

To: Housing and Homelessness Panel
Date: 06 March 2024
Report of: Director of Planning and Regulation
Title of Report: Selective Licensing Year 2 Update

Summary and recommendations	
Decision being taken:	To provide a brief update on the year 2 actions of the Selective Licensing scheme
Key decision:	No
Cabinet Member:	Councillor Linda Smith, Cabinet Member for Housing
Corporate Priority:	Deliver More Affordable Housing
Policy Framework:	Housing, Homelessness and Rough Sleeping Strategy 2023-2028

Recommendation(s): That Panel resolves to:
1. Note and comment on the report and agree any recommendations here

Introduction

1. This report provides a brief overview of the key actions taken, challenges faced, and progress made during Year 2 (1 September 2023 to 31 August 2024) of the Selective Licensing Scheme. It also includes an update on the implementation of the recommendation made by the Panel in March 2024: "That the Council rolls out a Selective Licensing scheme communications campaign aimed at tenants to raise awareness of the scheme and tenants' rights; and actively engages with tenants' unions as part of the campaign." The report concludes with Year 3 priorities to support continued improvements.

Year 2 Progress Summary

2. **Enhanced Application Processing Efficiency:** Significant improvements were made in processing licence applications. The average processing time reduced from 376 days in Year 1 to 201 days in Year 2, following operational changes such as caseload delegation and streamlined training. In Year 2, the scheme received 1,041 applications, bringing the total number of applications since its inception to 11,940. The Council issued 7,492 final licences in Year 2, bringing the total to 9,631

(80%) of all applications receiving a final licence. Additionally, 10,541 (88%) of applications have been issued a draft licence.

3. **Formation of the Residential Regulation Team:** To improve efficiency and customer service in the private rented sector, the Residential Regulation Team was created by merging the HMO Enforcement Team and the Private Sector Safety Team. Recruitment for new posts within this team has progressed, although several vacancies remain.
4. **Proactive Inspection Expansion:** Efforts to identify unlicensed properties continued, with 83 cases investigated in Year 2 for failing to hold a selective licence. For the first time, proactive inspections were introduced, accounting for 239 out of 335 total inspections completed in Year 2. In contrast, Year 1 relied solely on reactive inspections, with 143 conducted. Since the scheme's start, a total of 478 inspections have been carried out, significantly increasing enforcement capacity. Notably, 70% of inspected properties were found to have Category One or Category Two hazards, reinforcing the urgent need for intervention to improve housing conditions.
5. **Increased Enforcement Actions:** The council escalated its enforcement efforts in Year 2, taking 62 formal enforcement actions—a 100% increase from Year 1. This included 26 Hazard Awareness Notices, 16 Improvement Notices, 15 Prohibition Orders, and 5 Emergency Remedial Actions, all targeting non-compliant landlords and improving housing conditions for vulnerable tenants. The council expects to continue this trend in Year 3.
6. **Audit Results:** An independent audit was conducted in Year 2 and presented to the Scrutiny Committee. While the findings confirmed that the scheme was well-managed, medium risks were identified, particularly regarding inspection progress and training of the Residential Regulation Team. These challenges were expected given the difficulties encountered in staffing and resources.

Challenges and Lesson Learn

7. **Staffing and Recruitment:** During Year 2, significant staffing challenges emerged, particularly within the Residential Regulation Team, where a national shortage of skilled officers made it difficult to fill vacancies. The Applications Team also suffered from high staff turnover. In response, targeted recruitment efforts in spring 2024—including the appointment of an HR Recruitment Specialist who leveraged LinkedIn-based strategies—stabilised staffing levels. Additionally, the introduction of a Caseload Management System, ensuring each application was handled by a single officer from submission through to licence issuance, significantly reduced errors and processing delays, ultimately enhancing customer service.
8. **Procurement Processes:** The procurement of the large-scale inspection contract encountered difficulties. An initial attempt in summer/autumn 2023 resulted in a single bid that exceeded the budget, causing delays. A revised process in summer 2024 attracted more competitive bids and highlighted the need to include delegated powers in the designation report from the outset, preventing future administrative delays.
9. **Payment and Operational Processing:** The application system, originally designed to accept only credit card payments, faced issues as many managing agents requested BACS. Without integrated payment reconciliation, manual processing was required, slowing the workflow. Resource constraints also delayed

improvements such as landlord guidance materials and website enhancements, while supplier delays in upgrading the data connection system hindered timely report generation. These issues underscore the need for system enhancements and better resource planning.

- 10. Training and Workflow Efficiency:** Efforts to improve training and streamline workflows yielded significant benefits during Year 2. The training period for new officers was successfully reduced from 16 weeks to 12 weeks through the implementation of streamlined processes and clear flowcharts for application handling. This reduction not only expedited the onboarding process but also contributed to overall operational improvements by minimising training bottlenecks.

Update on 2024 Panel Recommendation

- 11. Panel Recommendation:** “The Council rolls out a Selective Licensing scheme communications campaign aimed at tenants to raise awareness of the scheme and tenants’ rights; and actively engages with tenants’ unions as part of the campaign.”
- 12. Tenant Awareness Challenges:** In Year 2, engagement was limited by staffing constraints, particularly within the Residential Regulation Team, which faced recruitment and retention challenges. These delays affected direct tenant engagement and proactive communication of their rights under the scheme. Nevertheless, tenant awareness improved, as shown by an increase in rent repayment order inquiries from 7 in Year 1 to 23 in Year 2. The Council also continued working with Justice for Tenants, a not-for-profit organisation that helps tenants reclaim rent from landlords operating unlicensed properties and supported general awareness through social media and news reports.
- 13. Tenant Engagement Communication Campaign:** To strengthen tenant engagement, the Council is prioritising a targeted communications campaign to inform tenants about their rights, rental standards, and how to check if a property is licensed. This campaign will provide clear guidance on reporting substandard conditions and ensure tenants understand their options.
- 14. Strengthening Partnerships and Tenant Support:** Alongside this, the Council is expanding collaboration with tenant support organisations, advice centres, and tenants’ unions to ensure tenants have access to the resources they need. By strengthening these partnerships and incorporating tenant input into housing improvements across the private rented sector, the Council aims to empower tenants, improve housing conditions, and establish standardised procedures for addressing rental issues.

Year 3 Priorities

- 15. Clear Backlog and Improve Processing:** The Council will prioritise clearing the remaining backlog of applications while continuing to improve processing efficiency. A 16-week processing target will be introduced for all applications received from September 2024 onward, ensuring a more structured and timely approach to licensing.
- 16. Proactive Inspection Programme:** A large-scale inspection programme will be fully launched in April 2025, enabling a more comprehensive assessment of housing conditions and strengthening enforcement measures. In parallel, the Council will expand efforts to identify and address unlicensed properties, ensuring compliance across the private rented sector.

17. Strengthening Engagement with Tenants and Landlords: The Council will enhance tenant awareness and landlord guidance by expanding its communications campaign, providing clearer resources on property standards, compliance requirements, and tenant rights. Efforts will focus on direct tenant engagement, including multilingual materials and partnerships with grassroots organisations to reach diverse communities. Additionally, landlord engagement will be improved through better compliance support, promoting best practices and ensuring greater accountability across the private rented sector

Financial Implications

18. The scheme operates on a self-funding model, with income received from licensing fees used to fund the operational and enforcement aspects of the scheme.

Legal Issues

19. The scheme required Government confirmation before implementation, and all legal aspects had been thoroughly addressed in previous Cabinet reports from March 2021 and September 2020. The Law and Governance team continues to provide ongoing legal support and guidance in addressing issues that arise.

Level of Risk

20. The original Risk Register for the scheme identified several key risks. These included the possibility of judicial review, concerns over whether the submission for the scheme would be accepted, and challenges in recruiting officers with the necessary qualifications and experience to conduct inspections and enforcement activities. To mitigate these risks, the Selective Licensing Board continues to collaborate with the People Team to strengthen recruitment efforts and ensure that the scheme operates effectively.

Equalities Impact

21. The introduction of Selective Licensing was designed to improve housing conditions in the private rented sector. The scheme benefits tenants and residents across the city by ensuring safer and better-maintained rental properties. This report does not raise any additional equalities issues beyond those previously assessed during the initial planning and implementation phases.

Conclusion

22. Year 2 of the Selective Licensing Scheme demonstrated significant progress in processing efficiency, enforcement activities, and tenant engagement. Looking ahead, Year 3 will focus on expanding proactive enforcement, deepening tenant engagement, and enhancing operational efficiency to ensure the continued success of the scheme.

23. As the scheme progresses, further review reports will be produced to outline the outcomes and developments of the initiative. These reports will be made publicly available on the Council’s website to ensure transparency and accountability in the scheme’s ongoing operation.

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Background Papers: None

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