

OPEN

Economy and Growth Committee

12th March 2024

Renters Reform Bill and Selective Licensing scheme update

Report of: Peter Skates – Acting Executive Director – Place and Director of Growth and Enterprise

Report Reference No: EG/25/23-24

Ward: Crewe South Ward.

Purpose of Report

1. To provide Members with an update on the work being undertaken in the Nantwich Road area of Crewe (map attached Appendix 1) the progress of the Crewe Neighbourhood project action plan, the proposed Selective Licensing scheme and the Renters (Reform) Bill 2023.
2. The action plan contributes towards the key priorities within the Council's Corporate Plan 2021-25, by "working together with partners to help support people and residents", "reducing health inequalities" and making it "a great place for people to live, work and visit".

Executive Summary

3. In 2019 the Nantwich Road area of Crewe was identified as a priority area for intervention as it is displaying multiple issues around poor property condition, higher levels of deprivation, crime and of anti-social behaviour that were considerably higher than other areas of Cheshire East. The proportion of private rented properties in this area was also significantly higher than the rest of Cheshire East and nationally.
4. On 9th December 2019 the Council's former Cabinet agreed a two staged approach for the area, and a working group was convened to develop a collaborative action plan across a number of Council services to work with external partners, to co-ordinate current services and develop targeted interventions that could have the potential to drive improvements in the Nantwich Road area, and demonstrate that due diligence had been undertaken and all options considered in line with Government guidance.

- 5 Once this was completed a further review would then be undertaken and if it was apparent that existing measures alone were not sufficient to tackle the underlying problems within the area then approval would be sought to progress to the consultation stage of the Selective Licensing process.
- 6 Since the adoption of the Crewe Neighbourhood project action plan, the working group have been proactively engaging with residents, Councillors and other teams within the Council and the local area on a range of projects to improve and support the Nantwich Road area.
- 7 However, in May 2023 the Renters (Reform) Bill was introduced to Parliament and this will legislate for the reforms set out in the 'A fairer private rented sector' white paper published in June 2022, and will overhaul residential tenancies in England.
- 8 One of the key proposals within the Bill is the introduction of a new Government Landlord registration scheme for the UK which would negate the need for a Selective Licensing scheme to be introduced in the Nantwich Road area, as once introduced it will ensure that all landlords will be legally required to register themselves and their properties on a Property Portal and could be subject to penalties of up to £5,000, by their local Council if they market or let out a property without registering it and providing the required information. Repeat offences could lead to fines of up to £30,000.

RECOMMENDATIONS

The Economy and Growth Committee is recommended to:

1. Note the work being undertaken by the Crewe Neighbourhood project working group and progress made to date to help improve the area.
2. Agree to await the Royal Assent of the Renters (Reform) Act and the introduction of a new Government Landlord registration scheme for the UK, which would remove the need for a Selective Licensing scheme to be introduced in the Nantwich Road area.
3. Note, that while awaiting implementation of the Renters (Reform) Act, the Council shall continue to assess and evaluate available evidence and options to facilitate effective oversight & licensing of landlord properties in the area.

Background

9. Cheshire East has seen a rapid growth within the private rented sector over the last few years. This is now the second largest tenure behind home ownership,

overtaking social housing provision. It offers a flexible form of tenure and meets a wide range of housing needs. It contributes to greater labour market mobility and is increasingly the tenure of choice for young people. The private rented sector is an essential part of a strong housing market.

10. There are currently over 21,000 private rented properties across Cheshire East and the sector consists of a number of forms of housing including family accommodation, self-contained flats, and Houses in Multiple Occupation (shared houses, flats in multiple occupation, partial conversions and fully self-contained flats which do not meet the 1991 Building Regulations standards).
11. Whilst it is acknowledged that many private landlords manage their tenancies well and maintain properties to a good standard, often above the standard required by the law, there are a number of landlords whose management and properties may not meet acceptable standards.
12. Cheshire East plays an essential role in quality assurance in this sector. Poor management and property standards can have a negative impact on an area, leading to low housing demand, increased levels of anti-social behaviour and community tensions. We have to ensure that we listen to community concerns and demonstrate our commitment to ensuring that existing housing is of good quality and it provides a safe and warm environment in which people can live and thrive.
13. Local authorities have a discretionary power under Part 3 of the Housing Act 2004 to introduce a Selective Licensing scheme in an identified priority area, for up to five years, however, a Local Authority must meet Government legislative requirements and undertake a detailed review of the conditions for the introduction of a Selective Licensing scheme, provide evidence to support their concerns, look at alternative approaches and consult widely to ensure that it is a success and would not be subject to challenge.
14. In 2019 the Nantwich Road area of Crewe was identified as a priority area for intervention, following a detailed review of the conditions for Selective Licensing, as it is displaying multiple issues around poor property condition, higher levels of deprivation, crime and of anti-social behaviour that were considerably higher than other areas of Cheshire East. The proportion of private rented properties in this area was also significantly higher than the rest of Cheshire East and nationally.
15. Government guidance states that Selective Licensing should be part of a wider strategy and that schemes should be adequately resourced and include services such as active outreach support programmes to engage with landlords and tenants. This is reinforced in the independent review of Selective Licensing where it indicates that when implemented in isolation the effectiveness is often

limited, and schemes appear to be more successful as part of a wider, well planned, coherent initiative with an associated commitment of resources.

16. On 9th December 2019 the Council's former Cabinet agreed a two staged approach, and a working group was convened to develop a collaborative action plan across a number of Council services, including: Community and Partnerships, Housing, Strategic Planning, Public Health and Waste Management teams, to work with external partners including; Crewe Town Council, Ansa and Cheshire Police to co-ordinate current services and develop targeted interventions that could have the potential to drive improvements in the Nantwich Road area, and demonstrate that due diligence had been undertaken and all options considered in line with Government guidance.
17. Since the adoption of the Crewe Neighbourhood project action plan, the working group have been proactively engaging with residents, Councillors and other teams within the Council and the local area on a range of projects to improve and support the Nantwich Road area. These include:

17.1 Waste Management:

- Developed a Waste Management and Fly-tipping policy which specifically covers the key issues identified as contributory factors to the waste management and fly tipping issues experienced across the borough, including specific areas of Crewe.
- Developed a Community Enforcement policy which sets out the applicable legislation and levels of enforcement activity which may be applied to a number of poor waste management issues, amongst other areas of work covered by the Community Enforcement Team.

17.2 Cleaner Crewe project:

- Cleansed the Top 20 streets/alleyways in Crewe to improve the look of the area, distributed 2,500 Section 46 notices to residents advising them of the Council's waste management requirements, and tackled the fly tipping and bin management issues which were prevalent in some 'hotspot' areas of Crewe.
- Since the beginning of the project in 2021, 21 alleys in the Nantwich Road area have been cleaned up and 16 have been maintained by a multi-agency team which includes residents. 72 clean up sessions have taken place, involving 535 people donating 1,357 hours and over 500 planters/wall troughs and 10 benches have been installed.
- 294 unsightly abandoned and contaminated bins have been removed from the streets.
- Piloted a 'One Team' scheme in Crewe, to create a standard operating procedure and single team capable of sifting waste for evidence, cleansing the waste, activating enforcement investigations, and issuing subsequent penalties.

- Established 'Friends of Crewe South 1 Alleyways' residents' group to help develop the alleyway regeneration programme, and sustain the improvements made in the area.
- Sited three CCTV cameras in hotspot areas of Crewe to support enforcement activity which has demonstrably reduced fly-tipping in the area.
- The enforcement team have issued 22 fly-tipping fines, 15 Section 46 fines, and 117 warnings for bin and waste mismanagement.

17.3 Health Inequalities:

- Researched health inequalities in the six wards, in conjunction with partners and developed a Population Health Intelligence pack that highlights health needs, disease progression, demographics, health inequalities and economic measures to help inform future interventions in the Crewe area.
- Developed a 'Living Well in Crewe' report for the Cheshire East Increasing Equalities Commission. Many of its findings were also incorporated into the new Joint Health and Wellbeing Strategy.
- Researched and developed a new Joint Strategic Needs Assessment for Crewe which focuses on the wider lifestyle indicators, and key aspects of health and care service provision and delivery.

17.4 Strategic Planning:

- Implemented 3 Article 4 directions in Crewe (including the Nantwich Road area) which came into force in November 2021. These directions remove permitted development rights that enable the conversion of dwellings to small houses in multiple occupation (HMO's) in areas of Crewe without the need for planning permission. Any new HMOs in the Direction area now require planning permission.
- Adopted the 'Houses in Multiple Occupation Supplementary Planning document' to provide additional planning policy guidance to those parties involved in planning applications for HMO's.
- Adopted the Cheshire East Site Allocations and Development Policies Document which includes Policy HOU 4 against which planning applications for HMO's are assessed.

17.5 Cheshire Police:

- The Local policing team worked closely with organisations, partners, and resident to identify crime types, themes, risks, and emerging threats and

agree work plans to impact on reducing the number of incidents and priorities identified.

- Crewe Exploitation team established to tackle crime relating to serious and organised crime gangs operating across the UK which impact on Crewe.
 - Worked closely with organisations and partners to share intelligence and information on those individuals at risk of exploitation.
18. Although the working group have proactively collaborated with residents and other external organisations to improve the Nantwich Road area, the constant changes of tenants in this area due to high levels of rental properties and HMO's is still a big issue, although not unique to Crewe. The constant turnover of tenants means that:
- The waste and fly-tipping education message is lost and needs to be constantly refreshed.
 - Some people do not have a personal stake in the area.
 - There is a constant churn of left behind rubbish at the end of the tenancies which is not always disposed of appropriately.
19. In addition, we were unable to follow Government guidance and undertake a key element of the Crewe Neighbourhood project action plan, to work proactively with Landlords/residents to improve the quality of private rental properties in the project area, due to a lack of resources.
20. Over the last three consecutive years, a business case has been submitted as part of the Medium-Term Financial Strategy budget setting process to seek to secure additional funding to increase the Housing Standards Team to undertake proactive enforcement work in the area. The business case has not been supported due to financial pressures and therefore this element of the action plan has not been progressed.
21. The existing measures alone have not been sufficient to tackle the underlying problems within the area and we are not able to evidence that we have undertaken alternative approaches, therefore we are not able to progress to the next stage of the implementation of a Selective Licencing Scheme.
22. However, the introduction of the Renter (Reform) Act will legislate for the reforms set out in the 'A fairer private rented' white paper published in June 2020, once it receives Royal ascent will overhaul residential tenancies in England.
23. The Act will also include the introduction of a new Government Landlord registration scheme for the UK, which will remove the need for a Selective Licensing scheme to be introduced in the Nantwich Road area, as when introduced it will ensure that all landlords will be legally required to register themselves and their properties on a Property Portal, it will provide a one-stop-

shop and access point for landlords, helping them understand their obligations, demonstrate compliance with standards and will also provide Councils with more data about private sector properties, so we can identify poor quality or non-compliant private rented sector properties in the project area, and who owns them more easily and we can then use our powers under part 1 of the Housing Act 2004 to bring about improvements.

Consultation and Engagement

24. No consultation has taken place to date, as the Government has specified that a Selective Licensing scheme can only be implemented once we provide evidence that targeted interventions have taken place in the project area to ensure that it is a success.
25. However, throughout the process the working group have engaged with residents, Crewe Town Council, Councillors and other teams within the Council and the local area on a range of projects.

Reasons for Recommendations

26. Local authorities have a discretionary power under Part 3 of the Housing Act 2004 to designate an area for Selective Licensing for up to five years. However, a Local Authority must first demonstrate that there is sufficient evidence for their concerns, look at alternative approaches and consult widely.
27. The working group have completed many of the objectives within the Crewe Neighbourhood project action plan, however, one of the key elements is for staff to work proactively with Landlords/residents to improve the quality of private rented accommodation in the project area, this would require financial resources to employ additional staff in the Housing team, which are not available. As a Selective Licensing scheme can only be introduced after all other reasonable measures have been implemented, it may be subject to challenge if it was introduced at this stage, which may have legal and financial implications for the Council.
28. However, the introduction of a new Government Landlord registration scheme for the UK, as part of the Renters (Reform) Bill will remove the need for a Selective Licensing scheme to be introduced in the Nantwich Road area, as when introduced it will ensure that all landlords will be legally required to register themselves and their properties on a Property Portal, it will provide a one-stop-shop and access point for landlords, helping them understand their obligations, demonstrate compliance with standards and will also provide Councils with more data about private sector properties, so we can identify poor quality or non-compliant private rented sector properties in the project area.

Other Options Considered

29. The table below outlines the anticipated impacts and risks associated with the identified options considered:

Option	Impact	Risk
Do nothing	<ul style="list-style-type: none">• Vulnerable households may continue living in poor quality housing conditions.	<ul style="list-style-type: none">• Poor property conditions would continue.• High levels of deprivation, crime and anti-social behaviour would continue.
Committee not approving the recommendations	<ul style="list-style-type: none">• Resources would be required to undertake a proactive approach to Housing Enforcement.	<ul style="list-style-type: none">• Increased financial pressure on the Council.

Implications and Comments

Monitoring Officer/Legal

30. There are no obvious legal implications to the adoption of the recommendations in this report. The adoption of a selective licensing regime is discretionary. The assent and implementation of the Renters (Reform) Act will obviate the need for a selective licensing regime and will likely make the achievement of the working groups objectives easier in so far as housing standards go.
31. The powers of local authorities in the proposed Act are considerably more than those currently contained within the Housing Act 2004 when it comes to enforcement of housing standards in the private rented sector, which absent a selective licensing regime, are limited predominately to houses in multiple occupation.
32. Whilst there is no readily available timetable for the assent and implementation of the proposed Act it is likely to be quicker to await this rather than to seek to adopt a selective licensing regime which has minimum requirements that require to be satisfied before this can be done, and on the evidence presented in this Report do not appear to be able to be met at this time. Seeking to adopt a selective licensing regime

at this time pending the assent and implementation of the Renters (Reform) Act is therefore likely to have a short-term effect only.

Section 151 Officer/Finance

33. The projects undertaken by the teams within the Nantwich Road project working group were funded from within existing Council budgets including Adult Social Care, Commissioning, Communities, Economic Development, Housing, Neighbourhood Services, Strategic Planning, Public Health; from a capital reserve established at the start of the Cleaner Crewe project and funding from the Police and Crime Commissioners Officer and Safer Cheshire East Partnership and through collaboration with other external organisations.
34. A further business case has been submitted for additional resources to undertake a 12-month pilot, to begin proactive housing enforcement activity to enable us to evidence whether this is sufficient action to avoid the need for a selective licensing scheme or if we need to move to the next stages. The cost of the pilot is £188,000 and the outcome would then determine if additional resources were required. If the Council move forward with a Selective licencing scheme, then additional resources would be required to undertake the requirements of the scheme.
35. Due to the current financial pressures, the business case is not currently supported.
36. Any additional financial obligations brought about by the introduction of the Renters Reform Act will be considered and brought forward through the business planning process if appropriate.

Policy

37. The work being undertaken by the working group and the introduction of a landlord registration scheme would support the following aims and priorities of the Corporate Plan:

<p>An open and enabling organisation.</p> <p>Listen, learn, and respond to our residents, promoting opportunities for a two-way conversation.</p>	<p>A council which empowers and cares about people</p> <p>Work together with residents and partners to support people and communities to be strong and resilient.</p> <p>Reduce health inequalities across the Borough.</p>	<p>A thriving and sustainable place</p> <p>A great place for people to live, work and visit.</p> <p>Welcoming, safe, and clean neighbourhoods.</p> <p>Thriving urban economy with opportunities for all.</p>
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Equality, Diversity, and Inclusion

38. The Council has not undertaken an Equality Impact Assessment (EIA) on this proposal. However, an Equality Impact Assessment will be completed as part of the implementation of the new Government's Landlord registration scheme once the Renters (Reform) Act is in place and any equality implications will be addressed through the implementation plan.

Human Resources

39. There are no immediate HR implications as all work undertaken through the workgroup has been managed through existing staffing. However, there is potential for additional staffing resources to be required to manage the implementation of the new Landlord registration scheme, but this will be dependent on the specific terms of the project and whether Government funding is available for Local Authorities to implement the scheme once the Renters (Reform) Act is in place.

Risk Management

40. Expectation is that we will be able to identify and tackle poor housing conditions under the new Government Landlord registration scheme and then use our powers under Part 1 of the Housing Act 2004 to bring about improvements.
41. As the scheme will cover the whole of the Borough and England there is no risk that Landlords may migrate to other neighbouring areas outside of the designated project area.

Rural Communities

42. There are no direct implications for rural communities, as the priority area is within Crewe.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

43. Improvements brought about by the work undertaken in the Nantwich Road area to date and the introduction of a new online Landlord registration scheme, as part of the Renters (Reform) Act will help tackle poor quality housing, will seek to enable the delivery of safe, secure and sustainable homes and will have a positive impact on the physical and mental wellbeing of children and young people and their educational attainment.

Public Health

44. The impact of poor housing conditions can have significant detrimental implications for all those affected, and it is therefore essential that families are able to access suitable housing options regardless of their location and financial circumstances.
45. Improvements in housing, the local environment through the Cleaner Crewe project and community engagement will have a positive impact on mental health and reduce the risk of many preventable diseases that are made worse by poor conditions.

Climate Change

46. The Council has committed to becoming carbon neutral by 2025 and to encourage all businesses, residents, and organisations in Cheshire East to reduce their carbon footprint. Improvements in housing standards such as improved heating systems and insulation can help to tackle fuel poverty for vulnerable residents and tackle climate change.

Access to Information	
Contact Officer:	Karen Carsberg, Head of Housing karen.carsberg@cheshireeast.gov.uk Pam Henriksen, Policy Officer Pam.henriksen@cheshireeast.gov.uk
Appendices:	Appendix 1 – Nantwich Road area map.
Background Papers:	Briefing note – Renters (Reform) Bill 2023