

Selective Licensing at Dean Bank and Chilton West Evaluation Report - October 2012

CONTENTS

Introduction	
1. Aim of the evaluation	p. 1
2. Methodology	p. 1
Policy background and project set up	
3. Background to Selective Licensing	p. 3
4. Previous evaluations of Selective Licensing	p. 5
5. Introduction of Selective Licensing at Dean Bank and Chilton West	p. 9
6. The designated areas - Dean Bank and Chilton West	p. 13
7. Management of the designations and the role of the Private Landlords and Empty Homes Officer	p. 15
8. Selective Licensing fees	p. 19
9. Selective Licensing terms and conditions	p. 20
Performance	
10. Record of licensable properties and licenses issued	p. 22
11. Project costs and fee income	p. 23
12. The property mix in 2012, regeneration, demolition and new build	p. 24
13. Empty properties	p. 25
14. House prices and other market factors over the Selective Licensing period	p. 26
15. Inspections, improvements and other enforcement activity	p. 28
16. Tenant Referencing	p. 30
17. Anti social behaviour and crime	p. 33
18. Engagement with landlords and residents	p. 36
19. Cost savings	p. 36
20. Comparison with a similar area	p. 38
21. Comparison with other similar Council services	p. 41
Surveys and focus groups	
22. Surveys in each area, 2007 & 2012	p. 47
23. Focus groups and other views, 2012	p. 55
Conclusion	
24. Review	p. 60
25. Recommendations	p. 67
Appendices	
Appendix A - maps of each designated area	p. 69
Appendix B - Private Landlord & Empty Homes Office Case Study	p. 70
Appendix C - Durham County Council's Selective Licence Conditions	p. 72
Appendix D - Property sales	p. 78
Appendix E - Prosecution case study	p. 80
Appendix F - Streets proposed for omission from a Selective Licensing re-designation	p. 87
Executive summary	p. 88

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 Dean Bank in Ferryhill and Chilton West, the five-year periods during which the localities are designated for Selective Licensing both end in February 2013. The designation on the Council's third Selective Licensing scheme at Wembley in Easington runs until February 2014.
- 1.4 The aim of this report is to present the findings of an evaluation of the Selective Licensing schemes at Dean Bank and Chilton West.
- 1.5 Using guidance from LG Regulation, 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 schemes at Dean Bank in Ferryhill and Chilton West consists of:

- case studies of each locality, including descriptions of their housing markets and details on how the Selective Licensing schemes have been managed;
- comparisons between the findings from surveys of residents and landlords carried out during 2012 and baseline data from 2007 collected as part of the original submission to set up Selective Licensing schemes;
- analysis of data from Sedgefield Borough Council, Durham County Council and other stakeholders collected during the 2007-2012 licensing period; and
- interpretation of opinions expressed at focus groups by managing agents, landlords and stakeholders operating in each of the Selective Licensing areas.

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 Dean Bank in Ferryhill and Chilton West. 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 a review and set of 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.

3.2 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 As of March 2011, 16 Councils in England were operating Selective Licensing schemes.

- 3.9 The 2012 Montague Report concentrates on how to increase institutional investment in the private rented sector and makes no reference to Selective Licensing.
- 3.10 In October 2012, the Department for Communities and Local Government announced the setting up of a Select Committee enquiry into private rented housing, including how it should be regulated. The Select Committee is also likely to examine the regulation of houses in multiple occupation

4. Previous evaluations of Selective Licensing

- 4.1 An evaluation carried out by British 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 either low demand 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 entangle 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 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 affects 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 Dean Bank and Chilton West

- 5.1 By 2007, Dean Bank and Chilton were suffering from high levels of deprivation and decline, like many other former coalfield communities in County Durham.
- 5.2 The problems in these two communities included a high proportion of their housing stock being older terraced properties originally built to provide homes for families involved in coal mining. These properties often needed investment as they had become unattractive to first time buyers during an extended period of generally rising house prices, in which new build opportunities at the lower end of the housing market were ever more popular and mortgages easily available. Consequently, the number of owner occupiers was steadily falling as vacant properties were bought up cheaply by private landlords, who often were not local and buying into the market for purely speculative reasons, with no concern for the implications of such a radical change in the tenure profile.
- 5.3 For Sedgefield Borough Council, in whose area these neighbourhoods lay, there appeared to be ample evidence to support the designation of each of them as Selective Licensing areas suffering from both low demand and anti social behaviour.
- 5.4 Dean Bank and Chilton West were amongst the 10-20% most deprived super output areas across England according to the 2004 Indices of Multiple Deprivation. The Durham Coalfields Area Housing Needs Assessment study showed 27% of households with annual incomes under £10,000 per annum, and only 21% over £30,000. 30% of households claimed Income Support in Chilton West and the figure for

the Ferryhill Ward was 38%, both well above the national average.

- 5.5 In the DL17 postcode covering both communities average house prices had fallen to £38,000 compared to an average of £69,000 for the whole of Sedgefield. Empty properties had become targets for fly-tipping, as well as sites for drug and alcohol misuse and were often infested by vermin. Vacant properties very quickly depreciated in value and became costly to repair, leading to a loss of confidence in the area and a fall in property values for the whole neighbourhood.
- 5.6 By 2007 at Dean Bank empty properties were over 25% above the government's threshold for concern with 161 houses empty, and 34.4% of the stock was privately rented. At Chilton West, empty properties were recorded in the 2001 census as being just 3% but by 2007 the situation had worsened, with 110 houses empty, 21% of the total stock, and 39.3% of homes were privately rented.
- 5.7 Rates of crime and anti social behaviour were on the rise too. Although the crime rate in the whole of Sedgefield Borough had risen by just 1.4%, in Dean Bank it had risen by 15% and in Chilton West by 8%. The problems facing the residents of these areas included drug use and drug dealing, alcohol abuse, nuisance neighbours and various forms of intimidation and harassment.
- 5.8 Faced with all these problems, Sedgefield Borough Council commissioned a Master Plan to develop a strategic approach to guide intervention in their priority areas. The Master Plan recommended some selective demolition and new build, supported by various measures aimed at improving community cohesion and engagement. Selective Licensing was one of these measures, aiming to address the low demand and anti-social behaviour attributable to poorly managed private sector tenancies. Further measures included in the Master Plan would assist in the fight against fly-tipping and other environmental crimes and misdemeanours.
- 5.9 The Council went on to approve a Coalfield Housing Renewal Master

Planning Report, adopting the Master Plan with its recommendations for the implementation of Selective Licensing schemes at Dean Bank and Chilton West. The full range of measures adopted by the Council to deal with the needs of their priority areas included:

- *selective demolition and new build to diversify housing stock and tenure;*
- *Group Repair Schemes to improve retained housing;*
- *improved environment including open spaces, car parking and improvement to aid the ease of movement of people through communities whilst maintaining natural surveillance;*
- *targeting long-term empty properties and derelict sites for intervention;*
- *tackling low housing demand and anti-social behaviour linked to improved management of the private rented sector;*
- *maintaining effective community, partner and stakeholder engagement including running a voluntary private landlord Accreditation Scheme; and*
- *utilising other mainstream resources to support delivery of the programme.*

5.10 A stakeholder partnership was created to support these measures, leveraging in the following contributions to the priority neighbourhood strategy:

- *Police: dealing with crime and anti social behaviour, including special initiatives such as target hardening, empty property alarms, smart water, security screen, LMAPS & PACT, and undertaking Police checks on prospective tenants under a Tenant Referencing scheme;*
- *Fire Service: free smoke alarms and fire safety checks;*
- *Housing Solutions: providing advice and referrals for specialist support to aid sustainable tenancies. Assisting in re-housing where there was a threat of homelessness.*

- *Tenant Referencing: Involving former private and social landlords in providing information on prospective private tenants' previous tenancies, with additional information from other council services and Police checks;*
- *Voluntary Sector: offering various support services to tenants;*
- *Community involvement: through Residents Associations, regular walkabouts and Clean Ups.*

5.10 A submission was made to the Secretary of State to grant Selective Licensing designations at Dean Bank and Chilton West, and approval was granted to implement both designations for a five-year term from February 7th, 2008.

5.11 Since then, a Master Plan Steering Group, comprising local Ward Members, residents, stakeholders and partners delivering services in the areas has met quarterly to update on the progress of regeneration in the housing market renewal areas, including the two Selective Licensing schemes. This arrangement grew out of the series of consultation events held around the schemes' inception. In addition issues relating to Selective Licensing have been regularly discussed at local PACT (Police and Community Together) meetings and at Residents Association meetings.

5.12 Due to changes in the economic climate the following physical elements of the Master Plan have not been delivered:

- no Group Repair Scheme,
- no Phase 2 demolition, and
- no or limited environmental works.

6. The designated areas - Dean Bank and Chilton West

6.1 Dean Bank and Chilton West both lie between the larger towns of Spennymoor and Newton Aycliffe along the A167 corridor,

approximately 8 miles south of the City of Durham. *Maps of each area are in Appendix A.*

6.2 At the beginning of the five-year Selective Licensing designation in February 2008 there were 501 licensable privately rented properties identified across the two schemes.

6.3 Each area contained the following housing:

Dean Bank -

869 properties in all, with a tenure breakdown of:

299, privately rented (34.4%)

358, owner-occupiers (41.2%)

84, council houses (9.7%)

112, Registered Social Landlord tenants (12.9%)

16 properties purchased by Sedgefield Borough Council (1.8%)

As of 2007, the Master Plan identified 685 terraced properties at Dean Bank, of which 124 were selected for demolition. New build properties of mixed type and tenure were to replace most of the demolished properties, in order to create a housing mix better suited to the area's future needs. The net effect of demolitions and new build would be to reduce the number of terraced housing by 44, to 641.

Chilton West -

514 properties, with a tenure breakdown of:

202, privately rented (39.3%)

210, owner-occupiers (40.9%)

79, council houses (15.4%)

23, properties purchased by Sedgefield Borough Council (4.5%)

As of 2007, the Master Plan identified 312 terraced houses and proposed the demolition of 217 of them, to be replaced by new build properties of mixed type and tenure.

6.4 Other key features of each area are set out in the tables below:

Dean Bank:

Lies immediately west of the A167.

Consists mainly of small terraced houses opening directly onto the street, running east west on both sides of the Ferryhill – Kirk Merrington Road,
Built at the turn of the twentieth century to house miners and their families.

Was once a thriving community able to support an impressive range of shops and other facilities before contraction in the coal industry and the closure of other local employers began to rob the local economy of vitality.

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.

Is served principally by facilities in the adjacent town centre at Ferryhill, where there are still good bus links to the larger towns of Darlington, Durham, Bishop Auckland and Newton Aycliffe.

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

Sure Start programme on Beaumont Street.

Dean Bank Primary school is on St Cuthbert's Terrace, within the area designated for Selective Licensing. The Ferryhill Business and Enterprise College, offering secondary and further education, is situated nearby on Merrington Lane. The primary school had surplus capacity of approximately 40% in 2008, but this has now fallen to 13%. However there are limited available places in the secondary school, which serves a much wider area.

Cultural and lifelong learning opportunities including basic computing, aromatherapy, art, crafts, first aid, basic food hygiene, reflexology, youth club, sign language, beginners languages, basic counselling, and childcare are on offer at Dean Bank & Ferryhill Literary Institute, which has recently been refurbished. It is a popular local facility, with high attendance rates.

Primary care health services including doctors, dentist and opticians can be accessed in Ferryhill.

Chilton West:

Lies east of the A167 by-pass.

Housing generally of the same type and date as at Dean Bank, although there is an inter-war council estate too, all built to service the coal industry.

Street layout forms a rather enclosed square pattern.

Although the terraced property did become much less popular, the council estate has retained its appeal as a place to set up home.

Well linked into the transport network, offering access to local larger towns.

Has few shops and most potential retail outlets are closed.

A small industrial estate lies to the west although most working residents are employed outside of the area.

Sure Start programme operating from the local Community College.

Local primary school on Lyndhurst Road had surplus capacity of around 22% in 2008, now reduced to 10%.

As at Dean Bank, Ferryhill Business and Enterprise College is the local source of secondary education.

Has benefited from improvements to the main street, which remains an important feature of the area, providing some services and facilities for people in the neighbourhood. Improvements included the enhancement of the pavement areas in high quality materials, new street furniture, street lighting, parking bays, environmental landscaping and a Group Repair Scheme which was subsequently nominated for a Civic Trust award.

Improvement works designed in consultation with the local community, retailers and other stakeholders. These works represent a key element in the overall regeneration strategy for Chilton which aims to build up the village's economic, social and environment resources, making it a more attractive place to live, work and visit.

Primary care health services including doctors, dentist and opticians can be accessed in Ferryhill.

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 designations passed from Sedgefield Borough Council to the new Durham County Council.

7.2 Prior to LGR, the Selective Licensing function had been based in the Community Services Division of Sedgefield Borough Council's Neighbourhood Service Department. The Council employed a full time Selective Licensing Officer and a Support Officer, managed by the Private Sector Renewals Manager.

7.3 The Selective Licensing Officer was responsible for implementing all practical aspects of the licensing scheme, including;

- checking and processing applications,
- issuing licences,
- dealing with breaches of licence conditions,
- serving notices and taking prosecutions for non-compliance or breach of conditions,
- offering advice and support on landlord / tenant issues,
- taking part in joint visits regarding ASB,
- making referrals to Housing Solutions, Environmental Health and other support services,
- taking part in walkabouts and environmental clean ups,
- delivering landlord training at meetings of the Landlords Forums.

7.4 The Support Officer administered the project, maintaining the register of licensed properties, issuing licenses, invoicing landlords, carrying out Tenant Referencing and facilitating meetings of the Landlords Forum.

7.5 Since the transfer of responsibility to the new Durham County Council in April 2009, 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 east localities; Dean Bank and Chilton West are in the

south locality, and the county's third scheme at Wembley in Easington is in the east locality.

- 7.6 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 for an accreditation scheme run by the National Landlords Association have been discussed but not implemented.
- 7.7 In July 2011 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 remain part of the Housing Regeneration Service, which has overall responsibility for delivery of the schemes.
- 7.8 As from April 2012, the administrative processes of issuing and revoking licenses as well as prosecuting landlords without licences will be carried out by the Housing Improvement Team. The management of the designations, actually being the member of staff on the ground dealing with issues as they arise, will continue to be the responsibility of Private Landlord and Empty Homes Officers in the Housing Regeneration Team.
- 7.9 The key function of the Private Landlord & Empty Homes Officer 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 Private Landlord & Empty Homes Officer, problems that needed 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. Often the officer will chase up landlords to carry out delayed repairs, as well as referring issues to other more appropriate services. A Case Study forms Appendix B.

- 7.10 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 a new responsibility for undertaking housing inspections in accordance with the Housing Health & Safety Rating System (HHSRS).
- 7.11 A protocol is in place between Housing Regeneration Service and Environment Protection setting out joint working arrangements, including property inspection and enforcement where Category 1 and 2 Housing, Health & Safety Rating System (HHSRS) hazards occur. Under current arrangements however, the informal consultation stage that would precede enforcement action is carried out first by the Private Landlord & Empty Homes Officer's and then repeated by Environmental Health after the case is handed over to them, instead of going immediately to the enforcement stage.
- 7.12 Working arrangements have also been developed with the Housing Solutions service, demonstrating commitment to a partnership approach towards delivering sustainable tenancies for vulnerable clients.

8. Selective Licensing Fees

- 8.1 The licensing fee in the two designations was set at £450 per property, with a discount of £50 to those landlords who had joined Sedgefield Borough Council's Landlord Accreditation scheme. To help landlords with several properties in the designated areas, it was also agreed that the licence fee could be paid in yearly instalments of £90 over the whole five-year term.
- 8.2 Properties subject to selective demolition in Phase 1 of the Master Plan were not included as licensable properties. As cuts in public spending have halted demolitions planned for Phase 2, all remaining properties are licensable except those in Dene Terrace at Chilton West where properties purchased by the Council for demolition have not been charged a licence fee for the time that they are unavailable for letting. In these circumstances owners have received a refund based on whole years only for licence fees paid up front. This also applies to other properties where a disposal has taken place during the term of the licence or where the licence has been revoked.
- 8.3 The initial set up costs of the scheme, including statutory advertisements; launch and staffing, were met by Sedgefield Borough Council from the Master Plan's capital programme budget.
- 8.4 With 501 licensable properties originally identified in the two Selective Licensing areas, an income of between £200,000 and £225,000 was anticipated from the scheme, depending on the number of discounted licence fees charged.
- 8.5 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.

- 8.6 Discounted fees ceased in 2009 when the new Durham County Council ended the Accreditation Schemes it had inherited from the District Councils.
- 8.7 It was originally envisaged that Selective Licensing would become self-financing as licence fees started to accumulate after the first year. Based on the known number of licensable properties at that time, the licence fee would generate sufficient income to cover the costs of a Selective Licensing Officer and Support Officer for the first three years of the scheme, a period coterminous with Phase 1 of the Master Plan and the Council's Medium Term Financial Plan.
- 8.8 The staffing costs for administration and management of the scheme following LGR have been proportions of three full time equivalent officers at £31,592 each (SO.1) and one full time equivalent Support Officer at £22,784, (S.4) including on-costs.

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 now in use by Durham County Council result from an amalgamation carried out in April 2011 of 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 continue 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 currently in force contains five mandatory conditions, along with a further 43 conditions relating to property condition, management of the property, security, occupation, environmental management and preventing and reducing anti social behaviour. The five mandatory conditions are:

Housing Act 2004 Prescribed Conditions

1. *The licence holder must obtain a valid gas safety certificate on an annual basis, if gas is supplied to the house. This must be provided to the Council as part of the application process and on an annual basis thereafter. A copy must also be provided to the tenant.*
2. *The licence holder must:*
 - i) *keep electrical appliances provided by him in the house in a safe condition and*
 - ii) *supply the authority on demand, with a portable applicant test (PAT) certificate declaration by him, as to the safety of such appliances.*
3. *The licence holder must:*
 - i) *Ensure that smoke alarms are installed in the house and are kept in proper working order*
 - ii) *Supply the Council with a declaration as to the condition and positioning of such alarms*
 - iii) *Inform the Council as to any changes to the positioning or type of smoke alarms fitted*
4. *The licence holder must provide each occupier of the house with a written statement of the conditions of the terms on which they occupy the house (tenancy agreement). The licence holder shall provide a copy of the said terms to the authority on demand. The licence holder must abide by the conditions and responsibilities contained in the tenancy agreement and carry out all landlord functions as laid down.*
5. *The licence holder must obtain references in respect of the person(s) who wish to occupy the property in order to make an informed decision regarding the occupancy of the property. Copies of these references must be made available to the council upon request.*

The full set of licence conditions are in Appendix C.

PERFORMANCE

10. Record of licensable properties and licenses issued

- 10.1 At the schemes' inception in February 2008 work began on a database to enable accurate records to be kept in respect of the licensable properties in the designated areas. This was difficult as there were no accurate Council records detailing the ownership in the private rented sector. Moreover, information available through the Land Registry was often out of date; although property registration must take place within 12 months of completion, properties were at first changing hands more frequently than this. In any case, the number of licensable properties is not a static figure but is affected 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 The database evolved over a lengthy period of time, drawing on all available research and intelligence to gather the necessary information. Because of this groundwork, there is now an accurate record of property ownership for both designations, together with a licence register available for public inspection containing details of each property address and the name and address of the licence holder.
- 10.3 As of August 2012, at Dean Bank these records show that of 327 licensable properties, 287 are fully licensed, 32 exempt because they are empty, six exempt for other reasons, one is in the process of becoming licensed and only one is outstanding.
- 10.4 At Chilton West current records show that out of 146 licensable properties, 116 are fully licensed, 24 are exempt because they are empty, two are exempt for other reasons, one is in the process of becoming licensed and two are outstanding.
- 10.5 In total therefore, 403 licences have been issued to date across both designations.

11. Project costs and fee income

- 11.1 The 403 licenses issued to date at a cost of £450.00 each generate a total license fee income of £181,350, not allowing for a very few discounted licences offered prior to LGR in April 2009. This represents a notional annual income of £36,270 averaged over the five - year designation period.
- 11.2 The amount currently outstanding in respect of license fees is approximately £34,500. One of the main reasons for the outstanding sum is the payment plan arrangement, although put in place to assist landlords in making their payments more manageable it has effectively helped some of them to avoid payment and has added to the cost to the Council in terms of staff time and money to chase the debt.
- 11.3 The current costs of running the schemes fall into two parts.
- 11.4 Licensing administration is now carried out by the Housing Improvement Team. The renewal of Selective Licensing will involve significant administrative input to ensure all landlords are licensed and necessary enforcement action is taken promptly. Based on experience from the current scheme, the team estimate that 40% of the time of both an SO.1 officer and a Scale 4 support officer will ensure all licensing requirements are met, at a staffing cost of £54,000 before any contribution from licence fees. The Housing Improvement officer and Support officer are permanent posts funded through the Housing Improvement Team.
- 11.5 Management of the designations on the ground, i.e. being an active presence in each locality, stays in the remit of the Housing Regeneration Team where it is estimated two officers spend 70% of their time. It is not possible to say how much of this goes on Selective Licensing as opposed to other functions, but it means that the cost of

their input is up to £44,000. Private Landlord & Empty Homes officers are permanent posts funded through the Housing Regeneration Team.

- 11.6 The total staffing cost of the Dean Bank and Chilton West schemes would therefore be up to £98,000 per annum. However, it is arguable that the Housing Regeneration Team's staff cost is not really an extra cost attributable to Selective Licensing, because if there was no Selective Licensing scheme, they would still be deployed in these two priority areas, attempting to carry out similar work with private landlords, though with fewer tools at their disposal. Of course, if an area with no Housing Regeneration Team allocated to it was designated, then their involvement would be an additional cost.
- 11.7 Nevertheless, whatever view is taken on this, it is clear that on current levels of activity, income from Selective Licence fees alone does not meet the full cost of the new delivery arrangements, although savings to the Council through improved neighbourhood management attributable to Selective Licensing need to be factored in to form a true cost assessment, along with the value of other improvements to the quality of life in each area.

12. The property mix in 2012 - regeneration, demolition and new build

- 12.1 Both Dean Bank and Chilton West are priority Housing Regeneration areas and as such have received capital investment to carry out selective demolitions and introduce group repair schemes.
- 12.2 The Master Plan for these areas split the intended demolitions into two phases. Phase 1 took place over the first three years of the ten-year regeneration programme, but Phase 2 has been halted due to altered economic circumstances. As a result there has been less change than planned to the mix of property in both areas, including fewer newly-built homes. At the same time, the number of empty homes in streets originally earmarked for demolition in Phase 2 has risen, with buyers

deterred from entering the market and lenders reluctant to offer mortgages there. This change to the regeneration strategy has had a marked effect at Dean Bank, where most demolition was to take place in Phase 2.

12.3 At Chilton West, the majority of planned demolition took place during Phase 1 of the strategy, and some extra funding has recently been secured to remove 52 properties in Dene Terrace. Tenants vacating these properties have been decanted into empty private lets in the area, cutting the number of empty homes but without increasing demand to live in the area in the way that the newly built homes originally intended under the strategy might have done.

12.4 The tables below compare the mix of properties in each area at the start of Selective Licensing in 2008 to the January 2012 position:

Dean Bank	2008	2012	% change
Total number of properties	869	806	- 7.25%
Privately rented	299 - 34.4%	327 – 40.6%	+6.2%
Owner occupied	358 - 41.2%	295 – 36.6%	- 4.6%
Other (RSL, DCC, Commercial)	196 - 22.5%	184 – 22.8%	+1.5%
Other properties held by Council	16 - 1.8%	N/A	N/A

Chilton West	2008	2012	% change
Total number of properties	514	423	- 17.7%
Privately rented	202 - 39.3%	146 – 34.5%	- 4.8%
Owner occupied	210 - 40.9%	171 – 40.4%	- 0.5%
Social renting (RSL,DCC Commercial)	79 - 15.4%	106 – 25.1%	+ 5.15%

13. Empty Properties

13.1 A small reduction in the number of empty homes has taken place over the term of the Selective Licensing designation in Dean Bank. However, it is not possible to attribute this to an increase in demand for the area as the effects of the Housing Regeneration and the downturn in the Housing Market and global economy have also altered turnover and demand:

Dean Bank	2007	2012
Total Properties	869	806
Total Empty Properties	161	133
Total Percentage	18.5%	16.5%

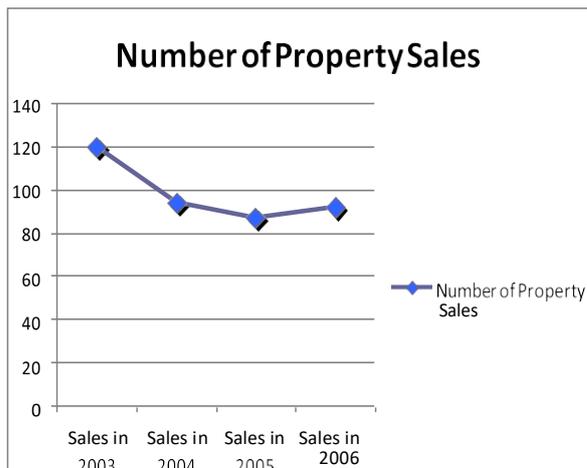
13.2 Chilton West has shown a greater reduction in empty homes in the same period, however as discussed above, this figure is largely a result of decanting of tenants from Dene Terrace, not because of many new people choosing to move into the area:

Chilton West	2007	2012
Total Properties	514	423
Total Empty Properties	110	42
Total Percentage	21.4%	9.93%

14. House prices and turnover over the designation period

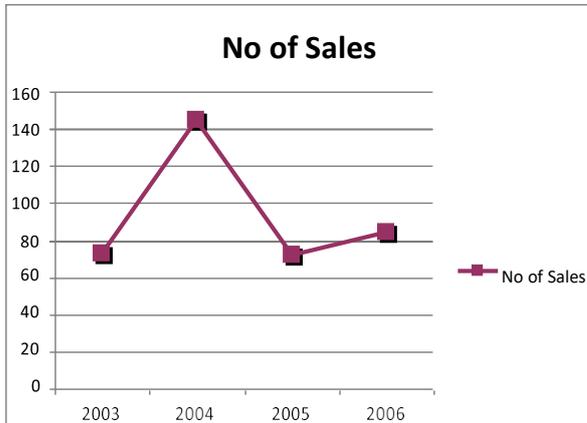
14.1 Statistics on property sales in Dean Bank and Chilton West in the period leading up to the selective licensing submission are show below:

Dean Bank – pre-Selective Licensing



year	ave. price	number
2003	£25,185	120 sales
2004	£39,498	94 sales
2005	£45,181	87 sales
2006	£49,749	92 sales

Chilton West – pre-Selective Licensing



year	ave. price	number
2003	£19,811	73 sales
2004	£27,564	145 sales
2005	£36,039	72 sales
2006	£39,030	84 sales

14.2 The high level of sales in both areas in the years leading up to the introduction of Selective Licensing are 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.

14.3 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 markets in Dean Bank and Chilton West.

14.4 Property sales in both areas during the period of Selective Licensing are:

	2008	2009	2010	2011	2012
Dean Bank	46	20	9	15	8
Chilton West	11	5	3	10	2

14.5 It is clear that in both areas a steep decline in the number of house sales took place between 2006 and 2009, and that sales remain well below pre-credit crunch levels. However, since the earlier higher level of sales was a sign of trouble in the housing market, the lower level of

current sales may be good in the local context if it indicates that a period of greater stability has been arrived at.

- 14.6 House prices have fallen too, as they have across the region and nationally. There is some indication in these figures that house prices at Dean Bank have fallen further, although it is hard to detect a reliable pattern when the yearly number of sales has varied so much across the whole period. The most marked feature is the variation between streets, rather than between areas. In both areas there are streets where properties are still selling for under £25,000, and the majority of sale prices remain below £40,000.
- 14.7 As for turnover in rented properties, insufficient statistics have been recorded to give a complete picture over the life of either scheme. During 2011/12, amongst 32 properties the Private Landlord & Empty Homes officer was working on, there were 73 tenancies formed during the year, an average of 2.3 tenancies per property that year. In Chilton West, a group of 10 properties gave rise to 22 tenancies, 2.2 per property.
- 14.8 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 Dean Bank and Chilton West have been developing for decades, so it should not be surprising if residents and prospective buyers remain very wary, even though problems may in fact be diminishing in certain measurable respects.
- 14.9 Further details on house sales and prices during Selective Licensing are in Appendix D.

15. Inspections, improvements and enforcement activity

- 15.1 The Selective Licensing schemes at Dean Bank and Chilton West have 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 maintaining each licensed property in a safe condition.
- 15.3 Under a joint protocol, Private Landlord & Empty Homes Officers and the Environmental Protection Team have worked together on inspections in several streets to take enforcement action on Housing Health and Safety Rating System hazards. This is in accordance with Part 1 of the 2004 Housing Act 2004. A case history summarising the events around one successful prosecution is included as Appendix E.
- 15.4 The inspections have resulted in the Council serving a variety of statutory notices including Emergency Prohibition Notices and Improvement Notices. Landlords have been forced to carry out repairs and been prevented from letting houses until works were completed in them. Hazards identified included damp, mould growth and excess cold, all classified as serious under the Housing Health and Safety Rating System.
- 15.5 It is worth noting that it was only due to the persistence of the Private Landlord & Empty Homes Officers that this action was taken. Most of the tenants these officers liaise with are unlikely to question the condition of their property - it 's what they are used to and they may be afraid of what will happen if they do complain. In neighbourhoods like these, other more confident residents are only going to contact the Council about issues that have an impact beyond an individual tenant's front door. Council services that require a complainant to 'get the ball rolling' are likely to be less effective here without the advocacy that the Private Landlord & Empty Homes Officer provides.

- 15.6 Successful prosecutions at Dean Bank have been achieved for failure to obtain a licence on five properties accruing fines totalling £10,265. Two actions for breach of licensing conditions are currently pending.
- 15.7 At Chilton West, successful prosecutions for failure to obtain a licence have also been achieved on five properties with fines totalling £18,210, and one further prosecution is pending. There have also been several formal warning letters issued by the County Council's legal team, which may lead to further prosecutions.
- 15.8 These cases 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.
- 15.9 The following table records the number of cases dealt with by Private Landlords & Empty Homes Officers in each category during 2011/12:

	Management standards	Property standards	Empty homes back into use
Dean Bank	259	300	3
Chilton West	84	182	3

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 insisted on 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 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 and ask them to sign an Anti-Social Behaviour Factsheet. Officers report that this can result in tenants modifying their behaviour to the point that their tenancy becomes sustainable.
- 16.10 Durham Constabulary is of the view that Tenant Referencing has made a significant contribution to the decline in crime and anti-social behaviour across the two licensing areas.
- 16.11 Recent changes imposed by the Police have restricted access to Police checks for tenant referencing outside of Selective Licensing areas. 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 Selective Licensing initiative in reducing crime and anti social behaviour there.

16.12 Since implementation of the Council's Tenant Referencing service 655 references have been carried out in Dean Bank, with 248 Red results, 224 Amber results, 165 Green results, and 18 results pending at the time of writing.

16.13 In Chilton West 152 references have been carried out, giving 52 Red results, 54 Amber and 45 Green.

16.14 Durham County Council also offers 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. Anti-social behaviour and crime

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 Research undertaken to inform the original submission to the Secretary of State for the introduction of Selective Licensing at Dean Bank and Chilton West showed that:

- crime rates in Dean Bank had increased by 15% since 2004. In comparison the crime rate across the whole former Sedgefield Borough had increased by just 1.4%;
- hotspots consistently appeared in both of the proposed selective licensing areas for Crime, Police ASB and Neighbourhood Warden calls for service during 2006;
- hotspots had appeared in both of the proposed selective licensing areas for 2004 and 2005 for both Crime and Neighbourhood Wardens;
- in 2006 calls for service from Neighbourhood Wardens, Crime and Police ASB for Dean Bank was twice as high as for the former Borough as a whole;
- in 2006 calls for service from Neighbourhood Wardens, Crime and

Police ASB for Chilton West was more than one and a half times higher than across the rest of the former Borough;

- properties owned by private landlords in both proposed licensing areas had a far greater number of incidents than those in other types of ownership;
- overall, properties owned by private landlords made up 63% of properties with more than six calls for service from both the Police and the Neighbourhood Wardens.

17.3 Recent data produced by Durham Constabulary on crime and Anti-Social Behaviour in Dean Bank and Chilton West shows a steady fall in incidents across the period of Selective Licensing:

	2006	2007	2008	2009	2010	2011
Dean Bank – All Crime	333	318	263	217	189	136
Dean Bank ASB	458	500	352	334	337	184
Property Related Crime	104	110	102	68	61	49
West Chilton – All Crime	137	158	160	106	67	59
ASB West Chilton	230	183	295	193	132	76
Property Related Crime	31	37	42	22	17	26

17.4 Durham Constabulary has confirmed that such a significant yearly fall throughout the Selective Licensing period is not typical of other areas in the county. The Police have made the following comment on the impact of Selective Licensing:

‘Some private rented property was seen to attract problem tenants, responsible for crime and anti-social behaviour. Void dwellings had become the target for ASB, Criminal Damage, Arson and Burglary and some absent landlords were seen as refusing to take any responsibility. Over the last five years a concerted effort by many stakeholders has seen a positive change. A scheme to licence landlords and vet their tenants is believed to have made a huge contribution’.

17.5 A local Police Inspector has commented:

'Durham Constabulary fully supports the landlords licensing initiative. The results are a good indicator that the partnership approach is working and there has been a positive feedback from residents in the area... We are committed to the continuation of the scheme and will strive to effectively tackle crime and anti-social behaviour in the area.'

- 17.6 How much of this decline in anti social behaviour is attributable to demolition rather than Selective Licensing? A large fall in anti social behaviour at Dean Bank took place just before Selective Licensing began, right at the start of implementing the Master Plan, when for the first time concerted resources including more support for private landlords as well as property acquisition, were directed at the neighbourhood's problems. Surely property acquisition was responsible for part of this early fall in anti social behaviour by taking out some of the hotspots, but with many rentable empty properties still remaining in the area, Selective Licensing's contribution from that time on was to prevent the most troublesome people simply moving into another house nearby.
- 17.7 It is also worth noting that because many of the properties demolished had been empty before being acquired, demolition has resulted in only a small fall in the number of occupied homes in each area. At Dean Bank the number of occupied properties has fallen by 22 from 708 to 686 and at Chilton West by 26 from 404 to 378, so the overall size of the challenge has not reduced by much.
- 17.8 So no doubt demolition helped to kick-start the fall in antisocial behaviour by dismantling some of the worst household set ups and removing empty homes that were targets for vandalism. But the role of Selective Licensing has been to stop the same problems simply being displaced into neighbouring streets, as a precondition for the steady improvement in private sector housing management which probably lies behind the generally downward trend in anti social behaviour and crime since 2008.

18. Engagement with landlords and residents

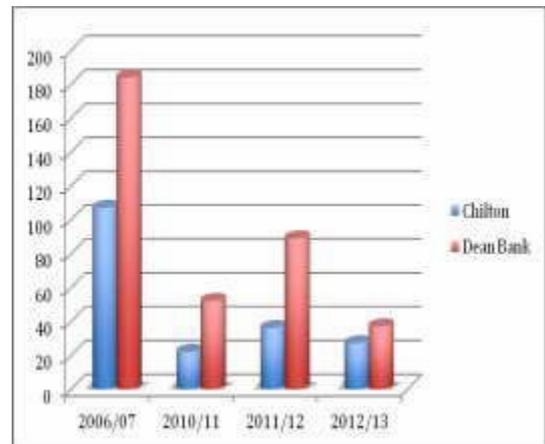
- 18.1 Throughout the term of both designations updates have been given to Councillors, partner agencies, landlords and residents at the Master Plan Steering Group for Dean Bank & Chilton West and at the landlord forums held in conjunction with the National Landlords Association.
- 18.2 Private Landlord & Empty Homes Officers attend 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.
- 18.4 Individual landlords and residents are able to get advice and support from Private Landlord and Empty Homes Officers too.

19. Cost savings

- 19.1 In order to generate some estimate of possible cost savings to the Council attributable to Selective Licensing, the evaluation has attempted to measure the cost of intervention by the Street Scene service across the period since 2007.
- 19.2 Street Scene has been able to estimate that £75 per intervention is the average unit cost of delivering its service. Street Scene interventions relate to issues such as the accumulation of refuse and excrement, animal welfare, stray dogs, drain/sewer defects, fly-tipping, noise, odour and open to access. All these were on the increase in the conditions prevailing at Dean Bank and Chilton West 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 and chart below show the number of interventions carried out by the Street Scene service in the Selective Licensing areas of Chilton West and Dean Bank prior to Licensing (2006/07) and during the designation period (2010/12). The chart below shows the level of

Streetscene intervention in general decline over the Selective Licensing period:

	2006/07	2010/11	2011/12	2012/13
Dean Bank	184	52	89	37
Chilton	107	22	36	27



- 19.4 It is clear that there has been significantly less demand for Street Scene services in both areas since the implementation of Selective Licensing.
- 19.5 Using Street Scene's unit cost of £75 per intervention, in 2006/07 there were 291 interventions costing £21,825. Taking the last full year (2011/12) as a comparison, there were only 125 interventions, costing £9,375. The annual saving is £12,450.
- 19.6 This saving goes some way to bridging the gap between annualised fee income of approximately £36,000 and the staff costs attributable to the two schemes (see para 11.3).
- 19.7 Although the Street Scene saving is in itself relatively small, it is likely that similar savings have also been made by Environmental Health, due to less demand for intervention to remove of waste or 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.
- 19.8 If similar savings have been made by all three of these services, then the combination of annualised fee income and savings in the costs of

frontline services could account for around 70% of scheme costs (see para 11.6).

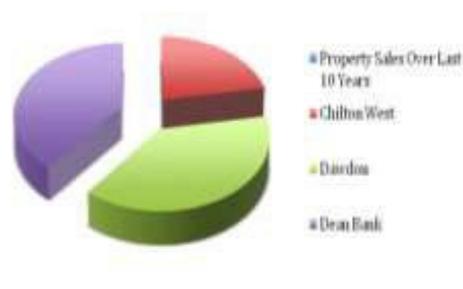
19.9 In addition to this basic assessment of the impact of Selective Licensing on costs run up by frontline neighbourhood services, it is quite likely that by succeeding in once more reinforcing traditional social norms, Selective Licensing has reduced the need for the involvement of expensive social services and other forms of crisis intervention, including the Homelessness service.

20. Comparison with a similar area

20.1 To assess whether selective licensing contributes additional value in terms of the sustainability of a neighbourhood, a comparison has been made with Dawdon, another of the Council's eight priority housing regeneration areas, but one with no Selective Licensing scheme in operation. The comparison examines the two key indicators for Selective Licensing, low demand and anti-social behaviour.

20.2 Dean Bank and Dawdon are similar in size, with 806 and 794 properties respectively. Chilton West is slightly smaller with just 423 properties. As for housing demand, all three have experienced a similarly high level 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. The table below shows the number of property sales over the last ten years in each area.

Dawdon	626
Dean Bank	642
Chilton West	362



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 one unit selling in the past year; they may be overpriced for the property market in the area.

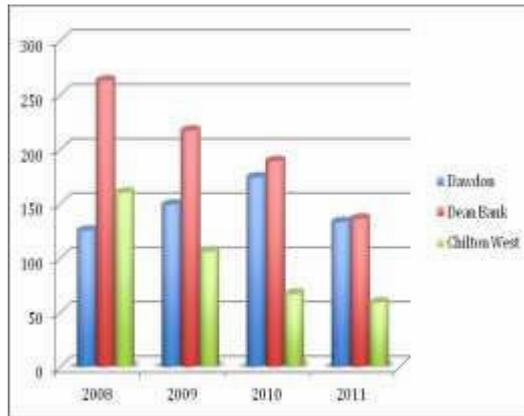
20.4 The average property price in Dawdon excluding Embleton Mews is £40,000, not much higher than either Dean Bank or Chilton West where there has been no input of capital funding for property improvement by Group Repair. Dawdon by contrast has gone through several phases of physical renewal. The table below shows the average house price in sales over the last year, in each area.

Dawdon	with new build 54,102, without 40,000
Dean Bank	35,494
Chilton West	36,520



20.5 As for crime and anti social behaviour, although crime rates were higher in both Dean Bank and Chilton West than Dawdon initially, they have fallen significantly year on year, while at the same time the crime rate in Dawdon was rising. In 2011 the latest available figures show that Dawdon’s rate is also beginning to fall and that Dean Bank and Dawdon are now comparable in terms of crime rate. Nevertheless Dean Bank’s crime rate has fallen by approximately half since the implementation of Selective Licensing. Chilton West now has a crime rate of approximately one third of the rate when Selective Licensing was introduced:

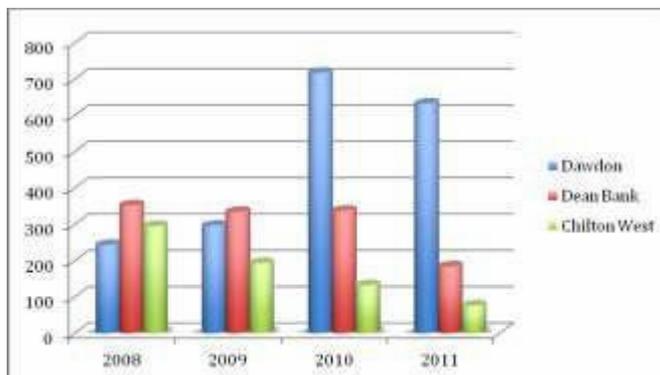
Crime Comparison 2008 - 2011				
	2008	2009	2010	2011
Dawdon	125	149	174	133
Dean Bank	263	217	189	136
Chilton West	160	106	67	59



20.6 During the same period Dawdon has seen anti social behaviour rise significantly, by almost three times in two years up to 2010. The rate is beginning to show some improvement, but is still more than twice as high as the beginning of the period.

ASB Comparison 2008 -2011

	2008	2009	2010	2011
Dawdon	243	296	717	632
Dean Bank	352	334	337	184
Chilton West	295	193	132	76



20.7 The rates of anti social behaviour in both Dean Bank and Chilton West have fallen year on year, albeit after an initial kick-start from other elements of the Master Plan including some demolition. At Dean Bank anti social behaviour is now at almost half the level it was when Selective Licensing was introduced. At Chilton West it is less than a third of the level when Selective Licensing was introduced. The Police have confirmed that this improvement is not typical of County Durham

and feel that it is due in part at least to Selective Licensing (see para 17.6 for a discussion of the relationship between demolition, Selective Licensing and anti social behaviour)

20.8 In terms of housing demand, the evidence suggests that Dawdon performed no better than Dean Bank or Chilton West during this period, despite its decade-long phased group repair work. Of course, global economic factors have made it a testing time for housing markets everywhere.

20.9 Dawdon has been less successful than Dean Bank and Chilton West in reducing crime and anti-social behaviour, issues which the Selective Licensing schemes in these two areas have maintained a focus on after the early termination of selective demolition and other physical elements of their proposed regeneration programmes.

21. Comparison with other similar Council services

21.1 There are a number of Council services offered across County Durham that are similar to Selective Licensing, so could they be offered to Dean Bank and Chilton West 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. It is currently running a private sector pilot. The website offers

an opportunity to select private sector vacancies too, although no vacancies in the private sector are currently listed there (October 31st).

21.4 Any tenant wishing to register on the Durham Key Options scheme must undergo a reference check which consists of:

- five years housing history, banding tenants into need categories down to category F, which is for tenants with arrears and other indicators of a problematic tenancy history
- validating any information given within the application
- Police Check, only carried out where there is a significant trigger point such as gaps in the tenancy history or some criminal convictions.
- CRB via Disclosure Scotland carried out where a Police check is not applicable, at a cost of £25.00 paid by the housing provider with a turn around time of up to eight weeks.

21.5 Tenant referencing and Police Checks are core elements of the lettings process followed in Selective Licensing areas so could these be grafted on to the Durham Key Options service?

21.6 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 re-marketed 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.

- Durham Key Options is based around a tenant supplying information upfront and then waiting around eight weeks to be accepted onto the scheme so that they can actually bid for property. The reality in Selective Licensing areas is that allocations have to move much faster, because with empty properties exceeding demand, a tenant will move on to whichever landlord will house them first, rather than wait for any kind of protracted process to conclude.
- Landlords cannot afford to leave their houses empty and any system that makes this more likely will not be used.
- Many of the properties in the private sector are not yet of a standard that Durham Key Options would find acceptable, so more 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 fall into Durham Key Options' F category or be excluded from registering with the scheme. Out of 800 references carried out by Selective Licensing, 300 have been categorised as 'red' and would fall into category F or below, skewing the scheme away from its core clientele.

21.7 The Durham Key Options core team reports that it does not currently have the capacity to deal with either the additional number of reference checks that could be required (they could peak at 200 per quarter) or the advertising and shortlisting of tenants making bids on private rented property, limiting the opportunity for cost savings at this time.

- 21.8 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, the name of the game for a private landlord is 'nab a good tenant before they go somewhere else'.
- 21.9 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.
- 21.10 A Tenant Referencing service is administered by the Housing Improvement Team in the Regeneration Service, providing information to assist sustainable letting under Selective Licensing.
- 21.11 The unique selling point of Selective Licensing is that it compels even the least willing landlords to follow good practice, getting beyond the more co-operative landlords who will take part in voluntary schemes as long as they feel their business is unaffected by doing so.
- 21.12 If Tenant Referencing was 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.
- 21.13 The Advice Line is a new service also run by the Housing Improvement Team. It will become operational on 5th November 2012 and is intended to supply advice and support to private landlords and tenants across the county. It will direct Private Landlord & Empty Homes officers to areas where there is most need outside of the regeneration priority areas.

21.14 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 (para 7.9), 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.

21.15 The Housing Solutions service makes a contribution to the private rented sector primarily in terms of preventing illegal evictions and discharging the Council's homelessness responsibility. In the designated areas, Selective Licensing means that a landlord who tries to evict illegally risks having their licence revoked and being unable to operate as a landlord there. As for discharging homelessness, the interests of the Housing Solutions service, with its county-wide remit and Selective Licensing, with its neighbourhood focus, can be at odds as Selective Licensing may make it harder to house a homeless household in a designated area if the tenant referencing check suggests it would be unwise to do so.

21.8 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, although little if anything has yet been developed with Durham Key Options or 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.

21.9 Finally, the Environmental Health service runs a licensing service for Houses in Multiple Occupation (HMOs). It will shortly be preparing a paper for Cabinet on the 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. No details are currently available about the Cabinet Report. In authorities where Selective Licensing is part of the Environmental Health Service, the administrative aspects of Selective and HMO Licensing may be carried out by the same team.

CONSULTATION, SURVEYS AND FOCUS GROUPS

22. Surveys in each area in 2007 and 2012

- 22.1 In 2007, surveys of private landlords and residents formed part of the consultation on the introduction of Selective Licensing at Dean Bank and Chilton West.
- 22.2 In 2012, as part of this evaluation, private landlords, residents and stakeholders were consulted for their views over a ten-week period by survey and focus groups.
- 22.3 The findings of the 2007 surveys amalgamated responses to produce one set of findings, but the 2012 surveys have produced separate findings for Dean Bank and Chilton West.
- 22.4 Main findings from the 2007 surveys are summarised as follows:

Landlords in both areas, 2007:

- 81% agreed the Council should intervene in areas suffering from low demand or anti social behaviour;
- 87% agreed poorly managed tenancies contributed to decline;
- 85% agreed landlords should have satisfactory management arrangements in place, including asking for references from prospective tenants;
- 35% thought Selective Licensing would help ensure privately rented properties were properly maintained and managed, but 42% replied "Don't Know";
- 27% thought Selective Licensing would help reduce anti social behaviour, but 37% replied "Don't Know";
- 71% agreed private landlords should take reasonable action to tackle anti social behaviour associated with their property;
- 40% thought Selective Licensing would make properties *less* attractive to tenants, and 31% thought it would make properties more attractive;
- 46% supported the introduction of Selective Licensing, 23% did not, and 31% answered "Don't Know";
- 38% reported difficulty in finding tenants and
- over 56% of private landlords identified poor property condition, anti social behaviour, empty property and low rent levels as problems in both areas.

Residents in both areas, 2007:

- 81% of residents thought there was a high turnover of private tenants in their area;
- 66% had problems with a privately rented property in their area;
- 95% agreed private landlords should demand references from prospective tenants;
- 96% thought private landlords should be responsible for dealing with anti social behaviour and nuisance caused by tenants;
- 99% felt that landlords should ensure their properties are in good condition and well managed;
- 45% felt that only a few private landlords in their area were good and responsible, 30% felt that most landlords were and 18% felt that no landlords were;
- 80% felt that Selective licensing would improve the area, and 14% said "Don't Know";
- 91% supported licensing privately rented property;
- 36% said they felt safe in their home most of the time, 32% said they felt safe in their homes and 21% said they felt safe sometimes; and
- major problems in the area identified by residents were:
 - People not treating others with respect and consideration - 75%
 - Use of/dealing drugs - 68%
 - Rubbish dumping - 63%
 - Nuisance neighbours/intimidation and harassment - 55%
 - Verbal abuse - 46%

22.5 In summary, the responses to the 2007 surveys show a high level of support from both landlords and residents for the principles underlying Selective Licensing. Nevertheless, when it came to endorsing Selective Licensing in terms of its practicality, 54% of landlords failed to offer outright support to its introduction and 40% thought it would make the areas less attractive to tenants. Residents however were overwhelmingly favourable to the introduction of licensing, with 90% supporting it.

22.6 As for the 2012 survey, a full set of findings is available as an annexe to this report. The main findings are summarised separately for each area in the paragraphs below.

22.7 The general views of **Landlords** in each area in 2012 were:

- Either fairly dissatisfied or very dissatisfied with the area - Dean Bank 44% and Chilton West 39%
- Experiencing problems with a neighbouring property in the last year - Dean Bank 51% and Chilton West 46%
- Was the problem resolved? - Dean Bank 67%, Chilton West 50%
- Only a minority of landlords said they accessed services from the Council's private landlord/empty homes officer - Dean Bank 18%, Chilton West 24%.
- In both Dean Bank and Chilton West 95% of landlords thought rental value had either stayed the same or fallen over the last five years

22.8 As for landlords' views on the specific impacts of Selective Licensing, landlords in each area were very measured in their assessments, with little clear consensus:

Dean Bank landlords –

Thinking about the selective licensing scheme that has been operating in the area for the last five years, how successful or unsuccessful has it been in addressing the following issues?

Answer Options	Very successful	Fairly successful	Neither	Fairly unsuccessful	Very unsuccessful	Response Count
Reducing the turnover of tenancies	1	9	13	9	4	36
Reducing empty properties	0	10	10	8	9	37
Improving internal property conditions	1	13	11	4	6	35
Improving external property conditions	1	11	10	6	7	35
Improving tenant behaviour	0	12	11	7	7	37

Improving landlord management	2	13	14	5	2	36
Increasing demand for properties in the area	0	7	13	6	11	37
Reducing anti-social behaviour	1	11	11	6	6	35
Resolving specific problems such as flytipping	1	8	12	9	7	37

Eight skipped the question.

Chilton West Landlords –

Thinking about the selective licensing scheme that has been operating in the area for the last five years, how successful or unsuccessful has it been in addressing the following issues?

Answer Options	Very successful	Fairly successful	Neither	Fairly unsuccessful	Very unsuccessful	Response Count
Reducing the turnover of tenancies	1	3	9	1	7	21
Reducing empty properties	0	5	6	1	9	21
Improving internal property conditions	1	4	7	1	7	20
Improving external property conditions	0	5	7	1	7	20
Improving tenant behaviour	1	4	8	1	6	20
Improving landlord management	0	8	7	0	5	20
Increasing demand for properties in the area	0	4	7	1	8	20
Reducing anti-social behaviour	0	5	8	2	5	20
Resolving specific problems such as flytipping	1	2	9	1	6	19

Three skipped the question.

22.10 On the key question of whether landlords still supported council intervention, the message seemed clearer, amongst landlords who chose to answer this question at least:

Landlords in Dean Bank –

The selective licensing scheme in Dean Bank is now in its final year. Of the three options available to the council below, which do you feel best represents the current position?

Answer Options	Response Percent	Response Count
The area has improved to the extent that support from the council can be withdrawn, enabling landlords and agents to manage their properties completely independent.	13.8%	4

The area has improved considerably, and the continuation of selective licensing would be unnecessary. Therefore, some continued support from the council should be provided. Support includes tenants vetting, assistance in managing tenancies, property advertising, tenancy agreements, and support where tenants are causing or suffering from anti-social behaviour.	41.4%	12
The area is still suffering from low demand and anti-social behaviour to the extent that consideration should be given to the continuation of the selective landlord licensing scheme.	44.8%	13

16 skipped the question.

Landlords in Chilton West –

The selective licensing scheme in Chilton West is now in its final year. Of the three options available to the council below, which do you feel best represents the current position?

Answer Options	Response Percent	Response Count
The area has improved to the extent that support from the council can be withdrawn...	18.8%	3
The area would be improved considerably and the continuation of selective licensing would be unnecessary. Therefore some continued support from the council should be provided.	50.0%	8
The area is still suffering from low demand and anti-social behaviour to the extent that consideration should be given to the continuation of the selective landlord licensing scheme.	31.3%	5

Eight skipped the question.

22.11 The general views of **residents** in each area in 2012 were:

- Opinions are split on satisfaction with the area - in Dean Bank 43% are satisfied and 43% are dissatisfied, and in Chilton West 54% are satisfied and 41% dissatisfied.
- Residents tend to be positive about the condition of their property - in Dean Bank 80% say it is good or very good, and in Chilton West 83% say it is good or very good.
- However the proportion of residents who have had a problem with a neighbouring property or resident in the previous year remains high - in Dean Bank 58%, and in Chilton West 49%, with 53% and 50% respectively saying the problem was resolved.

22.12 As for the specific impacts of Selective licensing, the pattern of residents' response is similar to the landlords, with little by way of consensus:

Dean Bank residents –

Thinking about the selective licensing scheme that has been operating in the area for the last five years, how successful has it been in addressing the following issues?

Answer Options	Very successful	Fairly successful	Neither	Fairly unsuccessful	Very unsuccessful	Response Count
Reducing the turnover of tenancies	1	18	32	20	18	89
Reducing empty properties	1	19	18	30	30	98
Improving internal property conditions	3	22	29	14	15	83
Improving external property conditions	4	21	23	26	23	97
Improving tenant behaviour	4	22	17	29	24	96
Improving landlord behaviour	2	25	17	19	25	88
Increasing demand for properties in the area	1	8	27	24	31	91
Reducing anti-social behaviour	3	20	20	26	27	96
Resolving specific problems such as refuse through proactive campaigns	3	22	26	19	21	91

28 skipped the question.

Chilton West residents –

Thinking about the selective licensing scheme that has been operating in the area for the last five years, how successful has it been in addressing the following issues?

Answer Options	Very successful	Fairly successful	Neither	Fairly unsuccessful	Very unsuccessful	Response Count
Reducing the turnover of tenancies	1	10	12	12	6	41
Reducing empty properties	2	6	11	10	12	41
Improving internal property conditions	1	6	11	10	4	32
Improving external property conditions	1	4	11	13	8	37
Improving tenant behaviour	3	8	8	13	10	42
Improving landlord behaviour	3	6	10	6	10	35
Increasing demand for properties in the area	0	4	14	7	12	37
Reducing anti-social behaviour	4	10	7	9	11	41
Resolving specific						

problems such as refuse through proactive	1	9	11	7	10	38
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15 skipped the question.

22.13 Yet despite this highly qualified assessment of the scheme’s specific impacts, on the key question of support for continued Council intervention there was a very clear preference for continuing with Selective Licensing in both areas:

Dean Bank residents –

The selective licensing scheme in Dean Bank is now in its final year. Of the three options available to the council below, which do you feel best represents the current position?

Answer Options	Response Percent	Response Count
The area has improved to the extent that support from the council can be withdrawn....	1.9%	2
The area has improved considerably and the continuation of selective licensing would be unnecessary. Therefore some continued support from the council should be provided.....	10.6%	11
The area is still suffering from low demand and anti-social behaviour to the extent that consideration should be given to the continuation of the selective landlord licensing scheme.	87.5%	91

25 skipped this question.

Chilton West residents –

The selective licensing scheme in Chilton West is now in its final year. Of the three options available to the council below, which do you feel best represents the current position?

Answer Options	Response Percent	Response Count
The area has improved to the extent that support from the council can be withdrawn...	2.1%	1
The area has improved considerably and the continuation of selective licensing would be unnecessary. Therefore some continued support from the council should be provided....	21.3%	10
The area is still suffering from low demand and anti-social behaviour to the extent that consideration should be given to the continuation of the selective landlord licensing scheme.	76.6%	36

10 skipped this question.

22.14 Some questions in each 2012 survey were only to be answered by tenants of private landlords:
In Dean Bank 68% of private tenants described the condition of their property as either good or very good, and in Chilton West 89% did so;
Problems with neighbouring properties or residents was much lower for this group than for respondents as a whole - in Dean Bank 25% said they had had a problem of this kind, and in Chilton West 22% had. All

four residents from Dean Bank with such a problem said it had been resolved, with police support and eviction of troublemakers recorded as action taken; the two residents in Chilton West with this problem said it had not been resolved.

22. 15 Finally from the 2012 surveys, it is noteworthy that whilst consensus is hard to gauge from many of the responses to questions about the impact of specific elements of the Selective Licensing package, there is rather more agreement between landlords and residents in both areas as to what is needed in general to sustain each neighbourhood (areas of most agreement in bold):

	Dean Bank landlords	Chilton West landlords	Dean Bank residents	Chilton West residents
Affordable decent housing	26.8%	8.7%	37.8%	24.6%
Care and support for disabled people	4.9%	0.0%	19.7%	14.0%
Care and support for older people	4.9%	4.3%	22.0%	26.3%
Clean streets	36.6%	39.1%	59.8%	36.8%
Community facilities (e.g. libraries, community centres)	7.3%	0.0%	24.4%	7.0%
Cultural facilities (e.g. museums, art venues)	2.4%	0.0%	3.1%	5.3%
Education provision/schools	7.3%	4.3%	8.7%	3.5%
Facilities and activities for teenagers (e.g. skateboarding facilities, youth clubs)	41.5%	39.1%	36.2%	17.5%
Facilities and activities for young children under 13 years (e.g. playgrounds)	24.4%	30.4%	22.0%	14.0%
Health services	2.4%	4.3%	8.7%	19.3%
High profile events and tourist attractions	0.0%	8.7%	4.7%	5.3%
Job prospects	58.5%	69.6%	53.5%	52.6%
Park and green spaces	7.3%	8.7%	14.2%	12.3%
Public transport	7.3%	4.3%	26.8%	24.6%
Road and pavement repairs	7.3%	4.3%	38.6%	31.6%
Sense of community	56.1%	39.1%	19.7%	19.3%
Shopping facilities	12.2%	8.7%	39.4%	40.4%
Sports and leisure facilities (including swimming pools)	22.0%	17.4%	15.7%	15.8%
The level of anti-social behaviour	63.4%	56.5%	65.4%	52.6%
The level of crime	53.7%	56.5%	37.8%	26.3%
The level of traffic congestion	0.0%	0.0%	14.2%	5.3%
Wage levels and the local cost of living	9.8%	13.0%	17.3%	15.8%
None of these	0.0%	0.0%	0.8%	1.8%
Don't know	7.3%	0.0%	1.6%	0.0%
Other	9.8%	13.0%	9.4%	17.5%

23. Focus groups and other views, 2012

23.1 Focus groups were held with private landlords, managing agents and other stakeholders. The main points raised were:

- Selective Licensing has helped to improve both areas by achieving significant falls in antisocial behaviour and reduced rates of tenancy turnover.
- Housing demand remains low relative to other areas, due in part to national economic factors, although there may be early signs that a rather more upmarket clientele made up of younger would-be first time buyers is starting to rent in the area.
- If Selective Licensing ended, the two areas could quickly fall back to the position they were in only a few years ago.
- Other parts of County Durham with similarly fragile housing markets could also benefit from Selective Licensing.
- The Selective Licensing fee puts off some landlords from buying properties in the two areas because it not made clear enough what services and other help landlords will receive from the Council in return.
- The impact of the scheme would be increased if the Council took action quickly and consistently to enforce standards around property condition and fly tipping.
- In landlords' experience, other councils with Selective Licensing schemes were more effective when it came to enforcement on property condition and environmental issues.
- Durham County Council's sensitivities around the Data Protection Act prevented landlords getting sufficient information about prospective tenants classified 'red' by the Tenant Referencing scheme.

- Sometimes the 'ongoing' support package put in place to help a vulnerable, possibly 'red' tenant, does not last long enough, leaving the landlord to cope alone when support ends.
- There are some practical problems with the Council's demand for gas safety certificates before issuing a licence for a property, because gas central heating units will be stolen if installed before the day a tenant actually moves in.
- Landlords would prefer phased fees, if possible, or reductions in fees to incentivise early payment or adherence to the scheme.
- Landlords want to be assured that they will receive support in return for the fee they pay, including speedy enforcement action against non-compliant landlords including from other Council departments.

23.2 These issues were explored further in a meeting with an agent of one of the area's major private landlords who managed properties in other Selective Licensing areas in the North East too.

23.3 The agent felt that compared to other Selective Licensing schemes, the scheme in County Durham was weaker when it came to following up on enforcement issues such as rubbish in yards or property condition. She explained that fines for non-compliance were the norm elsewhere, whereas in County Durham, *"the Council threatens but doesn't follow up"*.

23.4 She described the Private Landlord and Empty Homes Officers who delivered the schemes in Dean Bank and Chilton West as *"firm but fair, with the right attitude"*. She went on to comment:

"Make sure the [Private Landlord and Empty Homes] officers stay on the streets, but are backed up more by the Council. Landlords want to see a real presence on the ground because they have a lot invested

there. There's a lot of people living there who don't respect authority so you need your officer as a known face with a council badge on."

- 23.5 She drew attention to the relative unattractiveness of County Durham as an area for investment in property compared to Tyne & Wear where Housing Benefit rates were around 30% higher. Even though properties were more expensive to buy on Tyneside, overall yields from investment were likely to be significantly better. She felt this explained why other Councils could *"get away with a stricter approach"* to the enforcement of standards, and contended that:

"County Durham needs to think more in these [commercial] terms and ask what it is doing to attract in the better landlord, not just take a licence fee off you without clearly offering something in return...Selective Licensing can also be a stigma in itself that puts landlords off buying property in an area in the belief that it must have worse problems than other areas".

- 23.6 Amongst improvements that would demonstrate 'something in return', she mentioned:

- Quicker turnaround of Tenant Referencing, which she noted depends on Police commitment too
- Supplying information about what lies behind a 'red' referencing assessment so that an informed decision can be made on whether or not to let to a particular tenant, instead of *"quoting the Data Protection Act"*
- Publicising action taken against non-compliant landlords more effectively

- Doing more to keep the street environment better - Dean Bank apparently was not gritted last winter, unlike the rest of central Ferryhill

23.7 Her overall assessment of Selective Licensing was:

“I’d say that in County Durham they’ve managed to nip some of the worst problems in the bud by introducing Selective Licensing. But these areas need other things to help them regenerate [such as] community facilities to make them feel someone cares and the area’s got a future”.

23.8 A senior officer of a social landlord active in the area was asked for their views of Selective Licensing and commented by email:

My view remains that in an area of high density housing with a significant number of private landlords the licensing scheme provides a positive control on both housing management and to a degree the physical condition of the stock.

23.9 Two local Councillors representing Dean Bank and Chilton West were both very supportive of Selective Licensing and positive about what it had achieved.

23.10 The Councillors drew attention to the fact that without Selective Licensing the Council would have no power to force the least willing landlords to change the bad management practices that were the source of many of the areas’ problems.

23.11 Both Councillors offered many graphic descriptions of how out of hand some tenants’ behaviour had become by the mid-2000s, and the effect this was having on everyday life. They contrasted those conditions with the current position and praised the efficacy of the Council officers responsible for the implementation of Selective Licensing, particularly the way they had built relationships and offered assurance to troubled

communities. *“The groundwork of the delivery officers has been a major factor contributing to the improvements that have been made”*, one said.

23.12 They also drew attention to the improved information-sharing that was possible through various local networks because of the extra local intelligence that had been gathered by running the Selective Licensing schemes.

23.13 They would both have preferred the original regeneration schemes to have been delivered as originally planned, in order to bring about radical change to the housing stock in each area. Though even in this scenario they would have still seen a role for Selective Licensing as a means of protecting the new capital investment that would have been made. With the stalling of Phase 2 of the regeneration, Selective Licensing remained for them the only tool capable of bringing about change.

23.14 For them both, Selective Licensing’s unique selling point was that it alone could force unwilling landlords into a positive working relationship with the Council. They felt certain that without Selective Licensing, the stability it had brought to the neighbourhoods they represented would quickly be lost.

CONCLUSION

24. Review

24.1 This evaluation has attempted to identify the effectiveness of schemes for the Selective Licensing of private sector rented housing at Dean Bank and Chilton West. The evaluation has followed the advice of LG Regulation in focussing on the schemes' performance against a number of key outcomes, and has also examined how costs compare to any benefits that may have been achieved.

24.2 Taking each of those key outcome in turn, performance can be summarised as follows:

- Reducing anti social behaviour attributable to the private rented sector - *significant achievements here with levels of anti social behaviour falling further and faster than in other similar areas of County Durham.*
- Improving management standards in the private rented sector - *sound performance here, with written Tenancy Agreements now the norm, Tenant Referencing used to inform decisions on appropriate housing, and advice offered to landlords on a range of tenancy matters leading to an end to practices such as illegal eviction.*
- Increasing housing demand - *less achievement here, with Selective Licensing on its own unable to change either neighbourhood's standing in the housing market. Property prices remain low and the tenure make up in each area has not shifted, except as a result of selective demolition. However performance is no worse than in Dawdon, a comparator area that has benefited from more physical regeneration of its housing stock. There is some very early indication that Dean Bank and Chilton West are beginning to attract more upmarket private renters.*

- Improve the environment - *by putting a stop to the more extreme destructive behaviour that had threatened to become the norm in much of the privately rented housing stock in both areas, Selective Licensing has provided a basis from which sustainable achievement is possible. However, more remains to be done, particularly in terms of working with other Council services on the effective enforcement of standards.*
- Contributing to the effectiveness of partnership working to improve the quality of life - *significant achievement here too, with Selective Licensing enabling a Council officer to become a well known face and effective local change-maker, whilst the administrative requirement to create a full database of property ownership offers local partnerships highly practical, up to date local intelligence they would not otherwise have.*

24.3 The above summary of what has worked well and not so well is in line with the experience of other Selective Licensing schemes across the North working in similar housing markets during a period of economic downturn. Outputs are also good across a range of performance measures including licences issued, sanctions taken, fee income received and Tenant Referencing.

24.4 The schemes at Dean Bank and Chilton West have avoided the major pitfalls pointed out by some other reviews of local Selective Licensing initiatives. Some schemes have been criticised as ineffective in compiling the area's database of private landlords and then ensuring that their properties become licensed. This has not happened on either of these schemes, where currently licences are outstanding on only two properties. On the other hand, some schemes have concentrated on the administrative aspects to such a degree that little actual work on the ground has taken place, but that is not the case in the schemes evaluated here either. A proper balance has been maintained between

both aspects of the delivery of Selective Licensing, with administration likely to be further strengthened by recent organisational changes.

- 24.5 The main weakness in the schemes appears to be that they are not as effective at moving to enforcement around property conditions and environmental issues as other Councils' schemes seem to be.
- 24.6 Consultation revealed that Stakeholders are on the whole very positive about Selective Licensing. A majority of Private Landlords want Council involvement to continue, but unsurprisingly many would prefer an option for the future that did not involve paying a £450 fee for each property, rather than simply continuing with the current Selective Licensing scheme. Other stakeholders, including local Councillors and the Police, view Selective Licensing as the only way to make uncooperative landlords play a more positive role in the community, and feel that without it Dean Bank and Chilton West would quickly return to the state they were in only a few years ago, with an even more demoralised resident community.
- 24.7 As for general views about each neighbourhood, it seems that whilst Selective Licensing has played its role by halting the rapid decline that had overtaken each area after the turn of the century, both neighbourhoods are still being experienced as challenging places to live or invest in; improvement is more prevalent in some streets than others. On issues of general liveability, surveys show that on any particular issue, residents and landlords are as likely to say that things are still bad as they are to say they have improved. This sobering realisation helps explain why residents are so keen to continue to receive the extra assurance that Selective Licensing offers. Private landlords want continued Council support in some form, with a fairly significant minority still in favour of Selective Licensing.
- 24.8 The surveys carried out for this evaluation also show that landlords and residents tend to be in agreement on a range of wider improvements

needed to sustain these areas. Ranging from facilities for young people through to jobs and shops, these are familiar themes, which raise questions about the way in which wider economics will in the end determine the future of these neighbourhoods. Selective Licensing offers a reminder of how expensive simply trouble-shooting in a neighbourhood left to decline could prove to be.

24.9 Like Selective Licensing schemes in other areas, income from fees has not met the full cost of running the initiative. Full annual staffing costs for the newly organised administrative element of the Dean Bank and Chilton West Selective Licensing schemes have been estimated at £54,000 for two full-time officers in the Housing Improvement Team, who spend an estimated 40% of their time on the administrative function required by Selective Licensing. The cost of two Private Landlord & Empty Homes officers working the neighbourhoods is up to £44,000, though it is arguable that their cost should not be counted, as they would still be working there even if there was no Selective Licensing, for as long as the priority area approach continues at any rate, attempting to achieve the same outcomes but with fewer powers.

24.10 Annualised fee income is approximately £36,000. However, due to improvements in neighbourhood conditions attributable to Selective Licensing, an annual fall in the cost of Street Scene intervention has been estimated for the purposes of this evaluation at around £12,000. If similar savings have been made by the Anti Social Behaviour Service and Environmental Health, who have also had to intervene less, then a combination of fees and savings in frontline services would cover around 70% of scheme costs.

24.11 As for the relative effectiveness of different approaches, a comparison has been carried out between Dawdon, where a decade-long regeneration package has been rolled out but no Selective Licensing is in place, and Dean Bank and Chilton West, where regeneration has been curtailed. The result suggests that Dawdon has performed no

better on housing demand and has been less successful in reducing crime and anti-social behaviour.

- 24.12 A number of other services including Durham Key Options, Tenant Referencing and the new Advice Line offer services similar to parts of Selective Licensing. None of them are currently a direct substitute for Selective Licensing as they lack its unique selling point of being able to force the least willing landlords to cooperate and change their ways. Nor do they attempt to offer the intensive local management service that is a feature of Selective Licensing.
- 24.13 Durham County Council is moving forward with a new approach based around economic growth rather than priority areas. This calls into question the intensive local role played by Selective Licensing, and is bound to raise questions about the opportunity costs of tying officers into neighbourhoods as well as increasing the need to find synergies with other services.
- 24.14 If Selective Licensing has helped to improve conditions in Dean Bank & Chilton West, it is now quite likely that other neighbourhoods across the county are suffering at least as much from issues of anti social behaviour and low demand associated with private sector housing as these two areas now are. The jury is still out on whether Selective Licensing will really be just a legacy from the days before Local Government Reorganisation or could in some way form part of a relatively low cost 'default option' for the localities where housing markets remain weakest.
- 24.15 In view of the improvements attributable to Selective Licensing, particularly on anti social behaviour, a viable proposal for the future could be to continue with the schemes in each area, but re-focus them onto slightly fewer properties, targeting the streets with the most problems. Both areas remain fragile, and Selective Licensing is helping to protect the viability of potential development sites there for when the market does eventually recover. The effects of welfare reform on the

private rented sector there is unknown too at this stage. The list of streets that could be left out of a re-designation in each area is in Appendix F.

- 24.16 Reducing the number of licensable properties in each designation will reduce fee income. However, increasing the licence fee for landlords is not an option in current housing market conditions, especially as more work needs to be done to explain the benefits Selective Licensing offers individual landlords.
- 24.17 The designation would be for a further five year period, but the Council could bring this to an end at any time, if conditions changed. A full review could be built into the re-designation cycle, when issues around the future direction of growth strategies in County Durham, the effects of welfare reform and even possible recovery from recession will be clearer.
- 24.18 A renewal of the Selective Licensing schemes would be more effective if a number of changes were made to how the schemes operate and these are set out below.
- 24.19 Firstly, all staff involved with the project should be encouraged to understand more 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, and the County Council now uses private sector housing to discharge its homelessness function. Private Landlords see the licence fee as payment for a service, and the Council needs to do more to promote what it offers in return, rather than treat payment merely as the purchasing of a right from the Council. The service will be delivered to a higher standard if all staff are helped to take this rather more commercial, customer-focused approach towards the legitimate expectations of fair-minded private landlords.

- 24.20 Secondly, 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 Environmental Health team but delays built into the process of handover of cases between the teams need to be removed, so that there is as little delay as possible before appropriate enforcement action is taken on property hazards, waste accumulations and so on. Neighbouring authorities seem to have organised this aspect of their schemes more effectively.
- 24.21 Thirdly, the schemes in Durham suffer from a greater protectiveness around information-sharing governed by the Data Protection Act, than neighbouring authorities who work under more permissive interpretations of the Act and as a result, within those authorities, Tenant Referencing in particular is allowed to operate in a way that is of practical help in setting up tenancies that are more likely to be sustainable.
- 24.22 Fourthly, the licence fee is only one cost to private landlords in a Selective Licensing area. More expense is actually incurred if the way rules are operated results in delays in letting tenancies. With this in mind, the Council should do all it can to process Tenant Referencing as speedily as neighbouring Authorities appear to do, although this depends on the Police too. In addition, rules about the length of time that CRB checks are to be deemed valid, or the requirements for gas certificates prior to properties becoming occupied, should be reasonable and not unnecessarily prevent co-operative landlords going about their business.
- 24.23 Fifthly, there are 43 non-mandatory conditions in the licence used in County Durham. It would be appropriate to consider whether this number could be reduced before renewing any Selective Licensing schemes. The starting point should be to link the conditions to the new Housing Management standards recently adopted by the Housing

Regeneration service. Doing so would produce a simpler licence document and improve performance reporting on issues like tenancy turnover and property condition.

24.24 Regarding changes to the licence, consideration should be given to making payment of the fee a condition of the licence. This would mean that an application could not be deemed “duly made” without inclusion of the fee, and should remove the need to chase non-payment through separate civil action.

24.25 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, due to the steadying effects of a Selective Licensing scheme in an unruly neighbourhood.

25. Recommendations

25.1 Renew the Selective Licensing designations at Dean Bank and Chilton West, but in view of the decline in antisocial behaviour and the effects of selective demolition, leave the most improved streets out of the renewed designation.

25.2 Carry out a review of the schemes after to coincide with the evaluation of the other Selective Licensing scheme at Easington when issues around the future direction of economic growth and other matters will be clearer.

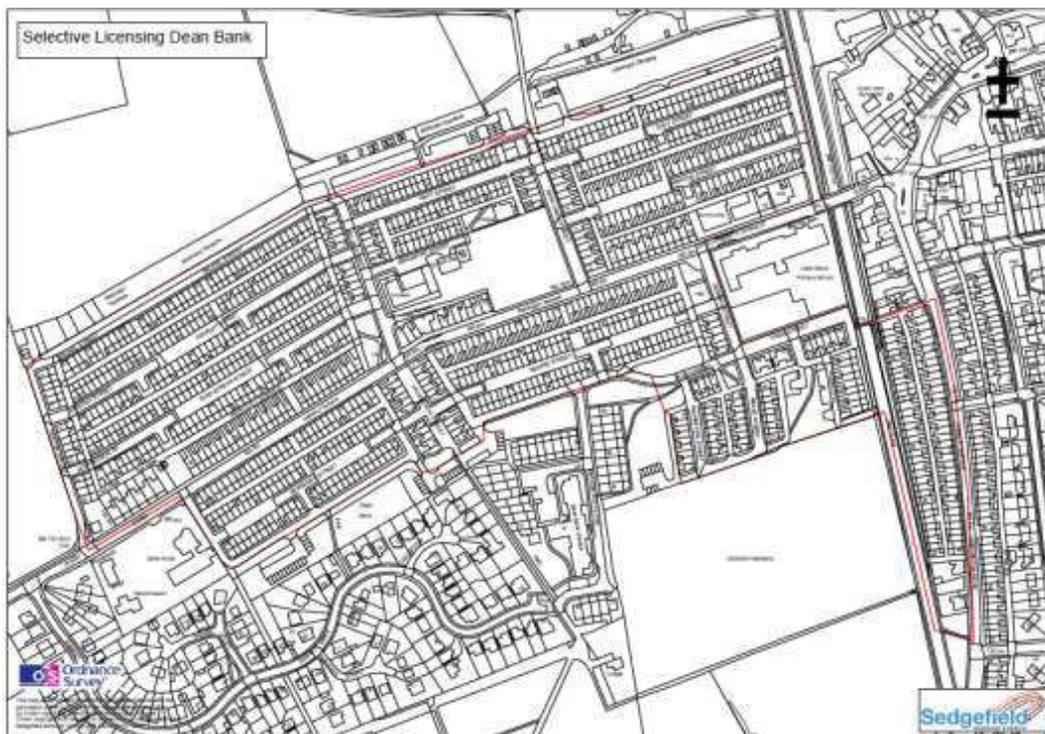
25.3 Help all staff involved with Selective Licensing to be more responsive to the valid commercial needs of good private landlords so that the operation of the scheme will be improved through a more customer-focused approach.

25.4 Learn from neighbouring Councils running Selective Licensing schemes how to get better alignment between Selective Licensing and

other services, particularly environmental enforcement. Delays are built into the current protocol arrangement and should be removed.

- 25.5 Explore any possible changes in the approach to how the Data Protection Act is implemented, particularly in regards to Tenant Referencing, where information sharing on 'red' tenants is needed to help set up sustainable tenancies.
- 25.6 Work with the Police and other departments involved in Tenant Referencing to eliminate delays, and aim to emulate the turn-round times of other Councils.
- 25.7 Review whether any rules governing the issuing of licences are too restrictive or impractical, for example around requirements for gas certificates to be in place before the property is occupied or the length of time CRB checks are deemed valid.
- 25.8 Review the 43 non-mandatory licence conditions to see if the licence document can be simplified and better aligned to the Regeneration Service's new Housing Management standards to make performance reporting more relevant.
- 25.9 Consider making payment of the licence fee a condition of the licence, removing the need for separate civil action to recover non-payment.
- 25.10 Include a cost-tracking mechanism from the start of any renewed Selective Licensing scheme to identify ongoing cost savings from the scheme, including through reduced involvement of Social Services or Health, where major savings could lie.
- 25.11 Explore synergies between Selective Licensing and other services involved in providing private sector housing support: in areas of economic decline as the focus county-wide shifts from regeneration to growth; and in growth areas as a means of protecting investment by focussing on problematic "hotspots".

Appendix A - Maps of the two designated areas



Appendix B - Private Landlords and Empty Homes Officer Case

This case study [REDACTED] Dean Bank aims to show how intensive management of the selective licensing areas by the Private Landlord Empty Homes officers highlights and resolves problems that would not otherwise be addressed.

A complaint was received [REDACTED] above property that the landlord was failing to carry out repairs to the property. The Private Landlord & Empty Homes (PLEH) officer contacted the landlord who advised that he was unable to gain access to the property in order to carry out the repairs. PLEH officer was aware of the tenants [REDACTED] and therefore contacted the officer to ask for assistance to access the property.

[REDACTED]
[REDACTED] he PLEH officer agreed to make a referral to environmental health and undertake a joint inspection visit to the property. [REDACTED]
[REDACTED] arrangements were made for the police to attend the property while the inspection took place.

The property was found to be full of clutter with food waste [REDACTED]
[REDACTED] The yard was also full of dog faeces. There was disrepair in the property but contractors could not go into the property in its current state. [REDACTED]

[REDACTED] Environmental Health advised that they would consider the property to be filthy and verminous and they would consider serving a notice. [REDACTED]
[REDACTED]

The PLEH officer identified a category 1 hazard for fire due to overloaded sockets, no internal doors, polystyrene tiles to the downstairs ceilings, the amount of clutter, clothes and rubbish and lack of smoke detectors and rang the Managing Agent for the property and advised that smoke detectors

needed to be fitted as a matter of urgency. Environmental Health agreed to give the tenants a week to clean the property and visit again at the same time the following week.

PLEH officer asked the landlord [REDACTED] to attend the next visit – Landlord agreed [REDACTED]. The PLEH officer requested that the tenant [REDACTED] be put into respite care until the work in the house was undertaken but was informed that this was unlikely. PLEH reiterated that the tenants needed support [REDACTED]

The landlord attended the follow up visit with the PLEH and Environmental Health Officers [REDACTED]

[REDACTED] he property was unchanged no attempt had been made to clean it. The landlord stated he would serve notice to quit as a last resort if the issues could not be sorted and Environmental Health intend to issue a notice to enforce cleaning as this is a public health risk.

Without the intervention of the PLEH officer and the licence conditions there would have been no powers to make the landlord carry out the repairs and the officer would not have been able to gain access to the property to identify the serious issues affecting the tenants living there.

Appendix C - Durham County Council Selective Licence conditions

In these conditions, "house" is meant to refer to the building or part of a building, which is licensed under Part 3 of the Housing Act 2004.

Housing Act 2004 Prescribed Conditions

- 1 The licence holder must obtain a valid gas safety certificate on an annual basis, if gas is supplied to the house. This must be provided to the Council as part of the application process and on an annual basis thereafter. A copy must also be provided to the tenant.
- 2 The licence holder must:
 - i) keep electrical appliances provided by him in the house in a safe condition and
 - ii) supply the authority on demand, with a portable appliance test (PAT) certificate declaration by him, as to the safety of such appliances.
- 3 The licence holder must:
 - i) Ensure that smoke alarms are installed in the house and are kept in proper working order
 - ii) Supply the Council with a declaration as to the condition and positioning of such alarms
 - iii) Inform the Council as to any changes to the positioning or type of smoke alarms fitted
- 4 The licence holder must provide each occupier of the house with a written statement of the conditions of the terms on which they occupy the house (tenancy agreement). The licence holder shall provide a copy of the said terms to the authority on demand. The licence holder must abide by the conditions and responsibilities contained in the tenancy agreement and carry out all landlord functions as laid down.
- 5 The licence holder must obtain references in respect of the person(s) who wish to occupy the property in order to make an informed decision regarding the occupancy of the property. Copies of these references must be made available to the council upon request.

Conditions relating to property

- 6 The licence holder will inform the authority of any changes to the positioning or type of smoke alarm fitted in the property.
- 7 The licence holder must provide prospective tenants with a copy of the Energy Performance Certificate (EPC) prior to the commencement of the tenancy.
- 8 The licence holder must:
 - i) produce to the authority a periodic electrical survey inspection report for the whole of the electrical installations within the house in accordance with current IEE wiring regulations. Such a report should be provided by a suitably trained, experienced and competent person i.e. a NICEIC or ECA member. This must be supplied to the Selective Licensing team within the first twelve months of the licence period.
 - ii) ensure, throughout the period of the licence, that the premises are covered by a valid periodic electrical survey inspection report. Where a report expires

during the term of the licence, an up-to-date report must be provided to the Selective Licensing team within 28 days of the expiry date.

- iii) ensure any Category 1 remedial works be recommended on the periodic electrical survey report, the licence holder must ensure that such works are completed within the given timescales and must inform the selective licensing team upon completion of such works.
- 9 The licence holder must ensure that all furniture supplied complies with the Furniture and Furnishings (Fire) (Safety) Regulations 1988. A declaration to this effect must be supplied to the Council upon request.
- 10 Where any qualifying works are to be carried out to the house, the licence holder must ensure the appropriate consent is obtained from the Council's Building Control service prior to works commencing.
- 11 The licence holder will ensure that any remedial works to rectify disrepair issues identified during the 'sign up' stage are undertaken within a reasonable period of time.
- 12 The licence holder must ensure that all repairs to the house or any installations, facilities or equipment within it are to be carried out by competent and reputable persons and that they are completed to a reasonable standard.
- 13 The licence holder must ensure that the water supply and drainage system serving the house is maintained in good, clean and working order.
- 14 The licence holder must not unreasonably cause any service supplied to the property under the terms of the tenancy agreement to be interrupted.
- 15 The licence holder must provide the tenant and their household with suitable alternative accommodation where necessary if substantial remedial works are undertaken.
- 16 The licence holder must ensure that they carry out regular inspections of the property to ensure the minimum standards are maintained in accordance with current legislation.
- 17 The licence holder shall ensure that the tenant is provided with a wheeled bin of suitable capacity as specified by the Council at the property and that the Council's arrangements for refuse collection including recycling are issued to the tenant at the outset of the tenancy.
- 18 The licence holder must take steps to remove graffiti on the property within five working days of it being reported to them.

Management of the licensed property

- 19 The licence holder must provide the occupiers of the house, with details of the following:
 - Name of the licence holder
 - A contact address, daytime telephone number
 - An emergency contact number and details of the arrangements in place to deal with repairs and emergencies should they arise.
- 20 The licence holder must provide all tenants with a copy of the licence and the licence conditions.

This information must be supplied within 28 days of receipt of the licence document and should be clearly displayed in a prominent position within the house. An emergency contact telephone number for the licence and/or management agency shall also be available and notified to the authority.

- 21 The licence holder must ensure that all monies in respect of the licence fee are paid to the authority by the terms imposed by the invoice.
- 22 The licence holder will make every attempt to provide each occupant of the house with copies of user manuals for any installations or equipment provided as part of the agreement for the occupation of the house.
- 23 The licence holder will arrange to undertake a detailed inventory to be agreed with each occupant upon commencement of their occupation of the house and kept on file by the licence holder at their business address.
- 24 The licence holder must provide the tenant with a written receipt for all cash rental payments received. (This does not affect the legal requirement to provide a rent book for rent paid on a weekly basis).
- 25 Where the rent is paid monthly, the licence holder must provide the tenant with a clear rent statement, on a six monthly basis. This must also be provided at any other time when requested by the tenant.
- 26 The licence holder must ensure that all new tenancy deposits are protected in a government authorised scheme within 14 days of receiving it from the tenant. The licence holder must also ensure that the tenant is given;
 - The details of any utilities or other charges included in the rent
 - The responsibility for payment of council tax
 - The responsibility for payment of utilities and arranging provision of such
- 27 The licence holder will not discriminate against prospective occupiers of the house on the grounds of race, disability, gender, religion or sexual orientation.
- 28 The licence holder and/or their nominated managing agent shall undertake training courses provided by the Council where appropriate.
- 29 The licence holder must inform the Council of any change of circumstances which may affect their suitability to continue to remain the licensee. This must be done within five working days of the changes taking effect. (See Appendix)
- 30 The licence holder must ensure that any person(s) who assist in the management of the property not detailed in the original licence application must be a 'fit and proper' person to do so and must notify the Council of these changes. Where necessary the Council will require a declaration to be signed by the person assisting in the management of the property stating that they meet the '**fit and proper**' person criteria.
- 31 The licence holder must inform the Council, within 5 working days, if there is a change of managing agent and provide the Council with proof that they are a 'fit and proper person' to do so.
- 32 The licence holder must adhere to legal requirements when seeking possession of the property from the tenant.
- 33 The licence holder must inform the council of any steps being taken to sell the

property including the details of any successful purchaser(s).

- 34 The licence holder must be a permanent resident in the United Kingdom.

Security

- 35 The licence holder will ensure that keys are provided to the tenant where window locks are provided.
- 36 Where previous occupants have not surrendered keys, the licence holder and will arrange for a lock change to be undertaken, prior to new occupants moving in.
- 37 Ensure front and rear doors are secure and fitted with good quality locking systems.
- 38 The licence holder must ensure that all reasonable measures are taken to ensure that the property is made secure from unauthorised entry during periods of unoccupancy.

Occupation

- 39 The licence holder shall ensure that the occupancy level at the property is in accordance with the criteria as determined by the Rent Officer (Housing Benefit Functions) Order 1997 Schedule 2, Size Criteria.
- 40 The licence holder must ensure the Council is informed within 5 working days of the commencement of a new tenancy or of the property becoming empty.

Environmental Management / Amenity of the Neighbourhood

- 41 The licence holder shall ensure that the exterior of the house is maintained in a reasonable decorative order and in reasonable repair.
- 42 The licence holder must ensure that all outbuildings, yards, forecourts and gardens surrounding the house are maintained, in reasonable repair and ensure that the tenant is aware of their responsibility to keep them in a clean, tidy and safe condition and free from infestations.
- 43 The licence holder must ensure that all yards, gardens, outbuildings and any other external areas within the curtilage of the property are kept free from rubbish and fly tipping deposits at all times. If employing a third party to carry out any such clearances, care must be taken to ensure that they are a registered waste carrier.

Preventing and Reducing Anti-Social Behaviour

- 44 The licence holder must take all reasonable and all practicable steps for preventing and dealing with anti-social behaviour in accordance with the Housing Act 2004 and undertake a thorough process of incremental steps to deal with any complaints, which have been made either directly to them, or via the Local Authority, regarding their occupiers. For the purposes of these conditions, anti-social behaviour is taken to comprise behaviour by the occupants of the house and/or their visitors, which causes a nuisance or annoyance to other occupants of the house, to lawful visitors to the house or to persons residing in or lawfully visiting the locality of the house.

- 45 The licence holder is required to provide the Local Authority upon request information regarding the full names and dates of birth of each occupant.
- 46 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 anti-social behaviour to the authority.
- 47 The licence holder will respond to reference requests within given timescales and provide an honest and accurate reference relating to existing or past tenants.
- 48 The licence holder must take steps to terminate the tenancy following advice and recommendation from the Council, should it be found that the property is being used for illegal, immoral use or where there is evidence of persistent anti-social behaviour.

Suitability of Licence Holder

- 1) Details of any unspent¹ convictions not previously disclosed to the Local Authority, that may be relevant to the licence holder and/or the property manager and their fit and proper person status and In particular any such conviction in respect of any offence involving fraud or dishonesty, or violence or drugs or any offence listed in Schedule 3 to the Sexual Offences Act 2003.
- 2) Details of any finding by a court or tribunal against the licence holder and /or the manager that he/she has practiced unlawful discrimination on grounds of sex, colour, race, ethnic or national origin or disability in, or in connection with, the carrying on of any business
- 3) Details of any contravention on the part of the licence holder or manager of any provision of any enactment relating to housing, public health, environmental health or landlord and tenant law which led to civil or criminal proceedings resulting in a judgment or finding being made against him/her
- 4) Information about any property the licence holder or manager owns or manages or has owned or managed which has been the subject of:
 - i. A control order under section 379 of the Housing Act 1985 in the five years preceding the date of the application; or
 - ii. Any appropriate enforcement action described in section 5(2) of the Act
- 5) Information about any property the proposed licence holder or manager owns or manages or has owned or managed for which a local housing authority has refused to grant a licence under Part 2 or 3 of the Act, or

has revoked a licence in consequence of the licence holder breaching the conditions of his/her licence

- 6) Information about any property the proposed licence holder or manager owns or manages or has owned or managed that has been the subject of an interim or final management order under the Housing Act 2004;
- 7) Advertising of the property for sale;
- 8) Change in managing agent or the instruction of a managing agent;
- 9) The undertaking of any substantial works to the property including conversions and modernisations;

¹ The Rehabilitation of Offenders Act 1974 enables some criminal convictions to become 'spent', or ignored, after a 'rehabilitation period'. A rehabilitation period is a set length of time from the date of conviction. After this period, with certain exceptions, an ex-offender is not normally obliged to mention the conviction when applying for a job or obtaining insurance, or when involved in criminal or civil proceedings.

April 2011

Appendix D - Property Sales

Property Sales Chilton West -10 years

West Chilton Terrace	85
Dene Terrace	109
Dale Street(21-34)	13
Keats Road	0
Burns Road	5
Byron Road	13
Coleridge Road	5
Tennyson Road	6
Wordsworth Road	6
Ford Terrace	53
Raby Terrace	63
Norman Terrace (1-6)	4
	362

Property Sales Dean Bank - 10 Years

Brunel Street	19
Paxton Street	8
Faraday Street	73
Stephenson Street	64
The Villas	3
Westcott Terrace	21
Kelvin Street	11
Watt Street	41
Beaumont Street	4
Haig Terrace	9
Newcomen Street	14
Davy Street	73
Newton Street	52
St. Cuthbert's Terrace	0
Lightfoot Terrace	24
Barrington Terrace	33
Siemans Street	0
Owen Street	4
Hudson Street	7
Neale Street	4
Blandford Street	21
Holyoake Street	4
Rennie Street	32
Bessemer Street	52
Hackworth Street	17

West Street	31
Parker Terrace (13-48)	21
	642

Average Chilton West Sales last year

Coleridge Road	55,000
Raby Terrace	21,062
West Chilton Terrace	33,500

Average Dean Bank Sales last year

Davy Street	40,000
Paxton Street	38,500
Faraday Street	25,000
Westcott Terrace	23,500
Barrington Terrace	43,750
Owen Street	50,000
Rennie Street	39,950
Bessemer Street	21,750
Hackworth Street	37,000

Appendix E - Prosecution case history Case Study

The BBC highlighted the impact of rogue landlords on neighbourhoods. One of the landlords featured, [REDACTED] living in Dean Bank and Chilton West. This case study will demonstrate how the Selective Licensing scheme was used to deal with the landlord's appalling standards.

[REDACTED] properties in Dean Bank and [REDACTED] properties in Chilton West. As a result of collating the evidence needed to make a submission to the Secretary of State, a history of serious disrepair and reluctance by the landlord to rectify the issues became apparent.

Many of the properties had no heating and boilers remained out of action for many weeks at a time, gas safety certificates were unavailable in many cases, electrics were unsafe, windows and doors were broken and boarded, some tenants had to gain access by climbing through broken panels as doors could not be opened, which constituted a serious fire hazard. Smoke alarms were either missing or not working and many properties were let without being repaired, cleaned or cleared of refuse and drug paraphernalia.

The Selective Licensing Team had attempted and failed to obtain completed selective licensing applications from the landlord on many occasions and had served S.235 notices requiring the production of the documents which were ignored. As a result, the landlord was invited to attend a PACE (Police & Criminal Evidence) interview at the council offices, in preparation for issuing instructions to legal to undertake a prosecution for non-compliance with the requirement to be licensed, which he also failed to [REDACTED] management standards were also extremely poor, as the examples below demonstrate:

[REDACTED]

This property was in a serious state of disrepair. There was no electricity supply or running water [REDACTED]

[REDACTED] The back of the property was boarded up, meaning the tenant had to gain access by climbing through a panel in the door [REDACTED] and the property was full of used hypodermic needles when the tenant took over the tenancy.

In July 2009 the landlord visited the property to collect outstanding rent; the tenant was not at home [REDACTED] and left the property insecure.

The tenant contacted the team who spoke with the landlord and asked him to repair the door as he could not leave the property insecure. He agreed to do so. Officers visited the tenant at the property and were still there when the landlord arrived [REDACTED]

[REDACTED]

The officers asked [REDACTED] about the disrepair and for a timescale for completion, he stated that they were outstanding as he was unable to gain access to the property. The officer offered to liaise between the landlord and tenant to arrange access. [REDACTED] as also asked if it was common practice to let the property prior to the repairs being done and the property being prepared for occupation and was asked for a copy of the gas safety certificate. [REDACTED] refused to answer; he got back into the car and left.

A week later the landlord had failed to contact the officer to arrange access to undertake the repairs so the team arranged for the tenant to be re-housed with another private landlord and referred the issue of disrepair at the property to the Environmental Health team for enforcement action.

[REDACTED]

Selective Licensing requires a strong partnership approach to be successful. In Dean Bank and Chilton West an arrangement was agreed between the council and the fire & rescue service to provide free smoke alarms and fire safety checks to tenants living in private rented properties within the designated areas.

The fire service attended the property to carryout this service and alerted the selective licensing officers to concerns that there was no escape route to the rear of the property as it was boarded up. They also had concerns about the safety of the boiler. The officers contacted the landlord but failed to get a response and therefore assisted the tenant to move to another private rented property as there were serious concerns for his health and safety. Environmental Health were informed about the condition of the property.

The property was re-let without the repairs being attended to and a friend of the new tenant was subsequently electrocuted at the property [REDACTED]

The property was vandalised by the tenant on [REDACTED] and left open to access for three days despite [REDACTED] promising to attend to board up the front window on several occasions. [REDACTED] still failed to attend so the officers arranged for the property to be secured by the police late Friday evening to prevent further damage and risk of the property being set on fire over the weekend.

[REDACTED]

The ethos of partnership working developed within the selective licensing designation created a strong network of intelligence sharing. This resulted in the Police informing selective licensing officers that [REDACTED]

[REDACTED]

no reference request had been received by the team for this tenant. The officers contacted [REDACTED] to request a copy of the tenant's reference; no reference check had been undertaken.

Within a few days the team were contacted by neighbours living in close proximity to the property complaining of noise nuisance and anti social behaviour. The landlord [REDACTED] contacted the team to advise that his tenant had complained that there had been a rowdy party at the property the previous night that [REDACTED]. His tenant had found [REDACTED] that morning. Officers contacted the Police who confirmed that they had been called out but the victim had refused to press charges. A series of noise & nuisance complaints continued to come in [REDACTED]. As no assistance was forthcoming from the landlord, referrals were made to the Environmental Health team in respect of noise and the Anti Social Behaviour team.

Officers visited the property and found it boarded up at the front, [REDACTED] and the rear of the property was also boarded – meaning there was a serious fire hazard. It appeared that the tenants were living upstairs. A referral was made to Environmental Health in respect of the serious and dangerous disrepair. An inspection was carried out resulting in an improvement notice being served in October 2009. In December 2009 following intelligence received from the Police a further inspection took place that revealed that the electricity supply had been abstracted resulting in removal of the meter which left the tenants with no form of heating or hot water. The improvement notice was accordingly revoked and an emergency prohibition notice was served based on the serious hazards found, shown below. This also meant that it was illegal to let the property until the issues were rectified and the notice revoked, allowing the officers to move the tenants alleviating the problem for the neighbouring householders.

Without the Selective Licensing designation these issues would not otherwise have been identified and addressed, due to the strong partnership approach fostered by the scheme the team were able to deal with serious and dangerous disrepair that was potentially life threatening as well as improving the lives of local residents by ensuring the problematic tenants were appropriately housed with support to sustain their tenancy.

Deficiencies and Hazards

Category 1 Hazards

Hazard profile 1 Damp and Mould growth- This category covers threats to health associated with increased prevalence of house dust mites and mould or fungal growths resulting from dampness and or high humidities It includes threats to mental health and social well being which may be caused by living with the presence of damp , damp staining and or mould growth

The deficiencies giving rise to the hazard: Large area of penetrating dampness to the wall adjacent to the bay window. Main roof front slope holed and first floor ceiling stain through water ingress.

Hazard profile 2 - Excess cold – This category covers the threats to health from sub-optimal indoor temperatures

The deficiency giving rise to the hazard: There is no suitable heating system fitted in the property. The gas supply is inoperable.

Hazard profile 12 - Entry by intruders – This category covers difficulties in keeping a dwelling secure against unauthorized entry and the maintenance of defensible space

The deficiencies giving rise to the hazard: Broken glazing panels to ground floor doors and windows

Hazard profile 16 - Food safety – This category covers threats of infection resulting from inadequacies in provision and facilities for the storage, preparation and cooking of food

The deficiencies giving rise to the hazard: There is no suitable supply of hot water to the kitchen. Water damage to kitchen work top.

Hazard profile 17 - Personal hygiene, Sanitation and Drainage – This category covers threats of infection and threats to mental health associated with personal

hygiene including personal washing and clothes washing facilities, sanitation and drainage.

The deficiency giving rise to the hazard: There is no suitable supply of hot water to the bath or wash hand basin.

Hazard profile 20 – Falling on level surfaces etc. – This category covers falling on any level surface such as floors, yards and paths. It also includes falls associated with trip steps, thresholds, or ramps, where the change in level is less than 300mm.

Deficiencies giving rise to the hazard. There is no suitable system of artificial lighting within the property as the electric meter has been removed.

Hazard profile 21 – Falling on stairs etc. – This category covers any fall associated with stairs, steps and ramps where the change in level is greater than 300mm.

Deficiencies giving rise to the hazard. There is no suitable system of artificial lighting within the property as the electric meter has been removed. There is no handrail to the main staircase.

Front

PICTURE

Rear

PICTURE

In total, [REDACTED] were served with improvement notices in respect of two properties, prohibition notices in respect of seven properties and one emergency prohibition notice as a direct result of the having a selective licensing designation in the Dean Bank area.

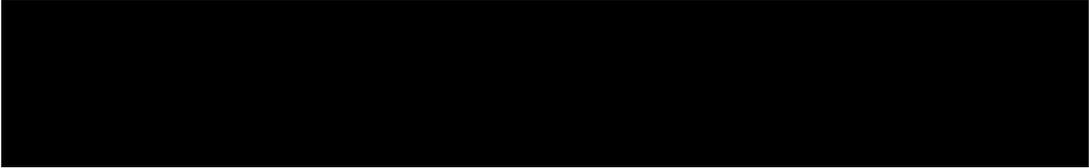
Dean Bank – Schedule of Notices served [REDACTED]

xx Lightfoot Terrace	Improvement Notice served 15/10/2009
xx Stephenson Street	Improvement Notice served 23/11/2009
xx Bessemer Street	Prohibition Order served 15/10/2009
x Davy Street	Prohibition Order served 2/10/2009
x Faraday Street	Prohibition Order served 16/09/2009
xx Rennie Street	Prohibition Order served 16/10/2009
xx Rennie Street	Prohibition Order served 27/10/2009
xx Stephenson Street	Prohibition Order served 23/11/2009
xx Stephenson Street	Prohibition Order served 23/11/2009

xx West Street

Emergency Prohibition Order served 01/09/2009

 were taken into administration in 2010 and all properties were sold on by the administrator and have now been or are in the process of being refurbished.





Appendix F - streets proposed for omission from a renewed Selective Licensing designation

Dean Bank

St. Cuthbert's Terrace
Siemans Street
Holyoake Street
Blandford Street
Neale Street
Owen Street
Hudson Street
West Street
Parker Terrace
The Villas

Chilton West

Keats Road
Coleridge Road
Wordsworth Road
Byron Road
Burns Road
Tennyson Road
Eden Terrace
West Chilton Terrace (51-100)

This will take approximately 43 private rented properties out of the designation at Dean Bank and 28 at Chilton West.

EXECUTIVE SUMMARY

1. This evaluation has attempted to identify the effectiveness of schemes for the Selective Licensing of private sector rented housing at Dean Bank and Chilton West, following advice of LG Regulation in focussing on performance against key outcomes, and also examining costs compared to benefits.
2. Performance against key outcomes can be summarised as follows:
 - Reducing anti social behaviour attributable - *significant achievements, with anti social behaviour falling further and faster than in other similar areas of County Durham.*
 - Improving management standards - *sound performance, with various improvements to private landlords' practices identified.*
 - Increasing housing demand - *Selective Licensing on its own unable to change either neighbourhood's standing in the housing market.*
 - Improving the environment - *more needs to be done with other Council services on the effective enforcement of standards.*
 - Contributing to the effectiveness of partnership working - *Selective Licensing has enabled a Council officer to become an effective local change-maker, and offers local partnerships up to date local intelligence they would not otherwise have.*
4. Achievements are in line with other Selective Licensing schemes working in similar housing markets during economic downturn. The schemes in County Durham have maintained a proper balance between the administrative and street-level aspects of Selective Licensing, avoiding the pitfalls hampering some other schemes. The main weakness is they appear less effective than schemes in other Councils at enforcement around property condition and environmental issues.
5. Local Councillors and the Police view Selective Licensing as the only way to make uncooperative landlords play a more positive role, and believe without it Dean Bank and Chilton West would quickly return to the state they were in a few years ago, with an even more demoralised resident community.
6. Surveys suggest both neighbourhoods are still challenging places to live or invest in. Residents and landlords are as likely to say things are still bad

as say they have improved. Residents are very keen for Selective Licensing to continue. Private landlords want continued Council support in some form, with a fairly significant minority still in favour of Selective Licensing.

7. Residents and landlords tend to agree on a range of wider improvements needed, begging questions about how economics will determine these neighbourhoods' futures. But for as long as this dilemma hangs around, Selective Licensing offers a reminder of how expensive merely trouble-shooting in a neighbourhood left to decline could be.
8. Like Selective Licensing schemes elsewhere, fee income has not met the full scheme cost. Private Landlord & Empty Homes officers' costs are £44,000 p.a., but it is arguable that their cost should not be counted, as they would still be working in these priority areas if there was no Selective Licensing, attempting to achieve the same outcomes but with fewer powers.
9. Renewing the schemes will involve a significant administrative input to ensure all properties are licensed and necessary enforcement action taken. It is anticipated that 40% of the time of both an S.O.1 officer and a S. 4 support officer will ensure all requirements are met, at the FTE cost of £54,000, before any contribution from licensing fees.
10. Annualised fee income is approximately £36,000. However, due to improvements in neighbourhood conditions, a fall in the cost of Street Scene intervention has been estimated at around £12,000 p.a. If similar savings have been made by the Anti Social Behaviour Service and Environmental Health, who have also had to intervene less, then a combination of fees and savings in frontline service costs could cover around 70% of scheme costs.
11. As for the effectiveness of different approaches, a comparison has been carried out with Dawdon, where a decade-long regeneration package has been rolled out without Selective Licensing. Dawdon has performed no better on housing demand and has been less successful in reducing crime and anti-social behaviour.
12. Other Council services offer parts of what Selective Licensing offers, but none of them have its unique selling point of being able to force unwilling landlords to cooperate and improve their housing management.
13. In view of the improvements in Dean Bank and Chilton West a viable proposal for the future could be to continue with Selective Licensing in each area, but to re-focus it onto fewer properties, targeting the streets where most problems remain, with a full review after two years.
14. Selective Licensing would be more effective if a number of changes were made to various operational aspects of the schemes and these are included in the recommendations.