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OXFORD CITY COUNCIL

To:	**Cabinet**
Date:	22 October 2025
Report of:	David Butler, Director of Planning and Regulation
Title of Report:	Review of the Additional HMO Licensing Scheme

Summary and recommendations	
Decision being taken:	Seeking approval from members to conduct a statutory consultation to renew the Additional HMO Licensing Scheme in 2026.
Key decision:	Yes
Cabinet Member:	Councillor Linda Smith, Cabinet Member for Housing and Communities
Corporate Priority:	Good, Affordable Homes
Policy Framework:	Housing and Homeless Strategy 2023-28

Recommendation(s): That Cabinet resolves to:

1. Agree to proceed with a statutory 10-week consultation on the basis that it is necessary to renew the licensing scheme in its entirety for a further 5 years

Appendix No.	Appendix Title	Exempt from Publication
Appendix 1	Risk Register	No
Appendix 2	Equalities Impact Assessment	No

Introduction and background

1. The Housing Act 2004 gives local authorities the power to introduce additional licensing schemes for Houses in Multiple Occupation (HMOs) where evidence shows that a significant proportion are being poorly managed, resulting in problems for occupiers or the wider community.
2. Mandatory HMO licensing, set out in the Housing Act 2004, applies to every local authority and regulates larger HMOS occupied by five or more people. Councils also have the discretionary power to introduce additional licensing which extends the licensing requirement to smaller HMOs not covered by the mandatory scheme. Oxford City Council has operated a citywide Additional HMO Licensing Scheme since 2011, renewed in 2016 and again in 2021. The current scheme is due to expire in June 2026.
3. In order to maintain continuity of regulation and to ensure that the Council can continue to address issues associated with poorly managed HMOs, it is necessary to seek Cabinet approval to consult on renewing the scheme. Evidence collected under the existing scheme indicates that licensing has supported improvements in housing standards, compliance, and management practices. However, challenges remain in areas such as property condition, overcrowding, and unlicensed properties.

Current Scheme Findings

4. Oxford currently has approximately 3,000 active HMO licences. In the first four years of the current scheme, the Council issued over 8,000 licences, with around 45 per cent relating to additional HMO licences. This shows that smaller HMOs remain a significant part of the market. This represents a sustained regulatory workload of around 2,000 licences per year, and most landlords continue to renew their licences, demonstrating acceptance of the scheme.

5. Licensing has helped improve housing standards, but many properties still need targeted requirements. Every HMO license must include certain mandatory conditions set out in the Housing Act 2004, covering requirements such as gas and electrical safety, smoke alarms and maximum occupancy. In addition, councils can require additional license conditions where inspections identify further risks. Additional conditions may require landlords to carry out fire safety improvements, address maintenance issues or take steps to prevent overcrowding. At present, 714 licences carry additional conditions, amounting to 1,109 individual requirements, most of which relate to fire safety (865 conditions). This shows that a substantial number of properties still require targeted conditions to protect tenants. These requirements are spread across both mandatory and additional licences, confirming that issues are not confined to one part of the market.

6. Conditions in HMOs remain a concern despite the progress made through licensing. Each year the Council receives over 1,500 complaints and inquiries related to private rented or housing association homes. Around 35% of these relate specifically to HMOs even though HMOs make up only around 3,000 of the city's 14,500 licensed properties. The majority of the licences fall under the selective licensing scheme, yet HMOs generate a disproportionately high level of complaints. These complaints underline the continuing challenges in this part of the sector and show that tenants and neighbours continue to raise issues about property

standards. HHSRS inspections reinforce this picture. Category 1 hazards have risen from 44 in 2020/21 to 188 in 2024/25. The most frequent issues are fire safety risks, overcrowding, and poor maintenance.

7. Over the first four years of the scheme, the Council undertook 1,474 proactive compliance visits. Of these, 407 (37 %) identified non-compliance, including 214 cases within additional HMOs. This demonstrates both the proactive inspection approach and the ongoing presence of poorly managed HMOs, particularly within the additional licensing category.

8. Alongside compliance visits, the Council investigated 842 reports of poor housing conditions over the first four years of the scheme. Outcomes varied: some cases were resolved through advice (269) or works completed following written requests (59), while others led to additional licence conditions being imposed (157). More serious non-compliance resulted in 265 landlords being charged the higher Category D renewal fee, five Part 1 Notices being served, and 18 financial penalties issued. These figures show that informal routes are often successful, but formal interventions remain necessary.

9. Unlicensed HMOs continue to form a significant part of the Council's workload. Between 2021 and 2025, 870 reports were received relating to 861 unique addresses. A total of 474 site visits were undertaken, with 265 licence applications secured through informal engagement. In addition, 123 properties were charged the higher Category A fee for operating without a licence. A smaller number of cases progressed to prohibition orders, financial penalties, or prosecution. This demonstrates that informal approaches are effective in many cases, but enforcement is still required for persistent breaches.

10. Enforcement remains a vital part of the scheme. Since 2021 the Council has issued 25 financial penalties totalling £211,387, with over half of this value imposed in the last year alone. Enforcement has also included prohibition orders and prosecutions, as well as the use of higher fees for non-compliance. These measures show that enforcement remains an essential part of the regulatory toolkit.

11. Persistent problems of this kind show that, although licensing has improved standards and secured greater compliance, poor housing conditions, non-compliance and risks to tenant safety remain and continue to justify proactive regulation and enforcement. These findings confirm that continued regulation is beneficial, and the next step is to carry out the statutory consultation required by the Housing Act 2004 before any decision on renewal can be made.

Consultation

12. The Housing Act 2004 requires that before introducing or renewing an additional licensing scheme the Council must consult for not less than ten weeks. The consultation will seek views from landlords, letting and managing agents, tenants, residents, community groups, and statutory partners such as the Fire and Rescue Service and Police. Universities and student organisations will also be engaged given the significant student presence in the HMO sector.

13. The consultation will set out the reasons for the proposed renewal, the evidence base supporting it, and the alternative options considered. Responses will be invited through an online survey, written submissions, and engagement with stakeholder groups. All responses will be carefully considered and published in a summary report. Cabinet will then receive a further report following the close of consultation with recommendations on whether to proceed with a new scheme.

Alternative Options Considered and to be Consulted on

14. If the current scheme were allowed to lapse in 2026, licensing requirements for smaller HMOs would fall away. This would remove the Council's ability to proactively regulate a significant proportion of the sector. The evidence from the existing scheme shows that serious hazards and poor management practices remain common, particularly in relation to fire safety, overcrowding and poor property maintenance. Ending the scheme would undermine the progress achieved since 2011 and would also cut across the objectives of the Housing and Homelessness Strategy, which relies on licensing to improve standards in the private rented sector and prevent homelessness. This option is therefore not recommended.
15. Another option would be to renew the scheme only in limited areas, for example by only designating certain wards. However, HMOs are spread throughout the city and complaints and hazards are not confined to particular neighbourhoods. A partial scheme would risk displacing problems into non-designated areas and would create inconsistency in enforcement powers. Such an approach would also weaken the Council's ability to deliver on its corporate priorities, particularly around building safe neighbourhoods and ensuring fair housing standards and is therefore not recommended.
16. The preferred option is to renew the scheme across the whole city for a further five years. This approach ensures consistent regulation wherever poor conditions occur, protects vulnerable tenants and families for whom HMOs are often the only affordable option, and supports fair competition by holding all landlords to the same standards. Renewal would also maintain alignment with the Council's Housing and Homelessness Strategy and the Corporate Plan commitment to provide good and affordable homes. In a city with high housing costs and a large student population, the continued operation of a citywide scheme provides the clearest and most proportionate framework for tackling poor housing conditions and ineffective management.

Financial implications

17. The consultation exercise will have associated costs, which will be met from existing service budgets. Should Cabinet ultimately agree to designate a new scheme, it is intended that it will continue to operate on a cost-recovery basis, funded through licensing fees.
18. Since 2016 Oxford has operated a charging structure designed to reflect levels of compliance and ensure that compliant landlords are not subsidising non-compliant ones. Following case law, a two-part fee structure was introduced in 2019. The first part of the fee is charged on application and covers processing and inspection

costs. The second part is charged when the Council is in a position to grant the licence and covers operational and enforcement costs. This approach ensures that the scheme remains cost neutral and does not require subsidy from general revenue funding.

19. As part of the upcoming consultation the Council will also seek views on the proposed fee levels for the next scheme period. A new costing exercise has been undertaken, and draft fees have been calculated to cover the current costs of delivering the licensing function. The overall fee format is not proposed to change, but the revised levels will be consulted upon to ensure transparency and to allow stakeholders to comment.

Legal issues

20. The legal framework for Additional HMO Licensing is established under Part 2 of the Housing Act 2004, which grants Local Authorities discretionary powers to designate areas for additional licensing where they consider that a significant proportion of HMOs are being managed sufficiently ineffectively as to give rise to problems for occupants or members of the public. Section 56 of the Act sets out the conditions that must be satisfied before a designation can be made, requiring the authority to consider the extent of ineffective management and take reasonable steps to consult with affected persons.

21. Section 57 further requires the authority to ensure that any designation is consistent with their overall housing strategy, adopts a coordinated approach with other housing enforcement activities, considers alternative courses of action, and will significantly assist in dealing with identified problems.

22. Pursuant to the general approval issued by the Secretary of State on 1 April 2010, the Council must consult persons who are likely to be affected by the designation under Section 56(3) for not less than 10 weeks.. Following any decision to renew the scheme, Section 59 requires a minimum of 3 months' notice before the designation comes into force, during which time the Council must publish the designation and notify affected persons. The proposed fees must be set in accordance with the statutory guidance and recent case law, ensuring they reflect the costs incurred in operating the scheme and do not exceed the reasonable costs of the licensing function.

Level of risk

23. The risk register is attached at Appendix 1. There are no abnormal risks associated with this stage of the renewal process. The principal risks relate to potential legal challenge or insufficient engagement during consultation, both of which will be mitigated through adherence to statutory requirements and a clear communications plan.

Equalities impact

24. An initial Equality Impact Assessment is attached at Appendix 2. The assessment recognises that HMOs provide housing for a wide range of residents, including students, young professionals, low-income households and families with children,

as well as people from minority ethnic backgrounds and other groups who may be more reliant on the private rented sector. Poorly managed HMOs can have a disproportionate impact on these groups, particularly in relation to health, safety and financial vulnerability. Renewing the licensing scheme has the potential to deliver positive equalities outcomes by improving standards and protecting tenants in a part of the housing market where disadvantage is more prevalent. The full impact will be reviewed following consultation, and the assessment will be updated to reflect any issues raised.

Carbon and Environmental Considerations

25. At this stage there are no direct carbon or environmental implications arising from the decision to consult. However, HMOs can have an impact on environmental sustainability. Poorly managed properties are more likely to have low energy efficiency standards, which in turn contribute to higher carbon emissions. HMOs also generate waste management challenges where household systems are not adequate or properly used, which can create wider environmental issues for neighbourhoods. These considerations will be kept under review and assessed more fully in the final report following consultation.

Conclusion

26. Cabinet approval is required to begin the statutory consultation on the renewal of the Additional HMO Licensing Scheme. The evidence base indicates ongoing issues with housing conditions and management of HMOs. Renewing the scheme is the most effective way to ensure continued improvement. A further report will be submitted to Cabinet after consultation with recommendations for designation.

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