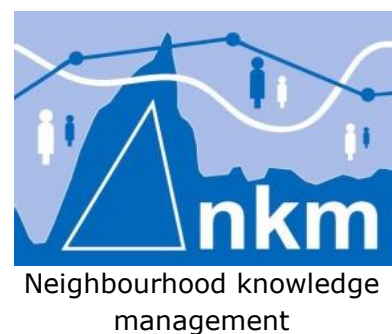


Selective Licensing in Tower Hamlets: To consider re-designation of the scheme

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April 2020



Executive Summary

This report commissioned from Mayhew Harper Associates Ltd. by the London Borough of Tower Hamlets reviews the impact of the **Selective Licensing** in the Borough which is due to end in October 2021. The three designated areas are: Spitalfields and Banglatown, Weavers, and Whitechapel, situated on the eastern boundary of the borough.

Selective Licensing covers all privately rented property in areas which suffer or are likely to suffer from low housing demand and also to those that suffer from significant and persistent anti-social behaviour (ASB). **Selective Licensing** requires a high evidential threshold for its introduction which is why these particular wards were selected.

Examples of ASB include housing hazards and dilapidations, noise and other complaints such as criminal damage, fly tipping and many more. Other evidential criteria not necessarily specific to the Private Rented Sector (PRS) include the occurrence of high levels of crime, migration or deprivation. In combination these can lock an area into a downward spiral from which it is difficult to recover.

The purpose of the review is to help the council to decide whether the **Selective Licensed Scheme** should be continued in its present form with the same ward designations, or some modification thereof, or if the scheme should be discontinued. The emphasis of our report is primarily on quantitative measures of impact following the scheme's introduction. This includes:

- The take-up of **Selective Licensing** including issues of compliance and how close take-up is to the maximum attainable
- Its wider impact in the areas where it has been introduced to see e.g. if there have been positive benefits such as reductions in ASB in the wards affected and on the local environment
- Whether the scheme should continue in its present form given **that Selective Licensing** is one of three licensing schemes in operation in the borough, the other two being Mandatory HMO Licensing and Additional Licensing, introduced last October, covering smaller HMOs

As with many other London boroughs the degree of demographic change is striking. The population currently estimated to total 328k, is expected to grow another 12.6% to 369k by 2030 according to the ONS projections. Meanwhile, the number of households is expected to increase from 134k currently to 153k by 2030 based on the same source, with average household size falling from 2.45 to 2.43 persons.

Taking into account all the evidence available to us our main conclusion is that the scheme should be rolled over at the end of this cycle in 2021. Secondly that consideration is given to whether the ward designations should be adjusted to reflect the new ward boundaries introduced after 2014.

The reason for this is that there would be a better alignment with councillor representation as compared with the current scheme boundaries and there would be a slightly better alignment with ASB. Persisting with the current boundaries is also possible but after a further five years in operation this could be seen to be anachronistic.

The chief argument against making any changes is that if it were decided to alter the designation there would be some overlap with Additional Licensing in the areas affected. For example, Additional Licence holders might need to be switched to selective licenses but we have not studied the administrative consequences of this in detail.

On the question of whether the introduction of **Selective Licensing** has been a success or not our overall findings suggest that the period of designation is not enough time to make a definitive judgment but on the positive side there have been some encouraging signs:

- The take-up of licenses has generally gone well and now stands at over 5,000. This process also has further to go with the number of PRS in the three wards estimated to be at least 6,500 but possibly much higher.
- Home inspections have identified a range of problems which have or are being corrected and that the prospect of an inspection or losing a license has compelled landlords to make improvements but this process still has further to go.
- Ward ranking based on Council reported ASB have slightly improved between 2015 and 2019 based on old ward boundaries. Spitalfields and Banglatown improved two places from 7 to 9 (rank 1=highest ASB); Weavers from 1 to 2; Whitechapel unchanged at 5. However, overall levels of ASB are up. The picture is more or less stable if we use new ward boundaries instead.
- Police reported ASB levels across the borough are, on the other hand, slightly down (although crime is up) but rankings in the three designated wards have slightly worsened from 3 to 2, 5 to 4 and 4 to 1 respectively. Noise complaints across the borough are significantly down and two of the Selectively Licensed wards have substantially improved their rankings.

- Taking all indicators into account, we find small differences in ward rankings in the pre-introduction and post implementation phases. ¹ Spitalfields and Banglatown was ranked 3 in 2015 and 2 in 2018 and so one position worse, Weavers was 4 in 2015 and 4 in 2018, and Whitechapel 2 in 2015 and 3 in 2018. But comparing rankings in both years using new ward boundaries rankings were unchanged.
- It is noteworthy that St Peter's ward, which is not included in the Selective Licensing scheme but is contiguous, was ranked overall 1 in 2015 and also ranked 1 in 2018 and so is also unchanged, although many other wards shifted their relative positions.
- Finally, we also confirm that their rankings are not particularly linked to deprivation since their ranking on the Index of Multiple Deprivation (IMD) has scarcely change between 2015 and 2018, with Spitalfields and Banglatown and Weavers each dropping by one place and Whitechapel increasing one place.

A Government commissioned study, supportive of **Selective Licensing**, noted that there is broad support for such schemes and that they are increasing in number.² It states that of the 44 **Selective Licensing schemes** implemented at January 2019, 91% were either 'very effective' or 'fairly effective'.

Our own recommendations reflect the totality of the evidence and the experience elsewhere. We recommend that the scheme should be rolled over for another five years but that the broad parameters should be unchanged i.e. the present 20% cap on PRS coverage should be retained. The introduction of Additional Licensing across the rest of the borough will help to fill this gap; however, the option to adjust the scheme boundaries to reflect present-day boundaries should be considered.

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¹ See 'The potential for an extension of discretionary licensing in the London Borough of Tower Hamlets, 2017 – Mayhew Harper Associates Ltd,' <https://democracy.towerhamlets.gov.uk/documents/s137182/6.9k%20-%20Appendix%20Eleven%20Mayhew%20Haper%20Associates.pdf>

² An Independent Review of the Use and Effectiveness of Selective Licensing. June 2019 Ministry of Housing, Communities and Local Government. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/812879/Selective_Licensing_Review_2019.pdf

1. Introduction

This report commissioned from Mayhew Harper Associates Ltd. by the London Borough of Tower Hamlets reviews the impact of **Selective Licensing** in the Borough. The scheme itself will formally come to an end in 2021, at which point the Council will need to decide whether the designations have achieved or are on course to achieve their aims.

The emphasis of our report is primarily on quantitative measures of impact following the scheme's introduction on measures such as the take-up of licensing including issues of compliance, and its wider impact on all properties in the wards affected and on the local environment.

Both the direct and indirect effects of licensing are important. At a property level a licensing scheme would enable the Council to impose a legal requirement in the designated area requiring all landlords to register and comply with specific licence conditions. This would give the Council more power to tackle irresponsible landlords and improve housing conditions for tenants generally.

At the neighbourhood level it would be expected that by the end of the 5 year term of the Selective Licensing scheme, conditions at the property level would also have a wider beneficial effect on immediate neighbours and the local area, in turn stabilising communities and the turnover of tenants whilst reducing the amount of poor quality housing.

In principle it should also contribute to a reduction in Anti-Social Behaviour (ASB) ranging from immediate effects such as noise complaints and untidy properties in need of repair to longer terms goals including a general fall in criminality ranging from criminal damage to abusive or violent behaviours.

Our conclusions and recommendations reflect the progress of the scheme thus far, measurable impacts that are either attributable or not to the scheme as may be the case, and recommendations whether to continue with the current designations or to change them in some way in the light of new evidence.

1.1 Background

The Housing Act 2004 gives the Council the power to introduce Housing Licensing Schemes for privately rented properties within the whole Borough or in designated areas, in order to improve standards of management in the Private Rented Sector (PRS) and reduce anti-social behaviour.

The decision to introduce a Selective Landlord Licensing scheme in October 2016 was in line with the council's Private Sector Housing Strategy 2016-21. The scheme decided upon

affects all privately rented accommodation in the Spitalfields and Banglatown, Weavers and Whitechapel areas of the borough (within pre-2014 ward boundaries).

These areas routinely topped the wards with the most problems. They provide a good fit to the criteria for introducing Selective Licensing but also contain some of the borough's most vulnerable individuals and families who live in private rented properties within the Selective Licensing areas.

In order to introduce Selective Licensing to an area, councils must demonstrate that areas meet one or more of the following conditions:

- The area is one which is experiencing (or is likely to experience) low housing demand and the local housing authority is satisfied that 'designating' an area will, when combined with other measures, lead to improved social and economic conditions in the area.
- The area is experiencing a "significant and persistent" problem caused by anti-social behaviour and that some or all private landlords in that area are not taking appropriate action to tackle this. Moreover, the designation in combination with other measures would lead to a reduction in or elimination of the problem.
- The Council consulted with local residents, landlords and other stakeholders over the benefits of a Selective Licensing scheme aimed at reducing anti-social behaviour. A study was commissioned, also undertaken by Mayhew Harper Associates Ltd., to investigate links between anti-social behaviour and the private rented sector.

Local authorities have discretion to set the licence conditions. These can include conditions relating to the use and occupation of the house, and measures to deal with anti-social behaviour by the tenants and visitors to the property. Licence conditions may also cover provision of amenities and standards for the physical condition of property.

Among other things, licensees are required to present gas safety certificates annually to the Council; keep electrical appliances and furniture in a safe condition; keep smoke alarms in proper working order; give tenants a written statement of the terms of occupation; and demand references from prospective tenants. If the Council determines that the landlord is not 'fit and proper', it can refuse to grant a licence or revoke an existing licence.

Enforcement focuses on making properties safe for tenants through tackling unlicensed properties and inspecting licensed properties and but also draws on wider tools and powers to tackle nuisances and anti-social behaviour. Operating a property without a licence in a designated area can attract an unlimited fine while specific breaches can attract fines of up to £5,000.

As with the HMO licensing regime, landlords must pay a charge for a licence issued under a Selective Licensing scheme. Authorities can set the level of the fee, the intention is that the rate should be 'transparent' and should cover the actual cost of the scheme's administration i.e. fees cannot be used by the local authority as a method of generating additional revenue.

1.2 Selective Licensing in context

Selective Licensing is one of three different types of landlord licensing scheme operating in Tower Hamlets with the same ultimate purpose but affecting different types of private rented property and operating over different areas.

Broadly there are two types of scheme: mandatory or discretionary.

1. **Mandatory licensing** applies borough-wide and was the first licensing scheme to be introduced from 2006 following the Housing Act of 2004. An HMO is defined as private rented accommodation with five or more occupiers living in two or more households who share some amenities such as a kitchen or bathroom.
2. **Discretionary licensing** means any licensing of residential property under the Housing Act 2004 (the Act) that goes beyond the national Mandatory HMO licensing requirements contained in the Act. The two types of discretionary licensing are:
 - (a) **Additional:** where a council can impose a licence on other HMOs in its area which are not subject to mandatory licensing, but where the council considers that poor management of the properties is causing problems either for the occupants or the general public.
 - (b) **Selective:** covering all privately rented property in areas which suffer or are likely to suffer from low housing demand and also to those that suffer from significant and persistent anti-social behaviour (ASB).

The long-standing Mandatory HMO licensing scheme is well established in the borough but since the removal from the definition of an HMO that they should be of three or more storeys the number of licenses have increased considerably from around 280 in 2017 to over 460 today. Each license costs £547.50 and is valid for three years.

Additional Licensing was introduced from April 2019 for multi-occupied private rented properties. It applies to all properties in which there are 3 or more people living as 2 or more households and sharing facilities such as a kitchen or bathroom. It excludes areas of the borough covered by Selective Licensing and all Mandatory licensed HMOs. Each licence

costs £529.50 and is valid for five years. To date about 1,750 additional licences have been issued.

Selective Licensing came into force in October 2016. It covers three wards designated by pre-2014 ward boundaries mentioned above. It applies to all private rented properties with the exception of Mandatory HMOs. Some properties may be exempt from licensing, for example where the landlord is a university. Currently a licence costs £542 and is valid for five years.

It has been argued that Selective Licensing should apply to the whole of any borough which would obviate the need for additional licensing. However, the rules for its introduction requires for any Selective Licensing scheme covering more than 20% of their geographical area or will affect more than 20% of privately rented homes requires the assent of the Secretary of State. In practice this has proved to be a stumbling block, with some local authorities having their schemes turned down resulting in delays and disappointment.

A review of Selective Licensing published by the Ministry of Housing, Communities and Local Government in June 2019 noted that there is broad support for such schemes and that they are increasing in number.³ It states that of the 44 Selective Licensing schemes implemented at January 2019, 91% were either ‘very effective’ or ‘fairly effective’.

It further noted that, ‘schemes appear to be more successful as part of a wider, well planned, coherent initiative with an associated commitment of resources’ – a finding that is consistent with the aims of the Housing Act and with the strategy being pursued by Tower Hamlets.

This report builds on previous work by MHA Ltd. from 2017 the data from which provide a baseline of the take-up of selective licenses to date. However, it also refreshes and extends that baseline with new data and re-visits the issues of whether ASB ward level rankings have changed.

Finally, it reviews the present scheme and suggests whether it is on track or should be adjusted in some way after the initial five-year period is concluded in the light of experience thus far and if it does need adjusting, to reflect on the administrative consequences of that decision.

³ An Independent Review of the Use and Effectiveness of Selective Licensing. June 2019 Ministry of Housing, Communities and Local Government.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/812879/Selective_Licensing_Review_2019.pdf

1.3 Structure of the report

The rest of this report is structured as follows:

- Section 2 provides a brief demographic overview of Tower Hamlets and future trends in tenure-ship based on ONS data and describes the extent to which the private rented sector is identifiable from administrative sources.
- Section 3 analyses the take-up of selective licenses to data as compared with expectation, and provides maps of the PRS based on old and current ward boundaries.
- Section 4 analyses trends in ASB since 2014 using a broad range of indicators based on Council, private contractor and police sources to establish borough-wide trends and if these are potentially related to the introduction of Selective Licensing.
- Section 5 continues with the analysis in section 4, by drilling down at ward and property level to consider any changes that have occurred in ward ranking based on ASB measures and tentatively explores any relevant behavioural changes at property level.
- Section 6 considers the way forward in terms of updating or refreshing the present scheme in the light of the evidence of previous sections and recommends accordingly.

2. Demographic trends and the size of the PRS

This section provides a brief demographic overview of Tower Hamlets and future trends in tenure-ship based and describes the extent to which the private rented sector is identifiable from administrative sources.

2.1 Population and households

Population change is an important part of the case for an extension of discretionary licensing in Tower Hamlets. The population of Tower Hamlets continues to expand at a much faster rate than for England as whole. In 2016 it stood at 301k but expanded by 9% in 2020 to 328k and is expected to grow another 12.5% to 369k by 2030.

This compares with much more modest growth rates of only 2.6% and 5% in England as a whole. As Table 1 shows, most of the growth in volume terms between 2020 and 2030 is in the population aged 20 to 64 but there are striking signs of the currently small older population expanding at an even faster rate over the period.

This also means that the number of households is set to increase at a faster rate than the population, suggesting that average household size will become slightly smaller between 2020 and 2030. ONS household projections show that they will rise 17.6% over the period from 121k to 156k as compared with 12.5% increase in population.

Most household categories will increase but the biggest percentage changes are expected to be in single adult households or adult couple households, which could point to a continued growth in private renting. Because it is used to rapid demographic change, Tower Hamlets is probably better equipped to accommodate these changes relative to most other areas in England.

Valuation Office data shows that nearly 70% of its housing stock has only one or two bedrooms as compared with 40% nationally, whilst nearly 90% of the stock comprises flats or maisonettes compared with 32% nationally. Most current building development appears to reflect these forecasts although there is a question mark over the affordability of private renting and the availability and quality of social renting.

Tower Hamlets	2016	2020	2030	2016-2020% change	2020-2030 % change
0-19	74	81	88	9.6	8.9
20-64	209	226	250	8.1	10.6
65+	18	21	31	15.4	46.7
Total	301	328	369	8.9	12.5

Table 1: Population trends in Tower Hamlets by broad age group: 2016 to 2030 ('000s)

2.2 Tenure-ship

As with many other London boroughs the degree of change in tenure-ship in Tower Hamlets over the last decade is striking. The issue is what is the size of the PRS sector today given that the Census is not due to be refreshed until 2021? Census data from 2001 and 2011, although now significantly out of date, is the only official data source on tenure. The Census breaks down households into three tenure categories: owner occupied, social housing or private rented. These are set out at ward level in Annex A (pre- and post 2014 boundaries).

The most noticeable difference between 2001 and 2011 has been the fall in the relative share of social housing from 51% to 39% and the relative increase in the PRS from 18% to 33% of all residential properties over the period. Whereas the number of social housing units fell by 2.7% between 2001 and 2011, owner occupation grew by 18.4% and the PRS by a massive 135.1%, from 14,552 units to 34,216 units. Since then we believe that the upward trend in private renting has continued unabated but also the total number of dwellings.

2.3 Identifying the size of the PRS from administrative sources

Unfortunately, there is no single source of data to verify the exact size of the PRS today and therefore no simple way of determining its extent. Our approach to answering this question involves a mixture of data sources including based on the number of licensed properties (mandatory, selective and additional), various processes of elimination (e.g. removing social housing), and drawing on our previous work for Tower Hamlets on this subject.

Starting with 169,362 residential Unique Property Reference Numbers (UPRNs) on the latest Tower Hamlets Local Land and Property Gazetteer (LLPG) those known to be known PRS were flagged as such. These included licensed properties, student exempt properties for council tax purposes, or on Environmental Health & Trading Standards [EHTS] data flagged as private rented usage.

Some 20k UPRNs were excluded which had property classifications such as hotel, motel, guest house, holiday let, hospice, caravan, sheltered accommodation, residential institution, care or nursing home, residential education, or 'parent building shell'. Others were excluded if they were social housing contained on any one of a number of data sets ranging from housing association data to council data which had been collected for a range of purposes.

Using risk factors established in our previous research as being indicative of private renting, an additional 10k private sector UPRNs were flagged as 'known PRS' if receiving Housing Benefit, or if there were 3 or more adults living at the UPRN based on Council Tax November 2019 or if a change in the count of people living at the UPRN of 3 or more between Council Tax April 2018 and November 2019.

Finally, 18k private UPRNs not already identified as known PRS that were a high-risk single family or high-risk HMO or if they were flagged as known PRS from our previous work were included in our estimates above. In total this produced an estimated 39,612 PRS properties based on 138,875 validated occupied UPRNs of all tenures.

This compares with an estimated 41,634 units in the social housing sector. The total private sector came to 97,241 units of which the PRS comprised 41% of the total. Since all of the properties could be identified by their UPRNs we were able to break these down as required in later analysis for different purposes and in different geographies. As previously remarked, we have no way of validating this figure because the PRS is constantly evolving but believe it to be a reasonable benchmark. Annex B splits our administrative estimates by pre- and post-2014 ward boundaries.

3. The introduction and take-up of Selective Licensing

In this section we review the take up of Selective Licenses and map licensed dwellings at property and ward level based on previous and current ward boundaries.

3.1 Boundary changes

In May 2014, the number of wards in the borough increased from 17 to 20. The changes were made by the Local Government Boundary Commission for England, in order to ensure that councillors in Tower Hamlets represented roughly the same number of residents.

Because of the time needed to plan and introduce Selective Licensing, the Selective Licensing Scheme itself was introduced on the basis of the pre-2014 boundaries even though it was implemented in October 2016, after the boundary changes had occurred.

Obviously, this causes certain practical difficulties where there is not an exact correspondence between elected councillors and the areas covered by the scheme. In practice the differences are geographically not very large, but there are some potentially serious knock-on effects e.g. in terms of realigning the scheme going forward or in data reporting and scheme evaluation.

We return to these points in later sections.

3.2 Selective Licensing maps

Figure 1 is a map of Tower Hamlets showing the locations of private rented licensed properties under the three schemes. The areas bounding the Selective Licensing scheme are based on pre-2014 boundaries. A similar map based on current ward boundaries is shown in Figure 2. Maps showing ward names are given at Annex D.

The selectively licensed properties are confined to three areas – Spitalfields & Banglatown, Weavers and Whitechapel. These are located at the western end of the borough between rows 4 and 8 and columns A to D. The properties are shown as blue symbols and fit exactly within the designated boundaries.

Additional licensing, the latest scheme, was introduced in October 2019. Thus far licensed properties are shown as green symbols and are spread throughout the rest of the borough. Mandatory licensed properties, shown as orange symbols, are fewest in number but cover all wards including those selectively licensed and cover cases where mandatory licenses pre-dated the selective scheme.

Private rented sector Selective Licensing review

Annex C gives a detailed breakdown by ward of the number of license holders by old and new ward boundaries. These tables can be compared with equivalent ward breakdowns of the PRS based on the 2011 Census at Annex A and based on more recent PRS estimates at Annex B.

In practical terms, the differences in the number of selective licenses under the old and new boundaries are not very great. As Table 2 shows there is in fact only a relatively small difference in the number of licenses issued under the old and new ward designations and the sizes of area covered. The main ward affected is Spitalfields and Banglatown as is also evident by comparing Figures 1 and 2. Maps of new and old ward names are given at Annex D.

Old ward boundaries	Area sq kms	Number of selective licences
Spitalfields and Banglatown	0.64	1,298
Weavers	0.78	1,301
Whitechapel	0.92	2,492
Total	2.34	5,107 ⁽¹⁾

New ward boundaries	Area sq kms	Number of selective licences ⁽²⁾
Spitalfields and Banglatown	0.91	1,342
Weavers	0.68	1,265
Whitechapel	0.96	2,229
Total	2.54	5,107 ⁽²⁾

Table 2: Table showing the number of Selective Licenses issued by ward under the old and new ward boundary designations at the time of writing.

Note1: Total includes 16 borderline licensed UPRNs in 4 neighbouring wards;

Note2: Total includes 267 licensed UPRNs in Stepney Green and 4 in St Peters.

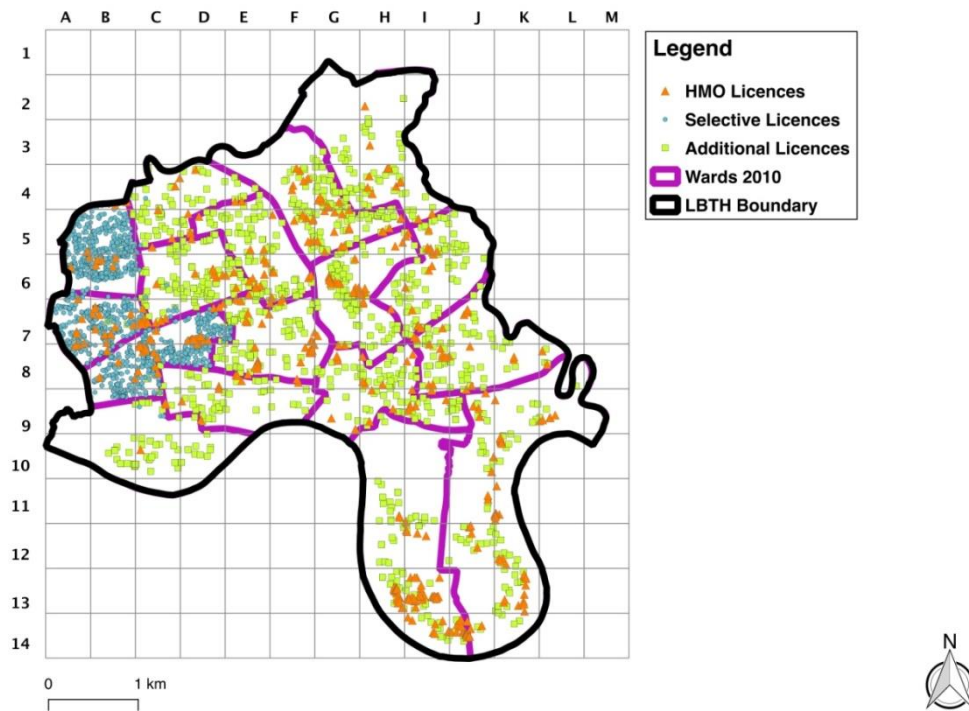


Figure 1: Map of Tower Hamlets showing locations of licensed properties under the three licensing schemes and pre-2014 ward boundaries

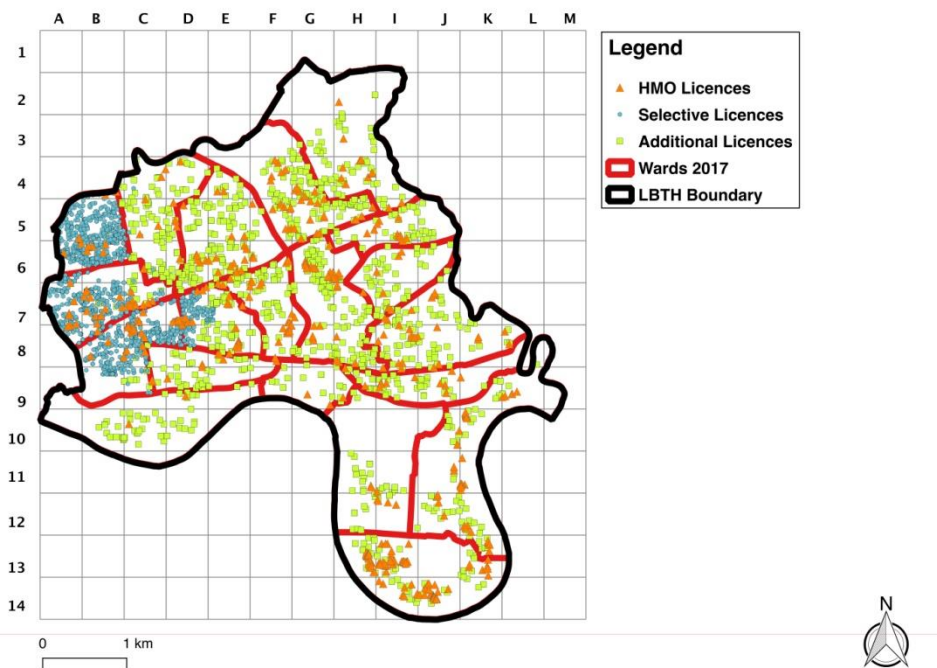


Figure 2: Map of Tower Hamlets showing locations of licensed properties under the three licensing schemes and post-2014 ward boundaries

3.3 Take-up of selective licences

How successful has the take-up of selective licenses been? Selective Licensing came into force in October 2016. At the time of the last census the total size of the PRS in the designated wards was put at just under 6,000 and just over 6,200 using the new ward designations. Since this time the PRS has expanded considerably and based on our latest tenure-ship estimates there could be somewhere between 6,500 and 9,000 today depending on definitions and estimation methods.

Not unreasonably, at the outset over 6000 applications were expected based on the Census and our previous work. To date around 5,000 have been issued. Since then more applicants have come forward and so the process has yet to reach a saturation point. The way in which the applications have arrived and been processed therefore offers a benchmark and lessons for future iterations of this and other schemes including the introduction of Additional Licensing.

Figure 3 shows the monthly applications from October 2016 and the impacts of reminders sent out to slow-to-respond private renters and landlords. As is seen, an initial surge in the two months post implementation is followed by a downturn and then further spikes 12 months later and smaller ones subsequently.

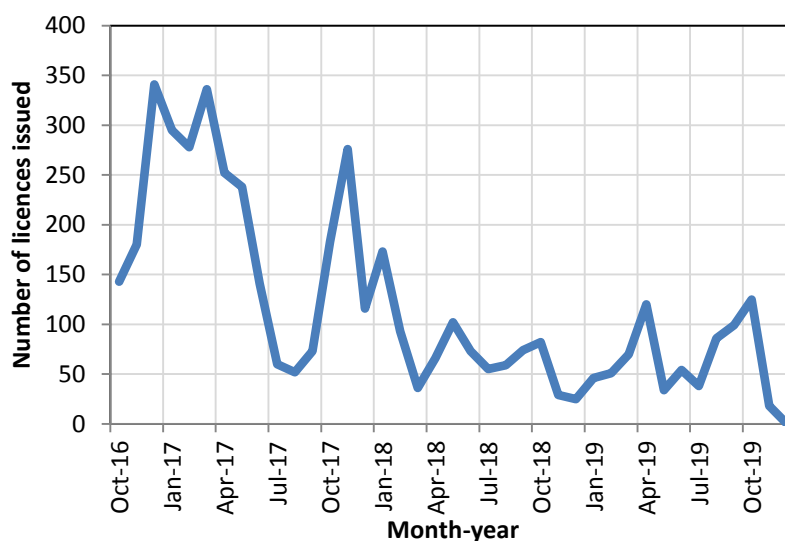


Figure 3: The monthly number of selective licenses issued from October 2016 to November 2019

Figure 4 shows the cumulative percentage of applicants which reached just under 80% by November 2019, assuming a saturation level of 6,500 selective in the three designated wards. Based on our latest PRS estimates and applications up to November 2019, this number will rise significantly but only time will tell if these much higher levels are reached in practice.

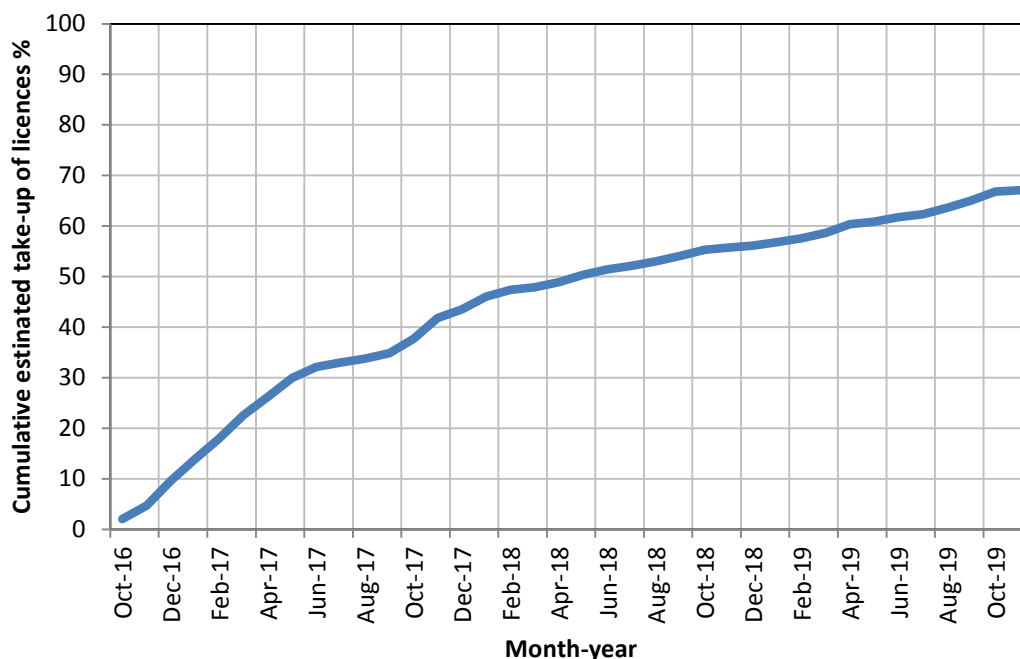


Figure 4: The cumulative percentage of licenses issued between October 2016 and November 2019 based on an assumed saturation limit of 6000 licenses

How well targeted is the scheme? We compared the details of applicants against our previous database from 2017 to look for patterns and possible omissions that could be used in any follow up action such as sending out reminders. Our estimate of the size of the PRS in the three licensed wards at that time was 6,232 properties.

We found that 50% of applicants were UPRNs that were already flagged as PRS on the database, around 50% of UPRNs had experienced significant turnover based on the electoral register and 40% had seen changes in Council tax registrant. This was roughly in line with our expectations.

In contrast, we had expected around 16% of PRS licence applicants to be in receipt of Housing Benefit but found only 4% in practice. This could imply several hundred addresses receiving Housing Benefit that should have applied for a licence have not yet done so.

We found that 22% of the PRS on our database had some form of complaint or pest call previously identified against them. Among the properties that have applied for licenses only 10% had received a previous complaint. Again, this suggests that there are PRS properties where there is previous evidence of ASB that have not yet applied for licences suggesting there are still some compliance issues.

4. Trends in anti-social behaviour

One of the criteria for introducing discretionary licensing is that an area is experiencing a 'significant and persistent' problem caused by anti-social behaviour. In addition some or all private landlords in that area are not taking appropriate action to tackle this.

The impact of anti-social behaviour can be observed both at a neighbourhood and property level in which the incidence of one can influence the incidence of the other so creating a mutually reinforcing effect.

ASB can take many forms and our aim in the next two sections is to analyse overall trends in ASB at the borough, ward and property levels. The types of ASB range from dirty streets and poorly maintained properties to general criminality.

Some of the trends are attributable to external factors and apply across the board and are not specific to private renting. For example, we find a significant increase in reported crime borough-wide and not just in the Selectively Licensed wards.

In other cases, changes such as housing as the increased reporting of housing hazards can be linked directly to licensing suggesting that more complaints are being reported as a result of the protection that licensing is designed to provide.

In this section, we evaluate trends in each ASB category at borough level. Patterns observed will form the prequel to a more in-depth analysis in the following section at ward and property level and to the general conclusions and recommendations in section 6.

4.1 Defining ASB

We begin by reviewing the definition of ASB before providing a summary analysis by ASB category. Longstanding but still useful DCLG guidance advises that ASB is deemed to occur when it falls into one of three categories⁴:

- **Crime:** Tenants not respecting the property in which they live, including vandalism, criminal damage, and robbery/theft or car crime
- **Nuisance neighbours:** Noise, nuisance behavior, animal-related problems, vehicle-related nuisance etc.
- **Environmental crime:** Graffiti, fly-posting, fly-tipping, litter around a property

⁴ See

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/418551/15032_7_Guidance_on_selective_licensing_applications_FINAL_updated_isbn.pdf

There are multiple sources of data that fit these categories ranging from the Council and its different directorates, sub-contracted services commissioned by the Council or the Police. Because ASB may be communicated in more than one way to the responsible authorities, there could be some overlap for example between Police and Council data sources.

It is not possible to establish the extent to which this may have occurred as data are recorded differently and so are not able to be matched. Council sourced data usually show the date and location of the occurrence and the nature of the complaint.

Complaints are sourced to residential addresses and therefore UPRNs rather than a locale and so are almost certainly domestic in origin whilst others originate from external sources such as a building site or usually identifiable commercial premises which have their own UPRNs.

Police data by contrast are highly aggregated at output area or beat level and categorized in different ways. In addition, not all ASB can be sourced to residential addresses since some of it relates to pubs or clubs, vehicle nuisance and general rowdy behaviour on the streets or in parks.

We also found some variability in our ability to split the data into the same sub-areas. This was largely due to boundary changes (post 2014). This was not the case where the data were also accompanied by a UPRN or provision had been made to retain the old as well as new ward labels.

This meant that different geographies were deployed on occasion especially at ward level. A large number of administrative sources were analysed in depth. Data sets provided to us included the following:

- Street cleansing data from April 2014 to August 2019. A large data set with over 28,000 records it provides information on incidents down to street and ward level on dirty streets, tipping, graffiti, fly posting and other lesser categories.
- Council reported anti-social behaviour from April 2014 to November 2019 using merged data from the Community Safety Service and Tower Hamlets Homes. With over 10k records covering mixed tenures, it includes ASB categories such as drug and alcohol abuse, threatening behaviour, vehicle-related incidents etc.
- Housing hazards from April 2014 to November 2019 totalling 4,976 reports covering all types of hazards from electrical, damp and mould, fire safety and general filth to overcrowding, domestic hygiene and public health issues.

- Noise complaints April 2014 to November 2019 based on a data set 28,000 records covering categories such as domestic noise, loud music, vehicle noise and animals.
- Warning letters totalling over 1200 to householders between April 2014 and November 2019 mostly covering garden waste and overhanging shrubs and trees.
- Environmental data totalling 38,000 incident reports from April 2015 to November 2019 covering mainly commercial, household and garden waste
- Police reported ASB and general crime from April 2014 to October 2019 totalling 248,000 incidents of which 82,000 are designated as ASB.

Table 3 shows the monthly rates of activity against each data set plus information concerning the pattern and trend over time. In several cases, occurrences are seasonal albeit occurring at different times of year.

In other cases we found no particular pattern. It shows that trends were increasing in three cases, slightly decreasing in four cases and level in three cases.

ASB indicator	Average rate per month	Seasonality	Trend
Dirty Street	100	Random	Increasing
Tipping	242	Seasonal	Slightly increasing
Graffiti	14	Random	Decreasing
Council reported ASB	148	Random	Strongly increasing
Housing hazards	77	Random	Slightly increasing
Noise complaints	333	Seasonal	Strongly decreasing
Warning letters	18	Random	Decreasing
Environment	652	Random	Steady
Police reported ASB	1221	Seasonal	Slightly reducing
Crime	3705	Seasonal	Increasing

Table 3: Monthly rates of ASB based on 10 indicators, including pattern and trend

4.2 Trends by key street indicators

The following tables and charts chart the trends according to each ASB indicator beginning at street level. Unless indicated, all charts are based on monthly data starting in January 2015, nine months before the commencement of the scheme, and terminating in November 2019. Trends can be compared with the monthly average shown as a horizontal red line. Dotted trend lines show the direction of travel – whether up, down or broadly level. Summary tables are calendar years based on a ‘before and after’ basis using 2015 (baseline) and 2018 (latest complete year)) as benchmarks.

(a) Street cleansing data

Street cleansing data was the main source of information on street cleanliness, tipping and graffiti. The following three charts show the pattern of reports on a monthly basis, the period ranging from January 2015 to November 2019.

Overall there was a 22.5% rise in incidents based on the categories listed in Table 4 although in individual cases there were some falls. Tipping tends to be more seasonal than either graffiti or dirty streets which are more random.

Category	2015	2018
Large tip	1,611	1,696
Dirty street	930	1,786
Small tip	1,207	1,074
Non-offensive graffiti	150	122
Offensive graffiti	44	55
Fly-posting	108	52
Other/unknown	622	938
Total	4,672	5,723

Tables 4: Street cleanliness, tipping, graffiti and other categories based on street cleansing data

The largest categories are tipping with over 240 reports per month on average but the biggest increase from 2015 according to reports was in street cleanliness. Graffiti and fly posting are relatively minor by comparison as measured by incidents.

Figure 5, based on dirty streets, shows a rising trend over the period with a particular surge in 2018. Figure 6 shows a slightly increasing trend in tipping and Figure 7 a declining trend in graffiti.



(a) Dirty Street data

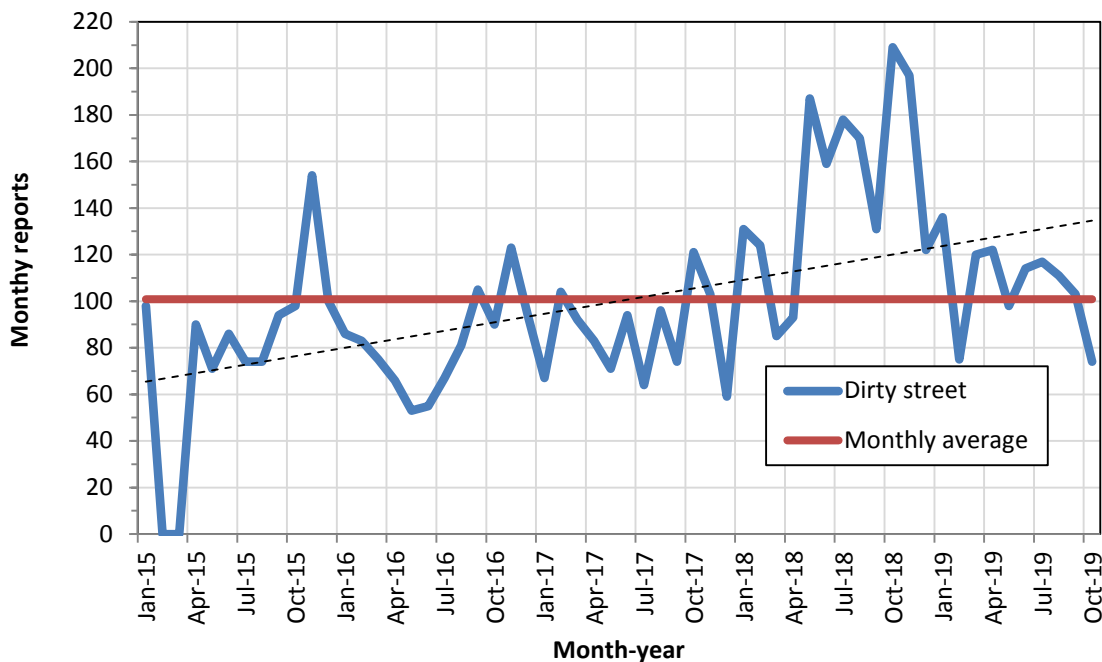


Figure 5: Dirty Street reports from January 2015 to November 2019

(b) Tipping

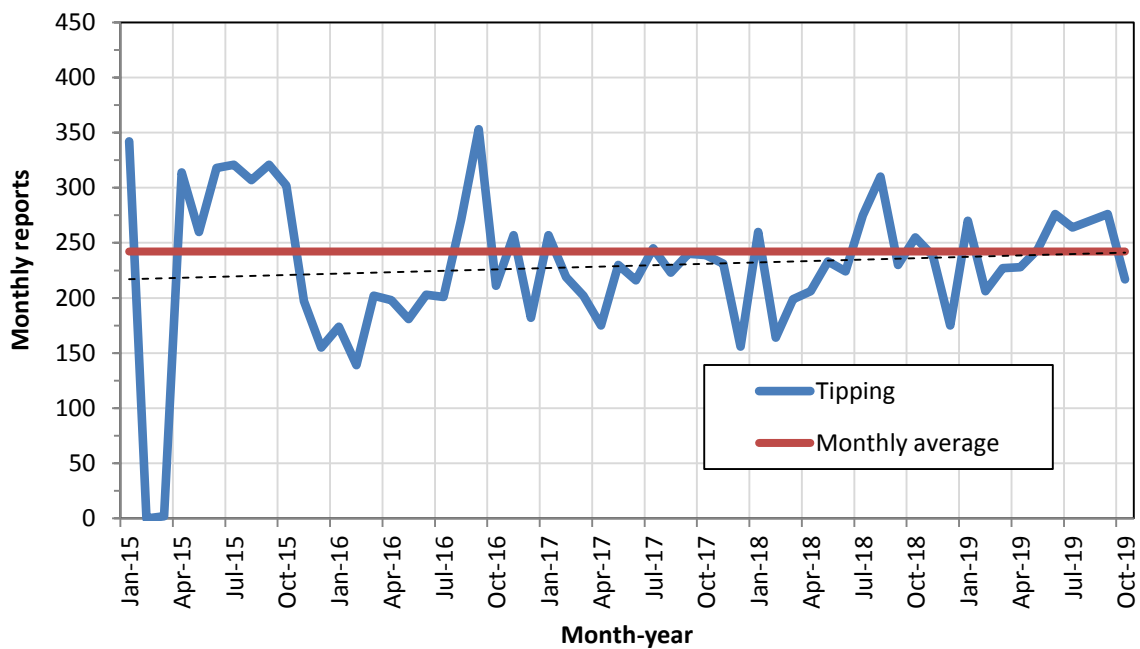


Figure 6: Tipping reports from January 2015 to November 2019

(c) Graffiti

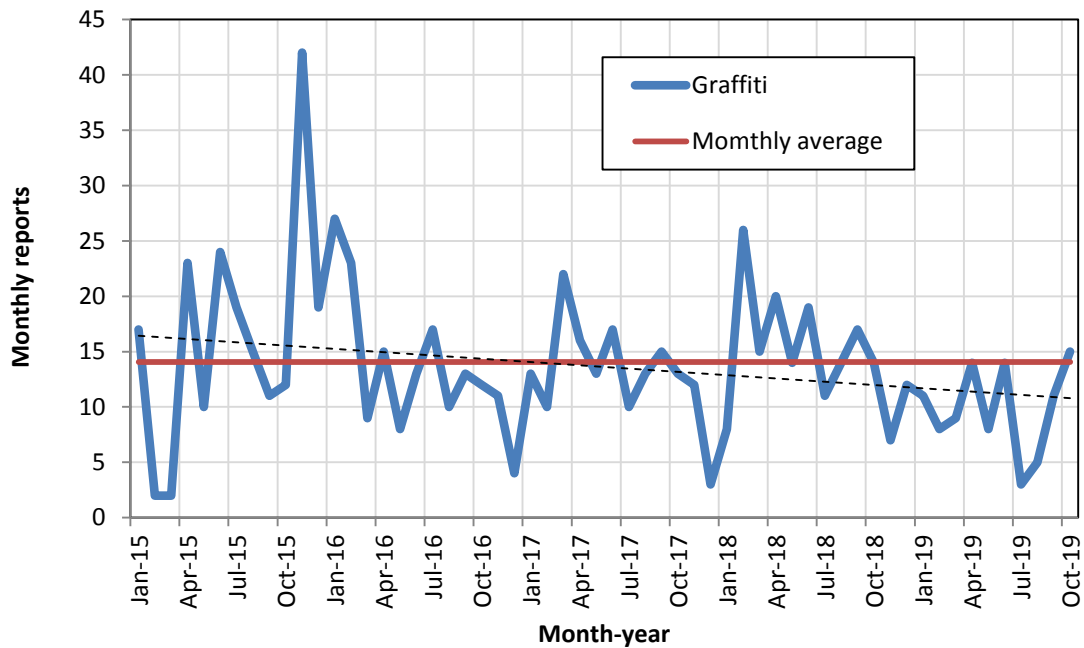


Figure 7: Graffiti reports from January 2015 to November 2019

4.3 Council reported ASB

Figure 8, using Council reported incidents, charts the monthly reports of ASB from January 2016 to November 2019, a slightly shorter period than before. As is seen the trend represented by the hatched line shows a marked rise over the period with a particular surge after 2018.

As shown in Table 5, between calendar years 2015 and 2018, reports increased by 31% to 1,846. Most of this rise is accounted for by drugs and alcohol related incidents, loitering and rough sleeping which are not PRS related. However, both noise complaints and violent and threatening behaviour showed a decline. It is unlikely that the introduction of Selective Licensing has played a part in these changes.

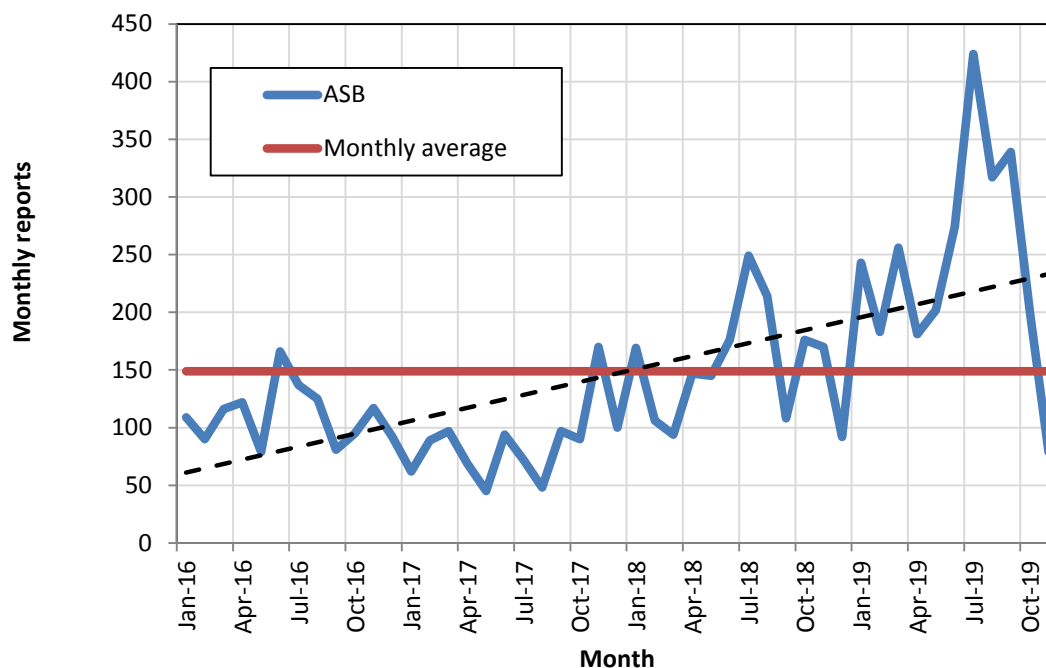


Figure 8: Council reported ASB incidents from January 2016 to November 2019

Category	2015 ⁽¹⁾	2018
Drugs alcohol	267	862
Noise	362	254
Vehicles	14	16
Loitering, rough sleepers, begging	105	226
Violence threaten behaviour	450	217
Rubbish tipping	14	19
Other	201	252
Total	1,413	1,846

(1) Note: 2015 data based on financial year April 2015 to March 2016

Table 5: A comparison of Council reported ASB incidents by category in 2015 and 2018

4.4 Housing hazards

Reported housing hazards or complaints from January 2016, can be sourced to specific addresses. As Figure 9 shows, the average number of housing complaints was 77 per month. However, this hides spikes in activity especially in 2018 which may be related to the introduction of Selective Licensing with more tenants coming forward to report problems. Overall the trend is slightly upwards.

Comparing calendar years 2018 with 2015, Table 6 shows a rise of 42% across the years. Interestingly most of the complaints were of a general rather than specific nature such as asking for advice and information and hence possibly related to the introduction of Selective

Licensing. Specific complaints such as damp and mould, electrical hazards all showed a decline.

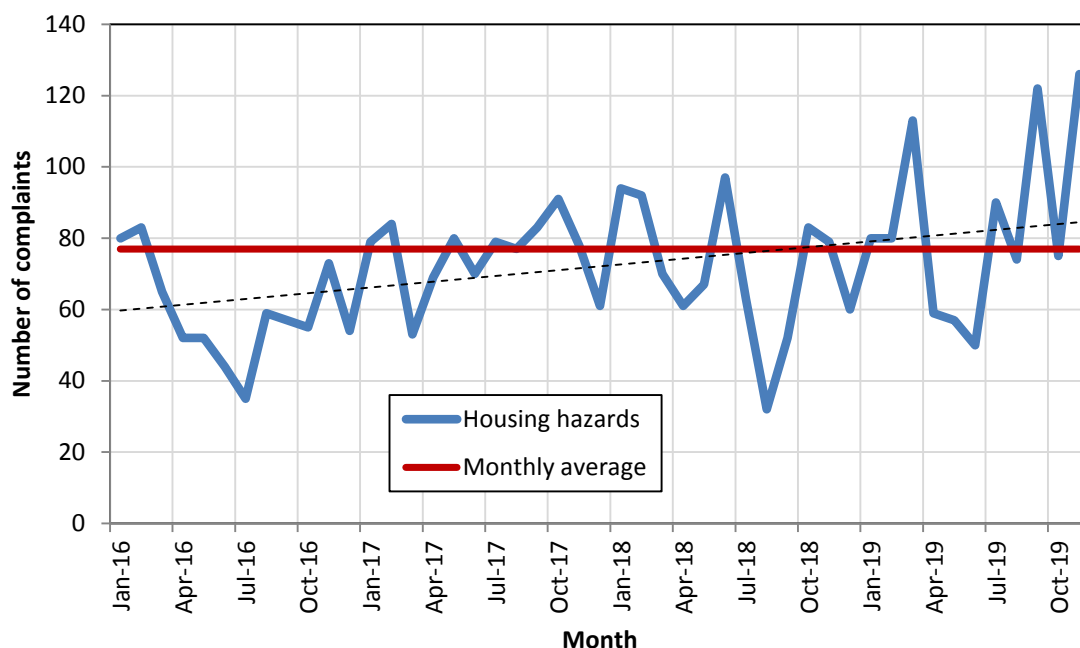


Figure 9: Housing hazard reports from January 2016 to November 2019

Category	2015	2018
Hazards - general	183	432
HMO complaint	66	224
General advice/information	121	214
Public health nuisance	0	52
Damp & mould	148	37
Overcrowding	5	23
Filthy and vermin infested	9	5
Fire safety	21	4
Overcrowding	11	3
Water supply	30	2
Domestic hygiene	27	2
Electrical hazard	23	1
Other	66	11
	710	1010

Table 6: Comparison of housing hazards reports by hazard type in 2015 and 2018

4.5 Noise complaints

Noise complaints can usually be sourced to specific residential addresses and like housing hazards provide useful evidence of trends on one specific type of ASB, in this case general noise disturbance. Figure 10 covering the period January 2015 to November 2019 shows a

Private rented sector Selective Licensing review

steep decline in complaints over the period with strong seasonal peaks in the summer months.

It is unlikely to be exclusively a Selective Licensing effect although complaints fell in all three wards between 2015 and 2018, and a downward trend in complaints was already in evidence throughout the borough from 2015.

The most probable reasons are a combination of more tolerance of noise or changes to the reporting environment. As Table 7 shows most of the reduction is attributable to a general reduction in domestic noise rather than any specific cause.

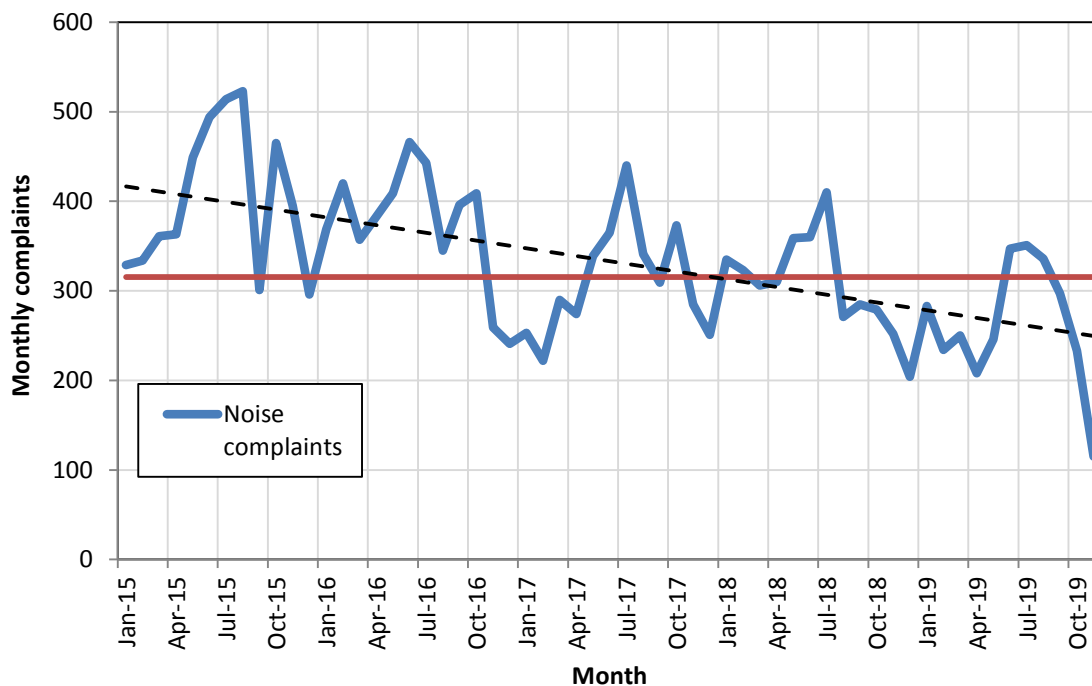


Figure 10: Domestic and related noise complaints from January 2015 to November 2019

Noise category	2015	2018
Domestic	3,400	2,595
Music	278	356
Vehicles	103	28
Animals	9	0
Neighbours	282	206
Other	482	509
Total	4,554	3,694

Table 7: Domestic and related noise complaints in 2015 and 2018

4.6 Warning letters

Warning letters are issued from time to time to residential addresses. An analysis of the data shows that they mostly pertain to issues such as garden waste, overhanging shrubs, recycling misdemeanours and the like. Figure 11 shows that an average of 18 letters per month was issued between January 2015 and November 2019.

It shows a slightly downward trend over the period although it appears to have been enforced much more in 2015 and 2016 than subsequently. It was particularly noticeable that the number of letters issued to the Selectively Licensed wards reduced considerably between calendar years 2015 and 2018 and that this could be a direct effect of the scheme.

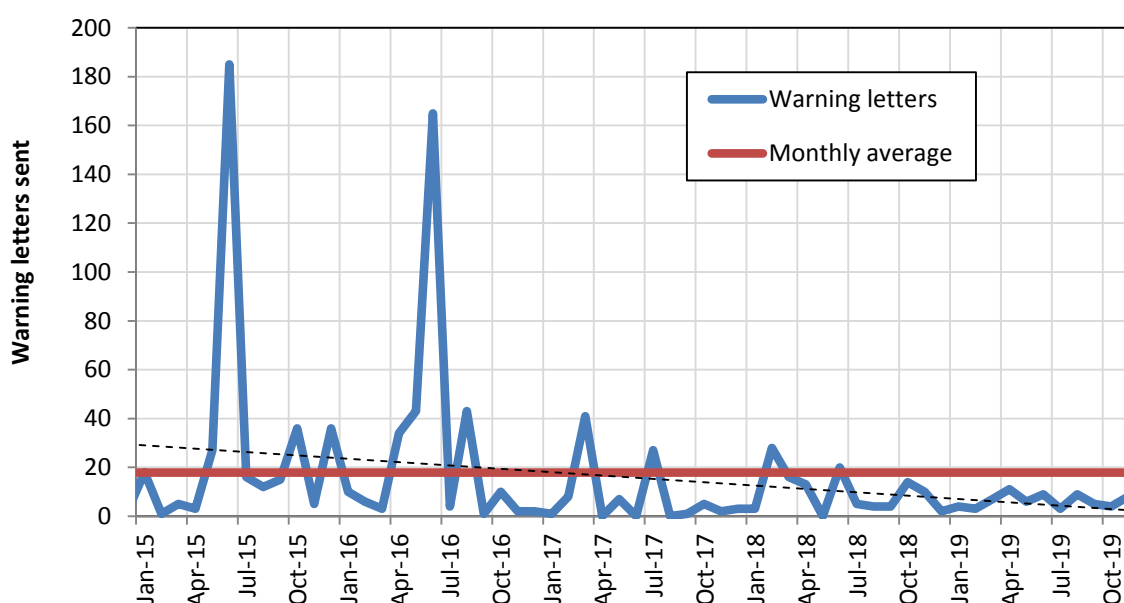


Figure 11: Warning letters issued between January 2015 and November 2019

4.7 Environment

What might be termed environmental data is sourced from Council contractors, Veolia. Data made available from April 2015 to November 2019 and shown in Figure 12 shows a steady trend over the period but with random peaks and troughs throughout the period.

Large volumes of data are collected with an average of 652 reports a month. However, the make up of these reports seems to vary considerably as the comparison in Table 8 of financial year 2015-2016 with calendar year 2018 shows.

Overall there was a 0.4% drop in reports but among specific categories there are large rises or falls (see Table 8). It is possible that some of this is due to misclassification – for example the difference between household and commercial bags. Also, a lot of the activity can be sourced to commercial and construction sources and not residences.

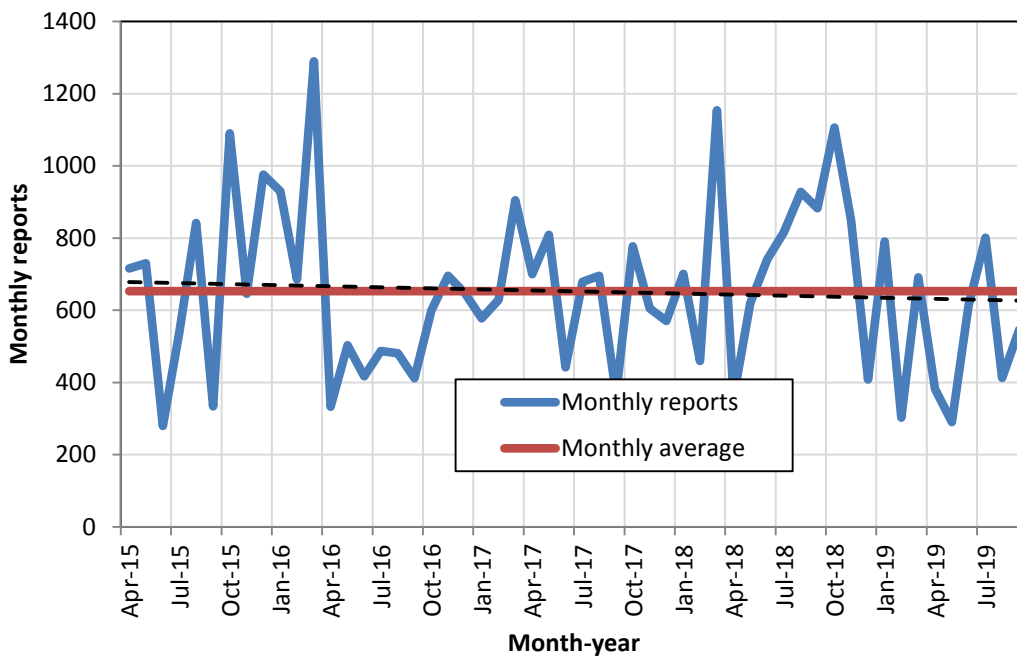


Figure 12: Monthly environment reports between April 2015 and November 2019

Category	2015	2018
Green Waste	1,300	55
Vehicle Parts	52	25
Tyres	68	6
Construction	48	214
Bags: Commercial	2,228	5,168
Bags: Household	3,608	1,292
Other: Household	1,222	1,902
Other: Commercial	378	12
Other	50	101
White Goods	60	196
Other Electrical	32	42
Animal Carcasses	16	11
Total	9,062	9,024

Table 8: A comparison of reports by category in financial year 2015-16 and 2018

4.8 Police reported ASB

The largest data set made available to us was police data – which we split into ASB related incidents and general crime. The data are available down to ward level by category but not to address level.

The first of two charts in Figure 13 shows the trend and pattern of ASB between January 2015 and November 2019. It shows an average of 1,221 reported incidents per month. The overall trend is slightly reducing but also strongly seasonal with peaks in the summer months.

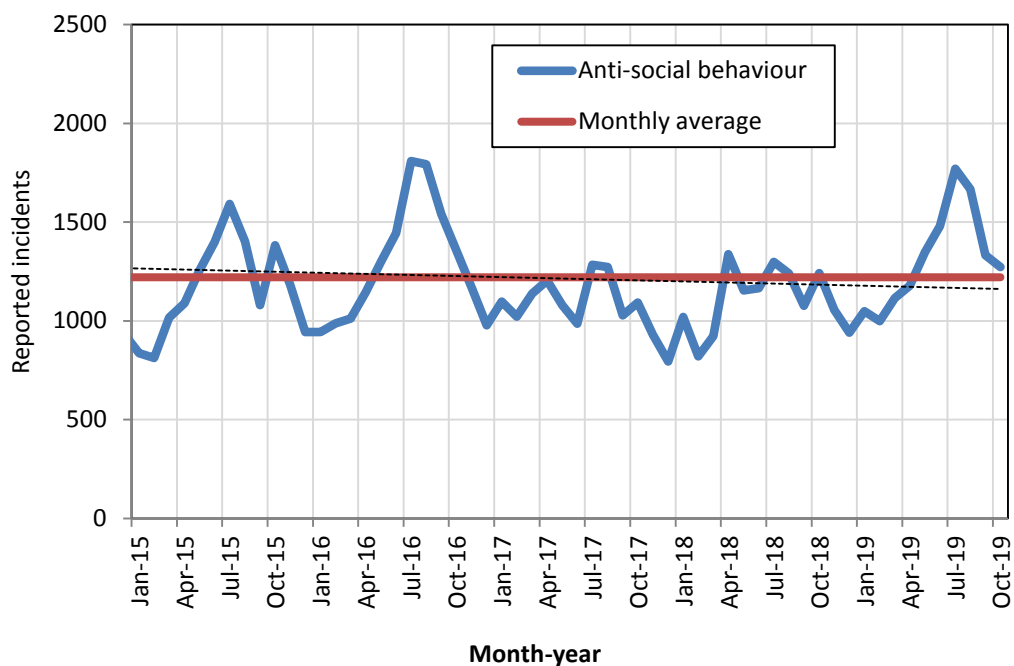


Figure 13: Police reported ASB incidents between January 2015 and November 2019

The trend in general crime over the period January 2015 to November 2019 was upward as shown in Figure 14. Again, the trend is strongly seasonal with most criminality occurring in the summer period. The average number of incidents each month is 3,705 (including ASB) and 2,484 if ASB is excluded.

As is seen in Table 9 most crime categories are increasing with the notable exception of ASB. Theft, robbery and drug offences have increased significantly but the largest percentage rise was in the possession of offensive weapons.

There was an 11.3% rise overall in crime between 2015 and 2018. Since the rise in crime is general across the borough none can easily be attributed to the introduction of Selective Licensing.

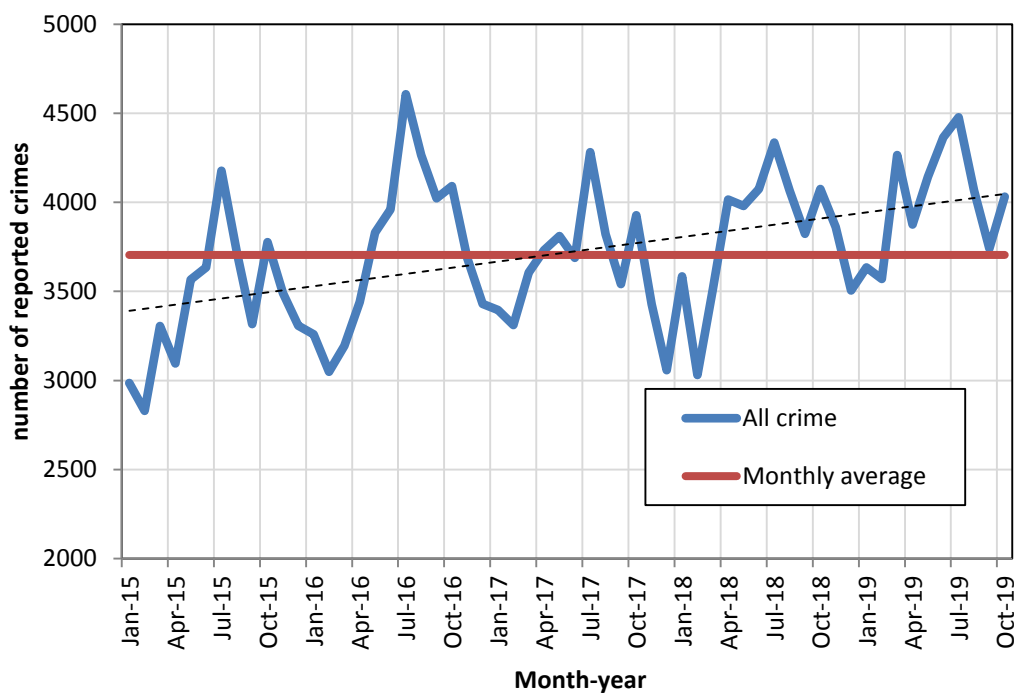


Figure 14: Police reported crime between January 2015 and November 2019 (including ASB)

Crime category	2015	2018
Anti-social behaviour	13,994	13,274
Bicycle theft	1,083	1,435
Burglary	2,466	3,233
Criminal damage and arson	2,318	2,081
Drugs	1,554	1,939
Other crime	253	336
Other theft	3,587	4,241
Possession of weapons	157	307
Public order	1,746	2,162
Robbery	1,110	1,523
Shoplifting	1,047	1,066
Theft from the person	1,380	1,712
Vehicle crime	2,977	3,512
Violence and sexual offences	7,533	9,039
Total	41,205	45,860

Table 9: A comparison of police reported crime in 2015 and 2018 by category

5. Changes in ASB at ward and property level

The previous section analysed changes at the borough level of some nine different indicators. In theory at least, positive changes in the neighbourliness of residents, a more socially responsible behaviour, for example with regard to fly tipping, could be traceable to the better maintenance and upkeep of residential properties.

Our previous research from 2017 drew a direct link at property level between private renting, noise complaints, housing hazards, and housing benefit. Wider links to the environment and ambient deprivation were necessarily more based on association rather than causation.

In analysing the latest data in the post-licensing phase, it should be possible to firm up some of these associations but with the important caveat that the Selective Licensing scheme is only at the half-way point in terms of its duration.

Secondly, although the take-up of selective licences has been a notable success, applications for licences have been spread out over the implementation period. Hence it would be over-optimistic at this early stage to assume significant overspill effects either at street or neighbourhood level given the staggered take-up.

Indeed, it would be expected that any immediate effect would be felt at a property level first. Some of this may simply be interim behavioural effects as tenants and landlords adjust their behaviours – for example a greater willingness for tenants to come forward with long overdue complaints.

In this section we review changes both at a ward and property level using a range of indicators including those analysed in the previous section. For ward level reporting we generally find that the boundary changes are small with respect to the three licensed wards, with the old boundaries covering an area of 2.34 sq kms and the new boundaries 2.54 sq kms.

For practical reasons, we report changes in ASB based on the new boundaries based on 20 designated wards but where data allow we also compare property level indicators on an old ward basis. The practical effect of this is typically small but possibly the most important difference is that the number of selectively licensed properties based on the old ward boundaries is about 200 more than on the new ward boundaries despite the new ward boundaries covering a slightly larger area.

5.1 Ward ASB rankings in 2015 and 2018

We adopt the same approach as in our previous research but split the analysis into the pre- and post- implementation phases, focussing on changes between calendar year 2015 and calendar year 2018. Table 10 based on 2015 data ranks each ward according to the size of

the PRS from high to low (1=most PRS, 20=least PRS) and the Index of Multiple Deprivation (1= most deprived, 20=least deprived). This similarly applies to Table 11 covering 2018.

In both tables the three licensed wards, Spitalfields and Banglatown (row 14), Weavers (row 19) and Whitechapel (row 20), are highlighted in grey for ease of interpretation. The bottom two rows denote the number of recorded incidents on each indicator in the period (or sample size), and the other the level of correlation between a particular indicator and the PRS.

The measure of correlation ranges from -1 (strongly negatively correlated) to +1 (strongly positively correlated) and is indicative of the degree of association between each risk factor and the size of the PRS. The results show that some indicators are more correlated with the PRS than others. Whilst most show a positive association, mainly these are weak to very weak (< 0.3).

For example, the correlation between the composite ranking and the PRS is only 0.2 in 2015 and 0.25 based on 2018 data. Indicators that can be linked to individual properties rather than neighbourhoods tend to show a higher correlation with private renting, so for example housing hazards had a correlation value of +0.46 and noise complaints + 0.65 in 2018 whereas fly-tipping was only +0.13. We return to this below.

Each of the nine indicators ranks wards similarly (1=most affected, 20=least affected). For example, Spitalfields and Banglatown was most affected by fly tipping (column 3) in 2015 and is ranked 1 and Poplar least affected, ranked 20. Comparing 2015 with 2018 in Table 11 Spitalfields and Banglatown is now ranked 3 on fly tipping and Poplar remains at 20. A final column provides an overall ranking in order to derive a composite assessment of conditions in each ward.

Comparing both tables, the following additional points can be made:

- The number of incidents in each period seen in the bottom row varies by indicator with some higher and others lower making it difficult to draw specific conclusions. However, the changes in housing hazards, noise complaints and warning letters must be considered more symptomatic of the introduction of licensing and this is considered further below.
- In overall terms, we find no difference in ward rankings in the pre-introduction and post implementation phases. Spitalfields and Banglatown was ranked 3 overall in 2015 and 3 in 2018 and so the same, Weavers 4 in 2015 and 4 in 2018, and Whitechapel 2 in 2015 and 2 in 2018.
- We also confirm that their rankings are not particularly linked to deprivation since their ranking on this measure (IMD) has scarcely change between 2015 and 2018, with

Spitalfields and Banglatown and Weavers each dropping by one place and Whitechapel increasing one place.

- It is noteworthy that St Peter’s ward was ranked overall one in 2015 and also ranked one in 2018 and so is also unchanged. However, many other wards shifted their relative positions.

Overall therefore we conclude that the introduction of Selective Licensing in the designated wards has not so far led to improvements in their rankings.

5.2 Rankings based on original ward boundaries

For indicators available at the property level which could be situated using both the old and new boundaries, we compared the rankings in 2015 with 2018 on a subset of indicators. The three indicators were Council reported ASB, housing hazards and noise complaints.

Although changes overall were small, of the three wards Spitalfields and Banglatown altered most increasing in area by about 42% in the process encroaching into what was previously Bethnal Green South. This means that ASB indicators are likely to have been affected more than in the other two wards and indeed this is what we find.

Table 12 shows the ranking based on these three indicators in 2015 and 2018. At that time, Tower Hamlets was divided into 17 wards compared with 20 wards today and so this table only has 17 rows. Weavers and Whitechapel were ranked 4 and 1 in 2015 and 2018 and so almost exactly the as based on the new ward boundaries shown in Tables 10 and 11.

The ranking of Spitalfields and Banglatown on the other hand is significantly different. Overall it was ranked 12 in 2015 and 15 in 2018, so improving its position by 3 places. This compares with its current position ranked 3 based on the new ward boundaries in Tables 10 and 11.

A key reason for this large difference is that the new boundaries absorb part of what was formerly Bethnal Green South. This is ranked 2 based on an old boundary basis in Table 10 and 11 in 2015 and 2018 and is therefore one of the worst areas of the borough for ASB which the re-drawn Spitalfields and Banglatown partly inherited.

The rest of Bethnal Green South is today subsumed in a new ward called St Peters which is in fact the highest ranked among the wards for ASB based on the new ward boundaries. This means that the picture is not straightforward. In an ideal world Spitalfields and Banglatown, Weavers, Whitechapel **and** St Peters, would all be Selectively Licensed.

Given the practical constraints on altering the present scheme whilst staying within Government guidelines is a significant issue but one without any easy solution at present without some re-drawing of the scheme boundaries. Section 6 considers this issue further to see if there are alternatives.



Table 10: Ward ASB rankings based on new ward boundaries in 2015

No.	Ward	IMD 2015	Rank PRS	Tipping	Dirty street	Graffiti	Council ASB	Housing hazards	Noise complaints	Warning letters	Enviro-crime	Police reported ASB	Overall rank
1	Bethnal Green	12	9	6	5	3	3	2	1	9	17	2	5
2	Blackwall & Cubitt Town	18	2	19	17	17	19	10	15	7	19	18	18
3	Bow East	13	7	7	10	4	13	11	5	3	9	10	7
4	Bow West	15	12	10	7	8	11	6	7	17	16	11	9
5	Bromley North	6	16	8	12	15	20	19	16	9	7	19	17
6	Bromley South	2	19	17	19	19	17	15	18	17	18	17	20
7	Canary Wharf	17	1	18	15	11	15	16	12	9	11	16	16
8	Island Gardens	19	3	15	18	11	15	4	17	8	11	12	15
9	Lansbury	1	14	13	8	11	18	5	13	17	2	9	10
10	Limehouse	16	13	20	20	17	14	20	19	9	20	14	19
11	Mile End	4	11	11	9	11	12	1	8	9	13	6	8
12	Poplar	3	20	12	11	6	10	17	20	9	4	20	12
13	Shadwell	8	15	5	6	7	6	11	13	5	6	8	6
14	Spitalfields & Banglatown	10	8	1	4	4	7	8	4	6	5	3	3
15	St. Dunstan's	11	18	9	14	15	8	13	9	9	8	15	11
16	St. Katharine's & Wapping	20	6	16	13	9	9	17	10	9	15	12	13
17	St. Peter's	7	5	2	2	1	2	6	2	1	3	1	1
18	Stepney Green	5	17	14	15	19	4	9	11	17	14	7	13
19	Weavers	9	10	4	3	2	1	14	3	2	10	5	4
20	Whitechapel	14	4	2	1	9	5	2	6	4	1	4	2
			Correl	0.03	0.16	0.32	0.02	0.33	0.36	0.50	-0.03	0.29	0.20
			Sample	2839	938	196	519	657	3964	319	9062	13995	



Table 11: Ward ASB rankings based on new ward boundaries in 2018

No.	Ward	IMD 2019	Rank PRS	Tipping	Dirty street	Graffiti	Council ASB	Housing hazards	Noise complaints	Warning letters	Enviro-crime	Police reported ASB	Overall rank
1	Bethnal Green	12	9	6	5	3	3	5	1	7	16	5	5
2	Blackwall & Cubitt Town	17	2	19	16	18	16	3	9	17	15	17	18
3	Bow East	13	7	7	6	10	14	2	2	4	10	10	6
4	Bow West	14	12	11	10	8	13	7	12	10	17	14	11
5	Bromley North	3	16	13	8	12	20	15	15	10	6	15	13
6	Bromley South	4	19	18	18	19	15	16	18	17	13	16	19
7	Canary Wharf	18	1	15	14	13	18	16	3	17	11	12	14
8	Island Gardens	19	3	16	17	17	17	10	17	8	9	18	17
9	Lansbury	1	14	10	15	13	19	6	11	10	1	8	9
10	Limehouse	16	13	20	19	20	12	20	19	17	20	19	20
11	Mile End	11	11	9	9	10	11	7	8	10	8	6	8
12	Poplar	2	20	12	12	15	10	18	20	9	4	20	15
13	Shadwell	10	15	5	7	5	7	11	13	6	12	7	7
14	Spitalfields & Banglatown	9	8	3	4	4	9	9	4	2	3	2	3
15	St. Dunstan's	7	18	8	11	7	6	14	14	10	14	11	10
16	St. Katharine's & Wapping	20	6	14	13	8	1	18	10	16	19	9	12
17	St. Peter's	6	5	2	1	2	4	4	5	5	2	3	1
18	Stepney Green	5	17	16	20	15	8	12	16	10	18	13	16
19	Weavers	8	10	4	3	1	2	13	7	3	5	4	4
20	Whitechapel	15	4	1	2	6	5	1	6	1	7	1	2
	Correl			0.13	0.24	0.17	0.02	0.46	0.65	0.08	0.05	0.30	0.25
	Sample			2769	1786	177	752	941	3379	119	11042	13274	



Table 12: Ward rankings based on property level issues using old (pre-2014) ward boundaries

No.	Ward	2015			2018			Overall rank 2015	Overall rank 2018
		Council ASB	Housing hazards	Noise complaints	Council ASB	Housing hazards	Noise complaints		
1	Bethnal Green North	4	13	6	9	15	9	6	11
2	Bethnal Green South	6	5	3	6	5	3	2	2
3	Blackwall and Cubitt Town	14	1	13	13	1	8	10	6
4	Bow East	12	12	4	12	3	2	10	3
5	Bow West	11	5	8	11	8	16	7	14
6	Bromley By Bow	15	13	14	13	7	14	16	12
7	East India and Lansbury	16	5	17	17	6	15	14	16
8	Limehouse	5	8	12	4	11	7	8	6
9	Mile End and Globe Town	2	10	2	5	13	6	2	8
10	Mile End East	17	11	16	16	10	13	17	17
11	Millwall	13	2	10	15	4	1	8	4
12	Shadwell	7	9	15	7	11	12	13	10
13	Spitalfields and Banglatown	9	13	7	10	15	11	12	15
14	St Dunstons and Stepney Green	8	3	9	8	9	17	5	12
15	St Katharine's and Wapping	10	17	11	1	17	10	14	9
16	Weavers	1	16	1	2	14	4	4	4
17	Whitechapel	3	3	5	3	2	5	1	1

5.3 Specific changes at a property level in licensed and unlicensed properties

In theory, we would expect to find differences in the take-up of licences alongside differences in their exposure to ASB at a property level. We analysed the take-up of licences and exposure to ASB at 16,986 privately owned UPRNs (i.e. properties that are owner occupied or privately rented) located in the three Selectively Licensed wards.

The three ASB risk factors included in our analysis are housing hazards, noise complaints and Council reported ASB. We also use eligibility for Housing Benefit as a risk factor for segmenting properties which have or have not been licensed. We included these risk factors if they had been reported since the introduction of the scheme, but not before.

Because licensing is supposed to prevent or deter ASB, our expectation was that licensed UPRNs should have similar levels of exposure to housing hazards, noise complaints etc. as properties in the non-PRS. What we see however is more mixed – for example, selectively licensed UPRNs have a higher exposure to housing hazards and noise complaints instead.

We find that housing hazards are 2 times more likely if the property is licensed and noise complaints are 1.6 times more likely. Council reported ASB is neither more nor less likely while eligibility for Housing Benefit means that a property is less likely to be licensed. However, it is probable that these results are transitory because the scheme has taken time to take off (see below).

Detailed results are set out in Table 13. There are four risk factors and so 16 possible unique combinations of all four depending on which apply in any given UPRN category. The number of UPRNs per category is shown in column two; whether or not a risk factor is applicable is shown as 'Y' in subsequent columns. The final column shows the percentage of UPRNs in each category that has been issued a licence.

The rows are organised so that the category with the highest percentage take-up of licences is in row one and the category with the smallest percentage is in row 16. As can be seen 30% of all private UPRNs whether owner occupied or rented have taken out a licence (see cell at bottom right of the table).

The table contains several more important detailed messages:

1. By far the largest risk category comprising 14,962 UPRNs Licence take-up is 30% (row 8), which is also the scheme average. None of this category is exposed to any risk factor listed and so they are complying fully with the scheme as expected and so there are no issues to report.
2. The top five categories (rows 1 to 5) are all exposed to housing hazards typically damp and mould, electrical faults, etc. We argue that this partly is a behavioural effect in that where hazards have been reported to the council, landlords reacting

with precaution complying with the scheme rather than being prosecuted and tenants have been bolder in reporting them.

3. A second key reason is the effect of inspections. By the end of 2018 some 300 properties have been inspected under the provisions of the licensing scheme. Of these around 40% were found to be below basic requirements. As a result, the council has noted a rapid increase in non-compliance in respect of the increasing numbers of inspections being undertaken.
4. Noise complaints have generally dampened down across the borough and this may be partly related to licensing since UPRNs subject to noise complaints are more likely to be licensed. This is not the case with Council reported ASB, for the present at least, which shows no association with licensing.
5. UPRNs receiving Housing Benefit (rows 10 to 16) are probably private rented. But licence take-up in this group is much lower than the borough average (22% or less). Of the total 1,173 UPRNs receiving housing benefit column, only 191 have applied for licences and 982 have not. This may be a compliance issue which needs to be followed up.

Category	Number of UPRNs	Housing hazard	Noise complaint	Council reported ASB	Housing Benefit	% of UPRNs with a Selective Licence
1	36	Y	Y			58.3
2	8	Y		Y		50.0
3	2	Y	Y	Y	Y	50.0
4	290	Y				48.3
5	9	Y	Y	Y		44.4
6	586		Y			41.6
7	97		Y	Y		41.2
8	14,692					30.0
9	95			Y		27.4
10	48	Y			Y	22.9
11	29		Y	Y	Y	20.7
12	30			Y	Y	20.0
13	1,023				Y	15.8
14	39		Y		Y	15.4
15	1	Y		Y	Y	0.0
16	1	Y	Y		Y	0.0
Total	16,986	395	799	271	1,173	29.9

Table 13: Table showing the impact on the take-up of Selective Licensing based on four risk factors.

5.4 Noise complaints

One of the ASB categories which can be linked directly to residential addresses is noise complaints. As was seen in Section 4.6 complaints average over 300 per month but that the trend for this particular indicator has been downward over the period since January 2015.

Whilst the downward trend seems to have affected most wards it can be also seen from Table 12 that Selectively Licensed wards have also fallen down the rankings relative to other wards. For example Spitalfields and Banglatown was ranked 7th in 2015 out of 17 wards and 11th in 2018, falling 4 places; Weavers which was ranked 1st in 2015 has fallen to 4th place; Whitechapel, however, was unchanged.

This can be seen in Figures 15 and 16 which show the density of noise complaints overlaid with pre-2014 ward boundaries. It is easily noticeable that complaints have subsided considerably both in Weavers (cells B5 and B6) and Spitalfields and Banglatown (cell B7); other hotspots such as Bow East have moved up the rankings as have some wards to the south.

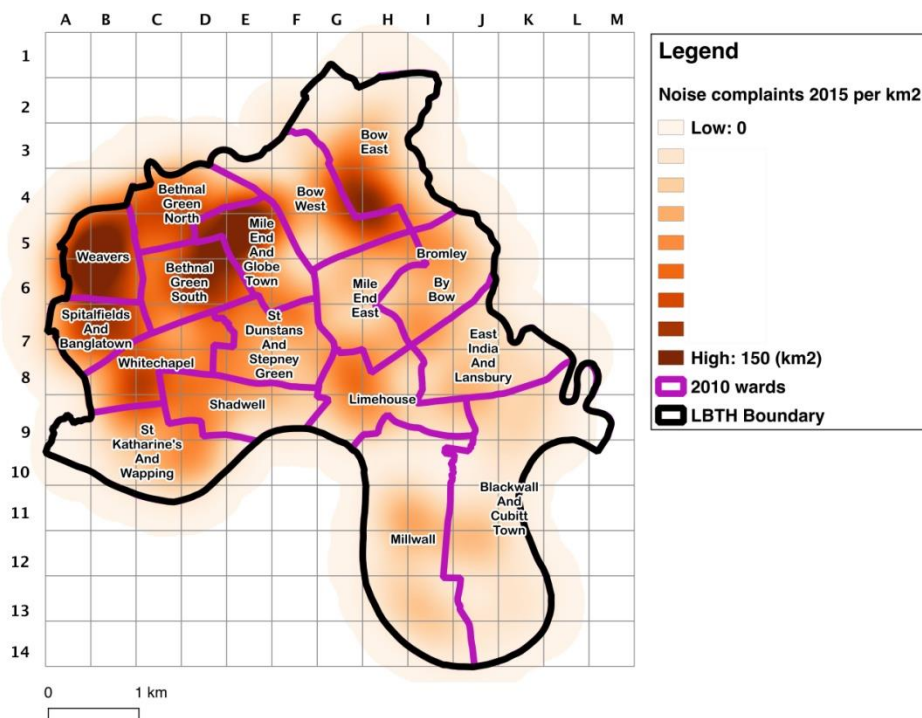


Figure 15: The density of residential noise complaints in 2015 overlaid with pre-2014 ward boundaries

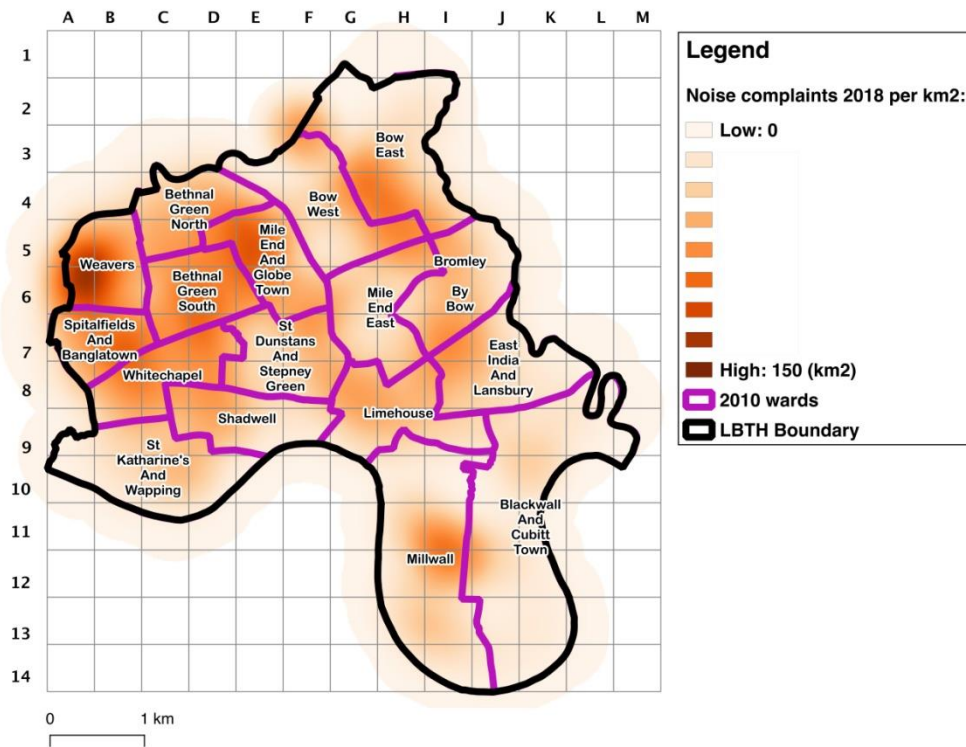


Figure 16: The density of residential noise complaints in 2015 overlaid with pre-2014 ward boundaries

6. Conclusions and recommendations

Selective Licensing allows LBTH Council to impose a legal requirement in the designated areas requiring all landlords to register, apply for a licence for each property they rent out and comply with specific licence conditions. Its purpose is to give the Council more power to tackle irresponsible landlords and drive up management standards.

The designation of an area for Selective Licensing is that it is experiencing a “significant and persistent” problem caused by anti-social behaviour and that some or all private landlords in that area are not taking appropriate action to tackle this. There is high evidential threshold: for its introduction, as well as ASB, the area is experiencing high levels of crime or deprivation.

The three wards were designated - Spitalfields and Banglatown, Weavers, and Whitechapel based on pre-2014 boundaries. These wards are not necessarily the largest in terms of private renting – some of the wards in the south of the borough are higher. Much depends on whether one refers to out-of-date Census data or recent administrative estimates.

The rules for the introduction of Selective Licensing are that any proposed scheme covering more than 20% of their geographical area or will affect more than 20% of privately rented homes will require permission from the Secretary of State to proceed. The three designated LBTH wards above cover 15% of the land area and an estimated 17.3% of the PRS.

These are not the most deprived based on the Index of Multiple Deprivation (IMD). Other wards with high levels of social housing are more deprived. However, they are consistently among the highest ranked wards on other indicators and consistently ranked among the top four and continue to be so.

The scheme designation which started on 1st of October 2016 will come to an end in 2021. At this point the Council needs to decide whether the designations have achieved or are on course to achieve their aims, whether achievements can be sustained without licensing, or whether designations should be adjusted.

The view of our analysis is that some indicators are pointing in the right direction and that there has been some, generally small positive effects; however, the overall picture is very mixed and there is still a long way to go. Examples taken from earlier in the report are:

- Based on the IMD, in 2015 and 2019 Spitalfields and Banglatown has improved from 8th to 9th place (rank 1 = most deprived); Weavers has gone up from 10 to 8 and so worsened; and Whitechapel from 14 to 15.

- Ward ranking based on Council reported ASB have slightly improved between 2015 and 2019. Spitalfields and Banglatown improved two places from 7 to 9 (rank 1=highest ASB); Weavers from 1 to 2; Whitechapel unchanged at 5.
- Home inspections have identified a range of problems which have or are being corrected and that the prospect of an inspection or losing a license has compelled landlords to make improvements but this process still has further to go.
- The take-up of licenses has generally gone well and now stands at over 5,000 bringing in revenue of around £2.69m to LBTH. This process also has further to go with the number of PRS in the three wards estimated to be at least 6,500 but probably much higher.
- Police reported ASB levels across the borough are slightly down (although crime is up) but rankings in the three designated wards have slightly worsened from 3 to 2, 5 to 4 and 4 to 1 respectively. Overall rankings comparing Spitalfields and Banglatown, Weavers and Whitechapel with other wards are unchanged at 3, 4 and 2 between 2015 and 2018.

6.1 Potential amendments to the Selective Licensing scheme going forward

In a response to an independent review on Selective Licensing⁵ a spokesperson for the Ministry of Housing and Local Government said that:

“Selective Licensingschemes can make a real difference to the quality of homes people live in. The report highlights some important matters which require further consideration, and we will work with the sector to continue to understand their concerns before responding fully.”

The more relevant of these matters as far as LBTH is concerned are chiefly a matter of process: for example, exempting certain types of housing such as purpose-built student accommodation; and maintaining a requirement to consult; and a ‘light touch’ process for authorities seeking to re-designate an area at the end of a period of licensing. The latter would apply where there is no substantive change proposed to the existing scheme.

A more substantive point is that the present requirement for all designations above a certain level should remain in place at a similar level to the current ‘20 per cent of the privately rented sector (based on figures from census data) or 20% of total geographic area’

⁵ An Independent Review of the Use and Effectiveness of Selective Licensing. June 2019 Ministry of Housing, Communities and Local Government.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/812879/Selective_Licensing_Review_2019.pdf

threshold. LBTH will therefore need to consider carefully whether to maintain the status quo or go for a larger scheme.

Another recommendation of the review concerns the important issues of enforcement. Earlier we showed that the take-up of licences among properties receiving Housing Benefit was much lower than expected. Housing Benefit is administered locally by the Council and is a good indicator of private renting but its replacement by Universal Credit which is centrally administered will make enforcement harder.

Whilst the decision to renew, change or terminate the scheme is not until 2021, the preparations start now. These include the mid-term review of which this report is a part, and secondly a consultation process lasting at least 10-weeks which should not commence until the local authority produces a draft proposal identifying what is to be designated and its consequences. After that, landlords should be allowed reasonable time to prepare.

6.2 Options for scheme renewal post-2021

Selective Licensing allows local authorities to designate any area for licensing as long as it meets the necessary criteria. Designations can be bespoke to specific streets and neighbourhood – and not necessarily contiguous. In practice, most schemes in England have opted for ward level designations which help from an administrative standpoint.

In LBTH's case the ward level alignment is based on the pre-2014 ward boundaries. Although the ward names remain the same, the current boundaries differ somewhat from the original wards, details of which have been set out earlier. One disadvantage of this is that there is now a lack of alignment with democratically elected ward representatives.

A further issue is that areas neighbouring these wards are themselves strong candidates for inclusion in the scheme, but they would be potentially excluded by the 20% PRS rule. A key decision is therefore whether to designate a scheme which adheres to the 20% rule or go for something more ambitious.

A second question is whether there are adjustments to the present scheme that would address both issues. Our view is that the present scheme is proportionate and its wider introduction would not be a good fit with most other wards in Tower Hamlets where the problems are no less important but of different origin. Neither do we recommend scrapping the scheme because the signs are that it is beginning to work but that it needs more time. We also think the timing is wrong to approach the Secretary of State with a substantially altered scheme because of the uncertainty and delays inherent in this process.

After much consideration we considered the four options set out in Table 14. The options split in two: A and B retaining the existing pre-2014 boundaries or C and D moving to the current post-2014 boundaries. In either case the 20% of PRS rule is not breached and so avoid seeking Secretary of State approval. Using the new boundaries would capture slightly

more of the PRS than using the old boundaries (18.1% versus 17.4%). Either way there should not be too much practical disruption from a changeover. However, changing over to the new boundaries should give a better alignment with property levels particularly in Spitalfields and Banglatown as can be seen by comparing Table 12 with Tables 10 and 11.

In the cases of Option B and D there would be a further decision because both options would increase the proportion of PRS coverage to slightly over 20% triggering the need to get Secretary of State approval with the risks that this would involve. One option would be to carve out small areas of former Bethnal Green ward or the new St Peters ward in order to push coverage up to the full 20% from where it is now.

Based on a rough estimation, this could add between 600 and 900 new licenses if fully implemented depending on whether option C or D applied. Set against this argument is that following the introduction of Additional Licensing, some 130 licences have already been taken out in the areas concerned and more take-up can be expected. Rather than reversing the process already in place this suggests either option A or C would be the more pragmatic and least complicated of the four options.



Table 14: Options for renewal of LBTH Selective Licensing scheme

<i>Option</i>	<i>Secretary of state approval</i>	<i>Strength of case</i>
A. Retain present scheme in three wards based on the pre-2014 ward boundaries (i.e. the Status quo)	Does not require Secretary of State approval	The present scheme is up and running. Over 5000 licences have been issued and at least another 2,000 applicants are anticipated. Retention of the present designations after 2021 would not interfere with the introduction of Additional Licensing which began last year which operates in the rest of the borough and is not due to finish before 2025. (Area covered = 14.8%; PRS=17.3%)
B. Retain present scheme based on old boundaries with the addition of former ward Bethnal Green South	Requires Secretary of State Approval, although falls within the margin for error	Our analysis based on old ward boundaries showed that Bethnal Green South is ranked just below Whitechapel and could be designated for Selective Licensing purposes. This case is strong. It would include an area with significant levels of ASB but its inclusion would slightly breach the 20% rule. (Area covered =19%; PRS=22.3%)
C. Update boundaries of existing scheme to conform with 2017 boundaries of the three existing wards	Should not require Secretary of State approval	This would bring in to line the old ward boundaries with the new and be more closely aligned with councillor representatives. There would be some transitional issues. UPRNs not caught in the existing designations would need to apply and those removed by the new designations would be required to re-apply for a licence. More PRS properties would be covered but contained in a smaller area. (Area covered =11.8%; PRS 18.1%)
D. Update existing scheme using new boundaries with the addition of St Peters ward	Secretary of State approval is still required as enlarged scheme would cover more than 20% of the PRS	This would form an enlarged and integrated geographical grouping. The case is also strong but it would breach the 20% rule by a larger amount than option B (Area covered =16.8%; PRS=25.2%)

Annex A: Tenure-ship by ward based on the 2011 Census: Old and new boundaries

No.	Ward name (old boundaries)	Owner occupied	Social Housing	Private rented	Total
1	Bethnal Green North	1,250	2,473	1,658	5,381
2	Bethnal Green South	1,169	2,357	1,718	5,244
3	Blackwall and Cubitt Town	2,479	2,478	3,697	8,654
4	Bow East	1,710	2,823	2,062	6,595
5	Bow West	1,658	1,952	1,399	5,009
6	Bromley-by-Bow	954	2,876	1,319	5,149
7	East India and Lansbury	1,123	3,022	1,114	5,259
8	Limehouse	1,771	2,617	1,962	6,350
9	Mile End and Globe Town	1,455	2,461	1,436	5,352
10	Mile End East	882	2,460	1,305	4,647
11	Millwall	3,226	2,225	5,370	10,821
12	St Dunstan's and Stepney Green	1,428	3,099	1,212	5,739
13	St Katharine's and Wapping	2,486	1,212	2,274	5,972
14	Shadwell	1,565	2,483	1,767	5,815
15	Spitalfields and Banglatown	1,052	1,244	1,604	3,900
16	Weavers	1,414	2,418	1,741	5,573
17	Whitechapel	1,313	1,906	2,578	5,797
	Total	26,935	40,106	34,216	101,257

No.	Ward name (current boundaries)	Owner occupied	Social Housing	Private rented	Total
1	Bethnal Green Ward	1,785	3,274	1,859	6,918
2	Blackwall and Cubitt Town Ward	1,748	1,526	2,953	6,227
3	Bow East Ward	1,710	2,823	2,062	6,595
4	Bow West Ward	1,658	1,952	1,399	5,009
5	Bromley North Ward	622	1,919	961	3,502
6	Bromley South Ward	574	1,668	800	3,042
7	Canary Wharf Ward	1,664	1,383	3,119	6,166
8	Island Gardens Ward	2,111	1,376	2,744	6,231
9	Lansbury Ward	1,123	3,022	1,114	5,259
10	Limehouse Ward	1,103	571	1,265	2,939
11	Mile End Ward	1,295	3,026	1,565	5,886
12	Poplar Ward	508	1,244	693	2,445
13	Shadwell Ward	1,015	2,415	1,067	4,497
14	Spitalfields and Banglatown Ward	1,231	1,630	1,886	4,747
15	St. Dunstan's Ward	994	2,156	817	3,967
16	St. Katharine's and Wapping Ward	2,410	727	2,206	5,343
17	St. Peter's Ward	1,717	3,167	2,442	7,326
18	Stepney Green Ward	984	2,070	956	4,010
19	Weavers Ward	1,385	2,369	1,687	5,441
20	Whitechapel Ward	1,298	1,788	2,621	5,707
	Total	26,935	40,106	34,216	101,257

Annex B: 2020 Tenure-ship by ward based old and new boundaries (sources: administrative data)

No	Ward name (old boundaries)	Social housing (A)	Private (B)	of which PRS (est.)	Total (A) +(B)
1	Bethnal Green North	2,510	3,892	1,795	6,402
2	Bethnal Green South	2,013	4,264	2,083	6,277
3	Blackwall and Cubitt Town	2,963	11,532	3,363	14,495
4	Bow East	2,612	6,629	2,414	9,241
5	Bow West	1,996	3,494	1,664	5,490
6	Bromley By Bow	3,836	4,489	1,906	8,325
7	East India and Lansbury	3,893	4,018	1,584	7,911
8	Limehouse	2,542	6,230	2,490	8,772
9	Mile End and Globe Town	2,094	4,086	1,979	6,180
10	Mile End East	3,368	3,712	1,550	7,080
11	Millwall	2,340	13,031	3,814	15,371
12	Shadwell	2,312	4,108	1,823	6,420
13	St Dunstons and Stepney Green	2,961	4,315	2,036	7,276
14	St Katharine's and Wapping	1,612	6,455	1,988	8,067
15	Spitalfields and Banglatown	1,303	4,304	2,215	5,607
16	Weavers	2,018	4,588	2,549	6,606
17	Whitechapel	1,261	8,094	4,359	9,355
	Total	41,634	97,241	39,612	138,875

No	Ward name (current boundaries)	Social housing (A)	Private (B)	of which PRS (est.)	Total (A) +(B)
1	Bethnal Green	2,792	5,527	2,618	8,319
2	Blackwall & Cubitt Town	1,822	9,697	2,660	11,519
3	Bow East	2,612	6,629	2,414	9,241
4	Bow West	1,996	3,494	1,664	5,490
5	Bromley North	2,525	2,272	941	4,797
6	Bromley South	2,110	3,420	1,469	5,530
7	Canary Wharf	1,436	9,020	2,222	10,456
8	Island Gardens	1,686	4,814	1,950	6,500
9	Lansbury	3,923	4,678	1,896	8,601
10	Limehouse	563	2,894	989	3,457
11	Mile End	3,843	4,817	1,987	8,660
12	Poplar	1,128	2,298	879	3,426
13	Shadwell	2,200	2,612	1,313	4,812
14	Spitalfields & Banglatown	1,731	5,139	2,579	6,870
15	St. Dunstan's	1,900	3,352	1,572	5,252
16	St. Katharine's & Wapping	977	5,975	1,886	6,952
17	St. Peter's	3,170	5,493	2,661	8,663
18	Stepney Green	2,064	2,477	1,340	4,541
19	Weavers	1,813	4,399	2,433	6,212
20	Whitechapel	1,343	8,234	4,139	9,577
	Total	41,634	97,241	39,612	138,875

Annex C: Number of licences by licence types and ward based on old and new boundaries

No.	Ward name (old boundaries)	HMO licences	Additional licences	Selective licences
1	Bethnal Green North	8	80	2
2	Bethnal Green South	16	133	10
3	Blackwall and Cubitt Town	62	85	0
4	Bow East	14	70	0
5	Bow West	38	127	0
6	Bromley By Bow	17	84	0
7	East India and Lansbury	23	99	0
8	Limehouse	20	104	0
9	Mile End and Globe Town	26	108	0
10	Mile End East	28	101	0
11	Millwall	88	135	0
12	Shadwell	10	58	0
13	Spitalfields and Banglatown	31	3	1,298
14	St Dunstans and Stepney Green	37	92	1
15	St Katharine's and Wapping	1	56	3
16	Weavers	11	1	1,301
17	Whitechapel	36	3	2,492
	Total	466	1,339	5,107

No	Ward name (new boundaries)	HMO licences	Additional licences	Selective licences
1	Bethnal Green	27	142	0
2	Blackwall & Cubitt Town	43	64	0
3	Bow East	14	70	0
4	Bow West	38	127	0
5	Bromley North	12	42	0
6	Bromley South	9	51	0
7	Canary Wharf	7	80	0
8	Island Gardens	95	68	0
9	Lansbury	25	104	0
10	Limehouse	3	22	0
11	Mile End	32	136	0
12	Poplar	12	47	0
13	Shadwell	9	45	0
14	Spitalfields & Banglatown	35	18	1,342
15	St. Dunstan's	28	73	0
16	St. Katharine's & Wapping	2	56	0
17	St. Peter's	12	130	4
18	Stepney Green	20	54	267
19	Weavers	11	1	1,265
20	Whitechapel	32	9	2,229
	Total	466	1,339	5,107

Private rented sector Selective Licensing review

Annex D Maps showing old and current boundaries and ward names



Pre-2014



Post-2014