

Slough Borough Council

Information needed	Details
Report To:	Corporate Improvement and Scrutiny Committee
Date:	25 November 2025
Subject:	Discretionary Property Licensing
Chief Officer:	Tessa Lindfield, Director of Public Health and Public Protection
Contact Officer:	Simon Beasley/Laura Robertson
Ward(s):	All
Exempt:	No
Appendices:	None

1. Summary and Recommendations

- 1.1 This report seeks to update Corporate Improvement and Scrutiny Committee on the Council's work to date on implementing future discretionary property licensing schemes.
- 1.2 Subject to the delivery and results of a private sector housing stock modelling survey it is anticipated that permission to consult on proposals to implement discretionary property licensing schemes across some or all Wards of the Borough will be presented as a decision to Cabinet by February 2026.

Recommendations:

Corporate Improvement and Scrutiny Committee is recommended to:

- Note the contents of this report and make such comment and recommendation as considered appropriate.

Reason: To ensure that Corporate Improvement and Scrutiny Committee are aware of the Council's powers in relation to discretionary licensing, and its intention to put before Cabinet the proposed discretionary licensing designation/s where the conditions for additional and/or selective licensing are present.

Commissioner Review

Discretionary property licensing schemes are designed and determined locally and aim to target specific local issues by enabling more intensive proactive enforcement strategies. In considering Slough's unique circumstances, any designation should also be consistent with the housing strategy, reflect the wider homelessness challenges, empty properties, and anti-social behaviour.

Authorities are not expected to profit from licensing; they have the discretion to charge fees which cover the cost of running these schemes. They must be proportionate to the scheme's operational costs and given the Council's financial position should not be subsidised by the Council's general fund. Should the Council proceed with such a scheme, the rate at which fees are set will be based on several factors some of which may be unique to the Council and the rationale behind their determination will need to be transparent, justifiable and readily accessible.

Commissioners are content for this report to be considered.

2. Report

2.1 Section 3 Housing Act 2004 ("the Act") requires local housing authorities to not only keep the housing conditions in their area under review, but also to identify any action that may need to be taken by them to respond to issues that are identified.

2.2 The private rented sector is the second largest housing sector after owner occupation in the Borough. Within the Council's draft Housing Strategy (to be presented at December 2025 Cabinet) there is a commitment to tackle issues within this sector. Discretionary property licensing is one of the tools available to the Council to improve standards and ensure that all privately rented properties within a defined area meet a minimum housing standard.

2.3 Sections 56 and 80 of the Act allow the Council to designate the whole, or any part or parts of their area, as subject to discretionary licensing. The introduction of discretionary licensing means that all private rented accommodation of a prescribed type which is let or occupied, is done so under a licence. Although Local Authorities have discretionary powers to implement property licensing, once adopted, it is mandatory for a landlord to apply for a licence.

2.4 There are specific conditions set out in the legislation that must be met before discretionary licensing schemes can be considered. There are two types of discretionary licensing that the Council can implement. Selective licensing covers privately rented homes let to a single family, a single person, or a household of up to two unrelated sharers, whilst additional licensing applies to smaller Houses of Multiple Occupation not covered by the mandatory licensing rules and includes properties with three or four tenants who share a kitchen or bathroom.

2.5 A selective licensing designation may be made if the area to which it relates satisfies one or more of six conditions¹ detailed in the Act, namely:

- Low housing demand (or is likely to become such an area)
- A significant and persistent problem caused by anti-social behaviour attributable to the private rented sector
- Poor property conditions
- High levels of migration
- High level of deprivation
- High levels of crime

¹ Selective licensing in the private rented sector: a guide for local authorities December 2024

- 2.6 Where the designation is to be based on property conditions, migration, deprivation or crime, the local authority may only make a designation if the area has a higher proportion of property in the private rented sector than the England average (currently 19%).
- 2.7 An additional licensing designation may only be made if the Council can demonstrate that a significant proportion of the Houses in Multiple Occupation (HMO) in the area are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems either for those occupying the HMOs or for members of the public.
- 2.8 An additional HMO licence would also be required for any building that has been converted into, and which consists entirely of self-contained flats, less than two-thirds of which are owner-occupied, and where the building works to convert the property into self-contained flats did not meet and still does not meet appropriate building standards in force at the time. Such properties are known as Section 257 HMOs.
- 2.9 Addressing issues found in the private rented housing sector can make an area safer and more desirable to live in, fostering a greater sense of stability and community pride. Where anti-social behaviour is reduced, residents feel safer in their homes and communities, leading to improved mental well-being, greater social cohesion, and increased engagement in positive activities.
- 2.10 For any future schemes to meet their objectives, compliance inspections of licensed properties would have to be undertaken. Inspections would not only allow the Council to confirm compliance with licence conditions but also provide an opportunity for the identification of unauthorised outbuildings. The inspection process may also reveal other issues such as child neglect, domestic abuse, and modern-day slavery, with officers reporting concerns to the appropriate safeguarding body or signposting the tenant to appropriate agencies.
- 2.11 Officers are currently working with an external provider to deliver the Council's private sector housing stock modelling survey. This survey will evidence if the conditions for additional and selective licensing are met, and the particular wards where those conditions are found.
- 2.12 If the conditions are met, it is anticipated that a report will be presented to Cabinet by February 2026, recommending that the Council undertakes a consultation as outlined in 3.2.4.
- 2.13 The results of any consultation would then be presented to Cabinet with a recommendation that it notes and considers the outcome of the consultation in respect of the proposed schemes, and either approves or rejects the pursuance of selective and/or additional licensing scheme covering the proposed areas.

3. Implications of the Recommendation

3.1 Financial implications

- 3.1.1 Sections 63(7) and 87(7) of the Act permits the Council to require any application for a licence under Part 2 (covering additional and mandatory HMO licensing) and Part 3 (covering selective licensing) to be accompanied by a licence fee, and that this fee may cover all costs incurred by the Council in carrying out its function. In setting licence fees, the Council will do so taking into account the Provision of Services Regulations 2009.
- 3.1.2 Schemes will be self-financing over the five-year lifetime of the designations. This would be achieved through detailed financial modelling to determine the licence fee. The scheme expenditure and income will be profiled over a six-year period, with year zero covering set up costs for the scheme and employment and training of staff.
- 3.1.3 Whilst the size of any future licensing designations would be subject to both the evidence and consultation supporting such schemes, a Borough-wide additional licensing designation would see in the region of 4000 properties requiring a licence, with a selective licensing designation covering a third of the Borough's wards requiring approximately 5,300 properties to be licensed. Discretionary property licensing fees in 2025 vary significantly by local authority, with costs ranging from £500 to over £1800 per property for a five-year licence.
- 3.1.4 The schemes will be monitored as part of the regular budget management financial reporting with in-year and cumulative balances reported as required. The schemes will be managed through a ring-fenced budget with appropriation to and from reserves to manage in-year surpluses or deficits.

3.2 Legal implications

- 3.2.1 The legal framework in respect of selective and additional licensing is set out in Sections 56 and 80 of the Housing Act 2004. It allows the local authority to introduce selective and additional licensing of privately rented homes and smaller HMOs across the whole, or part of the local authority area if the area to which it relates satisfies one or more of the conditions stipulated in the legislation.
- 3.2.2 In considering whether to designate an area, the Council must first identify the objective or objectives that a designation will help it achieve. Secondly, it must also consider whether there are any other courses of action available to it that would achieve the same objective or objectives without the need for the designation to be made. Only where there is no practical and beneficial alternative to a designation should a scheme be made.
- 3.2.3 If the local housing authority decides there is no practical and beneficial alternative to implementing schemes, it must only make the designation if it is satisfied that the scheme will significantly assist it in achieving its objective or objectives, along with other actions the local housing authority may be taking. The Council must demonstrate a designation will be part of the overall strategic borough wide approach to housing and how it fits with existing policies.

- 3.2.4 When considering designating an area as subject to discretionary licensing, the Council must conduct a full consultation. It must take reasonable steps to consult persons who are likely to be affected by the designation and consider any representations made in accordance with the consultation (Sections 56(3) and 80(9) of the Act). Such consultation should be over a period of at least 10 weeks. Once the consultation has been completed the results should be published and made available to the local community.

3.3 Risk management implications

- 3.3.1 Implementing discretionary property licensing is human resource intensive. The administration of the scheme can be fully covered by the resulting licence fees and be self-financing. However, costs related to prosecution or related enforcement for landlords who do not have a licence cannot be recovered via the additional or selective licensing fee.
- 3.3.2 If schemes are implemented, the main risk is that there is a low take up by landlords, which would increase the cost of compliance and recovery of enforcement costs related to prosecution through the courts. This risk is mitigated by the fact that operating without a licence is a criminal offence and landlords will need to decide whether the risks of a criminal conviction and or significant financial penalties (up to £30,000) are worth taking for non-compliance. In addition, a tenant who is living in a licensable property, which is without a licence can apply for a Rent Repayment Order requiring up to 12 months' (may increase to 24 months under the Renters Rents Bill) to be repaid.
- 3.3.3 The additional regulatory measures and costs that would be in place following the introduction of discretionary licensing, combined with the new Renters Rights Act 2025, may see some landlords exit the rental market, with tenants at risk of being losing their homes. Some households may present to the Council as homeless if they are unable to secure other accommodation. Whilst the Council acknowledges the potential for this issue, it believes that the additional regulatory controls afforded by property licensing outweigh this risk.
- 3.3.4 Landlords may choose to pass on the cost of the licence fee to their tenants, however the 2019 report commissioned by the Government "An Independent Review of the Use and Effectiveness of Selective Licensing" found no evidence to support the claim that licensing has had a demonstrable effect on rent levels. Whilst the report focused on a review of selective licensing schemes, the Council believes the majority of its findings can be applied to additional licensing schemes. The private rented sector is a competitive market, with market forces being the key factor in determining rent levels. In addition, when broken down by month and week, any licence fee will be minimal. Furthermore, a property licensing fee is an allowable expense against rental profits, therefore reducing the actual cost of a licence.
- 3.3.5 For any future designations to achieve its targets and objectives, the Council must have the capacity to implement the schemes at scale. To ensure appropriate

resourcing, the licence fee will be set at a level that reflects the staffing structure required to deliver the schemes.

- 3.3.6 The scheme could also be susceptible to legal challenge (judicial review) if, for example, there was a challenge as to whether the statutory consultation requirements have been followed or not.

3.4 Environmental implications

- 3.4.1 There are no environmental implications from the assessment outcome.

3.5 Equality implications

- 3.5.1 An equality impact assessment will be undertaken prior to seeking Cabinet approval to implement schemes. An initial assessment does not indicate that any future schemes would have an adverse impact on any specific protected characteristic.

3.6 Corporate Parenting Implications

- 3.6.1 There are no corporate parenting implications from the proposed schemes.

3.7 Procurement implications

- 3.7.1 There are no procurement implications from the proposed schemes.

3.8 Workforce implications

- 3.8.1 If discretionary licensing schemes are introduced it is expected that they will be self-financing through the fee charging mechanism. Any recruitment will be carried in accordance with the Council's recruitment and selection procedure.

3.9 Property implications

- 3.9.1 There are no property implications from the proposed schemes

4. Background Papers

- 4.1 None