

SELECTIVE LICENSING: A RANT!

By David Lawrenson

Last year, I had to submit to Lewisham's selective licensing scheme – just a year or so after having to do the same for my properties in Southwark. These schemes are now greenlighted by the government, with all Labour boroughs being especially keen to set them up to raise revenue and further hurt landlords.

I think "selective licensing scheme" is rather an odd name for something that covers ALL non-HMO private rented properties in an area (HMOs being separately licensed). In Lewisham, the scheme covers the whole borough, with only well-off Blackheath and the posher parts of Brockley falling outside of the scheme.

Rollout of the scheme

The scheme rollout was awful. It was not promoted effectively. The NRLA (National Residential Landlords Association, of which I am a member) had no info on it at all in the run-up to the launch and for a few months after, finally updating their Licensing Update webpage in July (possibly after my intervention).

Lewisham failed to tell most of their landlords the scheme was starting. I don't know a single landlord who received an email.

The promotion appears to have been limited to bus sides and their local borough magazine. (I guess they assume that all landlords letting properties in Lewisham must live in the borough!)

Staff I spoke to at Lewisham were confused about the start date of the scheme and when the "early bird discounts" ended.

The proportion of the budget set aside for the enforcement of the scheme is 72%; a whopping 28% goes on administration.

On enforcement, Lewisham have been unable to explain how, in practice, they identify landlords who sit outside the scheme. Nor have they explained how enforcement action



might differ in respect of landlords who are decent and doing the right thing, but just through no fault of their own did not know the scheme existed, compared to the rogue operators who fail on every measure and are letting death-trap properties. I have asked them directly about this but never got a reply.

My experience of applying for the licence

It is much like similar schemes in terms of cost – more on that below – in this case, a cool £640 over five years. The system where one must upload the information is like neighbouring Southwark's one, which I have also had to join.

Both require a heap of information, including who the freeholder / managing agent / letting agent / mortgage company is – and you are supposed to inform each of these before you supply Lewisham with the information. But what happens if the freeholder or agent does not want their information supplied?

The system is not flexible. One of my mortgage companies does not supply an email address anywhere on its communications. As the application form will not let you proceed without entering an email address in the box, people are forced to make one up to get to the next stage.

One saving grace is that Lewisham, unlike Southwark, does not require landlords to become amateur draughtsmen and send them a layout plan of the properties, including each room, but they do require room sizes.

Nowhere do they say in any documentation, including in the licence itself, that a satisfactory electric certificate must legally be done every

five years – a missed opportunity to raise standards, in my view, especially as many will be coming up for first renewal around now.

If you have a mortgage on a leasehold property that has a managing agent and a freeholder, and you use a letting agent, completing of the document for each property will take around an hour, plus an hour or two of prepping to find all the information they need.

Lewisham also expects landlords to upload an EPC, even though these are available for anyone to view and check on the publicly available government website.

Like Southwark, they expect the licence holder to visit their property every six months, and also to provide a 24-hour emergency response number.

Similarly, Lewisham wants to see references on demand. But, as tenant references from landlords and employers are supposed to be confidential, doesn't this conflict with our duties under GDPR?

It seems to me that there are requirements that do not correspond with any other legislation, and that seem to contradict landlords' responsibilities in other areas of law and practice. Landlords I know in Southwark and in neighbouring Greenwich report similar problems.

Where an application was correct, with no queries, and sailed through first time, the licence was issued three months after submission and start date of the scheme. Where there was missing information, it took up to eight months.

Given the possible fines for non-compliance and not getting a licence, I strongly advise landlords to get a licence.



How widespread is selective licensing?

Research from Direct Line in 2024 found that 47 English councils, out of the 245 that responded to their Freedom of Information request, currently have a selective licensing scheme in place, an increase of almost 10% from 2022.

Local authorities charge landlords almost £700 on average, the highest being Leicester (£1,290), Newcastle (£900), and Greenwich (£858). Ashfield (£350), East Staffordshire (£507), and North Yorkshire (£550) charged the least.

In 2023, English councils generated over £20m from selective licensing schemes and raised £2.5m by fining landlords, almost double the previous year's income of £1.4m, though most of these fines will NOT be for not having a licence. I could not find any information specifically on how much in terms of fines have been meted out for not having a selective licence.

Do selective licensing schemes make a difference?

That's a very good question.

There is no evidence of any more activity from councils in terms of raising standards

in the private rented sector, though Newham, which has an all-borough scheme, have been very active in terms of going after rogue and unregistered landlords with death-trap properties. But whether and how this activity is tied into the database of licensing, or comes just from following tip-offs, is not clear.

My guess is that almost all the properties the council has ever raided will be unlicensed. Should they ever find any that are licensed and also in bad condition, I guess they will check compliance – looking at gas safety certification, electric, EPC compliance, room sizes, whether the property is really an HMO, etc.

My view is that these selective licensing schemes fail to raise standards and are unnecessary. The better approach – the one that seems to be used by the more active councils – is to follow up leads received about properties in very poor condition. This activity seems to have nothing to do with whether a selective licensing scheme is in place or not.

In the long term, I think a national scheme will replace local selective licensing schemes (and possibly the HMO licensing schemes too), but that will likely be several years away because it will need a lot of infrastructure to set it up. Right now, there is too much going on around the Renters' Rights Bill to worry about that.

Do what you are told, not as I do...

Landlords will be amused to see that the architect of the Redbridge selective landlords licensing scheme in London, who is a Labour MP for Ilford South and also a landlord himself, has been a rather naughty boy and not kept his own licences up to date – an extra shame for him, as there appear to be some problems with his properties. This is in the public domain – his name is Jas Athwal. You cannot make this stuff up, but it is fun to report on. See the links here:

<https://www.opennewham.co.uk/news/oh-dear-this-is-embarrassing>

<https://www.bbc.co.uk/news/articles/c9qgd4q49gvo>

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