

DURHAM COUNTY COUNCIL

ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

At a Special Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Council Chamber, County Hall, Durham** on **Wednesday 11 March 2020** at **10.15 am**

Present:

Councillor M Clarke (Chair)

Members of the Committee:

Councillors E Adam, J Atkinson, A Batey, R Crute, T Henderson, J Higgins, S Iveson, J Maitland, R Manchester, P Sexton, T Tucker, M Wilson and H Smith

Co-opted Members:

Mr G Binney and Mrs R Morris

Also Present:

Councillors A Bainbridge, B Bainbridge, R Bell, M Davinson, C Hampson, P Jopling, B Kellett, O Temple, J Turnbull and Mr A J Cooke

1 Apologies for Absence

Apologies for absence were received from Councillors L Brown, S Dunn, D Hall, R Ormerod, E Scott and Chief Fire Officer S Errington (County Durham and Darlington Fire and Rescue Service).

2 Substitute Members

No notification of Substitute Members had been received.

3 Declarations of Interest

Councillors R Bell, B Kellett and O Temple declared an interest in Item 5 – Selective Licensing - Progress, as private landlords. Mr AJ Cooke noted he was also a private landlord.

4 Items from Co-opted Members or Interested Parties

There were no items from Co-opted Members or Interested Parties.

5 Selective Licensing - Progress

The Chair welcomed the Housing Team Leader, John Kelly and Project Coordinator, Joanne Thompson who were in attendance to provide the Committee with an update in relation to the progress with the proposed Selective Licensing Scheme County Durham (for copy see file of minutes).

The Project Coordinator thanked the Chair and Committee for the opportunity to speak in relation to the proposed Selective Licensing scheme, reminding Members that Selective Licensing was introduced under Part Three of the Housing Act 2004, allowing a Local Authority to designate either part or the whole of its area for selective licensing, providing certain conditions were met. It was explained that it would apply to all private rented properties within a designated area and landlords will need to apply to the Local Authority for a Licence. Members were asked to recall that the six criteria for Selective Licensing were: low housing demand; a significant and persistent problem caused by anti-social behaviour (ASB); poor property conditions; high levels of migration; high levels of deprivation; and high levels of crime. It was added that all conditions, apart from low housing demand and ASB, must have high levels of privately rented accommodation. It was noted the national average for privately rented was 19.46 percent, with the level in the County being greater than that overall. The Project Coordinator noted that reasons for pursuing selective licensing included: poor housing and management could lead to housing market decline or failure; an objective of the Housing Strategy, to improve the quality and management of privately rented properties in County Durham; better protect tenants; tackle poor landlords offering unsatisfactory accommodation and poor management practices; and provide support and training to landlords and tenants.

The Housing Team Leader referred Members to a map setting out the density of private rented sector (PRS) properties across County Durham. He explained that the size of areas looked at were middle-layer super output areas (MSOAs) and that the map showed which areas were over the 19.46 percent national average density. He referred to a graph noting the percentages of PRS properties in each of those MSOAs, with Durham City having the highest and Brasside and Newton Hall having the lowest. It was noted the majority of the MSOAs had a higher density than the national average.

The Housing Team Leader noted that accordingly, the proposals were for the 43 out of 66 MSOAs that met one or more of the criteria previously to be included for selective licensing, representing approximately 65 percent of the MSOAs or 75 percent of the PRS stock.

He noted that due to poor data quality in terms of migration, and the lack of supporting evidence with regards to poor property condition and crime, those criteria would not form part of the Council's response on selective licensing. He added the evidence that would be provided would focus on low demand, ASB and deprivation.

He continued, noting four designations that would be made: One – low demand; Two – ASB; Three – Low demand and ASB; and Four – Deprivation.

The Housing Team Leader referred Members to a map setting out all the areas to be included within the selective licensing proposals, graphs showing percentage of PRS against ASB rate by MSOA, and maps of house prices and deprivation by MSOA.

The Project Coordinator explained there were a number of licence conditions, a number of which were mandatory, set in legislation such as gas safety, with others being additional local conditions in relation to tenancy management, property management and ASB. She explained that the fees were proposed to be £500, payable in two parts, first upon application and second upon granting of the licence. The Project Coordinator added there would be penalties for landlords that fail to obtain a licence or breached licence conditions, with civil penalty notices or prosecution. It was added there would be the option to also apply for Rent Repayment Orders (RRO) and consider Banning Orders under the relevant legislation. She added there would also be a database of rogue landlords. The Project Coordinator added that views would continue to be sought on the proposals, from Members at the meeting today and via the many events to be held out in communities. She added that once consultation had been completed a final report would be considered by Cabinet in due course prior to submission to the Secretary of State.

The Chair thanked the Officers for their presentation and asked as regards Banning Orders, what the process would be for landlords to get back from that point. The Project Coordinator noted that in the first instance, the Service would look to provide help and support to landlords so that it would not reach that stage and those that asked to be helped would always be offered assistance. The Chair asked Members for their comments and questions.

Councillor R Bell asked as regards the list of drop-in session dates. The Project Coordinator noted that there were lists on-line; she would provide the link via Committee Services to Members after the meeting.

Councillor R Bell asked as regards the use of MSOAs, noting they were a rather large unit, highlighting this with an example of Bishop Auckland, Shildon and Coundon Grange, adding that the scale was not such to differentiate at the level required, suggesting Lower-layer Super Output Areas (LSOAs) may be more appropriate.

The Housing Team Leader noted there had been a lot of feedback in this regard, with many Local Authorities going by Electoral Divisions or Wards, comparable in this case, being 63 Electoral Divisions in County Durham and 66 MSOAs as previously mentioned.

He added that in terms of the data used, much of this was collected at the MSOA level and that looking at the LSOA level was noted as an option within the consultation and could be considered. He added that upon going down to the LSOA level, some smaller areas included within the current proposals may come out, and some areas not currently included may need to be added in at a future date, subject to further consultation. Therefore, he added that he felt the overall coverage would not have changed much if looking at LSOA boundaries and the level for consultation would still have been between 65-75 percent.

Councillor O Temple asked as regards the budget of £16 million and when it would be set out to demonstrate how it would be used to support the objectives of selective licensing, for example landlord training. He also asked as regards cost of the licence fee being passed on to tenants and effects on those in receipt of Housing Benefit. The Housing Team Leader noted the draft budget was being developed, with many of the issues still being part of the ongoing consultation. He added that the provisional costings would be brought back to Cabinet in due course. He also noted that any income from fees would be ringfenced, and that areas could not be subsequently added in, though areas could be taken out. Councillor O Temple asked if there would be a budget included when the final proposals to be considered by Cabinet. The Housing Team Leader noted that the proposals would need to go to the Secretary of State, following Cabinet's agreement. The Project Coordinator added that in terms of concerns that the cost of fees would be simply transferred to tenants by landlords, evidence from other Local Authorities was that this was not the case, with market forces dictating rent and therefore the cost was being absorbed by landlords in order to remain competitive.

Councillor J Atkinson asked as regards Special Interim Management Orders (SIMO) and whether we would consider use of those. The Project Coordinator noted that there was legislation that the Council would have to follow and where the Council did not think a landlord would be able to meet the criteria for a licence, then the Council could apply. She added that SIMOs did not apply only to selective licensing areas, the criteria were linked to ASB, and noted that other options in terms of managing a situation would be utilised first, such as an interim-orders.

Councillor E Adam asked if the required resources and staff were in place to be able to carry out the proposals, should Government accept the proposals. The Project Coordinator noted that the level of fee was dictated by the level of staffing and resource required, with the income from the fee being ringfenced for that purpose only. Councillor E Adam noted the proposed fee of £500 and asked if, at a future point there was a requirement to increase the fee in order to meet increasing demand upon resources, whether the fee could be increased. The Housing Team Leader noted he did not envisage a substantial increase in the fee, if any, and feedback on the issue from landlords had been divided. He noted some that were already accredited with the Council scheme or national schemes felt they should not pay a fee or at least be offered a discount.

He added the Secretary of State, within any submission, would expect the fee to have been calculated in order to cover the costs of staffing, administration, inspections and steps leading to enforcement.

Councillor P Sexton asked as regards any pilot schemes in relation to selective licensing and how this would inform the fee setting and anticipated resources required. The Project Coordinator noted there had been three selective licensing areas in County Durham and those and speaking to other Local Authorities who had brought in selective licensing, had helped in terms of understanding fees, resources and the ability to target those effectively. Councillor P Sexton asked if there was any “early bird” discount being proposed in order to encourage landlords to sign up as soon as possible. The Housing Team Leader noted there was consideration of a three month period with a discounted fee of £450, and for £390 for those accredited via the Council’s scheme. He added that those accredited via national schemes were also keen for this to be considered in terms of discounted schemes and this would be looked at throughout the consultation period. He noted that other Local Authorities’ experience was to have as many landlords sign up in the initial stages, in order to keep the costs associated with chasing up and continued advertising down as much as possible.

Councillor T Tucker thanked the Officers and noted that the issues with landlords was not only for PRS, also in some cases some tenants within Registered Providers’ properties were let down, she asked what methods were in place to deal with those cases. She also asked as regards whether there was a way for potential tenants to be able to check whether landlords or providers were meeting accreditation criteria. The Project Coordinator noted that in terms of Social Housing, this legislation and scheme did not apply, there were other provisions already in place (the Regulator for Social Housing). She noted the multiagency approach undertaken in terms of housing, with Register Providers being partners that the Council dealt with regularly and therefore issue could be raised through existing partnership arrangements. As regards checking regarding landlords, prospective tenants could use the online register of licensed landlords or contact the Council for advice.

Councillor R Bell noted the issue of resources and asked if there was prioritisation such to deal with the likely large number of enquires and requests in the initial period or was there priority given to tackling rogue landlords, and how would these competing demands be balanced. The Housing Team Leader noted there would be a schedule of those that the Authority would wish to tackle, and plans would be in place to act should selective licensing be approved.

Councillor B Bainbridge asked, within the three pilot selective licensing areas, how successful the Council was in finding the landlords of empty properties or taking any of the empty properties on themselves. The Project Coordinator noted all were found, albeit one within the final year of the scheme and the areas involved being relatively small.

She added the Council had not used management orders in any of the areas. She noted Registered Providers had not been keen to manage such properties on behalf of the Council, however, with the establishment of a Local Lettings Agency by the Council, this could be a tool to use in the future if required.

Councillor R Crute noted he supported the proposals relating to selective licensing, from the perspective of the benefits to both tenants and landlords. He noted in his experience it would have wider community benefits as at nearly all local community meetings he attended the issues of ASB, and rogue landlords were raised. In terms of the coverage of the selective licensing areas, he asked how we would ensure that issues in one area were not simply moved to another, ones that was not covered by selective licensing, and how fluid the area boundaries could be in order to cope with any changing situations. The Project Coordinator noted that the element of dispersal into other areas had been taken into account, with the three pilot areas showing some element of this. She added this would be monitored, and that additional areas could be looked at, should they meet the criteria as previously mentioned. The Project Coordinator added that the Council would also look to support “accidental” landlords, with help and advice.

Councillor S Iveson thanked the Officers for their hard work in relation to selective licensing and asked what would be put in place to monitor landlords and uptake of licences. The Project Coordinator noted the onus was on landlords to apply for a licence and there would be staff “on the ground” in communities, as well as methods of referral via partners, Local Members and members of the community.

Councillor J Atkinson asked how many private landlords there were in the County. The Project Coordinator noted the full figure was not known, as there was no place where such data was held, nor was there an obligation for landlords to register themselves. She added that modelling gave an estimate of 68,000 PRS properties within the County. The Housing Team Leader noted the level of fee had been calculated on the data we had, and on the time and cost to carry out the requisite administration tasks. He added that the rationale behind the fee would be required by the Secretary of State within the submission.

Councillor A Batey noted there was a lot at stake in terms of selective licensing and asked how the proposals were being sold to landlords, in terms of benefits. The Project Coordinator noted that to date no landlords had responded stating they were against selective licensing, and none were against fees. She noted some landlords felt that it would be “good landlords paying for bad landlords” and that the Council should deal with those bad landlords first and provide training and support for landlords.

Councillor E Adam asked when the proposals would be brought back to Overview and Scrutiny, after consultation. The Overview and Scrutiny Officer, Diane Close, noted that it was intended for the proposed scheme to come back to Overview and Scrutiny subsequent to having been considered by Cabinet.

Councillor S Iveson asked as regards the fee, whether it was a one-off, or ongoing. The Project Coordinator noted it was a five-year fee, per property, payable up front in two parts as previously mentioned.

Councillor J Turnbull noted his local area was not proposed to be included within the selective licensing areas and asked what support would be given to those areas left out. The Project Coordinator noted those areas would not be forgotten, with staff in place to deal with issues and while there may not be all the tools available as in selective licensing areas, there were still tools and powers available to look to tackle issues.

Councillor M Davinson noted he was the Cabinet Support Member for Strategic Housing and Assets and explained he supported the proposals that would give additional tools to be able to deal with the issue of rogue landlords. He noted issues of dispersal would need to be monitored, citing examples relating to the pilot areas and added that it was important for as many people as possible to engage with the consultation process and encouraged Members to do so and for them to encourage residents in their local areas. Councillor M Davinson noted from previous reports there had been an estimate of around 20 percent of rented housing stock being PRS, now estimates were around 60 percent and asked how this increase had been ascertained. The Project Coordinator explained that various data had been analysed including: Council Tax, Environmental Health, Neighbourhood Wardens, Planning, Housing, Energy Performance data, Government data relating to tenancies. She added that the count was up to around 39,000 properties, with modelling suggesting the figure was actually around 68,000.

The Housing Team Leader reminded Members that there were to be a number of drop-in sessions at Custom Access Points and other locations and encouraged Members, landlords, tenants and residents to engage with the consultation.

Resolved:

- (i) That the report and presentation be noted.
- (ii) That the comments made by Members in relation to the Selective Licensing proposals form the Overview and Scrutiny response to be fed into the ongoing consultation.
- (iii) That the Economy and Enterprise OSC include in its future work programme a further update on progress of the scheme.