

Cabinet

21 October 2025

Private Sector Licensing (Additional & Selective Licensing Schemes)

Portfolio Holder: Councillor Louwella Prenter, Portfolio Holder for Housing & Homelessness

Report from: Adam Bryan, Director of Place

Author: Becs Wilcox, Chief Housing Officer

Summary

The report seeks approval to formally commence consultation for the recommended Additional Licensing Scheme in the nominated wards (Chatham Central & Brompton, Fort Pitt, Gillingham North, Gillingham South, Luton and Watling) and Selective Licensing Scheme in the recommended wards (Chatham Central & Brompton, Fort Pitt, Gillingham North, Gillingham South, Luton, Strood North & Frindsbury and Watling). This will then allow Cabinet to review the consultation outcomes and make a formal decision whether to approve a new discretionary licensing scheme effective from Summer 2026.

1. Recommendations

1.1. It is recommended that the Cabinet agree:

- 1.1.1 To approve Option 3 – the introduction of an Additional and Selective Licensing Scheme in the wards set out in Appendix B to the report, for consultation.
- 1.1.2. To instruct officers to commission the statutory consultation requirements to implement a new licensing scheme in addition to the mandatory licensing scheme as prescribed by the Housing Act 2004.
- 1.1.3. That officers provide a further report at the April 2026 Cabinet meeting (date TBC) with a view to making a decision on whether or not to proceed with an Additional & Selective Licensing Scheme in Medway (in part or parts of the local authority area).

2. Suggested reasons for decisions

- 2.1. To ensure that Cabinet has considered all options and consultation findings before deciding on whether or not to proceed with (a) new five-year discretionary Licensing Scheme/s.

3. Budget and policy framework

- 3.1. Additional & Selective Licensing contribute to the delivery of the following strategic outcomes.

One Medway Council Plan

- 3.2. This scheme will contribute to Priority 5 – Living in Good Quality, Affordable Homes, by serving as a route to drive up the standards and quality of private rented accommodation in Medway. This will be achieved through specific standards and conditions, in which the scheme will assist to hold landlords to account.

Medway Community Safety Partnership (CSP) Community Safety Plan 2024-2027

- 3.3. Tackling anti-social behaviour is one of the four strategic priorities in the CSP. Additional & Selective Licensing can help reduce anti-social behaviour (ASB) in privately rented areas by holding landlords accountable for their tenants' actions and promoting better property management practices. The scheme will also require landlords to meet specific standards and conditions which tackle issues like poor waste management, noise, and general property disrepair, which are often linked to ASB.

Medway's Joint Local Health & Wellbeing Strategy 2024-2028

- 3.4. The scheme will contribute to achieving Priority Theme 1 (Healthier & Longer Lives for Everyone) and Priority Theme 3 (Safe, Connected and Sustainable Places) in the Health & Wellbeing Strategy.
- 3.5. By dealing with poor property conditions and anti-social behaviour, the Council will give children the best start in life, so they are happy, healthy, and safe, and have a firm foundation for their future.
- 3.6. Improving living standards and ensuring properties in the private rented sector are managed more effectively will prevent ill health and increase the chances of people living healthy, long and happy lives.

Housing Strategy to 2030

- 3.7. Improving the quality of homes by driving up housing standards is one of the four commitments in the Housing Strategy. The Council made an expressed commitment in the Strategy to provide support to tenants through Medway's Private Sector Housing work in determining the need for Additional &

Selective Licencing, with an ambition to improve the standards in private rented accommodation.

Homelessness & Rough Sleeping Strategy to 2030

- 3.8. By building relationships with landlords, an opportunity arises to reduce the risk of evictions, reduce the risk of anti-social behaviour and ensure that the accommodation continues to be reasonable to occupy for the household by removing the risk of health and safety hazards.

4. Background

- 4.1. The Housing Act 2004 gave local authorities powers to tackle poor property conditions in the private rented sector. The Act also introduced different types of landlord licensing schemes, with mandatory licensing of Houses in Multiple Occupation (HMO), Additional Licensing, allowing local authorities to introduce licensing for a wider range of HMOs, Selective Licensing, which allows local authorities to implement licensing of all private rented properties, in order to address issues such as antisocial behaviour (ASB), poor housing quality and deprivation.
- 4.2. In December 2024, the Government removed the requirement introduced in 2015 which required local authorities to seek confirmation from the Secretary of State where Selective Licensing Schemes would cover more than 20% of their geographical area of more than 20% of privately rented homes.
- 4.3. The Private Rented Sector (PRS) in Medway plays a valuable role in providing housing for residents. More households in Medway rent from a private landlord (20.2%) than from a social landlord (13.6%), with a growth in this type of tenure of 17.2% between 2011 and 2021 (according to census data).
- 4.4. In addition to the growth in this type of tenure (PRS), rental prices over the last five years have risen by 20.9%, which is significantly higher than the national (17.8%) and regional (16.7%) increases.
- 4.5. More households are seeking accommodation in the Private Rented Sector (PRS). Between 2011 and 2021 Medway's PRS has increased from 17.1% to 20.2% (according to census data), which has continued to grow post pandemic. The average rent for June 2025 was £1,203, which is an increase of 10.5% compared to the same time last year.
- 4.6. HMOs tend to be the cheapest form of PRS available and traditionally have been occupied by single adults. Continuing pressure on affordable housing and growing rates of homelessness have driven the demand for this type of accommodation.
- 4.7. There is a growing perception that poorly managed privately rented properties can have a negative effect on neighbourhoods. Anti-social behaviour (ASB), noise nuisance, accumulation of refuse and lack of repairs and maintenance

are just some of the issues which have been linked to the failure of private landlords to managed properties in an effective way.

- 4.8. The Housing Act 2004 requires large HMOs (where there are five or more tenants forming two or more households and using shared facilities such as toilets, bathrooms or kitchens.) to be licensed to ensure minimum standards of safety and maintenance. Where a landlord fails to comply with these conditions, enforcement action can be taken and a financial penalty of up to £30,000 can be levied.
- 4.9. The Council's approach to housing enforcement for mandatory licensing can be found set out in the [Housing Enforcement Policy](#) and will be reviewed to incorporate discretionary licensing schemes.
- 4.10. The Private Sector Housing Team, which enforces the housing health & safety standards in the Private Rented Sector, received 2,445 complaints between April 2020 and March 2025, relating to poor property conditions and inadequate property management, indicating an increasing number of low quality and poorly managed properties in the Private Rented Sector.
- 4.11. In July 2023, Cabinet gave permission to formally commence an exercise to establish the need and scope of both Additional & Selective Licensing for accommodation in the private sector within Medway.
- 4.12. Following due process, Metastreet were commissioned to review the private rented housing stock within its area and assess housing stressors related to key tenures.
- 4.13. Metastreet highlighted the following key findings:
 - Analysis shows that 232 of 1,018 shared amenities HMOs in Medway are predicted to have at least one serious hazard;
 - Most wards have HMOs with predicted hazards;
 - Medway recorded 339 complaints from tenants and others linked to HMOs over a five year period;
 - 101 ASB incidents have been matched with individual HMO properties;
 - Medway has a higher proportion of households in fuel poverty (8.9%) when compared to South East England (7.5%) but has a lower proportion when compared to the national average (13.4%).
- 4.14. This review allowed for the next stage of the formal exercise, which was the feasibility study of introducing a discretionary licensing scheme. Following a tender process, the Council commissioned Candence Innova to complete the feasibility study and determine the possible options for Medway Council to deliver an Additional and/or Selective Licensing Scheme.
- 4.15. The full feasibility study is attached in Appendix A.

5. Options (based on the feasibility study outcomes)

5.1. Option 1 – mandatory licensing only (business as usual).

5.1.1. To continue to provide a mandatory licensing scheme as prescribed in the Housing Act 2004.

5.2. Option 2 – Additional or Selective Licensing (Appendix B).

5.2.1. Implementation of either an Additional licensing or a Selective Licensing Scheme, but not both.

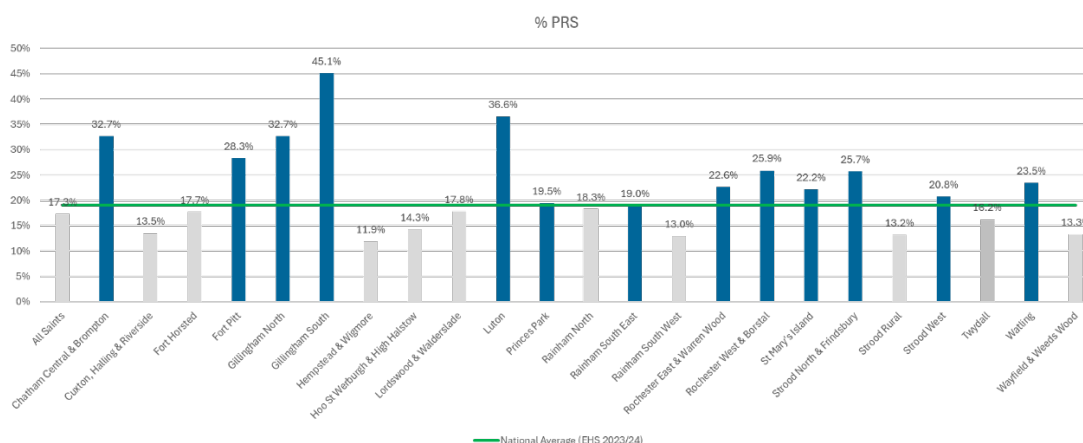
5.3. Option 3 – Additional & Selective Licensing (Appendix B)

5.3.1. Implementation of an Additional & Selective Licensing Scheme.

6. Advice and analysis

Selective Licensing

- 6.1. Cadence Innova's feasibility study for Selective Licensing considered all the evidence in 24 wards in Medway using three of the designation criteria in the Housing Act 2004 - **Poor Housing Conditions, Deprivation and ASB**. Based on the evidence and the criteria, 13 initial options were derived. (Graph below shows the wards considered eligible for Selective Licensing based on percentage of PRS in the ward – Cadence Innova).



- 6.2. Eleven wards met the criteria for **Poor Housing Conditions**, nine wards met the criteria for **Deprivation** and seven wards met both criteria. These wards are Chatham Central & Brompton, Fort Pitt, Gillingham North, Gillingham South, Luton and Strood North & Frindsbury and Watling.

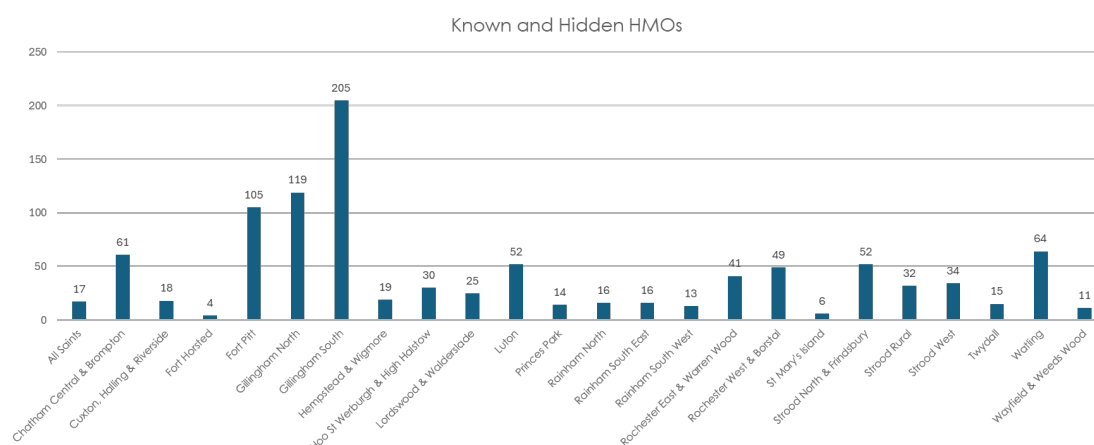
- 6.3. The 13 options were further analysed considering financial viability and deliverability; this allowed us to understand the resources required to implement and manage any discretionary licensing scheme but also the financial implications for Medway landlords. A scheme of insufficient scale would be financially unsustainable. It could either result in disproportionately

high licensing fees for landlords—particularly when compared with similar schemes operated by peer local authorities—potentially diminishing the availability of good quality, affordable private rental housing. Alternatively, the scheme may fail to be self-financing, thereby requiring financial support from the Council to maintain its operation.

- 6.4. Conversely, a scheme encompassing a larger number of wards may reduce the licensing fee burden on landlords. However, it would present significant operational challenges for the Council, particularly due to the current shortage of skilled staff required to manage the increased demand. Additionally, such a scheme may be perceived as excessively bureaucratic and difficult to enforce, thereby undermining its overall effectiveness.
- 6.5. Based on evidence and analyses, it is recommended that Selective Licensing is implemented as prescribed in Option 11 in Cadence Innova’s feasibility and option appraisal report (Chatham Central & Brompton, Fort Pitt, Gillingham North, Gillingham South, Luton, Strood North & Frindsbury and Watling).
- 6.6. The seven wards are estimated to cover 52% of the PRS in Medway, an estimated total of 14,809 properties, all of which have at least 10% private rented properties with a predicted hazard.
- 6.7. As part of the study, the time and resources required to implement and manage the Scheme have been considered and are achievable. This is supported by the proximity of six of the wards, which provides geographical coherence and aligns with the recommended Additional Licensing Scheme.

Additional Licensing

- 6.8 Cadence Innova's analysis shows that both known and predicted HMOs are distributed across all 24 wards. The graph below shows the impact across Medway:



- 6.9 The following six wards have the highest number of known and predicted HMOs: Chatham Central & Brompton, Fort Pitt, Gillingham North, Gillingham South, Luton, and Watling. These wards also have the highest number of

current complaints received concerning HMOs and a very high number of HMOs predicted to have serious hazards.

- 6.10 Having considered the evidence, strengths and weaknesses of Additional HMO Licensing, it is recommended that Medway proceed with an Additional Licensing Scheme across the six wards identified above in point 6.9.

7. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Option 1 only: A further deterioration in the condition and standards of accommodation within the Private Rented Sector.	Property conditions deteriorate in areas, or properties that may have been included in a licensing scheme.	To continue to review resources and approach to enforcement and mandatory licensing	BII
Option 2 only: Potential missed opportunities	<p>Missed Opportunities:</p> <p><i>Additional unregulated HMOs (Houses in Multiple Occupation):</i> Smaller HMOs not covered by mandatory licensing may escape scrutiny.</p> <p><i>Complexity of Shared Housing:</i> Selective Licensing doesn't address the unique risks and management challenges of HMOs (e.g. fire safety, overcrowding).</p> <p><i>Limited enforcement tools:</i> Councils lose the ability to impose stricter conditions on HMO landlords (e.g. room sizes, amenities).</p> <p><i>Tenant vulnerability:</i> Tenants in shared housing often face higher risks, and without Additional Licensing, councils may not intervene effectively</p> <p><u>Missed Opportunities: Selective Single-family homes and flats:</u> Poor conditions in non-HMO rentals go unaddressed.</p> <p><i>Area-wide issues:</i> Selective Licensing allows councils to tackle anti-social behaviour, low</p>	Review the financial implications of a singular scheme.	BII

Risk	Description	Action to avoid or mitigate risk	Risk rating
	<p>demand, and deprivation across a whole area.</p> <p>Data collection and intelligence: Selective Licensing provides broader insights into the PRS, helping councils plan interventions.</p> <p>Landlord accountability: Without Selective Licensing, landlords of non-HMO properties may not be held to the same standards.</p>		
Option 3 only: capacity and resources	Risk of insufficient capacity and resources to implement and enforce the schemes.	Resources clearly identified to mitigate the risk before commencement.	CI
Negative impact on the Private Rented Sector	The prospect of an enhanced licensing scheme leads to landlords leaving the market.	Engagement and consultation with the sector, communications strategy, proportionate scheme size and fee setting.	CII

For risk rating, please refer to the following table (please **retain** table in final report):

Likelihood	Impact:
A Very likely B Likely C Unlikely D Rare	I Catastrophic II Major III Moderate IV Minor

8. Consultation

- 8.1. The Housing Act 2004 imposes a statutory consultation requirement set out in Section 80(9). The Council must take reasonable steps to consult persons who are likely to be affected by the designation and these must be fully considered in any representation made.
- 8.2. A comprehensive public consultation with landlords, the public and local businesses is required to be carried out for a period of 12 weeks. The consultation is to be based on a Proposal Document which will set out the issues and proposed options of Medway Council's discretionary licensing schemes.
- 8.3. Consultation is subject to the statutory requirements set out in Section 56(3) and 80(9) that both state that before making a designation the authority must:

- a) Take responsible steps to consult persons who are likely to be affected by the designation; and
 - b) Consider any representations made in accordance with the consultation and not withdrawn.
- 8.4 Ministry of Housing, Communities and Local Government Guidance (updated 16 December 2024)- [Selective licensing in the private rented sector: a guide for local authorities](#)
- 8.5 Other relevance guidance including House of Commons Library research briefings – anti-social neighbours living in private housing (England) and Selective Licensing of Private Rented Housing.
9. Climate change implications
 - 9.1. [The Council declared a climate change emergency in April 2019](#) - item 1038D refers, and has set a target for Medway to become carbon neutral by 2050.
 - 9.2. If a tenant makes a disrepair claim to the Council, the PSH Team will be required to complete a Health, Housing, Safety, Rating System (HHSRS) survey as part of the investigation process. A HHSRS is the main way of assessing and enforcing housing standards. It is a risk-based assessment tool which is used to assess the risk of a hazard in residential housing to the health and safety of occupants or visitors. The HHSRS includes assessment against excess cold or heat, crowding and space standards, following assessment officers are able to prescribe a schedule of works to reduce or eliminate the risk.
10. Financial implications
 - 10.1. The costs of running the Additional & Selective Licensing Schemes will be met from future years' revenue generated by the schemes. In the first year of operation it will be funded through the use of earmarked housing reserves which will be replenished as the schemes start generating income.
 - 10.2. Estimated costs (excluding staffing and team resources)

Consultation and implementation costs:	£403k
ICT system upgrade:	£39K for Metastreet
 - 10.3. A financial analysis has been undertaken based on the recommended scheme. This considers the resources required to ensure the scheme can be implemented, managed and appropriate enforcement can be undertaken (Exempt Appendix C).
 - 10.4. A full review of the financial implications will be completed once the consultation period has concluded and officers have reviewed the feedback and comments received.

11. Legal implications

- 11.1 Under Section of the Act, local housing authorities (LHAs) have the discretionary power to designate areas within their district for Selective Licensing. This allows them to require landlords of privately rented properties to obtain a licence and comply with conditions aimed at improving property management and tenant welfare.

Lead officer contact

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Appendices

Appendix A – Cadence Innova, Feasibility Study

Appendix B – Additional & Selective Licensing recommended scheme

Appendix C (Exempt) – Estimated staffing and team costs

Appendix D – Diversity Impact Assessment

Background papers

Cabinet paper - [Additional & Selective Licensing for the Private Rented Sector](#)