

Item No. 13.	Classification: Open	Date: 10 December 2013	Meeting Name: Cabinet
Report title:		Southwark Private Rental Standard and Accreditation of Temporary Accommodation	
Ward(s) or groups affected:		All Wards	
Cabinet Member:		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management Councillor Fiona Colley, Regeneration and Corporate strategy	

FOREWORD - COUNCILLOR IAN WINGFIELD, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT

The private rented sector provides a home for a quarter of Southwark's residents. For most of them it is a good choice and they are satisfied with the services that their landlord provides.

There are some problems however, mainly at the lower end of the rental market where evidence suggests that there are some landlords who provide poor services.

This is for a variety of reasons but foremost among these is the fact that a lot of landlords own very few properties and are not professionals in the business of letting property.

Southwark is looking to develop the private rented sector, begin a partnership with landlords and improve standards of management and maintenance. This will have clear benefits to our community and the residents of Southwark as a whole.

The drafting and consultation of a new standard for property management in the private sector is the first step in this process. This is to be seen as a foundation for further work in improving the quality of property management in the Private Rented Sector.

The Standard will initially be applied to the property the council sources for temporary accommodation.

I am asking that cabinet, after consideration, approve and adopt the Southwark Rental Standard and its application in accreditation of private housing sourced by the council. I would like to take this opportunity to thank Cllr Mark Williams, who as deputy cabinet member for the private rented sector has led on the development of this important piece of work.

RECOMMENDATIONS

That the cabinet agrees that:

1. The proposed Southwark Private Rental Standard is approved and adopted as the council's minimum expectation of property management and maintenance in the letting and management of private rented property.

2. The Standard becomes a baseline for the procurement and sourcing of all domestic property the council acquires for the discharge of its duties, statutory or otherwise.
3. The Standard is adopted for further work developing, regulating and managing the private rental sector.

BACKGROUND INFORMATION

4. That the Cabinet supports action to drive up standards in the PRS and to that end the additional commitment to research, develop and introduce licensing for the PRS.
5. To date most schemes for Private Rental Sector (PRS) accreditation and regulation have concentrated either on the landlord or the property. The services offered by the landlord and the condition of the property are part of a package that needs to be taken together to deliver an effective accommodation solution to the resident and protects the interests of the landlord.
6. PRS provides accommodation to a wide range of residents, although there is clear evidence that there are some problems with standards of management and repair. Council staff in the Environment and Leisure department's enforcement teams have a substantial and increasing caseload of regulatory action.
7. It is recognised as a good and accessible solution to many families and individuals' accommodation needs. The growth of the sector in recent years has increasingly led to changes in occupancy patterns, with residents occupying PRS properties for extended periods which tended to be less common in the past.
8. In response to this and the commitment of the GLA to a London Rental Standard, Southwark has developed a management and maintenance standard that will be introduced by the council with opportunities for stakeholders to consult and comment as the process of approval goes forward.
9. This Standard complies with the GLA's new London Rental Standard, although as this will be applied to the property and not the landlord the terms are couched differently. The Southwark Standard focuses upon the letting as a whole.
10. The objective in this standard is to clarify the minimum that should be delivered in terms of the condition of the property and provide guidance as to how the property management services should work throughout the period of occupation.

Structure of the Standard

11. The Standard is separated into two parts, firstly a section which describes how the property will be managed, before, during and after the occupation. It also covers services the landlord will provide to the resident, together with our expectations in terms of response to requests for repairs or other management action.
12. It takes some of its themes from the GLA's London Rental Standard but is couched differently as the Southwark Standard seeks to cover the letting and the property together.

13. The second section describes a standard for the condition, maintenance and repair of the property during the letting. It covers statutory duties, safety assessment and management, standards for condition, maintenance and repair of the fabric and internal systems and terms to ensure the landlord is clear on their responsibilities.
14. The second sections' terms are grouped themes which relate to the Council's own commitments to standards in Social Housing. These are:-
 - Safe
 - Secure
 - Warm
 - Working
15. There are also annexes with the current standards for houses in multiple occupation and overnight accommodation which are applied in addition for these specific dwellings.
16. This section is loosely related to the terms of the Government's Decent Homes Standard which is the benchmark for social housing in UK. Whilst this is not unduly onerous it has sponsored and driven standards in social housing to such an extent that the homes in this sector are now substantially more modern, warm and well maintained than the PRS or owner occupied sectors.
17. It is therefore considered as a good reference point to start a process of development and this will also offer a level of consistency regarding the housing offer in the borough.
18. The terms of the Standard were drafted with the intention of bringing together a wide range of sources, a significant number of which are statutory requirements intended to make private rented homes healthier safer environments.
19. The Standard sets clear requirements for compliance with these duties and is explicit with landlords to ensure that they are aware of what is needed to let safe homes that are healthy environments for residents.
20. Specifically we have addressed :-
 - Housing Health & Safety Rating System (HHSRS)
 - Gas, fire and electrical safety
 - Damp and mould
 - Heating and energy efficiency
 - The clarification of expectation with regards to the behaviour and conduct of property managers should also reduce the stress and emotional trauma suffered by residents of poor landlords.
21. The adoption of the Standard will be an incremental part in a programme of actions that address and improve some of the negative health implications of poor quality accommodation.

22. Our communications campaign which will include the Standard will also help residents understand what a reasonable level of condition and property management service entails and begin to allow tenants to set clear expectations from their landlords.

KEY ISSUES FOR CONSIDERATION

23. There are a number of external initiatives to improve standards. The Greater London Authority (GLA) has recently published the London Rental Standard and put their support behind voluntary accreditation. The Department of Communities and Local Government (DCLG) has been working on this as well and have recently put forward a draft private sector tenant's charter. It is likely that further plans will be announced by DCLG in the near future.
24. The PRS in Southwark is very diverse from the very highest standards of rentals for corporate lets down to property that is clearly overcrowded, poorly configured and markedly unsafe.
25. It is a feature of the PRS that many properties are owned by landlords who have one or two properties and who are not professional property managers
26. Landlords as a very disparate group manage their properties to a wide range of standards. Most landlords are entirely competent and statistics support the view that at least 75% of PRS tenants are happy with the services they receive.
27. There is however, a very small but determined group, properly termed rogue landlords who consciously let property that is overcrowded and dangerous to the most vulnerable residents in the sole expectation of collecting the largest rental payment. The market is not regulating these individuals and Southwark will have to take an active role in curtailing their activities.
28. The Standard will initially be applied to all the domestic property sourced by the council in the discharge of its many duties. This will be achieved by accrediting every property with a physical inspection to ensure it meets the Standard.

Policy implications

29. The intention of the Standard is entirely in accordance with the Council's housing strategy and supports the Fairer Future promises.
30. Whilst the impact will be incremental, it is a key block upon which the development of the council's partnership with the PRS will be built. The adoption of a clear standard is a key preparation of further work to develop accreditation and licensing proposals.
31. The council currently licenses the larger Houses in Multiple Occupation (HMOs) that it has a statutory duty to do so. However, conditions in smaller HMOs and in single family dwellings can place occupier's health, safety and welfare at risk.
32. Officers are currently working on evidence gathering to support the council's intention to introduce licensing which will help address the issues described above the problems more generally in the sector.
33. Access to safe, secure, warm and well maintained homes are an indisputable

foundation to any community and therefore this work is obviously contributing across a wide range of council activities

Community impact statement

34. The council works in accordance with the single public sector equality duty contained within section 149 of the Equality Act 2010. This means the council must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, and advance equality of opportunity and foster good relations between different groups.
35. Consideration has been given to the proposed Standard's relevance to equality issues in accordance with the public sector equality duty. The intention of the Standard is to improve the quality of management and maintenance in the PRS. This will have a positive effect on a number of groups who occupy PRS property and experience disadvantage at present.
36. An assessment to ascertain their potential impact has been undertaken and concluded there is no differential effect for any community or protected group.
37. The impact of the standard will be incremental. Its application to the sourcing of domestic property by the council will unify and clarify existing standards and ensure the property we procure will be safe and suitable.
38. However the Standard's adoption will allow us to publicise and communicate our intention to improve the delivery of housing services at the bottom end of the PRS market.
39. It will act as a benchmark and tool for both landlords and tenants to negotiate and express our expectations for the business of residential lettings.
40. The majority of problems in the PRS market are manifested in the lowest rental bands. Clearly these problems will affect the most disadvantaged in our community and action to level the relationship between landlord and tenant will have a positive effect.
41. Our communication campaign to promote the Standard and increase awareness of the issues for private renters will have a positive effect in the sector as both landlords and tenants are able to be better prepared for the contractual relationship they are entering into and more knowledgeable about the requirements of the letting business.

Resource implications

42. The resource implications are limited to the staffing costs of :-
 - A programme of accreditation inspection for existing temporary accommodation
 - Staff to undertake accreditation of new domestic properties sourced for the Council.

43. The terms of the accreditation scheme are not yet finalised, however it is the intention to set a small or nominal fee to cover administration costs without generating additional income.

Consultation

44. The proposal went out to consultation between the 15 October and the 22 November 2013.

45. There were approximately 450 direct consultation letters sent to wide range of landlords, tenant groups and other stakeholders. These included:-

- Approximately 250 landlords of varying sizes of portfolio who we have contact detail for as a result on internal sourcing of accommodation
- All the managing Agents on South Bank Universities housing list, approximately 50 agents
- Local MP and Councillors
- Local Stakeholders (c100), including Tenant groups, NHS, Education, Representative and advocacy organisations.
- National organisations (c40), including housing charities, Landlord Associations and National Groups linked to housing.

46. In addition the consultation was put on the council website and promoted there.

47. The proposal was discussed at a meeting of the Private Landlords Forum also attended by Councillor Williams. The landlords present clearly endorsed the idea and the content of the Standard and raised no objection to its application to the property sourced by council officers

48. In summary the consultation results are as follows :-

- We received a limited number of responses, 8 web forms, 6 written or email responses and one phone feedback call.
- In response to the question 'Do you like the draft standard?' all responses but one were positive.
- In response to the question 'Do you agree that the Standard and it's annexes are suitable for us to use for the property we procure for our Housing duties' all respondents agreed that it was.
- The proposed Standard clarifies and condenses a range of sources but creates no new duties or obligations so it would be difficult to construct a reasoned objection.
- Likewise our procurement of domestic property is largely conducted to the terms of the proposed standard so our existing procurement chain are familiar with the quality of property that we seek to obtain
- The consultation asked some supplementary questions which relate to tenants and further work developing services for the PRS. Responses to these questions were more mixed, broadly landlords and their advocates supported tenant standards and accreditation and the tenant groups opposed this.
- A clear majority supported the use of the Standard as a basis for voluntary accreditation.
- A smaller majority supported training and coaching for landlords and tenants

49. The Consultation report is attached at Appendix 1.

50. This stage of the project has been sponsored and managed by senior staff in the Housing and Community Services department although there has been close co-operation and consultation with staff who work in the following departments.
- Environment and Leisure – the development of the standard and its appendices has been with close co-operation with staff who manage regulation of private sector housing and they are strongly supportive of the work to date.
 - Communications – This work is raising the profile of the PRS in the borough and Communications staff have developed and assisted with public consultation facilities. There will also be an external campaign to bring the issues in the PRS to the public's attention. The Standard will be used as a key source of guidance and advice for private renters and landlords.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

51. In relation to the condition of private sector housing the council has a variety of powers and duties including those arising from the Housing Act 2004 (HA 2004) and the Regulatory Reform (Housing Assistance) Order 2002 (RRO).
52. In summary; the HA 2004 enables the council to assess the condition of homes under the Housing Health and Safety Rating System (HHSRS). The assessment incorporates classes of hazard under two categories. Category one hazards oblige local authorities to take action or insist the landlord takes action to rectify the problem. As to category two hazards, local authorities have a discretionary power to act. Enforcement measures at the council's disposal include the service of improvement notices on a landlord, prohibition order to enforce the closure of all or part of a building and in extreme cases the demolition of unfit buildings.
53. Improvement notices on a landlord, prohibition order to enforce the closure of all or part of a building and in extreme cases the demolition of unfit buildings.
54. The 2004 Act further provides for a mandatory licensing scheme by local authorities of homes of multiple occupation (HMO) of three or more stories that are occupied by five or more people, who make up two or more households. As to other types of HMO's and private rented accommodation. subject to meeting certain statutory criteria, local authorities may introduce a selective licensing scheme; the Act makes detailed provision for the circumstances in which a selective scheme may be introduced and the procedure that must be followed.
55. Under the RRO local authorities may provide assistance to any person for the purpose of improving living conditions in the authority's area. The council has a private housing renewal policy under which it offers a range of loans and grants to private persons including landlords in the exercise of this power. The policy makes provision for the circumstances and conditions under which such assistance may be available.
56. The proposed Southwark Private Rental Standard is not of itself enforceable under the current statutory enforcement framework although failure to comply with some elements of the draft standard may engage the council's enforcement powers if brought to the attention of the council.

Strategic Director of Finance and Corporate Services (FC13/087)

57. This report seeks to introduce a private rental standard and accreditation scheme to raise housing standards across the private rented sector in Southwark. This will initially apply to property procured by the council for temporary accommodation purposes and be developed across the wider sector over time. Work in developing the proposals and to administer the regime post introduction for temporary accommodation, has and will continue to be contained within existing budget provision. However, as the scheme develops, it may require additional resources and these will be assessed at that point.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Proposed Southwark Private Rental Standard	Operations, Housing & Community Services	John Daley 0207 5251594
Link http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&Mid=4553&Ver=4		

APPENDICES

No.	Title
Appendix 1	Consultation Report
Appendix 2	Consultation Questionnaire

AUDIT TRAIL

Cabinet Member	Cllr Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	
Lead Officer	Paul Langford, Head of Operations, Housing and Community Services	
Report Author	John Daley, Private Sector Housing Accreditation Manager	
Version	Final	
Dated	29 November 2013	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	29 November 2013	