

Report of:	Director of Environment and Community Services
Relevant Executive Member:	Mayor and Executive Member for Adult Social Care and Public Health
Submitted to:	Executive
Date:	20 December 2023
Title:	Selective Landlord Licensing: Evaluation of Newport 1 scheme and approval to consult on the proposal for designation for a further five years.
Report for:	Decision
Status:	Public
Strategic priority:	Physical environment
Key decision:	Yes
Why:	Decision(s) will incur expenditure or savings above £250,000
Subject to call in?:	Yes
Why:	Not Urgent

Proposed decision(s)

That Executive consider the Evaluation Report on the Newport 1 Selective Landlord Licensing Scheme and approve:

- The commencement of appropriate consultation on the proposal to the designation of the selective landlord licensing scheme in the Newport 1 for a further five years.
- The consultation to include the proposed fee of £998 for a 5 year licence to cover the cost of delivering the scheme in the designated area.

The results of the consultation be presented to Executive for consideration to determine whether or not to designate the area as a selective licensing area.

Executive summary

Local authorities have powers to introduce Selective Landlord Licensing (SLL) schemes for a five year period in areas with a high number of private rented properties, low housing demand, poor housing conditions, high levels of deprivation, crime and migration and/or significant and persistent anti-social behaviour associated with the tenants of private rented properties. The purpose of such a scheme is to improve standards of property management in the private rented sector, and when combined with other measures, this should lead to improved physical, social and economic conditions.

There are currently three SLL schemes operating in Middlesbrough; one in North Ormesby and two in the Newport ward (commonly known as Newport 1 and Newport 2). Newport 1 scheme comes to an end on 12th June 2024. An evaluation of the scheme has been carried out which shows improvement in a number of areas. However, the area continues to experience major challenges and therefore it is proposed that it would benefit from a further five year period of designation as a Selective Landlord Licensing Scheme.

The SLL schemes in Middlesbrough do not meet the threshold for Secretary of State approval which is required for those schemes which cover 20% or more of its geographical area or privately rented properties, provided that the authority has consulted for at least 10 weeks on the proposed designation. Therefore, Executive approval is sought for a period of consultation to be undertaken for a further designation of the Newport 1 area.

Executive approval is required as the schemes are delivered via a legislative framework that requires organisational approval to start formal consultation on the proposal for a further designation of Newport 1 scheme.

Purpose

1. The purpose of this report is to present the evaluation report for the Newport 1 Selective Landlord Licensing Scheme which comes to an end on 12th June 2024.
2. To seek approval to consult on the proposal for further designation of Newport 1 area as Selective Landlord licensing area and the proposed fee of £998.

Background and relevant information

3. Executive approval is required as the schemes are delivered via a legislative framework that requires organisational approval to start formal consultation prior to implementation.
4. The Housing Act 2004, gives local authorities powers to introduce Selective Landlord Licensing (over a five year period) for privately rented properties in areas experiencing

low housing demand and/or significant and persistent anti-social behaviour. The purpose of such a scheme is to improve standards of property management in the private rented sector, and when combined with other measures, should lead to improved physical, social and economic conditions.

5. In order to designate an area to be subject to selective licensing the area must satisfy one or more of the conditions set out in Section 80 the Housing Act 2004 and the Selective Licensing of Houses (Additional Conditions) (England) Order 2015. The conditions are:
 - That the area is, or is likely to become, an area of low housing demand; and that making the designation will, when combined with other measures taken in the area will contribute to the improvement of the social or economic conditions in the area
 - That the areas if experiencing a significant and persistent problem caused by anti-social behaviour; that some or all of the private sector landlords who have let premises in the area are failing to take action or combat the problem that it would be appropriate for them to take; that making the designation, when combined with other measures taken in the area will lead to a reduction or elimination of the problem.
 - That the area contains a high proportion of private rented properties which have been let or licensed in relation to the total number of properties in the area, and *one or more* of the following conditions apply:
 - Housing conditions: After a review, officers consider it is appropriate that a significant number of private rented properties are inspected with a view to determining the existence of category 1 and 2 hazards with a view to taking enforcement action where appropriate. That a designation, when combined with other measures, will contribute to an improvement in general housing conditions in the area.
 - Deprivation: That the area suffers from high levels of deprivation affecting a significant number of occupiers of private rented properties and a designation, when combined with other measures, will contribute to a reduction in the level of deprivation in the area.
 - Crime: That the area suffers from high levels of crime affecting occupiers of private rented properties, households and businesses in the area and a designation, when combined with other measures, will contribute to reductions in the levels of crime for the benefit of those living in the area.
6. Under the Housing Act 2004, Part 3 (Selective Licensing of other Residential Accommodation), all private landlords operating within the designated area are required to obtain a licence from the Council for each property that is rented out. The conditions of the licence ensure that the property is managed effectively, and licence holders have to demonstrate their compliance.
7. On 1 April 2015, a new General Approval came into force for Selective Landlord Licensing schemes. Under these new arrangements if a local housing authority makes a designation that covers 20% or less of its geographical area or privately rented properties, the scheme does not need to be submitted to the Secretary of State for approval, provided that the authority has consulted for at least 10 weeks on the

proposed designation. The cumulative number of properties included in the proposed Newport 1 Selective Landlord Licensing scheme together with the existing two designations does not exceed 20% of the private rented properties or the geographical area.

8. On the 9th December 2014 Executive approved a report setting out proposals for introducing Selective Landlord Licensing in Middlesbrough and a further report to Executive on 14th July 2015 saw the implementation of the scheme in North Ormesby commence on 1st January 2016. Further reports were approved which saw the implementation of Newport 1 scheme which commenced on 13th June 2019, North Ormesby 2 designation which commenced on 14th June 2021 and Newport 2 scheme which commenced on 3rd July 2023.
9. The areas of North Ormesby, Newport 1 and Newport 2 were designated as a Selective Landlord Licensing area as they were identified as areas with a high proportion of private rented properties which was suffering problems attributable to:
 - Low housing demand.
 - A significant and persistent problem caused by anti-social behaviour related to tenants of or visitors to rented properties which were not being controlled by landlords;
10. In 2015 the government widened the criteria for designating Selective Licensing schemes to include poor housing conditions and high levels of deprivation, crime and migration. The improvement of management standards in the private rented sector would help to combat housing problems associated with deprivation.
11. The schemes aim to address:
 - The problems associated with low demand for housing by imposing conditions relating to the management of properties.
 - The problems associated with anti-social behaviour by including conditions in licences which required landlords to take action to deal with such behaviour, such as tenancy referencing to ensure that properties are not let to persons with a known record of anti-social behaviour and relating to the use of the property.
 - The poor housing standards in the private rented sector by incorporating housing inspections and enforcement action as a requirement of the scheme, as well as ensuring that the properties are properly managed to prevent further deterioration.
12. The intended outcomes for the schemes are:
 - A reduction in the number of empty properties and low demand for housing which will lead improvements in the social and economic conditions of the sector, which are identifiable.
 - A reduction in anti-social behaviour (caused by tenants in the private sector) in the designated area.

- A general improvement of property conditions in the designated area within the lifetime of the designation.

13. The Newport 1 Selective Landlord Licensing Scheme is due to end on 12th June 2024 and consideration should now be given to whether the scheme has met its objectives, whether there should be a new designation or whether there are any other courses of action available that would achieve the same objective or objectives as the scheme without the need for the designation to be made.

14. There were 800 licensable properties originally identified in the proposal for the Newport 1 Selective Licensing area and income generation of £600,000 was forecasted. The number of licensable properties has exceeded the original estimation over the five years of the scheme. To date (Nov 2023) 1,054 properties have been licensed and 1263 licences have been issued (this figure represents properties which have been relicensed due to changes in tenure.) This has generated fee income of £974,033 which is ring fenced and can only be used for the delivery of the SLL scheme. Throughout the life of the scheme the fees have covered the staffing costs of the following SLL posts which are necessary for the delivery of the scheme: Manager, Co-ordinator, SLL Neighbourhood Safety Officer, Environmental Health Officer, SLL Assistant and Tenancy Relations Officer, Regulatory Compliance Officer.

15. An evaluation of the Newport 1 Selective Landlord Licensing Scheme has been undertaken using guidance from Local Government Regulation. (Appendix 1) The evaluation seeks to identify the effectiveness of Selective Licensing in the set outcome areas:

- Reducing anti-social behaviour attributable to the private rented sector;
- Improving management standards in the private rented sector; and
- Increasing housing demand;

In addition, it also evaluates the wider impact on:

- Improving the environment; and
- Contributing to the effectiveness of partnership working to improve the quality of life.

16. The evaluation has also taken account of findings from an Independent Review of the Use and Effectiveness of Selective Licensing which was carried out by Ministry of Housing, Communities and Local Government (MHCLG June 2019, Updated September 2019).

17. Summary of the Evaluation Findings.

In summary, the main findings of the evaluation report are:

- House prices in the Newport ward have started to increase. In 2019 the average house price was £48,585 and as of 2022 has since increased to £66,000.
- The overall number of empty properties have reduced. In 2019 Newport ward had 418 empty properties, 246 long term empty (More than 6 months). In 2022 empty properties 298, 178 long term empties (more than 6 months).

- The number of private rented properties which have received a housing standards inspection (HHSRS) has increased, hazards have been identified and housing conditions have improved. During the scheme to date 556 properties have been inspected. Significant hazards were identified in 383 (category 1 & 2) properties and have been addressed to protect tenants. Smoke alarm checks have been carried out as part of the housing inspections to ensure they are provided.
- Anti-social behaviour has been tackled through a wide range of interventions by the SLL team;
 - 5254 low Interventions. These include telephone call/e-mail, letter drop, diary sheets received, initial warning letters, motorbike warning letter, site meetings, referrals into other services for support and joint patrols.
 - 43 medium interventions. These include second warning letters, final warnings, ABC issued, ABC breached, joint interviews and tenancy breach interviews.
 - 79 high level interventions. These include Criminal Behaviour Orders, Civil Injunction, House Closures (all for high levels of persistent antisocial behaviour and a last resort after all low and medium level interventions have been exhausted).
- There has been a reduction in personal and nuisance antisocial behaviour incidents from 1023 in 2019 to 455 in 2022 (-44%)
- 111 post tenancy visits have been carried out to provide support to the tenant on a wide range of issues including substance misuse, parenting skills, unemployment;
- 501 tenants have been provided with Information Advice and Guidance on a range of issues.
- The number of environmental antisocial behaviour incidents have reduced, however they still remain high.
- There has been a relatively low number of legal cases taken against landlords for not licensing their properties:
 - 5 landlords applied before their cases were scheduled for court,
 - 1 landlord accepted a caution as an alternative to prosecution,
 - 2 landlords applied for a licence following the issue of a summons, and
 - 1 case received a Civil Penalty of £4,628.38.
- Support for landlords – the scheme in Newport 1 has supported landlords in the following ways:
 - Free empty property advertising;
 - Dedicated Neighbourhood Safety Officer;
 - Dedicated Tenancy Relations Officer;
 - Housing and tenancy support/advice;
 - Supported tenant/landlord disputes over rent arrears preventing eviction;
 - Referencing;
 - Post tenancy visits for red referenced tenancies.

18. The impact of the Covid-19 pandemic on the delivery of the Newport 1 Scheme.

The Covid-19 pandemic significantly impacted on the delivery of the Newport 1 scheme, primarily by preventing staff from carrying visits, housing standards inspections and other

face to face contact for a considerable period of time. This was a period of unprecedented demand on the local authority and during the Covid pandemic those SLL staff, who were unable to deliver their SLL functions, were redeployed in the Covid response and their salaries were funded from sources other than SLL income. The Covid pandemic mainly impacted on the delivery of the housing standards inspections and delayed the programme by 18 months. Officers resumed carrying out the inspections and face to face work in June 2021. The housing inspections have identified an increase in number of properties with category 1 and 2 defects which has put increased demand on Officer's time. Currently (October 2023) there are 600 housing inspections outstanding. The number of staff carrying out HHSRS inspections has been increased (within the financial envelope of the scheme) and it is forecasted that the inspections will be completed by the end of the scheme.

19. The Evaluation Report recognises that the Selective Landlord Licensing scheme has made a significant contribution to improvements in Newport in the last 4 years, working together with key partners. It is also recognised that the strong community infrastructure in the area has played a significant role in delivering the outcomes. It should also be noted that the intensive approach to delivering services in Newport from a number of agencies and partners is considered one of the key factor in its success. The locality based working approach implemented in North Ormesby and Newport wards aims to build on the intensive targeted delivery of services working in partnership and the SLL team are an integral part of this. However, the Newport ward remains a concern for the Council due to the low levels of income, poor health outcomes and the lack of choice about where tenants can live, which are supported by the indices of multiple deprivation.

20. There is evidence that the Newport 1 Selective Landlord Licensing scheme has been successful in increasing property safety and management standards by supporting landlords and also holding them and their tenants accountable for their behaviour. However, there is concern that without the Selective Landlord Licensing regulatory framework this progress will be lost, some landlords will revert back to lower compliance with legal standards for housing standards if inspections are not required through the scheme. Although property conditions have been improved there is still a significant risk that standards in Newport 1 could deteriorate and return to previous poor levels if not kept under review for a further 5 year period. Low levels of tenants reporting defects in their property is still seen in other areas across the town. Tenants may also revert back to poor behaviour if they are no longer referenced before taking up properties or offered support to deal with their vulnerabilities. The people living in private rented accommodation in these areas are at the most risk due to limited choices about where they live.

21. The Proposal for a further Designation of Newport 1 SLL Scheme.

The proposal document (Appendix A to the evaluation report) sets out how the Newport 1 area meets the criteria to be designated a Selective Landlord Licensing area in relation to:

a. **Low housing demand:**

- The largest number of households in Newport was 'private landlord or letting agency accommodation' at 46.4%. That compares with 18.7% for Middlesbrough as a whole, 15.1% for North East Region and 18.2% for the whole of England. (Census, 2021)
- The second largest number of households in Newport was 'owned outright accommodation' at 16.2%. That compares with 28.6% for Middlesbrough as a whole, 32.5% for North East Region and 32.5% for the whole of England. (Census, 2021)
- At the end of September 2023 there were 188 properties which had been empty for greater than 6 months in Newport, which is 3.46% of the Newport housing stock. There were 374 empty properties in total which is 6.87% of the wards stock.
- Newport is the third highest ward in Middlesbrough behind North Ormesby and Central when talking in terms of percentage of empty properties, in raw numbers Newport is second highest in Middlesbrough.
- Long term empty properties in Newport account for 16.39% of the total long term empty properties in Middlesbrough, and the total empty properties in Newport account for 18.04% of the total number of empty properties in all of Middlesbrough.
- The turnover of properties in Newport has varied throughout the life of the scheme with a reduction from 31.9% in 2019 to 25.5% in 2021 and an increase to 31.3 % in 2022.

b. Poor housing conditions:

- Middlesbrough's Private Sector Stock Condition Survey (PSSCS) 2008 identified Newport as having the second highest proportion of non-decent dwellings in Middlesbrough at 49.3%.
- The same survey identified Newport as having the second largest proportion of vulnerable households (50.1%) living in non-decent homes.
- Newport was also found to have the second highest proportion of homes with a Category 1 hazard (23.1%).
- Between April 2018 and September 2023, 582 premises were issued with a 'notice of intention' which details hazards in properties requiring remedy. Of these 321 (55%) were in the Newport ward.

c. A significant and persistent problem caused by anti-social behaviour related to tenants of or visitors to rented properties which were not being controlled by landlords;

- In terms of rate per 1000 Head of Population Newport is currently ranked 8th in Middlesbrough in relation to anti social behaviour.
- The anti social behaviour levels in 2022-23 significantly reduced with 2023/24 appearing higher, the levels of ASB counts per month so far in 23-24 overall are still lower than in 2020-21.

d. Deprivation:

- In 2015, out of 7,219 wards, Newport was the 26th most deprived ward in the country, and remains at the 26th most deprived ward at IMD 2019.
- Newport is ranked as the fourth most deprived ward in Middlesbrough.

e. Crime:

- During the period 1st October 2021 to 30th September 2023, Newport ward had the third highest rate of crime out of all wards across Middlesbrough.
- Newport ward has also consistently had the third highest rate of crimes marked as racially aggravated accounting for at least 12% of all racially motivated crime within Middlesbrough across the period.
- However, there has been some improvements in the incidence of crime in Newport, the levels of police reported crime have been continuously decreasing with levels in 2023-24 recording some of the lowest seen over the last 3 financial year periods. The total of 163 crimes in October 2023 is lower than in 2022 by 41.3%, lower than in 2021 by 36.3%, and lower than in 2020 by 29.4%.

22. The evaluation of the Newport 1 scheme identifies areas of learning and improvement to the delivery of the scheme and these are detailed in the Evaluation report. Some of these have been incorporated into the new Newport 1 designation and will be part of the consultation process:

- A review of the procedure for carrying out a Fit & Proper person check. This will now be achieved through a Disclosure Barring service (DBS) check to make it more robust.
- An additional charge of £100.00 will be made for the submission of incomplete applications. Incomplete applications take considerably more time to process.
- To provide those landlords making applications for licences in the last twelve months of the designation to be eligible for a reduced fee of 50% of the second payment, where properties have not been licensable prior to the 12 month deadline. Offering discounts have to be carefully considered in the context of ensuring that the scheme is adequately resourced throughout its life and that they do not encourage landlords to delay making their application.

23. Proposed licence fee

A review of the staffing requirement for the Newport 3 scheme has been carried out. The following staffing resources are required to ensure the scheme can be effectively and efficiently administered and delivered:

- Selective Landlord Licensing Manager
- SLL Coordinator
- Environmental Health Officer
- Neighbourhood Safety Officer
- Regulatory Compliance Officers x2
- Licensing Assistants x1.5
- Legal Investigation Officer

The calculation of the overall cost of the scheme is consistent with the current schemes, with the addition of an inflationary rise to cover increased staffing costs and service charges.

It is estimated that 1297 licences will be issued throughout the course of the scheme which will generate £1,294,406 income. It is proposed that the licence fee for the designated area should be £998 for a licence. This is an increase from the current fee of £803 + £20 fit and proper check. The table summarises the estimated income and cost of the scheme:

Estimated Number of licences	Cost of the scheme over the 5-year period	Proposed licence fee	Estimated income
1297 licences	£1,294,406	£998	£1,294,406

Penalty fees of £100 would continue to apply for incomplete/late applications. It is also proposed that applications for licences in the last twelve months of the designation will be eligible for a reduced fee of 50% of the second payment, where properties have not been licensable prior to the 12 month deadline.

24. Boundary to the Newport 1 Selective Landlord Licensing scheme.

- The geographical area for the proposed scheme is in line with the existing Newport 1 boundary as shown in Appendix 1 to the Evaluation Report.

What decision(s) are being recommended?

25. That Executive consider the Evaluation Report on the Newport 1 Selective Landlord Licensing Scheme and approve:

- The commencement of appropriate consultation on the proposal to the designation of the selective landlord licensing scheme in the Newport 1 for a further five years.
- The consultation to include the proposed fee of £998 for a 5 year licence to cover the cost of delivering the scheme in the designated area.

The results of the consultation be presented to Executive for consideration to determine whether or not to designate the area as a selective licensing area.

Rationale for the recommended decision(s)

26. The SLL schemes in both North Ormesby and Newport 1 schemes have resulted in improvements in the living and environmental conditions for those living in those areas and contributed to reductions in antisocial behaviour. A further designation of Newport 1 Selective Landlord Licensing scheme would continue to ensure that property standards are maintained, anti-social behaviour issues related to tenants are reduced and managed and that landlords are held accountable for the costs of both licensing and the property management improvements. The existing SLL designation is self-financing and, in line with the recommended changes to the scheme, the new designation would work in the same way.

27.The designation will require all privately rented properties within the identified boundary, subject to statutory exemptions, to apply to be licensed for up to five years and comply with the licence conditions.

28.The proposed fee of £998 enables the Council to ensure the scheme is self-financing, it is calculated on the staffing requirements for the administration and regulation of the selective landlord licensing scheme.

29.The current boundary for the SLL scheme is to be maintained to ensure complete coverage of the area in relation to improved housing standards, environmental conditions and reduction in crime and anti-social behaviour.

30. Prior to designating an area, the Council is required to undertake a minimum 10 week statutory consultation with local people, businesses, landlords and partners. Developing the designations and designation for Selective Licensing in the areas identified, will enable the Council to sustain the improvements already achieved in Newport 1 and prevent further decline in those areas.

31.In 2018 Middlesbrough Council Scrutiny Panel reviewed the North Ormesby 1 scheme. The Panel were fully supportive of the scheme:

- They recognised the achievements made through SLL in the North Ormesby ward, including improving community confidence which has led to increased reporting of anti-social behaviour and crime to the SLL team.
- They were complimentary of the work achieved and applauded the Selective Licensing Team for their efforts.
- The Panel also learned that in November 2017, the team had been awarded Outstanding Contribution to Prevention at the Cleveland Community Safety Awards.

Throughout the investigation, the Panel made reference to the issues within Gresham and University wards and the increasing number of private rented housing properties. The Panel were of the opinion that the excellent work achieved since the introduction of Selective Licensing in North Ormesby and hoped that any future schemes would mirror this model.

32.Consideration is currently being given to the next steps in terms of rolling out SLL to other areas of the town which meet the criteria. A further report will be brought to Executive seeking approval for the next steps.

33.An internal audit was conducted during July-Sept 2023 which focused on the Selective Landlord Licensing Schemes currently operating in the areas of North Ormesby and Newport 1. The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- The scheme is well administered and the financial model is fit for purpose.
- The performance of the project is monitored and the Council's objectives are met.

Auditors concluded that:

- the SLL Schemes are well administered, the financial model is fit for purpose, and that performance of each of the schemes is monitored to ensure that the Council's objectives are met.
- a sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
- Their overall opinion of the controls within the system at the time of the audit was that they provided **Substantial Assurance**.

34. The Statement of Policy and Procedure for Selective Landlord Licensing (SPPSLL) is published on the Council's website and clearly sets out the requirements of the schemes, and is appropriately reviewed, updated and approved. The aims and objectives of each of the schemes provide links to the Council's Strategic Plan and to the improvement of housing. The Selective Landlord Licensing (SLL) team works in close partnership with other Council services and external agencies to maximise the benefits of the schemes.

Other potential decision(s) and why these have not been recommended

35. Do not renew the SLL designation/new designations and carry out alternative interventions to replace of a formal scheme

Alternatives to Selective Licensing were considered in 2014, 2019 and 2023 prior to the designation of the current Selective Licensing areas. These included voluntary registration and the use of traditional enforcement tools. These would require significant additional investment by the Council to achieve any sustainable change across the area.

36. There is a need to ensure that that proactive assessment of properties and an increased focus on renting and management practices is sustained. While Selective Landlord Licensing is not intended to be indefinite, a shift to an alternative non-regulatory approach or only relying on traditional reactive enforcement tools are not considered appropriate to sustain or progress the improvements achieved.

37. Traditional interventions do not provide the level of engagement with landlords necessary for the desired improvements. Landlord take up of previous accreditation schemes have been very low, they tended to only engage with responsible landlords who saw a value in being part of a scheme. An example of a non-mandatory scheme is the Stockton Plus model which is run by landlords. Stockton Council figures show that they had 80 members for this scheme with 539 properties and not all landlords who opposed their SLL scheme joined the accredited scheme.

38. Short term proactive enforcement projects can have an impact but are not sustainable without significant investment from existing revenue budgets or grant funding.

39. A pilot project undertaken in early 2023 to carry out proactive housing inspections in a selected area of Central ward found it very difficult to engage and landlords and tenants. This is detailed in the Evaluation report.

40. It is proposed that the recommended action is the most appropriate course to ensure a sustainable and cost effective solution to improving management standards in the private rented sector in the designated area within Newport 1, and that a formal consultation is commenced.

Impact(s) of the recommended decision(s)

41. The recommended decision is to commence consultation with local landlords, the residents and partner agencies. This consultation will be used to inform a final recommendation to be made to Executive in due course on whether to designate the further Selective Landlord Licensing scheme in Newport 1. The impact of such a scheme will be determined through this consultation and detailed in the Executive Report.

Legal

42. Part 3 of the Housing Act 2004 sets out the scheme for licensing private rented properties in a local housing authority area. Under the Act a local housing authority can designate the whole or any part or parts of its area as subject to selective licensing. Where a selective licensing designation is made it applies to privately rented property in the area.

43. A selective licensing designation may be made if the area to which it relates satisfies one or more of the conditions set out in the Housing Act 2004 listed in paragraph 5.

44. The local housing authority may only make a designation if the area has a high proportion of property in the private rented sector. The largest number of households in Newport was 'private landlord or letting agency accommodation' at 46.4%. That compares with 18.7% for Middlesbrough as a whole, 15.1% for North East Region and 18.2% for the whole of England. (Census, 2021)

45. Before making a designation, a consultation is required and full consideration should be given to any representations made during the process. Where the criteria are satisfied and a selective licensing scheme is made, a designation may be made for up to 5 years. The designation cannot come into force until 3 months after it is made. A notice of the designation has to be published within seven days of the designation being confirmed. All those consulted on the proposed designation should be notified within two weeks of the designation being confirmed.

46. There is a possibility of legal challenge in the form of a judicial review against the decision to introduce or renew a Selective Landlord Licensing scheme. However the risk of such a challenge will be less where the Authority ensures that the legislation is complied with. There was a previous judicial review of the current Newport 1 scheme in August 2019 where one landlord made an application to the High Court. This application was declined

referral for a full review on the basis that all five grounds submitted were not sufficient. The Council was awarded the previous costs order of £1500.

Strategic priorities and risks

47. Approval for designations must be sought from the Secretary of State for Communities and Local Government if more than 20% of the private rented housing or 20% of the geographical area of the local authority will be subject to licensing. The area proposed, along with the existing designations for the Newport 2 SLL area and North Ormesby 2 do not cover more than 20% of the geographical area of the borough. This means that the Council does not require Secretary of State approval to make the designation proposed in this report.
48. If the Newport 1 SLL scheme is not approved for further designation there is a risk that the successes seen in the Newport 1 area as a result of Selective Landlord Licensing will start to slow down returning to the initial position prior to the introduction of the scheme e.g., poor housing standards, long term empty properties, elevated levels of anti-social behaviour.
49. There is a risk of a shortfall in recovering the costs of the schemes if the scheme does not receive applications and fees from the anticipated number of licensable premises. However, the vast majority of the licensable properties have already been identified as part of the previous designation and consultation processes. This risk is also mitigated by the experience that the Selective Licensing Team has developed in mapping and taking enforcement action where there is a failure to licence. It should also be mitigated further by the formal consultation process.
50. There is a possibility of legal challenge in the form of a judicial review against the decision to introduce or renew a Selective Landlord Licensing scheme. (Paragraph 46)

Human Rights, Equality and Data Protection

51. There will be no negative, differential impact on diverse groups and communities associated with this report. It has been demonstrated that the North Ormesby and Newport Selective Landlord Licensing schemes provide significant benefit to vulnerable groups by improving living standards and providing support in improving health, education and financial management.

Financial

52. Case law (R on the Application of Hemming T/A Simply Pleasure Ltd v Westminster City Council) states that the local authority can require payment of a fee which includes enforcement as well as processing costs. The Housing Act 2004 s 84(7) (7) states that when fixing fees under this section, the local housing authority may take into account all costs incurred by the authority in carrying out their functions under this Part.

53. Based on the costs of the previous consultation processes for Selective Licensing designations, it is expected that the consultation process will cost approximately £11,000. The costs will be managed within the existing Public Protection revenue budget as they cannot be recovered through the licence fee.

The SLL schemes will be self-financing through the payment of a fee by landlords to obtain their licence. The calculation of the overall cost of the scheme is consistent with the current schemes, with the addition of an inflationary rise to cover increased staffing costs and service charges.

It is estimated that 1297 licences will be issued throughout the course of the scheme which will generate £1,294,406 income. It is proposed that the licence fee for the designated area should be £998 for a licence. This is an increase from the current fee of £803 + £20 fit and proper check. The table summarises the estimated income and cost of the scheme:

Estimated number of licences	Cost of the scheme over the 5-year period	Proposed licence fee	Estimated income
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Penalty fees of £100 would continue to apply for incomplete/late applications. It is also proposed that applications for licences in the last twelve months of the designation will be eligible for a reduced fee of 50% of the second payment, where properties have not been licensable prior to the 12 month deadline.

54. A licence fee of £998 per property will ensure the cost of the scheme can be met by the income generated. This fee will be subject to consultation and detailed financial consequences of the re-designated scheme will be detailed in the final report to Executive in March 2024.

55. If a decision is made not to seek a further designation of the Newport 1 area, there may be redundancy costs to be borne by the authority associated with those staff with over 2 year's service who are unable to be redeployed.

Actions to be taken to implement the recommended decision(s)

Action	Responsible Officer	Deadline
Statutory 10 week consultation prior to an Executive decision on whether to seek a further designation of Newport ward for Selective Licensing.	Judith Hedgley/Louise Kelly	Within 4 weeks of Executive decision.

Following the consultation, a further report will be brought to Executive (scheduled for March 2024), with the outcome of the consultation and final recommendations for the next steps including any adjustments that have been considered following any representations and whether Newport 1 should be re-designated.	Judith Hedgley/Louise Kelly	
Following this the full outcome would be published. In accordance with legal requirements the respondents to the consultation would be individually notified of the outcome in addition to being publicised through newspapers, the Council's web site and press releases.	Judith Hedgley/Louise Kelly	
Should a decision be taken to further designate the Newport 1 Selective Licensing area, designation would be within 3 months from the date of the Executive meeting which is scheduled (Tbc)	Judith Hedgley/Louise Kelly	13 th June 2024 scheme start date

Appendices

1	Appendix 1. Evaluation Report for the Newport 1 Selective Landlord Licensing Scheme.
2	Appendix 2. Equality Impact Assessment

Background papers

Body	Report title	Date
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MHCLG	Selective Licensing in the Private Rented Sector. A Guide for Local Authorities.	March 2015
MBC	Newport Evaluation document for Selective Landlord Licensing Scheme.	July 2021

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