

GREATER LONDON AUTHORITY

REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2616

Title: Centre for London Selective Licensing research project

Executive Summary:

To contribute £15,000 towards the costs of a Centre for London research project into selective licensing in London and how a devolved approach to selective licensing in London could work. The GLA would be co-funders of the project, alongside a number of key London boroughs, who are also contributing funding. The GLA's contribution will fund Part 3 of a three-part project (Part 3 commencing December 2022). The Mayor's contribution would be funded from the (then) MHCLG Private Rented Sector Checker funding, given to the GLA to further the Mayor's projects to improve the private rented sector in London. This project furthers the Mayor's Housing Strategy commitments to support London-wide selective licensing.

Decision:

That the Assistant Director of Housing approves:

1. expenditure of £15,000 with 'Centre for London', via a services agreement, to part-fund a project to research the state of existing selective licensing schemes in London and to make recommendations for how a devolved London-wide approach to licensing could work; and
2. an exemption from the requirements of Section 9 of the Contracts and Funding Code to tender for this work on the grounds of previous involvement in a specific current project or continuation of existing work that cannot be separated from the new project/work

AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Tim Steer

Position: Executive Director, Housing & Land

Signature:



Date:

20 December 2022

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. The Mayor has a long-standing call for the devolution of powers to approve selective licensing schemes in London. Selective licensing is one of the most valuable tools boroughs have to improve poor standards in the private rented housing sector but their ability to design and deliver schemes is restricted by the current system, which is overly complex and expensive to apply for and administer.
- 1.2. As part of this work, we identified a need for additional research to establish the state of existing selective licensing schemes in London and to make recommendations for how a devolved London-wide approach to licensing could work. Centre for London also identified this need and is part way through a three-part project on the topic, with the first two elements having been funded by London boroughs.
- 1.3. Funding for the project would be taken from the PRS Checker funding awarded to the GLA by the Ministry of Housing Communities and Local Government (now Department for Levelling Up, Housing and Communities) in 2019 for the Mayor's projects to improve the private rented sector, as approved via MD2547.
- 1.4. The Mayor considers property licensing to be one of the most valuable tools councils have to address poor standards and conditions in the PRS. There is strong evidence that these schemes help to drive up standards and improve enforcement where used.¹ Boroughs currently have to apply to DLUHC for permission to implement schemes and seek permission from the Secretary of State for schemes with more than 20 per cent coverage.
- 1.5. Currently 17 of London's 32 boroughs and the City of London use selective licensing schemes, the highest concentration in the country. Despite this, their effectiveness in the city is constrained by inconsistency, under-resourced enforcement and the lack of accurate, comprehensive data on the true extent of the private rented sector in any borough.
- 1.6. The Mayor's 2018 London Housing Strategy committed to "providing strong support for well-designed and operated council licensing schemes, including calling for devolution powers over such schemes to the Mayor."
- 1.7. In the intervening years, the Mayor has worked closely with those London boroughs applying for and implementing selective licensing schemes. He is aware that the process is lengthy, expensive and legally risky for councils to pursue. The Mayor is supportive of the government's intentions to ensure that only schemes which truly meet the criterion set out in the Housing Act 2004 are introduced. These criteria originally centred on tackling anti-social behaviour and low housing demand; in 2015 they were expanded to include poor property conditions, high crime, high levels of deprivation and high migration. However, he feels strongly that licensing is one of the most valuable tools councils have to address poor standards and it should be simpler and less expensive for them to access it. The Mayor having control over the approvals process in London, and able to design a framework for selective licensing schemes which gives greater guidance and certainty to boroughs, thereby simplifying the process and saving public money, would allow both of these ambitions to be realised.
- 1.8. In June 2022, the GLA submitted a briefing paper to DLUHC on options to devolve powers to the Mayor to approve selective licensing schemes. DLUHC officials have responded positively with proposals of their own and discussions are ongoing.

1

- 1.9. Under Section 9 of the GLA's Contracts and Funding Code there would normally be a requirement to tender for this work at the expected level of expenditure (£15,000). However, given Centre for London's ongoing work on this topic, an exemption is requested through this decision, under Section 10 of the Code on the basis of previous involvement in a specific current project or continuation of existing work that cannot be separated from the new project/work.

2. Objectives and expected outcomes

Objectives:

- Part 1: bring together boroughs with and without licensing schemes to discuss how improved licensing schemes could improve enforcement
- Part 2: conduct a research project exploring boroughs' experiences of selective licensing schemes in detail, profiling case studies in and outside of London and making recommendations
- Part 3: in partnership with pioneering boroughs and the GLA, Centre for London will design a devolved London-wide approach to licensing.

- 2.1. The GLA has been asked to fund Part 3 of this work.

Expected outcomes:

- a recommendation for a London-wide approach to licensing
- evidence-based research to aid the Mayor's engagement with government on potential devolution of powers to implement selective licensing.

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010, the Mayor and GLA are subject to the public sector equality duty and must have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation
 - advance equality of opportunity between people who share a relevant protected characteristic and those who do not
 - foster good relations between people who share a relevant protected characteristic and those who do not.
- 3.2. The "protected characteristics" are age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation and marriage/ civil partnership status. The duty involves having appropriate regard to these matters as they apply in the circumstances, including having regard to the need to: remove or minimise any disadvantage suffered by those who share or is connected to a protected; take steps to meet the different needs of such people; encourage them to participate in public life or in any other activity where their participation is disproportionately low. This can involve treating people with a protected characteristic more favourably than those without one.
- 3.3. Selective licensing schemes target the worst parts of the private rented sector, where low-income households, among which those with several protected characteristics are over-represented, are most likely to live. Housing in London 2022² reports that Asian and Black renters were most likely to say that the quality of their housing was poor; Race and Housing reports that, while in every ethnic group private renters were most likely to live in homes below the Decent Homes Standard, Black and Asian

² <https://data.london.gov.uk/housing/housing-in-london/>

households in private rented housing were particularly likely to live in ‘non-decent’ homes.³ This project is likely, therefore, to have a particularly positive impact on people with those protected characteristics.

- 3.4. There is a risk that improvements to property standards and management practices in the private rented sector yield unintended adverse consequences for those with some protected characteristics. This could occur if the improvements resulted in landlords and letting agents raising rents, thereby increasing the financial pressures on tenants. It seems unlikely that this impact will be widespread, insofar as poor standards and management standards are limited to pockets of the sector.
- 3.5. Non-UK nationals (and therefore those of particular races and ethnicities) are more likely to be exploited, harassed and unsafely housed by criminal landlords. This group is therefore likely to benefit from this project, which seeks to tackle criminality among landlords and agents in the sector. However, enforcement action against poor standards in the private rented sector may identify some non-UK nationals who are in the UK illegally and result in them being removed from the country. While this may be experienced as a negative outcome by those removed, their removal would need to be in line with the UK’s migration policy.
- 3.6. The GLA playing a more co-ordinating role in the design and decision making of selective licensing schemes can reduce the risk of improved enforcement having negative impacts on protected groups.

4. Other considerations

Key risks and issues

Not participating in the project	Missing key opportunity to influence policy development on an important Mayoral commitment (see below)
Improved standards and conditions (as a result of increased coverage and enforcement work) lead to landlords and letting agents increasing rents, thereby increasing financial pressures on low income renters.	The GLA having a co-ordinating role in the design and decision making of selective licensing schemes will reduce the risk of improved enforcement having negative impacts on low income Londoners.

Links to Mayoral strategies and priorities

- 4.1. London Housing Strategy (6.1B): “The Mayor will work with government, councils, and employers to address upfront costs and fees that private renters are forced to pay. This will include providing strong support for well-designed and operated council licensing schemes, including calling for devolution of powers over such schemes to the Mayor”.
- 4.2. Robust safety net recovery mission: “Use of Rogue Landlord and Agent Checker and Property Licence Checker to improve safety of renters, compliance of landlords and enforcement by borough teams”.

Health

- 4.3. There is a clear link between poor housing conditions and poor mental and physical health. Improving conditions in private rented sector homes, through increased spread of selective licensing schemes will lead directly to improved health outcomes for London’s renters. The recent GLA commissioned

³ https://airdrive-secure.s3-eu-west-1.amazonaws.com/london/dataset/housing-research-notes/2022-03-23T07%3A59%3A24/Housing%20Research%20Note%208%20-%20Housing%20and%20race%20equality%20in%20London.pdf?X-Amz-Algorithm=AWS4-HMAC-SHA256&X-Amz-Credential=AKIAJJDIMAIWZJDICKHA%2F20221103%2Feu-west-1%2Fs3%2Faws4_request&X-Amz-Date=20221103T215831Z&X-Amz-Expires=300&X-Amz-Signature=c7b6bbaeca7ef7399d78baa236450d17326ab3ba1da8c5fa3cad408f0babdc7&X-Amz-SignedHeaders=host

evidence report on health and housing can be found here:

<https://www.instituteofhealthequity.org/resources-reports/evidence-review-housing-and-health-inequalities-in-london>

Impact assessments

- 4.4. Link to London Housing Strategy impact assessment can be found here:

https://www.london.gov.uk/sites/default/files/2018_lhs_impact_assessment_fa.pdf

Conflicts of interest

- 4.5. The Centre for London's chief executive, Nick Bowes, was previously the GLA's Mayoral Director of Policy. The GLA is confident this does not present a conflict of interest. Nick Bowes has had no direct involvement in agreeing the terms of the grant agreement including the detailed proposal and the amount of grant. This proposal is a discrete project being undertaken as part of a long-term working relationship between the GLA and the Centre for London and relates to a matter that is of undoubted strategic importance to London and the GLA.

5. Financial comments

- 5.1. Assistant Director of Housing's approval is sought for expenditure of £15,000 to part fund a project by 'Centre for London' to research the state of existing selective licensing schemes in London and to make recommendations for how a devolved London-wide approach to licensing could work. The spend will span two financial years; £10,000 in 2022-23 and remaining £5,000 in 2023-24 at delivery end (expected to be May 2023). This is to be funded from the Private Rented Sector Checker funding awarded to the GLA by the Department for Levelling Up, Housing and Communities in 2019 for the Mayor's projects to improve the private rented sector, as approved via MD2547.
- 5.2. As this is an externally funded budget, ringfenced for improving standards in the private rented sector and help vulnerable renters, any unspent budget at year end will be added to reserves to be utilised in future years.

6. Legal comments

- 6.1 The foregoing sections of this report indicate that the decisions requested of the assistant director concern the exercise of the Authority's general powers; falling within the Authority's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of social development in Greater London; and in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:
- pay due regard to the principle that there should be equality of opportunity for all people;
 - consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
 - consult with appropriate bodies.
- 6.2 In taking the decisions requested, the assistant director must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who

do not share it (section 149 of the Equality Act 2010). To this end, the assistant director should have particular regard to section 3 (above) of this report.

- 6.3 The procurement of the research services from Centre for London is valued at £15,000. Section 9 of the Authority's Contracts and Funding Code (the "Code") requires that the Authority undertake a formal tender process or make a call off from an accessible framework for procurements with a value between £10,000 and £150,000. However, section 10 of the Code also provides that an exemption from this requirement may be justified on the basis of previous involvement in a specific current project or continuation of existing work that cannot be separated from the new project/work. The officers have set out at paragraph 1.9 above the reasons why the procurement of the services from Centre for London falls within that exemption. Accordingly, the assistant director may approve the exemption, if they be so minded.

7. Planned delivery approach and next steps

Activity	Timeline
Main milestone: start of Part 3 (devolution section)*	12/12/2022
Main milestone: second roundtable/advisory group	06-20/02/2023
Main milestone: draft sent to advisory group	13-27/03/2023
Delivery End Date	22/05/2023
Project Closure	22/05-19/05/2023

- 7.1. The GLA has agreed to fund Part 3 of this project.

Appendices and supporting papers:

None

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral

Is the publication of Part 1 of this approval to be deferred? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Vicky Pearlman has drafted this report in accordance with GLA procedures and confirms the following:

✓

Corporate Investment Board

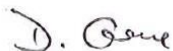
A summary of this decision was reviewed by the Corporate Investment Board on 19 December 2022.

ASSISTANT DIRECTOR OF FINANCIAL SERVICES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature (Executive Director of Resources)

Date



20 December 2022