



Cabinet

Title	Additional Licensing Scheme 2022-27 - Year One Review
Date of meeting	12 th December 2023
Report of	Councillor Ross Houston, Deputy Leader and Cabinet Member for Homes & Regeneration
Wards	All
Status	Public
Key	Non-Key
Urgent	No
Appendices	Appendix 1 – Additional Licensing performance against preset Objectives, and Targets
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Summary

This report is to advise Cabinet of the findings of the first-year review of the Additional Licensing Scheme for Houses in Multiple Occupation. The report provides data and commentary relating to objectives and targets as approved by the Housing and Growth Committee on 17th February 2022.

Recommendations

1. That Cabinet note the findings of the Additional Licensing Scheme 2022-2027 - Year One Review.
2. That Cabinet note the strategy for addressing the challenges identified to date.

1. Reasons for the Recommendations

Introduction

- 1.1 A house in multiple occupation (HMO) is a property rented out by at least 3 people who are not from one 'household' (for example a family) but share facilities such as a bathroom and/or kitchen or some buildings entirely converted into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations .
- 1.2 Under Part 2 of the Housing Act 2004, higher risk houses in multiple occupation (HMOs) occupied by 5 or more persons forming two or more households are required to hold a mandatory HMO licence. The aim of this legislation is for local authorities to improve standards and conditions in the higher risk HMOs through the application and enforcement of licence conditions.
- 1.3 Following the end of Barnet's first Additional HMO Licensing Scheme in July 2021 an extensive data collection exercise was completed. This demonstrated the evidence for a new Additional HMO Licensing Scheme which was introduced in October 2022, following a public consultation. An HMO requires to be licensed under the Additional HMO Licensing Scheme when:
 - a. it is occupied by 3 or more persons in two or more households, or
 - b. it is a building converted into self-contained flats that don't meet the Building Regulations 1991(or later) and:
 - the building is 3 or more storeys in height
 - there are at least 3 flats
 - all the flats are privately rented
 - both the building and the self-contained flats are under the same ownership or control
- 1.4 From the data collection exercise completed as part of the consultation exercise, indications were that there were 3,101 (mandatory and additional) properties that would require a licence for the first time or requiring a licence renewal either under mandatory licensing or the previous additional licensing scheme. Based on previous experience, fluctuations in the numbers of HMOs were expected due to natural changes in mode of occupancy and property sale. There is no evidence that this is linked to licensing, but more so from market factors.
- 1.5 Having completed the previous Additional Licensing Scheme, the council were well placed to commence delivery of a second scheme, with staff, procedures and systems in place. There were however significant unforeseen challenges following scheme commencement that have affected the performance of work on the scheme, including:
 - Very experienced enforcement and administrative staff left the team
 - Delivery of the service transferred back from Re (joint venture company between LBB and CAPITA) to LBB on 1st April 2023.
 - On transfer back to LBB the services were placed in the Assurance Directorate, then moved to Economy and Growth to be assimilated into the LBB structure through a full re-organisation. This was completed in November 2023. From December 2022 until November 2023 no permanent recruitment was permitted.

This has led to ongoing recruitment of temporary staff, extensive and ongoing training, and significant amounts performance management.

- The online licensing functionality was delayed due to the transfer of services from CAPITA to LBB. This is now due to be introduced in January 2024.
- The Data Analyst responsible for supporting the project, developing new reports, updating and repairing existing reports etc. remained in CAPITA. Recruitment of a replacement was only successful in Summer 2023, with the officer due to commence in November 2023.

1.6 For the reasons listed in paragraph 1.5 above, performance to date has not been in line with the licensing targets listed in the February 2022 Committee report. Details are contained in Appendix 1. In addition longer conditions inspections have been required in relation to licences issued during covid restrictions.

1.7 A list of corrective actions is detailed below. The priority for the next 6 months must be to prioritise recruitment, training and stabilisation of the team whilst introducing online licensing. Only by cementing a robust structure will the team be well placed to deal with the backlogs in applications and conditions compliance inspections that need to be worked through.

1.8 The stability of this team and the online licensing solution are critical to the decision on the commencement of the approved phase 1 of Selective Licensing in Burnt Oak, Colindale North and Colindale South.

Corrective actions required to address underachievement of targets

Permanent staff recruitment to commence. Recruitment will target experienced officers as well as officers with the necessary skill set to be trained up by LBB.	January 2024
All new staff to complete induction training including Diversity and Inclusion Training	Ongoing
Targets to be reviewed with the new Idox Uniform Data Analyst to ascertain if the data required can be generated and reports set up. If this isn't possible the targets will be revised accordingly.	January-March 2024
Online licensing to be introduced which will assist applicants as well as reducing the amount of administration required per application. Linked to this, opportunities will be explored for ensuring that the current data management system is supporting efficient use of officers' time.	January-March 2024
Annual Landlords forum to be held with a linked newsletter	April 2024
New set of rent deposit data to be obtained and reviewed to ascertain any variation in potentially licensable premises since the original data review prior to scheme commencement.	April-May 2024
Access into premises for conditions compliance inspections is challenging and time consuming. A variety of different activities are now being used in order to make the inspection process more efficient. This inspection	Ongoing

programme will be closely monitored and a more robust approach taken to enforcement as necessary to ensure timely conditions compliance.

2. Alternative Options Considered and Not Recommended

- 2.1 No other options have been considered as this update is part of the reporting process approved by committee in February 2022.
- 2.2 The scheme is a 5-year scheme and as such consideration of whether an alternative model for property improvement should be used would be premature at this stage. This will form part of the considerations in future annual reviews and at the end of the scheme.

3. Post Decision Implementation

- 3.1 The actions detailed in paragraph 1.7 will continue to be implemented.

4. Corporate Priorities, Performance and Other Considerations

Corporate Plan

- 4.1 The Corporate Plan: Our plan for Barnet for 2023 - 2026, under the theme of 'Healthy, energy-efficient homes' states: "We must also work to improve the quality and energy efficiency of existing housing in the borough. We are investing in our own council housing, to improve fire safety and ensuring homes are healthy by tackling damp and mould, as well as renewing kitchens, bathrooms and windows. We are also seeking to lead the way in making our homes more energy efficient and fit for the future. We want to encourage others to do the same, including by requiring private sector landlords to demonstrate they meet minimum standards through our licensing schemes."
- 4.2 Under the theme of 'Homes for all', the Plan states: "London's housing crisis is felt most keenly by those who have no home at all, and Barnet, like all councils, faces major challenges to reduce the harms associated with this. We will continue to invest in preventing and reducing homelessness and take steps to end rough sleeping. We will focus on working in partnership to better understand the root causes of homelessness, prevent recurring homelessness, give appropriate advice and support to those in need, and make sure there is sufficient supply of accommodation."
- 4.3 The new Housing Strategy 2023-2028, Priority 4 is: To raise quality and standards in the private rented sector. Our ambition to deliver this is that: "We will make effective use of property licensing across the borough, seeking to extend it where it is identified to be the most appropriate way to improve living conditions for private tenants."

Corporate Performance / Outcome Measures

- 4.4 There are currently no specific measures relating to this proposal.

Sustainability

- 4.5 Improving the conditions in HMOs provides an opportunity to reduce energy use and carbon dioxide emissions through improving poor heating and inadequate insulation provision through reduction of Category 1 hazards.
- 4.6 Compliance with HMO licence conditions will support properties in meeting minimum energy efficiency standards.

Corporate Parenting

- 4.7 The licensing proposals could have a positive impact for care leavers as HMOs are potentially where these residents may end up being housed.

Risk Management

- 4.8 Once the scheme is stabilised, the work programme must continue to ensure that the scheme targets poor property management whilst using a lighter touch on the more compliant landlords.
- 4.9 The more legal action that is taken by the Council, the more exposed the local authority is in court and to appeals to First Tier Tribunal. No appeals have been received since October 2022. All legal action taken is in consultation with the council's Chief Legal Advisor.
- 4.10 Application numbers are not in line with the preset programme targets. Given the scheme administration issues this has not been a priority, although ongoing enforcement activities have secured additional applications. Under the new scheme an officer has been 100% dedicated to enforcement of non-licensed HMOs. Unfortunately, a significant amount of his time has been consumed by a small number of complex cases to date.
- 4.11 Recruiting permanent competent staff is likely to be an ongoing issue. Once a platform of competent staff is in position the intention is to train up further staff internally.
- 4.12 HMO Licensing is a cost neutral process i.e. licensing fees should cover administration of the scheme. In the current financial climate this is particularly critical. It is a fine balance obtaining applications and linked fees versus enforcement against non-compliant landlords. Finances are monitored monthly, and staffing levels will be adjusted accordingly where the team's costs are escalating above the Housing Regulatory Services Team income based upon ongoing estimates of numbers of licensable properties. However, as this is a 5-year scheme, income will not necessarily match expenditure year-on-year, with the majority of fee income expected in the earlier years of the scheme.
- 4.13 The council has already approved a further licensing scheme for selective licensing of other privately rented properties in Burnt Oak, Colindale North and Colindale South which is due to go live in 2024 and has recently consulted on another selective licensing scheme for a further ten wards. If this second scheme is approved by Cabinet, it will need to be confirmed by the Secretary of State. In considering whether to confirm the scheme, the Secretary of State will consider how successful the council has been in delivering their other licensing schemes, including mandatory and additional HMO licensing. This will include consideration of robust enforcement of the schemes and successful outcomes. Unless the issues identified in this report are successfully addressed, it would be less likely that the Secretary of State would deem it appropriate to confirm the proposed scheme, particularly considering its scale.

Insight

- 4.14 Data analysis is an essential ongoing requirement for the successful monitoring of the scheme and for making decisions on when it will be appropriate to commence the proposed two selective licensing schemes. A newly recruited data analyst will provide the necessary support required to enable effective monitoring.
- 4.15 As part of the Licensing Scheme administration and investigations, the team work closely with partners in particular CAFT, Planning and Trading Standards in relation to property conditions/usage, Community Safety, the Noise Team and the Police in relation to Anti

Social Behaviour issues and the LFB in relation to fire safety matters. This joined up working allows comprehensive intelligence and better use of data and resources to help meet the schemes objectives.

Social Value

- 4.16 Through the licensing of HMOs, the highest risk accommodation in the borough is improved to help protect the lives of vulnerable persons. The Private Sector Housing Team will continue to try and target the worst performing landlords.
- 4.17 All enforcement action is taken in line with the Council's Enforcement Policy which ensures that any action taken is transparent and proportionate in relation to the offence.
- 4.18 Without the licensing scheme some of the category 1 hazards and poor conditions identified, leading to the inclusion of major conditions in the licence or service of Emergency Prohibition Orders, and Suspended Prohibition Orders and Improvement Notices would have potentially gone unreported and resolved leaving tenants at risk.

5. Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)

- 5.1 **Finance and Value for Money** - The licence fees have been reviewed and will be reviewed again as part of the Council's annual fee review cycle after the introduction of online licensing to ensure that the income from the scheme covers scheme delivery costs.
- 5.2 **Procurement**- All procurement is undertaken in line with Barnet's standard procedures and processes.
- 5.3 **Staffing** – Implications as detailed in the body of the report. All recruitment will be completed in line with Barnet's standard procedures and processes.
- 5.4 **IT** - As detailed in the body of the report, online licensing is to be implemented imminently. All staff working on HMO Licensing use Idox Uniform data management system.
- 5.5 **Property**- All staff are hybrid workers. As such they are predominantly on site or working from home. The team are in the process of moving to a smaller location in the offices in Colindale.

6. Legal Implications and Constitution References

- 6.1 This report is for noting only by the Cabinet and is not a key decision.
- 6.2 The Barnet Council Constitution Part 2D – Terms of Reference and Delegation of Duties to the Cabinet – Paragraph 4 gives Cabinet the responsibility for all key decisions including
- Development of proposals for the budget (including the capital and revenue budgets, the fixing of the Council Tax Base, and the level of Council Tax) and the financial strategy for the Council;
 - Monitoring the implementation of the budget and financial strategy;
 - Recommending major new policies (and amendments to existing policies) to the Council for approval as part of the Council's Policy Framework and implementing those approved by Council;
 - Approving policies that are not part of the policy framework;

- Management of the Council's Capital Programme

7. Consultation

- 7.1 There has been no specific consultation on the approach detailed in this report as it is an update report. Extensive consultation was undertaken prior to the introduction of the Additional HMO Licensing Scheme (see background papers).

8. Equalities and Diversity

- 8.1 An equalities impact assessment (EqIA) was undertaken on the proposals following the consultation (see background papers). Overall, the findings of the assessment were that large scale improvement to housing conditions and management standards of private rented properties would positively impact residents, landlords and tenants in the private sector, and particularly those who are most vulnerable.

9. Background Papers

- 9.1 Previous Decision – Housing and Growth Committee 14th June 2021 – resolved to consult on proposed additional and selective licensing schemes.
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CIId=696&MIId=10845>
- 9.2 Previous Decision – Housing and Growth Committee 17th February 2022 – resolved to approve the designation of a borough-wide additional licensing scheme and a selective licensing scheme in the new wards of Burnt Oak, Colindale North and Colindale South.
[\(Public Pack\)Agenda Document for Housing and Growth Committee, 17/02/2022 19:00 \(moderngov.co.uk\)](#)