



Ways and means

Local authorities' work with
the private rented sector

Chartered Institute
of Housing



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Section 1 Introduction

The *Housing Act 2004* introduced new requirements and powers relating to the private rented sector (PRS), and brought significant changes for local authorities and private landlords. It also raised the profile of private sector housing teams and brought a new focus within local and national government on the work local authorities undertake with the private rented sector.

The Chartered Institute of Housing (CIH) was commissioned in April 2006 to:

Examine the range of tools and legislative powers which English local authorities can or must use when dealing with use of, and standards in, the private rented sector, and to consider their appropriateness and implementation in different contexts.

Ways and Means has been designed primarily for use by council staff who are involved with delivery, enabling, and strategy in the private rented sector. It is intended that council staff use the document to find information on the tools which can be used when working with the private rented sector. It also identifies factors which affect the take-up and impact of tools.

This document will also be of interest to a range of individuals, businesses and agencies which are involved with the private rented sector. These may include private landlords, councillors, landlords associations, letting agents, advice agencies, housing associations, regional and national government, and national regulatory and support agencies. A separate publication has been produced for private landlords which summarises the key findings and recommendations.

Ways and Means is also available in a website format at <http://www.waysandmeans.idea.gov.uk>

Ways and Means provides:

- A picture of how authorities currently work with the private rented sector and the tools they use in their work
- Description of authority and landlord views on the strengths and weaknesses, successes and problems associated with different ways of working with the sector
- Analysis of factors which affect how councils work with the sector
- Guidance on how councils can best use the tools available to them to work with the private rented sector.

The research, this publication, and development of the associated website, was funded by DCLG and IDeA.

How to use this document

Ways and Means is structured around the individual tools available for use in work with the private rented sector and the key factors which can affect the way those tools are used.

It is intended that council staff, and other readers, will 'dip in' to sections which are of interest and relevance to them – it is not necessary to read the entire document to use it effectively.

Each section is divided into findings and guidance. The text contains links to external websites which provide examples or further information on the points raised.

- **Findings** describe how local authorities are using the tool; the factors affecting the use of tools; and the positive outcomes and problems experienced. They also include landlords' perceptions on the use of the tools and how the tools affect their ability or inclination to work with the authority.

- **Guidance** suggests ways in which councils could improve their use of the available tools and the way they address factors affecting the use of these tools. It refers and links to examples of good practice by local authorities and other organisations. The guidance is intended to demonstrate best practice for those councils who can make good use of the tools described. It is recognised that authorities operate in different contexts, have varying degrees of capacity and will to use the tools; it is therefore not intended to be prescriptive.
- **Recommendations** are interspersed throughout the findings. They suggest actions and altered practices which could be undertaken by government and supporting agencies to improve the way local authorities work with the private rented sector. CIH has presented these recommendations directly to the departments and agencies which are referred to.

Methodology

Research for this project took place between May and September 2006. This document was produced from analysis of:

1. Local authority housing strategies
2. Interviews and discussions with local authority staff to examine:
 - perceptions of the strategic importance of the PRS
 - problems experienced with the sector
 - strengths and weaknesses of existing practices for dealing with the sector
 - feelings on whether the *Housing Act 2004* measures are the right ones
 - what additional measures might need to be put in place
3. Interviews with private landlords to examine
 - views of current policy
 - experiences of working with local authorities
4. Interview with the Audit Commission inspection team
5. Interviews with professionals who have been involved in driving the agenda for the PRS in recent years.

Research for this project involved council staff and landlords who operate in different types of authority, in different parts of the country, and in a range of housing market types. 11 case study interviews were completed with councils and organisations which undertake the council PRS function. These interviews were supplemented with a number of shorter interviews with staff from other authorities throughout the course of the research. Landlords' views were primarily gathered through discussion with staff and members of landlords associations which represent landlords' interests at local, regional, and national level.

Summary of research conclusions

There is currently no need to introduce additional tools for local authorities to use when working with the private rented sector. The tools available can be used by councils to address most circumstances and local priorities. Councils and landlords also need some time to adapt to, and consolidate, the changes introduced by the *Housing Act 2004* before they experience further reforms.

Although the tools available are appropriate, they are not always used to maximum effect by local authorities. More work is needed by local authorities and supporting organisations to ensure that councils follow best practice in using tools and are able to overcome factors which limit their effectiveness.

There is a clear need for local authorities to take a strategic approach when working with the private rented sector. Tools to work with the private rented sector can be used to contribute to a range of local priorities and targets, many of which will be set by others outside of the team implementing the tools. A reactive approach will not make best use of the limited resources available, and will not achieve the best possible outcomes for the local area. Work with the private rented sector should form a central part of local authorities' developing strategic housing role.

Context

The private rented sector houses around 10% of the population in England, and has a very varied market and operation. The sector caters for a range of needs within the housing market, providing week-day accommodation for city workers, flexibility for people unable to commit to living in an area, rooms near universities for students, houses for people who cannot afford or are not ready to own property, and housing for those unable to access social housing.

Local authorities have worked with the sector for many years, usually to intervene in poor conditions, poor management, or unlawful evictions. However, problems in local housing markets, new legislation and national priorities have driven changes in the way local authority staff interact with the sector, and the parts of the sector they interact with.

National government has set priorities which it expects local authorities to deliver on; these include:

- Making greater use of the private rented sector to secure access to affordable housing for homeless and low income households
 - Move towards a 'housing options' approach, so households in need are not all directed into social rented housing
 - End the use of bed and breakfast accommodation by homeless households
- Delivering the Decent Homes target for the private sector (PSA7)
- Tackling anti-social behaviour (ASB)
- Implementing new tools introduced by the *Housing Act 2004*
- Building the strategic housing function and developing a role as 'place maker'.

These national priorities are reflected in the Audit Commission's Key Lines of Enquiry (KLOEs) which are used to assess the effectiveness and efficiency of a local authority's performance. KLOEs most relevant to work with the private rented sector are:

- [KLOE9](#) (private sector functions)
- [KLOE2](#) (strategic approach to housing)

Regional priorities also shape the work local authorities do with the sector, not least because they determine what funding is available. Currently, regional priorities focus on private sector decent homes and delivery of affordable housing, especially by bringing empty property back into use.

In responding to these priorities, and as a result of changes in the housing market, local authorities' work with the private rented sector is no longer necessarily driven by a need to enforce standards. Whilst work to address poor management and poor property conditions remains, it can also be undertaken because the sector is seen as a solution to a local problem, such as homelessness or lack of social housing. Work may be concentrated in an area where problems such as anti-social behaviour persist and the involvement of landlords is needed to support a coordinated response.

Section 2 Assessment of Tools Available

There is a range of tools which local authorities can or must use when they are working with the private rented sector. Councils have a duty to use some tools while others are discretionary. Similarly, some tools are used to compel landlords to comply while engagement with others is voluntary.

This section considers each tool in turn. It presents findings from discussions with councils, landlords, and other agencies, and suggests guidance on use of the tools. At the time of the interviews, councils were very focused on the new tools available through the *Housing Act 2004* and on initiatives such as accreditation and forums. Interviews tended not to cover enforcement tools such as compulsory purchase and abatement notices, and so they are not covered in this document.

Mandatory HMO licensing

Mandatory HMO licensing was introduced in April 2006 under the *Housing Act 2004*. Councils have a duty to implement a mandatory licensing regime and to satisfy themselves that they do not have any Housing Health and Safety Rating System ([HHSRS](#)) enforcement responsibilities in all licensable HMOs. A range of information on the legal requirements is available on the [DCLG website](#).

Councils with a strong strategic focus or with larger staff teams had become familiar with mandatory HMO licensing before implementation by tracking policy and legislative developments, and so had been able to plan ahead for its introduction. These authorities were much more comfortable with the new licensing regime than those who were relatively unprepared as they operated without a strategic focus or with a small staff team and so had been unable to track policy developments.

Regardless of how prepared councils were for the introduction of mandatory HMO licensing, several councils commented that the new requirements did not really suit their needs.

- A number of rural authorities felt that the scheme had been designed predominantly for city authorities
- Some urban authorities felt it was designed with high densities of student accommodation in mind
- At least one city authority felt that it diverts attention from poor property conditions in the wider private rented sector
- Some urban authorities with high numbers of HMOs were frustrated that they now needed two licensing schemes to cover the properties that their registration schemes had previously covered
- Several felt that HMO licensing had failed to take into account the range of HMO types which exist.

Councils with only a few licensable HMOs did not feel that HMO licensing made a significant contribution to their overall PRS strategy, and were conscious that implementing it had taken a significant amount of time and preparation. In areas with high numbers of HMOs there was recognition that checking property conditions and delivery of required improvements is resource intensive, perhaps taking staff time away from other work. There was acknowledgment that the increased amount of attention given to this part of the PRS should lead to improvements, but there was also concern that conditions in non-licensable HMOs may slip as focus is moved elsewhere.

Concern was expressed that as yet there is no formal good practice guidance or procedural guidance to inform work on HMO licensing. Councils had made use of IDeA [discussion forums](#), but were keen for definitive answers. The lateness of guidance and lack of clarity in aspects of the legislation had hindered councils' ability to set new procedures with certainty, and meant that they could not be explicit with landlords on exactly what standards were acceptable.

Landlords expressed frustration with HMO licensing. Many felt that councils had not finalised procedures and requirements soon enough and felt that standards were not being applied consistently. They felt vulnerable to prosecution because they were not able to get clarity on exactly what they needed to do and how standards differed between local authority areas. There was strong feeling about inconsistencies between different authorities' procedures and requirements and a belief that some authorities had imposed licence requirements that are too strict.

RECOMMENDATION: LACORS should commission collection and dissemination of good practice relating to the ongoing operation of mandatory licensing schemes especially focusing on the best ways for authorities to check property conditions and delivery of required improvements.

There are several examples of local authorities working sub-regionally to standardise fees, licence terms and conditions in order to make the experience of applying for and adhering to a licence much less confusing for landlords who invest in different areas, and to enable councils to tackle sub-regional problems. There was praise of the Price Waterhouse Cooper model for fee setting, which was seen as comprehensive despite being rather complicated.

Most authorities commented that they had experienced landlords reducing the capacity of their HMOs to avoid mandatory licensing. Many authorities felt this allowed some landlords to evade regulation and were frustrated by it, although they can still use HHSRS to raise standards. Landlords, on the other hand, felt that they were being driven out of the sector by over-regulation, and that it was not only landlords with poor property conditions that seek to avoid licensing. Landlords highlighted that the new requirements have restricted mortgage lending for HMO properties, so new purchases of HMOs are now limited to cash buyers. Landlords and councils alike raised concerns about the loss of affordable private rented housing as HMOs are sold and transferred back to family housing. This assessment of the impact was largely anecdotal and not based on a formal impact assessment.

Councils had differing approaches to making 'fit and proper person' checks, which means that landlords have to be checked by each authority they let property in, and that they may have to submit different information for different authorities. This technically makes it possible for the same landlord to be acknowledged as 'fit and proper' in some areas but not in others. There was support for a regional 'fit and proper person' database administered by the Government Office or Regional Assembly. This would prevent duplication of checking and ensure standardisation of procedures. However, it would not accommodate councils that have set higher standards due to local concerns.

RECOMMENDATION: Government Offices or Regional Assemblies should consider the feasibility of operating regional databases of landlords assessed by councils to be 'fit and proper'. This could help reduce duplication of assessment by several different authorities.

Several councils commented that HMO licensing had been useful in helping them to identify landlords, especially those who were not licensable but had made themselves known to the council by enquiring. They could then use this new information to increase their database of landlords' details, build new relationships, target information and events at landlords and direct landlords into voluntary schemes. Some authorities had used the opportunity of licensing landlords to provide details of other council services to landlords to raise interest and awareness. However, a few authorities commented that the national media campaign had led to confusion amongst single-occupancy landlords. Others commented that the media campaign had not reached those BME landlords who do not access mainstream English publications and programmes. In some areas, this had been a significant proportion of landlords. Local authorities in these areas had allocated additional resources to developing awareness raising campaigns which would reach these landlords.

Several authorities commented that they had little desire to administer interim or final management orders in-house but had struggled to find an organisation to administer the orders for them.

Guidance

Issuing licenses will not automatically lead to improvements in the HMO sector.

- Licensing will only weed out the very worst property standards and managers if authorities proactively identify landlords who do not voluntarily apply for a licence. Councils should incorporate methods of finding licensable properties into their licensing procedures.
- Similarly, licensing will only lead to property and management improvements in licensed properties if authorities carry out inspections and enforce standards where they are not met.

Authorities should ensure that mandatory HMO licensing is used strategically and not simply implemented as a procedure because the *Housing Act 2004* legislation requires it. Staff should ensure that licensing links to other aspects of PRS work.

- Some landlords will become able to comply with licence conditions and bring property standards above a basic minimum if they are provided with help to develop their knowledge and skills. Landlord accreditation, information and training events should be made available and marketed to licensed landlords. Accreditation is compatible with licensing because it can go beyond the minimum standards set by licensing.
- HMO licensing can help implementation of work on ASB or the Decent Homes Standard, for example by using information gathered during property inspections to target funding for improvements.
- Councils should use enquiries about licensing to build their information on non-licensable properties and their landlords; and to provide information on other services such as grants and loans.

Landlords and local authorities can gain real benefits if authorities work sub-regionally on licensing schemes. Although most schemes will now be developed, changes can be made as they are evaluated and revised in the future. Local authorities can pool financial and staff resources, and develop coordinated approaches to sub-regional problems. Landlords with properties in more than one council area benefit from greater clarity and consistency. Although fees may be different, fee structures and licence conditions can be harmonised. Boston and its neighbours have jointly agreed to require a higher fit and proper person requirement than many other councils because there are significant problems with inappropriate people letting properties in their area.

Authorities planning future media campaigns to maintain awareness of the requirements or procedures for HMO licensing should consider how best to reach landlords who do not access mainstream media such as local newspapers and radio stations.

Council staff should be proactive in sharing information with other authorities on how they run their licensing scheme beyond the initial issue of the licence. In particular they should monitor and review how they and others check property conditions and delivery of required improvements.

Councils must ensure that they have procedures in place for the administration of management orders well in advance of needing to use one. Local authorities have a legal duty to enforce the licensing requirements, and if a license cannot be granted, the council must apply for a management order. This means that if councils are unable to develop arrangements with external organisations for the administration of management orders, they **must** develop procedures to administer the orders in-house.

Housing Health and Safety Rating System

The Housing Health and Safety Rating System (HHSRS) was introduced in April 2006 under the *Housing Act 2004*. It replaced the Fitness Standard with a new risk based system for assessing property conditions. DCLG has produced [implementation guidance](#) and [enforcement guidance](#) to help local authorities and property owners to understand and use the HHSRS.

Councils generally welcomed the replacement of the Fitness Standard with a risk-based system because it enables them to take account of a wider range of hazards. The ability to assess a property for fire safety and excess cold were highlighted as significant improvements.

Despite these advantages, council staff had concerns about the degree of subjectivity involved in making assessments under the HHSRS. Inspectors could score the same property very differently, which shows potential for inconsistencies between decisions made by different inspectors. Several staff commented that the guidance and worked examples available do not go far enough to tackling this problem. They suggested that illustrations of the range of scores considered reasonable for particular property conditions would be useful in helping inspectors to standardise their assessments.

Councils had experienced some significant changes when moving from the Fitness Standard to HHSRS to survey and assess property.

- It takes longer to survey a property using HHSRS than when using the Fitness Standard, particularly when surveying HMOs. This difference was not attributed to inspectors being unfamiliar with the system.
- A higher number of cases requiring intervention are highlighted by an inspection using HHSRS than one using the fitness standard. A large number of category one hazards relating to excess cold are being identified.

Landlords commented that they are not yet familiar with HHSRS and feel unsure about what property standards would be assessed as problematic under the new system.

Guidance

Councils should assess any increased workload resulting the introduction of HHSRS and adjust staffing resources accordingly.

Property surveyors should share information on property assessments to compare how they assess the level of risk associated with similar hazards.

Councils should consider the potential contribution of HHSRS to delivery of Community Partnership objectives for health, education, sustainable communities, decent homes and the Respect Agenda.

Information on the HHSRS should be made available to landlords. Asset Skills has developed a [landlords' guide to HHSRS](#).

Additional licensing

Additional licensing was introduced in April 2006 under the *Housing Act 2004*. It gives local authorities the power to require all houses in multiple occupation in their area to be licensed. Guidance on additional licensing has been produced by [DCLG](#).

Several councils contacted for this research had a high number of HMOs but few that were subject to mandatory licensing. They felt that although fire risks may be greater in 3+ storey HMOs, the social problems which can occur in 2 storey HMOs can be equally important. Consequently they were keen to consider additional licensing.

Many councils commented that they are not currently in a position to consider use of additional licensing as their resources are all currently dedicated to introduction of mandatory HMO licensing, especially in areas with high concentrations of housing for students or migrant workers.

The key concerns of those councils considering additional licensing were around unintended consequences which could result from the introduction of a scheme. Concerns included:

- Landlords with poor management skills may simply sell their property and reinvest outside of the area where a licence was required
- The cost of licensing will be added to tenants rents
- Good landlords may withdraw from the sector or area
- There may be a reduction in supply of affordable housing for low income households
- There may be increased demand for assistance from homelessness teams as HMOs are converted to family housing.

There was awareness that due to time pressures many councils had been unable to consider these issues when implementing mandatory licensing. Most councils were keen to better understand and plan for these risks before they proceeded with additional licensing so that their actions could be strategically driven. It was suggested that Government Offices should require councils to discuss possible negative consequences in their applications to introduce licensing schemes.

Landlords were also concerned about additional licensing, in particular some authorities' proposals to apply schemes to cover the whole authority area. They felt that justifications for these proposals must be political rather than practical, and were keen that such proposals were not approved.

RECOMMENDATION: When processing applications for permission to run additional licensing schemes, DCLG should:

- Assess whether a full impact assessment has been completed, which covers the potential negative as well as positive consequences of schemes.
- Assess whether other tools have been used to their full effect in previous attempts to tackle problems.

A number of authorities had operated HMO registration schemes with control provisions prior to April 2006. Some identified clear benefits from registration, not least their improved ability to contact and work with landlords. Others had found it difficult to compel landlords to register and consequently had not realised the benefits they anticipated from the scheme. Some councils had passported non-licensable HMOs into an additional licensing scheme under the transitional regulations, which enabled them to maintain the momentum of previous schemes. These councils welcomed the national statutory requirement to have a licence because landlords were more aware of the requirement to be licensed and of the penalties for not having one.

Some authorities are keen to use additional licensing to ensure that landlords who had closed rooms in order to avoid mandatory licensing still become licensed.

Some areas were investigating the possibility of running additional licensing on a sub-regional basis where issues experienced in the area are similar. Although the licenses and fees would have to be administered locally, the conditions of the licence and the fee structure could be standardised. This approach was seen as having advantages for both landlords and local authorities. It was anticipated that landlords with properties across several authority boundaries within a sub-region would benefit from a unified system. Local authorities anticipated financial savings on development and operation of systems, and also hoped to minimise loss of stock from landlords relocating their investment to a neighbouring area with different or no licensing requirements.

Guidance

Senior officers should consider whether additional licensing could be of benefit to their work with the private rented sector even if they do not have the resources to implement it immediately. Assessment of options is a key part of strategic business planning, and councils may be more likely to earmark resources in the future if there is a clear case for a particular approach.

Councils should refer to [Sections 56 and 57](#) of the *Housing Act 2004* which contain clear guidance that councils must follow before designating, or seeking permission for designation of, additional licensing. Councils should also refer to the [DCLG guidance](#) on making applications for additional and selective licensing.

Councils should anticipate possible negative consequences of additional licensing before they implement a scheme or apply for permission to do so. When evaluating the likelihood of negative consequences arising, councils may wish to consider:

- Local landlords' existing investments and profit margins (what additional costs they could bear financially)
- Landlords' support for introduction of the scheme (what additional costs and requirements they are prepared to bear)
- Investment opportunities in neighbouring areas
- Supply and rent levels of alternative PRS accommodation (competition may prevent rent increases)
- The council's own desire for some level of displacement
- Local need for the current supply of HMOs
- Difference between existing rents and Local Housing Allowance or local reference rents (tenants' ability to withstand the financial cost of a rent increase).

Councils that have previously tried and failed to tackle problems in the sector with non-statutory tools should consider whether these tools could be used differently to achieve greater effect before they decide to use additional licensing. [Performance monitoring information](#) should be used to show why tools used previously were not effective. This assessment may show that with increased resources or different design, a non-statutory approach could be pursued again in future, perhaps with use of [SIMOs](#) and [HHSRS](#) to tackle severe problems.

Additional licensing may not be used as a 'penalty' on landlords who choose to reduce the number of lettable rooms in an HMO to avoid mandatory licensing. Property conditions in non-licensable properties can still be enforced using HHSRS. A decision to introduce additional licensing must be based on an assessment of risk associated with smaller HMOs, or knowledge of a trend for poor property conditions or management, rather than on frustration with landlords seeking to avoid the system.

Where neighbouring authorities are considering use of additional licensing to address similar issues in the PRS, consideration should be given to establishing sub-regional additional licensing schemes, especially where sub-regional relationships have already been forged.

If additional licensing is introduced, councils should develop methods to track occurrence of negative consequences such as displacement.

Councils which currently have transitional licensing schemes should ensure they are able to use them to best effect, and that licence conditions meet the current needs of the area covered. Data on property locations should be used in work to map the local housing market, and landlords' contact details should be used to send out information to landlords on other tools being used, such as training and accreditation. Guidance on transitional licensing is available from [Shelter](#).

Authorities should also prepare for how they will work with this part of the PRS after the transitional scheme expires. They should evaluate whether additional licensing will be necessary in the future or whether work can be continued using other tools.

Selective licensing

Selective licensing was introduced in April 2006 under the *Housing Act 2004*. Local authorities have the power to require all properties in the private rented sector in a defined geographical area to be licensed if the area suffers from low housing demand and/or significant and persistent anti-social behaviour. Councils will need to apply for permission or notify DCLG before they are able to use selective licensing in their area. Guidance on selective licensing schemes has been produced by [DCLG](#). [Shelter](#) has also published a good practice guide to help councils to use selective licensing.

Councils which would be eligible to apply for selective licensing welcomed the potential to use it to improve landlords' management skills and felt it could have a big impact on the neighbourhood.

Few authorities had detailed plans for introducing selective licensing, but there are a few schemes in development. Several different reasons were given for wanting to use selective licensing as opposed to other tools. Reasons include:

- It is a better approach than voluntary initiatives because landlords are compelled to participate. Several authorities had previously applied coordinated neighbourhood management approaches which had delivered good results but required consolidation by compelling all landlords to participate. However, some authorities opposed the use of statutory measures and felt that voluntary approaches can achieve the desired effect if they are sufficiently resourced and well applied
- A visible, area-based scheme where participation is required can be used by councils to track tenure patterns and locations, and to engage with landlords
- It can help break up concentrations of undesirable tenants by requiring all landlords to take references
- It can be self-financing, whilst authorities often struggle to secure resources for other approaches.

There was a report of councils applying for permission for selective licensing with proposals to limit the numbers of licenses issued in order to reduce the PRS in specific areas. This reflects lack of understanding of selective licensing but also lack of awareness of the boundaries to local authority intervention in the housing market.

Several councils felt very strongly that selective licensing alone will not be effective in raising standards in the sector and that it must be used in conjunction with other tools such as training and accreditation rather than replace them or stand alone. In this case, councils will still need to identify funds for additional tools to use alongside selective licensing.

Some landlords' representatives expressed concerns that selective licensing would have a negative impact on landlords' ability to operate as a business. They had concerns that licensing would not be effective, for example because tenants could forge references, and felt that councils would only have capacity to target those landlords with acceptable standards who came forward voluntarily. However, some landlords were supportive of selective licensing in areas where the PRS has been linked to the areas' problems, as it can protect their investment and reputation by removing extremely poor landlords and contributing to improvements in the area.

As with [additional licensing](#), councils were concerned that negative consequences could arise from licensing and were keen to evaluate them before a scheme was introduced. Concerns included:

- Landlords with poor management skills may simply sell their property and reinvest outside of the area where a licence was required
- The cost of licensing will be added to tenants rents
- Good landlords may withdraw from the sector or area
- There may be a reduction in supply of affordable housing for low income households.

RECOMMENDATION: When processing applications for permission to run selective licensing schemes, DCLG should:

- Assess whether a full impact assessment has been completed, which covers the potential negative as well as positive consequences of schemes.
- Assess whether other tools have been used to their full effect in previous attempts to tackle problems.

Staff in some councils anticipated that they would be put under pressure by councillors to implement selective licensing, but felt that this was because the councillors had heard of the new initiative rather than because they had assessed its merits.

Councils felt that selective licensing was not obviously compatible with sub-regional approaches, as different licence conditions will be needed depending on the problems (type of ASB, nature of low demand) experienced in an area. Some authorities were preparing to discuss with neighbouring authorities whether all or some work can be shared and procedures standardised.

Guidance

Councils should refer to [Sections 80 and 81](#) of the *Housing Act 2004* legislation which contain clear guidance that councils must follow before designating, or seeking permission for designation of, selective licensing. Councils should also refer to the guidance produced by [DCLG](#) and [Shelter](#).

Simply requiring landlords to be licensed will not automatically improve landlords' property and tenancy management skills.

- Councils must enforce conditions in licensed properties, and be proactive in identifying landlords who do not voluntarily apply for licences.
- Initiatives such as landlord days and provision of training through accreditation, forums, or active local branches of landlords associations, must be used alongside licensing to help landlords to meet requirements and to improve management standards beyond a basic minimum.

Councils that have previously tried and failed to tackle problems in the sector with non-statutory tools should consider whether these tools could be used differently to achieve greater effect before they decide to use selective licensing. [Performance monitoring information](#) should be used to show why tools used previously were not effective. This assessment may show that with increased resources or different design, a non-statutory approach could be pursued again in future, perhaps with use of [SIMOs](#) or [HHSRS](#) to tackle severe problems.

Consideration should be given to whether councils can work together to develop any aspects of selective licensing collectively.

Authorities should compare the resources needed, possible outcomes and additional consequences of a designated PRS service working voluntarily with landlords with a selective licensing scheme where landlords are compelled to participate.

Councils should assess the possible negative consequences of selective licensing before they implement a scheme or apply for permission to do so. When evaluating the likelihood of negative consequences arising, councils may wish to consider:

- Local landlords' existing investments and profit margins (what additional costs they could bear financially)
- Landlords' support for introduction of the scheme (what additional costs and requirements they are prepared to bear)
- Investment opportunities in neighbouring areas
- Supply and rent levels of alternative PRS accommodation (competition may prevent rent increases)
- The council's own desire for some level of displacement
- Local need for the current supply of HMOs
- Difference between existing rents and Local Housing Allowance or local reference rents (tenants' ability to withstand the financial cost of a rent increase).

The capacity for selective licensing to be self-funding makes it an attractive initiative, but councils must consider the wider implications of this approach and whether problems in the PRS merit imposing additional financial requirements on landlords. They must also develop methods to track occurrence of negative consequences such as displacement if a scheme is implemented.



Council staff and councillors should be made aware of the opportunities and limitations offered by selective licensing to ensure that reasonable policy proposals can be developed and staff time is not wasted.

Where a requirement to take references is imposed on an area, councils should consider how to deal with applicants with a history of poor behaviour who become unable to access social or private housing (see [ASB](#) section). Councils should assess what other provisions might be needed to tackle problems rather than move them on. If an area is stabilised as access to the PRS by certain households is reduced through licensing, those households with problems of transience and ASB will still have those problems. A tenancy support service may be needed to provide sustainable solutions.

Management orders

Management orders can be used outside of licensing schemes. Special Interim Management Orders (SIMOs) and Empty Dwelling Management Orders (EDMOs) are legal tools which were introduced in April 2006 under the *Housing Act 2004*. Councils can use these tools to deal with poorly managed property.

None of the councils contacted expressed an intention to use SIMOs. Instead, planned policy approaches focused on formal schemes such as additional and selective licensing.

SIMOs were introduced to enable councils to apply for management orders for single properties in areas which are not covered by licensing schemes. These orders can be made where there is anti-social behaviour emanating from an individual property, and where the landlord is failing to take appropriate action to deal with the problem. A SIMO can be enforced if it is necessary to make the order to protect the health, safety and welfare of people occupying, visiting or engaged in lawful activities in the locality of the house. SIMOs can be combined with voluntary approaches to tackle problems in the sector to allow a lighter touch regulation of the sector.

Several councils contacted did express an intention to use EDMOs, although they felt that they were very much a last resort. EDMOs were not seen as being specifically linked to the private rented sector, although they may be used to deal with empty properties which were previously in the sector before they fell into disuse. Contrary to press coverage at the time of their introduction, no councils were planning to use EDMOs to increase the supply of affordable rented housing under their control.

When discussing [Interim and Final Management Orders](#) associated with licensing schemes, councils highlighted that they had struggled to identify organisations to administer the orders and did not have the capacity to run them in-house. As long as these problems remain, limits are placed on local authorities' ability to tackle anti-social behaviour and empty property in the sector.

Guidance

There is little guidance available on use of SIMOs, but the circumstances in which a SIMO may be applied for are detailed in the relevant [statutory instrument](#).

When planning area-based intervention in the PRS, councils should compare possible operating costs and outcomes of selective or additional licensing with those which could result from a combination of voluntary schemes such as accreditation with use of SIMOs to tackle severe problems.

Information on EDMOs is available from the [Empty Homes Agency](#) and from [DCLG](#).

Councils should ensure that procedures are in place to enable administration of SIMOs and EDMOs.

Where councils intend to use SIMOs and EDMOs, they should ensure that their capacity to use them is recognised in the local anti-social behaviour strategy and empty property strategy. Any planned use of EDMOs should be tied into private rented sector and affordable housing strategies. Similarly, any planned use of SIMOs should be tied into ASB strategies and coordinated with ASBOs and diversionary tactics.

Private Sector Leasing

Private Sector Leasing (PSL) can be used by local authorities to increase the supply of stock in which they can accommodate homeless households. Councils lease properties from private landlords, usually at slightly below market rents, and guarantee rents and maintenance for the period of the lease.

Although many local authorities use private sector leasing, it is often not considered to be part of the private rented sector function. PSL is usually run by homelessness teams, who develop packages and liaise with landlords to secure a supply of suitable property. Private rented sector teams are often unaware of how it is operated, and consequently it was not possible to consider local authorities' experiences of running PSL schemes as part of this research.

Private rented housing teams did not always have information on the location of PSL properties or the identity of PSL landlords. They were therefore unable to build relationships with PSL landlords who may have additional properties in the area, or to direct information on licensing, forums, and training to them.

Staff working on private rented sector housing were aware that PSL could be linked to work on a number of issues, and that it needed proper coordination across departments. Its primary use is as part of the homelessness strategy, to secure an accessible supply of affordable accommodation. However, properties can be secured for the scheme through private sector housing or empty property strategies, for example by negotiating a lease in return for renovation and improvement grants.

Some landlords commented that they had not been paid regularly by the council for their lease, and that properties had not always been returned in an appropriate condition at the end of the lease. This made them less inclined to engage with other aspects of local authorities' work with the sector, such as training and forums.

Guidance

Councils should view PSL as part of their private rented sector function. This would enable them to take a holistic overview of the sector and ensure different aspects of work with the sector are coordinated and mutually reinforcing.

Councils should ensure that they adhere to terms of the lease and maintain good working relationships with private landlords. Poor relationships with one department can affect the work of other teams.

Information on running PSL schemes is available from the [DCLG](#).

Accreditation

Accreditation schemes can be used by local authorities to promote and recognise good property conditions, management practice and tenant behaviour in the private rented sector. Depending on the type of scheme, landlords, tenants, and letting agents either self-certify or are assessed to show that they or their property meet a standard defined by the local authority. Detailed information on establishing and using accreditation schemes is available from [Accreditation Network UK](#) (ANUK), [DCLG](#) and [IDeA](#).

Schemes can cover the whole authority, a specific area, or a specific client group such as students. Accreditation of landlords or properties (or a combination of both) is most common. Many authorities visited for this research were using accreditation to improve landlords' tenancy management skills and knowledge. This generally involved the provision of training and advice, with attendance at training courses and ongoing continuing professional development often compulsory. Others also focused on property conditions, usually opting to allow self-certification of quality and inspecting a proportion of properties as a safeguard. It was usually considered too resource intensive to inspect all properties. Several councils, including [Poole](#), [Burnley](#) and [Leeds](#), offer schemes where tenants can become accredited if they are nominated by an accredited landlord after managing a tenancy appropriately for six months.

Schemes operated by authorities vary in their scale, requirements and the incentives offered. Several councils contacted had fledgling accreditation schemes with limited take-up so far. Others felt that their accreditation scheme had reached a critical mass where non-membership was becoming a disadvantage for landlords because accreditation offers a clear market advantage. Some councils with established and successful accreditation schemes have 'Accreditation Plus' schemes which link achievement of the Decent Homes Standard with a higher level of recognition.

Regional accreditation schemes are being developed to standardise approaches and offer collectively procured training. This offers clear benefits to landlords and councils. Some councils felt that in future, accreditation of landlords will be undertaken at regional level and accreditation of properties at local level. Many councils with established schemes have found accreditation extremely useful in building relationships with landlords and focusing on skills improvement.

It is usual practice to offer financial or practical benefits to landlords as an incentive to become accredited. A range of benefits were offered through accreditation schemes, including:

- Access to a specific Housing Benefit Officer, to ensure applications were processed quickly, was often offered in order to encourage lettings to benefit claimants. One council, operating in a Local Housing Allowance pilot area, suggested that landlords attaining a higher level of accreditation could be exempted from the requirement for Housing Benefit to be paid direct to the tenant, and so be allowed to receive Housing Benefit direct.
- A number of councils have included accredited PRS properties in their Choice Based Lettings system. They can offer low advertising rates and require a property inspection before an advert can be placed. This can help to increase access to good quality PRS properties for people who traditionally would wait for social housing.
- Similarly, accreditation schemes often offer free property advertising. The accreditation standards can give applicants reassurance that the accommodation is of a good standard. This advertising can take place in council one-stop-shops, in property lists provided by homelessness teams, or on websites run by [landlords associations](#) or [private companies](#). There was an awareness that web-based schemes will need to operate across a number of local authority areas to make them financially viable in the long term.
- A number of authorities offered tenant vetting for accredited landlords. This confers an advantage on tenants with a good housing and behaviour history. Vetting clearly excludes those who have managed tenancies badly or behaved poorly in the past. However, tenant accreditation can be used alongside vetting schemes to give a second chance to tenants with poor housing or criminal history by offering accreditation after a six month period of successfully maintaining a tenancy.

Several councils had encountered some difficulty in establishing schemes. A number commented that the financial cost of providing incentives is high, but that accreditation schemes often have little funding. Whilst some services such as dedicated staff may have a cost, it is possible to provide a low-cost incentive package based around access to information and council services, or negotiation of discounted products from local suppliers. Some had secured funding from other council departments who could see accreditation would contribute to their own objectives. At least one authority had experienced hostility from landlords due to their recollection of an unsuccessful scheme which had operated previously. Landlords were keen that councils should work closely with them, through [forums](#) and landlords associations, to devise terms of operation and benefits for accreditation schemes. They expressed frustration where they had not been consulted on scheme design and subsequently found accreditation packages were not attractive to them.

A number of councils were not confident of the potential benefits of accreditation, but felt obliged to operate one due to requirements of their Regional Housing Strategy.

RECOMMENDATION: Regional Housing Boards should provide more information on and support for accreditation schemes, rather than simply endorsing them in Regional Housing Strategies.

It was felt that accreditation is not necessarily suitable in all areas.

- In areas where a high proportion of private rented accommodation is organised by an employer, tenants may not be able to exercise choice over where to live.
- Some councils with consistently high demand also felt that property accreditation conferred no advantage as properties would be let whatever their condition or status of the landlord. However, some high demand areas did have successful schemes in operation.
- In areas where a high number of landlords live outside the area, councils had found direct accreditation of properties and landlords difficult and some had instead pursued accreditation of letting agents.

Guidance

Councils considering developing or amending accreditation schemes can get detailed information from [ANUK](#).

Good examples of schemes available on line include [Coventry](#) (combined property and management standards), [Salford](#) (combined property and management standards with different grades of accreditation), [London Landlords Accreditation Scheme](#) (focuses wholly on training and information at a regional level), [Leeds](#) (tenant accreditation), and [Easington](#) (agents accreditation).

Councils with limited resources to operate an accreditation scheme should consider the attractiveness of no-cost incentives. Councils may choose to offer contractor lists or negotiate discounts at local suppliers. Other council departments may also provide funding. Blackpool's Housing Benefit department initially funded the tenant referencing service because it helped them to identify tenants who might struggle to manage payments made through the Local Housing Allowance, and so to put support in place for them. The websites of [BARLO](#) in Bolton and [Blackpool Council](#) show the wide range of benefits and incentives which can be offered by accreditation schemes.

Councils should consider joining or instigating regional schemes, to maximise use of the staff and financial resources they have available. Several regions including the North West, East Midlands, North East, the Bristol sub-region and Wales are developing Regional Landlord Accreditation for launch in 2007. The schemes are to be complimentary to existing local property accreditation schemes with the aim of ensuring all landlords within a region have access to an accreditation scheme.

Those with established schemes may wish to consider expansion of the scheme to cover more advanced standards. [Salford Council](#) recognises landlords which provide higher property standards by meeting the Decent Homes Standard.

Councils should ensure they design accreditation schemes to address local concerns and landlords needs. For example, requiring specific property standards may not be necessary in areas with generally good property conditions, but poor management standards may need to be tackled. Councils should work with landlords and their representatives to identify key issues and incentives which would be attractive.

Areas offering tenant vetting schemes to reduce concentration of tenants with poor behaviour should consider establishing tenant accreditation in order to give tenants with a poor housing history a chance to prove their behaviour has improved.

Councils should consider how accreditation schemes could fit into new or existing Choice Based Lettings schemes. [Leeds Council](#) offers this service to accredited landlords. As accreditation and lettings are traditionally dealt with by different departments, some coordination and communication may be needed to initiate such an approach.

Landlord forums

Landlord forums are used by many authorities to give opportunities for landlords to meet with council staff to discuss local and national policies and practices, and issues affecting the sector. They meet on a regular basis and so are different from consultation groups.

The Audit Commission Key Lines of Enquiry (KLOEs) suggest that an excellent authority will have a landlord forum. Regional Housing Strategies also recommend their use. Many local authority areas do now have a landlords forum, but the remit and scope of these forums are quite varied in different areas because forums are in different stages of development.

RECOMMENDATION: Regional Housing Boards which advocate the use of landlord forums in their Housing Strategies should make good practice information available to help prevent landlord forums being tokenistic and to ensure council staff are aware of ways in which they can evolve.

Several councils felt forums could not be used as a stand-alone means to communicate information to all landlords who operate locally, because they are not accessible for landlords who do not live locally and attendance levels are not high enough. However, councils generally consider their forums successful if attendance is consistent by the same people. Consistent attendance enables development of the forum and relationships, and consistency of discussion. Some councils put minutes of forums on their website, and use direct mailing to keep non-attending landlords informed.

Landlord forums are either council-led or landlord-led, and the content and purpose of meetings varies considerably. The content and role of the forum is usually determined according to length of operation and resources available.

The council was normally the lead body in newer forums, setting the agenda and focusing discussion on specific cases or council processes (such as HMO licensing). Some councils reported that early forum meetings had been characterised by variable attendance, mistrust, and degeneration of discussion into an argument. To resolve this, they were trying to make the forum less council-led and more inclusive.

Landlords had a greater role in more established forums, setting the agenda, overseeing initiatives such as accreditation, and acting as a consultative body for strategy development. This was welcomed by landlords, who often found council-led forums unattractive. Many councils were working towards a landlord-led forum and saw it as a natural progression from their council-led forum.

The approach taken by the council in establishing a landlord forum can affect its success and landlords' reactions to the meetings. Landlords and their representatives felt that some councils are simply paying lip service to the expectation that they will have a forum and do not really want it to be a useful resource for dialogue and engagement. A common complaint was that forums are often held during the day, which prevents landlords who work normal business hours (as many small landlords do) from attending. Landlords were most satisfied with local forums when they had been consulted about their style and content, and were keen that councils should work with local landlords associations on the operation of the forum.

There were several examples of established forums with significant landlord participation becoming local branches of landlords associations in their own right where there were not established branches in the area already.

There are several possible models for landlord forums. Three options are outlined here, with suggestions for how to develop the options into more advanced models.

Option One

- The council sets the agenda, but landlords are asked to identify areas they would like to discuss
- Meetings are arranged so landlords can meet representatives of different council teams, typically Housing Benefit, Licensing, and Environmental Health.
- Discussions can be about specific cases, general experiences with council departments, or wider issues such as crime and community safety.
- The aims of this type of forum are to raise awareness of how council procedures work, explain decisions, highlight problems, and to work towards improving systems. Forums had focused on the need to improve or amend Housing Benefit processes and requests for referencing.
- Forums are structured to give landlords networking opportunities where they can share information on good local contractors, tenancy management and experiences.
- Information sessions in forum meetings can evolve into training events.
- Forums can also be used as consultative groups where the council can discuss policy development and content with landlords. Topics could include licensing procedures, tackling ASB and regeneration initiatives. Nottingham council operates a 'Think Tank' concept where small groups including landlords associations and council officials meet to generate new ideas for local work with the PRS.

Option Two

- Where landlords have the capacity they may lead the forum or this may be done by a landlords association. Often the council continues administration and/or provision of a venue, but landlords set the agenda and chair the meetings. Component parts are likely to be as above.
- The forum may take on additional responsibilities. In Blackpool, the forum has 'ownership' of the local accreditation scheme although it is still administered by the council. This shows non-members that landlords endorse the scheme.

Option Three

- The forum may develop into a landlords association or local branch of an existing association. [BARLO](#) is a formally constituted landlords body for accredited landlords. It has specific strategic aims and formally contributes to strategic housing work in Bolton. Control is split three ways between landlords, independent representatives and council members. The board is supported by a business development group (senior officers), and a management support group (officers at operational level).

Guidance

Councils should operate a landlord forum. Landlord forums can be a useful way for councils and landlords to share information and ideas, and can contribute to councils' service and strategy development.

Councils should work with existing landlords and landlords associations to design and run forums, and ensure they are held at a time of day which maximises attendance opportunities for those landlords they want to target. Working with associations can help to tailor new forums appropriately and attract landlords to attend, and can give associations access to new landlords who may become members.

Councils should consult forums when new procedures are planned. Manchester and Salford councils successfully used their landlord forums to involve landlords in the design of licensing. This helped to reduce complaints, get support, and get the scheme design right for both the council and the landlords.

When developing measures of success for landlord forums, authorities should monitor consistency, and levels, of attendance at each meeting. They should also try to gauge the capacity of the forum and development of relationships between council and landlords.



Councils should seek to increase the capacity of landlord forums over time. They should consider what remit and format is most appropriate for the forum to reflect their aims and the forums' capacity. Boston council is working with NFRL to develop an association from the core membership of the forum. The forum will remain as a tool which gives all landlords the opportunity to meet with council staff to discuss issues of relevance to the sector.

Forums should try to reach landlords who are not able to, or choose not to, attend. Coventry, Bolton, and Newcastle councils make minutes of their forums available on-line, and Easington council uses direct mailing to send information out to landlords.

Landlord training and events

The *Housing Act 2004* has been a catalyst for introduction and expansion of information and training offered to landlords by local authorities. Landlords recognised that many authorities had tried hard to share information with them, particularly around [HHSRS](#) and the introduction of licensing, although councils had often not had knowledge of the detail of proposals themselves.

Some councils had used landlords associations to provide their training, as the idea of 'training for landlords by landlords' was considered to be attractive. Some councils were able to offer free training because of funds allocated by the Regional Housing Board.

Training has been offered on current and forthcoming practice issues such as:

- Landlord and tenant law
- Eviction and court procedures
- Housing Benefit regulations
- HMO, mandatory, additional and selective licensing
- HHSRS
- Fire safety assessment
- Tenancy deposit protection scheme
- Law Commission tenancy reform

Established training programmes with a formal syllabus include [London Landlords Accreditation](#) and Sheffield Hallam's [Landlords for Excellence](#).

Several authorities now hold landlords conferences to share information and promote discussion, and regional events are becoming more widely used. These events have been well attended and have enabled authorities to make contact with landlords they were not previously aware of. Councils commented that it can be quite expensive to advertise these events (e.g. in local press) but that the benefits justify the outlay.

A number of landlords associations commented that they know that LACORS provide good practice information on matters affecting the private rented sector, and were frustrated that they are unable to access this because of registration requirements for their website.

RECOMMENDATION: In developing its services, LACORS should ensure that information which could be of use in promoting good practice to landlords is not in the restricted area of its website.

Guidance

Councils should consider running local or regional training events to increase landlords' knowledge and awareness of statutory requirements and local practices. Training can contribute to raising housing standards in the sector. Decent and Safe Homes ([DASH](#)) offers a programme of free landlord training. ANUK and IDeA are currently developing a standardised private rented sector training manual for local authorities.

Councils should consider running local or regional information events to share information with landlords and make contact with a wider range of landlords. [Boston](#) and Nottingham councils have successfully run local events, and regional conferences are run in [London](#), and the [East Midlands](#).

Neighbouring authorities should develop arrangements for advertising each others' events so that landlords living in areas outside where their property is located become aware of events.

Councils should approach landlords associations to discuss if they are able to advertise local events. The NLA invites local authorities to advertise their events on its [website](#).

Councils should approach local landlords associations to discuss whether they are willing and able to run councils' training programmes for landlords. This can make courses more attractive to landlords, remove the need to develop courses in-house and also help to build relationships between councils and associations.

Landlord newsletters

A number of authorities prepare regular newsletters for landlords. These are sometimes targeted just at accredited landlords, but usually contain information relevant to all landlords. Newsletters are seen as an easy way to get information to landlords who council staff may not meet face to face.

Information presented in newsletters includes:

- Contact details for relevant council departments and other agencies
- Promotion of events for private landlords
- Details of council services for the private rented sector
- Updates on local regeneration schemes
- Details of Housing Benefit performance
- Updates on initiatives to tackle crime and ASB
- Updates on new and forthcoming legislation.

Some councils have been able to fund newsletters by selling advertising space to local companies.

Guidance

Local authorities should consider developing regular newsletters to inform landlords of local work with the PRS. [BARLO](#) prepares a newsletter three times a year which is available on-line and in hard copy. [Salford's](#) annual newsletter for accredited landlords is also available on line.

Councils should investigate ways to make the newsletter self-funding by selling advertising space.

Anti-Social Behaviour services

Private landlords often struggle to tackle anti-social behaviour themselves. When letting property, they may not be able to identify which potential tenants have a history of ASB, and when it becomes a problem they may not have the skills or resources to deal with it. Private landlords do not have the same range of tools available to social landlords to tackle ASB, and often their only option is to seek eviction. In addition, landlords can feel vulnerable, especially when their tenants are involved in serious criminal activities.

A number of councils help landlords to avoid housing tenants with a history of ASB by offering referencing services. The service can successfully reduce the concentration of households which require high levels of housing management intervention in particular areas. Fewer councils had procedures in place to take account of the impact of referencing on households which become unable to access both social and private rented accommodation.

There are few services which help landlords to tackle ASB when it occurs. Many councils have ASB departments, but these are largely in place to tackle poor behaviour in public spaces, co-ordinate multi agency work, or to ensure that housing associations tackle ASB committed by their own tenants. A limited number of councils did offer landlords advice on legal remedies and support with court work. Those which did not offer this service commented that it would be beneficial.

RECOMMENDATION: The [Respect Standard](#) should apply to local authority ASB services as well as social housing and the Housing Market Renewal Pathfinders.

Landlords expressed concern about how reductions in Housing Benefit for anti-social tenants (proposed in the [Welfare Reform Bill](#)) would affect their ability to manage properties, especially given the lack of services to help reduce ASB in the PRS.

Currently, most councils have little capacity to use [management orders](#) to tackle ASB in the private rented sector where landlords are not prepared to tackle it themselves.

Guidance

Areas which suffer ASB due to concentrations of tenants with poor behaviour can benefit from referencing services offered to landlords. This can involve checking Environmental Health records, social landlords' tenancy records and liaison with the Police and Social Services. In Newcastle, checks are carried out when an applicant admits they have committed crime, if the project has knowledge of the applicant's history, and if the applicant has a significant gap in their housing history. Information is not directly disclosed to landlords due to data protection restrictions, but landlords do receive a recommendation on whether or not to offer a tenancy.

Authorities offering a referencing service should consider the consequences for those unable to find accommodation due to their reference check. Provision of a support worker may reassure landlords and encourage them to house applicants who 'fail' a reference check. In Newcastle, people refused accommodation because of the checks are offered a support worker. The project also has knowledge of landlords who have the capacity to provide a more intensive housing management service and negotiates with them to house tenants with a history of poor behaviour.

Where accreditation codes of management practice require landlords to be proactive in ASB prevention, councils need to ensure facilities are in place to enable landlords to comply.

Where an area is designated for particular attention to tackle ASB, councils should broaden their ASB teams to provide support and services to private landlords. Landlords may need advice on legal and pre-legal remedies available, and may benefit from a dedicated caseworker who can take action on their behalf.



- [Newcastle Private Rented Project](#) offers an advice service for landlords which can explain their legal rights, explain ways of dealing with ASB, provide casework support, and mediate between relevant agencies. The Project's coordination role can put a distance between landlords and anti-social tenants, which increases landlords' confidence to tackle problems. The project works from local housing associations' ASB procedures and works closely with the council's ASB unit to coordinate action against perpetrators. The project is shortly to have a Tenancy Enforcement Officer based within the local ALMO, Your Homes Newcastle, who will handle PRS court procedures.
- [Bolton at Home](#) trains landlords on how to deal with tenants who perpetrate ASB and advises on how to reduce the risk of re-housing problem tenants.

Councils should consider whether they can provide ASB rehabilitation services along the lines of [Shelter's Inclusion Project](#), or provide floating support for anti-social tenants as Burnley Council does.

Councils should ensure there are clear links between PRS strategies, ASB strategies, and the work of Crime and Disorder Partnerships, especially regarding interventions, support, and liaison with the Police.

Councils should explore whether they can use [Special Interim Management Orders](#) to tackle ASB.

Tenancy deposits and bonds

Many authorities have schemes which guarantee or pay deposits to help certain households to access a PRS tenancy. These schemes are usually used to secure affordable housing as part of the homelessness strategy, and so are only available to homeless or imminently homeless households.

Some authorities had restricted access to their bond scheme to accredited landlords. They felt this had been successful in encouraging landlords to become accredited and in securing good quality accommodation for vulnerable households. However, a number of authorities and landlords were sceptical that this approach could be successful, commenting that accredited landlords often tend to choose not to house homeless families or those receiving Housing Benefit. Others were keen to make as much accommodation as possible available to homeless households and so did not want to limit the pool of landlords that could access bond and grant schemes.

Authorities were aware that the national tenancy deposit scheme is due to be launched in 2007, and were preparing to raise landlords' and tenants' awareness of the scheme when details are announced.

Guidance

Councils that are keen to increase PRS stock available to homeless households by offering deposits and bonds should consider how this strategy can tie in with strategies for increasing the number of decent and affordable homes available to vulnerable households.

Councils should also consider how they can get vulnerable households into properties where landlords are committed to high standards of management and maintenance. Where possible, bond and tenancy deposit schemes should be linked to accreditation. Where this is not possible from the outset, it should be considered in reviews of the scheme.

Councils should work to raise awareness of the forthcoming national [Tenancy Deposit Scheme](#) among landlords and tenants.

Grants and loans

The range of grants and loans available to landlords in different authorities varies. Group repair schemes had been used by a number of councils, and grants for energy efficiency, HMO conversion, and bringing empty properties back into use were also available to landlords in several authorities. However, many grant and loan packages offered by councils, in particular decent homes grants, were only available to owner-occupiers. Landlords commented that financial assistance to improve energy efficiency is attractive, but that it is not offered by all councils.

Many councils objected to the provision of grants to landlords and felt that they should not be subsidised, especially as many have substantial equity in the property they own. However, some councils felt strongly that financial packages to bring properties up to the Decent Homes Standard should be available to landlords in order that tenants live in acceptable accommodation.

Councils had used enforcement against landlords for some aspects of non-decency but had found that many landlords are not cash rich and therefore are unable to meet their obligations. Some councils had worked to bring their financial assistance and enforcement regimes closer together so that financial assistance could be offered where landlords were unable to meet requirements. Several authorities targeted funding at landlords, with secure tenants whose rental income would not cover costs or loan repayments, and used means testing of landlords to control access to grants. Some problems had been experienced in allocating decent homes funding because landlords do not necessarily consider their tenants to be 'vulnerable' even if they are claiming benefits and so fit the national definition.

As with bonds and tenancy deposits, some authorities had tried to use the schemes to achieve other strategic aims. Some had made access to grants and loans conditional on the landlord being accredited. Many made finance available only to landlords who would lease the property to the council or give nomination rights, usually for five years.

Many councils have struggled to set up loan products under the *Regulatory Reform Order 2002* because they cannot make them financially viable. They were keen to see development of national government backed schemes and regionally operated schemes which would have the scale to attract sufficient private sector funding to be viable.

RECOMMENDATION: To help increase investment in the physical standards of privately rented property, national and regional government should:

- Provide seed funding for a national or regionally operated loan scheme to ensure financial viability
- Give support to commercial equity release products, and develop ways to help landlords to access such products.

Problems with take-up and mistrust hindered the administration of both grants and loans. Landlords were often suspicious of a council's reasons for offering financial assistance and were reluctant to take financial packages as they expected strings to be attached to the offer. Whilst there were often conditions (such as a requirement to lease property to the council or give nomination rights for a set period of time), they were always explicit. Promotion of packages had been successfully used to increase uptake. However, comment was also made that the scheme should not be too heavily promoted in case it led to the council receiving more applications than it could afford to fund.

Many councils commented on the existence of a grant dependency culture which means that landlords are reluctant to take an equity or cash loan, especially if there is grant funding available. They found that landlords were reluctant to give up equity shares in their property even when improvements may increase overall property value. Landlord representatives commented that loans are more appropriate when dealing with a majority of landlords, as the financial commitment is enough to promote them to maintain the standards achieved. There was concern that grants are often awarded to the same pool of landlords who choose not to invest in their property but instead rely on council funding rounds.

Guidance

Councils should consider whether to make funding and advice available to help landlords meet the decency standard. Policy makers should be aware that not all landlords are cash rich or receive enough income to repay loans and so may not be able to invest in their properties to improve physical condition. Means testing is an effective way to ensure financial support is given to those landlords who most need it.

Financial packages to improve property standards should be closely linked with enforcement procedures to ensure that landlords have access to the resources needed to meet their obligations.

Grant and loan schemes can be used to boost membership of accreditation schemes if access to financial support is limited to accredited landlords or those who agree to become accredited once improvements are completed. Blackpool Council's HMO conversion grant is only available to landlords who are accredited.

Councils should ensure that financial packages available meet the needs of the local PRS and that decisions on where to target resources are based on understanding of the characteristics of landlords operating in the area.

Appropriate marketing or redesign of products (e.g. part grant-part loan) can help councils to tackle problems with take-up and mistrust. A key to marketing, especially for equity loans, may be to show that investment in the property will increase its value. Councils have successfully used heavy advertising of grants available to landlords, using the local media and leaflets. They had also offered money towards energy efficient boilers, which then enabled them to promote other financial packages to landlords. This increased promotion had increased uptake.

If councils are concerned that they will not have the resources to meet all funding applications, they should assess and prioritise applications at regular intervals rather than allocating funds on a first come first served basis. This will enable money to be targeted at properties which most need it.

Councils must use clear terminology when advertising their products and recognise that landlords may not define their tenants as vulnerable even though the decent homes assessment criteria does.

Tenancy support

Councils commented that floating support services can be helpful in addressing ASB and problems of churn in the private rented sector. It could also encourage landlords to house tenants who may otherwise struggle to maintain a tenancy. Few councils had specific agreements with floating support providers to provide services to private tenants, but those which did felt they were very successful.

RECOMMENDATION: Administering Authorities for supporting people budgets should work with PRS teams to establish how floating support services could help improve access to the PRS for vulnerable tenants or to stabilise problems in areas with high concentration of vulnerable households in the sector.

Some authorities had negotiated with statutory and voluntary support providers and health workers that they would notify the council if they visited a property which they felt did not meet the Decent Homes standard. This enabled the authority to target their own services at appropriate properties.

Guidance

Where there are concentrations of tenants who may have difficulty sustaining tenancies, councils should make links to existing floating support and other relevant services, and highlight need if no support is available. Tenancy support schemes offered in Burnley and Middlesbrough have been successful in working with private tenants, in particular those who perpetrate ASB.

Social Services may also be able to provide support to tenants. Blackpool's Springboard scheme has been successful in working with families that perpetrate ASB.

Tenancy support providers should be asked to provide information which can help improve delivery of other PRS services. In Boston, support providers have been asked to identify PRS properties which do not meet the Decent Homes Standard and the information is used by the council to target relevant funding or enforcement action.

Section 3 Factors Affecting Use of Available Tools

Local authorities' capacity to use the available tools to best effect can be affected by a number of factors, both internal and external to the authority. This section presents findings and guidance on how a range of factors affects work with the PRS and how problems can be mitigated.

Departmental structures and staff responsibilities

Departmental structures can have a significant impact on local authorities' capacity to deliver their private sector housing function. Allocating lead responsibility, location of functions, staff responsibilities, and links between teams working with the PRS all affect strategic direction and consistency of approach.

Lead responsibility for work with the private rented sector (with the exception of Private Sector Leasing) is usually taken by either Environmental Health or Housing departments. There was no clear consensus that it fits better in one of these than the other. Some felt that it fitted better in Housing because work with the PRS contributed to the strategic objectives of the Housing department, especially neighbourhood improvements. Others felt that the statutory role (HHSRS and licensing) fitted better with Environmental Health because of officers' enforcement skills. Where work with the private rented sector is a specified part of a wider programme of work, such as neighbourhood regeneration, its departmental location may enable integration within specific initiatives. Some commented that it was not appropriate for enforcement and incentive-based initiatives to be run by the same teams as it creates an unequal power relationship with landlords and could deter them from working with voluntary initiatives.

Many councils felt that the capacity of different teams with responsibility for aspects of the PRS to link together is more important than exactly who has responsibility for different tasks. Many councils had moved away from taking a 'silo approach' to PRS issues, where each department had carried out its responsibility for the PRS independently. However some councils were still hindered by their structure or by poor communication between departments.

RECOMMENDATION: The Audit Commission should continue to use its inspection process to highlight where departmental structures appear to hinder delivery of the private sector housing function.

Different departments sometimes try to address problems in areas or properties without awareness of their colleagues' work in the same area. Others found that their work would be undermined, or at best not reinforced, by other teams' work. A commonly reported problem is that homelessness teams sometimes proactively direct homeless households into accommodation with unaccredited landlords at the same time as Housing or Environmental Health teams are trying to promote accreditation to the same group of landlords. Practitioners felt that their work to promote accreditation would be better reinforced if Homelessness teams only directed homeless families into accommodation run by accredited landlords.

In a number of councils, coordination between different teams is on an informal basis and information is shared, or cases discussed, when individual officers feel it is necessary. This clearly leaves much scope for omission and depends on individual staff members to drive and maintain links. This approach is likely to be more successful in small authorities where there are fewer staff and departments are in closer physical proximity.

Formal liaison arrangements had proved successful. Several models for liaison are in operation:

- **Steering group of senior officers** working to improve understanding and joint working across the council, and to ensure that all teams work towards corporate strategic objectives relating to the PRS.
- **Officer-level liaison meetings** to discuss ongoing cases and emerging issues and trends. These meetings also help to share knowledge of issues, landlords, and relevant external agencies, and to develop shared goals around the improvement of local accommodation. The effectiveness of such meetings can be dependant on the co-operation of relevant officers, and lack of backing from one department can reduce their effectiveness. Support from senior management team can ensure these meetings work properly.
- **Multi-agency meetings** of council staff and external agencies which deal with issues which may relate to the PRS, to discuss ongoing issues and trends.

Teams and departments which could be involved in such meetings include:

- Housing (including Housing Advice and Homelessness teams)
- Environmental Health
- Building Control
- Planning
- Housing & Council Tax Benefit
- Social Services (including Occupational Therapy)
- Welfare Rights
- Supporting People
- Regeneration
- Refuse
- Leisure Services

External agencies which could be involved include:

- Police
- Tenancy support providers
- Advice agencies
- Landlords associations.

A number of councils have specific project-based initiatives to work with particular aspects of the PRS. These teams are physically separate from more common Environmental Health-based services, and often have an identity separate from the council. A separate project can help to provide a clear focus on the PRS, usually on specified geographical areas, and a separate identity can make landlords feel more comfortable than if they were working with the council.

These projects can formally bring several areas of PRS work together, although they are unlikely to encompass all PRS work (e.g. enforcement is often kept separate) so formal liaison agreements will still be essential.

In a number of cases, initiatives had been established using grant funding but had been wound up at the end of the funding. Councils which had experienced this had worked hard to integrate successful bits of the scheme back into their mainstream services.

Landlords were very supportive of councils that have a Landlord Liaison Officer to give landlords one point of contact when approaching the council about a range of matters. This gives landlords clarity and consistency, and consequently helps to promote good working relationships with the council.

Some Housing Benefit teams help to improve access to private rented accommodation by providing specific officers whose remit is to ensure that claims from tenants of accredited landlords are processed quickly. Poor administration of Housing Benefit can deter landlords from offering tenancies to benefit claimants, which in turn hinders local authorities' attempts to use the PRS as an alternative to social housing.

Guidance

Wherever PRS work is located, councils should ensure it is able to be focused and strategic rather than reactive and enforcement driven. Local authorities must consider how allocation of lead responsibility for the PRS function affects their ability to deliver PRS work and achieve strategic objectives.

- Blackpool Council has developed the '[Reassurance Plus](#)' model which applies a neighbourhood focus to the most deprived areas. So that PRS work can make a full contribution to the Reassurance Plus approach, responsibility for PRS work sits with the Neighbourhood Team rather than Environmental Health.
- Bolton Council has passed responsibility for private sector housing to Bolton at Home, the ALMO which manages its council housing.

Departmental structures should be put in place to ensure that PRS work is coordinated and strategic aims achieved. Of particular importance is whether departments which contribute to PRS work are able to link together.

Formal joint working arrangements should be developed in larger authorities. Informal information sharing agreements may have limited success and consistency in larger authorities as they depend on staff members supporting the arrangements and making appropriate decisions on what to share and what to omit.

When developing cross-departmental liaison arrangements, councils should consider which model best meets their needs and which departments or agencies should be included.

- Camden has a steering group of senior officers for PRS work which was established as a result of a scrutiny panel report. This group's role is to improve understanding and joint working across the council, ensure commitment to corporate objectives for the PRS, and monitor implementation of targets.
- Boston Borough Council holds fortnightly officer-level liaison meetings to discuss the latest cases in the private rented sector and to consider ongoing issues. Officers are aware that issues they raise at this meeting will be dealt with corporately and that departments outside theirs will not take decisions which counteract their work. These meetings also help to share knowledge of issues, landlords, and relevant external agencies, and to develop shared goals around the improvement of local accommodation. The liaison meetings are supported by the senior management team so there is a requirement from senior level that staff will attend.
- A multi-agency private sector working group operates in Newcastle. This gives an opportunity for anyone working with the PRS to meet and discuss issues arising in the sector (as opposed to specific cases). Blackpool Council has a multi-agency approach to addressing PRS case issues which includes council departments and the police. They are developing a referral form so departments and agencies with concerns can refer to a central point for intervention.

Councils should consider whether creation of specific staff roles, such as a Landlord Liaison Officer, could improve the service offered to landlords and therefore improve relationships and build support for voluntary initiatives.

Where there is a particular need to work closely with the PRS, councils may find a specific initiative with a suitable office location can provide the necessary focus. [Bolton Private Landlord Project](#) and [Newcastle Private Rented Project](#) show how this approach can be effective. They provide support services to the PRS and run accreditation schemes but are not involved with enforcement. Authorities considering development of a specific PRS project should consider [options](#) for location, staffing and functions.

Councils should try to mainstream successful specialist PRS schemes at the end of grant funding. Where this is not possible authorities should seek to retain as many aspects of the service as possible. The Blackpool Landlord Liaison Project was funded by NRF/SRB and operated from December 2002 to January 2005. It focused on burglary reduction, crime/ASB and building landlords' management capacity. When funding ended, the council disbanded the project but integrated its component parts into existing council functions.

Availability of resources

Staff resources

Some authorities, even those with sizeable PRS issues to address, had very few staff working on PRS issues. It was not uncommon for only one or two members of staff to be running licensing, accreditation, improving decency, and empty property services. This can mean that staff are restricted to reactive work and have little capacity to develop use of forums, training, newsletters etc. Staff in under-resourced teams often felt overwhelmed by the work they had to do, and were very aware of the work they could not do. In these authorities, officers were keen not to generate demand for their services which they could not respond to, and therefore felt they have to manage landlords' expectations of their services.

A number of authorities had simply added requirements from the *Housing Act 2004* to their existing workload. Whilst mandatory licensing has to be self funding, authorities without a large number of licensable HMOs will not secure enough income to employ a member of staff to work on licensing either full or part time. The introduction of licensing resulted in increased work for some staff, which meant that voluntary measures such as additional licensing could not be considered at least until mandatory licensing had bedded in. Where staff have been required to dedicate most of their time to establishing a licensing system they have been unable to focus on problems arising in non-licensable properties. There were also concerns that councils would not be able to fulfil their statutory duties with the PRS, for example HMO licensing might not be fully enforced in areas with insufficient staffing because unlicensed landlords would not be identified and made to comply with the scheme.

Some authorities have seen changes brought by the *Housing Act 2004* as an opportunity for review, and have increased funding to enable creation of new posts. Increased staffing had enabled significant expansion of their private sector teams and improvement in ability to take a strategic approach to work with the sector. Insufficient staffing resources sometimes resulted from low [corporate awareness](#) of the work needed or possible with the PRS, or how it could contribute to wider strategic objectives, especially those relating to neighbourhood improvements. Even where there was sufficient money available to pay for staff, there were difficulties recruiting to private sector and environmental health teams in a number of authorities.

Financial resources

In most authorities, work with the private rented sector is funded from a small range of funding sources.

Capital funding sources include:

- Regional allocations to sub-regions for decent homes work
- Disabled Facilities Grant subsidy
- Recycled loan repayments
- Right to Buy receipts (dwindling due to falling sales)
- Externally awarded grants for regeneration

Revenue funding sources include:

- General Fund allocations
- Externally awarded grants for regeneration
- Enforcement charges

PRS teams depend largely on funding allocated from the General Fund; a budget which is increasingly squeezed by other pressures. The efficiency agenda and demands from Government Offices to prioritise decent homes work were highlighted as pressures which squeeze allocations from the General Fund. Some authorities had seen cuts in money available for voluntary tools such as landlord forums. National under-funding of Disabled Facilities Grants was seen to be a particular drain on capital resources. Some teams felt that they were limited to delivery of statutory functions unless they secure external funding. Even where teams could see clear benefits of particular work, such as data collection or accreditation, they struggled to secure funding. In some authorities, officers also attributed low funding levels to lack of [corporate](#) or [member](#) support for their work.

Authorities have several approaches to maximising available revenue.

- Charges for enforcement work can offset revenue costs and so free up revenue funding for other initiatives.
- Some soft options can be self-funding e.g. sponsorship can be secured for landlord days and newsletters, although staff time will still be needed.
- Partnership working with other organisations and neighbouring authorities can help to maximise outputs from existing budgets.

Those working within the remit of larger projects had access to more money and so could be more ambitious in their work. For example, Housing Market Renewal Pathfinders have greater capacity to fund research and project staff than many local authorities. Neighbourhood renewal programmes have also been a big help to many councils, as has regional decent homes and homelessness funding. However, there was concern at regional level that local authority front-line staff were not being made aware that their local authority had been allocated regional funding for a specific purpose, especially for decent homes work.

A number of projects have been dependant on specialist, time limited, grant funding for work with the private rented sector. Some longer-term projects' funding sources had changed every 2-3 years, placing great demands on staff time and requiring regular changes to performance monitoring requirements. Other councils had secured one-off short-term funding but then struggled to mainstream the services developed. KLOE 9 reflects an expectation that private sector housing functions will be dependent on external funding, and describes successful bids for grants and match-funded schemes as a sign of councils' good performance.

RECOMMENDATION: The Audit Commission should encourage local authorities to financially mainstream projects which are needed to run over a longer period.

Some housing strategies had allocated all of their PRS funding to specific neighbourhood areas so that they could tackle the most severe problems. This had caused some criticism when problems outside these areas could not be tackled, and a number of councils had real concerns about the criticism that deprived areas were getting all the attention. At least one council had sought to prioritise certain areas without excluding others by making a limited pot of funding available for work outside priority areas.

Guidance

Staffing levels and financial resources allocated for PRS services should be reviewed in light of the changes introduced by the *Housing Act 2004*.

When setting corporate priorities and allocating budgets, councils must be educated as to the contribution which PRS work can make to wider housing and community priorities, and fund it accordingly.

Where council budgets are insufficient to provide funding and staffing levels to deliver the full range of PRS work required, local authorities should establish partnership working with other organisations or neighbouring authorities may help to deliver a broader service. For example, Dover District Council works with the Southern Private Landlords Association to run training sessions for landlords. Sponsorship can also be sought e.g. for conferences and exhibitions.

An assessment of the PRS work needed and tools available can help allocate, bid for, and use resources more appropriately. A scrutiny panel may be an inexpensive way to identify key issues. Consideration should also be given to the various sources of funding which may be available.

An area-based focus on PRS work may make the most significant difference where there are concentrated problems. Councils should consider how to balance allocation of resources to avoid complaints that other areas are being neglected. Bolton's [Housing Renewal Strategy](#) has allocated 90% of funding for area based initiatives, and 10% for other work.

Administration of Interim and Final Management Orders

Under the *Housing Act 2004*, Interim and Final Management Orders **must** be used where:

- HMOs subject to mandatory licensing cannot be licensed
- HMOs subject to an additional licensing scheme cannot be licensed
- Private rented property subject to a selective licensing scheme cannot be licensed.

In the case of mandatory HMO licensing, councils have a **legal duty** to operate a licensing scheme **and** to apply for a management order when a licence cannot be granted.

Interim and Final management orders **can** be used where:

- Owners of empty property persistently refuse to bring it back into use
- Landlords persistently refuse to tackle serious ASB emanating from their property.

Many councils were concerned that they would not be able to arrange administration of management orders. A number of councils did not expect to use many management orders, and some saw their use as showing failure of earlier interventions, but they did recognise the need to put procedures in place.

The ability to use additional and selective licensing, and the effectiveness of empty homes strategies and broader anti-social behaviour strategies, will be affected by councils' ability to administer management orders. Councils which previously had a poor history of enforcement were very aware that landlords exploited this to avoid meeting obligations which might be enforced in other local authorities. Similarly, the possibility of loss of control due to a management order is a strong threat to owners of empty property or landlords who will not tackle ASB; but if local authorities are known to be unable to use them their early actions to tackle problems will lose credibility.

Councils which no longer own or manage their own stock did not feel they had the capacity to take on management of HMOs or family homes. Even those with their own stock felt that management of HMOs requires different skills which in-house housing officers did not possess. However, some councils' Private Sector Leasing schemes had HMOs in their portfolio and so these authorities did have the necessary in-house management skills.

Most authorities had anticipated that they would develop service level agreements with external organisations for the administration of management orders. Organisations considered suitable include:

- Social housing providers including traditional or LSVT housing associations or ALMOs
- Housing association development partners
- Letting agents
- Commercial property management companies
- Accredited landlords
- Large investment landlords.

Once the legal powers were in place, many had found these organisations reluctant to administer the orders.

Social housing providers, letting and commercial property agents had a range of concerns which made them reluctant to administer the orders.

- They were uncertain whether the cost of works to the property would be met through the rental income
- The length of time it would take to recover costs through rental income was considered too long
- They felt unable to develop robust business models as authorities could not state in advance how many management orders they would be asked to deal with, or the amount of work needed for each property
- Social housing providers did not feel they had appropriate housing management skills, particularly relating to HMOs
- For some housing associations, management of property was not as attractive as direct ownership and was not compatible with their business plans.

Some councils were exploring ways to ensure external organisations were found to administer management orders.

- Some councils which have formal partnership arrangements with housing associations for development and housing management had drawn up service level agreements with members of these partnerships to deliver management orders. Some had applied substantial pressure to get agreement.
- Several councils had considered the possibility of asking housing associations to co-ordinate any remedial work and act as managing agent but bearing the financial risk by funding repairs themselves, or with the aid of regional decent homes funding. This was considered beyond the means of most councils.
- Use of framework contracts was being considered in a few areas to give greater flexibility to external agencies who may be able to administer some management orders.

RECOMMENDATION: LACORS should circulate good practice on the administration of management orders as it becomes available.

Few councils mentioned asking private sector landlords to take on management of properties subject to an IMO, but landlords did state that they would be prepared to do this for properties where the market conditions were right. Those councils which had considered it would approach accredited landlords.

Management services do play a key part in some housing associations' business plans, especially where they are already heavily involved in neighbourhood management of an area. Some associations specifically offer management services for private sector properties, and saw licensing and HHSRS as an opportunity to expand their services.

Guidance

Councils should put in place internal procedures or service level agreements with external providers to administer management orders. This will enable them to meet their legal obligations and use the full range of enforcement mechanisms available under the *Housing Act 2004*.

Councils planning to administer orders in-house should consider whether their PSL team has skills, such as management of HMOs, which could be of use to wider PRS work.

Councils planning to contract out administration of orders should consider the practical and business needs of potential managing agents and seek ways to facilitate development of a service. This may involve bearing financial risk of property repairs rather than passing it on to managing agents.

A framework contract may be more attractive to organisations with the skills to administer the orders. These contracts, piloted by Bristol City Council, allow organisations to express a general interest in running orders but they have the right to choose or refuse properties as they are offered to them by the council.

Ultimately, councils that cannot identify an external partner to operate management orders will have to administer them in-house.

PRS housing market knowledge

Recent government policy has strengthened the expectation that local authorities will develop a good knowledge of housing markets and use it to inform relevant strategies.

Many councils will have staff who are specifically responsible for undertaking and updating housing market assessments which cover all tenures, and the DCLG has made available detailed [current](#) and [draft](#) guidance to inform their approach.

PRS teams are unlikely to have to complete a housing market assessment themselves, but they will depend on the data collected and may need to contribute their own data to inform it.

Housing market assessments which cover the PRS provide a baseline to understand the dynamics of the sector and inform policy directions. Knowledge of location of PRS properties and market trends is not just needed by councils with a noticeable problem with the operation of the PRS. It can be used by local authorities to ensure they are in a position to anticipate and adapt to market changes.

Baseline information needed on the PRS to give a good picture of supply and demand patterns includes:

- Total supply of PRS stock in area, broken down by type (e.g. HMO, family houses etc)
- Concentrations of PRS by area
- Number of landlords
- Size of landlords' portfolios
- Management arrangements (use of agents or direct management)
- Client groups let to
- Turnover of ownership between landlords
- Stock condition
- Household types seeking PRS accommodation
- Property types sought within PRS
- Affordability (rent levels compared to incomes)
- Accessibility (entry requirements and tenancy restrictions)
- Turnover of lettings, including empty dwellings.

Most authorities interviewed for this research felt that their knowledge of market trends in the PRS is largely anecdotal rather than factual, and some knowledge proved to be incorrect on examination. Councils were aware that their ability to work effectively with the private rented sector is hindered by their lack of knowledge of the private rented housing market. However, many felt that they had insufficient resources to fund a full housing market study.

Property location, ownership and management

Often councils do not know where private rented sector properties are, and so struggle to map concentrations or develop and run informed intervention policies. Census data may give an indication of property locations, but rapidly becomes out of date. Some councils commented that they had struggled to implement mandatory HMO licensing because they did not know definitively which properties required a licence – they were dependent on self declaration by landlords and cross referencing with their own incomplete records. Even those which had previously run HMO registration schemes were now finding more HMOs than they previously knew about. Others felt that additional or selective licensing could help improve the operation of the PRS in their area, but did not have the resources to commission work to identify the location of properties. One council had gathered information on property locations and ownership but struggled to make use of it to map the local area or target information and services at landlords due to lacking financial and staff resources.

A number of authorities commented that they do not have robust information on PRS property owners and managers. In general, small rural authorities felt more confident that they knew the identity of the majority of locally operating landlords. In some areas, property ownership changes frequently (because of management difficulties or profit realisation) and councils struggle to keep up. Some councils commented that ownership of properties by BME landlords is often transferred between family members. Also NASS did not keep them informed as to the location of properties leased by NASS to house asylum seekers, and it was therefore not clear who to contact when problems were associated with the properties.

RECOMMENDATION: NASS should be required to notify councils of property locations when they are leasing properties for asylum seekers.

Several councils commented that a statutory notification scheme, where landlords are legally obliged to inform local councils of properties they rent out and provide contact details, would be a great help. Councils would then be able to map the housing market and know how to contact landlords about specific problems or to market initiatives such as training and licensing. Such a scheme has recently been introduced in [Scotland](#). A few did have some concerns that such a system could become too bureaucratic, especially to enforce. This concern was shared by landlords, who highlighted that many people who rent out property do not consider themselves to be landlords, usually when they do not have a portfolio or investment strategy.

Internal sources of data

Teams responsible for working with the private rented sector were aware that data held by council departments could provide a more comprehensive picture of the PRS market if it was combined.

Departments holding relevant data include:

- Environmental Health (enforcement action, licensing, accreditation, grants and loans, ASB complaints)
- Planning
- Homelessness
- Housing & Council Tax Benefit (indicate location, turnover, rental levels, household type for lower end of PRS).

The *Housing Act 2004* gives clear new freedoms to councils to share data in order to implement parts 1-4 of the Act. Some councils commented that these legislative changes had made a significant contribution to their ability to combine data, whilst others found they were still struggling to access data held by other departments.

Several authorities commented that Council Tax records are not as helpful as expected when seeking to identify HMOs. Liability for Council Tax in an HMO falls with the landlord rather than the occupants of the individual flats within the property, and therefore there should be a specific banding designation in Council Tax records which can help identify such properties. However, such information may not cover all HMOs and would not indicate size or number of occupants – information which is needed to identify properties subject to mandatory licensing. Areas with a high proportion of migrant workers in PRS accommodation also found little benefit from Council Tax and Housing Benefit records as migrant workers tend not to claim such benefits.

Councils that were piloting the Local Housing Allowance commented that the presumption of payment direct to the tenant meant they had lost a way of collecting details on landlords because their details are no longer provided on claim forms.

External sources of data

A small number of authorities had explored ways of increasing their knowledge base by using information from other organisations. Close working relationships with external agencies, within the framework of Data Protection, had enabled this.

External agencies holding relevant data include:

- Letting agents (can give an indication of how many landlords use managing agents, and may run reports on demand, supply, rental levels and turnover patterns (including particular property or household types). Specialist agents may give details on specific sections of the market e.g. students)
- Police
- Student housing services within universities
- Advice agencies (may be able to illustrate accessibility issues, identify shared properties, and highlight trends e.g. families being asked to leave accommodation so it can be converted into student lets)
- Land Registry
- Rent Service (indication of rent levels)
- District Valuer
- Office of National Statistics (census data and English house condition survey)
- Members of the Local Strategic Partnership.

Representatives of letting agents commented that councils rarely approach them to discuss local PRS issues, and pointed out that they have easy access to lots of information on the sector and can easily contact many landlords on councils' behalf.

There are several banks of nationally and locally held data which cannot currently be used to help local authorities to work with the sector.

- Letting agents send returns on all lettings to HM Revenue and Customs
- The national tenancy deposit protection scheme will soon hold information on all landlords who take a deposit from tenants
- Local authorities have databases of all landlords deemed to be 'fit and proper'
- Civil prosecutions for breaches of landlord and tenant law are held by the courts.

RECOMMENDATION: Central government should investigate ways in which data held on the private rented sector could be accessed and used by local authorities to improve their mapping of housing markets and work with the private rented sector.

Sources of new data

Collection of new data is resource intensive and can be much easier for PRS projects which focus on a small area than for whole-authority approaches. However, collection of new data may be needed to fill gaps in existing data collected from internal and external sources. New data can be collected through:

- Analysis of locally placed adverts for property to let (to identify properties which are rented and map turnover)
- Tracking of property auctions (to identify properties which are rented and which may be changing hands)
- Door to door surveys
- Postal questionnaires (of tenants or landlords)
- Specially commissioned research
- Licensing applications which ask for addresses of all properties owned by landlord, not just licensable ones.

Different approaches will be more suited to some authorities than others. Small area-based projects may find clear benefit from labour intensive methods such as door to door inquiries and monitoring property auctions and property to let adverts in local shops and papers.

One authority had visited all properties with more than three storeys which it suspected might be HMOs to try to gather sufficient information from the occupants to establish whether a mandatory licence was required. A small number of councils had sent postal surveys to properties which they thought were rented, asking for number of occupants, property details, and landlords' contact details. Authorities which reported using this approach had a high response rate (50%) and had found that the information received helped them to correct a number of errors in their existing records.

A few councils had commissioned specific research to help increase their knowledge of the PRS. A number of councils within HMR pathfinder areas are undertaking research which will help the pathfinder programme to better target interventions and resources. Research sought to collect baseline information alongside qualitative data such as reasons why landlords are in business.

Collation of data

Many councils have yet to collate their internally held electronic data. However, where this is yet to happen, inter-departmental meetings have helped staff to share knowledge of which landlords are responsible for individual properties.

Many councils use software such as FLARE to track enforcement actions, allocation of grants, licence applications etc. Such software can produce reports to show trends in particular areas or landlords' behaviour. However, this data was rarely combined with information on 'soft' interventions or with knowledge held by other departments. Further information on the functions needed by software to manage PRS work can be found in the IDeA Problem Private Renting [toolkit](#).

Some councils were using Geographical Information Systems (GIS) to inform work with the PRS. GIS can be put to good use combining available data and providing visual mapping to assist with strategic policy development for many matters, not just housing. For example, mapping Housing and Council Tax benefit claims can show concentrations of low income households. Good GIS data can be used by PRS teams for predictive modelling to enable them to predict future trends as well as report on current positions. This helps to anticipate sustainability and demand problems so that councils can focus on the right areas and provide the right services. Several councils had GIS which was used only by the highways department. Extension of its use to housing or community related services could have clear benefits.

Stock condition

Several councils commented that because stock condition surveys are expensive, they cannot be done regularly and are often out of date. The BRE has developed a commercially available model which combines local and national data to provide estimates of local housing conditions at sub-regional, authority and ward level. The East Midlands HI-4-EM model builds on this model to include more up to date information.

RECOMMENDATION: The East Midlands HI-4-EM model should be further developed, with a view to all Regional Housing Boards/Government Offices using it and making it available to local authorities as an alternative that can be used in conjunction with stock condition surveys.

Although stock condition surveys give an indication of the level of investment and intervention needed in an area, councils often do not know the locations of specific properties and so officers struggle to spend budgets which have been allocated, especially around decent homes work.

Guidance

The PRS must form a key part of councils' housing market assessments. Private rented housing teams may need to stress the importance of obtaining a good picture of the PRS to staff involved in housing market assessments. They may also need to contribute towards collection and collation of appropriate data.

Housing market assessments should provide a baseline to understand the dynamics of the sector. This baseline information should be used to inform policy directions, which tools are used, and how they are applied/designed. For example, if there is a predominance of single-property landlords, the council may concentrate on skills and information; if there are many non area based investors, work may focus on developing agent accreditation and email communication.

Local authorities preparing to monitor the PRS market should refer to existing [current](#) and [draft](#) DCLG guidance in the first instance. The IDeA PRS Internet Resource Pack sections on [housing markets](#) and [data collection](#) may also provide a useful overview and suggestions for data collection.

Key trends to look out for in the PRS, and which may require intervention, are:

- Low demand
- Low affordability
- Influx of a particular group
- Concentration of one group in one area
- Concentration of BTL flats
- Concentration of reported ASB.



Councils should collate data already held within the authority, and collect new data both internal and external where possible to give a fuller picture of the market.

Views and opinions should be sought to supplement numerical data e.g. comments made in landlord forums may indicate why landlords invest in an area.

Councils should ensure that data collection is longitudinal i.e. that it is regularly repeated in order to map trends as well as giving a snapshot. Stockport Council collects information from key partners every three months to track trends. Keeping information up to date may require simple adjustments to procedures rather than further sizeable resource allocations.

Councils should ensure they have, **and make use of**, as much data as possible, in order to facilitate an informed strategic approach. The amount of data, and how it is managed, will clearly depend on the resources available to the council.

Councils should ensure they have mechanisms in place to combine data on the PRS gathered and held by different departments and keep it up to date. Information from Environmental Health, Planning, Homelessness, and Housing and Council Tax Benefit should be brought together as a minimum.

- The Data Protection Act 1998 offers exemptions to the usual data protection requirements under [Chapter 29 \(29\)\(2\)](#) and [Chapter 29 \(33\)\(2\)](#) which cover execution of statutory functions and research
- [Section 237](#) of the *Housing Act 2004* permits use of Housing and Council Tax Benefit information to discharge duties under sections 1-4 of the Act (HHSRS and licensing).

If separate teams are aware of what information they need, arrangements can be made for other teams working with the same properties to collect information for them. This will reduce duplication of effort. For example, Social Services staff may be able to identify non-decent homes occupied by vulnerable households.

Ideally, information will be collated electronically. Where this is not possible, inter-departmental liaison meetings can enable knowledge to be shared.

Where possible, councils should use Geographical Information Systems to map data on the PRS alongside data on other sectors. Bolton at Home has mapped locations of PRS properties, clustering, types of complaints/problems relating to the sector, and reasons why properties cause problems. Their data on where people seek properties and where ASB and crime occur, coupled with population, house price and income projections has enabled them to develop a predictive model which helps them anticipate sustainability and demand problems. They are then able to focus on the right areas and provide the right services.

Performance monitoring

The Audit Commission has expressed concern about the low level of performance monitoring, and related use of this data, in private sector housing work.

Several agencies commented that some authorities do not produce performance monitoring information unless it is specifically requested by councillors. Routine production of monitoring data, and action on its results, was considered to lead to more successful work with the sector.

A range of management and corporate performance information can be collected to track the success of tools and implementation of initiatives.

Some local authorities expressed concern that performance information may not necessarily reflect the overall impact of their work. For example, the number of prosecutions of landlords for poor property conditions can be monitored but does not reflect whether property conditions were improved following the prosecution. One heavily publicised prosecution may also encourage other landlords to improve property standards to avoid prosecution themselves, but its impact would not be captured if monitoring focused on the number of prosecutions.

Some councils expressed concern that the use of performance measures may lead to enforcement tools being favoured as a means to work with the PRS because they are easy to measure and monitor, although they do not necessarily have the best strategic outcome. Many officers interviewed felt that getting to court reflected a broader failure to communicate or engage with landlords, and that avoiding prosecution whilst improving property conditions may be a greater overall success. This is harder to monitor, however tracking of outcomes rather than outputs will help councils to evaluate the success of initiatives.

Local authorities are already required to provide significant amounts of monitoring information to DCLG which may contribute to their own performance management. Data is collected on bringing empty properties back into use (through [Best Value Performance Indicators](#) for housing); on [HMO licensing](#); and on decency, grants & loans, HMOs, and homelessness (through the [Housing Strategy Statistical Appendix](#), although this rarely separates private rent from owner occupation).

Local authorities can set their own local PSA targets to give a corporate priority to housing work. Suggested targets around private sector decency, rent deposits, and empty homes are available in the IDeA [Housing LPSA webpage](#).

Guidance

Councils should track outcomes (consequences) as well as outputs (numbers/quantities) of their work with the PRS in order to make their data meaningful.

Councils should monitor performance of different aspects of work with the PRS to match their corporate and team objectives. IDeA discussion notes on [performance management](#) and [performance measurement](#) give an overview of the reasons for monitoring work. The IDeA [briefing on performance measurement](#) gives an overview of the stages involved in developing effective measures and identifies the key issues for consideration at each stage. The IDeA PRS Internet Resource Pack section on [assessing progress](#) may be of use to teams working to develop performance indicators for their work with the PRS.

IT systems through which grants, loans, and enforcement action are administered should be able to produce reports on outputs which can then easily be linked to objectives and outcomes for use by senior officers and councillors.

Councils should also seek to identify unintended consequences of initiatives and barriers which hinder achievement of intended outcomes.

Suggestions for performance monitoring

The table on the next page sets out some outcomes which councils may wish to achieve through work with the private rented sector. These outcomes are linked to quantifiable outputs and suggested methods for collecting data.

Outcome (consequence)	Target/output (amount produced)	Data collection
<ul style="list-style-type: none"> Improvement in quality of accommodation occupied by vulnerable households/ improvement of local stock condition 	<ul style="list-style-type: none"> % reduction in number of vulnerable households in non-decent private rented accommodation (based on the old BVPI62) Number of properties inspected Number of grant applications processed (within timescale) Number of properties improved following council intervention Properties/landlords/tenants covered by accreditation scheme as % of total Number of properties/landlords licensed as % of licensable properties/landlords Number of licenses refused/management orders issued 	<ul style="list-style-type: none"> EHO visit records Post-notice inspections Number, type and value of loans awarded to improve PRS stock condition Notices served & prosecutions/ judgements obtained Accreditation records Licensing records
<ul style="list-style-type: none"> Improvement in quality of local property management 	<ul style="list-style-type: none"> Number of landlords attending training & information events (and number of events held) Properties/landlords/tenants covered by accreditation scheme as % of total Number of properties/landlords licensed as % of licensable properties/landlords Number of licenses refused/management orders issued Number of landlords becoming members of local landlords associations 	<ul style="list-style-type: none"> Landlord registration for attendance at events Accreditation records Licensing records Landlords Associations' records
<ul style="list-style-type: none"> Structured involvement of landlords in local neighbourhood management and policy development 	<ul style="list-style-type: none"> Number of landlords attending forums (including consistency of attendance/number of forums held) 	<ul style="list-style-type: none"> Landlord registration for attendance at forums
<ul style="list-style-type: none"> Reduction in crime & ASB Increased stability and quality of life in residential areas 	<ul style="list-style-type: none"> % reduction in crime and ASB in intervention area (including comparison to national/regional/local averages) Number of landlords using council referencing service Number of landlords using council ASB services Council-led ASB interventions 	<ul style="list-style-type: none"> Complaints to Environmental Health, Neighbourhood Wardens Police records Referencing service data
<ul style="list-style-type: none"> Increase access to/reduce exclusion from PRS property 	<ul style="list-style-type: none"> Number of tenancy deposits and bonds issued (including income levels/whether homeless?) Number of referrals to/acceptances by floating support providers Number of properties taken onto PSL schemes % HB claimants living in PRS 	<ul style="list-style-type: none"> Deposit and bond data Administering Authority data PSL records

Corporate support

There was great variability in the amount of corporate support given to PRS work, although this did not seem to correlate to the amount of support needed. Landlords were clear about the need for a corporate approach to the PRS within the council, and expressed frustration about the conflicting messages they get from departments which are not coordinated.

Councils operating without corporate support or councillor endorsement struggled to deliver the scale of work needed for the PRS, coordinate the work of different teams, maximise the impact of overall PRS work, and to maintain momentum of initiatives when key staff left.

Some officers felt that there should be close links between particular aspects of PRS work, but that corporate pressures sometimes prevented these links being made. With increasing pressure to use the PRS to house homeless families, accreditation schemes could be boosted (and therefore improve quality of property and management) by requiring landlords to be accredited in order to access the bond scheme. However, some officers reported that pressure from housing strategy teams to rapidly identify landlords to house homeless families meant that they could not restrict bonds to accredited landlords. Some commented that there may be scope to try to get landlords to become accredited after they have become part of the bond scheme.

Officers felt that corporate support was evident when specific aspects of PRS work were part of the main housing strategy or when corporate targets or priorities were associated with their work. Corporate targets related to reducing fuel poverty, empty homes, and securing access to affordable housing were fairly common.

PRS officers had worked to make the case for the PRS function by meeting with senior officers and highlighting contributions which are, or could be, made to corporate priorities by working with the PRS.

Guidance

Local authorities must identify how work with the PRS fits in with their corporate strategies, especially around regeneration and neighbourhood interventions.

Local Area Agreements may be a suitable vehicle to place the PRS as a corporate objective.

Local Strategic Partnerships should be aware of work being undertaken with the PRS.

Officers and strategy teams will have to consider the balance between immediate pressures and long term objectives to ensure that different aspects of PRS work reinforce each other.

Council member support

Councils contacted for this research were split between those whose councillors were interested in and committed to private rented sector issues, and those whose councillors had little understanding of the sector and its importance. The support of council members was essential for the allocation of funds and endorsement of officers' work.

Councillors tend to be more aware of the need to work with the sector in areas with high concentrations of students or migrant workers living in shared accommodation. They are often contacted by the public regarding concerns about overcrowding and the increase in refuse and noise which can come with this. They are therefore keen to explore ways of resolving the problems and may be more aware of the range of tools available to their authority. Members often ask officers to justify why they are not using particular tools to work with the PRS which can result in detailed analysis and assessment of options.

Where councillors are more engaged with the sector, they may prompt officers to carry out analysis and assessment of options. However, officers sometimes felt that they came under pressure to introduce schemes, especially when a new tool such as licensing or EDMOs became available and was widely publicised. Officers were keen to ensure that councillors fully understood the purpose and scope of the tools they wanted to introduce. For example, accreditation has been seen as a way to drive landlords out of the market. There was also concern that members themselves may feel under pressure to introduce a particular scheme, for example to meet CPA targets, and that this could lead councils to introduce a scheme which will not address local issues.

In some authorities, councillors may not have issues in the sector brought to their attention or may feel that they do not have a remit in this area. Members' housing focus is often on social housing and so the private sector function tends to be neglected. In some areas, the PRS is not recognised as an area which needs resources or intervention. Also, officers who want to take an area-based approach to private rented housing can struggle to gain support when members perceive that the area they represent will get no funding. In areas where councillors have little understanding of the sector, issues associated with it, and most effective strategic approaches to pursue, officers had to work hard to gain support for proposed schemes.

Some councils had improved the priority given to the private sector by councillors. Several officers had seen the changes introduced by the *Housing Act 2004* as an opportunity to increase provision of information to councillors. Ways to raise the profile included:

- Scrutiny panels ([Camden](#) has had a particularly positive experience with a dedicated scrutiny committee)
- Monthly reports to members
- Newsletters for members covering national and local policy and practice on decent homes work, funding provisions and PRS initiatives
- Presentations to council
- Liaison with executive members
- Encouraging councillors to attend landlord forums
- Council cabinet members for housing can be tasked with updating members on PRS housing issues to spread awareness, understanding and commitment.

Areas with specific PRS projects, such as Newcastle and Bolton, felt that their ability to demonstrate a track record of successful outcomes had generated support from councillors.

Guidance

Councillors should be fully aware of the role played by the PRS in their local housing market and of current issues which work with the PRS may help to tackle.

Where councillors are not aware of PRS issues, or are unsure of the need for intervention, officers and executive members should use a range of methods to increase their knowledge and understanding.

Councillors and officers should fully appraise available tools when they become available, and ensure they have a shared understanding of what the tools can and cannot do. Tools should not be employed for the sake of it.

Contact with PRS tenants

Many councils are keen to work directly with private tenants on strategy development, data collection, and reporting of problems. Many feel it is also important to make tenants aware of schemes which can benefit them such as licensing and accreditation.

However, most councils find it difficult to engage with tenants and had few expressions of interest when trying to develop an association or forum. Shorthold tenants in particular tend to feel they do not have a long term future in the property or the area and so do not participate in involvement structures.

Some councils have developed ways to work directly with tenants, with varying degrees of success.

- Private tenants associations – to represent and campaign for tenants' interests. However, these do tend predominantly to involve fair rent tenants rather than tenants with shorthold tenancies.
- Private sector tenants forums – often made up from accredited tenants and used as a consultation group to discuss policies and legislation in the private rented sector.
- Drop in sessions for tenants to seek advice and report problems, which can also be used to canvas opinions.

Ways of working with tenants which do not require them to commit to attending a specific consultation meeting can be most successful. When tenants access specific services, such as advice centres, they can be informed of schemes (such as accreditation) and their views can be gathered whilst they use the service to meet their immediate needs.

Without formal involvement structures, councils rely on informal feedback given to officers. Comments may be made to staff working on housing standards, Housing Benefit, refuse collection or other areas and can then be passed back to PRS teams.

Guidance

Councils should try to inform and consult with private tenants as far as possible.

The most effective way to inform and consult with tenants is likely to be through internal and external advice services, such as Welfare Rights or the Citizens Advice Bureau. Tenants' views can also be collected when they access other PRS services. [Newcastle Private Rented Project](#) holds tenant drop in sessions and therefore has a good level of contact with private tenants. Its reputation gives people confidence to share their views and experiences.

Councils should develop procedures to enable information to be shared and tenants' views to be collected through informal means, such as when council staff visit homes. Councillors should also share information brought to their attention through their post bag or ward surgeries.

If sufficient funding is available, councils may get a good response from door to door surveys undertaken at times when tenants are most likely to be at home.

Where there is sufficient interest from tenants, councils could consider establishing private tenants' associations like those in Brent and [Camden](#). They work to represent private tenants at local and national level, and to provide support and information to tenants.

Relationships between council and landlords

Where working relationships between councils and landlords are characterised by trust and understanding, councils experience greater support from landlords for use of, and involvement with, voluntary and statutory tools. Landlords were very clear that two way communication is the key to successful working between councils and landlords, and expressed frustration that it does not always happen. The *Housing Act 2004* was a catalyst for councils to focus on their PRS work and recognise the importance of building strong working relationships with landlords.

Landlords and local authorities can have negative views of each other which can seriously hinder working relationships. These views usually develop as a result of experience or lack of understanding. Enforcement or advice staff can assume that the bad practice they see in their day to day work is representative of the whole sector, and landlords may find council procedures unfair or burdensome.

Landlords identified a number of situations and experiences which can cause them to feel uncomfortable about working with local authorities.

- If council staff view PRS property as a resource to be managed and used to meet their needs, and give little consideration to the fact that that landlords are running a business
- If procedures which affect landlords are developed without consultation with landlords or their representative associations
- If different departments act inconsistently. Landlords can be courted by one department to provide PSL properties and then penalised by another through tough licensing procedures and requirements
- If the council is perceived to impose standards on private landlords which they do not apply in their own housing, especially around CORGI registration and repairs requirements
- If councils are not seen to behave in a businesslike manner e.g. because they make late payments on PSL leases
- Landlords feel vulnerable to the legal power councils have over them. They fear that councils will go for 'easy pickings' on enforcement and therefore target those who had made genuine mistakes rather than those who wilfully perpetuated poor management or property conditions. They were therefore reluctant to make themselves too visible, through membership of forums or accreditation schemes, for fear of becoming the subject of enforcement action following property inspection.

Changes to assumptions, working arrangements or procedures, usually led by councils, can significantly improve working relationships. Even small changes made by councils can greatly improve their standing with landlords and make them more prepared to work with the authority.

Once a handful of landlords begin to feel comfortable working with the council, they act as 'project champions' encouraging other landlords to get involved with the council. Councils which had worked closely with landlords on policy development and service delivery found that their own perceptions of landlords changed, and this gave them greater confidence to undertake joint working on voluntary initiatives.

Representatives of letting agents commented that councils sometimes do not try to build a working relationship with agents at all, although there would be clear benefits in doing so as many landlords are not directly involved in the management of their properties.

The NFRL's [Working Together Initiative](#) advocates partnership working between local authorities and private landlords associations, and has been adopted in name or in principle by several authorities.

Landlords associations can offer a number of services to councils which work to their mutual benefit such as:

- List of local suppliers and trades people that offer discounts to members of a landlords association
- Codes of practice
- Copies of the landlords association's regular magazine
- Fliers about association to send out to landlords on local authority records
- Cross-publicity of local authority and landlord information
- Support for landlord conferences
- Volunteers to liaise regularly with council staff to discuss ways to improve local work with the PRS
- Help running training and specialist workshops
- Associate membership for council staff
- Members for housing committees.

Some landlords associations expressed frustrations that they had been rebuffed when they approached councils to propose joint working.

RECOMMENDATION: Regional Housing Boards and Government Offices should promote the Working Together Initiative through their housing strategies and ongoing liaison with local authorities.

Through landlords associations or landlord forums, councils can work with landlords to design procedures and initiatives. Landlords were keen to work with councils to inform:

- Accreditation schemes – conditions and incentives
- Licensing schemes – strategy, procedures, and licensing conditions
- Private rented sector strategy – on property conditions and ASB interventions.

Landlords were keen that local authorities should work with them on ways to house homeless and vulnerable households, as long as there was no assumption that they must house certain client groups. Many Homelessness or Housing Options teams have lists of landlords who are known to accept benefit claimants, and these are used to help homeless people contact landlords. Councils were rarely actively involved with placing tenants with these landlords, though, which can result in landlords unwittingly housing people who need more intensive management than they have skills or capacity to provide.

Close liaison with landlords in some authorities had helped to establish those who have the skills and desire to work with more vulnerable tenants, and a small number of councils were proactive in targeting people with support needs at these landlords. There was concern that landlords may need to be paid a higher rent to cover these higher management costs, but that councils did not have the flexibility to provide this through Housing Benefit.

Several authorities commented that the focus on poor landlords, driven by the *Housing Act 2004*, hinders authorities' ability to target and cultivate the best landlords.

Guidance

Councils and landlords should be clear about each others' reasons for involvement in the sector. What a homeless team may see as 'provision for their client group' could be understood by landlords as 'a new market'. Understanding this can help ensure strong foundations for working relationships.

Councils should be as aware that although some landlords will only respond to the enforcement approach, others will be more responsive to voluntary ways of working. This may require some culture change.

Councils should be aware of the ways in which their procedures could affect relationships with landlords. They must be aware of what landlords want and be prepared to make small changes to procedures in response to landlords' comments. These changes may bring additional benefits for councils as well as improving working relationships. Successfully implemented small changes include:

- Landlords parking permits – In Nottingham, landlords whose properties are subject to residents' parking schemes found it difficult to carry out maintenance works on their properties because they had no easy way to get tools from their car to the property. To tackle this, Nottingham City Council developed a landlords' permit system. Landlords supply details of all their properties and pay a small fee in return for dispensation to park in resident-only areas. This scheme facilitates property maintenance but also gives the council details on the locations of PRS properties.
- Rent determinations – Landlords in several authority areas found that rent level determinations for Housing Benefit claimants did not reflect market rates and so they would not house benefit claimants. Rent Officers had insufficient information to make accurate determinations, and so worked closely with landlords to increase their knowledge base. Landlords began to receive market rents, benefit claimants had better access to the sector, and the council increased its knowledge of landlords, property types and locations.

Local authorities should provide as much clarity as possible to landlords around their policies and procedures, how they interconnect, and reasons behind them. Boston Borough Council has sought to do this in its [Private Sector Housing Policy Framework](#).

Councils should build relationships with letting agents as well as individual landlords and their associations.



Close working with landlords associations, following the principles of the [Working Together Initiative](#), can bring clear benefits for councils and landlords.

Councils which offer landlord lists to homeless households should increase their knowledge base to establish which landlords can successfully house tenants with more complex needs or difficult behaviour. Newcastle Private Rented Project does try to link tenants with support needs to landlords who have skills and capacity to manage them. This can help reduce problems whilst the tenancy runs, and also reduce likelihood of tenancy breakdown.

Relationships between neighbouring authorities

Some councils had worked closely with their neighbours to develop and promote procedures and initiatives such as licensing and landlord forums. This helped to standardise procedures and share workloads, particularly in smaller authorities experiencing similar issues.

One government office commented that the strategic focus on the PRS at sub-regional level is not yet strong, but that there is potential to achieve efficiencies and increased capacity through sub-regional provision and standardisation of services and tools. Sub-regional working could help under-resourced authorities to deliver a suite of tools if each council led on one tool.

Guidance

Councils should consider which aspects of their PRS work could benefit from, or be developed through, sub-regional working.

Senior officers should allow their PRS staff to network and undertake joint projects with peers in neighbouring authorities.

Councillors should work to address political barriers which hinder cross-authority working.

Location of landlords

Where landlords themselves live affects the ways in which local authorities can work with them.

Most councils contacted for this research estimated that around 70% of landlords owning stock in their area lived reasonably close to their properties. Although these landlords were not necessarily local, they tended to live in nearby towns or local authority areas, or at least within the same region. Landlords who live locally have more chance of seeing local information, advertisements and media coverage of initiatives aimed at them, and it will be easier for them to attend events.

The London boroughs and some rural areas reported that landlords would sometimes attend events such as forums and training which were closer to their home rather than where their properties were actually located.

Some landlords live far away from their property and may not use a local manager, except perhaps to advertise for new tenants. Communicating with these landlords and encouraging them to take action where there are problems poses particular difficulties for councils. Some councils had worked with landlords associations to communicate information to members of associations who own property locally but live far away. Other councils identify landlords through land registry searches and proactively contact them by letter, phone and email. Where landlords have problems with property management, particularly due to poor behaviour of tenants, councils can develop services to tackle this which can be attractive to landlords who do not live nearby.

Where landlords have handed management of their property to agents some councils had procedures in place to convey information about local initiatives such as regeneration and licensing to agents. This encouraged them to feed into forums and pass information on to the landlords they work for. Agents were also encouraged to become members of accreditation schemes in areas where many landlords did not live locally.

Guidance

Local forums, training and other landlord events should be made available to landlords who live in the area but do not rent out property there. Whilst information on council policies may not directly affect them (unless sub-regional standardisation has been possible), it may encourage contact with the appropriate local authority, and information on skills and policy context will be directly relevant.

Landlords associations should be approached to see if they can pass on information to their members who may not live locally (and those who do).

Information for landlords should be presented in a form which is accessible to those not living locally or able to attend meetings. This may involve development of a website or setting up mailing lists. The Newcastle Private Rented Project recognises that not all landlords live locally and that people increasingly use the internet to access information, and so has a wide range of detailed information for [landlords](#) on its website.

Councils should approach letting agents to establish whether they are able to pass information onto landlords for whom they operated a 'let only' service.

Councils should ensure information on policies and procedures affecting the PRS is conveyed to letting agents and that they are involved in development and operation of accreditation schemes.

Where landlords do not live locally but do not use managing agents, the council should consider offering services such as tenant referencing and independent property condition inspections. Easington Council has a high number of external investors who own PRS properties and has developed its schemes to recognise this. Landlords are identified through land registry searches and they are proactively contacted by letter, phone and email. The council has made its accreditation scheme attractive to absentee landlords by offering a tenant vetting scheme and a property inspection which provides an independently assessed schedule of works. The council also accredits letting and property management agencies who then have access to the vetting scheme. It is recommended that landlords appoint an accredited manager if they choose not to manage the property themselves.

Type of investor

Councils were clear that they need to tailor their approaches to PRS work according to the type of investor they are dealing with. Different landlords have different levels of skill and knowledge, and different abilities to participate in council services and initiatives.

Councils stated that they would not treat different types of landlord differently in terms of the legal standards they are required to meet, but they would offer different services to help all landlords reach appropriate standards.

Many councils believed that the majority of landlords owning stock in their area were small investors. These landlords have usually inherited a property, rented out a property they formerly lived in, or were experimenting with the buy to let market. They are generally not experienced landlords and because of this can lack knowledge and skills for property and tenancy management. Training, accreditation, and forums are likely to benefit this group, and will be attractive to those who are aware of a need to improve their skills.

Portfolio landlords are often more knowledgeable and manage their properties as a business. Skills-based initiatives are less likely to be attractive to them than provision of information on local policies and initiatives which will affect their business.

Several councils commented that it is easier to work with portfolio landlords than small investors because it takes fewer resources to cover many properties, but that this often means that those who would benefit from attention and assistance are not contacted. Landlords made a similar comment; that local authorities target 'easy' landlords which results in those with good intentions being targeted before those who cause problems. This can hinder development of trust relationships between council staff and landlords.

Guidance

Councils should be aware of the different types of investor in their area, and develop services to match the needs of these groups.

Councils should avoid targeting their enforcement work at landlords who are easy to contact, and instead focus on those who need intervention.

Levels of demand for PRS property

PRS initiatives, and landlords' willingness to participate in them, may be affected by the operation of the housing market.

In areas of low demand due to market decline, landlords may be keen to work with local authorities to gain a competitive edge over others. Accreditation, skills training, and funding for physical improvements are likely to be attractive to landlords in low demand areas.

Low demand can also occur in popular areas where an oversupply of property for rent, often new flats in town and city centres, occurs due to investor speculation. Properties may lie empty, or rents may fall, whilst landlords cannot sell because they would incur financial losses. Services such as advertising, bond schemes, and PSL may become attractive to landlords in this position.

In high demand areas where landlords have no difficulty letting property, many councils felt that take-up of voluntary schemes may be limited because landlords do not 'need' to work with them. Councils can struggle to attract properties for PSL schemes where NASS requires lots of stock or where demand for PRS property from intermediate income households is high – both client groups are more financially attractive than the return available through PSL.

However, ability to let property is not the only reason landlords work with councils.

- Some councils in high demand areas had successfully marketed themselves as a service provider, offering financial deals, training and advice to landlords. This is attractive to smaller landlords, especially those who did not initially acquire the property for investment reasons and may lack property management skills.
- Even in high demand areas where they could command high rents, some landlords choose to let to low income groups and so want to work with the council to identify tenants, or will charge below-market rents even though they do not need to do so. This was quite common in rural areas where landlords may themselves be local and are aware that local incomes are low.
- Landlords have an interest in maintaining the quality of their property to maintain the value of their investment in the longer term. They may therefore be prepared to make property improvements even though they could let the property without making the improvements.

Guidance

Councils should be aware of market conditions when designing or reviewing PRS work.

Councils should not assume that voluntary initiatives will not work in high demand areas. Careful design and targeting of services, and appropriate marketing, can increase take-up and ensure benefits are delivered. [London Landlords Accreditation Scheme](#) is a good example of successful service delivery in a high demand area.

Concentration of migrant labour

Areas with high numbers of migrant workers in the PRS experience different issues from the wider PRS. In areas where high numbers of migrant workers live in shared accommodation, severe overcrowding and use of inappropriate accommodation (such as outhouses and trailers) can cause problems for local authorities alongside the more commonly experienced problems of disrepair and poor tenancy management.

Overcrowding can arise for a number of reasons. It may be voluntary, as occupants seek to save money or to provide accommodation for friends in need. It can be enforced by those who use force or intimidation to control tenants. It can also arise through ignorance, where landlords are unaware of how many people can legally be accommodated in a property or where tenants are unaware of their rights.

Councils which have recently had a large influx of migrant workers commented that they have had to find new ways of working. Complaints from neighbours about noise, build-up of household rubbish, and suspected overcrowding are common, but few complaints come directly from tenants. Problems are hard to deal with due to language barriers and migrant workers' unfamiliarity with statutory services.

Accreditation may not be effective where workers are in tied accommodation and so have no choice about where to live. However, additional HMO licensing is potentially very useful, not least because it can be self funding. Councils with high numbers of migrant workers did have some concerns that any restrictions could have a negative impact on the economy, but were aware that they do need to promote basic standards of public health and property management.

Guidance

Councils with high numbers of migrant workers should explore new ways of working with tenants and seek to increase their knowledge of their housing rights. The migrant workers [website](#) supported by a range of agencies in Lincolnshire provides information to help workers.

Councils considering the use of HMO licensing to tackle problems must balance the potential impact on the local economy with the need to improve standards when deciding which conditions to set.

Councils should work with large employers of migrant workers to consult on possible changes and gain support for PRS work.

Glossary

ALMO	arms length management organisation
ANUK	Accreditation Network UK
ASB	anti-social behaviour
BARLO	Bolton Accredited Residential Landlords Association
BME	black and minority ethnic
BRE	Building Research Establishment
BTL	buy to let
CAB	Citizens Advice Bureau
CIH	Chartered Institute of Housing
CORGI	Council for Registered Gas Installers
DCLG	Department for Communities and Local Government
EHO	environmental health officer
EDMO	empty dwelling management order
FMO	final management order
HHSRS	Housing Health and Safety Ratings System
HMO	houses in multiple occupation
HMR	housing market renewal
IDeA	Improvement and Development Agency
IMO	interim management order
KLOE	key lines of enquiry
LAA	local area agreement
LACORS	Local Authority Coordinators of Regulatory Services
LSP	local strategic partnership
LSVT	large-scale voluntary transfer
NASS	National Asylum Support Service
NFRL	National Federation of Residential Landlords
NLA	National Landlords Association
NRF	Neighbourhood Renewal Fund
PRS	private rented sector
PSL	private sector leasing
SIMO	special interim management order
SLA	service level agreement
SPLA	Southern Private Landlords Association
SRB	Single Regeneration Budget

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