence base, data, and information to meet application requirements, an application was submitted to the Secretary of State for the Department for Communities and Local Government on the 20 March 2023. The Department confirmed that it would take in the region of three months to make a determination regarding the application. At the time of writing a determination has yet to be made.
- 4.4 As previously advised to Cabinet the approach to raise housing standards included procuring a third-party provider to administer housing schemes. The procurement to find a provider commenced on 20 April 2023 through an open procurement exercise inviting interested suppliers to submit a tender in response to an opportunity notice, this following a period of soft market testing. The procurement was undertaken in compliance with the Concession Contracts Regulations 2016. A services concession contract differs from a services contract in that a service provider is provided a right to exploit the services, with payments for the services based on a percentage of the income collected. The details are set out in the financial implications section of this report.
- 4.5 As a result of the procurement exercise one tender was received, this meeting the assessment criteria. The Service provider is The Home Safe Scheme Ltd, the company have experience in working with local authorities to manage housing licensing schemes and have a track record of tailoring their approach to meet local needs.
- 4.6 Appointment of The Home Safe Scheme Ltd will enable the council to continue its transformation of the approach to raise housing standards in the city. A period of onboarding the service provider would commence following appointment, and preparing landlords and agents for implementation, this expected to take approximately 3 months.
- 4.7 A decision from the Secretary of State regarding the implementation of a Selective Licensing Scheme is expected by the end of June. It is anticipated that approval will come with conditions in that a scheme can not commence before 3 months from approval has elapsed and must be implemented before 6 months has expired.
- 4.8 Regarding the wider housing standards transformation, the Housing Standards Service restructure changes have been completed, and work is underway to go out to a public consultation regarding Additional Licensing Scheme in the city this summer.

## **5. CORPORATE PRIORITIES**

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

### **5.1 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.

### **5.2 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.

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

#### 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.

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

#### 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.

## **6. CONSULTATION**

6.1 A public consultation was undertaken regarding the implementation of a Selective Licensing Scheme for 12 weeks commencing on the 20th of January 2022 and finishing on the 13th of April 2022.

6.2 The approach to improve housing standards was considered by the Corporate Leadership Team (CLT) on 21st December 2022, Cabinet Policy Forum on 9th January 2023, and Cabinet on 16th January 2023. The Growth, Resources and Communities Scrutiny Committee in addition debated the housing approach and plans for the year on the 7 March 2023.

6.3 The Council approved the submission of an application to the Secretary of State for a Selective Licensing Scheme on the 25 January 2023.

## **7. ANTICIPATED OUTCOMES OR IMPACT**

7.1 The anticipated impact that agreement of the recommendation in this report will deliver is improvements to housing standards in rented accommodation leading to better outcomes for tenants.

## **8. REASON FOR THE RECOMMENDATION**

8.1 The council has a statutory responsibility with regards to regulating housing standards in the private rented sector. The introduction of a Selective Licensing Scheme is one of several measures designed to improve housing standards in the sector.

8.2 A previous Selective Licensing Scheme ended in October 2021 after its 5-year period, and consequently there has been a gap in the regulatory controls in the locality. Housing standard complaints and officer inspections confirm there remain properties providing poor housing condition standards.

8.3 Awarding a contract for the administration of the Selective Licensing Scheme to the third-party provides the infrastructure and associated resources necessary to implement the Scheme, the service provider working collaboratively with the council to ensure an effective and efficient service is provided.

## **9. ALTERNATIVE OPTIONS CONSIDERED**

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

Continuation of the current delivery arrangement does not provide the resources nor the operational framework necessary to materially improve housing standards across the breadth of our rental sector. The arrangement is in addition not sustainable financially as much of the current staffing was funded out of the previous Selective Licensing Scheme, 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.

## 10. **IMPLICATIONS**

### 10.1 **Financial Implications**

10.1.1 The proposal would 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.

10.1.2 The financials associated with this approach have been scrutinised through the Transformation Project Programme and through the procurement processes.

10.1.3

Through this contract the provider would receive approximately £4.4million from licence fee income over the 5-year Selective scheme lifetime. This figure is approximate due to the fact that the number of rental properties constantly changes.

10.1.4

The council would retain approximately £1,014,500 from licence fees derived from the Scheme.

### 10.2 **Legal Implications**

10.2.2 The procurement was undertaken in compliance with the Concession Contracts Regulations 2016. A services concession agreement will govern the contractual relationship between the Council and The Home Safe Scheme Limited.

The contract award letter expressed the award to be subject to the Councils' internal approval process authorising the contract award, and Secretary of State authorisation of Peterborough City Council's Selective Licensing Scheme (which it is expected will be received by 1st July).

### 10.3 **Equalities Implications**

10.3.1 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.

10.3.2 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.

10.3.3 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.

### 10.4 **Other Implications**

- 10.4.1 This report has implications for landlords and agents of private rental accommodation in the Selective Licensing Scheme area, and tenants of those properties, including the wider community. The Scheme imposes requirements which properties within its remit must comply with, leading to improved standards and better outcomes for tenants and communities.

## **11. BACKGROUND DOCUMENTS**

- 11.1 Cabinet 16 January 2023 Report – Licensing Schemes – Raising Housing Standards
- 11.2 Council 25 January 2023 Report – Executive Recommendation – Licensing Schemes – Raising Housing Standards

## **12. APPENDICES**

- 12.1 Appendix 1 - Proposed Selective Licensing Scheme Area

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