

Appendix 5

Risk Analysis of Introducing Licensing Schemes across designated areas and mitigating measures



Potential Risk	Implication	Risk	Mitigating Measure
<p>The proposed designations are challenged and subjected to judicial review.</p>	<p>Additional cost</p> <p>Possible need to re-consult</p> <p>Delayed implementation or withdrawal of scheme/s</p>	<p>High</p>	<ul style="list-style-type: none"> • Ensure statutory requirements for designating a selective and additional (HMO) scheme are met. • Robust business plan • Robust consultation undertaken by external consultant, for an impartial and transparent process promoting fully the benefits of the schemes. • Elected members and officers do not undertake implementation prior to consultation feedback and due Council process. • Legal to confirm process of consultation has been followed. • Allowances made to amend licence conditions and fees, following consultation feedback.
<p>The fees proposed will be challenged or insufficient to cover costs.</p>	<p>Judicial review if the fee does not reflect the cost of licensing process only.</p> <p>A lower fee will prevent the scheme being self- financing.</p> <p>The process proves to be more resource intensive than planned.</p>	<p>Low</p>	<ul style="list-style-type: none"> • Fee calculated in line with European Directive, full details of calculations including only permitted costs. Fee to be reasonable and justifiable. • Case law considerations to be reviewed (Hemming v Westminster), to ensure that the fee is appropriate and legal. • Discounts for landlords offered to encourage compliance and early application. • Fee to be reviewed during designation.



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Increased Council resource costs to ensure the schemes are successful.	<p>Additional costs such as enforcement under Housing Act 2004, Part 1 will need to be met from the Council's general funds.</p> <p>Possible increased FOI requests.</p>	High	<ul style="list-style-type: none"> • The scheme can only recover costs from its fees for specific elements and not enforcement, (Housing Act 2004, Part 1). • Ensure all other council departments are adequately funded to support the schemes • Ensure accuracy of recording data. Robust business plan.
Proposed licence conditions to be clear and only imposed on the licence holder (unless another person agrees to be bound by those conditions).	Conditions are unenforceable.	Low	<ul style="list-style-type: none"> • Legal advice sought. • Consultation feedback is likely to raise any specific issues.
Unprofessional landlords sell properties leading to an increase in empty homes.	<p>Houses become managed by more professional landlords or become owner occupied. Less private rented accommodation available.</p> <p>Homes will become empty as a result of landlords trying to sell property and flooding the market..</p> <p>A few landlords may attempt to illegally evict a tenant.</p>	Low	<ul style="list-style-type: none"> • Promotion of benefits of licensing with landlords • Support and training offered to landlords. • Encourage landlords to engage with accreditation scheme. • Information sharing between other partners. • Housing Options made aware to give appropriate advice to tenants.



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Possible displacement of landlords to other areas within the local authority's jurisdiction, or to neighbouring local authorities.	Landlords acquire property and operate in adjacent areas.	Low	<ul style="list-style-type: none"> Sefton may need to consider licensing across other areas of the borough where any large scale displacement occurs. Bootle borders with Liverpool CC, who already have a city wide licensing scheme.
Landlords do not licence their properties	<p>Insufficient income is achieved to self-fund the schemes.</p> <p>Landlords operate illegally.</p> <p>Issues not solved.</p>	Med	<ul style="list-style-type: none"> Sefton holds a comprehensive database of properties and owners. Full consultation may help to identify landlords. Regular and high profile promotion of requirements to hold a licence. Engagement with agencies who operate across licensing neighbourhoods, to develop a network of local knowledge Promote awareness with community and PRS Tenants, to encourage 'whistle-blowing' if they know of landlords without licenses. Use enforcement and prosecution tools and publicise. Robust financial modeling, with a sufficient margin to mitigate against shortfall. Discounts for 'early bird application and accreditation, to encourage application. Support for landlords holding a licence e.g. ASB and tenancy support and subsidised training offers.
A higher volume of applications is received than planned for.	<p>Delays in processing would lead to loss of credibility.</p> <p>Additional fee income achieved.</p>	Low	<ul style="list-style-type: none"> Application process to be as streamlined and efficient as possible. Staffing to be monitored and matched to meet demand. Staff to be ready to receive and process applications at scheme commencement Income sufficient to fund additional staffing.



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Some financial institutions may not lend to landlords across areas where licensing is in place.	Landlords may not be able to access mortgages from some companies.	Low	<ul style="list-style-type: none"> Most landlords will have a mortgage. A mortgage company cannot prevent a property being licensed on the grounds that it doesn't wish it to have one.
Licence fees passed onto tenants through increased rents.	Landlords may pass on cost of the licence to their tenant in order to cover the additional costs.	Low	<ul style="list-style-type: none"> Ensure fees are a reasonable and that licensing process is as streamlined and efficient as possible. Housing Options made aware to give appropriate advice to tenants.
Anti-social behaviour (ASB) increases despite licensing	Focusing only on privately rented properties may not improve behaviour in area.	Med	<ul style="list-style-type: none"> ASB Team adequately resourced Resources and support made available to landlords to tackle ASB effectively and in a timely manner. Enforcement action taken against landlords where licence conditions are breached, by agreement with all relevant partners, e.g environmental protection, cleansing, ASB, Legal, RSL providers Monitoring procedures in place. Regular feedback on ASB involving designated areas across all partners.
Property Conditions do not improve	Residents living in poor conditions, wider health implications.	Low	<ul style="list-style-type: none"> Ensure properties are inspected and issues acted upon. Training and support for landlords. Publicise prosecutions. Pursue management and rent repayment orders
Licensing has not achieved its objectives at the end of the 5 year designation.	<p>Extension of designation for a further 5 years.</p> <p>Landlord and tenant support needs to be developed.</p>	Med	<ul style="list-style-type: none"> Ensure scheme has achievable and measurable outcomes. Robust and regular annual monitoring on agreed outcomes. Scheme is consistently enforced. Clear exit strategy. Staff and partners fully committed to the scheme. If the scheme focuses on administration and



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			<ul style="list-style-type: none"> enforcement it will not be effective in changing behaviour and dealing with the main issues. Mechanisms to be available for improving tenant behaviour, and to support landlords in obtaining references to meet the licensing conditions.
Large numbers of appeals are made to the First-tier Tribunal (Property)	<p>Increased demand on staff resources.</p> <p>Fewer applications processed and issued.</p>	Med	<ul style="list-style-type: none"> Ensure licence conditions are clear, reasonable and enforceable. Clear explanation of HMO classification (Additional Licensing) to limit misinterpretation. Legal advice sought prior to enforcement.
Sefton Council inadequately manages the schemes	Loss of credibility. Problems within the communities remain not adequately dealt with.	Low	<ul style="list-style-type: none"> Scheme adequately resourced and staff properly trained. Scheme is enforced in a consistent and robust manner and supported by all partners.
<p>Additional licensing:</p> <p>A large number of applications from landlords submitted incorrectly (not a HMO), funds paid in advance and held prior to determining.</p>	Poor publicity for scheme. Local authority criticised for retaining landlord's funds.	Low	<ul style="list-style-type: none"> Payment for additional (HMO) licensing on production of licence and not application, allowing time for a valid licence determination to be made.
Changes to legislation in respect of HMO definition, prior or during the proposed duration of scheme, leading to a number of properties then required to be under mandatory licensing scheme.	<p>Numbers of properties for additional licensing greatly reduced, leading to reduced fee income.</p> <p>Significant increase (borough-wide) of mandatory licensable properties.</p>	Low	<ul style="list-style-type: none"> Staffing reallocated from Additional to Mandatory Scheme to cope with demand Any licensed properties under 'additional' to be ported across to mandatory until expiry. Fees to be reviewed against increased numbers and any potential additional staffing arrangements for Mandatory to cope with demand.

