

<b>Item No.</b> 17.	<b>Classification:</b> Open	<b>Date:</b> 11 December 2018	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Introducing a Gold Standard to the Private Rented Sector	
<b>Ward(s) or groups affected:</b>		All wards	
<b>Cabinet Member:</b>		Councillor Victoria Mills, Finance, Performance and Brexit	

## **FOREWORD – COUNCILLOR VICTORIA MILLS, CABINET MEMBER FOR FINANCE, PERFORMANCE AND BREXIT**

Everybody deserves a warm, dry, safe and affordable place to call home. At Southwark Council this means not only investing in our own council housing but also committing to driving up the quality of private sector housing in our borough. We believe the creation of a ‘Gold Standard’ for landlords to aspire to will play a vital role in realising this ambition.

Set out in this report are the things we think are important to private sector tenants. However, to make sure this scheme delivers tangible improvements in the quality of accommodation, we really need to know the views of those this scheme is designed to benefit.

We also need to hear from landlords to understand if our ambitions are not just challenging but realistic and deliverable and if we have inadvertently created any barriers that stop them providing better accommodation and tenancy agreements.

I therefore urge tenants and landlords to engage in this consultation as we really need your views to help us formulate the most robust and effective ‘Gold Standard’.

## **RECOMMENDATIONS**

1. That cabinet instructs officers to consult on the adoption of a Gold Standard and pilot an associated award scheme for the private rented sector.
2. That cabinet agrees the criteria to be consulted on in order for a dwelling to meet the Gold Standard as shown in Appendix 1.
3. That cabinet notes the importance of monitoring and managing the scheme and instructs officers to work closely with tenants during the period of consultation in setting up and supporting a Southwark Renters Union that will play an important part in doing this.

## **BACKGROUND INFORMATION**

4. The private rented sector (PRS) now constitutes a quarter of the housing in Southwark, and plays an important role in meeting the housing requirements of residents. Growth in the PRS in Southwark has been significant; in 2001 it represented almost 9% of the stock and by 2011 had grown to over 25%. Latest estimates indicate that the sector comprises in excess of 30,000 properties.

5. There are different types of landlord operating within this market: rogue and criminal landlords; inexperienced, reluctant or accidental landlords; and professional, responsible landlords. All these types of landlord require a different approach by the council.
6. The council's focus is on enforcing against rogue landlords with steps also taken to educate the inexperienced and provide support to the professional. The creation of a Gold Standard that landlords could sign up to is an opportunity to recognise landlords who already provide a better service than the one required by law, encourage other landlords to achieve a higher standard, and give tenants a better idea of the standard of accommodation that they should be offered.

## **KEY ISSUES FOR CONSIDERATION**

7. The council can only legally enforce a basic standard which does not necessarily address all of the issues that are of concern to tenants. For example, the basic standard can only address problems that are existing and cannot require measures which would prevent problems occurring in the future. Delays to boiler repairs cannot be pre-empted by requesting a service and repair contract. Tenants are often concerned about the standard of décor and cleanliness at the start of a tenancy. This is not something that the council or the tenant has a power to address.
8. In order to meet this gap, it is proposed to introduce Southwark Gold and Silver Standards, which would be voluntary. These will be used to help tenants demand a higher, more aspirational, standard in the Borough. The scheme needs to ensure there are benefits to tenants whilst appreciating that most tenants do not have much choice in a sector where there is high demand. The scheme should be able to give tenants additional information about the standard of letting they should expect and help them to choose a decent landlord and property.
9. This report is seeking cabinet's approval to put the proposed scheme out for consultation. The council will be consulting on;
  - a) the content of the Gold and Silver Standard,
  - b) the award scheme process and how awards are publicised,
  - c) and the benefits given for achieving the award.
10. The consultation will be open to residents and business owners in the borough but particularly aimed at:
  - private tenants,
  - landlords and landlord representative groups,
  - tenants' representative groups,
  - Charities and further education establishments, and
  - Managing and letting agents.
11. Proposed questions for the consultation are outlined in Appendix 1
12. The consultation will be carried out for 12 weeks between 21 January 2019 to 15 March 2019.
13. The consultation is intended to be a way for the council to find out what people and particularly private tenants think about its proposals. It is not a referendum or a voting

process and the intention is not just to gauge support or opposition to a particular proposal.

14. The council is keen to hear what people think of its proposals, what changes they would like to see in the proposals and if there are any better solutions to the problem officers are seeking to address.
15. After consultation the council will analyse and consider the responses and a consultation report will be drafted. From this, officers will recommend what to include in the standard and how the award scheme will be administered. The paper will explain what is recommended and why. Officers will report back to cabinet on the outcome of consultation and a proposed Gold Standard award scheme.
16. The Gold Standard would consist of three elements; a standard for the landlord, a standard for the physical condition of the property, and a standard for the tenancies offered. Appendix 1 contains the draft proposed standard and award scheme.
17. As well as the Gold Standard, an interim 'Silver Standard' is proposed to encourage landlords to gradually improve their properties and tenancies allowing them to progress from basic standard, through silver and ultimately to the gold standard. Both standards sit above existing legal responsibilities and include:
  - the decent homes standard (the standard devised in 2004 to improve the social housing sector),
  - good practice established by social housing landlords and the very best private landlords operating in the UK and,
  - Improvements to properties and tenancy agreements based on research from various sources, including the media and Shelter, discussing 'what tenants want'.
18. As enforcement of the standard is not an option, incentives will need to be included to encourage landlords to meet the Gold and Silver standards. These incentives would be benefits to the landlords, such as discounted services
19. A dedicated page on the Southwark website would list Gold and Silver Standard landlords and properties alongside links to where information on the services the council provide to the PRS can be found.
20. To establish, and ensure the success of, the Gold Standard, it is also proposed that the scheme will be piloted for nine months following any changes made after the consultation and subsequent cabinet approval of the scheme. During the pilot officers would approach the largest portfolio landlords and accredited landlords operating within the borough and their tenants. They will assess whether their dwellings already comply with the Silver or Gold Standard. They will also determine what areas of the standard they do not meet. By working with the tenants and tenant representative groups, landlord accreditation schemes and landlord organisations, officers would be able to identify the landlords most likely to comply or be very close to compliance. Following the pilot officers would be able to assess whether there are parts of the standards that are difficult to achieve or not commonly achieved/complied with and look at ways to change.
21. Once the final Gold and Silver Standards have been approved and Southwark's Renters Union is established, it is hoped that the union will manage and monitor the scheme, and campaign for more landlords to meet the standard helping to increase

the success of the scheme. It is proposed that officers work to set up and support a Renters Union so that it is capable of taking on this role.

## **Policy implications**

### **Southwark's Housing Strategy to 2043**

22. The new long-term housing strategy for the Borough was agreed by cabinet on 27 January 2015. It contains a vision for the future of housing in the Borough, which consists of four principles:
  - Principle 1: We will use every tool at our disposal to increase the supply of all kinds of homes across Southwark;
  - Principle 2: We will demand the highest standards of quality, making Southwark a place where you will not know whether you are visiting homes in private, housing association or council ownership;
  - Principle 3: We will support and encourage all residents to take pride and responsibility in their homes and local area;
  - Principle 4: We will help vulnerable individuals and families to meet their housing needs and live as independently as possible.
23. Principle 2 of the strategy makes specific reference to demanding the highest standard of quality and the Gold Standard will show that the council expects more from the private rented sector and its landlords than just complying with basic legislation. Consultation on the proposed standard and award scheme will help the council ensure that it achieves the best standard and award scheme for residents.
24. Principle 3 of the strategy makes specific reference to supporting and encouraging residents to take pride and responsibility in their homes and this consultation will help to empower residents giving their voice to a scheme aimed at improving the private rented sector.
25. Principle 4 of the strategy makes specific reference to help vulnerable individuals and families to meet their housing needs and live as independently as possible. The Gold Standard is intended to address needs above those required for average residents. The consultation will help give residents a voice to highlight issues in the private rented sector that affect them directly.

### **Community impact statement in relation to the consultation**

26. The consultation will set out the council's expectations for the private rented sector and proposal to drive up standards via the Gold Standard. This standard will have a positive impact on the wider community, as it is recognised that an increase in decent homes is linked to improved communities, reducing crime, educational attainment and health. The consultation will allow residents and landlords to highlight issues that affect them and how the Gold Standard can help to address those issues.

### **Equality analysis in relation to the consultation**

27. Poor housing has been identified as a health inequality, which adversely impacts on the health of vulnerable groups, and it is accepted that the ability to live in decent housing is key to all aspects of wellbeing. The proposed Gold Standard seeks to improve the quality of accommodation for occupiers in the private rented sector, reduce the impact on the wider community and make our expectations for the sector clear and transparent. The consultation will help the council to consider all issues that concern the sector and the wider community and enable us to ensure the scheme is accessible and has an impact on all communities.
28. The equalities impact assessment is provided in Appendix 3.

### **Resource Implications in relation to the consultation**

29. The consultation proposed will make full use of existing IT facilities, existing contacts and connections and, existing community groups. There will be a need for additional officer time which will be contained within existing divisional budgets.

### **Legal Implications in relation to the consultation**

30. There are no foreseeable legal implications to the consultation on the Gold Standard.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Law and Democracy**

31. The report recommends that cabinet instruct officers to consult on the adoption of a gold standard award scheme for private landlords. In so far as the proposed scheme sets out standards above those required by the law, as confirmed in the report these would be voluntary and not enforceable. The purpose of the scheme is to encourage landlords to provide a high standard of rented accommodation.
32. There is no statutory requirement to consult on a scheme of this nature, however consultation will assist achieving the stated aims of scheme, help the council to give due regard to the public sector equality duty and ensure fairness and transparency.
33. Cabinet members should note that where consultation is conducted, the law requires that it must be undertaken when proposals are still at a formative stage, must include sufficient reasons for the proposals to allow interested parties the opportunity to consider the proposals and formulate a response, must allow adequate time for interested parties to consider the proposals and formulate their response, and, the outcome of the consultation must be conscientiously taken into account when the ultimate decision is taken. These are the central requirements for fair and proper consultation and should be applied at all stages of the consultation process. Cabinet members are referred to the consultation proposal appended to this report.
34. The consultation plan should be kept under regular review to ensure that all interested parties are included, that they are provided with clear and accurate information that contains sufficient detail of the proposals, the reasons for them and, where appropriate, refer to alternatives, including those disregarded and the reasons for disregarding them.

35. Due regard must also be had to the public sector equality duty (PSED) in section 149 of the Equality Act 2010. This duty requires the council to consider all individuals when carrying out its functions. Specifically, to have due regard to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct; advance equality of opportunity and foster good relations between people with protected characteristics and those who do not. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. An EIA is appended to this report. The the equality assessment should be reviewed, updated and considered regularly throughout the consultation and when finalising recommendations for the gold standard.

#### **Strategic Director of Finance and Governance (SC18/010)**

36. The strategic director of finance and governance notes the recommendations in this report that cabinet instruct officers to consult on the adoption of a gold standard award scheme for private landlords. The purpose of the scheme is to encourage landlords to provide a high standard of rented accommodation.
37. The strategic director of finance and governance notes the resource implications in the report and that any additional costs arising will be contained within existing divisional revenue budgets.

#### **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
None		

#### **APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix 1	Draft Gold Standard Document
Appendix 2	Draft consultation process and questions
Appendix 3	Equalities Impact Assessment

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Victoria Mills, Finance, Performance and Brexit		
<b>Lead Officer</b>	Deborah Collins, Strategic Director Environment and Leisure		
<b>Report Author</b>	Emma Trott, Private Sector Housing Enforcement and Licensing Manager, Regulatory Services		
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<b>Dated</b>	30 November 2018		
<b>Key Decision?</b>	No		
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>			
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>	
Strategic Director of Finance and Governance	Yes	Yes	
Director of Law and Democracy	Yes	Yes	
<b>Cabinet Member</b>	Yes	Yes	
<b>Date final report sent to Constitutional Team</b>		20 November 2018	