



## CABINET

**Subject Heading:**

Private Sector Housing Enforcement Scheme.  
New designations for Additional Licensing for  
Housing of Multiple Occupation and Selective  
Licensing

**Cabinet Member:**

Councillor Barry Mugglestone, Cabinet  
Member for the Environment

**ELT Lead:**

Helen Oakerbee, Director of Planning and  
Public Protection

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**Policy context:**

These proposals support Havering Council to  
meet its priorities as set out in the Corporate  
Plan 2024/27 to deliver safe and affordable  
housing. Property licensing is a way of tackling  
poor housing conditions and driving up  
standards to ensure safer and better managed  
private rented accommodation

**Financial summary:**

Discretionary licensing schemes cannot be  
used to generate income and must be cost  
recovery only. The administrative costs  
associated with the scheme and meeting  
scheme objectives will be fully recovered  
through a licence fee

**Is this a Key Decision?**

Yes - Decision is likely to result in significant  
impact on communities living or working in all  
wards.

**When should this matter be reviewed?**

There is no statutory review term stipulated. The schemes will be regularly monitored via Key Performance Indicators to ensure they are driving improvements in the Private Rented Sector.

**Reviewing OSC:**

Places Overview and Scrutiny Committee

**The subject matter of this report deals with the following Council Objectives**

People - Supporting our residents to stay safe and well **X**

Place - A great place to live, work and enjoy **X**

Resources - Enabling a resident-focused and resilient Council

<b>SUMMARY</b>
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- 1.1. In 2018 and 2021 the Council introduced additional HMO licensing schemes to ensure safety standards of tenants living in smaller houses in multiple occupation (HMOs) and also a selective licensing scheme which extended licensing to all private rented properties in three wards. These schemes expire on 24 January 2026.
- 1.2. On 11 April 2025, Council agreed the decision to launch a statutory consultation seeking stakeholders' views on proposals to introduce a new boroughwide additional HMO licensing scheme and a selective licensing scheme of all other private rented accommodation in seven wards in the borough.
- 1.3. An extensive public consultation, with landlords, tenants, residents, stakeholders and other interested parties started on the 14 April 2025 and ran for 12 weeks, concluding on 6 July 2025. The council used digital and print media to advertise the consultation, as well as in-person methods.
- 1.4. The main feedback method was via an online or paper questionnaire. The Council also hosted two virtual public meetings with landlords, tenants, residents, and landlord groups. 403 individuals or organisations completed the online or postal questionnaire. Qualitative feedback was received at deliberative meetings with interested groups and from written responses from interested parties. In summary it was found that residents (including private tenants) and businesses were in favour of the schemes and landlords letting or managing agents less in favour. Of those who returned the questionnaire 55% were residents or local businesses, 43% were landlords or agents and 2% were other stakeholders.

- 1.5. The consultation looked at the level of support for introducing additional HMO and selective licensing schemes, and looked at views on the proposed licence conditions, fees, scheme objectives and the respondents' perceptions on the issues affecting poor property conditions and anti-social behaviour (ASB) in the borough.
- 1.6. The findings of the consultation exercise are provided in the consultation report (**Appendix 2**).
- 1.7. This report makes recommendations in relation to designating a new additional HMO licensing scheme to the whole area of the borough and a selective licensing scheme in the seven ward areas of Beam Park, Harold Wood, Rainham & Wennington, Rush Green & Crowlands, Squirrels Heath, St Albans and St Edwards with effect from 01 February 2026.

<b>RECOMMENDATIONS</b>
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For the reasons set out in the report and its appendices, Cabinet is recommended to:

- 2.1 Consider and have regard to the evidence supporting the implementation of Additional HMO and Selective Licensing schemes as detailed in the Scheme Implementation Evidence Report (**Appendix 1**).
- 2.2 Consider the outcome of the consultation process detailed in the Consultation Report (**Appendix 2**), the representations received and the Council's consideration and response to these representations (**Appendix 3**).
- 2.3 Note that the document to support undertaking this public consultation (consultation evidence pack) (**Appendix 4**) and Housing Conditions and Stressors Report (**Appendix 5**) highlight the scale of problems arising from poorly managed private rented properties, identifies the objectives that the proposed licensing schemes would help the Council achieve and alternatives to licensing which have been considered.
- 2.4 Upon consideration of the matters at (2.1) and (2.2) and using its powers under s.56 Housing Act 2004, agree to designate a new Additional Licensing area of the whole of the London Borough of Havering from 18/03/2026 as delineated and edged in red on the map in the draft designation in **Appendix 6** for a five-year period. (*The designation will be finalised ahead of publication*).
- 2.5 Upon consideration of the matters at (2.1) and (2.2) and using its powers under s.80 Housing Act 2004, agree to designate a new Selective Licensing area in the seven ward areas of Beam Park, Harold Wood, Rainham & Wennington, Rush Green & Crowlands, Squirrels Heath, St

Albans and St Edwards and from 18/03/2026 as delineated and shaded in red on the map in the draft designation in **Appendix 7** for a five-year period. *(The designation will be finalised ahead of publication).*

- 2.6 Agree to the proposed licensing scheme objectives as set out in **Appendix 8**.
- 2.7 Agree the proposed additional HMO licensing conditions that would accompany any granted HMO licence as set out in **Appendix 9**.
- 2.8 Agree the proposed selective licence conditions that would accompany any granted selective licence as set out in **Appendix 10**.
- 2.9 Agree the proposed fee structure for licence applications made under the additional and selective licensing schemes at **Appendix 11**.
- 2.10 Consider and have regard to the result of the Equality and Health Impact Assessment in **Appendix 12**.
- 2.11 Subject to the agreement of recommendations 2.4 and 2.5 above, delegate to the Director of Planning and Public Protection in consultation with the Portfolio Lead Member for Environment and where appropriate the Deputy Director of Legal and Governance, to:
  - a. Agree any minor changes to the proposed implementation and delivery of the schemes including administration and changes to licence fees and conditions where necessary
  - b. ensure all statutory notifications are carried out in the prescribed manner for the licensing designation
- 2.12 Agree to delegate to the Director of Planning and Public Protection in consultation with the Chief Finance Officer to approve the carry forward of any surplus or deficits to the established ring-fenced trading account each financial year for both schemes as and when necessary.

<b>REPORT DETAIL</b>
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### **3. Background**

- 3.1. Havering is consistent with the rest of London in that it has a shortage of affordable housing, with house prices remaining out of reach for many. The demand for social housing far outstrips the supply. As a result, private rented property is increasingly becoming the only viable option for many Havering residents, including those who are vulnerable and on low

incomes. Currently, 19.3% of Havering's housing stock is in the PRS, and this is expected to continue to rise in the future. Tackling poor housing conditions and improving the quality of the private rented sector is a key priority within the Council's Corporate Plan.

- 3.2. In addition to the national mandatory HMO licensing scheme, the Housing Act 2004 enables local authorities to designate areas as subject to discretionary licensing. There are two types of discretionary licensing schemes: Additional licensing of HMO's and Selective licensing of private rented properties.
- 3.3. In 2018 and 2021 the Council introduced additional HMO licensing schemes to ensure safety standards of tenants living in smaller houses in multiple occupation (HMOs) and a selective licensing scheme which extended licensing to all private rented properties in two wards. This required the licence holder to comply with conditions relating to the letting and management of the property. Such discretionary property licensing schemes can only last for a maximum of five years and these schemes expire on 24 January 2026.
- 3.4. Property licensing serves as a tool to raise standards and ensure safer, better-managed accommodation. It allows the Council to take a proactive approach to enforcement and inspections, rather than relying on residents to report issues. This is especially important where tenants are vulnerable and may hesitate to report disrepair or poor management practices due to the fear of eviction. Through licensing, a level playing field is created where tenants can trust that landlords are maintaining property standards. If landlords fail to do so, the Council can take necessary enforcement actions to ensure compliance.
- 3.5. Before the introduction of the licensing schemes, when a property or management issue arose in a property not covered by the licensing schemes, officers would spend considerable time identifying the responsible party before addressing the problem. The additional and selective licensing schemes have established clear lines of communication with the responsible parties and set enforceable standards. This has improved access to landlords, resulting in quicker resolutions of complaints and landlords taking action to improve the quality of their properties and manage them more effectively.
- 3.6. Through the administration and enforcement of Havering's current selective, additional and mandatory licensing schemes, the Council has made strides in improving standards in the PRS. However, evidence shows that there is a significant number of properties that remain substandard and potentially dangerous.
- 3.7. On 11 April 2025, the report presented to the Director of Planning and Public Protection *Consultation on proposed licensing schemes for houses in multiple occupation (HMOs) and other private rented housing* set out the evidence of the current nature of the private rented sector (PRS) in

Havering and resultant proposals, informed by the evidence, for new additional and selective licensing schemes. As a result, Council agreed the decision to launch a statutory consultation seeking stakeholders' views on these proposals.

3.8. The proposals subject to the consultation were:

- A new boroughwide additional HMO licensing scheme applicable to all “shared amenity” HMOs and many “converted building” HMOs (so called “section 257” HMOs).
- Selective licensing of all other private rented accommodation in specific wards in the borough. This designation includes the wards of Beam Park, Harold Wood, Rainham & Wennington, Rush Green & Crowlands, Squirrels Heath, St Albans and St Edwards.

3.9. An extensive public consultation, widely publicised using various channels of communication, was undertaken for 12 weeks from 14 April until 6 July 2025. Full details of the consultation are detailed in the consultation report (**Appendix 2**) which sets out how the Council conducted the consultation and the response received. As required by the Housing Act 2004, the Council must consider any representations made which are not withdrawn. The Council's response to these representations can be found in **Appendix 3**.

3.10. In order to ensure independence, the Council commissioned Cadence Innova, an independent consultancy, to undertake the consultation exercise on its proposals. Consultation activities included an online survey, live online public meetings, and outreach to key stakeholders. The exercise sought views from residents, private tenants, private landlords, lettings/managing agents, businesses and other stakeholders about the Council's proposals. Additional effort ensured that landlord's resident outside the borough were also advised of the consultation exercise.

3.11. The consultation background materials and evidence base report (Housing Conditions and Stressors Report, Metastreet 2025) highlight the substantial issues related to poor housing conditions associated with the private rented sector in Havering, and that inadequate management of HMOs significantly contributes to substandard property conditions. These documents were made available during the consultation to support the proposals and can be found in **Appendices 4 and 5**.

3.12. Consultation and publicity activities included:

- i. online questionnaire
- ii. paper copies of the questionnaire made available in ten libraries across the borough
- iii. two virtual public meetings held with landlords, tenants, residents, and landlord groups
- iv. articles in e-newsletters

- v. outdoor advertising campaign using Global Media, Clear Channel and JC Decaux sites across Havering, Bexley, Barking & Dagenham, Epping, Brentwood and Thurrock
  - vi. leaflet drop to businesses and residential properties in key areas of the borough
  - vii. direct email sent to known landlords, letting and leaseholders in the borough
  - viii. posters, leaflets and pull up banners displayed in children's centres and foodbanks
  - ix. dedicated email address for written feedback
- 3.13. The Council also used digital and social media to advertise the consultation, ensuring that landlords residing outside the borough were also consulted.
- 3.14. The consultation generated 403 responses from the online questionnaire. The online forums were widely publicised and 190 people registered to attend the events and a total of 143 people attended. Three written representations were received from stakeholder organisations and one letter of support for the schemes was received from another borough council.

## **REASONS AND OPTIONS**

### **4. Proposed Additional HMO licensing designation**

- 4.1. During the consultation exercise, the Council set its proposals for a new boroughwide additional licensing scheme to apply to most types of HMOs. HMOs licensable under national mandatory HMO licensing are not included.
- 4.2. The new scheme will include more HMOs than in the previous one. The HMOs required to be licensed in the new designation are as follows:
- All HMOs that are rented to three or more occupiers in two or more households that share (or lack) toilet, washing and cooking facilities (section 254 HMOs).
  - Converted building HMOs (section 257 HMOs), where the conversion did not comply with the relevant Building Regulations in force at that time and still does not comply; and less than two thirds of the flats are owner occupied.
- 4.3. From the consultation, 59% of online survey respondents supported the Council's proposal to introduce a new additional HMO licensing scheme.

This varied from 89% of other stakeholders and 69% of residents (including private tenants) and business being in support of the scheme compared to 45% of landlords and lettings/managing agents. Overall, 31% of respondents were against the proposals.

- 4.4. The majority of survey respondents (47-60%) agreed that additional HMO licensing would help to address issues in the PRS (including improving conditions, safety of tenants and tackling neighbourhood problems such as ASB) with 35-46% of landlords and lettings/managing agents not agreeing.
- 4.5. 74% of residents (including private tenants) and business felt that the scheme would identify poorly performing landlords and letting agents over the five-year period.
- 4.6. In the freetext parts of the survey, some respondents including both residents (including private tenants) and business and landlords, voiced concerns about the cost of licensing and that it would be passed on to tenants. Another common theme emerging was the need for the schemes to be underpinned by effective enforcement.
- 4.7. Having carefully considered the consultation representations there are no changes recommended in regard to the proposals to introduce a boroughwide additional HMO licensing scheme.
- 4.8. The proposed additional licensing designation can be found in **Appendix 6**.

**Proposed Selective licensing designation**

- 4.9. During the consultation exercise, the Council proposed a new selective licensing scheme that would cover a single designation. The scheme would apply to all private rented sector properties that are not included in the mandatory or additional licensing schemes.
- 4.10. The designation consists of seven wards (Beam Park, Harold Wood, Rainham & Wennington, Rush Green & Crowlands, Squirrels Heath, St Albans and St Edwards) which covers 34.5% of the geographical area of the borough and 49.7% of the total private rented sector in Havering.
- 4.11. The selective licensing proposals were supported by 41% of survey respondents. This varied from 78% of other stakeholders and 63% of residents (including private tenants) and business being in support of the scheme compared to 10% of landlords and lettings/managing agents. Overall, 47% of respondents were against the proposals.
- 4.12. 36-50% of survey respondents agreed that selective licensing would help to address issues in the PRS over the next five years (including improving the physical conditions of properties, health and safety of tenants, and assisting landlords to raise their standards). However, most landlords and



lettings/managing agents (58-71%) did not agree with the potential benefits of selective licensing.

- 4.13. 68% of residents (including private tenants) and business felt that the scheme would identify poorly performing landlords and letting agents over the five-year period.
- 4.14. As with additional HMO licensing, some respondents expressed concerns about the cost of licensing being passed on to tenants. Similarly, respondents from all the main groups expressed the need for the effective enforcement of the schemes.
- 4.15. Having carefully considered the consultation representations there are no changes recommended in regard to the proposals to introduce the selective licensing designation.
- 4.16. The proposed selective licensing designation can be found in **Appendix 7**.

**Proposed Licence conditions**

- 4.17. Property licences are issued with licence conditions which the licence holder must comply with. The conditions are a combination of those which local authorities must impose (mandatory conditions by law), and those which they have a power to impose. Draft licence conditions were available for persons to comment on during the consultation.
- 4.18. The consultation asked respondents for their views on the proposed licence conditions. The overall majority of respondents, 47%, agreed with the proposed additional HMO licence conditions, while 26% of respondents disagreed. In regard to the selective licensing conditions a majority of respondents, 44% agreed with the proposed licence conditions, while 38% of respondents disagreed.
- 4.19. During the consultation the Council received feedback in relation to the proposed licence conditions via free text comments and written representations. The Council's consideration of the feedback received, is detailed in the Council's response to the consultation (**Appendix 3**).
- 4.20. Having carefully considered the consultation representations there are no changes recommended in regard to the proposed additional or selective licence conditions (**Appendices 9 and 10**).

**Proposed Licence Fees**

- 4.21. The landlord or managing agent will be required to pay a licence fee for each property requiring a licence in the designated area. The proposed additional HMO licensing fee is £1,400. The proposed selective licensing fee is £950.

- 4.22. Licences will normally be granted for the duration of the scheme (up to five years). Where the council has concerns about the management and use or occupation of the property a licence for a shorter period may be granted, usually for 1 year.
- 4.23. The proposed fee schedule was made available for persons to comment on during the consultation. It set out the fees the Council was proposing to charge, together with a number of discount rates available. These included a £100 discount for accredited landlords, a £100 multi-dwelling discount and a £75 discount for properties with an EPC rating of C or higher.
- 4.24. In regard to additional licensing, 21% of respondents thought that the proposed fee is about right and 45% thought that it is too high. 56% of other stakeholders and 29% of residents (including private tenants) and business thought the fee was about right. However, 76% of landlords, letting and managing agents thought that the fee is too high.
- 4.25. In regard to selective licensing, 21% of respondents thought that the proposed fee is about right and 52% thought that it is too high. 44% of other stakeholders and 33% of residents (including private tenants) and business thought the fee was about right. However, 93% of landlords, letting and managing agents thought that the fee is too high.
- 4.26. For the accredited landlord discounts, 45% of respondents thought it was too low. This varied between 74% of landlords, letting and managing agents, 24% of residents (including private tenants) and business and 22% of other stakeholders.
- 4.27. For the EPC rating discount, 47% of respondents thought it was too low. This varied between 76% of landlords, letting and managing agents, 25% of residents (including private tenants) and business and 11% of other stakeholders.
- 4.28. For the multi-dwelling discount, 39% of respondents thought it was too low. This varied between 61% of landlords, letting and managing agents, 23% of residents (including private tenants) and business and 0% of other stakeholders.
- 4.29. Concerns over fees were strongly expressed by landlords (as well as some tenants) in the free text parts of the survey, with comments including 'Landlord licences are nothing but another tax...', 'The proposed £950 per property licensing fee is excessive', 'Licensing schemes often penalise compliant landlords' and 'Landlords will pass any charges to the tenants'. The Council's response to these representations can be found in **Appendix 3**.
- 4.30. Having carefully considered the consultation representations the Council is not proposing to make any changes to the proposed fee structure which can be found in **Appendix 11**.

**Objectives of the proposed schemes**

- 4.31. The Council proposes to use the additional HMO and selective licensing schemes to continue to improve housing conditions and management standards in the PRS, and increase awareness for tenants of the minimum standards they should expect in rented accommodation and what their other rights are when renting in the PRS. Information about the scheme objectives was provided within the consultation documents and detailed in **Appendix 8**.
- 4.32. The property licensing schemes provide the framework for the Council to achieve its objectives. The schemes will ensure that landlords adopt a more hands-on approach to tenancy management of their privately rented homes. Licence conditions will require licence holders to meet obligations related to the letting and proactive management of their properties.
- 4.33. Properties will be inspected and the Council will ensure that any Category 1 and 2 hazards identified are remediated and that licence conditions are complied with.
- 4.34. The Council aims to work proactively with landlords and property owners to improve property conditions. This will be achieved through a collaborative effort involving the local authority and other agencies. Officers will work with multidisciplinary teams and internal and external stakeholders, including the Police, to identify properties of concern and improve property conditions.
- 4.35. The consultation asked respondents for their views on the proposed licensing scheme objectives. The overall majority of respondents, 43%, agreed with the proposed scheme objectives, while 37% of respondents disagreed.

**5. Other options considered:**

- 5.1. A local authority must not make an additional HMO or selective licensing designation unless consideration has been given to other courses of action available to them that would achieve the objectives they would want the designation(s) to achieve.
- 5.2. The Council has considered a number of other courses of action or alternatives to the licensing proposals, but do not believe that, individually or collectively, they provide an effective, or as effective means of tackling poor conditions and raising the standard of management within HMOs in the borough. The alternative options considered are set out in the Council's consultation evidence documents (**Appendix 4**) and a summary of these alternatives is as follows:
  - I. **Use of Part 1 Housing Act 2004 powers to deal with enforcement of housing standards** – Formal statutory notices can be served that

require improvements to a property. If the notice is not complied with the council can carry out works in default or may prosecute the landlord. Works in default can however be expensive and resource intensive for the Council, with the risk that not all costs are recovered. Formal action is generally slow, with appeal provisions against most types of notices served, which can significantly delay the time period for compliance. These powers alone would be insufficient to tackle the scale of the problems in the private rented sector in Havering.

- II. **Rely on prosecutions and civil penalties** – Successful prosecutions or the imposition of civil penalties do not in themselves secure improvements in property conditions and the Council's costs in pursuing legal action are not always met in full. These powers are reactive and do not place any obligation on landlords to be proactive in improving conditions within a property. The absence of licensing significantly reduces the scope of the Council to impose civil penalties in respect of identified housing breaches.
- III. **Wider promotion of voluntary accreditation landlord schemes** - We recognise that accredited landlords are key to raising standards in private sector housing, and encourage all landlords to become accredited and achieve a level of knowledge and competence before letting a home. However schemes require voluntary landlord engagement, our experience is that compliant landlords become accredited; rogue landlords do not proactively participate in such schemes.
- IV. **Use of Improvement grants to improve substandard properties** - Grants can be used to subsidise improvement works, raising standards and providing benefits for landlords and tenants.. However, generally there are few grants available, and the Council has very limited scope to offer grants through successful external funding bids. In the most part, grant awards would fund improvements that the landlord should be carrying out to meet their legal obligations. Any grant scheme would be discretionary and would rely on voluntary landlord engagement.
- V. **Use of ASB powers** - Formal notices can be served at addresses identified as having ASB issues. This can resolve ASB at the particular address. Action would generally be taken against the tenant in occupation. The powers do not place any obligations on landlords to be proactive in managing their properties to prevent or reduce the likelihood of ASB occurring.
- VI. **Use of new powers made available by the Renters Rights Bill** - Although the Council will gain additional powers to address standards in the private rented sector, the Renters Rights Bill does not establish a proactive approach to housing standards. It still relies on tenants to report issues and landlords to be transparent about problems. In areas like Havering, where affordable accommodation is scarce, tenants are

less likely to complain for fear of jeopardising their housing situation. Additionally, the specifics of the proposed legislative changes, any impact on licensing schemes and their implementation timeline are still unknown. Consequently, relying on the Government's proposed reforms is not deemed a viable option.

- 5.3 Property licensing schemes will place the responsibility on the landlord to inform the Council that their property is licensable and encourage them, with the Council's support, to ensure that they meet the required standards. The Council can then prioritise its resources effectively to dealing with those properties of most concern and target enforcement actions to those landlords who fail to licence their properties and/or breach licence conditions.
- 5.4 Respondents were also asked whether there were any alternatives to licensing that should be considered. A major theme was that the Council should focus on using its existing powers rather than designate further discretionary licensing schemes. The Council's response to these representations can be found in Appendix 3.
- 5.5 The Council has carefully considered the consultation feedback and representations. The Council is committed to improving housing standards in the private rented sector and considers that the proposed additional HMO and selective licensing schemes are critical to the prospects of achieving its objectives. No other alternatives have been identified that would, individually or collectively, be capable of delivering the scheme objectives that the Council would achieve through the operation of additional HMO and selective licensing schemes.

## **IMPLICATIONS AND RISKS**

### **6. Financial implications and risks:**

- 6.1 The Cabinet paper proposes to introduce two discretionary schemes following consultation with stakeholders:

- a. Additional Licensing HMO Scheme
- b. Selective Licensing Scheme

The earliest this will likely be implemented is 18<sup>th</sup> March 2026 as it requires a minimum three-month period to pass after authority approval. There are two existing schemes which are due to end on the 24<sup>th</sup> January 2026.

- 6.2 In setting the fee the Council has had regard to the Provision of Service Regulations 2009 and sections 63(7) and 87(7) of the Housing Act 2004

which confirms that "when fixing fees the local authority may take into account all costs incurred by the authority in carrying out their functions".

- 6.3 The Regulatory Impact Assessment on licensing makes it clear that authorities should not use fee income to raise additional revenue, the fees should be set for cost recovery of the scheme.
- 6.4 The proposed licence fees will be sufficient to cover the estimated costs of establishing and administering the schemes and the undertaking of any enforcement action. It should also provision for costs of winding down the scheme, for example, redundancy costs should the scheme not be replaced.
- 6.5 It is the Council's intention to grant all property licences for a period of five years starting from the date they are granted, unless the Council considers a shorter period is appropriate where specific criteria is met such as a history of non-compliance. Where necessary licence holders will be advised of this separately.
- 6.6 Evidence from current licensing schemes supports that applications are consistently received throughout the scheme designation and continue to be received well into year 5 of the designation.
- 6.7 The model assumes that although the scheme is for 5-year licences there is an ongoing licence enforcement and management requirement over the life of the licence, even though the selective licensing scheme will cease and no new licences issued from year 6 onwards. The costs of resourcing the schemes in years 6 -10 will reduce in line with the number of licences that need to be managed and enforced during this period.
- 6.8 The licence fee will cover the owner of the property for a period up to 5 years, however, should ownership of the property be transferred within that period, a further licence fee will be payable by the new owner.
- 6.9 The actual financial position of the scheme against the budget will be robustly reviewed on an annual basis. This will be undertaken as part of the Council fees and charges process to ensure that the fees remain reasonable and proportionate. The Council is aware that any consistent surplus must be used to adjust fees in upcoming years, although some reinvestment over more than a year is permitted. This balance will be assessed in the yearly review and adjustments made accordingly if required.
- 6.10 The expenditure relates to additional staff for process applications (including recruitment and training), carry out inspections of premises, the cost of dealing with appeals against licensing decisions and other costs associated with ensuring compliance with the scheme.

6.11 The proposed HMO additional licensing fee is £1,400. The fee is levied in two parts. Part A of the fee (£840) is charged when the licence application is made and covers the costs of processing, administration and validation of the application. Once the decision to grant the licence is made, Part B of the fee (£560) is charged which covers the costs of the administration, management, and enforcement of the licensing functions for the scheme.

6.12 Over the 5-year scheme life, the anticipated income is estimated at £0.723m. The modelling shows this is expected to cover the costs of the scheme.

Selective Licensing Scheme

6.13 The proposed selective licensing fee is £950. The fee is levied in two parts. Part A of the fee (£570) is charged when the licence application is made and covers the costs of processing, administration and validation of the application. Once the decision to grant the licence is made, Part B of the fee (£380) is charged which covers the costs of the administration, management, and enforcement of the licensing functions for the scheme.

6.14 Over the 5-year scheme life, the anticipated income is estimated at £6.431m. The modelling shows this is expected to cover the costs of the scheme.

Financial Risks

6.13. There is the potential risk of a significant under recovery of income and a failure to effectively achieve the schemes objectives if the Council does not receive the estimated number of applications and related fees. This risk has been mitigated by ensuring that sufficient staffing resources are allocated to identifying unlicensed properties.

6.14. Should the number of licences vary from those anticipated, and/or the profile of applications change, the resourcing requirement will need to be flexed to manage any pressure this creates within existing budgets by the service.

6.15. The fees set, and the financial model created by our consultants, are based on the assessments and evidence specific to Havering and does not allow comparison to other Councils, due to variations around property numbers, costs associated with each council (e.g. salaries, on costs, ICT, back office etc.), approach and operations.

6.16. It should be noted that these discretionary schemes are an area under increasing risk of judicial review and challenge across the Country. It is therefore prudent for the authority to continue to review annually its relevant cost basis for supporting these two distinct schemes and if necessary, update the appropriate cost recovery fees through the appropriate mechanisms to ensure the schemes meet cost recovery

criteria. It is essential that cross subsidy between schemes and other duties of the authority are avoided.

- 6.17. There is also a financial risk to the authority should the decision not be to approve these schemes or a delay occurs. This is because there is a minimum three-month period from approval to commencement of the scheme. As some of the resources to operate the new scheme would be transferring from existing schemes there would be no funding to support those costs. Therefore, a potential pressure on the General Fund.

**7. Legal implications and risks:**

**Additional licensing of HMOs**

- 7.1 Under section 56 of the Housing Act 2004, the Council may designate an area as subject to additional HMO licensing if it is satisfied that a significant proportion of the HMOs that it proposes to make subject to licensing are being managed sufficiently ineffectively as to give rise, or be likely to give rise, to one or more particular problems either for those occupying the HMOs or members of the public.
- 7.2 Before making the designation, however, the Council must: a. consider whether there are any other courses of action available to it (of whatever nature) that might provide an effective method of dealing with the problem or problems in question (section 57), b. consider that making the designation will significantly assist the Council to deal with the problem or problems, whether or not it takes any other course of action as well (section 57), c. ensure that any exercise of its power is consistent with its overall housing strategy (section 57), d. seek to adopt a co-ordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour affecting the PRS, both as regards combining licensing with (i) other courses of action available to the Council and (ii) measures taken by other persons (section 57), e. take reasonable steps to consult persons who are likely to be affected by the designation (section 56), and f. consider any representations made in accordance with the consultation and not withdrawn (section 56).

**Selective Licensing**

- 7.2. Section 80 of the Housing Act 2004 and the Selective Licensing of Houses (Additional Conditions) (England) Order 2015 sets out the criteria and considerations that the Council must be satisfied are met when considering designating a selective licensing area. These general conditions are:
- That the area is, or is likely to become, an area of low housing demand
  - That the area is experiencing a significant and persistent problem caused by antisocial behaviour
  - The area has poor housing conditions



- The area has high levels of migration
- The area has high levels of deprivation
- The area has high levels of crime.

7.3. Article 4 of The Selective Licensing of Houses (Additional Conditions) (England) Order 2015 sets out the conditions relating to poor housing conditions. These conditions are:

- Having carried out a review of housing conditions, the local housing authority considers it would be appropriate for a significant number of the properties to be inspected, with a view to determining whether any category 1 or category 2 hazards exist on the premises
- The local housing authority intends to carry out such inspections with a view to carrying out any necessary enforcement action
- Making a designation will, when combined with other measures taken in the area by the local housing authority, or by other persons together with the local housing authority, including any licence conditions imposed, contribute to an improvement in general housing conditions in the area

7.4. Before making the designation, however, the Council must: a. consider whether there are any other courses of action available to it (of whatever nature) that might provide an effective method of dealing with the problem or problems in question (section 81), b. consider that making the designation will significantly assist the Council to deal with the problem or problems, whether or not it takes any other course of action as well (section 81), c. ensure that any exercise of its power is consistent with its overall housing strategy (section 81), d. seek to adopt a co-ordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour affecting the PRS, 37 both as regards combining licensing with (i) other courses of action available to the Council and (ii) measures taken by other persons (section 81), e. take reasonable steps to consult persons who are likely to be affected by the designation (section 80), and f. consider any representations made in accordance with the consultation and not withdrawn (section 80)

7.5. With effect from 23 December 2024 a new General Approval came into force and local housing authorities in England are no longer required to obtain confirmation from the Secretary of State before implementing a selective licensing scheme of any size.

7.6. The local housing authority must, however, still satisfy all statutory requirements contained in Part 3 of the Housing Act 2004. In addition, local authorities will be expected to consult for a period of at least 10 weeks on the proposed designation. This has been met as set out in this report. As part of the best practice guidance included in the General Approval, local housing authorities in mayoral strategic authority areas are requested to include their mayor in the consultation process on the proposed

designation. Local authorities are expected to consider any representations made by the mayor, whilst retaining the final decision-making process themselves. The Mayor of London was subsequently consulted in regard to the Council's proposals. The response from the Mayor's Office, outlining the mayors support of Havering's selective licensing proposals is attached as **Appendix 13**.

- 7.7. The government updated non-statutory guidance on selective licensing on 23 December 2024. This guidance explains the criteria for making a selective licensing scheme and discusses the type of evidence needed to support a designation. It sets out what a local authority would expect a scheme to deliver in terms of the economic and social conditions of the designated area and how during the period of the designation this will be evaluated. It also explains the processes that need to be complied with before a designation can be brought into force – see <https://www.gov.uk/government/publications/selective-licensing-in-the-private-rented-sector-a-guide-for-local-authorities/selective-licensing-in-the-private-rented-sector-a-guide-for-local-authorities>
- 7.8. Certain types of tenancies/licences are exempt from selective licensing, and these are set out in section 79 of the Housing Act 2004 and the Selective Licensing of Houses (Specified Exemptions) (England) Order 2006.

### **Consultation requirements**

- 7.9. Sections 56(3) and 80(9) of the Housing Act 2004 requires that that when considering designating an additional HMO or selective licensing area the local housing authority must take reasonable steps to consult persons who are likely to be affected by the designation, and consider any representations made in accordance with the consultation and not withdrawn.
- 7.10. In line with the case of **R v London Borough of Brent ex parte Gunning**, (as affirmed and endorsed by the Court of Appeal in **R v North and East Devon Health Authority ex parte Coughlan** [1999] EWCA Civ 1871, four principles must be met in order for there to be a legitimate consultation, specifically online consultations (the Gunning Principles); these are:
- i. the proposals were consulted on at a formative stage (a final decision has not been made or predetermined),
  - ii. sufficient information and reasons have been given for the proposals to enable the consultees to consider them and respond intelligently,
  - iii. adequate time has been allowed for consideration and response for participants,
  - iv. 'conscientious consideration' has be given to the consultation responses before a final decision is made, providing evidence this has been undertaken.

7.11. Additionally, the Supreme Court in **R ex parte Moseley v LB Haringey [2014]** UKSC 56 endorsed the Gunning Principles and also added two further general principles:

- v. The degree of specificity regarding the consultation should be influenced by those who are being consulted.
- vi. The demands of fairness are higher when the consultation relates to a decision which is likely to deprive someone of an existing benefit. Additionally, recent case law it is emerging that those affected by the proposals must be consulted: R (on the application of National Council For Civil Liberties) -v- Secretary of State for The Home Department and Public Law Project (Intervener) [2024] EWHC 1181 (Admin)

7.12. Before making any decision, Cabinet must be satisfied that the above principles have been met. Cabinet must also have due regard to the responses received through the consultation undertaken and take those into account when making its' decision. Additionally, Cabinet must also consider whether there are any other courses of action available to it that would achieve the same objective or objectives as any proposed scheme without the need for the designation to be made.

7.13. If both of the designations are implemented they may, in principle, be challenged by way of judicial review. Given the consultation feedback on licence fees and licence conditions a challenge may arise in these areas. However given the involvement of independent consultants and the strong evidence base collated the risk is reduced. The Council would need to consider alternative options in the event of a successful challenge. The time limit for issuing a claim for judicial review is three months from the date of the designation. If the new designations are not in force by the expiry of those currently in existence, the Council runs the risk of the designations being unenforceable for a period of time.

7.14. Regulation 4 (1) of The Rent Repayment Orders and Financial Penalties (Amounts Recovered) (England) Regulations 2017 states a local housing authority may apply any financial penalty recovered under section 249A of the 2004 Act to meet the costs and expenses (whether administrative or legal) incurred in, or associated with, carrying out any of its enforcement functions in relation to the private rented sector.

**Other criteria to be met prior to designating additional and selective licensing schemes.**

7.15. For both additional and selective licensing designations, the Council must also be satisfied that:

- the proposed designations are consistent with the overall housing strategy,

- a co-ordinated approach is adopted in dealing with homelessness, empty properties, and ASB
- can demonstrate how licensing will work in conjunction with existing initiatives (such as landlord accreditation) and partnerships

**Duration and notification of a licensing scheme**

- 7.16. If a designation is confirmed, it cannot come into force until three months after it is made.
- 7.17. The introduction of a selective licensing scheme may be delayed up to an additional 3 months, if need be, to prepare for the scheme's implementation. This is to avoid an excessive delay between the consultation and the scheme's introduction, to ensure consultation requirements are met and persons who are likely to be affected by the designation have been consulted.
- 7.18. Section 59 and 83 of the Act requires local housing authorities to publish a notice of the designation once it has been confirmed. A local housing authority must:
- publish a notice within the designated area within seven days of the designation being confirmed.
  - notify all those consulted on the proposed designation within two weeks of the designation being confirmed.
- 7.19. A designation ceases to have effect no later than 5 years after the date on which it comes into force.

**Providing data to MHCLG**

- 7.20. Local authorities must provide data to MHCLG at the start and end of selective licensing schemes. At the commencement, they need to report the scheme's dates, location, type (new/renewal), number of PRS properties, proportion of PRS stock covered, designation criteria, and licensing fees. At the end, they must report the total number of licenses issued, value of fees, costs, and how the scheme addressed its objectives, including performance against KPIs, case studies, or review outcomes.

**Renters Rights Bill**

- 7.21. It is envisaged that upcoming legislative changes and the introduction of a new PRS database will have a positive effect on the introduction of additional and selective licensing schemes. Officers are mindful of the need to ensure there is no duplication. An example of this could be uploading the same safety certificates as part of a licence application. Upcoming changes will be kept under review to ensure that unnecessary burdens are not placed on landlords. It is likely the database will lead to improved intelligence, particularly when it comes to targeting unlicensed properties and conducting compliance checks.

**Local authority review of an additional HMO licensing scheme**

- 7.22. Section 60(3) of the Act requires local housing authorities to review the operation of an additional HMO designation made by them from time to time and if appropriate the designation may be revoked, if the council does so, they must publish a notice of the revocation in such manner as is prescribed by regulations.

Local authority review of a selective licensing scheme

- 7.23. Section 84(3) of the Act requires local housing authorities to review the operation of a selective designation made by them from time to time. As part of the best practice guidance included in the General Approval, local authorities are requested to publish the outcome of any reviews that they undertake in respect of the selective licensing scheme(s) in a timely manner on their website. If following a review, they consider it appropriate to do so, they may revoke the designation.
- 7.24. The reviews of both schemes will include looking at the licence fees and licence conditions etc.

**Delivering Policies, Plans and Strategies:**

Havering Corporate Plan

- 7.25. Havering Council's Corporate Plan 2024-2027 focuses on three priorities:
- People - Supporting our residents to stay safe and well: Aims to enhance health, support youth, and protect vulnerable groups by promoting preventive healthcare, mental health support, and improved care for at-risk children.
  - Place - A great place to live, work and enjoy: Seeks to improve public safety, provide affordable housing, and maintain public spaces, focusing on safety initiatives and environmental sustainability.
  - Resources - Enabling a resident-focused and resilient Council: Emphasises digital transformation, better data use, and efficient resource management, including updating systems and enhancing service transparency.

An additional and selective licensing scheme will contribute to the Council's priorities and assist in achieving its key ambitions and deliver better standards for private renters. Licensing schemes promote healthier, safer neighbourhoods, sustainability through energy efficiency standards, and equality by ensuring safe, healthy living conditions for all residents regardless of tenure.

Havering Housing Strategy

- 7.26. The Council is currently developing a new Housing Strategy for 2025 onwards. The draft strategy recognises there are many housing challenges facing Havering and seeks to address these challenges in the following way:

- Set out a plan to meet the diverse and evolving housing requirements of Havering informed by the latest data and projections.
- Focus is on the provision of new homes to keep up with the rising costs and affordability challenges of PRS.

The draft Housing Strategy identifies the need to provide better standards for private renters. Eliminating poor performing private sector landlords throughout the borough remains a priority, and the Council will seek to implement new licensing measures to drive improvements into this crucial part of the borough's housing offer.

**Havering Homelessness and Rough Sleeping Strategy**

- 7.27. Like many areas, Havering is under increasing pressure to find suitable temporary accommodation for families. Havering Prevention of Homelessness Strategy 2020-25 and Rough Sleeping comprehensively sets out Havering's approach, based around four objectives:

**Objective 1:** End long-term rough sleeping

**Objective 2:** Reducing the number of people in temporary accommodation

**Objective 3:** Supporting people who become homeless

**Objective 4:** Provide good value, integrated services that deliver excellent customer care.

Through the implementation of an additional and selective licensing scheme, the Council will be able to enhance its work with landlords, improving their professionalism and understanding of legal obligations. This, along with tenant education on rights and responsibilities, will support tenancy sustainment in the PRS and help in reducing homelessness in the borough.

**Empty Homes Programme**

- 7.28. As part of the draft Housing Strategy, we have made a commitment to making better use of existing homes. The Council recognises that empty properties are a wasted resource for both the community and the owner and can cause a variety of issues such as reducing the supply of housing and attracting ASB. Bringing empty properties back into use is a priority for the Council and clamping down on those landlords that keep homes empty for years on end is a key step to increasing the supply and availability of affordable homes in the borough.

- 7.29. Bringing empty properties up to standard and back into use as decent livable homes is complementary to the objectives of the proposed additional and selective licensing schemes.

**Anti-Social Behaviour**

- 7.30. As outlined in the Havering Corporate Plan, 2024 – 27, we are committed to working with tenants, residents and external partners to ensure that steps are taken to tackle ASB. The borough's Corporate Plan vision is one where Havering is 'A great place to live, work and enjoy' and where the Council 'Seeks to improve public safety, provide affordable housing, and

maintain public spaces, focusing on safety initiatives and environmental sustainability’.

7.31. To tackle ASB problems, we have made it conditional on all private landlords who hold licences under the additional HMO or selective licensing schemes to prevent and combat ASB associated with properties they manage. Section 57(5) of the Housing Act 2004 gives a definition of ASB for the purposes of licensing under Parts 2 and 3 of the Act.

7.32. Additional and Selective Licensing will enable the Council to encourage landlords to work with their tenants to reduce ASB. Information and support will be available both online and through forums.

Licensing working in conjunction with existing initiatives and partnerships  
7.33. The Council will continue to build on the good working relationship with internal and external partners. The Council have engaged in several joint working initiatives and partnerships with agencies such as the London Fire Brigade, Metropolitan Police, Immigration Enforcement, Housing Solutions, Social Services, Planning Enforcement, Trading Standards and ASB teams, NRLA, Safer Renting and Justice for Tenants. The Council will also continue to actively promote the London Landlord Accreditation Scheme (LLAS) and provide discounts to accredited landlords.

7.34. In addition to the above criteria, when making a selective licensing designation the council must:

- demonstrate a co-ordinated approach is adopted in dealing with regeneration (housing market renewal activity).
- consider any potential negative economic impact that licensing may have on the area, and

Regeneration Strategy

7.35. Havering Council has developed a comprehensive regeneration strategy aimed at transforming various areas within the borough to enhance community living, infrastructure, and economic vitality. Key components of the regeneration programme include:

- building modern, energy-efficient homes and well-connected neighbourhoods that are right for our borough
- providing new, high quality Council housing and increasing the amount of family-sized homes
- providing infrastructure to support new homes
- increasing opportunities for home ownership for Havering residents
- supporting healthy communities, fit for future generations
- supporting and investing in our local economy to create a thriving place
- protecting and celebrating our history and heritage
- We are also committed to improving the existing housing stock that we have.

Private property licensing schemes will act as a regulatory tool to ensure that landlords in regenerating areas maintain high property standards, supporting regeneration goals of creating more sustainable, inclusive, and well-maintained communities.

Potential negative economic impact

- 7.36. There is no evidence to suggest that the introduction of the Council's current discretionary licensing schemes has had a negative impact on the borough. An independent review of the Use and Effectiveness of Selective Licensing commissioned by MHCLG (2019) determined that there was no substantive evidence of rent rises being passed onto tenants due to the introduction of selective licensing schemes. If selective licensing is extended to other wards in the borough, no negative economic impacts are anticipated. It is considered that selective licensing, when combined with other measures taken in the designated areas will have a positive economic impact rather than negative by contributing to improved housing conditions.

**8. Human Resources implications and risks:**

- 8.1 There are no Human Resource implications or risks associated directly with this report.

**9. Equalities implications and risks:**

- 9.1. The Council has a public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act.
  - Advance equality of opportunity between people who share those protected characteristics and people who do not.
  - Foster good relations between people who share those characteristics and people who do not.
- 9.2. A full Equality and Health Impact Assessment (EHIA) has been carried out and is attached at **Appendix 12**. The EHIA has taken account of the consultation process, the information gathered through that process and assessed the impact that the recommendations could have on different protected groups and, where possible, identified methods for mitigating or avoiding any adverse impact on those groups.
- 9.3. Applications for the licensing scheme will be made online. However, appropriate measures will be taken to ensure accessibility for individuals who require reasonable adjustments. This includes, but is not limited to, providing assistance where needed to complete the online application, offering alternative formats and ensuring the scheme can be accessed in a variety of ways to remove potential barriers



## **10. Health and Wellbeing implications and Risks**

- 10.1 Havering Council is committed to protecting and improving the health and wellbeing of its residents and through the implementation of the proposed property licensing schemes it is anticipated there will be a number of positive impacts on the health and wellbeing of tenants living in private rented properties.
- 10.2 It is estimated that poor housing costs the NHS in the UK at least £1.5bn per year. By addressing poor housing conditions this will help to improve health and wellbeing, reduce health inequalities, and prevent and reduce demand for primary health care and social care interventions, including admission to long-term care settings. This will produce a quantifiable cost saving to health and social care budgets. <https://ageing-better.org.uk/news/fixing-englands-dangerous-homes>
- 10.3 The Covid-19 pandemic has also shown correlations between susceptibility to the virus and poor-quality housing. Therefore, good quality housing can do much to help combat the spread of covid-19, as well as other illnesses such as cancer, respiratory and cardiovascular diseases.
- 10.4 It is also well understood that poor housing conditions and overcrowding have a negative impact on educational attainment. This in turn impacts on an individual's ability to reach their full potential. It is expected that licensing will assist the Council and partners in achieving objectives in improving educational attainment and residents achieving their full potential.

### **ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS**

The Council has set an ambitious target of becoming a carbon neutral organisation and borough by 2040.

The Havering Climate Action Plan recognises the link between fuel poverty and energy and emissions, and that better insulating homes and making them more energy efficient are key actions in combatting both. Under public protection, part 6, there is focus on comfortable, affordably heated, cost-efficient homes.

If approved the private property licensing schemes designations will have a positive environmental impact and will contribute to achieving Havering's climate change vision by enforcing energy efficient standards in the PRS, helping to reduce the overall energy consumption and carbon emissions of the borough.

1. [Non-Key Decision – Consultation Approval](#)
2. [The Housing Act 2004](#)
3. [The Housing and Planning Act 2016](#)
4. [The Selective Licensing of Houses \(Specified Exemptions\) \(England\) Order 2006](#)
5. [Selective licensing in the private rented sector, a guide for local authorities, MHCLG, December 2024](#)

## **APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix 1	Additional HMO and Selective Licensing Schemes - Implementation Evidence Report
Appendix 2	Consultation Report
Appendix 3	Council response to comments received during public consultation
Appendix 4	Consultation Evidence Pack
Appendix 5	Housing Conditions and Stressors Report, Metastreet 2024
Appendix 6	Additional HMO Licensing Designation
Appendix 7	Selective Licensing Designation
Appendix 8	Licensing Scheme Objectives
Appendix 9	Additional HMO Licence Conditions
Appendix 10	Selective Licence Conditions
Appendix 11	Schedule of Fees and Charges
Appendix 12	Equality and Health Impact Assessment
Appendix 13	Representation from Mayor of London