

Hyndburn Borough Council: - Review and Analysis of Existing Selective Licensing Schemes Across England and Wales

1. Introduction

- 1.1 The Housing Act 2004 introduced the ability for local housing authorities, following approval from the Secretary of State, to designate the whole of or part of their District for Selective Licensing. General approval for Selective Licensing was granted to local housing authorities in 2010 removing the need for Secretary of State approval.
- 1.2 Currently there are 27 designations across 18 local authorities in England and Wales, with several more at various stages in the designation process.
- 1.3 The purpose of this paper is to act as a summary comparing and analysing the existing 27 designations. The majority of the data has been compiled via a freedom of information request with the calculations based on various assumptions carried out by ourselves.
- 1.4 Hyndburn Borough Council is very grateful to Local Authorities for providing the data which will be used by us to help shape our proposed selective licensing scheme. We also hope that other local authorities find the data useful in shaping new schemes and managing existing schemes.
- 1.5 Tables containing the data can be found at the end of this report.

2. Designation Sizes

- 2.1 Designations range in size from approximately 61 private rented properties in Neath Port Talbot to 2000-2400 private rented properties in Thanet.
- 2.2 Manchester and Salford both have large numbers of private rented properties potentially requiring a licence; 3,500 and 1,971 respectively. These authorities differ from the approach of Thanet as they have multiple designations rather than one large designation.
- 2.3 In the case of Manchester they designated an area containing 1,700 private rented properties in August 2007 and then followed shortly after with a designation for an area containing 1,800 private rented properties in November 2007. The second designation came prior to the issue of any licences in the first designation. However, the number of licences issued are now greater than originally anticipated.
- 2.4 In the case of Salford they have three designation areas containing 668, 828 and 475 private rented properties. They differ from Manchester in the respect that each designation was active and licences had been issued before they proceeded with the following designation. It can also be seen that the time lapse from date of designation to issue of first licence decreased with each designation. This could be due to either increased efficiency of the administration process or landlords just being more aware of the requirements and actively applying for licences quicker with all necessary documentation provided in the first instance.
- 2.5 The only other authorities having multiple designations are Blackburn, Newcastle and Gateshead. Blackburn and Newcastle being similar to

Manchester in the respect they designated their second area before issuing their first licence with Gateshead resembling Salford by decreasing the time taken to issue the first licence with each new designation.

- 2.6 Consideration has not been given to Durham's designations due to the fact that the designations were in place before the previous seven local authorities amalgamated to become Durham County Unitary Authority. At time of designation designations were in different local authority areas.
- 2.7 It can be seen that different percentages of licences issued compared to private rented properties differ considerably across the current designations.
- 2.8 In Manchester, Leeds, Neath Port Talbot and in one of Gateshead's designation over 100% of licences have been issued. This could be down to three factors; 1) the number of privately rented properties in the designated areas was under estimate, or 2) the private rented properties have changed ownership thus requiring the issue of a new licence, or 3) an increase in the private rented sector in response to changes in the housing market and economic downturn.
- 2.9 Elsewhere in the established designations percentages of licences issued are in the region of 70% and above. Within a designation there will always be properties which remain empty or are exempt from licensing which will account for some of this reduction in licences issued. Again these percentages are only as reliable as the original intelligence as to the make up of tenure within any designation.
- 2.10 Designations in their infancy understandably have lower percentages of licences issued with the notable exception of Wolverhampton who are only four months into their designation and have already issued over 56% of their licences.
- 2.11 Newcastle appears to have the lowest percentage of licences issued in any of the designations that have been active for greater than six months. Despite only issuing 24% of licences in their designation which came into affect in September 2010 they have progressed with a second designation in April 2011 which after being active for just over a year they have only issued 2 licences.

3. Prosecutions

- 3.1 Prosecutions have been split into two categories; failure to apply for a licence and breach of licence conditions. The levels of fines available for these two types of prosecution make it clear that the aim is to licence and then work with landlords to help them comply with any conditions attached to their licence. This is also evident as the majority of local authorities with designations have taken prosecutions against landlords for failing to apply yet only two have taken any prosecutions for breach of licence conditions.
- 3.2 Apart from Salford who have a 94% and 95% success rate in two of their designation areas all other designations have a 100% success rate where prosecutions have been taken for failing to apply for a licence.
- 3.3 The range of time taken to the first prosecution for not applying across the designations where this action has been deemed appropriate is anywhere between 12 months to 3 years.

- 3.4 It is notable in the case of Newcastle's two designations that no licences were issued prior to their first prosecutions suggesting that landlords in the area are reluctant to become licensed and do not apply without the need for or at least the publicity gained from prosecuting. This may explain the low percentages of licences issued coupled with the staffing levels which appear low as they only have two dedicated staff for potentially 713 licences.
- 3.5 Another designation that has a low percentage of licences issued is Hartlepool which was designated in May 2009 and has only issued 66% of potential licences. Looking at other designations there appears to be the need to prosecute landlords for not applying but none have been taken in Hartlepool which could explain their reduced number of licences issued. However with only one dedicated member of staff for selective licensing this could also explain the low number of licences issued and why no prosecutions have been taken to date.

4. Staffing Numbers

- 4.1 Across the various designations it can be seen that resource levels vary significantly. In six of the designations there is no staff dedicated to selective licensing with duties being combined as part of peoples wider job description. For the purpose of comparisons these designations have not been considered as it is not known the level of time spent by these officers on selective licensing tasks as opposed to there other general duties.
- 4.2 Within the designations that at least have some dedicated staff the ratio of staff to potential licences issued ranges from 1:68 to 1:1034, with the average ratio of dedicated staff to potential licences working out at 1:327.

5. Costs

- 5.1 Licence fees are more complex to analyse as most of the designations provide various discounts ranging from early applications, multiple properties, locally accredited landlords, nationally accredited landlords, to members of nationally recognised landlord associations.
- 5.2 Another noticeable trend is that out of the 27 schemes currently in operation all apart from the two schemes within Blackburn with Darwen Borough and Durham County's first two designations take payment up front for the licence with no payment by instalments.
- 5.3 Burnley Borough Council are the only other exception as they take an upfront licence fee and then an annual monitoring fee in addition. This makes them, without taking any discounts into consideration, the most expensive coming in at £1,002 over the five years for a landlord owning one property.
- 5.4 The lowest licence fee, without taking any discounts into consideration, is £335 in all of the three Gateshead designations.
- 5.5 Out of all the designations 20 offer a discount for multiple applications ranging from £40 upward to 25% of the licence fee.
- 5.6 22 of the designations offer a discounted rate for landlords accredited prior to date of designation. These range from £35 discount in Salford first designation to 100% discount in Bolton.

- 5.7 Members of nationally recognised Landlord Associations received discount in 5 of the 27 designations. The ranges from £50 applicable to the first application only up to £75 on all applications.
- 5.8 Several councils also operate a penalty system whereby late or incomplete applications incur an increased fee. Some also apply a finders fee whereby the council charge extra if they identify a property requiring a licence before the landlord comes forward and submits an application; in Salford City Council's second and third designation this is an additional £150 and the relevant late fee is also added which depending on the lateness will can be up to £100. Newham's licence fee increases from £300 to £500 if an completed application is not received within 28 days of request.
- 5.9 Discounts, late fees and finders' fees make an interesting approach to rewarding compliant landlords and penalising recalcitrant landlords whilst working within the constraints of a selective licensing designation budget.

	Sunderland	Bolton	Gateshead (1)	Gateshead (2)	Gateshead (3)	Middlesbrough
Size of Designation	2,400 dwellings	385 properties	682 properties	708 properties	837 properties	2 wards
Designation effective date	July 2010	November 2008	Sept 2007	January 2010	May 2012	June 2007
No. of private rented properties within Designation	740	145 but some now demolished	363 (original estimate)	207 (original estimate)	464	Approx 1000
No. of licences issued to date	507	114	250	241	0	1065
Percentage of licences issued against estimated No. of private rented properties within Designation	68.5%	78.6%	68.9%	116.4%	0%	106.5%
Date of issue of first licence	22 nd November 2010	25 th February 2009	31 st January 2008	5 th February 2010	N/A	18 th June 2008
No. of prosecutions taken for failure to apply	None – first batch of prosecution files to be submitted to solicitors April 2012	2	3	2	N/A	2
Date of first prosecution for failure to apply	N/A	7 th October 2011	January 2009	September 2011	N/A	7 th September 2009
Success rate for these prosecutions	N/A	100%	100%	100%	N/A	100%
No. of prosecutions taken for breach of conditions	None	None	None	None	None	None
Date of first prosecution for breach of conditions	N/A	N/A	N/A	N/A	N/A	N/A
Success rate for these prosecutions	N/A	N/A	N/A	N/A	N/A	N/A
No. of staff working 100% on Selective Licensing	5 F/T & 1 P/T	None	1 F/T			None
Ratio of dedicated staff to private rented properties within the designation	1:123	N/A	1:1,034			N/A
No. of staff working on Selective Licensing as part of their wider job description	1	2 and 1 outside agency	8			2
Licence fee	£600 paid up front. £525 for additional applications and 25% for accredited landlords	£688.35 paid up front. £633.73 for additional applications. 100% reduction for accredited landlords	£335 paid up front with £75 discount for landlord association members, £150 discount for Accredited property and £40 discount for subsequent applications			£500 paid up front with £75 discount for landlord association members, £150 discount for Accredited

		submitting applications before designation effective.		property and £40 discount for subsequent applications.
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	Durham (1)	Durham (2)	Durham (3)	Newcastle (1)	Newcastle (2)	Thanet
Size of Designation	419	805	195	350	480	Approx 3000
Designation effective date	February 2008	February 2008	February 2009	September 2010	April 2011	April 2011
No. of private rented properties within Designation	164	328	128	300	413	Approx 2000-2400
No. of licences issued to date	125	269	85	72	2	792
Percentage of licences issued against estimated No. of private rented properties within Designation	76.2%	82.0%	66.4%	24.0%	0.5%	33.0 - 39.6%
Date of issue of first licence	21 st July 2008	11 th August 2008	2 nd September 2009	5 th October 2011	10 th April 2012	3 rd June 2011
No. of prosecutions taken for failure to apply	2	5	1	8	2	None as under Judicial Review
Date of first prosecution for failure to apply	14 th July 2011	24 th September 2010	28 th November 2011	23 rd August 2011	10 th January 2012	N/A
Success rate for these prosecutions	100%	100%	100%	100%	100%	N/A
No. of prosecutions taken for breach of conditions	None	None	None	None	None	N/A
Date of first prosecution for breach of conditions	N/A	N/A	N/A	N/A	N/A	N/A
Success rate for these prosecutions	N/A	N/A	N/A	N/A	N/A	N/A
No. of staff working 100% on Selective Licensing	4			2		None
Ratio of dedicated staff to private rented properties within the designation	1:155			1:357		N/A
No. of staff working on Selective Licensing as part of their wider job description	None			3		12
Licence fee	£450 which can be paid in annual instalments	£450 which can be paid in annual instalments	£350 paid up front and £330 for additional properties	£400 paid up front with £75 discount for membership of a nationally recognised landlord body, £150 discount for an accredited property, £40 discount for additional properties.		Applications made before 31 st July 2011 £425 paid up front with a £50 discount for

				Fee increases to £500 for application made 6 months after designation	accredited landlords. After 31 st July 2011 £525 with a £100 reduction for accredited landlords. £240 fee for each additional flat in the same building with no discounts. 20% up front and remainder to be paid within the year for any landlord owning 10 or more properties and licence then issued initially for 1 year
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	Salford (1)	Salford (2)	Salford (3)	Blackburn (1)	Blackburn (2)	Blackpool
Size of Designation	2500`	5000	1000	1416	988	2446
Designation effective date	May 2007	November 2009	January 2011	February 2009	June 2009	March 2012
No. of private rented properties within Designation	668	828	475	304	330	751
No. of licences issued to date	602	752	394	240	262	118
Percentage of licences issued against estimated No. of private rented properties within Designation	90.1%	90.8%	82.9%	78.9%	79.4%	15.7%
Date of issue of first licence	25 th September 2007	17 th December 2009	19 th January 2011	12/8/2009		None enforcement to commence September 2012
No. of prosecutions taken for failure to apply	17	21	1	7		N/A
Date of first prosecution for failure to apply	7 th July 2008	7 th April 2011	28 th March 2012	21 st May 2010		N/A
Success rate for these prosecutions	94%	95%	100%	100%		N/A
No. of prosecutions taken for breach of conditions	2	None	None	None		N/A
Date of first prosecution for breach of conditions	20 th September 2011	N/A	N/A	N/A		N/A
Success rate for these prosecutions	100%	N/A	N/A	N/A		N/A
No. of staff working 100% on Selective Licensing	6			2 previous however in 2012/2013 4		11
Ratio of dedicated staff to private rented properties within the designation	1:329			1:317 previously with increase in staff in 2012/2013 1:159		1:68
No. of staff working on Selective Licensing as part of their wider job description	None			Varied but 8 in 2011/12		6
Licence fee	£353 paid up front with £276 for additional properties. Any landlord	£476 paid up front with £456 for additional properties. Any landlord accredited before the introduction of licensing in the area £429 paid up front with £411 for additional		£500 with can be paid in annual instalments		£670 paid up front. £100 discount for accredited landlords on first

	<p>accredited before 31st March 2005 will pay £318 up front with £248 for additional properties</p>	<p>properties. Applications received three to six months after date of designation incur a late fee of £50, applications received later than six months from date of designation will incur a late fee of £100. A finders fee of £150 will be levied where the local authority identify a property that requires a licence but where no application has been submitted, the appropriate late fee will also be applied</p>	<p>property only, £50 discount for member of NLA or RLA on first property only, £100 early bird discount if all requested documentation received fully completed by 14th June 2012, £50 discount for additional properties if all documents received by 14th June 2012. Penalty charges apply of £100 for late applications after 14th September 2012, £180 for each property where incomplete information provided, form not signed or failure to provide certificates, £100 finders fee where landlord does not apply and has to be found by the Council</p>
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	Manchester (1)	Manchester (2)	Hartlepool	Leeds	Neath Port Talbot	Stoke
Size of Designation	3 wards	2 wards	1628 properties	1812 properties	167 properties	901
Designation effective date	August 2007	November 2007	May 2009	October 2009	May 2009	November 2011
No. of private rented properties within Designation	1700	1800	885	406	61 at time of designation	427
No. of licences issued to date	5,951		585	496	63	45
Percentage of licences issued against estimated No. of private rented properties within Designation	170.0%		66.1%	122.2%	103.3%	10.5%
Date of issue of first licence	4 th January 2008		9 th November 2009	6 th January 2010	29 th July 2009	2 nd December 2011
No. of prosecutions taken for failure to apply	39		None	42	None, 1 pending	None, begin enforcement April 2012
Date of first prosecution for failure to apply	12 th January 2011		N/A	7 th October 2010	N/A	N/A
Success rate for these prosecutions	100%		N/A	100%	N/A	N/A
No. of prosecutions taken for breach of conditions	None		None	1	None	N/A
Date of first prosecution for breach of conditions	N/A		N/A	14 th December 2010	N/A	N/A
Success rate for these prosecutions	N/A		N/A	100%	N/A	N/A
No. of staff working 100% on Selective Licensing	None		1	3 originally dropped to 2 in year 3	None	1
Ratio of dedicated staff to private rented properties within the designation	N/A		1:885	1:135 originally then 1:203 from year 3	N/A	1:427
No. of staff working on Selective Licensing as part of their wider job description	23 up till April 2010 19 2011/2012 14 currently		3	7.5 full time equivalent staff	3	9
Licence fee	£425 paid up front with £317 for additional properties and 10% discount for accredited landlords		£600 paid up front with £100 discount for complete applications received within 6	£525 paid up front with £75 discount of accredited properties. Properties	£350 paid up front reduced to £250 for accredited landlords, additional	£500 with discounts for accredited landlords, additional

		<p>week timescale. Accredited pay £450 up front with a £150 discount for complete applications within 6 week timescale</p>	<p>becoming licensable in year 2 fee reduced by £105 and if becoming licensable in year 3 reduced by £205 and so on</p>	<p>properties are charged at £250 and £200 respectively</p>	<p>properties and early payment. Payment is up front unless multiple licence holder in which case it is one licence fee per month and licence not issue before fee received</p>
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	Newham	Burnley	Wolverhampton
Size of Designation	580 properties	1400 properties	524
Designation effective date	March 2010	October 2008	January 2012
No. of private rented properties within Designation	257	586	174
No. of licences issued to date	247	471	98
Percentage of licences issued against estimated No. of private rented properties within Designation	96.1%	80.4%	56.3%
Date of issue of first licence	28 th April 2010	10 th December 2009	3 rd February 2012
No. of prosecutions taken for failure to apply	20	14	None
Date of first prosecution for failure to apply	1 st March 2011	8 th October 2010	N/A
Success rate for these prosecutions	100%	100%	N/A
No. of prosecutions taken for breach of conditions	None full audit of compliance with conditions to commence Spring 2012	None	None
Date of first prosecution for breach of conditions	N/A	N/A	N/A
Success rate for these prosecutions	N/A	N/A	N/A
No. of staff working 100% on Selective Licensing	None	2	1
Ratio of dedicated staff to private rented properties within the designation	N/A	1:293	1:98
No. of staff working on Selective Licensing as part of their wider job description	3 plus additional resources as required	3	3
Licence fee	£300 paid up front if a complete application is provided within 28days of request to do so or £500 after this.	£447 application fee (accredited landlords receive 25% reduction), £179 additional property fee (accredited landlords receive 25% reduction), £111 annual monitoring fee (accredited landlords do not pay this). Late fees and penalties fees for incomplete applications apply.	£525 paid up font for the first property with £125 discount additional properties and £75 discount for accredited landlords where part of the local scheme or a national scheme.

