

House Proud

how councils can raise standards
in the private rented sector



The LGiU is an award winning think-tank and local authority membership organisation. Our mission is to strengthen local democracy to put citizens in control of their own lives, communities and local services. We work with local councils and other public services providers, along with a wider network of public, private and third sector organisations.

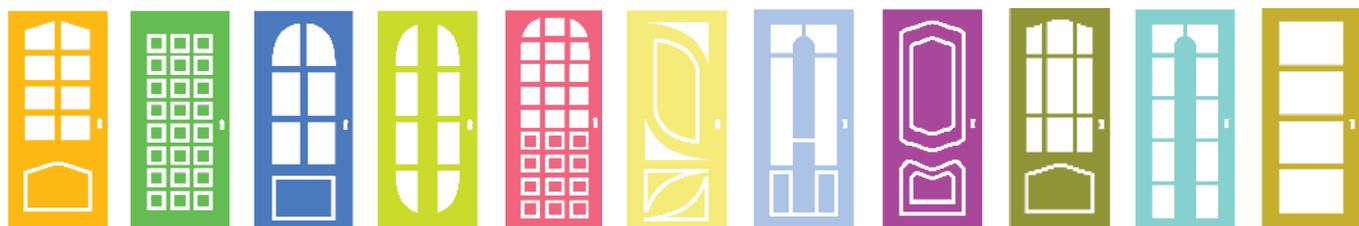
The Electrical Safety Council (ESC) is a campaigning charity dedicated to preventing deaths, injuries and damage caused by electricity. We promote behaviour change by raising awareness of electrical safety, influencing stakeholders to consider consumer needs and campaigning in areas of risk. For more information about the ESC and for online tools and advice to keep you, your family and your home safe, go to our website at www.esc.org.uk.

Authors:

Lauren Lucas, Josephine Suherman and Andrew Walker, LGiU

Contents

Foreword from Phil Buckle, Director General, Electrical Safety Council	4
Foreword from Jonathan Carr-West, Chief Executive, LGiU	5
Introduction	6
Chapter 1: Context	8
Chapter 2: The case for better engagement.....	12
Chapter 3: The local authority position.....	15
Chapter 4: Current models of practice	20
Chapter 5: Recommendations	26
Conclusion	29



Forewords

From even the most cursory glance at housing trends, it is immediately obvious that England's private rented sector has been growing at a size and speed unprecedented throughout the last century.

Whilst many believe that this rise in flexible, short-term accommodation is inevitable because it reflects the needs of an increasingly mobile population, statistics on the quality and safety of housing in the private rented sector throw up significant concerns.

Over the last few years, the Electrical Safety Council (ESC) has seen a steady rise in the number of complaints from tenants living in poor conditions. Whereas the Decent Homes

Standard appears to have done much to eliminate the scourge of sub-standard socially rented accommodation, parts of the private rented sector have remained a comparative 'wild west' with clear evidence that governance and conditions are not keeping pace with the sector's growth.

These issues were key precursors to our project with the LGiU, which aimed to explore local approaches to raising the quality of the private rented sector. All local authorities have suffered budget cuts since 2010, and they now need to find new, less costly and more innovative ways to deliver services for their communities. This report is designed to help that process, by suggesting steps which can be taken (both centrally and locally) to assist councils enhance how they monitor, govern and improve private rented sector housing. It is my sincere hope that councils find our recommendations useful, and use their powers to ensure decent homes for all.

Phil Buckle

Director General, Electrical Safety Council.

We all need a decent place to live. It's a fundamental condition of our well being.

There are many different ways in which we may acquire a home and for many, the private rented sector (PRS) offers a flexible and high quality alternative to home ownership or social housing.

The 2011 census revealed a dramatic increase in the number of private renters in England and Wales. Combined with the continued barriers to home ownership, and new government investment in private rented properties, PRS looks set to remain an important source of housing for households in the foreseeable future.

However, the sector is not without its problems. When 35 per cent of the market fails to meet the 'Decent Homes Standard' and one in five is classified as having a serious hazard, you know there is still room for improvement.

This is an issue for the sector, which suffers reputational damage from the poor performance of a significant minority of landlords; but it's also a challenge for local authorities, who hold responsibility for dealing with sub-standard conditions in private rented housing, who have a duty to safeguard the well being of all their citizens and who pick up the costs of many of the problems created by poor housing.

Given this and the rapid growth of the sector, it's unsurprising that eight out of 10 respondents to our survey of local authorities said they expect their council to take a more proactive stance in relation to the PRS in future.

In this report, we have investigated the different approaches councils are taking to improving standards in their local private rented sector. While we found many examples of innovative and effective practice, councils are still limited in the tools they have to address local problems, with rigid legislation determining how they can act and on what grounds, and a chronic lack of reliable data on the PRS.

There is no one-size-fits-all model of improving standards in the PRS. In some areas of the country, better engagement with local landlords will be effective. In others a formal licensing scheme will be required. In all cases however, councils should have the freedom and flexibility to work with landlords to deliver a local vision without having to leap through hoops designed by central government.

At LGiU, we believe that as democratically elected bodies, local authorities are best placed to decide how local needs should be met. This is why we are calling for central government to cut the red tape and give them more freedom to act in response to the challenges they face in their localities.

We hope this report and its recommendations will prompt further discussion and lead to new conversations with the sector. By working together we can address the challenges facing the sector and ensure the PRS provides our communities with the decent housing that everyone needs and deserves.

Jonathan Carr-West
Chief Executive, LGiU

Introduction

The private rented sector (PRS) is an increasingly important part of the housing market in England and Wales. The number of people renting privately nearly doubled between 2001 and 2011, reaching 3.6 million at the time of the last census.¹ House prices and a challenging mortgage market mean that home ownership is a distant prospect for many people, while the private sector offers more flexible housing options. In most cases the sector provides high quality housing opportunities for those without access to home ownership or social housing.

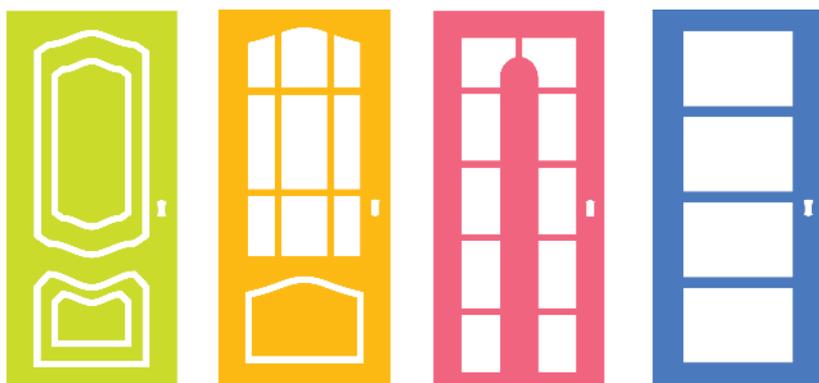
The growth of the sector has created new challenges however, with 35 per cent of private rented sector properties still failing to meet the Decent Homes standard.² This report focuses on ways in which local authorities can support better standards in the private rented sector, and address poor conditions where they are apparent. There are many incentives for councils to take a more proactive approach in this area, but a number of barriers still prevent them from acting freely and making the best use of their powers.

Interest has been building around private rented housing in recent months. The Communities and Local Government Select Committee published the report of its inquiry into the sector in July 2013. The Labour Party recently published a

policy review on the subject and the Department for Communities and Local Government has set up a team to look into the issue, following an announcement earlier in the year that letting and managing agents would be required to belong to a redress scheme. Housing charities and other sector bodies such as Shelter, the CIH and Housing Voice have also led high profile campaigns on the subject.

LGiU and the Electrical Safety Council have worked together on this report to investigate how councils are engaging with the private rented sector and the challenges and opportunities they face in supporting better conditions. Our research shows that the majority of councils understand the growing importance of the PRS and intend to work more closely with the sector in future. It builds on evidence from a survey of 178 councils, along with case studies illustrating examples of innovative practice, from Newham Council's borough-wide compulsory licensing scheme, to a landlord-led improvement alliance in Southend.

The survey also highlighted significant barriers, however. Respondents identified a lack of resources as one of the major obstacles to improving conditions in the worst properties, and drew attention to some of the restrictions faced by local authorities when working in this area.



¹ Office for National Statistics (April 19, 2013) *A Century of Home Ownership and Renting in England and Wales (full story)*

² Department for Communities and Local Government (February 2013) *English Housing Survey Headline Report 2011-12*

Recommendations

There is no one-size-fits-all model of engagement with the PRS. Rather, councils should be given the freedom and capacity to respond to the needs of their local area. With this in mind, the report makes the following recommendations for central government.

- 1. Reduce the red tape** that holds local authorities back, recognising that they are best placed to respond to local issues with the PRS.
 - 1.1. Amend the Housing Act (2004) so that local authorities have more flexibility in introducing Selective Licensing and tackling poor standards.
 - 1.2. Allow councils to recoup the costs of enforcement more effectively.
 - 1.3. Give councils the discretion to introduce compulsory accreditation.
- 2. Address the need for better data.** Government should aim to identify ways of supporting councils to freely access the data they need to work more effectively with the sector. For example, data from the EPC Register and tenant deposit protection schemes could potentially provide a rich source of information in identifying private rented property.
- 3. Address the gap left by the closure of LACORS** and promote the sharing of best practice. Better investment in sector-led guidance would free up local authorities to focus their limited resources on engagement and enforcement.

It also recommends that local authorities consider the following actions when working with the sector.

- 4. Engage with the best landlords to encourage self-regulation.** Recognising that the most responsible landlords have an interest in promoting better standards to raise the standing of the whole sector and avoid the need for further regulation, local authorities should better incentivise landlord 'PRS Champions' to work closely in partnership with the council and the wider landlord community. Support from within the sector could be invaluable in reaching other landlords and encouraging accreditation.
- 5. Empower tenants** by using a range of communication channels to disseminate information about the rights and responsibilities of tenants and landlords. This may involve publicising information about good landlords who have been accredited, or poor ones who have been recently prosecuted.
- 6. Make use of resources outside the council,** encouraging businesses and local residents to engage with the issue by recognising and reporting suspected instances of criminality, such as 'beds in sheds'. Pre-existing networks could be used to raise awareness of such a campaign.
- 7. Show strong political leadership** by setting out a clear vision. Local political leaders have an important role to play in articulating their willingness to work with responsible landlords, as well as demonstrating that they are prepared to enforce standards in the worst properties.

Chapter 1: Context

The private rented sector is an increasingly important element of the housing market. With an 88 per cent increase in the number of people renting from private landlords between 2001 and 2011, the sector looks set to remain as a vital source of housing for individuals and families for the foreseeable future. However, while for many the PRS provides a flexible and accessible form of tenure, there are still a number of key challenges to be faced, placing it at the forefront of policy debate in recent years.

A hot topic

The relationship between the state and the private rented sector is a topical issue at this time. The CLG Select Committee's report in July 2013 collated a broad and comprehensive range of important evidence. Among other recommendations, it called for central government to simplify legislation, reform selective licensing legislation, place new electrical, gas and carbon monoxide safety requirements on landlords, submit letting agents to new regulation and improve advice on data quality.³

The Labour Party has recently published a Policy Review on this subject, including a commitment to consider a national register of private landlords, a new national private rented property standard, review of how councils can use licensing schemes and tougher sanctions for bad landlords.⁴ Labour MP Graham Jones recently presented a Private Members' Bill on Selective Licensing (Housing Standards) to Parliament which seeks greater powers for local authorities to enforce statutory housing

standards. Meanwhile, Sir Alan Meale's Private Landlords and Letting and Managing Agents (regulation) Private Members Bill is also due to have its second reading in the House of Commons.

Housing charities and other sector bodies have run high profile campaigns on the topic. These include Shelter's "Fixing Private Renting" and "Rotten Homes" campaigns, as well as their drive for tougher deposit protection.⁵ Housing Voice published "To Have or Have Not"⁶ and the London Assembly released their report on the private rented sector this year.⁷ London Renters has also recently launched its "Let Down" campaign and the Chartered Institute for Housing has been vocal about the importance of the sector.⁸ At the same time, the Department for Communities and Local Government has tasked a team with investigating the issue of licensing and reporting in the autumn. The steady stream of research, campaigns and headlines over the course of the year raise the question of why the private rented sector is suddenly generating such debate.

³ House of Commons Communities and Local Government Select Committee (July 2013), *The Private Rented Sector: First Report of Session 2013-14*

⁴ The Labour Party (2013), *Private Rented Housing: improving standards for all*

⁵ Shelter also published *A Better Deal: Towards More Stable Private Renting in September 2012*

⁶ Housing Voice (September 2012) *To Have or Have Not: Taking responsibility for tomorrow's affordable homes today*

⁷ London Assembly (June 2013) *Rent Reform: Making London's Private Rented Sector Fit for Purpose*

⁸ Chartered Institute for Housing (2011) *Making the Most of Northern Ireland's Private Rented Housing Sector to Meet Housing Need*

Why is the private rented sector so important?

Private rented housing is a rapidly growing part of the housing market and looks set to become increasingly dominant. Over the decade to 2011, the number of households in England and Wales who were renting privately nearly doubled to reach 3.6 million.⁹ By 2011 renters accounted for 15 per cent of the population overall, but 24 per cent in London.¹⁰ Figures from the English Housing Survey have recently shown that for the first time in half a century, the number of households renting from private landlords has overtaken those in social housing.¹¹ The sector is expected to house a fifth of households by 2020.¹²

In addition, an increasing proportion of families with dependent children are making long-term family homes in the private rented sector. Families with children account for around a third of the increase in private rented sector households over the last decade.¹³ Overall, families now make up around one in six households in the private rented sector.¹⁴

The growth of the private rented sector seems to be a trend that is set to stay. Statistics published in August 2013 by the Council of Mortgage Lenders show that more than £5bn of buy-to-let mortgages were advanced by lenders in the second quarter of 2013, up 21 per cent from the previous quarter, and nearly a third higher than a year ago.¹⁵ The Department for Communities and Local Government has also sought to expand the sector through a range of measures including the £1bn 'Build to Rent' fund, debt guarantees on private rented housing and the establishment of a Private Rented Sector Taskforce.

Key challenges for the sector

The private rented sector is likely to remain an important element of the local housing economy for the foreseeable future as it continues to provide a flexible and accessible form of housing for large sections of the population. However, there are still a number of challenges facing the sector.

Stock conditions: Whilst average conditions in the sector are good, a significant minority of privately rented homes are still lagging behind other parts of the housing market in England.

- In 2011, 35 per cent of homes did not meet the Decent Homes Standard, compared to the national average of 24 per cent, and 17 per cent in the social rented sector.¹⁶
- The same survey showed that one in five PRS homes contained one or more Category One hazards, as defined by the Housing Health and Safety Rating System (HHSRS).¹⁷
- Similarly, the Gas Safety Trust's latest Downstream Incident Data Report (DIDR) demonstrated that those renting from private landlords have at least 4.4 times the risk of a carbon monoxide incident than other occupancy types.¹⁸
- The same applies to energy efficiency measures. 11 per cent of private rented sector dwellings fall into the worst categories for energy efficiency (Energy Efficiency rating Bands F and G) compared with three per cent of local authority, two per cent of housing association and eight per cent of owner occupied properties.¹⁹
- A recent Shelter survey of over 4,000 private renters in England found that over a third (35 per cent) of renting families have a problem with damp in their homes, while nearly one in five (17 per cent) have a leaky roof or windows and one in eleven (nine per cent) are living in a home with electrical hazards.

⁹ Office for National Statistics (April 2013) *A Century of Home Ownership and Renting in England and Wales (full story)*

¹⁰ Ibid.

¹¹ Financial Times (July 10, 2013) *Crisis fears mount as private renting grows*

¹² Building and Social Housing Foundation (January 2013) *Who Lives in the Private Rented Sector? An analysis of households' characteristics*

¹³ Guardian (February 14, 2013) *Instability is the real problem in the private rented sector*

¹⁴ Building and Social Housing Foundation (January 2013) *Who Lives in the Private Rented Sector? An analysis of households' characteristics*

¹⁵ Financial Times (August 9, 2013) *BoE rate vow set to fuel buy-to-let mortgage boom*

¹⁶ Department for Communities and Local Government (February 2013) *English Housing Survey Headline Report 2011-12*

¹⁷ Department for Communities and Local Government (July 10, 2013) *Information and publications on the English housing survey*

¹⁸ Gas Safety Trust (2012) *Gas Safety Trust Carbon Monoxide Incident Report 2012*

¹⁹ Department for Communities and Local Government (February 2013) *English Housing Survey Headline Report 2011-12*

‘Rogue’ landlords: Whilst the vast majority of landlords are responsible, with roughly 84 per cent of private tenants very or fairly satisfied with their accommodation²⁰, a minority of criminal landlords target vulnerable tenants and place them in overcrowded or poorly maintained accommodation, highlighted by recent government intervention to respond to the issue of ‘beds in sheds’.²¹ This is a challenge both for tenants who encounter such landlords, but also the majority of responsible landlords, who suffer by association and the sector as a whole, which experiences reputational damage.

Regional variation

These challenges are often very different in different parts of the country. Urban centres, particularly London, have very young, mobile populations, with a higher proportion of immigrants, resulting in high demand for rental properties and a high turnover of tenants. Outside urban centres, low demand can cause problems of a different kind, including a chronic lack of investment in quality. The private rented sector itself is very diverse and covers a broad spectrum of landlords renting their properties for many different reasons. In the most recent DCLG survey of private landlords, just under nine-tenths of all private landlords (89 per cent) were private individuals who were responsible for 71 per cent of all dwellings.²²

With this in mind, local authorities will inevitably deal with a variety of different challenges based on their geographical location, urban or rural status, levels of affluence and poverty, the demand for property and the number and type of private landlords operating in their locality. There is no ‘one-size-fits-all’ response to the challenges outlined above.

The private rented sector performs an important role in the local housing market and the majority of private landlords meet their responsibilities, but there is evidence that there are still significant levels of poor practice in parts of the sector.

At the same time, these are challenging times for local authorities. They are facing further cuts to their budget, alongside a long-term growth in the gap between availability of resources and demand for services. Why should the private rented sector be a priority for them at this time?



²⁰ Ibid.

²¹ Department for Communities and Local Government (August 2012) *Dealing with Rogue Landlords: A Guide for Local Authorities*

²² Department for Communities and Local Government (October 18, 2011) *Private Landlord Survey 2010*

CASE STUDY 1

The London Borough of Newham's borough wide PRS licensing scheme

Newham Council was experiencing challenges with the private rented sector across the borough. The number of PRS properties in the locality doubled over ten years to 2011 and there were serious issues with anti-social behaviour, over-crowding, and criminality among landlords, including concerns around 'beds-in-sheds'.

After the success of a selective licensing pilot scheme, they decided to explore the possibility of a borough wide programme. A research exercise was undertaken in order to satisfy the requirements of the Housing Act 2004: in 'high demand' housing areas such as London the case needs to be made in relation to the link between anti-social behaviour and private rented tenures. Extensive consultation with residents and tenants also found support for the aim of tackling poor conditions in the sector.

- The scheme is a five year programme running from 2012 to 2017.
- All private landlords were required to apply for a licence before the end of January 2013. Those that did paid a reduced licensing fee for a five year period.
- Each licence is unique to that property and the occupation is determined according to the number of habitable rooms and fixes a maximum allowable number of households & individuals. The details of all licensed properties are available online as a statutory register.
- Unlicensed rented properties are being identified using existing information on dwellings, and detailed analysis of data points including housing benefit claims,

council tax returns and complaints about overflowing bins.

- Initially the Council is targeting those who have not licensed their properties by sending warning letters and then following up with intensive visits to neighbourhoods and interviews with tenants. Joint operation teams, including the Metropolitan Police and UKBA, start at 7am and target neighbourhoods with a predetermined list of cases. They inspect 200 properties a month and 1 in 5 inspected properties have resulted in an arrest or detention. If the property is not licensed, the council proceed with enforcement action and grant a one-year licence only.
- As part of the licensing regime, landlords must provide a written tenancy agreement, place the deposit in an approved scheme and have up-to-date safety certificates. No evidence has been requested at this stage, but landlords sign up to a code of practice and are subject to spot requests for information.
- The council has the power to refuse licences to landlords who are not fit and proper and require them to pass the management to someone who can satisfy the Council that they meet all the criteria.

Seven months after designation the Council had received 30,776 property licensing applications from 18,341 landlords (out of an estimated 38,000 private rented properties). The scheme has been costed at £7m and it is anticipated that the whole programme will ultimately be self-financing.

Chapter 2:

The case for better engagement

The private rented sector is a fast growing part of the housing market. But what impact has this had on relationships between local authorities and the PRS? A number of drivers for change are making this a more pressing issue for councils, and creating a clear set of incentives for them to take a more proactive stance on engaging with private sector landlords.

Councils and the PRS

Councils hold the powers and responsibilities for dealing with unacceptable standards in the private rented sector under the 2004 Housing Act. However, most have limited resources dedicated to this area of work. Even in 2005, over half of all local housing authorities in England employed fewer than five full-time members of staff on private sector housing renewal activity.²³ As a result, the response to poor conditions in the broader PRS is typically fairly reactive.

In the past, councils have implemented private sector housing renewal policies to address problems in the private rented sector, which is a requirement of the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002. However, a report from the Joseph Rowntree Foundation in 2005 suggested that the capacity of councils to deliver against these objectives was patchy and that developments towards preventive approaches to private sector housing renewal had been 'relatively disappointing'.²⁴

Since then, many of the funding streams associated with this work have dried up. Besides their direct working relationships with specific private sector landlords in relation to the licensing of Houses of Multiple Occupation (HMOs), local authorities have tended to retreat into a narrower focus on social housing.

Drivers for change

Nevertheless, the PRS is back on the agenda. While the situation varies considerably across different parts of the country, some of the following factors have been driving local authorities to reconsider their relationship with landlords and letting agents.

The increasing proportion of people living in this sector. As we noted in the previous chapter, the latest census showed the number of private renters in England and Wales has jumped from 1.9 million in 2001 to 3.6 million in 2011. The publication of the census results in December 2012 generated headlines about the shift away from home ownership. For many local authorities, it highlighted a genuine concern: that an increasing proportion of residents were living in this form of tenure, while engagement with the sector was relatively limited and council data patchy. Clearly any new strategy for housing needs to recognise the increasing importance of private rented homes to the community.

The discharge of the homelessness duty: Since 9 November 2012, local authorities have been allowed to discharge their homelessness duty towards households deemed to be in priority need by providing them with accommodation in the private rented sector. Under the new powers set out in the 2011 Localism Act, they must provide households

²³ Joseph Rowntree Foundation (2005) *Implementing new powers for private sector housing renewal*

²⁴ *Ibid.*

with a 12 month guaranteed tenancy, and have a duty to help if they become unintentionally homeless again within two years. As the demand for social housing far exceeds supply, many local authorities have begun to consider how they can increase the number of private rented properties available to this group. The homes on offer must meet a set of key standards, which has prompted a renewed conversation about property conditions. Inevitably, in some local authorities this has expanded to consider how minimum standards in the wider PRS can be assured.

Safety record of private rented sector: As we noted previously, there are serious issues relating to safety in parts of the private rented sector. The English Housing Survey 2011/12 shows that 35 per cent of PRS homes do not meet the 'Decent Homes Standard', while one in five PRS homes contained a serious hazard, making properties unsafe for occupation.²⁵ Those renting from private landlords have at least 4.4 times the risk of a carbon monoxide incident than other occupancy types.²⁶ Since councils have a duty under the Housing Act 2004 to review housing conditions in their area and are responsible for enforcement, this is clearly a cause for concern.

Welfare reform: the current programme of reform to welfare is one of the most significant in the history of the welfare state. Amongst other changes, the localisation of council tax, the introduction of the under-occupation penalty, reductions to the maximum rate of Local Housing Allowance (LHA), the overall benefit cap and the gradual introduction of Universal Credit all require authorities to move quickly to identify affected residents in their communities. These changes have resulted in more proactive engagement with those living in private rented properties, and highlighted some of the gaps in data on the PRS. An increased upper age limit for those accessing the Single Room Rate has also driven demand for council licensed HMOs.

The Energy Act: The Energy Act 2011 included a new law introducing a legal minimum energy efficiency standard for homes rented from a landlord from 2018. From 2016, landlords will not be able to unreasonably refuse tenant requests for energy efficiency improvements and from 2018 the rental of the worst performing properties will be banned through a minimum energy efficiency standard. Again, councils will be responsible for enforcing these new laws. While this may not be driving immediate action, it will certainly factor in future decision-making and supports the broader shift towards a more active stance in the sector. The Green Deal has also motivated some authorities to target private rented properties in their locality to promote the scheme.

Prevention: Councils are facing serious challenges to their budgets. A further 10 per cent cut to their budgets, following an already difficult financial settlement of 28 per cent cuts from 2011/12 means that councils will need to reevaluate the services they offer and how they offer them. While for some this has involved reducing discretionary services, others have concentrated on how demand can be diverted away from high-end services through low-level preventative, or early action interventions. The PRS is a part of this picture. As we have seen, poor gas and electrical safety and energy efficiency standards are over-represented in this sector. Challenging dangerous conditions could have an important impact on the health outcomes of a population. For example, in England, each year, on average housing conditions are implicated in up to 50,000 deaths and around 0.5 million injuries and illnesses requiring medical attention. Cold housing is also linked with a number of cardiovascular and respiratory morbidity outcomes, as well as increases in psychological conditions such as depression.²⁷

There are clearly many drivers for local authorities to take a more proactive stance in their relationships with the private rented sector. But is this reflected in practice on the ground? We undertook a survey of local government to find out.

²⁵ Department for Communities and Local Government (July 10, 2013) *Information and publications on the English housing survey*

²⁶ Gas Safety Trust (2012) *Gas Safety Trust Carbon Monoxide Incident Report 2012*

²⁷ WHO (2005) *Report on the WHO technical meeting on quantifying disease from inadequate housing*

CASE STUDY 2

Southend-on-Sea Borough Council and The South East Alliance of Landlords, Agents & Residents

The South East Alliance of Landlords, Agents & Residents (SEAL) was initially formed to coordinate a response to Southend-on-Sea Borough Council's plans to introduce Selective Licensing. To avoid the need for licensing, a group of landlords and letting agents came together to establish their own scheme and to take the lead on improving standards in the sector.

SEAL has now entered into a formal partnership with the Council to improve the management and standard of accommodation within privately rented properties, and reduce anti-social behaviour throughout SEAL managed properties.

Landlords or agents joining SEAL must sign a Code of Conduct. This requires them to be part of a recognised association or accreditation scheme and to provide appropriate certification on request by the Council. Key features of membership are a uniform tenant information pack and identifying stickers to be visibly displayed on each property. These allow members of the public to contact SEAL and report issues with property condition or anti-social behaviour. SEAL will then raise the issue with the landlord and, where appropriate, support them to resolve the problem without recourse to the Council.

Members of SEAL now inform the Council as a matter of course when issuing a S21 Notice to Quit to a tenant, allowing the tenant to get immediate advice from Housing Officers and avoiding unnecessary evictions. Future plans include the creation of a local mutual reference facility and a mediation facility. The SEAL website states:

“By becoming a member of SEAL, you are demonstrating that you are willing to agree to a higher standard of management. It is vital that SEAL membership is widespread throughout the Borough of Southend as the larger our membership base, the more we can demonstrate to the Council our effectiveness. It is important also that membership continues to grow, as if SEAL fails, the Council retains the power to reconsider Selective Licensing.”

SEAL is responsible for reporting its progress to the Council's Community Services and Culture Scrutiny Committee. The membership currently covers a portfolio of over 5,000 of an estimated 14,000 private rented properties in the borough and continues to grow weekly. The work of the Alliance is funded by its membership fees. Allowing the scheme to be led by responsible landlords has freed up Council resources for enforcement activity and Selective Licensing has been indefinitely postponed pending the success of SEAL.

Chapter 3: The local authority position

Our survey targeted housing professionals and elected members with responsibility for this area, and received 257 responses from a total of 178 councils. The results reflected a broad consensus that the relationship between council and private rented sector was becoming increasingly important, with poor conditions being identified as one of the main drivers for better engagement. However, concerns were also expressed that limited resources in this area could prevent more activity. The resources that are available must be carefully targeted to maximise their value.

- 94.6 per cent of respondents agreed, or strongly agreed with the statement ‘the council has an important role to play in the private rented sector’.
- Nearly 80 per cent of respondents said they expected their council to take a greater role in relation to the PRS in future.
- Nine out of ten authorities saw ‘improving the physical condition of the PRS’ as a key driver for greater engagement. ‘Reducing health and safety risks to tenants’ was seen as the second most important factor.
- Cost is regarded as the greatest barrier to licensing of the private rented sector.

Who responded to the survey?

The survey was targeted at housing professionals and elected members with responsibility for this portfolio. It received 257 responses from a total of 178 councils. There was a broad political distribution among the authorities represented by the respondents. Of the authorities that responded, 89 were Conservative, 53 Labour, 7 Liberal Democrat, and 28 No Overall Control.

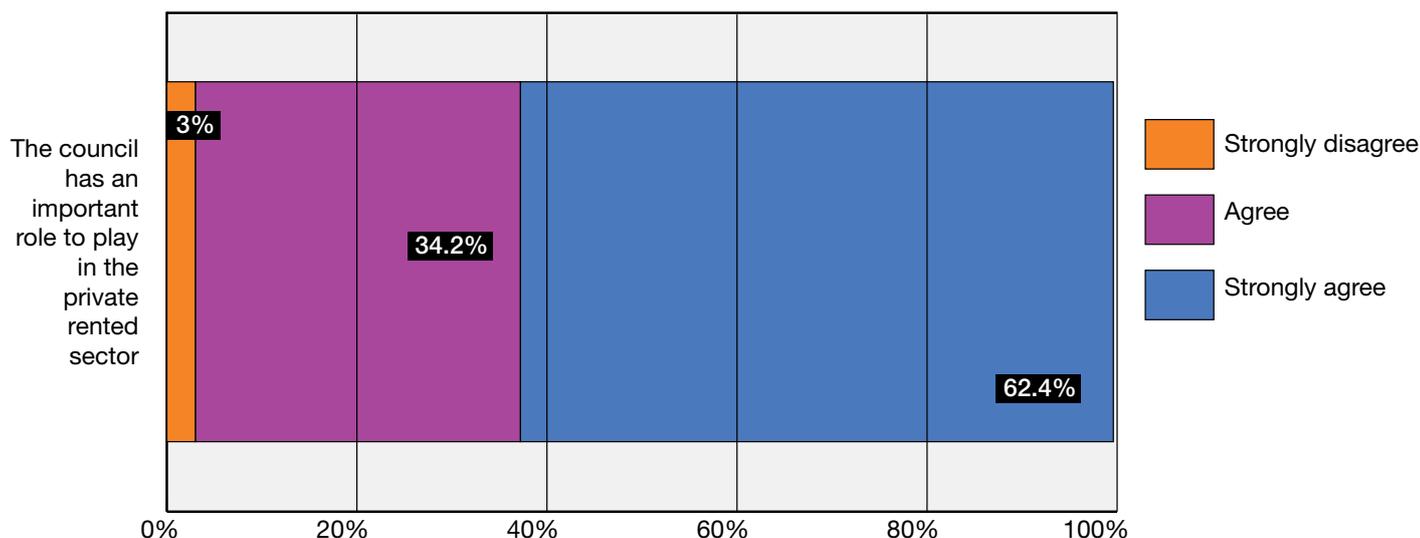
There was a geographical concentration in the South East, with almost a quarter (24.7 per cent) of responses coming from the region and 10.9 per cent from London. This may reflect the particular significance of the private rented sector in this part of the country. Roughly 70 per cent of respondents were officers and 30 per cent councillors.

Council relationships and current practice

When asked to agree or disagree with statements about the nature of their relationship with the sector, 96.6 per cent of respondents agreed or strongly agreed that “the council has an important role to play in the private rented sector”.



To what extent do you agree or disagree with the following statements



Just under 90 per cent agreed or strongly agreed that *“the council has a good relationship with private sector landlords”* and 77.5 per cent agreed or strongly agreed that the council had a good relationship with letting agents. A significant minority of 22.5 per cent disagreed that the council has a good relationship with letting agents.

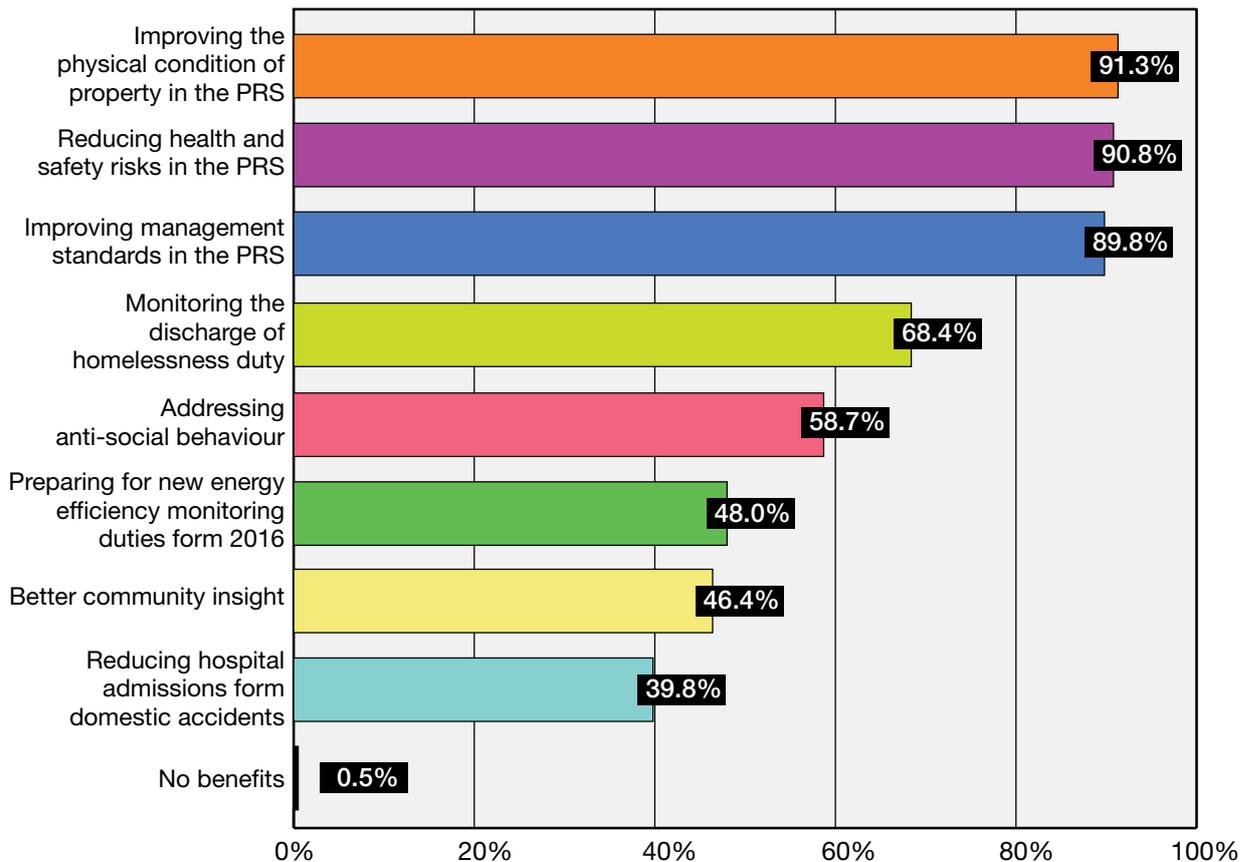
The most common form of engagement was, understandably, statutory HMO licensing. *“Placing homeless people in PRS properties”*, and *“forums for private landlords”* also scored highly, with 81.5 per cent and 80 per cent of respondents saying these approaches were adopted in their area.

Over half of the respondents (56.1 per cent) said they ran accreditation schemes for landlords, while 37.1 per cent said they ran licensing schemes. 50.3 per cent of respondents said that they undertook non-statutory regulation of the PRS, 85 per cent of which used a voluntary accreditation scheme. Just over a fifth made use of mandatory licensing and/or registration schemes.

The benefits of working with the private rented sector

There were seen to be multiple benefits of engaging proactively with the private rented sector. The most popular responses were *“improving the physical condition of property in the PRS”* (91.3 per cent); *“reducing health and safety risks to tenants”* (90.8 per cent); and *“improving management standards”* (89.8 per cent). Lower down the list were the development of better community insight (46.4 per cent) and the chance to reduce hospital admissions (39.8 per cent).

What do you regard as the benefits of council involvement in the PRS (if any)? Please check all that apply



Expectations for the future

Significantly, nearly 80 per cent of respondents said they expected the council to take on a greater role in relation to the PRS in future. Consensus about this expectation was broadly reflected across the political spectrum, with agreement from 73 Conservative, 60 Labour, 19 NOC, and 4 Liberal Democrat councils. Several drivers for this greater involvement were noted, including responding to welfare reform, cracking down on criminal landlords, securing the supply of affordable housing (through bringing empty homes back into use), a desire to promote the Green Deal and ‘Winter Warmth’ schemes, meeting the homelessness duty and improving conditions.

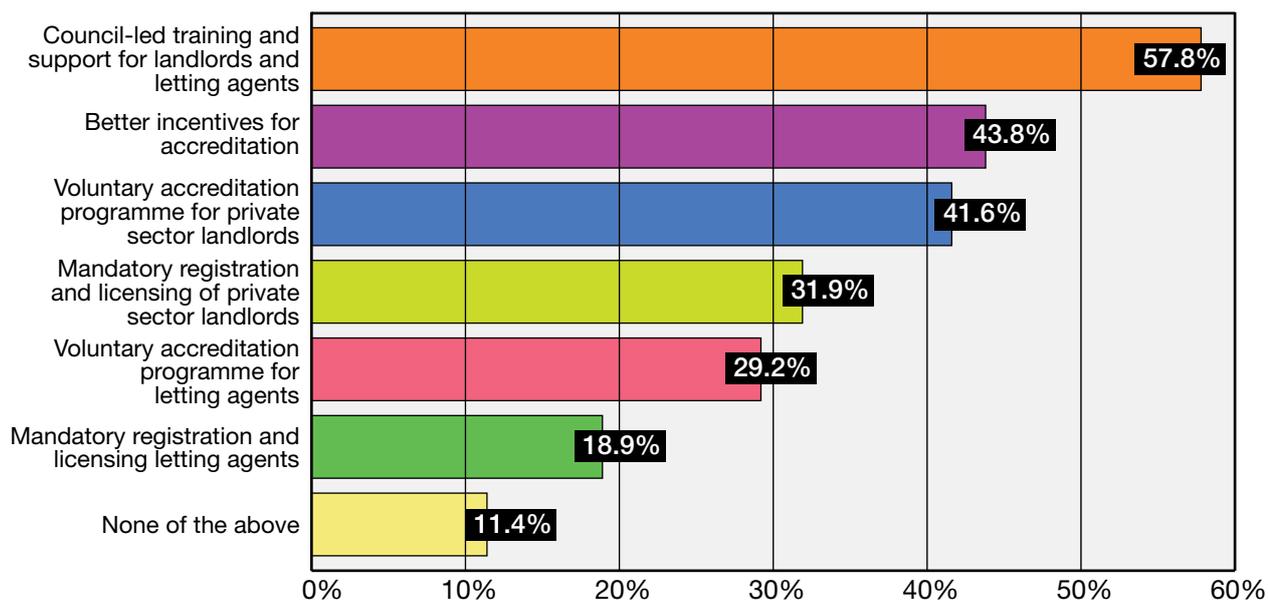
Some respondents voiced concern over the limitation of their resources in this area, while others noted that a lack of resources usually meant that their responses to health and safety risks were largely reactive:

“(our) current level of resources limits the level of proactive work within the private rented sector”

“We are subject to very limited staff resources”

“Funding will make it difficult to expand existing schemes or even to retain them”

What sort of involvement would you expect to see in the future?



When respondents were asked what sort of approaches they expected to see, most identified training and support for landlords and letting agents. However, some took a harder line: just under a third (31.9 per cent) of respondents said they were interested in pursuing mandatory registration and/or licensing of private landlords. Those that were pursuing the licensing route identified gas and electrical safety as the main driver for their work in this area (83.4 per cent of responses).

Barriers to licensing

Some regarded licensing as a step too far in the context of their local housing market. Comments included:

“Too much intrusion into the PRS will put up a barrier between the authority and the PRS. At present we have good relationship with landlords.”

“Licensing the PRS generally would not improve standards, is overly bureaucratic and attracts compliant landlords to apply. All these factors reduce the time officers can spend trying to find rogue/non-compliant/criminal landlords and dealing with very poor housing conditions.”

However, cost was regarded as the most important barrier, with nearly two-thirds of respondents identifying this as a key challenge.

Summary

The survey findings demonstrate a wide spectrum of practice, ranging from full mandatory licensing, to the statutory minimum level of engagement, via selective licensing, voluntary accreditation schemes and training and support for landlords. Several areas of consensus did emerge, however, from the broad range of responses to the survey:

- 1) There was general agreement that councils have a vital role to play in the private rented sector. Nearly 80 per cent felt that their authority would take a more proactive role in the future.
- 2) The form this engagement takes will differ depending on the position of the housing market and any specific local challenges.
- 3) A concern for the health and safety of tenants, particularly in relation to gas and electrical safety, is the most important driver for involvement with the private rented sector on the part of councils.
- 4) A lack of resource is perceived as the greatest barrier to better engagement with the PRS.

To explore current practice in more depth, we undertook a series of interviews with local housing teams to identify examples of effective or innovative practice in this field.

CASE STUDY 3

Liverpool City Council's Ten Point Pledge

Liverpool City Council has seen a massive boom in the city's private rental sector, which more than doubled in size between 2001 and 2011. However, their 2010 Housing Stock Condition survey showed the proportion of properties not meeting the Decent Homes Standard was significantly higher in the private rented sector.

When Joe Anderson was elected as the first Mayor of Liverpool in May 2012, he committed to taking action on improving the private rented sector. The Council produced a 'Ten Point Pledge' for the PRS which indicated their commitment to driving up standards in the sector. It recognised the value of the sector in the housing market and aimed to support good landlords while also taking a strong position on enforcement. The pledge included:

1. A Liverpool Standard for private rented housing in the city.
2. A citywide voluntary landlord registration Scheme.
3. A relaunch of the landlord accreditation scheme.
4. Incentives for good landlords who are achieving the required standard, including access to funding, advertising vacancies through the sub-regional choice based lettings scheme, the tenancy bond scheme and positive publicity.
5. A 'know your landlord' service allowing prospective tenants to enquire whether landlords are registered, accredited, licensed (if an HMO) or a member of a recognised landlords organisation such as the National Landlords Association.
6. A confidential freephone line where people can report unregistered or poor quality landlords.
7. Dedicated web pages to publicise the Liverpool Standard, the accreditation scheme and general news items of interest to landlords, tenants and people seeking accommodation
8. A landlords advisory panel comprised of landlords and also lettings and managing agents.
9. A rogue landlords hit squad will seek out and investigate poor landlords, take appropriate action and publicise successful prosecutions.
10. Consultation on a citywide selective licensing scheme.

Since the launch of the pledge, the Council has worked quickly to deliver against each of the ten points and is about to commence formal consultation on the citywide selective licensing scheme. So far roughly 2,000 of an estimated 5,000 landlords have signed up to the voluntary registration scheme and the number of accredited landlords has increased to 365.

Chapter 4:

Current models of practice

If 80 per cent of councils expect to work more with the private rented sector in future, what does this mean in practice? Interviews with a range of local authorities identified a number of interesting themes regarding engagement with the sector, as well as some important challenges going forward.

Our discussions covered a broad range of topics, but highlighted five key challenges for local authorities working to raise standards in the sector and some of the different ways in which councils have approached them.

1) Identifying your private rented sector properties

One of the challenges, highlighted by almost all interviewees, was the problem of acquiring good data on where private rented properties were located in the local area. There is no single source of reliable information about where properties are privately rented. Irrespective of how a council works with the sector, this is a serious obstacle to engaging with landlords and providing them with relevant information about their rights and responsibilities, any changes to legislation and details of other local initiatives affecting them.

As part of their borough wide licensing scheme, **Newham Council** has initiated a huge data gathering exercise to identify unlicensed properties. The Council is doing this by using unique property reference numbers in the Local Land and Property Gazetteer and then carrying out a detailed analysis of other data points including housing benefit claims, council tax returns and complaints about overflowing bins. This data analysis process is being refined and developed but enables the Council to identify both tenure and occupation with a considerable degree of confidence.

Similarly **Bristol City Council** has been working hard to cross reference data they hold on housing benefit, council tax and complaints about ASB to identify private sector landlords in problem areas.

Norwich City Council has recently commissioned a new Stock Condition Survey of private housing in the city. It goes beyond the scope of previous surveys they have undertaken and draws on data from across the local authority to build a more accurate picture of who is living in what property.

The strength in each of these approaches is that they make use of data already held by the local authority. However, gathering the data together in one place can be resource intensive, and expensive if external resources need to be brought in to support this process.

Another approach to supporting better data on private rented sector properties is that introduced by **the Scottish Government**, who launched a compulsory Landlord Registration scheme in 2006 to provide a full list of private landlords to local authorities. Its initial remit was relatively limited, but has since shown its value in keeping landlords updated on any new duties, and as a target for enforcement action. Landlords must log in and pay a fee via a national system. The fee is then passed through to the relevant local authority which is responsible for enforcement action.

The Labour Party has argued in favour of compulsory registration. There is no doubt that better data should be held by public bodies on the private rented sector. Such an initiative would aggregate the cost across local government more effectively than each local authority undertaking their own separate analysis and would provide national status and associated publicity. However, Scotland's approach has not been without criticism; a 2011 review of Scotland's scheme highlighted several challenges. It found that landlord registration has not removed the worst landlords from the sector, and that *"in the main, fees do not cover local authority costs, many being supplemented from other budgets"*. It concluded that the lack of income meant that resources were being diverted away from enforcement activity and towards the administration of the scheme.²⁸ Scottish Conservatives have complained that the level of enforcement has been minimal, resulting in significant costs and few benefits for the sector.

It will take time to fully understand the impact of Scotland's Landlord Registration programme. The 2011 review also noted that the scheme has had an impact on raising standards in the private rented sector and found evidence that landlords were more aware of their obligations. In theory, landlord registration should provide councils with an accessible body of data on the location of private rented properties, support work to identify the worst landlords and give councils new tools for enforcement: the maximum fine for operating as an unregistered landlord is £50,000. The low level of enforcement is perhaps an issue that should be explored separately and the Scottish Government is currently reviewing the recommendations from the 2011 Review of Landlord Registration with local authorities and other stakeholders.

The introduction of any similar scheme in England would need to be clear about its objectives and begin with a full cost-benefit analysis, including an understanding of the impact on enforcement. A DCLG impact assessment undertaken in 2009 identified the net monetised benefit of a national registration scheme as -£2bn over ten years, but did not reflect on enforcement activity.²⁹ It would also need to assess whether alternative sources of information on property tenure were available using existing data gathering mechanisms such as EPC information, data from tenancy deposit schemes, council tax returns and Land Registry data.

2) Working with landlords to raise overall standards

Local authorities face an important challenge in enlisting the strength of responsible landlords to raise the quality of the sector overall. Many councils have worked closely with landlords to engage them in planning services, making information and support available to them so they can fulfill their responsibilities, and ensure their voice is heard in local issues.

Lewisham's Private Sector Housing Agency (PSHA) has been established since the beginning of August 2013. It brings together a number of teams who were working across the private sector into a new agency, including Housing Rights, Temporary Accommodation management and support teams and the Environmental Health residential team. The PSHA will provide a centre of excellence for Lewisham's work and a single point of contact for citizens, landlords, tenants, partner organisations, stakeholders and council officers. Their aim is to take a more proactive, leadership role and engage in a new and positive dialogue with the sector.

²⁸ The Scottish Government (2011) *Evaluation of the Impact and Operation of Landlord Registration in Scotland*

²⁹ DCLG (2009), *Impact Assessment of a national register for landlords*

Bristol City Council is part of the West of England Group, which has been working to build a regional approach to the private rented sector. As part of this work they have established a new landlord panel to advise on their strategy. They are also part of Homes for Bristol; a high level strategic decision making group with partners across the public and private sectors and a focus on strategic approaches to housing in the city. The private rented sector has now been identified as a target area by the group.

Liverpool Council has established a landlord advisory panel to support their work on their 'ten point pledge' for the private rented sector.

Southend-on-Sea Borough Council works closely with a landlord-led alliance that aims to improve conditions in the private rented sector. While membership of the alliance is voluntary, the fact that it is led from within the sector has given it momentum. All the major letting agents in the locality are now signed up to the programme and real progress has been made around evictions: the council is now alerted whenever a Section 21 eviction notice is issued, allowing them to take on the role of mediator. The council reports that allowing the scheme to be led locally by responsible landlords has freed up resources for enforcement against the worst.

Norwich City Council has set up a working group with representatives from landlord associations, Shelter, ARLA and the University of East Anglia. This group will focus on specific issues in the private rented sector and their discussions will be used to inform council policy.

Many councils run their own local accreditation schemes which require landlords to meet certain standards and provide advice, training and support to landlords. These schemes can operate as a kitemark for good practice in the sector and be a requirement for private rented properties used to meet the homelessness duty or those used in leasing schemes. Other initiatives operate at a wider geographical area: the **National Landlord Association (NLA)** runs a national accreditation scheme which requires landlords to attend a course or complete an online accreditation process.

All landlords are required to sign the scheme's rules and return them to the NLA. **The London Landlord Accreditation Scheme:** a partnership made up of London local authorities, Landlord Associations, the University and NHS accommodation units and administered by Camden also provides training and accreditation for responsible landlords.

Accreditation schemes of this kind are a valuable way of raising standards overall within the sector, particularly if they are led by landlords themselves. They can be effective ways of ensuring those landlords with whom the council works directly meet appropriate standards, and support of this kind can free up council resources to concentrate on the worst performing landlords.

However, the number of accredited landlords is usually small in comparison to the total number operating in an area and schemes often fail to engage with moderately or poorly performing landlords. Accreditation schemes generally relate to the landlord or agent, rather than to individual properties.

3) Addressing standards among the worst performing landlords

The best performing landlords are always quick to respond both to voluntary accreditation and registration schemes, and to join professional landlord bodies.

The challenge faced by local authorities is that those who have not complied with legal standards either through ignorance or deliberate avoidance are unlikely to engage voluntarily. While councils hold the powers of enforcement, their resources to address problems in this area are always limited. Without the means of systematically identifying private rented properties, their approach to enforcement is necessarily reactive in most cases.

The most high profile example of local authority work in this area is that of **Newham Council's** borough-wide private rented sector licensing scheme, which was launched in January 2013.

By the end of August 30,776 property licensing applications had been received from 18,341 landlords (representing over 80 per cent of a projected 38,000 private rented properties). The Council was experiencing serious problems with overcrowding, anti-social behaviour and criminality on the part of landlords. Their focus has been on securing compliance from those landlords who did not sign up by the January deadline and prosecuting those who fail to secure a license or otherwise meet legal requirements. The scheme will run initially until 2017 with a view to legitimising landlords while dealing with the criminal landlord element. Over the next five years the Council expects to see an increase in quality and security for private tenants as well as a reduction in anti-social behaviour and more professional housing management across the sector.

Others are following in their footsteps. **Liverpool City Council** is consulting on a citywide selective licensing scheme.

Some councils have also used selective licensing schemes in specific geographical areas to address local problems. **Bristol City Council** introduced selective licensing to the Stapleton Road area of the city on the basis of high levels of anti-social behaviour after it was named 'the most dangerous street in Britain' in 2010.

Selective licensing is currently only available to local authorities under the 2004 Housing Act if they can demonstrate either anti-social behaviour or low demand in the area in question. It cannot be used as a tool to respond to perceived problems with property conditions in an area. Equally, under EU Directives, income from licensing fees cannot be used to fund enforcement activity.

However, licensing is not the only tool for local authorities in tackling the worst landlords. A central aspect of **Bristol City Council's** strategy involves raising awareness of enforcement action when it has been taken, including pushing for the full £20,000 fine against criminal landlords where appropriate and promoting this work clearly in the local media.

Leeds City Council created a specialist Housing Regulation team following the Housing Act 2004. The team has now undertaken 113 successful prosecutions against landlords. While they have used Selective Licensing in some areas of the city, they have decided against further discretionary licensing and introduced a neighbourhood approach which was seen as more flexible than licensing. This approach targeted neighbourhoods on a street-by-street basis, dealing with standards in the private rented sector as well as empty homes. The approach included a high level of partnership working, the provision of help, advice and mentoring to landlords, and an intention to inspect all private rented properties in an area to ensure they met minimum standards.³⁰

4) Defining standards

Defining a standard for private rented property can be an important way of clarifying local authority expectations in relation to property conditions and of encouraging greater awareness amongst landlords.

Liverpool City Council has developed a property condition standard called the Liverpool Healthy Homes Standard, which aims to set a standard for houses that are safe and warm, functional and fit for purpose. This includes minimum requirements for property condition based on the Decent Homes Standard and also best practice in the management of tenancies.

In July 2013, the **Mayor of London** launched the London Rental Standard as a comprehensive standard for private renting across London. The Standard covers landlords and letting agents, and incorporates all of the main industry schemes. It aims to trigger a massive increase in accreditation and standards in the capital through existing schemes such as the London Landlord Accreditation scheme. The London Rental Standard is about accrediting landlords, letting agents and managing agents, rather than individual properties.

³⁰ House of Commons Communities and Local Government Select Committee (July 2013), *The Private Rented Sector: First Report of Session 2013-14*

As part of the introduction of a landlord accreditation scheme to raise standards within the private rented sector as a whole the **City of York Council** is creating a two tiered accreditation process which seeks to address a number property and management conditions, including electrical safety. The YorProperty Standard requires a landlord to ensure that the electrics and electrical appliances within a property are safe, that a visual check is undertaken between tenancies, that all repairs comply with the latest wiring regulations and that tenants are supplied with instructions for safe use of all electrical appliances. The YorProperty Plus Standard requires that every fixed electrical installation is inspected and tested at least every five years by a qualified person and that Portable Appliance Tests are performed at least every two years for appliances supplied with the property.

5) Empowering tenants

Giving tenants the information they need to hold their landlords to account and to report instances of criminal behaviour is a crucial element of any PRS improvement strategy. While there are potential issues to be resolved around retaliatory eviction, ensuring tenants understand their rights and have the correct support is important in raising standards in the sector. Several of the local authorities interviewed as part of this project had specifically undertaken activity in this area, either through publicising information about specific landlords, or promoting general awareness of the rights and responsibilities of tenants and landlords.

Details of licensees are available online as part of the **London Borough of Newham's** statutory landlord register.

Under the South East Alliance of Landlords, Agents & Residents (**SEAL**) – **Southend-on-Sea's** landlord led alliance for improving conditions in the sector - landlords in the scheme have been responsible for publicising information about accreditation through a high profile window sticker campaign for accredited properties. This allows problems with property conditions to be reported more easily by members of the public.

Norwich City Council has also undertaken a communications campaign to highlight tenants' rights and to promote awareness among tenants about what they should ask for in a property.

The **London Borough of Lewisham** has developed a team of Specialist Private Sector Advisors to advise tenants and landlords of their rights and responsibilities.

Liverpool City Council has developed pages on its website containing information about the private rented sector. This will include a 'Know your Landlord' facility, which is being developed to allow current and prospective tenants to identify if landlords are accredited or if they have been prosecuted in the past. They have also established a confidential freephone hotline for local people to report problem landlords or properties.

The **Scottish Government** has introduced a legal duty for all landlords renting a private property to provide a standard tenant information pack, which provides the tenant with information about their rights and obligations in relation to tenancy agreements, gas safety and anti-social behaviour among other things. This must be made available at the start of a tenancy and whenever that tenancy renews, but can be provided electronically or in hard copy. To initiate a tenancy without providing a pack is now a criminal offence.

Councils and governments have adopted a wide range of ways of responding to a number of different challenges. However, common themes emerged from our conversations, reflecting similarities in both the opportunities and challenges faced by local authorities working with the private rented sector. Based on these findings we have developed a series of recommendations to support best practice in this area of work.

CASE STUDY 4

The London Rental Standard

More than a quarter of Londoners live in PRS housing. This proportion is expected to rise further in the near future. The London Rental Standard (LRS), administered by the Greater London Authority, has been established to raise quality in the sector by setting a benchmark level of accreditation for landlords and letting agents.

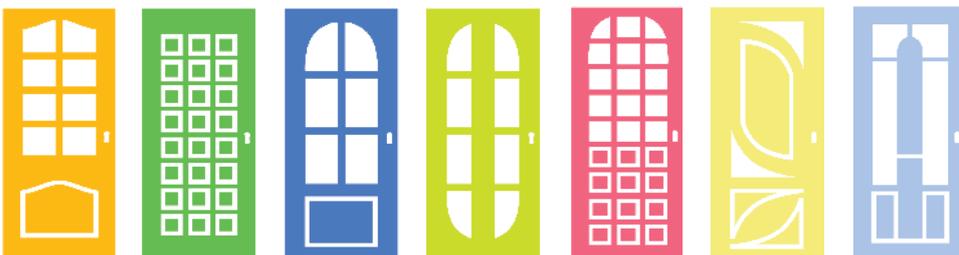
Though it has no statutory power, the Standard is intended to encourage good practice by approving organisations to use a “single badge” of accreditation. It is hoped that this will lead to a more consistency and closer monitoring of standards across the city. As a condition of using the LRS brand these other bodies will be expected to train and accredit landlords and agents, monitor standards across the sector, check the current status of accredited landlords and agents, and promote and publicise the LRS and the “Single Badge” to encourage wider participation.

Following consultation, the final LRS document was published in July 2013. It includes 12 core commitments, which participating landlords will be expected to abide by. These cover fees, deposit protection, communication with

tenants, and response times for complaints or repairs. The Standard also lays the criteria that landlord and estate agent training syllabuses would be expected to meet. According to the document training should be face-to-face, and should cover all aspects from pre-tenancy to post-tenancy works, as well as the responsibilities and liabilities that accredited landlords should be aware of.

It will also seek to widen publicity and knowledge of accreditation standards by providing tenants with information about the level of service they can expect from landlords, encouraging them to ask for accreditation certificates when they sign new contracts, and highlighting bad practice by exposing landlords and agents who flout standards. The GLA will also be investing £100,000 in the London Landlord Accreditation Scheme, the Board of which will soon include members of the GLA, London boroughs, Shelter, a private tenants organisation, and various industry bodies.

The Mayor of London intends for there to be 100,000 landlords and agents accredited under the LRS by 2016.



Chapter 5:

Recommendations

In this report we have focused specifically on local authority relationships with their private sector landlords and the ambition to improve property conditions. These recommendations are based on our discussions with local authorities regarding the challenges and opportunities they experience working in the sector. Most of these recommendations do not call for additional resources, but seek to make better use of those resources already available to the sector.

Recommendations for Whitehall

There can be no ‘one-size-fits-all’ model for relationships with the private rented sector locally. However, if local authorities are to make the most of their existing powers and resources, they must also have freedom to manoeuvre. Here Whitehall has an important role to play in empowering councils to respond to the specific challenges they face locally.

Central government must take action in three areas.

1) Reduce the red tape on local authorities:

Local authorities are best placed to work with the private rented sector and they must have greater freedom to enforce statutory standards where the worst conditions exist.

- *Amend the 2004 Housing Act.* Legislation currently prevents the use of the discretionary licensing schemes to target the worst accommodation, limiting council’s ability to respond to local community need. In the spirit of localism, Government should amend the 2004 Housing Act (and relevant secondary legislation) to expand the qualification criteria and give local authorities discretion to use the available powers through Selective or Additional licensing to take account of poor conditions. Housing standards are not currently part of licensing conditions, and this should be reviewed.

- *Allow councils to recoup the costs of enforcement.* The way in which enforcement is funded should be fully reviewed. Councils should be given more ability to fund their enforcement activity and the burden of cost should be placed upon those landlords who fail to comply with legal standards.

We would support the implementation of the CLG Select Committee’s recommendation 6 (‘the Government should consult on proposals to empower councils to impose a penalty charge without recourse to court action where minor housing condition breaches are not remedied within a fixed period of time’). Potentially this could be delivered by expanding and providing better guidance on the use of formal cautions.

We would also support recommendation 7 (‘where landlords are convicted of letting property below legal standards, local authorities should be given the power to recoup from a landlord an amount equivalent to that paid out to the tenant in housing benefit.’) This could consider the use of Rent Repayment Orders, but would have to take account of the fact that Universal Credit may alter the way that these costs would be recouped.

- *Give councils the discretion to introduce compulsory accreditation.* We would also support the Select Committee’s call for

councils to be given powers to require landlords to be a member of an appropriate accreditation scheme, should they choose to pursue this approach.

Councils currently have a limited range of options for improving conditions in the private rented sector, which broadly include discretionary licensing, voluntary accreditation and 'neighbourhood' enforcement approaches. A new option sitting between voluntary accreditation and licensing would be of value to the sector.

2) Address the need for better data:

Central government could play an important role in opening up new data sources to local government. This would allow private rented sector addresses to be more readily available to local authorities.

Councils lack reliable and accessible data on the location of private rented properties in their locality, making both supporting and regulating the sector a resource-intensive exercise. Some authorities are finding their own innovative ways of accessing this information through interrogating data from a wide range of sources. However, many do not have resources to dedicate to this task and there is a danger of duplication at a time where such resources are at a premium.

Government should investigate the most efficient way of supporting councils with the data they need to act freely. A national registration scheme for landlords would be one way of approaching this. Nevertheless, this may not be the most efficient use of resources. Central government should review the data available on private rented properties and ensure councils have access to it, free of charge. This could involve opening up access to the following:

- Land Registry data;
- EPC data on property tenure; and
- data from national tenancy deposit protection schemes detailing property addresses.

It should also take account of the data already available to local authorities, including:

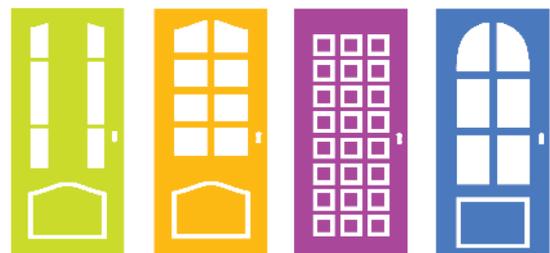
- local council tax returns;
- National and Local Land Property Gazetteer information; and
- free mapping data available through Ordnance Survey's Public Sector Mapping Agreement.

Some councils, such as the London Borough of Newham, have developed their own systems for analysing data to identify property tenure. Existing models should be reviewed when identifying how best to open up data to local government.

3) Promote best practice sharing through sector bodies.

There is an urgent need for sector bodies to plug the gap left by the closure of the Local Authorities Coordinators of Regulatory Services (LACORS), which has undermined the ability of local authorities to access guidance on the private rented sector. The LGA and other sector housing bodies have a strong role to play in working with local government to draw on existing models and to share best practice (for example using the Knowledge Hub website). However, they have limited resources to dedicate to developing and promoting guidance, and local authorities themselves would be unable to fund such activity directly.

More support and guidance within the sector would allow councils to focus their own limited resources on engagement and enforcement. Ultimately, although resources are scarce at this time, investment from central government in better sector-led guidance would avoid duplication and support greater efficiency in the long-term. The overall preventative impact of this work would offset the initial investment.



Recommendations for Local Authorities

An asset based approach to promoting better standards

In a traditional 'deficit' model of service delivery, a local authority identifies a problem and deploys its own resources to try and fix it.

An 'asset-based' approach to delivering services takes into consideration all the resources at a council's disposal, not simply those within its own gift. This could include: the knowledge of local residents; the 'on the ground' understanding of an area that local businesses have; and the strength of tenants empowered by an understanding of their rights and responsibilities. The concept of 'asset-based' approaches has been adopted widely in the health and social care sector, but is not used as frequently in the context of housing.

We recommend that councils consider the following actions in relation to the private rented sector.

1) Engage with the best landlords to encourage self-regulation in the sector.

High quality, engaged local landlords are a real asset to a local authority, and may have a greater ability than the council to engage with other landlords. Poor quality private rented sector housing reflects badly on the whole sector and the most responsible landlords have an interest in supporting better standards. Southend's landlord-led accreditation scheme provides an interesting example of this work.

Partnerships with the most effective and responsible landlords could go further than accreditation and their attendance at an annual landlord forum. In exchange for taking a more

proactive stance with other landlords (such as signing up a proportion of landlords in targeted areas to voluntary accreditation schemes), the best landlords could be afforded a special PRS Champion status above and beyond standard accreditation, including more influence in local decision-making, and potentially a preferable rate of council tax on their properties. Formal terms of agreement could set out relationships with landlords prepared to engage in this way.

Activating proactive local landlords could free up council resources to concentrate on other priorities such as enforcement.

2) Empower tenants. Well-informed and supported tenants are one of the best guarantees against poor conditions in a sector. Forms of engagement can include the following:

- The online publication of information about landlords who have been accredited, or recently prosecuted, to support transparency in the market.
- Public campaigns about the rights and responsibilities of tenants and landlords. Norwich City Council has recently run a public campaign through their council magazine for example.
- Linking the provision of information to landlord accreditation. Many accreditation schemes already make the provision of good information to tenants a requirement of membership.
- Engaging with landlords over the issue of Section 21 eviction notices to prevent unnecessary evictions.

Conclusion

3) Make better use of resources outside the council. By promoting a minimum property standard and raising community awareness of the potential warning signs for criminal activity, councils could encourage businesses and local residents to engage in reporting instances of criminality (such as ‘beds in sheds’) on the part of landlords. Liverpool City Council has established a confidential freephone hotline for local people to report problem landlords or properties for example.

Pre-existing networks such as the Chamber of Trade and Commerce, town centre partnerships and local resident forums could be enlisted to help to raise awareness of such a campaign. However, councils would have to be prepared to follow up, enforce and regularly promote the results of such a scheme for it to gather momentum.

4) Communicate strong political leadership on the issue. It is important to establish clarity about what the local authority expects from the private rented sector in a locality: political leadership is essential in setting out this vision.

- Political leaders, including the Leader of the Council or the Cabinet Member for Housing have a key role to play in articulating clearly how an authority will work with responsible landlords, and their unwillingness to tolerate poor living conditions.
- Ward councillors can also play an important role in sharing their knowledge on the ground and identifying potential targets for enforcement activity.
- Members with Overview and Scrutiny responsibilities should ensure that the council’s vision for the private rented sector is a core element of their Housing Strategy.

The private rented sector has grown at an astonishing rate over the past decade and is an increasingly important component of the housing market. While the majority of private sector properties meet appropriate standards, a significant minority of landlords continue to provide poor quality housing, posing a threat to the health and safety of their occupants. At the same time, a small minority of landlords actively pursue criminal activity to the detriment of people living in their properties.

Local authorities have the responsibility to ensure adequate standards are maintained in the sector. The failure of non-compliant landlords to meet these standards has an impact on the public sector as a whole, as it responds to the long-term community wellbeing problems associated with sub-standard housing.

If councils are to meet this challenge, they must be able to use all the resources at their disposal, from their own housing teams to the strength of responsible landlords in their locality. But to do this they must be able to operate freely without the burden of excessive centralising control.

There will be no ‘one-size-fits-all’ solution to the different challenges faced by local authorities in working with the private rented sector. However, councils must be able to respond flexibly to local problems and pursue appropriate interventions for their communities. We hope the recommendations of this report will contribute to this debate and promote the further sharing of best practice.

Acknowledgements

Julie Norris, Landlord Liaison Manager, Bristol City Council

Tom Gilchrist, Service Manager, Private Housing Sector, Bristol City Council

Tony Mousdale, Head of Housing Strategy and Investment, Liverpool City Council

Hilary Tanner, Advisor, Local Government Association

Martin Pereira, Senior Strategy Officer, London Borough of Havering

Genevieve Macklin, Head of Service, Housing, London Borough of Lewisham

Madeleine Jeffery, Private Sector Housing Agency Manager, London Borough of Lewisham

Ian Dick, Strategic Manager, Private Housing & Environmental Health, London Borough of Newham

Jemima Olchawski, Public Policy Manager, London Borough of Newham

Gavin Dick, Policy Officer, National Landlord Association

Emma Smith, Housing Strategy Officer, Norwich City Council

Nick Swanson, Parliamentary Researcher, The Office of Graham Jones MP

Jonathan Waite, Private Rented Sector Policy, Scottish Government

Gary Mitchell, Private Rented Sector Policy, Scottish Government

Martha McKenzie, Public Affairs Team, Shelter

Phill Warren, Housing Needs Manager, Southend-on-Sea Borough Council

Jed Smawfield, Accreditation Officer, York City Council

Bibliography

- Building and Social Housing Foundation (January 2013) *Who Lives in the Private Rented Sector? An analysis of households' characteristics*
- Chartered Institute for Housing (2011) *Making the Most of Northern Ireland's Private Rented Housing Sector to Meet Housing Need*
- Department for Communities and Local Government (July 2013) *Information and publications on the English housing survey*
- Department for Communities and Local Government (February 2013) *English Housing Survey Headline Report 2011-12*
- Department for Communities and Local Government (August 2012) *Dealing with Rogue Landlords: A Guide for Local Authorities*
- Department for Communities and Local Government (October 2011) *Private Landlord Survey 2010*
- Department for Communities and Local Government (June 2009), *Impact Assessment of a national register for landlords*
- Gas Safety Trust (2012) *Gas Safety Trust Carbon Monoxide Incident Report 2012*
- House of Commons Communities and Local Government Select Committee (July 2013), *The Private Rented Sector: First Report of Session 2013-14*
- Housing Voice (2012) *To Have or Have Not: Taking Responsibility for Tomorrow's Affordable Homes Today*
- Joseph Rowntree Foundation (2005) *Implementing new powers for private sector housing renewal*
- London Assembly (June 2013) *Rent Reform: Making London's Private Rented Sector Fit for Purpose*
- Office for National Statistics (April 19, 2013) *A Century of Home Ownership and Renting in England and Wales (full story)*
- Shelter (2012), *A Better Deal: Towards More Stable Private Renting*
- The Labour Party (2013), *Private Rented Housing: improving standards for all*
- The Scottish Government (2011) *Evaluation of the Impact and Operation of Landlord Registration in Scotland*
- WHO (2006), *Report on the WHO technical meeting on quantifying disease from inadequate housing*

Case studies

Bristol City Council

NOC

Coordinated city wide approach through high level Housing Board

www.bristol.gov.uk/page/private-housing

Greater London Authority (GLA)

N/A

The London Rental Standard

<http://www.london.gov.uk/priorities/housing-land/renting-home/london-rental-standard>

Leeds City Council

Labour

'Neighbourhood' approach to enforcement

<http://www.leeds.gov.uk/Business/Pages/Privately-rented-property.aspx>

Liverpool Council

Labour

Ten Point Pledge on the private rented sector

<http://liverpool.gov.uk/council/strategies-plans-and-policies/housing/the-ten-point-pledge/>

London Borough of Havering

Conservative

Council run social lettings agency

www.havering.gov.uk/Pages/Services/Advice-for-private-tenants-and-landlords.aspx

London Borough of Lewisham

Labour

Specialist Private Rented Sector Advisors and Private Sector Housing Agency

www.lewisham.gov.uk/myservices/housing

London Borough of Newham

Labour

Borough-wide licensing scheme

www.newham.gov.uk/Pages/Services/Private-rented-property-licensing.aspx

Norwich City Council

Labour

Private Rented Sector working group and tenant advice

<http://www.norwich.gov.uk/Housing/FindingAHome/pages/PrivateRentedAccommodation.aspx>

The Scottish Government

Scottish National Party

National landlord registration scheme <https://www.landlordregistrationscotland.gov.uk/Pages/Process.aspx?Command=ShowHomePage>

Southend-on-Sea Borough Council

NOC with minority Conservative administration

South East Alliance of Agents Landlords and Tenants (SEAL)

<http://www.southeastalliance.org>

York City Council

Labour

The YorProperty and YorProperty Plus Standards

<http://democracy.york.gov.uk/mglIssueHistoryHome.aspx?lId=36045&PlanId=288>

Third Floor,
251 Pentonville Road,
Islington,
London N1 9NG
020 7554 2800
info@lgiu.org.uk
www.lgiu.org.uk

