

Selective Licensing at Wembley, Easington Evaluation Report – February 2014

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INTRODUCTION

1. Aim of the evaluation

1.1 Durham County Council currently operates three local selective licensing schemes set up under Part 3 of the Housing Act 2004.

1.2 Under the terms of the Act, each scheme runs for five years, with an evaluation required before the end of that period to assess its impact and contribute to a decision as to whether it should continue or be ended.

1.3 At Wembley, the five-year period during which the locality is designated for selective licensing ends in February 2014.

1.4 The aim of this report is to present the findings of an evaluation of the selective licensing scheme at Wembley.

1.5 Using guidance from LG Regulation, the evaluation seeks to identify the effectiveness of selective licensing in:

- reducing anti-social behaviour attributable to the private rented sector;
- improving management standards in the private rented sector;
- increasing housing demand;
- improving the environment; and
- contributing to the effectiveness of partnership working to improve the quality of life.

2. Methodology

2.1 The methodology used for this evaluation of the selective licensing scheme at Wembley consists of:

- A case study of the locality, including a description of the housing markets and details on how the selective licensing scheme has been managed;

- comparisons between the findings from surveys of residents and landlords carried out during 2013 and baseline data from 2008 collected as part of the original submission to set up selective licensing scheme;
- analysis of data from Easington District Council, Durham County Council and other stakeholders collected during the 2009 - 2014 licensing period; and
- interpretation of opinions expressed at focus groups by managing agents, landlords and stakeholders operating in the selective licensing area.

2.2 The evaluation has also taken account of findings from a national evaluation of selective licensing carried out in 2010 by the BRE on behalf of CLG, and a number of reviews of individual schemes carried out by other local authorities.

2.3 This report goes on to set out the policy background to selective licensing, before reviewing other national and local evaluations and describing the situation at Wembley. The report summarises the performance outputs of each scheme including costs and compares achievements with a nearby locality that does not have selective licensing. After presenting consultation findings, the report concludes with recommendations. Various further details are contained in appendices.

POLICY BACKGROUND AND PROJECT SET UP

3. Background to Selective Licensing

3.1 Part 3 of the Housing Act 2004 provides that a Council (i.e. the Local Housing Authority) may declare a licensing scheme for privately rented accommodation if the following conditions are met: -

- *An area has low housing demand (or is likely to become such an area) with a significant level of privately owned houses let on short term arrangements and where [the Council] is satisfied that the introduction of a scheme along with other measures would lead to an improvement in the social or economic conditions in the area.*

- *An area is experiencing significant or persistent problems caused by anti-social behaviour (where private landlords in the area are not taking appropriate action to combat the problem) and where [the Council] is satisfied that the introduction of a scheme along with other measures would lead to a reduction or elimination of the problem.*

- 3.2 Selective licensing requires that any person wishing to rent out a property in a designated area must first obtain a licence from the Council. In order to grant such a licence, the Council must be satisfied that the landlord is a “fit and proper” person with satisfactory management arrangements in place to deal with any anti-social behaviour caused by their tenants. Selective licensing applies only to private landlords, not to social landlords.
- 3.3 Selective licensing is intended to be just one of many tools available to the Council to address low demand and anti-social behaviour, not a stand-alone panacea for every issue affecting a neighbourhood. Therefore the 2004 Act requires the Council to identify how selective licensing will work alongside other measures by showing how it forms part of an overall strategic approach, contributing to existing policies and underpinning future plans for the area.
- 3.4 A full public consultation must be carried out before a decision can be made to introduce a selective licensing scheme. This should include consultation with local residents, including tenants, landlords and managing agents, and other members of the community who live, run businesses or provide services in the area proposed for designation. Those outside of the designation who will be affected should be included too.
- 3.5 At the time selective licensing was introduced, Secretary of State approval was needed to designate an area, but since April 2010, this power has been delegated to Councils, who must still meet all the other requirements of the 2004 Act to ensure that a scheme is legally enforceable.
- 3.6 In 2008 the Rugg Review of the private rented sector, commissioned by the Labour Government, proposed a national “light touch” system of regulation for the sector, as well as endorsing the wide range of measures including selective licensing implemented by Councils to help private landlords deliver housing management to a consistent, professional standard.

- 3.7 Since then, the coalition government has advised that no national regulation of private landlords will be introduced. Instead the onus remains on Councils to make use of the full range of powers already at their disposal to protect tenants in the private rented sector and ensure residents do not suffer diminished quality of life as a result of living in areas with a high proportion of privately rented properties. This approach compels Councils to continue considering the use of selective licensing in areas with high levels of privately rented housing, along with other measures to safeguard wellbeing in general.
- 3.8 In 2013, 18 Councils in England were operating selective licensing schemes with a further 3 in consultation over the introduction of a scheme.
- 3.9 In October 2012, the Department for Communities and Local Government launched a Select Committee Inquiry into private rented housing, including how it should be regulated. The Committee published its report on 18th July 2013 and in terms of Selective Licensing there was an eagerness to continue using the tool and a recommendation that the Government bring forward proposals for a reformed approach to selective licensing, which would give councils greater freedom over when licensing schemes can be introduced and more flexibility over how they are implemented, it also recommended that Councils should ensure that the cost of a licence is not set so high as to discourage investment in the sector.

4. Previous evaluations of Selective Licensing

- 4.1 An evaluation carried out by Building Research Establishment (BRE) for CLG and published in 2010 acknowledged that selective licensing is generally implemented alongside a range of other initiatives, as intended by the 2004 Act, part of wider strategies for an area. The study noted that in terms of evaluation, this makes it harder to identify which impacts can be attributed to selective licensing.
- 4.2 In addition, the BRE evaluation highlights the problem of using statistics alone to evaluate schemes since they do not always record actual impacts on people, particularly in relation to issues where the intensity of an experience is as important as its frequency, as is the case with anti-social behaviour, for example. The BRE also questioned the statutory requirement for selective licensing designations to be based on low demand and / or anti-social

behaviour, when problems in areas with high proportions of privately rented housing are usually the result of interaction between several factors.

- 4.3 As for the impacts of selective licensing, BRE commented that its effects on housing demand had been *“mixed...very difficult to disentangle from other factors”*, whilst noting that its study had been carried out at an early stage in the implementation of just three active case studies. BRE spotted some indication that licensing was leading to improvements in standards of management and property conditions and recorded no evidence of displacement of problems to adjacent areas.
- 4.4 On neighbourhood cohesion, BRE commented: *“the process of applying for designation and the intensive working in the designated areas have together provided authorities with a much greater depth of knowledge about the nature and severity of issues affecting all parties”*.
- 4.5 What seemed to be working well at the time of the BRE evaluation were tenant referencing, the introduction of written tenancy agreements, joint working and an increased capacity to target action on problem streets.
- 4.6 Self-financing was a problem, with none of the case studies able to meet the costs of selective licensing from fees. BRE also warned that consultation prior to designation had soured relations with private landlords in some areas. The evaluation suggested it would be better to use consultation as a means of bringing landlords, residents and other partners together, instead of consulting separately with each group. It is perhaps noteworthy that in 2011 the High Court quashed a selective licensing scheme in Blackburn, one of the first introduced, on the grounds that consultation had been *“perfunctory”*. The action had been brought by a number of local private landlords, supported by the National Landlords Association.
- 4.7 Amongst reviews undertaken by other Local Authorities operating selective licensing schemes, the evaluation of designations in Manchester and Salford carried out by GVA Grimley in 2010 came up with several very positive findings. These include an increase in property prices, lower turnover and fewer empty properties. The review also recorded improvements in property conditions and a fall in anti-social behaviour after an initial rise. As in the BRE study, the

Manchester & Salford review noted that smaller scale, targeted neighbourhood interventions were preferable to a Ward-based approach.

- 4.8 The Manchester & Salford review also claimed that selective licensing had achieved significantly better value for money than other possible approaches in the areas concerned. As for the future, the review recommended introducing a more standardised reporting framework of objectives and performance indicators, continuing to target poor management practices in discrete neighbourhoods, and doing more to publicise the scheme's benefits and penalties for non-compliance.
- 4.9 A mid-term review carried out in 2010 by Burnley Council of a selective licensing scheme introduced in 2008, draws attention to the twin difficulties of launching a project of this kind during a period of turmoil in the housing market and of meeting the administrative challenge it presents whilst also bringing about real improvements in neighbourhood conditions.
- 4.10 The Burnley review shows house prices in the licensing area failing to rise as a percentage of the average borough-wide figure. And although sales had declined to 3.3% of the total dwelling stock from a 2007 figure of 15.8%, this is more likely a sign of market stagnation than real success in stabilising the neighbourhood. The proportion of the stock in the private rented sector actually rose over the review period to 37% from the scheme's starting point of 30.7%, and the number of empty properties increased from 217 to 252. A 2010 survey showed that most residents felt that key problems in their area had worsened since 2007.
- 4.11 The Burnley review concludes: *"Years one and two of the designation area have in the main concentrated on the administration process of granting and refusing licenses. This was a much larger administrative task than first estimated.... Towards the end of year two, emphasis has been placed upon joint working to tackle the problems...We accept there are still significant challenges to address in the designation area"*.
- 4.12 In a similar vein, Hartlepool's 2010 mid-term review of its selective licensing scheme was concerned at the prioritisation of its administrative aspects (issuing licences and collecting fees) over giving a lead to joint working to actively target the worst landlords and tenancies. It also commented on the effects of

disruption caused by various managerial changes affecting the scheme's delivery. The review called for more effective measures to identify problem tenancies and for a stronger role for the steering group, with input from the community.

4.13 Noting that the scheme was unlikely to be self-financing, the review recommended that [Hartlepool Council] *“make selective licensing more partnership-oriented, problem-focussed, and more closely integrated with neighbourhood management, and should undertake a fundamental restructure of the project to deliver this”*.

4.14 Durham County Council has recently undertaken an evaluation of their Selective Licensing schemes in Dean Bank, Ferryhill and Chilton West and found that there were improvements evident in relation to a reduction in crime & anti-social behaviour, private landlord management practices, levels of fly tipping, graffiti and vandalism but that no improvement could be identified in housing demand. The evaluation also concurred with other evaluations that selective licensing is not a self-financing scheme and that it was not possible to identify the impact of Selective Licensing in isolation due to the multi-agency, neighbourhood management approach required for success.

4.15 In summary, these evaluations and reviews suggest that selective licensing:

- is mainly about strengthening the capacity of a range of partners to take practical measures to target a neighbourhood's worst problems around the management of private sector housing;
- is just one of a range of measures at play, all having some impact on a neighbourhood;
- is not primarily an administrative enterprise, but does require strong administrative procedures to keep on top of the licensing process and demonstrate achievements and challenges in a complex environment;
- is not immune to the effects of the various shocks that have affected the housing market since 2007; and

- is unlikely to be self-financing, even though it may be possible to demonstrate value for money against other options for dealing with problems in neighbourhoods to do with private sector housing.

5. The introduction of Selective Licensing at Wembley

- 5.1 The former Easington District Council declared the settlement of Easington Colliery as a Renewal Area in 2001, undertaking some selective clearance and refurbishment.
- 5.2 The general character of the settlement is that of an urban residential area, comprising early 20th century terraced housing. Beyond the fairly compact and high-density built-up areas is open countryside that is used mainly for agricultural purposes.
- 5.3 The former Durham Coalfields Partnership highlighted Easington Colliery as one of the areas across County Durham where investment should be focused. Plans for the settlement included:
- Selective demolition
 - New development to diversify the type and tenure of housing stock
 - Targeting of long-term empty properties to increase housing supply
 - Block Improvement schemes to transform the external appearance of properties and enhance the street scape
 - Tackling low demand housing and Anti-Social Behaviour specifically linked to improved management of the private rented sector; and
 - Partnership working and community engagement
- 5.4 Easington Colliery coal mining pit closed in 1993 with the loss of 1100 jobs, and this set in motion accelerated decline of the housing market in the area, which led to a general decrease in the number of owner occupied homes and a disproportionately high number of private rented properties. Following the closure of the pit, the area suffered loss of population, low economic activity and deterioration in the physical environment, resulting in market decline; many residents moved out and rented their properties, as a consequence there was a substantial influx of outside investors purchasing properties. At the same time

the social and economic framework began to disintegrate, community cohesion was lost and the environmental quality degenerated.

5.5 The overall decline has been characterised by a number of factors including:

- Lower property values
- Decreasing levels of owner occupation
- Surplus of low demand housing
- Disproportionate amounts of unregulated rented accommodation
- Large number of properties in need of investment to provide a decent home
- Increasing vacancy levels and abandonment
- Poor environmental quality
- Lack of investor confidence
- Decline of business activity in the Easington Colliery area
- A high turnover of residents; and
- High levels of anti-social behaviour issues related to the above.

5.6 The original submission to the Secretary of State for selective licensing at Wembley tells us there are four areas of colliery housing within the ward boundary. Three areas of former colliery housing to the east of the ward have been refurbished through major group repair work, and selective clearance has taken place. A significant amount of the remaining housing was privately owned, a high proportion being owned by absentee landlords.

5.7 The fourth area of Easington Colliery is an area known locally as Wembley, which suffered low demand for housing and high levels of anti-social behaviour.

5.8 The former District of Easington Council concluded that the use of selective licensing of private landlords in six streets of the Wembley area of Easington Colliery, applied alongside existing activity in the area on community engagement, environmental improvements, housing investment and enforcement, would contribute to the achievement of the aims of the Housing Strategy and the proposed Area Development Framework for the district of Easington.

5.9 Easington District Council therefore made a submission to the Secretary of State to grant a selective licensing designation at Wembley, Easington, and

approval was granted to implement the designation for a five-year term from February 8th 2009.

6. The designated area - Wembley

- 6.1 The Wembley designation area comprises six streets of 195 terraced properties built in 1923 and laid out in a compact gridiron pattern. (Hawthorn Street, Noble Street, James Street, John Street, Thomas Street and Thorpe Street) At the time of the Submission to the Secretary of State, 103 of these properties were privately rented, licensable properties. *A map of the designated area can be seen at Appendix A.*
- 6.2 Housing in the area was showing key signs of vulnerability and instability such as high levels of private renting, empty homes and poor housing condition; all being key indicators of low demand.
- 6.3 The area had mixed tenure with a high concentration of privately rented properties. There were 35 properties owner occupied, 5 properties owned by a social housing provider, 103 properties privately rented and 52 properties of unknown tenure. 32 properties in the Wembley area were empty.
- 6.4 The empty terraced properties highlighted were spread throughout the six streets of Wembley; the properties were in poor condition. There area was suffering from a number of issues including fly tipping, vandalism, and anti-social behaviour, resulting in poor visual appearance which lessened the chances of improving demand for the area.
- 6.5 Throughout Wembley, there was a high degree of transience, particularly within the private rented sector. The number of changes in council tax liability during the five-year period from 2002 – 2007 showed the instability in the housing market in the area at the time, when compared to the rest of Easington District:



Figure 1 above shows the comparison between the number of registered changes in council tax liability across Wembley between April 2002 and April 2007.

- 6.6 House prices in the Wembley area in 2004 were almost 70% less than the average house price in Easington Colliery and 86% less than the average house price in the UK.
- 6.7 Analysis of crime data obtained from Durham Constabulary reported in the district of Easington's submission showed that there were approximately nine crimes per street reported in the Wembley area during 2006 – 2007 compared to approximately five crimes per street in a comparable area, Blackhall Colliery. Crimes reported included violence, theft, sexual offences, robbery, burglary, fraud & forgery, drug offences and criminal damage.
- 6.8 Similarly, statistics showed that the excessive number of complaints relating to anti-social behaviour and enviro-crime, reported to the Neighbourhood Wardens and Anti-Social Behaviour units during a twelve month period prior to the introduction of selective licensing, demonstrated an increase in the detrimental affects the decline being suffered in the Wembley area was having on the local community.

Type of Complaint	Number of Complaints
Noise	20
Vandalism / Trespassing	17
Empty Property	3
Nuisance Refuse Accumulation	33
Anti-Social Behaviour	45
Housing Complaint	22
Other Complaints	38

6.9 Other key features of the Wembley area are set out in the table below:

Wembley:

One of the four Ward areas of Easington Colliery.

Consists of 6 streets of terraced housing, running north south between Holmhill Lane and Crawlaw Road, Easington Colliery, built at the turn of the twentieth century to house miners and their families.

Due to below-average property prices, was traditionally seen as ideal for first-time buyers until recent saturation by outside speculators buying to rent and other symptoms of long-running economic decline became so apparent.

The main spine road of Easington Colliery provided a number of services and retail outlets including: Dentist, Pharmacy, Post Office, Newsagents, Green Grocers, Butchers, Hairdressers, Bookmakers and Takeaways. Despite the area being subject to previous improvements, the levels of vacant premises had failed to reduce.

Almost half the population did not own a car at the time of the 2001 Census, so access to public transport was a necessity, as working residents were mostly employed outside of the Easington Colliery area.

7. Management of the Selective Licensing designations and the role of the Private Landlord & Empty Homes Officer

7.1 With the implementation of local government re-organisation (LGR) in April 2009, responsibility for managing the selective licensing designation passed from Easington District Council to the new Durham County Council.

7.2 Prior to LGR, the selective licensing function was intended to be carried out by the Private Sector Housing Renewal Team at Easington District Council.

Overall responsibility for the scheme sat with the Housing Renewal Manager, with the Private Sector Initiatives Officer taking the lead on implementation, running and enforcement. The Housing Standards Officers were to carry out property inspections and the Service Support Officers were to deal with the administration. The Council launched the designation in Wembley on 8th February 2009 and therefore only had responsibility for managing it for a matter of weeks, until 31st March 2009, before it was passed to Durham County Council.

- 7.3 Since the transfer of responsibility to the new Durham County Council in April 2009, the Housing Regeneration Service has had responsibility for selective licensing, with its Housing Regeneration Team carrying out the delivery of each of the local schemes. This team has officers based in the north, south and east of the county. The selective licensing designations have been managed so far by the two officers covering the south and the two officers covering the east localities; Wembley in Easington is in the east locality and the two other designations at Dean Bank and Chilton West are in the south locality.
- 7.4 After LGR there was no longer dedicated administrative support for selective licensing, due to the need to make efficiency savings within the service. In addition, the various voluntary accreditation schemes run by the District Councils were all discontinued because the new Council had no spare resources to use to encourage and reward private landlords for their participation in them. Alternative proposals to link into the accreditation scheme run by the National Landlords Association have been discussed but not implemented.
- 7.5 In July 2012 a transition process began to restructure the service, so that delivery would be shared between the Housing Improvement Team and the Housing Regeneration Team. The aim was to achieve greater efficiency by securing administrative functions and freeing up staff working in the designated areas so that they could be more proactive. Both teams remained part of the Housing Regeneration Service, which has overall responsibility for delivery of the schemes, with the administrative processes of issuing and revoking licenses as well as prosecuting landlords without licences, being carried out by the Housing Improvement Team. The management of the

designations, that is the member of staff on the ground dealing with issues as they arise, continues to be the responsibility of Private Landlord and Empty Homes Officers in the Housing Regeneration Team.

- 7.6 The key function of the Private Landlord & Empty Homes Officer (PLEHO) is to be an active presence on the ground, providing intensive management to the designated area. This role involves policing the selective licensing scheme and pro-actively alerting other services to the need for their intervention, for example, Environmental Health, where enforcement of property conditions is concerned. This aspect of the role is thought to be crucial because in neighbourhoods like these there is often no member of the community who feels confident or able to alert the Council to issues in the normal way. Enforcement is reactive to complaints received, so without this link provided by the PLEHO, problems that need to be addressed early would be missed. The officer gives advice and support to landlords on managing their properties and to tenants, who are often vulnerable, on various tenancy issues. The officer also refers issues to other more appropriate services including the Family Intervention Project team. An advice line to support private sector landlords and tenants across the county has now been set up, operational from 5th November 2012 with the aim of freeing up PLEHO time.
- 7.7 The Private Landlord & Empty Homes Officer's role also includes taking out prosecutions for breach of licence conditions, bringing empty homes back into use and the responsibility for undertaking housing inspections in accordance with the Housing Health & Safety Rating System (HHSRS).
- 7.8 A protocol is in place between Housing Regeneration Service and the Environmental Protection Team, setting out joint working arrangements, including property inspection and enforcement where Category 1 and 2 Housing, Health & Safety Rating System (HHSRS) hazards occur.
- 7.9 Working arrangements have also been developed with the Housing Solutions service, demonstrating commitment to a partnership approach towards delivering sustainable tenancies for vulnerable clients and with the Anti-Social Behaviour (ASB) team under the Safe Durham Partnership Escalation Policy with regard to ASB related to private rented property.

8. Selective Licensing Fees

- 8.1 The licensing fee in the Wembley designation was set at £350 per property, with a discount of £40 per property to those landlords who had subsequent properties within the designated area. There was also a discount of £75.00 for landlords who had joined the former Easington District Council's Landlord Accreditation scheme (APLS), with a reduction of £50.00 per property for subsequent accredited properties within the designated area.
- 8.2 The initial set up costs of the scheme, including statutory advertisements; launch and staffing, were met by Easington District Council.
- 8.3 With 103 licensable properties originally identified in the selective licensing area, based on a licence fee of £350.00 an income of £36,000 would be generated, but this would be dependent on the number of discounted licence fees.
- 8.4 Actual income has varied as the number of licensable properties has altered over the five years due to exemptions, disposals and depressed conditions in the housing market leading some landlords to sell their own homes and move into their former rented properties.
- 8.5 Discounted fees in relation to Accreditation ceased in 2009 when the new Durham County Council ended the Accreditation Schemes it had inherited from the District Councils.
- 8.6 It was not envisaged that Wembley Selective Licensing would become self-financing but rather that the scheme was seen as an investment in the area.
- 8.7 The staffing costs for administration and management of the scheme prior to the restructure in April 2012 amounted to proportions of two full time equivalent officers at £31,592 each (SO.1) including on-costs, this totalled £63,184.

9. Selective Licensing Terms & Conditions

- 9.1 The original licence conditions were produced after taking account of the conditions used by other authorities implementing Selective Licensing, as well as adopting some that would address specific local problems. Private Landlord representatives were consulted about the draft conditions.

9.2 The licence conditions in use by Durham County Council were amended following the outcome of the evaluation of Selective Licensing at the Council's other two designations in Dean Bank and Chilton West. Prior to those amendments the conditions were set in April 2011 by amalgamating the licence conditions of the former Sedgefield and Easington Councils. This was done for consistency in wording and layout and produced no substantive changes to licence conditions. All landlords licensed prior to April 2011 continued to be bound by the licence conditions that were valid when their licence was granted up until the end of the five-year term.

9.3 The licence conditions were amended again following the re-designation of Dean Bank and Chilton West schemes and have been in use from March 2013, they contain five mandatory conditions, along with a further 8 conditions. The amended Licence conditions are:

1. Fit and Proper person - *In granting a licence the Council must be satisfied that the proposed licence holder is a 'fit and proper' person. This requires the applicant to complete a Disclosure Application with 'Disclosure Scotland', which provides details of any current disclosable, criminal convictions and provide it with this form. Any other person involved in the management of the property i.e. Manager or Managing Agent or other employee must also be a fit and proper person and the applicant may be asked to provide proof of this.*

When considering whether the proposed licence holder is a 'fit and proper' person the Council must have regard to any evidence that shows that the applicant and/or any other person detailed has:

- a) Committed an offence involving fraud, dishonesty, violence, drugs or any offences listed in Schedule 3 to the Sexual Offenders Act 2003.*
- b) Practiced unlawful discrimination on grounds of sex, colour, race, ethnic or national origins or disability in, or in connection with, the carrying on of any business.*
- c) Contravened any provision of the law relating to housing, public health, environmental health or of landlord and tenant law.*
- d) Acted otherwise than in accordance with any applicable code of practice approved under section 233 of the Housing Act 2004*

2. Fee - *The licence fee is £450.00 and is payable at the time of application.*

3. Gas Safety - *Where gas is supplied to the property a current and valid Gas Safety Certificate must be provided to the council with your licence application and on an annual basis thereafter. A copy of the certificate must also be provided to the tenant.*

4. Electrical Appliances - *Where appliances are provided with the tenancy an annual Portable Electrical Appliances (PAT) Report must be issued by an 'approved electrical contractor' and be in accordance with the Institute of Electrical*

Engineers Code of Practice for In-Service Inspection and Testing of Electrical Equipment. A signed PAT certificate declaration is required with your licence application and annually thereafter.

- 5. Smoke Alarms** - *Smoke alarms must be installed within the property, kept in proper working order and suitably located. You must inform the Council as to any changes to type or position of smoke alarms.*
- 6. Tenancy Agreements** - *Each tenant of the house must be provided with a written tenancy agreement detailing the terms and conditions on which they occupy the house and the licence holder must ensure they act within the responsibilities contained within the agreement and carry out all landlord functions in a proper manner.*
- 7. Tenant References** - *References must be obtained for all prospective tenants in order for the licence holder to make an informed decision regarding the occupancy of the property. It is best practice that the Councils referencing service be utilised to provide references however, where a licence holder wishes to carry out their own reference checks the outcomes must be available to the Council upon request.*

Types of references acceptable to the Council include a minimum 5-year housing history check which takes in account things such as property damage/recharges; rent payment; and tenant behaviour.

The Council do not accept credit reference and character reference as suitable for a tenancy reference check.

Where a licence holder is asked to provide a reference for a current or previous tenant, he/she is required to provide an honest and accurate reference within given timescales.

The licence holder will provide to the Council, upon request the full names and dates of birth of each occupant.

- 8. Furniture** - *All furniture supplied with the tenancy must comply with the Furniture and Furnishings (Fire) (Safety) Regulations 1988. A signed declaration certificate will be required with your licence application and when requested by the Council at any other time.*
- 9. Energy Performance** - *A copy of the Energy Performance Certificate for the property must be provided with the licence application and at any other time as requested by the Council. The licence holder must provide prospective and new tenants with a copy of the Energy Performance Certificate (EPC) prior to the commencement of the tenancy.*

- 10. Electrical Safety** - *A current and satisfactory Periodic Inspection Report (PIR) on the electrical installation must be undertaken at the recommended interval, by an 'approved electrical contractor' and made available for inspection by the tenant and Durham County Council upon request. The PIR must confirm that the installation is safe for use, as specified in BS 7671:2008. A copy of the PIR must be provided with your licence application and where a report expires during the term of the licence, an up to date report must be provided to the Council.*

An 'approved electrical contractor' means one who is a member of one of the following organisations or registered with them as an authorised competent person: NICEIC, ECA, BRE Certification Ltd, British Standards Institute, ELECSA Ltd or NAPIT Certification Ltd.

- 11. Tenancy Deposits** - All new tenancy deposits must be protected in a government authorised scheme within 30 days of receiving it and provide the prescribed information to the tenant and any relevant persons.
- 12. Anti-Social Behaviour** - the licence holder must adopt robust procedures for dealing with Anti-Social Behaviour relating to the property and undertake to deal with any complaints, which have been made directly to them, via the Local Authority or Durham Constabulary. A copy of your ASB policy should be presented to the Council with your licence application. Anti-social behaviour is any unsatisfactory behaviour caused by the occupier of the house or any visitors to the house that is deemed an annoyance or nuisance to people within the house or the local area.

The licence holder will ensure that the occupants of the house are aware of the assistance available to them to deal with anti-social behaviour and how they can report nuisance and antisocial behaviour to the authority.

- 13. Change of Circumstance** - Any changes in the circumstances that affect the licensed property should be reported to the Council within 5 days of the occurrence. Such circumstances are:

Change of licence holder

Change in suitability of licence holder to continue as licence holder

Change of managing agent

Change of property owner

Change of tenure

Change of tenant

If the property becomes empty

Change of address of landlord or licence holder

PERFORMANCE

10. Record of licensable properties and licenses issued

- 10.1 In preparation for the schemes' inception in February 2009 the former Easington District Council compiled records in respect of ownership of the licensable properties in the designated area. The number of licensable properties is not a static figure but is affected for example, by the number of current exemptions, empty properties and changes in the housing market which recently have turned some former owner occupiers into 'accidental landlords'.

10.2 As of April 2013 there were 132 licensable properties in Wembley, 107 were fully licensed, 19 exempt because they were empty properties and 2 exempt for other reasons. 4 applications were pending.

10.3 Enforcement action has been taken in the form of formal warning letters, issued by the Council's solicitor against two landlords in respect of four properties within the designated area.

Two prosecutions have been undertaken, one for non-compliance with the requirement to hold a licence and the other in relation to breach of licence conditions.

10.4 Fines totalling £1590.00 including costs and victim surcharge were awarded in relation to these two prosecutions.

11. Project costs and fee income

11.1 The 132 licensable properties identified to date will generate a total license fee income of £46,200, based on a licence fee of £350.00, not allowing for a very few discounted licences offered prior to LGR in April 2009. This represents a notional annual income of £9,240 averaged over the five - year designation period.

11.2 Service delivery is currently split between the Admin function and the Management function. No detailed time and motion information is available to determine the actual cost of staffing the scheme, but a broad indication is shown below.

11.3 The Admin function; delivered by the Housing Improvement Team (HIT) based at Seaham in the East of the County, whose responsibilities relating to selective licensing are; undertaking tenant referencing, processing and issuing licences, revoking licences and undertaking prosecutions for non-compliance with the requirement to hold a licence. These duties are in addition to being responsible for the Housing Regeneration Services' web pages, performance monitoring, and manning the advice line. The selective licensing duties are currently undertaken by one Grade 11 officer

(£40,702) taking 60% of their time; one Grade 8 officer (£31,581) taking 60% of their time and one Grade 8 officer taking 50% of their time, totalling £59,160. This aims to licence 80% of licensable properties within one year. These figures are intended to give a broad indication of the current staffing costs of the admin function. Salary costs are taken at the top of the grade and include National Insurance and Superannuation contributions.

11.4 The Management function; delivered by the Housing Regeneration Team with Private Landlord & Empty Homes officers (PLEH) based in the North, South and East of the County, whose responsibilities relating to selective licensing are; undertaking Housing Health & Safety Rating System inspections (HHSRS) of all licensable properties, enforcing management standards in line with the licence conditions, undertaking prosecutions for breach of licence conditions, resolving landlord and tenant disputes, assisting landlords with ASB from their tenants, housing prospective tenants in appropriate accommodation, with appropriate support if required and resolving issues that could lead to illegal eviction. These duties are in addition to meeting targets to bring empty homes back into use, dealing with landlord & tenant issues in safety net areas, input into partnership initiatives including, LMAPS, PACT, CAT and 'Weeks of Action' within HIL's areas. These duties are currently undertaken by 6 officers, on pay Grade 9 (£34,496). Selective Licensing is currently undertaken at Wembley by 2 of these officers taking 65% of their time, totalling £44,844. These figures are intended to give a broad indication of the current staffing costs of the management function. Salary costs are taken at the top of the grade and include National Insurance and Superannuation contributions.

11.5 The total annual staffing cost of the Wembley scheme is therefore approximately £104,004. However, as shown above, the roles are currently undertaken by existing staff that carry out the selective licensing duties as part of their role. Therefore, staff cost is not an extra cost attributable to selective licensing, as if there was no selective licensing scheme, they would still be employed in the area, to carry out similar work with private landlords, though with fewer tools and powers at their disposal. Of course, if an area was designated outside of the 8 priority areas identified in the Private Sector Housing Strategy then there may be an additional staffing requirement.

11.6 Although savings to the Council through improved neighbourhood management attributable to selective licensing should also be factored in to form a true cost assessment, along with the value of other improvements to the quality of life in each area, it has not been possible to do this, as there is no baseline data available.

12. The Wembley Housing Offer in 2013

12.1 Wembley is a priority Housing Regeneration area and as such has received £2,427,000 capital investment to carry out three phases of group repair. This was intended to improve property condition, the locality environment and to increase demand.

12.2 The tables below compare the mix of properties in each area at the start of Selective Licensing in 2009 to the March 2013 position:

Wembley	2009*	2013	% change
Total number of properties	195	195	- 0.00%
Privately rented	103 - 52%	131 – 67%	+15%
Owner occupied	35 - 18%	61 – 31%	+13%
Other (RSL, DCC, Commercial)	5 - 3%	3 – 1.5%	- 1.5%

* The tenure of 52 properties was unknown in 2009

13. Empty Properties

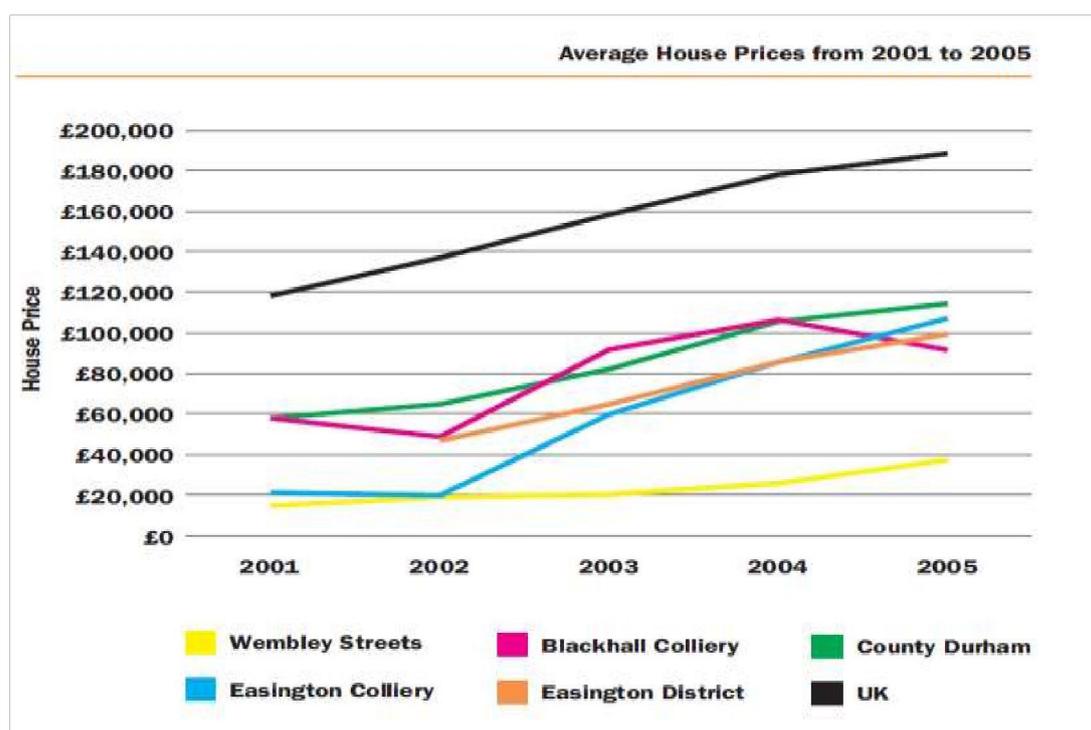
13.1 Prior to the introduction of selective licensing, 32 properties in the Wembley area were empty, representing 16% of the total dwellings; this included 11 properties empty for up to six months; 21 properties empty for longer than six months and of these 5 properties had remained empty for longer than five years. 25 of the 32 empty properties were in the private rented sector, revealing that 24% of the private rented stock was empty. The reported level of empty properties in Wembley had remained consistent over the previous 4 years despite increased levels of intervention in the area.

13.2 The number of empty homes within the Wembley selective licensing area has risen from 32 to 39 during the term of the designation, despite capital investment on three phases of group repair. However, this can in part, be attributed to the effects of the downturn in the housing market and global economy, which have altered demand due to financial disadvantage:

Wembley	2009	2013
Total Properties	195	195
Total Empty Properties	32	39
Total Percentage	16%	20%

14. House prices and other market factors over the designation period

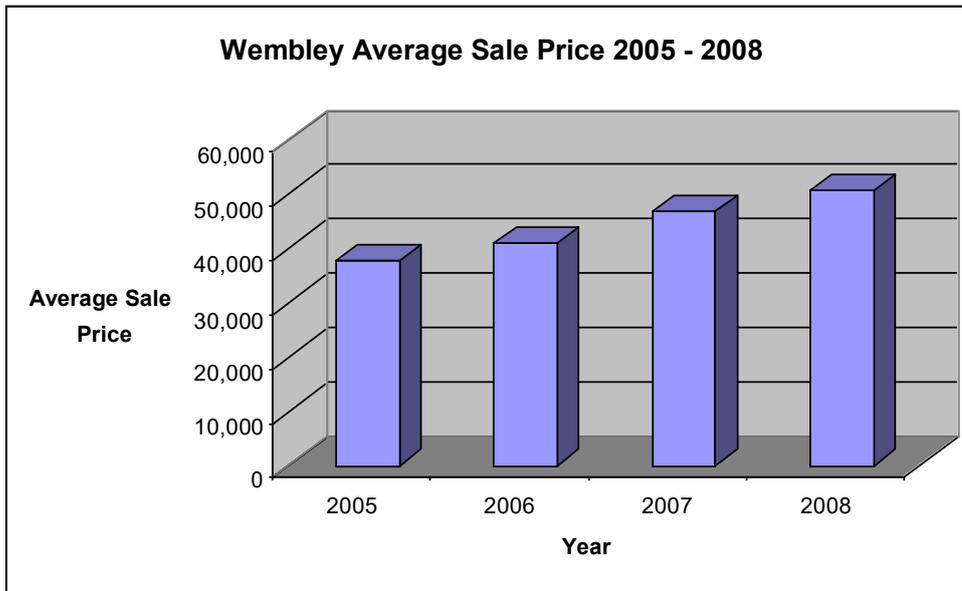
14.1 As shown in the district of Easington submission, the average house prices in the Wembley area in 2004 were 69.3% less than the average house price in Easington Colliery and 86.5% less than the UK house price average.



14.2 The statistics for property sales in Wembley from 2005, in the period leading up to the selective licensing submission are show below:

Wembley Sales 2005 - 2008

Year	No Sales	Average Price
2005	16	£37,593
2006	52	£40,915
2007	29	£46,658
2008	27	£50,568

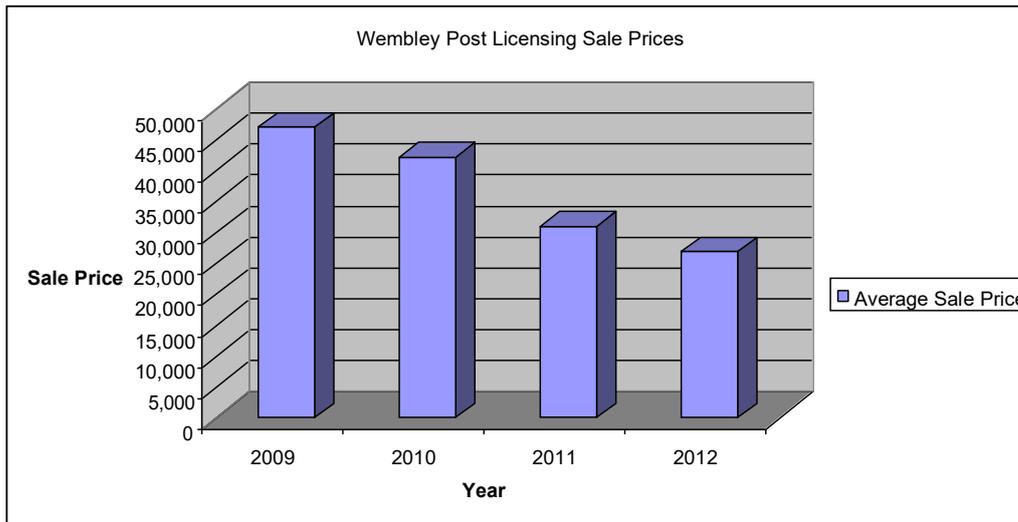


14.3 In the four years leading up to the implementation of the Wembley designation there was a year on year improvement recorded in property sale prices in the area, the housing market was buoyant and there was a rise in properties bought by investors.

14.4 This trend did not continue, and in the four years since the scheme was implemented, house prices in the designated area have fallen year on year, to an average low of £26,850 in 2012.

Wembley Sales 2009-2012

Average Sale Price	46,995	42,250	31,000	26,850
Year	2009	2010	2011	2012



14.5 The recorded increase in the years leading up to the introduction of selective licensing is suggestive of the turbulence associated with a troubled housing market, rather than healthy competition to enter a rising market. This was a period in which significant numbers of owners were selling up to leave a declining area and being replaced by more absentee owners buying in with purely speculative intentions.

14.6 Selective licensing came in just as the credit crunch began to affect mortgage lending, and it is not possible to disentangle their effects on the housing market in Wembley.

14.7 The reputation of the area plays a significant role in demand to buy or rent and this can take many years to turn around. Many of the issues afflicting Wembley have been developing for decades, so it should not be surprising if residents and prospective buyers remain very wary.

15. Inspections, improvements and enforcement activity

15.1 The Selective Licensing scheme at Wembley has presented Durham County Council with additional powers under the Housing Act 2004 to work towards priority area outcomes set out in the Private Sector Housing Strategy. Prominent amongst these outcomes are the improvement of property conditions and management standards in the private rented sector, especially where other attempts to engage and advise have failed.

15.2 The licence conditions that landlords in a selective licensing area must abide by include ensuring the required certification is in place to ensure the property is in a safe condition. The Private Landlord & Empty Homes officers have undertaken inspections under the Housing Health and Safety Rating System (HHSRS) to identify any category one hazards that would seriously impact on the health and safety of the tenant. If any category one hazards are identified they are passed to the Environmental Protection team for enforcement.

15.3 The two cases successfully prosecuted for non-compliance and breach of licence conditions are simply the tip of the iceberg in terms of Private Landlord & Empty Homes Officers' engagement with landlords. In most cases an informal resolution of a problem will be negotiated. Legal action is only taken in a minority of cases and the fewer cases that need to go to court the better.

15.4 Changes to staff levels arising from [REDACTED]
[REDACTED]
[REDACTED]

hindered effective management of this designation. Landlords were threatened with prosecution, which was not followed through for many months by which time the deadline for legal action had passed.

15.5 The following table records the number of cases dealt with by Private Landlords & Empty Homes Officers in respect of improving Management Standards, Property Standards and Empty Homes during 2012/13:

Totals 2012/13	Management Standards	Property Standards	Properties brought back into use
Wembley	80	164	12

16. Tenant Referencing

16.1 Under selective licensing legislation there are five mandatory licence conditions that must be met by the licence holder. One of these is to carry out reference checks on prospective tenants.

16.2 Although the Council recommends that all landlords who intend to sign up a new tenant carry out a reference check before renting out their property

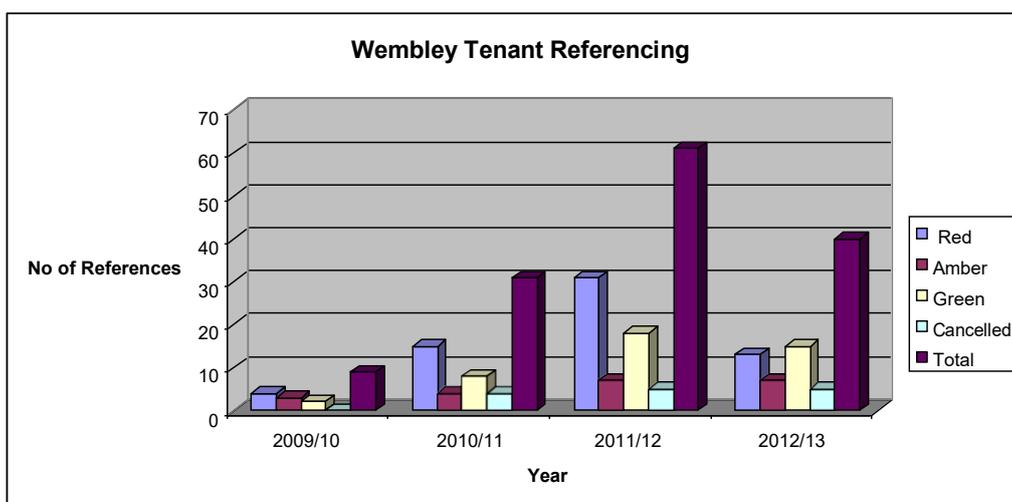
anywhere in the county, this can only be enforced in an area designated for selective licensing.

- 16.3 To help private landlords meet this mandatory condition, a Council-run tenant referencing service has been in operation since 2008, although landlords are free to use other referencing services if they wish.
- 16.4 The selective licensing tenant referencing service enables landlords to check how prospective tenants have conducted their previous tenancies so they can make an informed decision before letting the property. To ensure data protection regulations around confidentiality are adhered to, referencing results are given via a traffic light system where red indicates the highest level of concern with a prospective tenant's record.
- 16.5 The Council cannot make it a licence condition that the landlord must refuse to house a 'red' tenant, as the categorisation is merely advisory. Moreover, there are instances where the reason for a tenant being 'red' does not make a sustainable tenancy impossible. In fact the effect of tenant referencing under selective licensing is often to alert landlords to likely problems so that wherever possible, well informed decisions can be taken on where it is suitable for people to live and what support they need to conduct a decent tenancy.
- 16.6 For example, a tenant may be 'red' because of problems to do with issues that a tenancy support package can mitigate; or they may be 'red' because of a history of rent arrears that once known about, can enable payment of housing benefit direct to the landlord to be set up.
- 16.7 Of course, landlords often decide not to house a 'red' applicant in the Selective Licensing area as it may have implications on them personally if there is a breach of licence condition as a result of that tenancy, quite apart from any impact of on other residents. Each time a licence condition is breached the Landlord may be prosecuted and the legislation provides for a maximum fine of £5,000 per breach (Housing Act, 2004, c.34).
- 16.8 Having the requirement to reference tenants as a mandatory condition in the Licence makes it more likely that landlords will engage with the Council

around tenancy issues. Often this includes working with the Council and other agencies to find alternative accommodation outside of the designated area for tenants that landlords deem unsuitable after referencing. Alternatively, landlords may take part in a multi-agency conference to create a support package tailored to a 'red' tenant's needs, depending upon issues highlighted by the reference check.

- 16.9 The aim of referencing is not simply to refuse to house 'red' tenants, but more often to provide support before problems occur to help the tenant conduct a sustainable tenancy in the selective licensing area, rather than setting them up to fail. For example, this might mean simply not housing a prospective tenant with a substance abuse problem next door to a known drug supplier. In relation to tenants who have had previous involvement in anti-social behaviour, with the tenant's consent the Private Landlord & Empty Homes Officers make a visit with the landlord to discuss the tenant's responsibilities for their behaviour under their tenancy, this can result in tenants modifying their behaviour to the point that their tenancy becomes sustainable.
- 16.10 The local Police are of the view that Tenant Referencing has the potential to work but the referencing system could be better in terms of communication with the police and a follow up joint visit to 'Red' tenants.
- 16.11 Recent changes imposed by the Police have restricted access to Police checks for tenant referencing. However, the fact that the Police chose not to implement the restrictions in selective licensing areas is further testament to the perceived contribution made by the initiative in reducing crime and anti-social behaviour.
- 16.12 At the time of writing, the Council's Tenant Referencing service had undertaken 141 references in Wembley, with 63 Red results, 21 Amber results, 43 Green results, and 14 references that were cancelled prior to result stage. This means that 44% of applicants were Red and would have been housed without the landlords having the benefit of making an informed decision and without any support being made available had Selective Licensing not been operating in the area.

	Red	Amber	Green	Cancelled	Total
2009/10	4	3	2	0	9
2010/11	15	4	8	4	31
2011/12	31	7	18	5	61
2012/13	13	7	15	5	40
	63	21	43	14	141
Percentage	44.7	14.9	30.5	9.9	



16.13 Durham County Council also offers a form of tenant referencing as part of its Durham Key Options Scheme. This scheme is compared to Selective Licensing's tenant referencing scheme in section 21 below.

17. Crime and anti-social behaviour

17.1 A selective licensing scheme may be implemented where it can be shown that private landlords in an area are not taking appropriate action to deal with anti-social behaviour directly associated with the conduct of the tenancies they have let.

17.2 Crime rates in Wembley during the period 2006 – 2007 were significantly higher than similar localities within Easington District.

- 17.3 Research undertaken to inform the original submission to the Secretary of State for the introduction of selective licensing at Wembley showed that there were over nine crimes per street in the six-street area during 2006 /07, making a total of approximately 55 reported crimes. These crimes included Criminal Damage, Drug Offences, Burglary, Theft, Robbery, Violence and Sexual Offences.
- 17.4 Similarly, there were a significant number of complaints in relation to antisocial behaviour during the twelve-month period, with a total of 45 complaints received by the Anti-Social Behaviour unit.
- 17.5 Recent data produced by Durham Constabulary on crime and anti-social behaviour in Wembley shows a significant rise in crime initially and although reducing, the reported number of incidents is still higher than those recorded pre-licensing. The statistics provided in relation to anti-social behaviour also showed a significant rise initially during the licensing period, however, this has now reduced from 45 complaints in 2006/07 to 37 complaints in 2012 /13 as shown in the table below. All periods shown in the table below begin on April 1st.

Street Name	Crime 2009-2010	ASB 2009-2010	Crime 2010-2011	ASB 2010-2011	Crime 2011-2012	ASB 2011-2012	Crime 2012-2013	ASB 2012-2013	Total Crime 2009-2013	Total ASB 2009-2013
John Street	32	7	25	9	20	2	17	2	94	20
Thomas Street	24	21	14	10	26	19	19	5	83	55
Thorpe Street	42	36	70	45	60	34	21	14	193	129
Noble Street	21	22	19	5	17	11	6	14	63	52
Hawthorn Street	13	3	14	7	21	13	7	1	55	24
James Street	6	8	11	3	4	2	1	1	22	14
Total	138	97	153	79	148	81	71	37	510	294

- 17.6 It is not possible to assess how much of the decrease in anti-social behaviour is attributable solely to selective licensing, however, the introduction of the

designation meant that for the first time, concerted resources including more support for private landlords as well as three phases of group repair work, were directed at the neighbourhood's problems. With many rentable empty properties still remaining in the area, selective licensing's contribution has been to prevent the most troublesome people simply moving into another house nearby or being displaced into neighbouring areas, and therefore it is fair to say that selective licensing has contributed to the downward trend since 2009.

18. Engagement with Stakeholders, landlords and residents

- 18.1 Throughout the term of the designation updates have been given to local Councillors, partner agencies, landlords and residents at the Easington Colliery Steering Group and at the landlord forums held in conjunction with the National Landlords Association.
- 18.2 Private Landlord & Empty Homes Officers attend Steering Groups, Residents Association meetings and Police and Community Together (PACT) meetings to give updates, answer questions and gather intelligence to assist in the management of the designations.
- 18.3 Private Landlord and Empty Homes Officers also deal with individual enquiries from landlords and residents, providing advice and support.

19. Costs & Savings

- 19.1 It has not been possible to identify cost savings due to the lack of baseline data and the fact that many of the cost savings that would naturally occur are hidden by prevention action. However, it is quite likely that by managing the designation to succeed in reinforcing traditional social norms, selective licensing has reduced the need for the involvement of expensive social services and other forms of crisis intervention, including the Homelessness service.
- 19.2 The Street Scene service has been able to estimate that £75 per intervention is the average unit cost of delivering its clean & green service. Street Scene interventions relate to issues such as the accumulation of refuse and excrement, vandalism & graffiti, drain/sewer defects, fly-tipping, noise, odour

and property open to access. There was an increased level of service required to deal with these issues at Wembley during the run-up to the introduction of selective licensing and reducing these kinds of problems was a main aim of the whole initiative.

19.3 The table below compares the level of Streetscene intervention in relation to the two main areas of concern pre and post the introduction of selective licensing:

						Clean & Green Costs
Category		2006/07	2010/11	2011/12	2012/13	Cost @ £75 per action
Vandalism/Graffiti		17	19	11	24	£3750 - 2006/07
Refuse Accumulation/ Fly-tipping		33	78	72	66	£7275 - 2010/11
	Total No.	50	97	83	90	£6225 - 2011/12
						£6750 - 2012/13

19.4 It is clear that there has been no significant reduction in demand for Street Scene services in relation to these categories since the implementation of Selective Licensing.

19.5 Using Street Scene's unit cost of £75 per intervention, in 2006/07 there were 50 interventions costing £3,750. Taking the last full year (2012/13) as a comparison, there were 90 interventions, costing £6,750. The annual cost of dealing with these issues has risen by £3,000.

19.6 Although the cost of the Street Scene service appears to have grown, it is likely that savings will have been made by Environment Protection, due to less demand for intervention to deal with noise pollution, and on the Anti Social Behaviour Service, where savings in staff time around administering ASBOs, Acceptable Behaviour Contracts and property closures are likely to have occurred.

20. Comparison with similar areas

- 20.1 To assess the difference in results seen in areas with differing levels of intervention and whether selective licensing contributes additional value in terms of the sustainability of a neighbourhood, a comparison has been made with Dawdon, the other priority housing regeneration area in the east, that has no selective licensing scheme in operation, and a snapshot of 8 terraced streets in Blackhall Colliery, comparable to Wembley, and one of the areas cited as being similar to Wembley in terms of housing and socio-economic difficulties in the original submission. Blackhall Colliery is neither a Regeneration nor Selective Licensing area.
- 20.2 Wembley is a smaller area with 195 terraced properties, the 8 streets selected in Blackhall Colliery comprise 223 terraced properties and Dawdon covers an area with 794 properties that are of mixed type and tenure. As for housing demand, all have experienced high levels of sale activity over the last ten years. Many of the properties have changed hands several times during this period and have changed tenure from owner occupation to the private rented sector. It is not likely that the high levels of sales are due to demand for the area, given that the areas have a significant number of long term empty homes, more likely, it is due to people wishing to move out of the area, which has led to a rise in the number of private rented properties.

Property Sales Over Last 10 Years	
Dawdon	626 (78%)
Wembley	88 (45%)
Blackhall Colliery	103 (46%)

- 20.3 Dawdon appears to be demanding a higher value for property although the average figure is skewed by the price of £120,000 for the new builds at Embleton Mews. However, demand for the new builds has been very poor, with only two units out of 16 selling in 2010; a study looking at Empty Homes in County Durham undertaken by arc4 on behalf of the council, concluded that they may be overpriced for the property market in the area;

“Anecdotal evidence from the street survey suggested that the prices for these properties are too high. The prices are around £105k even with a 25%

equity loan included as an additional incentive for purchasers. This compares to average values in the area of £60-75k for a 2-3 bed property”.

- 20.4 Over the past ten years the average sale price in Dawdon excluding Embleton Mews is £40,000, while those in the Wembley area attracted the average sale price is £37,615. Both areas have received investment via several phases of group repair. In Blackhall Colliery where no intervention has been taken to help stabilise the housing market, the average sale price in the last ten years was £44,076.
- 20.5 Taking the year July 2011 – July 2012 the picture is slightly different with the Dawdon average house price remaining around £40,000 but with Wembley reducing to £28,813 and Blackhall Colliery area reducing to £36,477. The reason for this is unclear but the global recession and struggling housing market will have influenced house prices in the area.

Average Sale Price July 2011 – July 2012

Dawdon Regen.	excluding new build £40,000
Wembley	£28,813
Blackhall Colliery	£36,477

- 20.6 In terms of housing demand in the Council’s regeneration areas, a report produced for the Council by arc4 in November 2012, highlighted both Dawdon and Wembley as areas that rated highly in relation to low demand, despite Dawdon’s decade-long phased group repair work and the six streets in Wembley receiving three phases of group repair work since 2010. Of course, global economic factors have made it a testing time for housing markets everywhere.
- 20.7 As for crime and anti-social behaviour, crime rates were higher in Dawdon regeneration area, where there are four times the number of properties and therefore a greater population. In 2011/12, the figures show that after an initial rise, the crime rate in both areas was falling. The crime rate at Wembley fell by approximately 52% between 2011/12, while in Dawdon regeneration area; the crime rate fell by approximately 30% in the same timescale, across a much bigger area.

Crime Comparison 2011 - 2012

Area	2011	2012
Dawdon	133	90
Wembley	148	71

20.8 The table below shows a comparison of ASB in Dawdon, Wembley and Blackhall Colliery between 2011/12. Although three very different areas in terms of size and population, there have been reductions in the numbers of ASB complaints in all three areas.

ASB Comparison 2011 - 2012

Area	2011	2012
Dawdon	632	559
Wembley	81	37
Blackhall Colliery	129	72

20.9 Reductions in crime and anti-social behaviour have been significant in all three areas, although over the period 2011 -12 Wembley has seen a bigger reduction; this suggests that selective licensing cannot be singled out as the change factor as there is a downward trend in the reduction of ASB in other areas in the east of the county that do not have the benefit of a selective licensing scheme.

21. Comparison with other similar Council services

21.1 There are a number of Council services offered across County Durham that could be offered to Wembley either as an alternative to selective licensing or to improve its efficiency.

21.2 These services are:

- Durham Key Options
- Tenant Referencing
- Advice Line
- Housing Solutions
- HMO Licensing

21.3 Durham Key Options is the name for the Council's choice-based lettings scheme used to allocate social housing across County Durham. A recent pilot

to include the private rented sector in Durham Key Options, in order to improve housing choice and assist landlords with difficult to let properties was launched in the Easington area, the pilot area was and expanded due to no uptake in the Easington area.

- 21.4 Evaluation of the pilot found that the scheme had not been able to meet the objectives set, as only four private rented properties were received for let during the six-month pilot period. Tenants registered with DKO appeared to have little interest in private rented properties in low demand areas and private landlords felt having to meet agreed standards was a barrier to them using such a scheme. It was therefore recommended to discontinue the scheme and undertake further work to develop a suitable approach to help DKO and the private rented sector to work together.
- 21.5 Since ending the pilot, a free interim arrangement has been operating to continue the engagement with private landlords, pending a decision on the best way for the Council to work with the private rented sector. This has removed some of the conditions that landlords were required to meet in the pilot and has proved more successful – however removing these requirements means that the service's required outcomes to improve property condition and improve management standards may not be achieved. Work is ongoing to work up a suitable alternative that will also allow discharge of the council's homeless duty into the private rented sector. This is unlikely to be done by incorporating the private rented sector fully into the scheme but rather by operating a light touch scheme allowing private landlords to advertise their properties on the DKO site. It would not be subject to the full bidding or short-listing process and further work is required to decide whether only tenants who have been through the registration process could access the properties advertised through DKO.
- 21.6 Any tenant wishing to register on the full Durham Key Options scheme must undergo a registration process which consists of:
- Checking five years housing history including rent arrears, banding tenants into need categories, and validating any information given within the application.

- Where there is a significant trigger point such as gaps in the tenancy history or criminal convictions there is the opportunity to undertake checks via Disclosure Scotland at a cost of £25.00 paid by the housing provider, however, these are rarely carried out.
- Police checks are no longer undertaken.

21.7 Durham Key Options is mainly a service for tenants seeking social housing, not housing in the private rented sector. Although it could of course be remarketed along different lines, it has a number of features that suggest it is not currently well suited as a replacement for the support with lettings offered under Selective Licensing in areas where the most challenging private rented sector issues occur:

- Durham Key Options scheme is a scheme for rationing access to housing that is in high demand - more people want to access social housing than there are homes available. The whole point about Selective Licensing on the other hand is that it is concerned with putting in safeguards against the things that can go wrong when housing is in low demand: rapid turnover, careless allocations, troubled tenants with no stake in the area and so on.
- Many of the properties in the private sector are not yet of a standard that Durham Key Options would find acceptable, so more inspection and effective enforcement activity is still required before a substantial amount of private sector property could confidently be transferred over to this scheme.
- A high proportion of prospective private sector tenants in the Selective Licensing areas would be excluded from registering with the scheme. Out of 141 references carried out by the Selective Licensing team in the Wembley area, 63 have been categorised as 'red' and would be likely to be excluded from the DKO scheme, and 21 were categorised 'Amber' this is predominantly due to significant rent arrears and these would also be likely to be excluded.

21.8 The Durham Key Options core team reports that it may not have the capacity to deal with the additional number of adverts that could be required. Work is

ongoing to try to develop an approach that would work for the private rented sector and that would not impact on the current staff resources within the core team.

- 21.9 The whole application and categorisation process of Durham Key Options is to do with the fact that there are fewer vacant social rented homes than people wanting to live in them. It could work in the private sector in an area with high demand, but as there is so little effective demand in Selective Licensing areas, landlords will house any tenant in order to secure a rental income.
- 21.10 A recent sample check was undertaken to identify any overlap in service between the Durham Key Options and Housing Regeneration tenant referencing services. 317 records were crosschecked; out of these 166 had not registered with Durham Key Options and 3 had incorrect Dates of Birth recorded and were therefore not able to be processed. Of the remaining 148 63 had been closed, 11 were suspended, 67 were active, 1 was pending and 6 applicants had been successfully referenced and housed.
- 21.11 Tenant referencing and police checks are core elements of the selective licensing process, the service carried out by Durham Key Options is not robust enough for most of the vulnerable tenants accessing accommodation in the private rented sector.
- 21.12 Support with the lettings process in a Selective Licensing area is about supplying basic information on a prospective tenant quickly to avoid expensive mistakes. It requires a finer-grained understanding of the local situation than can perhaps currently be delivered by a countywide service with no focus on managing a particular neighbourhood.
- 21.13 A Tenant Referencing service modelled on helping Landlords to avoid problems within their tenancies is administered by the Housing Improvement Team, who provide information to assist sustainable letting under Selective Licensing.
- 21.14 The unique selling point of Selective Licensing is that it compels even the least willing landlords to follow good practice, getting beyond the more

cooperative landlords who will take part in voluntary schemes as long as they feel their business is unaffected by doing so.

21.15 If Tenant Referencing were a stand-alone service with no Selective Licensing in place, landlords would not have to reference their tenants at all. Due to low demand, many landlords would accept the first tenant to come their way with all the problems that might bring, rather than go to the extra trouble of referencing.

21.16 The Advice Line is a new service also run by the Housing Improvement Team. It became operational on 5th November 2012. The Advice Line was implemented to take the everyday calls away from the PLEHO to allow them more time to be out in the field. Since its inception only a small proportion of calls have been directed to the PLEHO.

21.17 As for using the Advice Line to replace Selective Licensing, it lacks the proactive neighbourhood focus that is the core 'offer' Private Landlord & Empty Homes officers are tasked to deliver in Selective Licensing areas. Without their capacity to identify problems and see them through to resolution, there is felt to be a risk that fewer problems will come to light and more unwilling landlords will get away with shirking their responsibilities. Of course, tying officers down in Selective Licensing areas could create an opportunity cost against freeing them up to respond to hotspots emerging through the Advice Line, although the result of doing so could leave them too stretched to be really effective anywhere.

21.18 Each of the services above is relevant to management standards in the private rented sector. They all have some contribution to make to the effectiveness of Selective Licensing schemes; work is ongoing to develop a suitable approach with Durham Key Options following its private sector pilot. However, none of these schemes are a replacement for Selective Licensing itself because:

- they are unable to force uncooperative private landlords to take part and change their practices; and
- they lack the proactive neighbourhood focus that is an essential part of Selective Licensing, or any tried and tested substitute for it.

21.19 Finally, the Environmental Health service runs a licensing service for Houses in Multiple Occupation (HMOs). The service has explored the introduction of additional selective licensing of HMOs, in anticipation of increased house sharing likely as a result of welfare reform, the possible wider effects of which are as yet unknown. In authorities where Selective Licensing is part of the Environmental Health Service, it is feasible for the administrative aspects of Selective and HMO Licensing to be carried out by the same team; however, different service areas within Durham County Council deliver the two schemes.

22. Consultation - surveys and focus groups

22.1 A ten-week consultation with Landlords, residents and other interested parties has been undertaken, running from 6th May to 19th July 2013 together with a Stakeholder event held on 19th June 2013. In response surveys were received from 21 Landlords and 27 Residents of the Wembley scheme area.

22.2 Headlines from the analysis of the Landlord surveys show that: -

- Over 47% of Landlords are dissatisfied with the area
- Both crime & ASB feature in the top 3 priorities for improvement in the area
- Over 52% of Landlords felt that the scheme had been unsuccessful in the core areas of improving demand, reducing empty homes and reducing environmental issues, including fly-tipping
- There was an equal split of 45% in favour of keeping selective licensing and maintaining continued support through the focus of existing council services in the area
- 60% of landlords operating in the Wembley area are accredited
- Over 10% of Wembley landlords had accessed the Private Landlord Empty Homes officers' services
- 90% of Landlords felt that property prices had decreased or not improved, and
- There was an equal split into thirds between positive, negative and indifferent results on the usefulness of the selective licensing scheme.

22.3 Headlines from the analysis of the Residents surveys show that: -

- 48% of residents are satisfied with the area

- Neither of the required indicators for selective licensing (ASB and Low Demand) feature in the top three priorities for residents – their main concern is cleaner streets
- 37% of residents have had problems with their neighbours with only 1 in 6 having their problems resolved
- 58% felt that tackling low demand was the least successful outcome of the five-year scheme
- Over 68% of residents would like to keep selective licensing
- Only 54% of tenants surveyed say they were vetted prior to taking up their tenancy

22.4 A Stakeholder consultation event was held on 19th June 2013 at Easington Parish Hall. There was significant apathy from those invited with representatives from Durham Constabulary being the only attendees and with one local Letting Agent supplying comments.

- The Police expressed their surprise at the poor attendance stating the problems relating to the private rented sector were the biggest issues in the area
- In their opinion selective licensing is very important and they strongly believe that landlords need to be licensed
- Selective licensing is considered to be a good scheme, but they also commented that it should have been better and that it had not delivered what they had expected at Wembley
- The process for breaches should be clearly defined for all stakeholders. Landlords were unsure of when they would be prosecuted so at first the fear helped as they did not want to risk prosecution. However, over time some landlords have breached conditions continually and nothing appears to be done. Stricter enforcement of the breaching conditions with more prosecutions
- Examples were provided of landlords who house tenants in a property and do retrospective referencing, breaching licence conditions
- Tenant referencing was felt to have had the biggest impact, however communication between the landlord, police and council should be improved so that the police and council are both aware when a red tenant is housed in the area

- Summing up the Police felt that selective licensing had helped but needed to be tightened up – it still has value and it would be a shame for the decent residents if it was discontinued, they stated “the area would quickly fall back to where it was pre-licensing”
- Suggested that better publicity to reinforce successes and to deter those who do not comply and a big re-launch with regular reminder sessions should be considered

22.5 Stakeholder feedback was also provided by [REDACTED]

who provided further comments:

- The main issue at Wembley remains a lack of demand for the area
- This could be due to an oversupply of affordable housing in the area
- There is a need for focussed enforcement in the area to deal with fly-tipping and other environmental factors
- Green Deal could be utilised to provide energy efficiency measure to attract tenants
- Partnership arrangements with local charities could assist in letting properties as shared accommodation, providing support to monitor the tenancies

It should be noted that the Council have invested heavily in the area through group repair and all properties improved in the scheme had energy efficiency measures installed.

22.6 Analysis of the consultation highlights the contradictory nature of opinion on selective licensing – there is some desire from all parties to keep the scheme, but at the same time it is not considered to have delivered all of its objectives during the period of the designation. This is not unexpected as the effects of selective licensing are notably difficult to disentangle from other influencing factors, including the effects of housing market failure suffered in recent years.

23. Review

23.1 This evaluation has attempted to identify the effectiveness of the Selective Licensing of private sector rented housing at Wembley. The evaluation has

followed the advice of LG Regulation in focussing on the schemes' performance against a number of key outcomes.

23.2 Taking each of those key outcomes in turn, performance can be summarised as follows:

- Reducing anti-social behaviour attributable to the private rented sector – levels of anti-social behaviour have fallen throughout the scheme; this is typical of other areas in the east of the county across the period 2009 - 2013
- Improving management standards in the private rented sector – there is evidence of improved management standards as a result of enforcement activity and support delivered through local area-based regeneration activity.
- Increasing housing demand – there is no evidence that selective licensing has had a positive impact on demand in the Wembley area. Property prices remain very low, the tenure make-up of the area remains predominantly private rented sector and there is an increase in the number of empty homes. However, it should be recognised that during the term of the designation there has been a global recession and a failing housing market which would also impact of general low demand for housing.
- Improve the environment – there is evidence that the scheme has successfully put a stop to the more extreme behaviour that had threatened to become the norm in much of the privately rented housing stock in the area – selective licensing has provided a basis from which sustainable achievement is possible.
- Contributing to the effectiveness of partnership working to improve the quality of life – selective licensing has provided a focus and drive to support enhanced partnership working in the area, including a local forum chaired by one of the area's elected members. Stakeholders confirm that the scheme has increased the amount of partnership working in the area

to address the issues of ASB, crime and work to improve the physical environment and support its continuation.

- Stakeholder views – there were a range of views from stakeholders on the effectiveness of the scheme and whether it should be continued. Most felt that the area still needed support for improvement. Over 68% of residents would like to keep selective licensing and 45% of landlords thought that it should be retained. Local Members and key partners, such as the Police, were emphatic that selective licensing should be retained to ensure that the progress and investment made in recent years be protected and momentum maintained. Durham Constabulary has re-enforced its commitment to supporting the selective licensing designation, should it be renewed, including continuation of their contribution to tenantreferencing.

23.3 If the decision were taken to re- designate at Wembley it would be for a further five-year period, but the Council could bring this to an end at any time, if conditions changed.

23.4 If the area were re-designated it would be more effective if a number of changes were made to how the schemes operate, and these are set out below:

23.5 All staff involved with the project should be encouraged to understand the commercial mind-set that motivates decent private landlords and learn to work with it. Yields on investment in County Durham are low compared to neighbouring areas, but neighbourhoods across the county need the homes that good private landlords provide, not least to assist the County Council to discharge its homelessness function. Private Landlords see the licence fee as payment for a service, whereas it has always been regarded as the purchasing of a right from the Council, needed to operate as a landlord within a designated area. The service should focus on enforcing standards to tackle those landlords who will not engage but also on supporting those landlords who are engaging but experiencing difficulties in managing their properties in these low demand areas during challenging economic times.

23.6 There needs to be more alignment between Selective Licensing and other services, particularly around enforcement. There is for example a protocol in

place with the Environment Protection team; a review of performance of this protocol is currently ongoing to assess its continued suitability.

- 23.7 By operating the scheme with one team based together within the service to deliver the administration function and the management function, greater efficiency could be achieved in terms of timescales, information sharing, use of intelligence gathered and efficiency in dealing with issues and enquiries by reducing the level of input leading to a higher level of output. Many of the local authorities with selective licensing designations sit selective licensing with the housing enforcement function.
- 23.8 Finally, to make cost accounting easier in future, an evaluation mechanism that tracks identified cost savings should be built into new schemes from the start. In particular it would be important to be able to track any major savings that might come about through the reduced involvement of Social services or Health services, due to the steadying effects of a Selective Licensing scheme in an unruly neighbourhood.

24. Conclusion

- 24.1 Selective licensing has made a positive contribution to reducing anti-social behaviour in the Wembley area. Its impact on other key outcomes is harder to gauge against the backdrop of recession and collapse in the housing market that has occurred since 2008.
- 24.2 The issues that led to the original request for a selective licensing designation still exist in terms of low demand and perceptions of the neighbourhood.
- 24.3 There is support from residents and other key stakeholders such as the Police for re-designation to take place, to protect the investment that has been undertaken in the locality and to prevent a return to the pre-2009 situation before licensing was introduced.
- 24.4 There is evidence that other areas are suffering similar problems of low demand, anti-social behaviour and environmental degradation and that consideration should be given to extending selective licensing to additional areas or the introduction of further measures to support raising standards in the Private Rented sector. Research is already underway to examine

effective licensing and other measures elsewhere and a wider report on these issues will follow within the next few months. However, in order to sustain the Wembley designation beyond the initial 5-year term it requires Cabinet redesignation which will allow the work done to date to be continued.

25. Recommendation

- 25.1 That the Wembley Selective Licencing designation be re-designated for a further 5-year period.
- 25.2 That work is carried out to investigate the feasibility of extending to other areas the selective licensing designation, or other measures to support and regulate the Private Rented sector to address problems of low demand and relatively high levels of crime and/or anti-social behaviour.
- 25.3 That the re-designated Wembley selective licensing scheme adopts the new licence conditions and licence fee (£450), in line with the Council's other two selective licensing designations in Dean Bank and Chilton, creating uniformity across the county. This will accrue additional licence fee income to contribute to the cost of running the scheme.