



Government response to the Housing, Communities and Local Government Select Committee Report: Private rented sector

Presented to Parliament by the Secretary of State for Housing,
Communities and Local Government by Command of Her Majesty

July 2018



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Introduction

1. The Government welcomes the Committee's recognition of the important role the private rented sector (PRS) plays in society. As the Committee notes, the PRS has doubled in size over the past 15 years, with 20% of households now residing in the PRS. With more people than ever living in the PRS, the Government is delivering a range of policy interventions to ensure the PRS delivers the homes the nation needs.
2. The Government's policy objective is to reform the PRS to deliver a high-quality, fairer, more secure and more affordable sector. We want to give local authorities and tenants the tools they need to tackle poor practice. There are a range of cross-cutting challenges which determine and drive PRS policy interventions:
 - **Increasing the supply of**, and investment in, good-quality, well-managed stock.
 - **Affordability** – enabling middle income households to save and lower income households to pay.
 - **Property Standards** – tackling poor-quality homes and ensuring that consumers have safe homes in which to live.
 - **Landlord and Tenant Rights** – ensuring tenants and landlords are protected, understand their respective rights and responsibilities and have access to effective dispute resolution and redress when things go wrong. This includes ensuring households have the security they need.
 - **Enforcement** – taking action to target poor practice and drive rogue landlords and letting agents out of business.
3. The majority of the recommendations made by the Committee align with work currently underway. Significant progress has been made in recent years to improve property standards, professionalise the sector, strengthen consumer protection for tenants and tackle rogue landlords and agents.
4. In terms of supply of new PRS properties, the Build to Rent programme is already transforming the rental market with 117,893 build to rent units either completed or planned across the UK¹. In addition to this, the Government is strengthening the rights of tenants and delivering savings through the Tenant Fees Bill and supporting the Homes (Fitness for Human Habitation and Liability for Housing) Bill. We are also taking action to ensure that:

¹ [Build to Rent Map of the UK](#), British Property Foundation, May 2018

- all landlords are members of a redress scheme so that tenants have quick and easy resolution to disputes;
- all letting agents are registered and are members of a client money protection scheme to provide assurance to tenants and landlords that their agent is meeting minimum standards;
- local authorities have the tools they need to act against rogue landlords and agents to protect tenants; and
- the benefits and barriers of longer tenancies in the PRS are explored and consideration is given to what action could be taken to overcome these barriers.

5. The Government will continue to take an ambitious approach to reforming the PRS as part of wider efforts to fix the housing sector to ensure that everyone, whether they rent or own their home, has an affordable, safe and good-quality place to live.

Response to recommendations

Review and consolidation

7. We welcome the Committee's consideration of how the Government could strengthen understanding and effectiveness of PRS legislation. We believe the responses to the recommendations demonstrate the important work already being delivered in this space. The Government shares the aims and objectives highlighted in the Committee's report and believe the current work going on across the PRS aligns with the Committee's core message.

8. ***We note that it is a legal requirement for tenants to be provided with clear information at the start of their tenancies about what their rights are and how they can be exercised in practice. This information will need to be updated by the Government, and tenants informed, as legislation is passed and new rights and routes for redress are made available. The Government should consider new ways of informing tenants and landlords of their rights and responsibilities, in particular through social media.***

9. The Government accepts this recommendation. The Government is committed to ensuring that tenants and landlords are aware of their rights and responsibilities so they can make best use of the protections the Government has provided. Since the Committee took evidence, the Government has published its latest version of the *How to Rent* and *How to Rent a Safe Home* guide as well as a new *How to Let* guide². These user-friendly documents outline the various rights and responsibilities of both landlords and tenants and have been drafted with input from key stakeholders across the sector.

10. The guides include checklists for tenants and landlords to ensure they have complied with their responsibilities at the outset, throughout and at the end of a tenancy. The guides will be reviewed and updated in light of any new legislation to ensure tenants and landlords are supplied with up-to-date information. Landlords are under a duty to supply the *How to Rent* document to tenants at the start of any new tenancy. To ensure the public are aware of the guides and understand their rights when taking on a new tenancy, the Government is developing a communications campaign to promote the

² These guides can be found at [Housing 'how to' guides](#), Ministry of Housing, Communities & Local Government, June 2018

guides. This will include working with key partners to target communications through print and social media.

- 11. *The Government must immediately update the baseline assumptions within the operating guidance for the Housing health and safety rating system (HHSRS), which are now twelve years out-of-date. We have already called on the Law Commission to review private rented sector legislation, including the Housing Act 2004, and believe that this should include a review of the HHSRS itself. Ultimately, it is our strongly held view that the Government should introduce a more straightforward set of quality standards for the sector, so that it is clear to everyone—not just to highly qualified professionals—whether a property meets minimum standards. These standards should be higher than those in the HHSRS, reflecting an improvement in housing quality since the system was introduced.***
12. The Government accepts this recommendation in part. Rather than setting minimum standards, the HHSRS provides a framework for assessing whether a dwelling contains serious hazards and, where it does, the likelihood of harm occurring as a result. While there is some complexity involved in calculating the level of risk, we believe the overall approach is fundamentally sound and provides the right level of assurance for those professionals who use it on a day-to-day basis. We do however recognise the importance of others understanding the ratings and, with this in mind, separate guidance for landlords and property related professions has been published in addition to the detailed operating guidance. We have also taken account of this in preparation for the Homes (Fitness for Human Habitation and Liability for Housing Standards) Bill, as noted below.
13. We recognise that the methodology and associated guidance for the HHSRS is now several years old and we will carefully consider whether it needs to be updated. In doing so, we would wish to reflect upon who is best placed, and has the necessary expertise, to carry out such a review.
- 14. *The Government's recent legislative activity is well-intentioned, but we are concerned that it builds on an outdated and complex foundation. The Coalition Government rejected our predecessor Committee's recommendation for a much simpler set of regulations for landlords and tenants. However, the volume of new***

legislation that the Government has introduced in the sector has added to this complexity and, as such, we feel that our predecessors' recommendation is even more relevant today. *We therefore recommend that the Law Commission undertake a review of the legislation relating to the private rented sector and provides guidance as to whether a new approach to regulation in the sector would bring more clarity for tenants, landlords and local authorities.*

15. The Government accepts this recommendation in part. The legal framework underpinning the PRS aims to build a fair and robust PRS which protects tenants, supports landlords and empowers local authorities to deliver a healthy rental sector.
16. We believe PRS legislation serves an important purpose in enshrining the rights and responsibilities of landlords and tenants. Legislation has also driven improvements in standards and has empowered local authorities to take action to improve the PRS in their area.
17. However, we recognise more could be done to ensure that landlords and tenants are aware of their rights and responsibilities. To help people better understand the PRS, the Government has recently updated the *How To* guides for landlords and tenants which sets out the rights and responsibilities derived from legislation. The Government is also committed to providing practical guidance to relevant agencies and local authorities when new legislation is created.
18. Although the Government wants to continually improve understanding of the sector, we do not believe significant legislative reform is appropriate while the Government is delivering on its commitments to reform significant legislative elements of the PRS.
19. The Government recognises the value the Law Commission can bring to our work and is already working with the Law Commission as part of its 13th Programme of Law Reform, looking at possible reforms to the leasehold sector around enfranchisement, commonhold and the right to manage.
20. We believe the Law Commission could provide useful insight into PRS legislation. In light of the Committee's recommendation, we propose to discuss this further with the Law Commission to ascertain what support they could provide in this area. We will update the Committee on this as it develops.

21. We recommend that the Government seek to rebalance the tenant-landlord relationship by providing additional protections from retaliatory eviction and rent increases. The Government should conduct a review of how the protections within the Deregulation Act 2015 are being used in practice and whether they need to be enhanced. We believe the Act should be strengthened to protect tenants from a no-fault Section 21 eviction for longer than the current six-month period. Protections should also be extended to prohibit retaliatory rent increases for a period after making a complaint. We heard concerns that there were several scenarios where tenants might be left without protection under the Act; the Government should ensure tenants are fully protected as soon as they make a complaint to their landlord, letting agent or local authority, not from the point an improvement notice is issued.

22. The Government does not accept this recommendation, but will keep the issue under review.

23. We share the concerns of the Committee around retaliatory eviction and recognise the importance of PRS tenants feeling empowered to challenge poor practice. That is why we introduced vital protections through the Deregulation Act 2015. This legislation prevents private landlords from evicting their tenant for six months using the 'no fault' eviction process where the tenant has complained about the poor condition of the property and the local authority has served either an improvement notice or notice of emergency remedial action. This provides an important safeguard for tenants and we are keen to ensure that the legislation is working as intended.

24. We do not see the merit in reviewing the protections within the Deregulation Act in isolation, but we do want to take a strategic approach to the concerns raised by the Committee. Therefore, we will link the effectiveness of the retaliatory eviction provisions to the work we are taking forward to improve redress and security across the PRS. The Government wants to minimise the risk of retaliatory evictions by working to encourage dialogue between landlords and tenants to allow issues to be addressed early, reducing the risk of issues escalating and putting tenancies at risk.

25. The Government launched a consultation seeking views on the benefits and barriers to landlords offering longer tenancies in the PRS on 2 July 2018. This work will inform any next steps of how we can support landlords to offer more secure tenancies. The

consultation includes a question on the effectiveness of the retaliatory eviction provisions introduced in the Deregulation Act 2015. If evidence from this points to the need for improvements to be made, we will consider this and return to the Committee with options for reform.

26. The Committee specifically recommended that the Act should be strengthened to protect tenants from a no-fault Section 21 eviction for longer than the current six-month period. We do not accept this recommendation. We believe the current legislation strikes the right balance between the interests of landlords and tenants and we have no plans to change the legislation in this way.

27. The Committee also recommended that tenants are protected from eviction as soon as they make a complaint, rather than at the point when an improvement notice is issued. We do not accept this recommendation. We acknowledge the concerns raised by the Committee but this recommendation presents practical difficulties of implementation. We believe that such a provision is susceptible to abuse since it would simply be the tenant's word against the landlord as to whether a complaint has been made, and whether their complaint was legitimate. This would be time-consuming to resolve owing to the likely difficulties in providing evidence.

28. We offer our support for Karen Buck MP's Homes (Fitness for Human Habitation and Liability for Housing Standards) Bill. However, while the Bill is a very positive step forward, there is a risk that these new rights will be underutilised by more vulnerable tenants at the lower end of the market. To try to mitigate this, we recommend that:

- *The Government take steps to ensure that the new rights granted by this Bill are not illusory, but that tenants—and especially those who are most vulnerable—are able to enforce them in practice. Provision should be made for free and easily accessible technical and legal advice to support tenants through this process. As it is likely tenants will seek this advice from local authorities, it is vital that they are suitably resourced to provide this additional service.*
- *The Government consider how its proposals for a new specialist housing court act as an appropriate route for tenants to seek redress; and*

- ***The Government reflect on how tenants can best be protected from retaliation from their landlords when pursuing their rights under this Bill.***

29. The Government accepts this recommendation in part. Government fully supports the Homes (Fitness for Human Habitation) Bill and we are working closely with Karen Buck MP to help ensure it successfully completes the remaining Parliamentary stages. While the Bill has been drafted in such a way that the remedy is within the scope of legal aid (subject to means test), we have also taken care to make it as straightforward as possible for tenants to take individual action by adapting the approach in the HHSRS so it can be used by a tenant without the need, in many cases, for legal or technical assistance.

30. The Bill provides that a home is unfit for human habitation where it contains one or more of the HHSRS hazards, and the presence of those hazards represents a potentially serious risk to the health and safety of the occupant. This is a common sense approach which will allow the courts to determine on a case-by-case basis whether a particular hazard renders a property unfit for human habitation, without the need for tenants to carry out a detailed assessment and then categorise any hazards in accordance with a formula.

31. According to the English Housing Survey³, approximately three-quarters of serious hazards relate to risks of slips, trips and falls, and excess cold, through, for example, uneven floor surfaces or a lack of handrails. Given this, in the vast majority of cases, tenants will be able to readily identify potential hazards, and evidence them through, for example, photographs, written statements and evidence from others where appropriate, e.g. from healthcare professionals. In due course, we expect to provide straightforward guidance for tenants.

32. Retaliatory eviction is a relatively rare occurrence. According to the English Housing Survey, most tenancies come to an end because the tenant wanted it to, and only 11% of tenancies were terminated by their landlord or letting agent. However, we acknowledge the Committee's concerns about the risk of retaliatory eviction where a tenant exercises their rights under the Bill and will consider what steps could be taken to reduce the likelihood of this happening.

³ [English Housing Survey Headline Report 2016-17](#), Ministry of Housing, Communities & Local Government, January 2018.

33. Consideration of the proposal for a specialist housing court is addressed at page 13 of this response.

Sector reform

35. The Government is aware that the PRS is constantly evolving as the demands on the sector change over time. For this reason we are committed to a programme of sector reform — working with key stakeholders to identify possible areas for reform and taking an evidence-based approach to policy intervention so the PRS works effectively for everyone.
36. ***We recommend that the Ombudsman be given sufficient powers and resources to provide tenants with the support they need when challenging inadequate standards in their homes, and to require the payment of compensation to tenants when appropriate. However, new routes of redress will need to guard against the potential for retaliatory action from unscrupulous landlords, which we have highlighted above.***
37. The Government accepts this recommendation in part as this is the subject of ongoing policy development.
38. The Government has already taken action to ensure tenants and landlords in the PRS are protected. Since October 2014 it has been a legal requirement for letting agents and property managers in England to belong to one of three Government-approved redress schemes. We are committed to ensuring all tenants, not just those who use an agent, have access to independent dispute resolution without going to the courts.
39. For this reason, the Government intends to require private landlords to join a redress scheme to ensure tenants who do not use an agent have access to independent redress without going to the courts. We welcome the Committee's support for this proposal.
40. Our recent consultation *Strengthening consumer redress in the housing market*⁴ sought views on how the proposal could be implemented in practice as part of wider work to ensure consumers across all tenures have access to quick, easy and effective redress. The consultation considered options including: a single ombudsman, a single ombudsman portal, or consolidation of existing redress schemes across the housing market. It also considered the powers and resources needed by ombudsmen. The consultation closed on 16 April 2018 and we are currently analysing the responses. The

⁴ [Strengthening consumer redress in the housing market](#), Ministry of Housing, Communities & Local Government, February 2018

Government response will be published in due course and we will share this with the Committee.

41. We share the concerns of the Committee around retaliatory eviction and recognise it is important that tenants in the PRS feel empowered to challenge poor practice. That is why we introduced important protections in the Deregulation Act 2015 and why we are committed to ensuring that all tenants have access to effective dispute resolution. As discussed above, we will ensure that effective protection from retaliatory eviction is considered as part of the work we are doing to improve redress and security of tenure across the sector.
42. ***We agree with the Government that a specialist housing court would provide a more accessible route to redress for tenants, and we see relevance for it in the context of the Homes (Fitness for Human Habitation and Liability for Housing Standards) Bill and the Draft Tenant Fees Bill. We urge the Government to issue more detailed proposals as soon as possible.***
43. The Government accepts this recommendation. Following the announcement by the former Secretary of State for Housing that the Government would consult with the judiciary on considering the case for a new specialist housing court, we are working with the Ministry of Justice to understand any issues with the current system and the experience of users of the courts and the tribunal, including the time it takes for cases to be completed. This work will inform our consideration of the options for improvement.
44. We also intend to publish a call for evidence later in the year to gather views from the judiciary, landlords and tenants on options for structural reform to the courts and tribunal services as well as to explore user experiences of the County Courts and Housing Tribunals further. We will set out detailed proposals once we have analysed the responses to this call for evidence.
45. **We believe that the Local Government Association has an important role to play in encouraging local authorities to use their existing powers and work collaboratively to tackle this problem.**
46. ***In addition, we recommend that the Government consider introducing a new Local Housing Allowance (LHA) rate for studio accommodation, to reduce the perverse incentive for landlords to break up larger properties into much smaller ones to***

enable them to benefit from the higher LHA rates payable for one-bedroom properties compared to the shared accommodation rate.

47. The Government does not accept this recommendation. The Government shares the Committee's concerns around the creation of lockdown properties and the impact such properties have on people's ability to live well. We do not believe the creation of a specific LHA rate for studio accommodation is the appropriate way to tackle the issue at this time.

48. There are also a number of concerns regarding a new studio LHA rate. Firstly, there is no guarantee that a change in entitlement would lead to a change in rent, which could lead to existing tenants facing a shortfall between their housing benefit entitlement and their rent. Secondly, a studio rate could incentivise further partitioning of properties by landlords seeking increased income through higher occupancy. Thirdly, introducing a new lower studio rate could penalise Universal Credit (UC) claimants who would have previously received the one-bedroom rate. Introducing a lower LHA rate could alienate already vulnerable claimants from accessing the PRS if landlords decided not to let properties at the lower LHA rate or to stop letting to UC tenants.

49. More broadly, as the Residential Landlords Association noted in its evidence to the Committee, existing housing benefit rules and planning laws already prohibit practices to sub-divide properties in such a fashion. Landlords who illegally sub-divide property in pursuit of maximising income through the LHA system should be pursued by local authorities, and the Government is committed to supporting local authorities to make best use of the powers available to them to tackle poor practice in the private rented sector. These include:

- planning permission and planning policy;
- Article 4 directions;
- mandatory HMO licensing and selective licensing;
- Housing Act 2004 powers to improve standards, including banning orders, rent repayment orders and the database of rogue landlords and letting agents;
- Housing and Planning Act 2016 powers to tackle rogue landlords;
- local authority discretion in decision-making around whether a claimant is in shared or self-contained accommodation.

50. For these reasons, we believe the issue of lockdown properties is most effectively addressed through improved local enforcement rather than through redesign of the LHA rating system at this time.

51. More broadly, we are working with the Department for Work and Pensions to understand how we can make best use of our financial levers and existing powers to support tenants and to prevent landlords from abusing the benefit system to provide poor-quality housing.

52. We support the finding of the All-Party Parliamentary Carbon Monoxide Group (APPCOG) that legislation should be amended to make it explicit and mandatory for landlords to install carbon monoxide alarms in the rooms of private rented properties containing any fuel-burning appliance. We also call on the Government to implement the recommendations of the Electrical Safety Standards Working Group as soon as practicable, including the introduction of mandatory five-yearly checks on electrical installations in private rented accommodation.

53. The Government accepts this recommendation in part. We are committed to ensuring all tenants have access to safe and decent housing. Landlords are already required to keep electrical installations in any property they rent out in repair and proper working order. We have consulted on the recommendations made by the Electrical Safety Standards Working Group and responses to the consultation are currently being analysed. It is good practice to carry out checks on electrical installations at least every five years and we will consider whether this should be made a legal requirement. We expect to announce the Government's response to the consultation in the autumn.

54. With regard to carbon monoxide alarms, landlords in the PRS are already required to install a carbon monoxide alarm in any room containing a solid fuel appliance, such as a coal fire or a wood-burning stove. The Government announced on 30 April 2018 that it would carry out a review of existing legislation on carbon monoxide alarms in the home, including the legislation that applies specifically to the PRS⁵. The review will consider the evidence base to establish whether the legislation remains fit for purpose and whether there should be a blanket requirement to install alarms for all methods of heating, including gas and oil. The terms of reference for this review will be announced in due course. Ministers will consider carefully the outcomes of the review alongside the

⁵ [Government to launch review into carbon monoxide alarms](#), Ministry of Housing, Communities & Local Government, April 2018

findings of the APPCOG with a view to consulting on any changes by the end of the year.

Enhancing Enforcement

55. We welcome the Committee's recommendations around enforcement. The Government is clear that rogue landlords have no place in the sector and is determined to crack down on them and disrupt their business model. As the report recognises, some are not within the immediate remit of this Department. However, officials have already begun to engage with experts and relevant government departments where appropriate, and will continue to collaborate over the coming months. We will respond to the Committee more fully on those areas in due course.

56. The report notes the underpinning role of local authorities in enforcement. We are considering carefully how to best support them in carrying out their enforcement activity on both a formal and informal basis. This includes:

- Reviewing whether they have access to effective tools to carry out local enforcement action. As part of this, we will be reviewing selective licensing, as recommended by the Committee.
- Supporting authorities to work together, to collaborate and to share best practice. During the course of the summer, we will be running a series of collaborative events for authorities focused upon the PRS.
- Considering recommendations around financial support, including options for funding informal enforcement activity.

57. We have received evidence that civil penalties are not strong enough to deter landlords who are prepared to commit the most serious offences, and fines issued through the courts are often insufficient to make prosecutions worthwhile. We believe local authorities should have the power to levy more substantial fines, which might stand a chance of breaking the business models of the worst offenders.

58. The Government does not accept this recommendation. We introduced a range of additional powers for local authorities through the Housing and Planning Act 2016 to help local authorities take robust action against rogue landlords; for example, banning orders and a database of rogue landlords and agents which were introduced in April 2018. Since April 2017, local authorities have been able to impose civil penalties of up to £30,000, with the level of penalty set locally to take account of the circumstances of the case. At the same time, we extended the scope of rent repayment orders of up to 12

months' rent, to a range of offences against tenants, including: letting unlicensed properties, illegal evictions, harassment, using violence to secure entry to a property, and breach of a banning order.

59. These powers have only been available to authorities since April 2017, and we believe it is too soon to judge the impact of this limit. Local authorities' use of civil penalties will depend on their local circumstances and time is needed to enable implementation to become embedded around the country.

60. The Government is clear that rogue landlords have no place in the sector and is determined to crack down on them and disrupt their business model. We introduced a range of additional powers for local authorities through the Housing and Planning Act 2016 to help local authorities take robust action against rogue landlords. However, we recognise that fines being imposed in the criminal courts currently may not be enough to deter the most serious offenders. We will work with the Ministry of Justice and the independent Sentencing Council to consider how we can ensure appropriate penalties are imposed for these offences.

61. Further, local authorities should have the power to confiscate properties from those landlords committing the most egregious offences and whose business model relies on the exploitation of vulnerable tenants. Coupled with the banning orders which came into force in April, this would act as a more powerful deterrent than the existing provisions.

62. The Government does not accept this recommendation. Local authorities already have powers to take over the management of a privately rented property in place of a landlord through the use of a management order. Management orders provide local authorities with almost all the rights of a landlord including: collecting rent, setting rent levels, a right to possession of the property (subject to the rights of existing occupiers), and a right to grant new tenancies subject to the landlord's agreement. They are permitted to use the income from the property to cover their management costs and can retain any surplus, provided it is used for private sector housing enforcement purposes. Whilst this stops short of the local authority being able to sell a property, management orders allow local authorities to take the place of the landlord in the management of the property.

63. For cases where debts are owed by a rogue landlord, the local authority may also place a charge on a landlord's property which enables the recovery of costs when the property is sold.

64. *We believe that courts should require offenders to pay costs that reflect the actual costs to local authorities of enforcement action. There should be no financial disincentive for local authorities to fulfill their statutory duties and pursue prosecutions against criminal landlords.*

65. The Government accepts this recommendation. Local authorities can already recover the costs of prosecution through the courts. It is for them to ensure that full records are kept so that they can evidence the extent of costs incurred to the court. Guidance on this is included as part of *Improving the private rented sector and tackling bad practice: a guide for local authorities*⁶. Whilst this is due to be refreshed to take account of the detail of recent changes to legislation, the overall principles remain current.

66. *Additional funding should also be made available by the Government through a new fund to support local authorities that primarily undertake informal enforcement activities and are unable to benefit from funding through civil penalties.*

67. The Government accepts this recommendation in part. Informal enforcement can play an essential role in proportionate and cost-effective enforcement strategies. Whilst local authorities are best-placed to set enforcement regimes that meet their local needs, we are looking at how we can help them to develop and implement effective strategies. This includes reviewing whether local authorities have access to the right tools to carry out enforcement action.

68. Allowing local authorities to retain financial penalties is an important source of funding for future enforcement. We are working with local authorities to understand any additional resource needs, including options for funding informal enforcement activity. For instance, the Tenant Fees Bill provides additional funding to local authorities in the first year of the policy to support implementation and education to enforce the legislation.

⁶ [Improving the private rented sector and tackling bad practice: a guide for local authorities](#), Ministry of Housing, Communities & Local Government, March 2015

69. We believe that a national benchmarking scheme should be introduced—funded and administered by the Government and implemented through the Local Government Association—to support local authorities with their enforcement activity. Local authorities should publish data on the number of complaints they receive and how these are resolved, whether through informal routes or more formal enforcement mechanisms, while local residents should be able to compare enforcement levels in their areas with similar authorities across the country.

70. The Government accept this recommendation in part. We are working with the Local Government Association (LGA) to consider the Committee's recommendation for benchmarking. The LGA believes that they already have a data platform in place that that might lend itself to such a scheme. They are now considering with their members what type of benchmarking data might be most effective and appropriate. We will report back to the Committee in due course once we have agreed what might be feasible.

71. We recommend that the Government therefore remove the 20% cap above which local authorities must seek permission from the Secretary of State to implement selective licensing schemes because it is contrary to the spirit of localism. However, we believe that the Secretary of State should retain a power to require local authorities to reconsider a decision to implement a licensing scheme that does not meet the strict criteria already set out by the Government, and should monitor the effectiveness of schemes once they have been implemented.

72. As its name implies, selective licensing should be targeted to deal with specific local problems. Blanket licensing of all landlords may impose unnecessary costs on responsible landlords, which would be passed on to tenants in the form of higher rents. We will shortly be undertaking a review of selective licensing to understand its effectiveness as a local enforcement tool. We will act on the evidence from this review to ensure licensing is delivering for local authorities, landlords and tenants.

73. As set out in statute, and more fully within our guidance, local authorities are already under a duty to review existing schemes, ensuring they remain effective within the designation and set criteria. We will share the outcome of the review with the Committee.

74. We call on local authorities to reflect on whether their Environmental Health, Trading Standards and other relevant departments are suitably aligned to promote

enforcement activity, and whether effective mechanisms exist to work collaboratively with neighbouring authorities. Local authorities should also make full use of their existing powers to obtain information about the tenure of a property on Council Tax returns, which should then be used by enforcement teams to identify private rented properties in their areas.

75. It is also apparent that there is greater scope for local authorities to work together and share best practice, and to make more efficient use of limited resources. To support this, and to provide greater transparency for residents, local authorities should publish their enforcement strategies for the private rented sector online.

76. The Government accepts this recommendation in part. We want to support local authorities to develop and share best practice, including, for example, making the most effective use of a range of data to inform enforcement strategies – including using Tenancy Deposit data which local authorities can access under the Housing and Planning Act 2016. We will work with local authorities to encourage them to publish their PRS enforcement strategies, as we know some already do. We will also be running a number of events around the country to bring together local authority officers to focus on the PRS landscape and share their experience and knowledge. We are working closely with the LGA as it has a key part to play in supporting the development and dissemination of best practice across local authority boundaries.

Innovative approaches

77. The Government wishes to provide the space and support to allow new and innovative approaches to develop in the PRS. By establishing a strong foundation of rights, responsibilities and methods to tackle bad practice, the Government aims to create a dynamic PRS with new approaches and delivery models being explored.

78. We support the innovative approaches adopted by many local authorities to increase the supply of high-quality, affordable private rented accommodation in their areas. We note that the Government announced funding of £20 million in the Autumn Budget 2017 to develop private rented sector access, including a rental deposit scheme, and we urge it to roll-out such innovative schemes and proposals. The Local Government Association has an important role to play in supporting local authorities to share best practice in these areas.

79. The Government accepts this recommendation. As the Minister pointed out in her evidence to the Committee, the Government is hugely supportive of local authorities using their powers to improve the PRS in their area and wishes to support local authorities to pursue innovative approaches that can deliver local improvements.

80. The Government is committed to supporting the spread of best practice and will continue to work with local authorities to develop new approaches and facilitate the sharing of expertise.

81. The Government is committed to ensuring more people who are, or are at risk of becoming homeless or rough sleeping, are able to access the PRS. Access to the PRS plays a part in both preventing and supporting the recovery from homelessness, helping people rebuild their lives.

82. It is for this reason, we are providing £20 million of additional funding for schemes that will enable better access to new tenancies or support in sustaining existing tenancies. We are working through options of how best to utilise this funding and will share more information on our plans in due course.

Conclusion

83. The Government thanks the Committee for its inquiry and its shared commitment to ensuring a good-quality, fair and affordable PRS. We hope that this response demonstrates the Government's commitment to taking action to ensure the PRS works for everyone along the lines recommended by the Committee. The Government will continue to take an ambitious approach to reforming the PRS as part of wider efforts to fix the housing sector to ensure that everyone, whether they rent or own their home, has an affordable, safe and good-quality place to live.

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