

Item No. 17.	Classification: Open	Date: 13 September 2022	Meeting Name: Cabinet
Report title:		Response to the Housing and Community Engagement Scrutiny Commission: Licensing in the private rented sector in the Borough of Southwark	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Dora Dixon-Fyle, Community Safety	

FOREWORD - COUNCILLOR DORA DIXON-FYLE, CABINET MEMBER FOR COMMUNITY SAFETY

I would like to thank Councillor Edwards and the Housing and Community Engagement Scrutiny Commission for their report and wide-ranging recommendations around property licensing in the private rented sector in Southwark.

The growth of the private rented sector (PRS) in Southwark has been accompanied by an increase in housing and ill health related problems. Rising rents has had a huge impact on affordability and this in turn has led to overcrowding, tenants being made homeless and a deterioration in property conditions. The situation has been made much worse by the pandemic, with overcrowding responsible for increases in the rate of virus transmission and a huge increase in homeless referrals due to financial issues. The increase in energy prices and cost of living crisis has exacerbate these issues and will continue to have detrimental impact on residents in this sector.

The Council is committed to improving the management and condition of privately rented properties in the borough. Around 43,000 homes in the borough are privately rented. Whilst the majority of these are well maintained and safe, a growing minority is sub-standard and dangerous. Even well meaning landlords may not always be up to date with the latest legal and safety requirements. These properties not only endanger the health, safety and wellbeing of tenants, but also cause issues with neighbours requiring many interventions from already stretched Council services. The Council is using all of the tools it has to improve the situation for tenants in this sector and property licensing is integral to the Council's strategy.

The Council is building on the successes of its previous licensing schemes to help as many tenants renting in the private sector as possible. The new schemes require privately rented single-family properties to be licensed for a period of five years. The schemes will allow the Council to deal directly with persons ultimately responsible for maintaining housing standards and managing poor tenant behaviour in these properties. Other benefits include:

- safeguarding a larger proportion of vulnerable private sector residents
- raising housing standards through enforcement
- reaching a wider cohort of landlords and encouraging investment in Southwarks' legacy private sector housing stock
- narrowing trends in deprivation
- reduction of antisocial behaviour (ASB) and fly tipping incidents from domestic properties.
- collaborative working between stakeholders to deal with specific issues (e.g. fuel poverty, climate change, mental health)
- providing tailored advice to tenants and landlords to address specific issues that are problematic in Southwark

The licensing schemes will be implemented in two phases. This is illustrated in the table below:

Phase	Wards Covered	Justification for licensing	Timescale	Comments
1	Newington and Champion Hill	Anti -Social Behaviour	1/03/ 2022 to 28/02/2027	In progress. Secretary of State Approval not required as licensing scheme covered less than 20% of the Borough
	Faraday, Goose Green and St Giles	Property conditions		
<i>Officers are collating data to demonstrate Phase 1 has led to improvements in the private rented sector. This data is needed to support the Councils application to the Secretary of State for his approval for Phase 2.</i>				
Phase	Proposed Areas Covered	Justification for licensing	Timescale	Comments
2	North Walworth, Nunhead & Queens Road, Old Kent Road and Peckham	Deprivation Poor property conditions	September 2023 to August 2028	Secretary of State approval required as over 20% of the Borough will be subject to licensing
	Camberwell Green, Chaucer, Dulwich Hill, Dulwich Wood, London Bridge& West, Bermondsey, Peckham Rye, Rotherhithe, Rye Lane, South Bermondsey and Surrey Docks	Poor property conditions		

RECOMMENDATIONS

1. Cabinet welcomes the recommendations of the Overview and Scrutiny Committee (paragraph 2) and notes the response set out in this report.

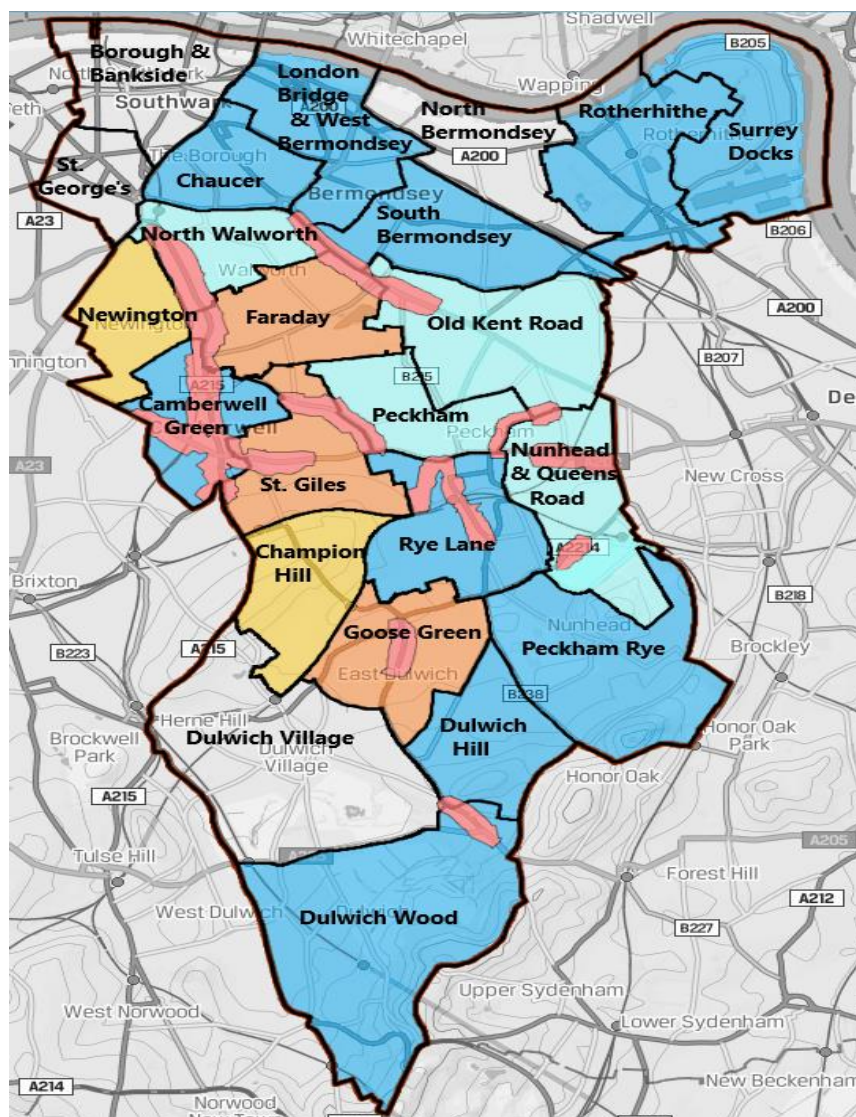
BACKGROUND INFORMATION

1. At its meeting on 23 November 2021 the Housing and Community Engagement Scrutiny Commission received a report from the Cabinet member for a Safer Cleaner Borough on private rented housing. The commission also received a presentation from the Private Sector Housing Enforcement Manager and Director of Environment on private rented housing, including licensing and the renter's union.
2. The commission considered and agreed the set of recommendations at its meeting on 24 March 2022. The recommendations were as follows;
 - Carry out an assessment of the impact on the private rented sector, which once fell under regulation (between 2016 and 2020) but is now outside of regulation.
 - Landlords who apply for the current "gold standard" license receive a reduction in their fee as an incentive. Consider extending this incentive to landlords who offer affordable housing to refugees arriving in the borough. This recommendation is clearly of a more urgent nature because of recent tragic developments in Ukraine.
 - Consider extending landlord licensing to cover inhabitable homes that have been empty for more than three months.
 - Work with the Leader and Cabinet colleagues to investigate what steps could be taken via the council's HR processes to strengthen Southwark's recruitment in this area.
 - Consider that the rental properties having a higher ranking on their energy performance certificate receive a reduction in their licensing fees to encourage landlords to improve energy efficiencies of their properties.
3. This report sets out the council's consideration of these recommendations and updates the Cabinet on the steps that are being taken.

RESPONSE TO RECOMMENDATIONS

4. **Recommendation 1-** Carry out an assessment of the impact on the private rented sector, which once fell under regulation (between 2016 and 2020) but is now outside of regulation. Review whether housing conditions have deteriorated as a result of this and develop a roadmap to bring further wards within the scope of the new Private Rented Sector (PRS) scheme, particularly those areas covered by the 2016-2020 regulations.
5. The areas covered by the 2016-2020 selective licensing scheme have been considered and included as part of Phase 1 and Phase 2 of the current, and new, schemes as indicated in the map below. The only area, which was included in the previous scheme but will not be covered by the new scheme, is a very small area in Dulwich Village ward where the Telephone Exchange building is located (512 Lordship Lane). This is not

a residential building and the exclusion of this area will therefore have no impact.



Key:

Pink	Areas subject to selective licensing from 2016 to 2020
Orange and yellow	Wards subject to selective licensing under Phase 1 from 1 March 2022 for 5 years
Light and dark blue	Proposed wards for selective licensing for Phase 2 subject to Secretary of State for Levelling Up, Housing and Communities approval in 2023

6. **Recommendation 2-** Landlords who apply for the current “gold standard” license receive a reduction in their fee as an incentive. Consider extending this incentive to landlords who offer affordable housing to refugees arriving in the borough. This recommendation is clearly of a

more urgent nature because of recent tragic developments in Ukraine.

7. The service will amend its fee structure to offer an additional discount on application specifically for landlords of host properties for refugees. Therefore, any landlord who hosts a Ukrainian guest (or any other refugees) in a licensable property will be eligible to receive a 30% discount on their Part A fee. These landlords will also be eligible for the following discounts as appropriate:
 - i. Part B fee 50% discount if they are a Gold Standard Charter landlord
 - ii. Part B fee 50% discount if they are signed up to the Finder's Fee scheme

Note: Licensing fees are paid in two parts. Fee A is paid on application and Fee B is paid when the final license is issued.

8. **Recommendation 3–** Consider extending landlord licensing to cover inhabitable homes that have been empty for more than three months. Some elements will not be relevant to them but extension of those elements, which could help tackle negative environmental impacts and discourage landlords from leaving homes empty.
9. There is currently no provision under the Housing Act 2004 to allow Local Authorities to licence empty homes.
10. **Recommendation 4 -** Work with the Leader and Cabinet colleagues to investigate what steps could be taken via the council's HR processes to strengthen Southwark's recruitment in this area.
11. There is a recognised national shortage of suitably qualified staff in this area. This continues to have an impact on recruitment. The service has reallocated existing staff and resources to ensure successful delivery of Phase 1 of selective licensing. Additional agency staff are being recruited to process applications and free up existing staff to undertake targeted enforcement to support the evidence needed for Southwark's application to the Secretary of State for Phase 2.
12. Where there are vacancies in the existing structure the service is seeking to carry out targeted recruitment campaigns with the option of adding a market factor supplement for these hard fill posts.
13. Officers are currently mapping out resources needed for the implementation of phase 2 in 2023, in readiness for the Secretary of State's approval of Southwark's application.
14. **Recommendation 5 -** Consider that the rental properties having a higher ranking on their energy performance certificate receive a reduction in their licensing fees to encourage landlords to improve energy efficiencies of their properties.

15. Landlords are encouraged to improve the energy performance of their properties above the minimum requirement through the Gold Standard Charter status. These landlords receive a 50% refund on their Part B Payment.
16. The Council's private sector housing team are responsible for enforcing Domestic Minimum Energy Efficiency Standard (MEES) Regulations that set a minimum energy efficiency level for domestic private rented properties. From 1 April 2020, landlords can no longer let or continue to let properties covered by the MEES Regulations if they have an EPC rating below E, unless they have a valid exemption in place. Where a landlord has failed to fulfil their obligations under the MEES Regulations, a compliance notice will be served on the landlord. If a breach is confirmed, the landlord may receive a financial penalty.

Community, equalities (including socio-economic) and health impacts

Community impact statement

17. Anti-social behaviour and poor housing conditions have a direct impact on the communities of Southwark. The responses provided above set out the actions that the council is taking to support those who are affected by these issues.

Equalities (including socio-economic) impact statement

18. All tenants and landlords in Southwark are entitled to expect consistently good standards of advice and service. The responses to the recommendations in this report will support this.

Health impact statement

19. The Council is committed to promoting and improving the health of residents. The actions set out in this report around ASB and raising housing standards both contribute towards meeting this commitment.

Climate change implications

20. Public Protection initiatives such as property licensing schemes support the aims of the Council's Climate Change Strategy. Licensing mirrors the Council's commitment to raise property standards, reduce fuel poverty and encourage energy efficiency for residents. There is considerable scope for improving energy efficiency in the private rented sector through licensing.

21. Resource implications

Additional resources are required to support the council's case for Phase 2 of selective licensing. These will be absorbed through existing property licence fees.

Legal implications

22. There are no legal implications.

Financial implications

23. Any financial implications from the actions and proposals in this report have will be met through property license fees

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

24. Not applicable

Director of Law and Governance

25. Not applicable

Strategic Director of Finance and Governance

26. The Strategic Director of Finance and Governance notes the responses to the Housing and Community Engagement Scrutiny Commission: Licensing in the private rented sector in the Borough of Southwark (non-key)
27. The Strategic Director of Finance and Governance also notes the additional financial implications arising from the need for frontline staff to process applications and provide much needed support for enforcement staff.
28. All staffing and other related costs to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Housing and Community Engagement Scrutiny Commission agenda and minutes – 23 November 2021	Southwark Council Website	Anju.Sidhu@southwark.gov.uk
Link: https://moderngov.southwark.gov.uk/ieListDocuments.aspx?CIId=551&MIId=7029		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Dora Dixon-Fyle, Community Safety		
Lead Officer	Matt Clubb, Director of Environment		
Report Author	Anju Sidhu, Head of Service for Regulatory Services		
Version	Final		
Dated	1 September 2022		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Director of Law and Governance		N/a	N/a
Strategic Director of Finance and Governance		Yes	Yes
Cabinet Member		Yes	Yes
Date final report sent to Constitutional Team			1 September 2022