

AGENDA ITEM

REPORT TO CABINET

16 SEPTEMBER 2021

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Cabinet Member for Regeneration and Housing – Councillor N Cooke

PRIVATE LANDLORDS SUPPORTING STOCKTON (PLuSS) SCHEME REVIEW

SUMMARY

As members will recall, previous reports have been presented to Cabinet which considered the option of Selective Licensing of the private rented sector in Central Stockton and the Victoria area of the Mandale and Victoria ward (North Thornaby). During the selective licensing consultation period private sector landlords approached the Council with an alternative proposal, one which they considered would achieve the same outcomes as Selective Licensing (drive up standards of property condition and management of private rented housing). In January 2019 Cabinet agreed to postpone a decision on Selective Licensing to allow for a period of engagement with private sector landlords and the establishment of a Landlord Led Membership scheme. Originally it was intended to report back to Cabinet 6-months after the scheme commenced, due to the COVID pandemic Cabinet agreed (decision number D200037) to allow the scheme to operate for a minimum 18-months before a review/evaluation be undertaken. This report details the scheme review (undertaken by council officers).

Given that the number of private rented properties included in the Landlord Led Membership scheme is lower than anticipated (as detailed in para 4), Members may wish to consider Selective Licensing as an option. The actions the Council would need to determine whether it has a robust evidence base to justify Selective Licensing are detailed in para 12-14 of this report.

REASON FOR RECOMMENDATIONS/DECISIONS

To enable Cabinet to consider the effectiveness of the PLuSS Landlord Led Membership Scheme and its impact on driving up property condition and management in the private rented sector across Central Stockton and North Thornaby.

RECOMMENDATIONS

Cabinet is asked to:

1. Note the outcome of the PLuSS 'Landlord Led Membership Scheme' evaluation as detailed in paragraphs 1 to 11.
2. Approve the exploration of a Selective Licensing Scheme for the Borough with a further report to Cabinet following conclusion of the evidence gathering exercise (as detailed in para 12-14).

DETAIL

Background

1. In July 2018 the Council consulted with the local communities, private sector landlords and stakeholders in Central Stockton and North Thornaby on a proposal to introduce Selective Licensing of private rented housing stock. Selective Licensing was proposed as at this time the private rented sector was a significant tenure in both areas (well above the borough average of 13%), property rental values were lower than other areas of the borough, empty property numbers were high, and a number of private rented properties were occupied by either vulnerable and/or transient households.
2. In response to the Selective Licensing consultation a group of landlords came together (Private Landlords Supporting Stockton - P LuSS) and submitted a response signed by over 100 landlords/agents. These landlords/agents owned or managed an estimated 930 properties, an estimated 61% of the privately rented housing that would have required a licence should selective licensing have been implemented. P LuSS opposed the introduction of Selective Licensing and suggested an alternative approach, a landlord led membership scheme which would work collaboratively with the Council to improve property conditions and management standards. In summary the Landlord Led Membership Scheme proposal included:
 - A partnership between the Council and P LuSS.
 - A collaborative approach to responding and resolving complaints received from tenants in properties owned or managed by P LuSS members.
 - Allowing professional landlords to share good practice with less experienced landlords to ensure knowledge of current legislation and standards through training opportunities.
 - Delivering (via P LuSS) a self-funding tenant referencing system.
 - P LuSS engaging with its members provide training and support.

Evaluation of the Led Landlord Led Membership Scheme

3. The P LuSS scheme commenced operational on 1 October 2019 and included:
 - (a) *A bespoke P LuSS website <https://www.pluss.me.uk/>*: the website provided details of the group, the initiative and allows landlords to submit membership applications on-line.
 - (b) *Agreement of a formal application process*: managed by the Council with a designated role within the Housing Service to processes applications, either approving or rejecting.
 - (c) *Agreement that member landlords must provide details of the properties they own or manage and agree to adhere to a Code of Conduct*: this contains reference to property conditions, along with management standards which include a requirement to deal with anti-social behaviour. The Code of Conduct was jointly drafted by P LuSS and the Council and was intended to where possible mirror the license conditions (should Selective Licensing have been implemented).

Membership numbers (see table below)

PLuSS Membership details 1 October 2019 – 31 July 2021

- 152 membership applications were received
- 138 members have been accepted (*this includes 57 who signed the original consultation document opposing Selective Licensing*)
- 12 memberships applications have been rejected

Of the above 138 members:

- 92 members own or manage 593 properties within either Central Stockton or the North Thornaby areas
- The remaining 46 members do not have properties in Central Stockton or North Thornaby Areas.

Applications to join the PLuSS scheme started well but decreased significantly after March 2020, with only 14 applications received between March 2020 and July 2021.

How does membership of the PLuSS scheme compare with the original proposal Selective Licensing scheme proposal?

4. Under the terms of the Selective Licensing proposal, it was estimated 1,523 privately rented properties would have required a licence across the two Selective Licensing areas. As noted above, 593 properties are covered by the PLuSS scheme. This equates to **39% of those properties which under the terms of a Selective Licensing designation would have required a license**. PLuSS have tried a number of ways to promote and advertise the scheme (as detailed in para 8) but unfortunately this has had limited impact on securing new members.
5. Of those landlords and managing agents who signed the PLuSS consultation document objecting to Selective Licensing and proposing this alternative only **57 (59%) have subsequently chosen to join the PLuSS scheme**.

B. Property inspections

6. Under the terms of the proposed Selective Licensing scheme all privately rented properties which required a license would have been inspected during the 5-year license period. This proactive approach aimed at ensuring all properties were inspected rather than waiting for a tenant to report a disrepair issue. In setting up the PLuSS scheme it was agreed that Council officers would undertake random inspections (a % of properties) owned by member landlords. With this supported by targeted formal inspections of properties owned by landlords who have chosen not to join the PLuSS scheme.
7. During the period 1.10.19 to 31.7.21, 38 PLuSS member properties were inspected and of these 7 referrals were made back to scheme members to carry out improvement works, all improvement works were completed.

C. Engagement with PLuSS landlords

8. As agreed with PLuSS a 'joint committee' was established (consisting of council and private landlord representatives), this group has considered 'what has worked well' and how the scheme could be improved. Landlord representatives have noted that those areas which have worked well/been successful include:
 - The scheme website.
 - The implementation of a tenant referencing system.

- The production of a suite of documents & templates for landlords to use as good practice (developed on PLuSS's behalf by the councils Private Sector Housing team).
 - The introduction of an advice line for PLuSS members. PLuSS have advised that the advice line has been helpful to support members in dealing with repossession of properties, Universal Credit queries and providing advice on the PLuSS sign up and approval process.
 - At the suggestion of Council officers, a 'Q&A' session has been held with Council officers and member landlords.
 - Use of social media to share information.
 - 1 training session delivered by PLuSS for its members attended by 23 members and covered 'An introduction to the PLuSS Code of Conduct'. We are advised that further sessions are planned to cover, Tenant Referencing, Paperwork for Tenancies and Universal Credit.
 - Opportunities for joint working for example PLuSS members have participated in local estate walkabouts and are committed to working with partners to tidy and improve rear alleys.
9. Key representatives of PLuSS have noted their frustrations at not being able to reach out to landlords/increasing member numbers. In order to support them the Council has:
- Provided advice on making better use of social media.
 - Suggested improvements to the functionality and accessibility of the PLuSS website.
 - Included an article in Stockton News (May edition) promoting the scheme.
 - Made direct contact with all landlords who were originally consulted on Selective Licensing to promote the scheme and its benefits.

PLuSS Landlord Led Scheme – evaluation overview

10. In the time that the Council and PLuSS representatives have worked together a productive, working relationship has been established. Unfortunately, despite attempts to engage private landlords, only a limited number of landlords who have chosen to join the scheme. As noted previously it was estimated that 1,523 properties would have been required to be licensed under the previously proposed Selective Licensing scheme. **Based on current membership numbers only 593 (39%) of properties are currently covered by the PLuSS scheme.** There is a concern that whilst professional and responsible landlords may have chosen to join the scheme, irresponsible and rogue landlords have failed to engage and will continue to do so.
11. The Councils experience in working with PLuSS is mixed. Whilst a significant number of the PLuSS members are professional companies with good procedures and policies in place, there have still been examples of individual landlords who have little knowledge of their legal responsibilities. In addition, conditions found in inspected properties (for both PLuSS and non-PLuSS landlords) have varied from very good to very poor (poor housing conditions encountered have included damp and mould growth, broken heating, communal lighting not working, obstruction to a fire escape).

Selective Licensing – required next steps (should Cabinet which to explore this option)

12. As noted previously private rented housing in Central Stockton and North Thornaby is a significant tenure and potentially continues to grow. Whilst it is accepted that within these areas there are good landlords who manage their properties and tenancies responsibly, there are also irresponsible landlords who flout the law and avoid accountability to both their tenants and our local communities. A number of local authorities have chosen to adopt Selective Licensing schemes as it can provide an effective tool to deliver a proactive service, one which enables rogue landlords to be identified and poor housing management and property conditions addressed.
13. Should members wish to appraise Selective Licensing as an option, the Council will be required to demonstrate that it has a robust evidence base to satisfy the statutory conditions of Part 3 of the Housing Act 1984 and that it has adhered to DCLG Guidance 'Selective Licensing in the private rented sector: A guide for Local Authorities' (2015). Both require the Council to ensure it has a robust evidence base to justify the proposed Selective Licensing designation and that it undertaken a detailed programme of extensive consultation prior adopting a scheme. In essence this would be a 2-stage process which is summarised below:
 - (a) *Determining a robust evidence base:* a new information gathering exercise would need to be undertaken with information gathered from a variety of data sources both internal and external to the Council, examined at a locality level and then considered against ward and borough-wide comparators. It is only once complete that the Council will be in a position to understand whether it can justify the proposed introduction of Selective Licensing and if so, which areas would be proposed for inclusion within a Selective Licensing designation area/s.
 - (b) *Extensive public consultation:* if the Council does have a robust evidence base (as detailed above), the next stage of the process would be to then undertake a programme of extensive consultation. However, in advance of this it will need to prepare a series of documents that must be made available during the consultation period. Members are asked to note that the level of information required is extensive and would include for example, a Selective Licensing Scheme proposal, details of the designated area (at street level), details of the proposed Selective License conditions and details of the proposed license fee (including a rationale for the fee). During the consultation period the Council may receive additional information and/or alternative proposals, all would then need to be considered before the Council makes a final decision on whether to approve the implementation of the Selective Licensing scheme/designation.
14. Should Members wish to further explore Selective Licensing it is proposed that stage (a) of the above is undertaken and once complete a further report then be presented back to Cabinet (anticipated early 2022). Only once this stage is complete will it be possible to determine whether the Council has sufficient justification to progress to the next stage of a Selective Licensing scheme proposal.

COMMUNITY IMPACT IMPLICATIONS

14. Given the nature of this report a CIA has not been completed.

CORPORATE PARENTING IMPLICATIONS

15. Not applicable given the nature of this report.

FINANCIAL IMPLICATIONS

16. None.

LEGAL IMPLICATIONS

17. None at this stage.

RISK ASSESSMENT

18. Given the nature of this report a Risk Assessment has not been completed.

AFFECTED WARDS AND CONSULTATION WARD/COUNCILLORS

19. Stockton Town Centre: Councillors P Beall and P Kirton
Parkfield and Oxbridge: Councillors M Javed and L Baldock
Victoria and Mandale: Councillors S Walmsley, T Large and L Frost

BACKGROUND PAPERS

20. Report to Cabinet 12.11.20 Targeted Action Area Review and Next Step
Report to Cabinet 12.09.19 'Targeted Action Areas Update'
Report to Cabinet 12.07.18 'Selective Licensing of Private Rented Accommodation'
Report to Cabinet 16.11.17 'Targeted Action Areas (Older Housing Stock)'

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