

**Cabinet**

**16 September 2020**

**Selective Licencing Scheme**

**Key Decision No. REG/03/20**



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## **Report of Corporate Management Team**

**Amy Harhoff, Corporate Director of Regeneration, Economy and Growth**

**Councillor Kevin Shaw, Cabinet Portfolio Holder for Strategic Housing and Assets**

### **Electoral division(s) affected:**

Countywide – but not all areas included.

### **Purpose of the Report**

- 1 This report proposes a Selective Licensing scheme for homes which are privately rented in some parts of County Durham. The proposed scheme will cover 42% of the private rented sector (PRS) in the county and, as this is over 20%, it is a legislative requirement to obtain Government approval. Prior to the application being made to Government the Council has consulted on the proposals and gathered and analysed the results.
- 2 Details of the reasons for implementing the scheme, the proposed scope of the scheme, the costs of licensing, the operational structure of the scheme and the timetable are contained in the report. Subject to Cabinet approval these will form the basis of the submission to the Secretary of State for the implementation of selective licensing in County Durham.

### **Executive Summary**

- 3 In County Durham there is a growing number of private rented sector landlords, with many concentrated in some of the most deprived and low value areas. Unfortunately, anti-social behaviour is also blighting some communities and as a result we are seeing the confidence in areas reduce, with growing numbers of empty properties, and rent and house values reducing.

- 4 A key objective of The County Durham Housing Strategy 2019 to 2024 is to maintain and improve standards across County Durham's housing stock and the wider housing environment which includes developing an approach to selective licensing, addressing empty homes, improving energy efficiency of properties and supporting and maintaining communities. The scheme will make a significant contribution to a wider strategy of improving the county's towns and villages by improving both housing conditions and access to quality housing.
- 5 Tenure intelligence modelling work carried out before consultation means the PRS levels are even greater than originally estimated when looking into the business case for selective licensing. In County Durham the PRS is significant with an estimated total of 68,516 properties representing 28% of the total homes in the county, above the current national average of 19.46%.
- 6 As the private sector grows, so does the number of private landlords. That increase has brought with it with it a rise in un reputable landlords looking to acquire low cost homes at little expense – poorly managing their properties and tenants.
- 7 One bad landlord can disproportionately affect an area and negativity can quickly spread between owners and tenants – all affected by dropping house prices and increased empty homes. ASB and crime can lead to empty homes as good tenants and owners leave an area and further bad landlords (and tenants) take their place. This cycle dents the confidence of the remaining residents in the local authority but also in landlords and tenants.
- 8 The introduction of selective licensing in areas where there is a high proportion of PRS stock can help to create sustainable neighbourhoods. This will be achieved by improving housing standards as well as providing tenants with a greater choice of safe, good quality and well managed accommodation. Proactive enforcement action will be taken against both unlicensed properties and/or where there are breaches of the licence conditions. A recently commissioned review by MHCLG which considered the Use and Effectiveness of Selective Licensing concluded that selective licensing can be an effective policy tool with many schemes achieving demonstrable positive outcomes.
- 9 The conditions of the licence will require that the property is managed effectively and will give tenants added protection against poor landlords. When applying, the council will need to be satisfied that proposed licence holders are 'fit and proper persons' to hold a licence, and that they have satisfactory management arrangements in place including for dealing with anti-social behaviour.

- 10 There are areas within the county that do not form part of the proposal for selective licensing. They do not currently meet the statutory or guidance criteria set out by the Secretary of State. Officers will monitor various datasets relating to these areas and, should any meet the criteria in the future, Cabinet will be asked to consider a separate application to the Secretary of State to extend the scheme in the county.
- 11 The licence will last for five years and the Council will set a charge that the landlord must pay for each property in ownership that is rented. A licence fee of £500 is proposed but discounts will be available which could reduce the fee to £350. The income received from the scheme is ring fenced to the administration of the scheme and will fund the staffing infrastructure and associated costs. The body of the report will provide a high-level understanding of the staffing and support infrastructure that will be put in place.
- 12 The application to the Secretary of State must be robust and clearly demonstrate that the tests and criteria set out in the legislation and the Government guidance have been met and have clarity in terms of the areas included. Robust consultation must have taken place and any concerns expressed properly considered.
- 13 Consultation has taken place proposing 43 of the 66 Middle Super Output Areas (MSOAs) within County Durham as the basis for data collection and analysis. A list of the 43 MSOAs consulted on can be found at Appendix 3. Consultation provided more information as to the relative issues within each MSOA and, partly as a result, areas have changed (to LSOAs) to reflect a more detailed analysis.
- 14 MSOAs can vary in size but most contain approximately 3,000 to 4,000 residential addresses. Generally, each MSOA can contain four to six LSOAs, which can often be a village, or for larger villages or towns these can still be broken down into LSOAs of generally 500 to 800 residential addresses.
- 15 Analysing at these smaller areas (LSOAs) shows transparency and fairness, and that the Council are only targeting the areas that require a scheme now and can be improved because of it.
- 16 Subject to authorisation from Cabinet and the Secretary of State, the scheme is expected to go live around April 2021. It is important to note that the Ministry of Housing and Local Communities (MHCLG) is responsible for determining the application.
- 17 The scheme will benefit from close partnership working both internally (HMO licencing, private sector housing, etc.) and externally (Safe Durham Partnership, Police, Fire & Rescue Service, Probation Service, and housing providers etc.).

## **Recommendations**

18 Cabinet is recommended to authorise:

- (a) the proposed areas to be designated and submitted in a formal application to the Secretary of State for confirmation;
- (b) the proposed licence fee of £500 with discounts, as set out in the report;
- (c) the scheme service proposals outlined in the report.
- (d) delegated powers for the Director of Regeneration, Economy and Growth to amend selective licensing conditions, in conjunction with the portfolio holder for strategic housing and assets, in line with legislation and/or best practice.

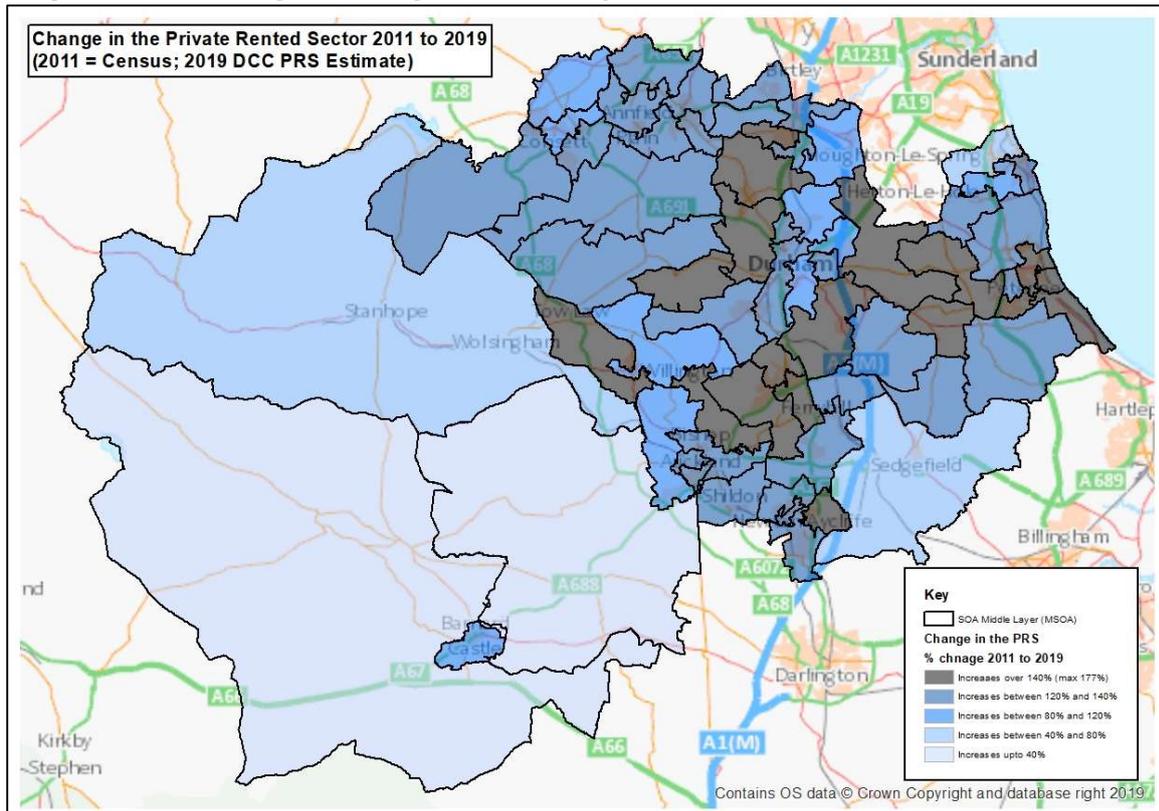
## Background

- 19 This report proposes a scheme for homes which are privately rented in parts of County Durham. The proposed scheme covers 42% of the PRS in the county and, as this is over 20%, it is a legislative requirement to obtain Government approval. Prior to the application being made to Government, the Council is required to consult on the proposals and take into account the responses to that consultation.
- 20 The Cabinet report in January 2020 set out the proposals for consultation including the proposed size of area, the proposed licence fee, and the proposed licence conditions. The report asked for approval from Cabinet to consult on these items and approval was given.
- 21 This report will address the following:
- demographic change and tenure;
  - strategic context;
  - benefits of introducing scheme;
  - Government guidance and consultation;
  - the proposed designated area;
  - scheme operational structure;
  - scheme operational costs and proposed licence fee;
  - consultation process; and
  - implementation timetable.
- 22 The legal powers to set up a scheme for the licensing of properties in the PRS is contained in Part 3 of the Housing Act 2004. This allows a local housing authority the ability to designate an area which will be subject to selective licencing. The proposed scheme will last for the maximum period available under the 2004 Act: five years.
- 23 Since April 2015 it is required to apply to the Secretary of State for approval of any scheme which covers more than 20% of the privately rented homes in the local authority area. This is the case in Durham and, to introduce the scheme proposed in this report, Secretary of State approval is required.
- 24 The submission has been considered against the relevant legislation and guidance. The guidance for selective licensing is available at Appendix 2.

## **The changing private sector**

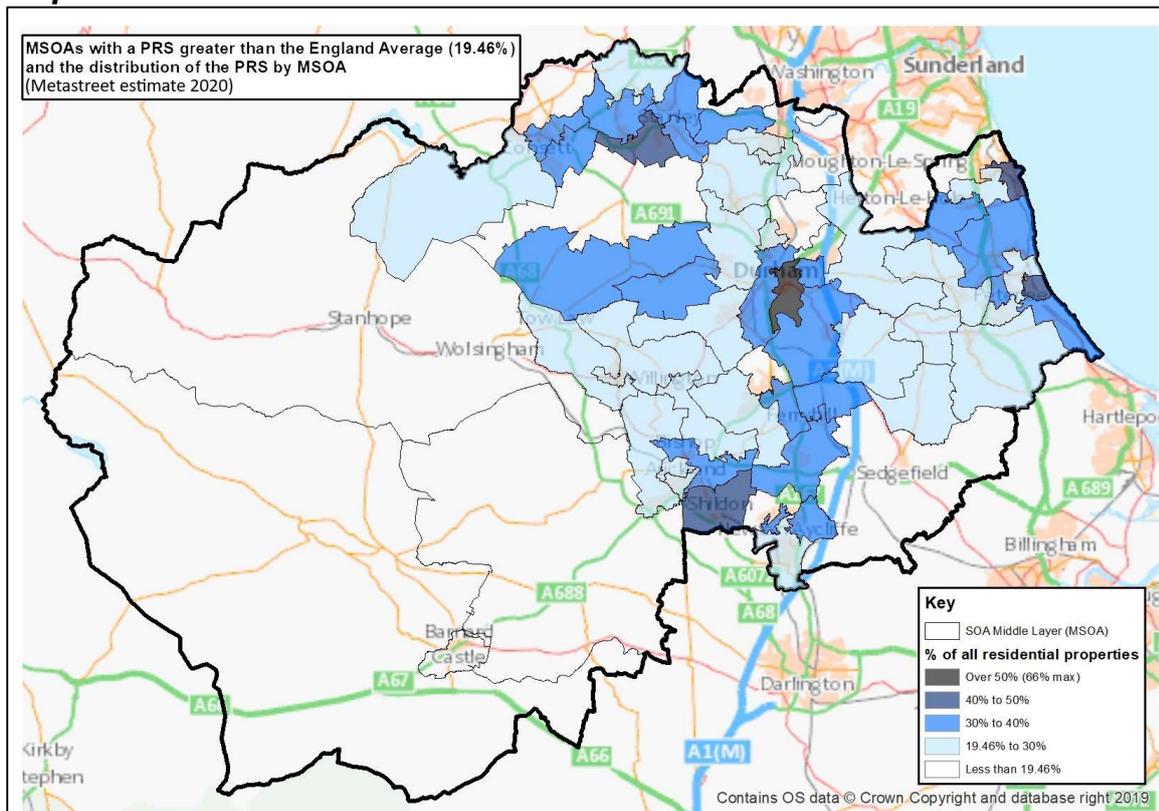
- 25 The PRS in Durham is significant and continues to grow. It is an important tenure choice for many households, but this significance brings its own problems.
- 26 Although it is accepted there are many good landlords, who manage their properties and tenancies responsibly, there are also rogue landlords who flout the law and avoid accountability to their tenants and the neighbourhoods they obtain homes within.
- 27 Many of the bad landlords are concentrated in some of the most deprived and low value areas. Unfortunately, anti-social behaviour is also blighting some communities and as a result we are seeing the confidence in areas reduce, with growing numbers of empty properties, and rent and house values reducing.
- 28 Currently, the Council relies on complaints and requests from tenants (or other residents) for issues to come to light and for DCC to act. Selective licensing allows for a pro-active service, with staffing resourced accordingly – and issues with rogue landlords can be tackled head on.
- 29 The number of socially rented properties has fallen by 6% since 2001 which is in part due to properties being sold under the ‘Right to Buy’ legislation, the selling of properties to private companies and the transfer of housing stock to registered social housing providers.
- 30 The PRS has seen massive growth despite the population in County Durham remaining relatively steady.
- 31 The map detailed below shows the percentage change in the PRS by MSOAs across the whole of the county. The darker the shading for the MSOA indicates the higher the percentage change. As can be seen, all but two MSOAs have increases of over 40% with a majority experiencing an increase of over 80%. 51 out of 66 MSOAs have experienced an increase of over 120% of homes in the PRS.

**Map 1: Percentage Change in PRS by MSOAs**



32 Map 2 below detailed the estimated distribution of private rented stock by MSOA.

**Map 2: Distribution of PRS Stock**



- 33 In summary the estimated number of households within the county has increased steadily by 34,070 since 2001. This is a 16.4% increase over the period. During the same timeframe there has been a 6% (3,161) reduction in social rented homes however the PRS has increased by a massive 333% to 68,516.
- 34 This increase in the numbers of properties being let in the private sector is not uniform across the county and the maps above provide a graphical depiction of the distribution of properties in the PRS by MSOA.

## Government Research

35 MHCLG commissioned an Independent Review of the Use and Effectiveness of Selective Licensing which concluded in June 2019. The research overall indicates that selective licensing can be an effective policy tool with many schemes achieving demonstrable positive outcomes. However, this study also indicates that when implemented in isolation, the effectiveness of selective licensing is often limited. Schemes appear to be more successful as part of a wider, well planned, coherent initiative with an associated commitment of resources – a finding entirely consistent with the aims of the Housing Act. The report highlights the particular advantages of introducing selective licence scheme as;

- **Selective licensing focuses resources on areas of concern** - authorities can concentrate efforts and resources on a specific area with identified problems, whilst simultaneously generating revenue to contribute to the costs involved;
- **Licensing provides a clear licensed/unlicensed offence** - this clarity simplifies the enforcement process. Where a landlord is intentionally operating without a licence, it is considered likely that there are other violations present which can then be investigated and pursued as necessary;
- **Licensing allows authorities a simple route to access properties of concern** – with other Housing Act powers, authorities need to give at least 24 hours' notice to inspect a property. Inspections conducted under licensing regimes do not require such notice. This is particularly important in areas where there are landlords more likely to disregard statutory obligations ('rogue' or criminal landlords);
- **Proactive not reactive approach** – Proactive inspection of properties to establish if they are unlicensed or otherwise not compliant with licence conditions will also tend to bring to light

other significant problems of which the authority was previously unaware, and appropriate action can then follow;

- **Licensing provides a clear mechanism and driver for landlord engagement** – the requirement for landlords to license properties leads to engagement with the local authority. The authority can then provide training and support as necessary to encourage a more professional sector and drive up standards.

## Strategic Context

- 36 The County Durham Housing Strategy 2019 to 2024 has been developed in partnership with residents, parish councils, registered providers, private landlords and Area Action Partnerships to consider and address a range of housing issues across County Durham. There are four objectives included within the strategy:
- (i) to provide housing advice, assistance, and support for vulnerable people;
  - (ii) to improve access to housing;
  - (iii) to deliver homes to meet housing need and demand; and
  - (iv) to maintain and improve standards across County Durham's housing stock and the wider housing environment. This aim addresses raising standards in the PRS, developing an approach to selective licensing, addressing empty homes, improving energy efficiency of properties, and supporting and maintaining communities.
- 37 The proposal to introduce selective licensing is a significant practical policy intervention and is complementary to other actions in the strategy. The scale and nature of the proposal will operate alongside other initiatives to address homelessness, poverty, health, and community development. This will be achieved by working with key partners including the Police, Fire & Rescue Service, health, housing providers, private landlords and the voluntary sector.
- 38 One of the biggest challenges for the Council relates to the limited number of good quality homes available in the PRS and the growing number of absent or poor-quality landlords. The current growing market is dominated by smaller terraced properties offering two to three bedrooms and is often the target for rogue landlords. Much of the existing stock is older, thermally inefficient and in need of repair or refurbishment.

- 39 Colliery villages grew in County Durham from the 1950s around a core of densely packed terraced housing which can still be seen in many of our towns and villages, leaving a legacy of poor quality older terraced housing with a lasting public health impact. Whilst we accept that selective licensing cannot overhaul the makeup of the buildings themselves, and have decided to not submit to government using the poor property condition criteria, what licensing can provide is steps towards ensuring that landlords are managing these properties to a standard that ensures the wellbeing of the tenants living there.
- 40 The lack of access to good quality housing is accepted to be a contributing factor to inequalities in health, educational attainment, and disposable income (poverty).
- 41 With growth in the PRS since 2001 and indications that the sector will continue to grow, the recently approved Housing Strategy for County Durham recognises the strategic importance of the PRS. One of the aims/outcomes in the strategy is to raise standards in the PRS and a scheme will make a significant contribution to this.
- 42 Its direct value will be enhanced by ensuring synergy with strategies such as homelessness, empty homes and other activities leading to mixed, balanced, and sustainable communities.
- 43 The scheme will make a significant contribution to a wider strategy of improving the county's towns and villages by improving both housing conditions and access to quality housing. Linking with existing initiatives including Registered Providers (RP) new development, Local Lettings Agency (LLA), Buy to Lease Scheme, Rough Sleepers Initiative (RSI) and Houses in Multiple Occupation (HMO) Licensing that are closely aligned to the ambition to improve the ability to access a good quality home in the county.

### **Existing measures**

- 44 The Council encourages the development of a more consistent and good quality PRS through advice, guidance and negotiation and the introduction of initiatives. Over the last 5 years the council has tried alternatives to combat low demand, anti-social behaviour, and deprivation in the PRS. Many of these will continue and include:
- advice and information- provided to both landlords and tenants regarding their rights and responsibilities of renting a property;
  - empty homes: working with property owners through engagement and encouragement including the provision of financial assistance such as targeted loans and grants to bring empty properties back into use;

- financial assistance;
- accreditation: voluntary scheme whereby landlords state that they are of good character and sign up to a code of conduct, they are offered benefits such as advice and support, tenant referencing, training, landlords forum and quarterly newsletters as well as template documentation;
- tenant training;
- targeted intervention: time limited projects incorporating regular multi-agency intervention through the Safe Durham Partnership and Community Action Team. This includes a range of Council services and partners working together to address specific ongoing problems or where an area needs some additional support and focus. This is a mixture of engagement and targeted enforcement; and
- support services: both low level and intense support is available to tenants whose behaviour impacts on their tenancy or the surrounding neighbourhood, providing help with managing tenancies, help with finances, substance misuse and homelessness.

45 The voluntary accreditation scheme has, like others around the country had limited success with low numbers (estimated 4%) of professional landlords signing up. As a result, the Council, with limited resources, has not been able to tackle the ever-growing number of poor landlords buying into the low demand areas, further impacting the confidence and viability through poor management of both property and tenant.

46 In addition, the Council has several initiatives currently being introduced that will assist with some of the challenges in local communities. These measures will work in conjunction with the Council's selective licencing proposals. These include:

- local lettings agency;
- buy to lease; and
- rough sleepers' initiative

47 Legislation currently provide councils with a range of tools and powers to regulate landlords however as identified in the Government review and as evidenced in the growing level of concern in Durham these have limitations, do not provide resources to assist and are reactive. The outcome is that whilst they provide the remedy for individual issues,

they do not provide the necessary consistent proactive approach in improving standards across a community or wider area.

- 48 Localised small-scale selective licensing schemes have been relatively successful in Durham stabilising particular streets in an area, providing some confidence to residents but limited in terms of the overall impact on a town or village sometimes displacing issues around anti-social behaviours or environmental issues. The issues around the private rented sector are now affecting numerous communities within the county and require further intervention.
- 49 Selective licensing provides a regulatory framework which allows for proactive monitoring of the private rented sector and the opportunity for enforcement against poor landlords at the earliest opportunity. It provides clarity to landlords on what is expected, supporting landlords where necessary, and facilitates a full multi-agency approach making the best use of a range of powers available in addition to selective licensing. It is acknowledged however that this is part of the solution and all of the previous interventions are still needed to not just stabilise but enhance our communities moving forward.

## **Consultation**

- 50 Guidance states the consultation should include local residents including tenants, landlords and managing agents. It should also include other members of the community who live or operate or provide services within the proposed designated area.
- 51 Our consultation exercise used the following channels of communication and reflected Government and legal advice to consider Covid and appropriate measures to ensure consultation was appropriate and in line with guidance:
- online information webpage;
  - online consultation questionnaire;
  - hard copies of consultation questionnaire to be made available in various Council customer access points and libraries;
  - specific events to target relevant groups (i.e. landlords);
  - drop-in sessions (pre-COVID) in various geographic locations across the county; and
  - direct correspondence to stakeholders including Town and Parish Councils, registered housing providers, neighbouring local authorities and Members of Parliament.

- 52 An insert on the consultation was included in every single council tax bill and email in March, and a leaflet drop was carried out to 200,000 homes in July. Social media promoted the consultation in February and again, in July.
- 53 Throughout the period of Covid 'lockdown', the DCC website gave access to the questionnaire and the deadline for consultation was extended twice (from 27 April to 24 May, and then to 2 August).
- 54 At the start of consultation, two face to face landlord events were scheduled – one in the east of Durham at the start of the consultation period (February) and one in central Durham towards the end of consultation (at that time, this was due to be April). The first event took place prior to Covid and approximately 20 landlords attended in person, with all landlord questions answered on the day. The second event was rescheduled for May and to offer greater choice to landlords, a third event was added so a choice of day, and either afternoon or after working hours, could be offered.
- 55 As the situation with Covid escalated, the deadline was extended for a further 10 weeks and the two-landlord face to face events were replaced with two webinars, one mid-afternoon and one at 5pm, across two different days. It was the first time that the DCC had held consultation via this method on such a large scale, with 85 landlords and agents attending the first event and 101 attending the second. A presentation was given and a 'Q and A session' was carried out.
- 56 Over 500 comments and questions were received at these two later landlord events, many of which the Head of Service answered on the day, with all remaining questions answered and published on the DCC website alongside the consultation return. A recording of the event was also made available on DCC's YouTube channel, to complement the consultation report. The numbers attending the webinar events were much greater than expected - compared to the likely numbers if the events were held in person.
- 57 At the point of lockdown, only 12 of the 23 resident drops-ins at libraries had taken place. Covid has meant that no more drop-ins have taken place. Instead, a process was set up with Customer Services for residents to call and ask questions and/or complete questionnaires over the telephone. Call backs (by phone or tele-call) were offered where further detail and discussion was required, and dedicated officers responded to these requests.
- 58 Durham County Council received the following numbers of stated items during the consultation period:
- 1187 online and paper questionnaires;

- more than 300 emails opposing or supporting the proposals;
  - 50 letters/written literature.
- 59 40% of the questionnaires (472) were completed by landlords and 3% (32) by letting agents, with 90% opposed to the introduction of the scheme.
- 60 A summary of the results from landlords and agents is:
- 79% strongly disagree and 10% disagree with introducing the scheme;
  - 61% strongly disagree and 14% disagree with the areas – a further 19% neither agreed nor disagreed;
  - 98% think the proposed fee is too much, and 2% said ‘about right’.
- 61 20% of the questionnaires (241) were completed by private tenants and 41% (482) by residents of County Durham (not private tenants). This question is multiple choice so someone could state they were a landlord as well as a resident.
- 62 A summary of the results from these two groups is:
- 53% of private tenants disagreed or strongly disagreed with the proposals to introduce the scheme, with 44% strongly agreeing or agreeing with the proposals – the majority in disagreement cited the reason as potential rent increases if their landlord passed on the licence fee and/or being made homeless if their landlord sold up. Many advised they had discussed the consultation and impact on rent with their landlords. Some declared their landlord as ‘already a good landlord’. Many landlords responded to advise us they had informed their tenants that a rent increase would occur if licensing were to be introduced;
  - 52% of private tenants also disagreed with the proposed areas and 61% thought the proposed fee was too high;
  - 70% of County Durham residents (not living in the PRS) strongly agree with the proposed introduction of the scheme and 8% agree. 21% disagree or strongly disagree;
  - 52% of County Durham residents (not living in the PRS) strongly agree with the areas proposed in the scheme and 15% agree. 20% disagree or strongly disagree;

- 43% of residents felt the proposed fee was ‘about right’ but 30% also felt the fee was too little.
- 63 The full consultation feedback report is available at Appendix 4 (attached to Cabinet papers).
- 64 Landlords told us through the consultation that they felt the scheme proposed by DCC was too vast, too expensive and disagreed with many of the areas proposed – mainly as they were not selective enough.
- 65 Partly as a result of consultation, we have now:
- moved from MSOA analysis to Lower Super Output Area (**LSOA**) (to ‘drill down’ in greater detail in all areas);
  - reduced the coverage of the designation from 74% of PRS stock (originally believed to be around 64% before the previously mentioned tenure intelligence modelling) to 42% reflecting the more detailed analysis of the individual areas;
  - increased the level of discounts available, including for those accredited by the National Residential Landlords’ Association (NRLA) and for landlords who have more than one property, alongside the earlier proposed discounts for ‘early bird’ and DCC accreditation.

### **Areas for submission**

- 66 It is proposed that all PRS properties in (all or part of) the 43 areas of proposed at consultation will be designated under the conditions of low housing demand, anti-social-behaviour, and deprivation. A full list of the areas can be found at Appendix 5.
- 67 The new analysis means that approximately 30,000 properties across the 43 MSOAs consulted upon will now be included (42% of PRS stock). Some parts of the originally proposed MSOAs will not be included as they do not meet the criteria at the lower level and are separate in type and nature to the stock in the areas to be included.
- 68 An extension to the evidence report provided for consultation is included at Appendix 6 (attached to the Cabinet report).
- 69 There are other areas within the county that do not form part of the designation for selective licensing and were not included in consultation proposals. At this point in time they do not meet the guidance criteria set out by the Secretary of State.
- 70 Officers will monitor various datasets relating to all areas not proposed for designation nor included in the submission and, should any meet the

criteria in the future, Cabinet will be asked to consider a separate report if it is considered appropriate at that time, for a further designation and application to the Secretary of State to extend the scheme in the county.

- 71 For those Landlords within these areas, an accreditation scheme is to be developed with the NRLA which the landlords will be encouraged to join. This will be no cost to DCC and release staff resource to concentrate on pro-active private sector work, although enforcement will still take place where applicable.

### **Selective Licencing Scheme Operational Costs and Proposed Licence Fee**

- 72 The scale of the proposed scheme requires a robust operational infrastructure, and this will include:
- staffing;
  - office accommodation;
  - IT software and hardware;
  - professional support (legal, financial, and marketing etc); and
  - associated close-down costs.
- 73 The licensing fee is to be set at a maximum of £500, with discount available for each of the following: accreditation of either DCC or NRLA (£55 discount per licence), landlords with two or more properties (£35 discount for each licence after the first property) and if registered within 3 months of the start date (£60 discount per licence). If all three discounts apply, the fee will be £350 per licence.
- 74 Staffing of approximately 50 persons will be required split across applications, monitoring & compliance, and enforcement. Other professional services such as legal, HR and management has also been accounted for, as has accommodation and other overheads associated.
- 75 In terms of accommodation, most of the work can be carried out flexibly, although an office base or bases will be required. This is being considered as part of the office accommodation review.
- 76 Detailed work on the operational costs of the service is ongoing however initial indications show that it will be approximately £13 million over the 5 years. This however will be tailored to ensure that the scale of the staffing/accommodation is in line with the fees accrued.
- 77 The scheme costs can be met from the fees paid for the licences granted. The Council is unable to make a profit from the licence fees but can fully fund the operational costs.

## Submission to the Secretary of State

- 78 The Council's aim is to raise the standard and quality of housing available in the PRS. A Selective Licensing Scheme would provide the opportunity for the Council to introduce quality standards that can be effectively regulated and is mandatory to all landlords in the area to apply. Landlords would be required, and given support, to comply with the terms of the licence and an inspection and enforcement service would ensure compliance.
- 79 There are many benefits linked to selective licencing including:
- providing tenants with a greater choice of safe; good quality and well managed homes;
  - better community and cross tenure relations;
  - reduced anti-social behaviour;
  - help to stabilise and improve local neighbourhoods; and
  - provide more long-term stability and confidence in the market.
- 80 The standards of PRS properties will improve through establishing clear minimum physical and management standards which can be controlled through the licencing framework. Proactive enforcement action will be taken against both unlicensed properties and/or where there are breaches to the licencing conditions.
- 81 The scheme will make a significant contribution to a wider strategy of improving the county's towns and villages by improving both housing conditions and access to quality housing.
- 82 In addition to the existing measures, the key elements of this scheme in Durham will be:
- approximately 30,000 properties will be licensed within the PRS stock;
  - promotion of good practice in terms of management and maintenance which is capable of being enforced;
  - mandatory licence application for every PRS property within the defined scheme;
  - landlords must pass a 'fit and proper person' test in advance of receiving a licence;

- appropriate staffing structure in place to support scheme administration, inspection, and enforcement;
- property inspection regime in place;
- support for landlords to comply with licence; and
- enforcement in cases where appropriate.

83 An Equality Impact Assessment has been completed to ensure our Public Sector Equality Duty is fulfilled when submitting proposals to the Secretary of State. The key findings of the assessment are:

- Attached as background paper.

## **Conclusion**

84 The introduction of a scheme across the stated geographic areas of County Durham provides the opportunity to introduce regulation into this sector where it is needed most and, as a result, lead to long term improvements in the quality of life for private sector tenants and improvements to our communities in our towns and villages.

85 As the proposed area represents more than 20% of the PRS the final decision on the declaration of the scheme must be made by the Secretary of State.

86 The staffing infrastructure will be significant to enable the scheme to operate successfully and the costs will be met in full by the income received from licence fees associated with the scheme.

## **Background papers**

- Cabinet Report – January 2020
- EqIA for Selective Licensing consultation
- MHCLG Independent Review of the Use and Effectiveness of Selective Licensing  
([https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/833217/Selective\\_Licensing\\_Review\\_2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/833217/Selective_Licensing_Review_2019.pdf))

## **Other useful documents**

- None

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## **Appendix 1: Implications**

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### **Legal Implications**

The legislation supporting the introduction of the scheme is detailed in paragraph 14 of the report. Prior to applying to the Secretary of State the Council must undertake a consultation process in accordance with guidance issued by MHCLG. In view of the complex nature of the data analysis, and the need to satisfy compliance with legislation and government guidance, legal advice has been sought throughout the process.

### **Finance**

Licence fee income over the period of the scheme will fully cover the operational costs.

Income is based on 30,000 licence fee applications received which assumes some properties will be exempt from the fee however for some properties we will receive duplicate fees where the ownership of the property changes.

### **Consultation**

The consultation period was from 17 February 2020 until 2 August 2020 – extended on two occasions from the original closing date of 27 April 2020, due to pre-election publicity period, which did not take place (due to COVID) and due to COVID itself.

### **Equality and Diversity / Public Sector Equality Duty**

Assessment attached.

### **Climate Change**

None.

### **Human Rights**

The scheme aims to ensure that private sector tenants will benefit from the protection offered in their tenancy agreements.

### **Crime and Disorder**

It is anticipated that there will be positive benefits in relation to crime and disorder and anti-social behaviour.

### **Staffing**

A new staffing structure will require to be agreed and implemented in advance of the scheme commencing.

**Accommodation**

Accommodation for the new staff will be required for April 2021.

**Risk**

Cabinet will be asked to consider risks in advance of making the final decision to submit a proposal to the Secretary of State.

**Procurement**

A bespoke IT system, to support the operation of the scheme, has been procured.

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**Appendix 2: Department for Communities and Local Government  
Selective Licensing in the Private Rented Sector Guide for Local  
Authorities**

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Attached separately.

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## **Appendix 3: MSOAs included for consultation proposals**

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Attached separately.

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## **Appendix 4: Consultation feedback report**

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Attached separately.

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## **Appendix 5: LSOAs to be included for submission**

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Attached separately.

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## **Appendix 6: Extension to data following consultation**

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Attached separately.