

Selective Licensing in County Durham

Economy and Enterprise Overview and Scrutiny Committee

25 February 2025



Agenda

1. Background and current position
2. Anti-social behaviour
3. Enforcement
4. Challenges and Next Steps

Objective/Purpose:

- To provide information on the current position of selective licensing within County Durham.

1. Background and current position

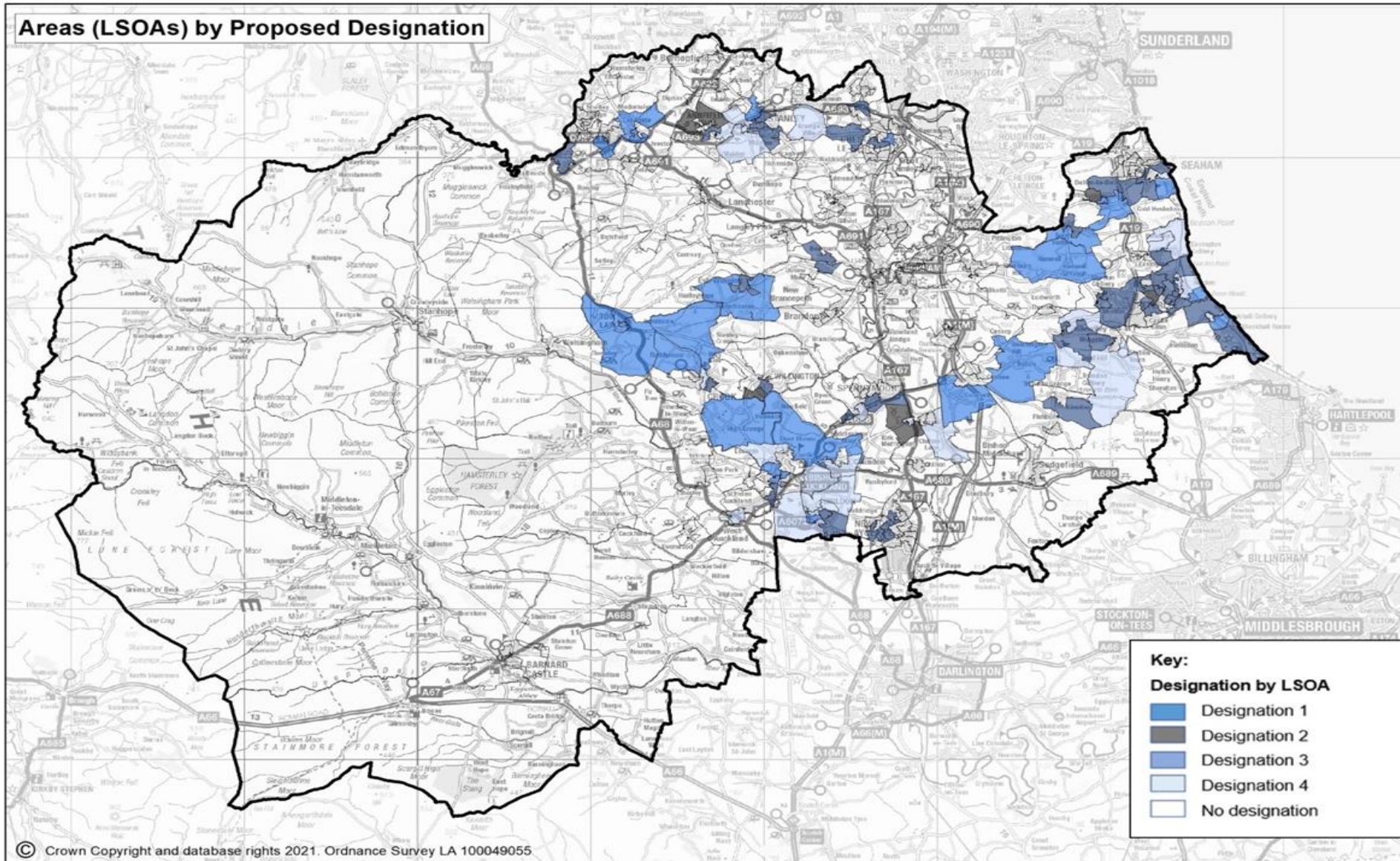
Selective licensing gives certain powers to a local authority to regulate landlords and managing agents of private rented property but only in designated areas. These areas must meet certain criteria, set out by legislation, regarding low demand for housing, anti-social behaviour, and/or deprivation

Key details

- Approved by Secretary of State on 30 November 2021
- In force 1 April 2022 and lasts for five years
- Covers 42% of the private rented stock (28,000 properties)
- Covers 103 of County Durham's 324 Lower Super Output Areas.
- There are 4 designations:
 - (i) ASB
 - (ii) Deprivation
 - (iii) Low Demand
 - (iv) Areas that satisfy all three criteria



Areas (LSOAs) by Proposed Designation



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Licensing so far (as of 31 January 2025)

- 15,700 Applications received (54% of assumed PRS in designated areas)
- 14,520 Licences issued
- £6.75 million received (with a further £300,630 due in second part payments once the draft licence is sent).
- Income ringfenced to selective licensing activities
- 4,000+ inspections carried out
- Enforcement Action
 - 5 Prosecutions secured
 - 95 Improvement Notices for Disrepair
 - PACE interviews being conducted (no application or non-compliance with Improvement Notices/ Licence Conditions)
 - £1.38 million in civil penalties issued



2. Anti-social behaviour

Anti-social behaviour

- Landlord can be asked to formally intervene where there are confirmed cases of ASB **AND** enforcement action is being taken by ASB or Nuisance Action Team Officers.
- We can't ask landlords to intervene if no enforcement action as ultimately case may end up in court should possession notices be served. Needs to be evidenced.
- ASB co-ordinator appointed to liaise with and educate tenants and landlords.
- Co-ordinator leads on enforcement of ASB licence conditions.

ASB intervention examples



Encombe Terrace Ferryhill

Serious ASB, crime, off-road bikes, loud parties

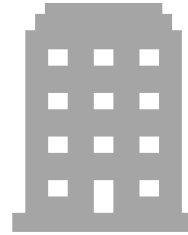
Conducted door to door enquiries including cctv/ring door bell

Tenancy warnings issued by agent as per conditions

Raised at MAPS and address added to warden patrol route

Section 8 issues and possession granted.

Tenant vacated before bailiff involvement



Victoria Terrace Shotton

ASB, fighting, drugs which started on day new tenant moved in

Information gathered and supplied to agent

Tenants moved on 5 weeks after initial complaint

Agent had vetted tenants and granted tenancy based on good reference from previous landlord

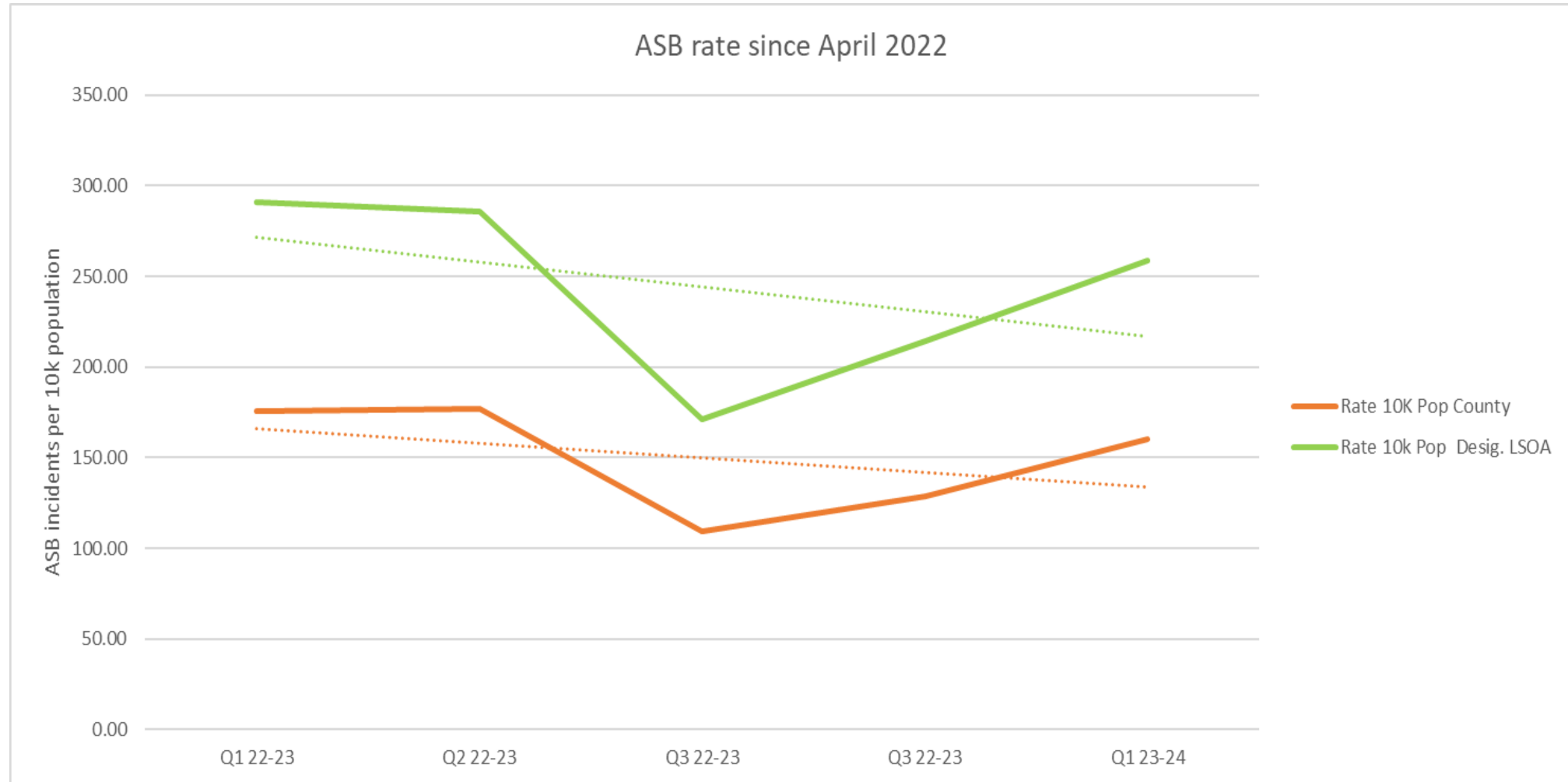
Landlord management practices improved

Quick and lasting positive result for community

ASB trends

- Specific categories of anti-social behaviour are monitored in both designated licensing areas and non-licensing areas across County Durham before and after the scheme began.
- Since April 2022, when selective licensing came into force, the rate of ASB incidents per 10,000 population has been consistent in designated licensing areas with the overall rate for County Durham.
- The rate of ASB is trending downwards in designated licensing areas in the last two years, as it is in County Durham. The sharp decrease in quarter 3 2022-23 was due to police reclassifying their ASB data. Since then, the ASB rate has increased across County Durham but remains lower than two years ago.
- Maintaining the ASB rate in designated areas in line with the county average, can be attributed to increased vetting and compliance with licence conditions in designated areas.

ASB rates in County Durham and SL areas



3. Enforcement

Enforcement Powers

Housing Act 2004

Part 1 powers:

- Duty to take action where Category 1 hazards are found
- Discretionary Power to take action where Category 2 Hazards are found
- Formal options include Improvement Notices, Prohibition Orders, Emergency Action (Category 1 Hazards only)
- Always has to be the most appropriate course of action
- Try and work informally with landlords to get disrepair addressed before moving to formal action
- If formal action required must serve Notice of Entry before using formal enforcement options above

Enforcement Powers

Housing Act 2004

Part 3 powers:

- Section 95 – enforcement when no licence or non-compliance with licence conditions
- A landlord only has to apply for a licence if the property is occupied – licensing does not apply to empty homes. Supported Housing Providers *do* need to be licensed if the property is in a selective licensing area.

Within selective licensing, there are currently 28 staff working across applications, compliance and enforcement, including Team Leaders and Business Support staff:

- 10 Applications
- 18 Enforcement and Compliance

Penalties

- Prosecution (unlimited fine) or a civil penalty of up to £30,000
- Management Order
- Rent Repayment Order
- Banning Order
- Entry on Rogue Landlord Database
- S21 Notice possession notice invalid without a licence



Enforcement action so far (as of 31 January)

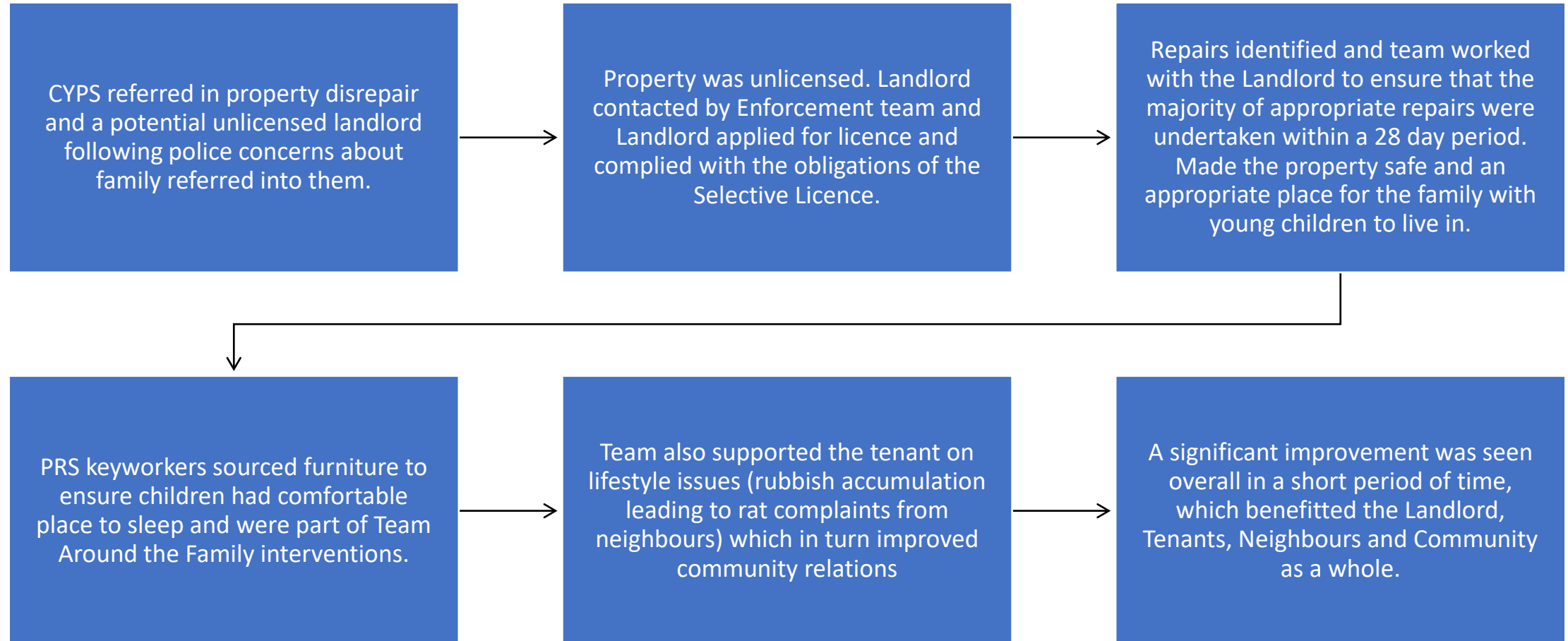
- 4000+ Inspections carried out
- 400+ follow up formal inspections for remedial work which have led to:
 - 95 Improvement Notices
 - 3 Emergency Remedial Actions
 - 5 Prohibition Orders
 - 5 Prosecutions concluded
 - 41 case files prepared, that may progress to prosecution/ civil penalties.
- 1 licence revoked after landlord found to be not “fit and proper”.
- Property portfolio taken off non-compliant landlord and now managed by DCC.



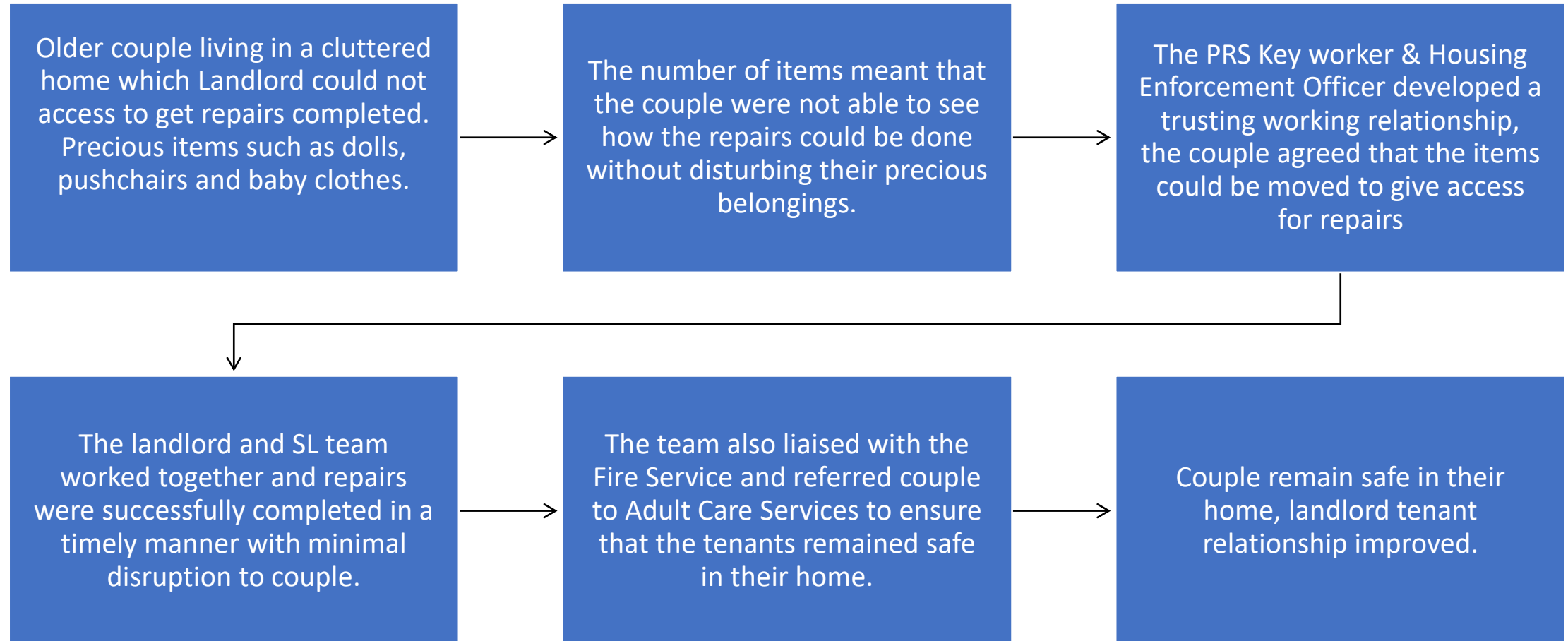
Civil Penalties

- 95 civil penalties issued – majority for not having a licence
- £1.38 million in total value
- Legal team to refer the debtor cases to the county court for an order of that court. A certificate from Chief Finance Officer that debt has not been paid will be taken by court as conclusive evidence of that fact.
- Potential to use external legal firm in 2025 set up specifically to recover civil penalty debt for local authorities – fixed fee basis
- Number of civil penalties issued by LAs anticipated to increase tenfold because of new offences brought in by Renters Rights Bill (tenancy management related offences)

Not always about enforcement – successful intervention and engagement examples



Not always about enforcement – successful intervention and engagement examples



4. Challenges and Next Steps

Challenges

- Application numbers are lower than anticipated but continue to receive approximately 300 applications being per month – dedicated team tasked with bringing applications in.
- Some reports suggest PRS is smaller than that modelled in 2020 – possibly between 10 to 30% which would suggest the number of PRS properties in SL areas between 20,000 and 25,000. However, it should be noted that some areas have exceeded or approaching 100% of expected applications
- Maximum income from originally modelled applications is £12 million over five years but is adjustable for less applications. Budget does not include civil penalty money which is ringfenced to PRS enforcement
- Civil penalty debt recovery – £1.3 million in total issued. The Legal team are processing debt recovery through county court but some significant delays in county courts hearing cases.
- Potential to use external legal firm in 2025 set up specifically to recover civil penalty debt for local authorities – this would be on a fixed fee basis so no initial financial outlay for DCC.

Next Steps

- The housing standards team will (following the anticipated assent of the Renters Rights Bill in May 2025) commence a full review of the scheme. Data that will be analysed includes:
 - (a) any reduction of anti-social behaviour in designated areas;
 - (b) property improvements and management practices;
 - (c) market demand; and
 - (d) compliance of both applying for a licence and licence conditions.
- A report will be presented to Cabinet late in 2025 to consider whether the council should consult on an extension of the existing scheme, a revised scheme in terms of size, designation and areas, or simply end the existing scheme (without renewal or extension).
- Subject to Cabinet decision, if approval is given to consult on an extended or revised scheme, it is anticipated that a report will be brought to Cabinet in Q1 of 2026 seeking approval for the final proposal with an anticipated start date of April 2027.
- No longer a requirement for Secretary of State approval for larger SL schemes.