



The private rented sector: professionalism and quality
The Government response to the Rugg Review
Consultation



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Ministerial foreword

This Government values the private rented sector. The sector plays an important role in providing choice and flexibility at all levels across the housing market – most people will have rented at some point in their lives.

Housing needs continue to be a key concern for many people. A professional, high-quality private rented sector which is aware of its responsibilities to tenants, but given freedoms and flexibilities to grow will be a welcome part of the housing offer. The Government wants to help achieve this vision. Through the Housing Act 2004, this Government acted to tackle areas of greatest risk within the sector. However, since then, a range of bodies – the Law Commission, Shelter and the Citizens' Advice Bureau (CAB) – have made a range of proposals for further change.

It was against that background that we decided to commission an independent review of the private rented sector from Julie Rugg and David Rhodes¹ ("the Rugg Review"). We approached the commissioning of the review with a deliberately open mind. We did not know what its findings would be and were keen to allow as much flexibility as possible to the review team in developing their views.

Julie and David reported their findings on 23 October 2008. On one level, the picture they paint is very encouraging. They talk of a sector that performs an important role in the housing market; a sector that is responding flexibly to changing circumstances, both for individuals and structurally; and a sector that continues to offer quality and choice for those choosing to rent, as well as a safety net for those unable to access other types of housing.

A key message from the review is encapsulated towards its end:

*"Both landlords and tenants should be encouraged to view letting and renting as a less risky activity. The vast majority of tenancies begin and end in good faith and with no issues arising for either party."*²

But, the Rugg Review also highlights weaknesses. Whilst it finds that most landlords are well-intentioned and deliver a good service, it also finds that some simply do not view themselves as landlords and, therefore, fail to obtain sufficient knowledge to be good landlords. Others – a minority – are ill-intentioned and seek to operate outside and against the current regulatory framework, often exploiting the most vulnerable and allowing anti-social behaviour to take place in neighbourhoods, causing misery for many households. At the same time, local authorities are not always able to focus their resources in order to use the extensive enforcement powers provided in the Housing Act 2004 against the worst landlords.

¹ *The Private Rented Sector: its contribution and potential* – Julie Rugg and David Rhodes, Centre for Housing Policy, the University of York (<http://www.york.ac.uk/chp/>) ("the Rugg Review")

² Rugg p113

In the review, Julie and David set out some high-level proposals for how these issues could be tackled. This response endorses the overall approach. It also builds on the high-level proposals in the Rugg Review by setting out the basic principles within which we think they should work in practice.

We see the Rugg Review as very much building on the Law Commission's work in this area. Their two³ major reports – *Renting Homes*⁴ and *Housing: Encouraging Responsible Letting*⁵ – were an important input both to our own thinking and to the thinking that underpins the Rugg Review. We are very grateful to the Law Commission and especially to Professor Martin Partington for the hard work they have put into these reports. This response should be seen as the Government's response to the Law Commission reports as well as to the Rugg Review.

We have been very grateful to stakeholders across the private rented sector for the way in which they have been willing to engage both with Julie and David during their work and with us as we have started to consider the Rugg Review's findings. It has been very encouraging to see how key players in the sector have already started to think about the practicalities of implementation. We are very conscious of another key finding of the Rugg Review pointing to the sheer complexity of the private rented sector and we are mindful of the need to bring together as much evidence and expertise as possible to support any changes planned for the future. The proposals and questions in this response are designed to form a starting point for this, more detailed, conversation.

We will welcome views from all who have a stake in the sector. We will all need to be clear that we want to end up with a sector that:

- continues to react flexibly to housing market conditions
- continues to offer a high quality alternative to those choosing not to buy
- continues to provide a robust safety net to those who cannot access alternative forms of tenure and
- continues to strike the right balance between rights and responsibilities for both tenants and landlords.

At the same time, we need to move towards a sector that:

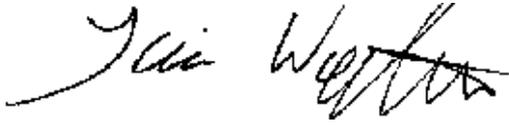
- is growing in confidence
- encourages professionalism for landlords and
- no longer provides a climate in which it is possible for bad landlords to operate.

³ A third report – *Housing: Proportionate Dispute Resolution* – is the subject of a separate response by the Ministry of Justice

⁴ *Renting Homes: The Final Report* (vols 1 and 2) May 2006 Law Com No 297 (<http://www.lawcom.gov.uk>)

⁵ *Housing: Encouraging Responsible Letting* August 2008 Law Com No 312

I would like to thank Julie Rugg and David Rhodes for their important and thoughtful work and for setting us on the road to reform. I look forward to continuing the conversation with our stakeholders and to working with you all to achieve these aims.

A handwritten signature in black ink, appearing to read 'Iain Wright'.

Iain Wright MP

Section 1:

The private rented sector now and in the past

History

1. In 1939, 55 per cent of households in England and Wales were housed in the private rented sector. By the late 1980s this had declined to 8 per cent in part due to an increase in the availability of mortgages to support home ownership and in part because of the introduction of successive forms of rent control and regulation.
2. The Housing Act 1988 marked a turning point for the sector. It introduced increased flexibility for landlords through the introduction of 'new style' assured shorthold tenancies and the relaxation of the previous tight regulatory regime. By the mid 1990s this, coupled with the wider liberalisation of the financial markets, had led to lenders starting to provide 'buy to let' mortgages tailored specifically for potential landlords.
3. At the same time, house price increases were starting to outstrip increases in rent. This had three effects: it encouraged those with access to capital or loan finance to consider investment in residential property generally as a viable alternative to other types of investment; linked to this, it meant increased investment in the private rented sector based on 'total returns' made up of capital gains combined with rental income; and it led to increased demand from potential tenants as the sector's affordability in comparison with owner occupation became more pronounced.
4. These factors have combined to underpin a growth in the private rented sector to 12 per cent of all housing in England in 2007. As a result of more recent developments in the housing market – predominantly difficulties in accessing mortgage finance as a result of the global credit crunch – that percentage share has risen to 14 per cent in 2008.

The private rented sector now

5. The private rented sector plays a key role in the housing market – most people will have rented at some point in their lives. It provides flexibility for those who do not choose to buy and affordability for those who are unable to afford to buy their own home.

6. The sector is far from being homogenous (the Rugg Review identifies 10 separate, but not exclusive, sub-markets within the private rented sector).
7. Some of its key characteristics are worth noting:
 - satisfaction levels with the sector are very high: in 2006, three quarters of all private tenants were either very or fairly satisfied with their landlord. Twenty-two per cent of tenants could afford to buy but chose not to
 - tenancies tend to last longer than one might expect, given six month fixed term assured shorthold tenancies: the average length of tenancy is twelve to eighteen months and 21 per cent of private tenants have been living at their current address for five or more years
 - only 6 per cent of tenancies are terminated early (mostly because of non-payment of rent)
 - the sector is dominated by small landlords: just under three-quarters of all landlords are private individuals or couples rather than companies; and over half of all landlords own fewer than five properties with only 3 per cent of landlords owning over 250
 - landlords tend to have a long term commitment to the sector: at the end of 2008, the indications were that over half of all landlords envisaged staying in the sector for at least the next 10 years
 - the sector can offer real advantages to those able to pick and choose: over the period 1997 to 2007, whilst house prices doubled, rents only rose by 15 per cent.
8. In spite of the high levels of satisfaction, the Government has been conscious of concerns about the way in which some parts of the sector operate. This was particularly true for that part of the sector catering for more vulnerable households and those on low incomes with less ability to exercise choice.
9. The Housing Act 2004 introduced measures to tackle the worst abuses:
 - tenancy deposit protection. Since its implementation in April 2007, tenancy deposit protection has protected 1.5 million deposits, equivalent to £1.4bn
 - ensuring higher basic standards through the housing health and safety rating system and associated enforcement powers for local authorities
 - mandatory licensing for the highest risk houses in multiple occupation (HMOs) together with the option for local authorities to introduce discretionary supplementary licensing regimes in specific areas directed at other HMOs or all private rented property where appropriate. Since implementation in April 2006, over 20,000 licences have been issued to landlords of mandatory licensable HMOs and 13 selective licensing designations to 10 local authorities and one additional licensing designation have been granted.

10. Throughout, we have been keen to engage with stakeholders drawn from both tenants and landlords in a dialogue aimed at improving understanding of the sector and considering how best we can support it as it faces up to future challenges.

The Law Commission reports

11. In 2001, ministers asked the Law Commission to consider reforms to tenure in the social rented sector. The Law Commission was due to report in summer 2003. But that deadline was extended in part in recognition of the complexity of the task they had been set and, mainly because the remit of the review was extended to include issues relating to succession, transfer and co-occupation.
12. Following publication of a report of its conclusions in November 2003, a full version of the Law Commission's final report (*Renting Homes: the final report*) was published in May 2006. Subsequently, the Law Commission published two further reports on renting – *Housing: Proportionate Dispute Resolution* (May 2008) and focusing only on the private sector, *Housing: Encouraging Responsible Letting* (August 2008). Taken together, the three reports form a searching and fundamental assessment of the regulatory framework for renting in England and Wales. The proposals in *Proportionate Dispute Resolution* are outside the remit of the Department for Communities and Local Government and will be the subject of a separate response by the Ministry of Justice so this response only covers *Renting Homes* and *Encouraging Responsible Letting*.
13. *Renting Homes* aims to secure clarity and transparency for both landlord and tenant by proposing reform of all types of tenure for rented property. It suggests that current legislation be replaced by the introduction of two types of tenancy: a 'secure contract' and a 'standard contract'. Although secure contracts would mainly be directed at social renting and standard contracts at private renting, the Law Commission's proposals allow the flexibility for each contract to be applied to each sector.
14. *Renting Homes* also proposes mandatory written tenancy agreements for all tenants as part of a move towards a consumer rights based approach using standard terms.
15. *Encouraging Responsible Letting* sets out a range of proposals to facilitate a move towards mandatory regulation of letting and managing agents; pilot a scheme of home condition certification; and introduce a national landlords' registration scheme.
16. The proposals and principles that the Law Commission put forward in their reports acted as a key input to the Rugg Review and the Government's thinking about the private rented sector more generally. The proposals set out in Section 2 of in this response should be seen in that context.

17. Section 2 does not, however, include references to the type of fundamental change in tenure that is proposed in *Renting Homes*. This is because the government is firmly of the view that the time is not right for the type of upheaval for tenants and landlords which this would entail. We are particularly concerned that changing tenure arrangements would mean imposing an additional burden on landlords and introducing uncertainty for both tenants and landlords at what is a difficult time for housing markets. This would lead to a very real risk of the rented sector – both private and public – contracting at a time when it is most needed.
18. Alongside the Law Commission’s work, over the last two years, stakeholders have carried out research into the private rented sector of their own. Key reports over that period have been Professor Carsberg’s *Review of Residential Property*⁶ (commissioned by the Royal Institution of Chartered Surveyors), The Citizens’ Advice Bureau’s *The tenant’s dilemma*, Shelter’s discussion paper *Fit for purpose* and *The English private rented sector* by Grainger plc. We are grateful to all these bodies for their hard work to identify issues around the sector and to draw them to our attention. All these reports have been important in acting as a catalyst both for the Rugg Review and this response.

The Rugg Review

19. As part of this dialogue and in the light of Professor John Hills’ Review of the Social Rented Sector⁷, in January 2008, we commissioned Julie Rugg and David Rhodes of the Centre for Housing Policy at the University of York to carry out an independent review of the private rented sector.
20. We looked to the review to reflect on a wide range of issues:
- What is the current role of the private rented sector, what are its drivers?
 - What does a fit for purpose private rented sector look like?
 - Is there an optimum size for the private rented sector at the national level?
 - What roles could or should the private rented sector fulfil into the future and what action would be needed, and by whom, to secure those roles?
 - As the sector with the lowest levels of decent homes how can change and improvement be driven forward as part of a landlord’s business investment strategy?
 - The regulatory changes in the 2004 Act, introduced in 2006, are beginning to work through. Is this the right level of regulation? And if not what would be proportionate given risks and the priority to ensure better regulation and reduced burdens on business and local authorities?

⁶ Carsberg Review of Residential Property – *Standards, Regulation, Redress and Competition in the 21st Century*. Final Report, June 2008

⁷ *Ends and Means: The Future Roles of Social Housing In England* by John Hills, CASEreport 34 ISSN 1465-3001, February 2007

- If the market is not delivering professional landlord within the private rented sector what would be the appropriate levers to use to change this?
 - Who are the ‘voices’ of the private rented sector and does this best serve the sector?
 - How do the access routes into the private rented sector including letting agents and local authority advice services impact on both the landlord and tenant experience of the sector?
 - What might be the future demands on the private rented sector from both its customers and its providers?
 - How best should local authorities be playing the private rented sector into their wider strategic housing and planning roles and working with the sector to create genuinely mixed communities that enable social and geographical mobility?
21. The review also took account of the Law Commission’s work and all the related reviews referred to above. The review team was able to draw together the significant levels of data that exist already in order to develop a powerful database of evidence to support their findings. Alongside the data, a key factor in the development of the review’s findings was the evidence gathered from conversations, both one to one and roundtable, with over 200 stakeholders.
22. The Rugg Review’s findings were published on 23 October 2008. This response does not seek to set out all the findings in full – they should be seen in the context of what is a highly integrated and thoughtful piece of work. However, it might be helpful to outline the main elements. Several key themes emerge from the Review: the complexity of the private rented sector – the Review identifies 10 distinct ‘niche’ sub-markets within the sector; the need to maximise the potential of the sector as a *“flexible, well-functioning element of England’s housing market”*; and the challenges that currently exist centering on approaches to landlordism and optimising enforcement activity.
23. Instead of detailed recommendations, the review sets out six ‘policy directions of travel’. These are deliberately high level indications of how the issues identified can be tackled. The policy directions of travel can be summarised as follows:
- **developing a sound evidence base** – this sets out proposals to improve the data that we have on the sector. Particular focuses are how the data can better reflect the various sub-markets and the need for local authorities to improve local data on the private rented sector
 - **promoting housing management** – this proposes full, mandatory and independently-led regulation of letting and managing agents together with greater training within the sector and more widely

- **‘growing’ the business of letting** – here the focus is on measures which acknowledge landlordism as an active business activity rather than passive investment. Proposals include re-examining the fiscal framework and encouraging local authorities to deal with landlords through their small business unit rather than through environmental health
- **equalising the rental choices** – the key proposal here is the establishment of ‘social letting agencies’ by local authorities with the aim reduce the risks of private renting for low income households. Measures within this umbrella could include work on tenancy sustainment and assistance with deposits and rent in advance
- **light-touch licensing with effective redress** – this proposes a simple ‘no hurdle’ licensing system for all landlords. Landlords would be required to register and receive a licence number which would then be a pre-requisite for any kind of landlord activity. Licence fees could contribute to the development of a housing justice framework and the licensing scheme would allow local authorities to focus on the ‘worst first’ in carrying out their enforcement activity
- **tenancy frameworks** – this underlines that current tenancy arrangements are not inherently risky. It suggests that more work needs to be done on why tenancies end and that landlords may well be encouraged to offer longer fixed term lets if they can be reassured on the real and perceived risks. Elsewhere in the review, it is proposed that the upper limit for assured tenancies be extended from the current level of £25,000 in annual rent and that written tenancy agreements be introduced on a mandatory basis.

24. The review is very clear that the policy directions of travel form a self-reinforcing package and the proposals in the next Section very much take that vision on board.

Section 2:

The private rented sector in the future

Introduction

1. This section sets out this government's response to the proposals in the Rugg Review. It also takes into account the related recommendations made by the Law Commission. Since the Rugg Review was published, we have been working with stakeholders from across the private rented sector on the principles involved and we are very grateful to all those who have spent time participating in the process of developing our thinking.
2. What has emerged is a general recognition that the themes and issues identified by the Rugg Review are the right ones and that these lead naturally to the principles that underpin the proposals in this response. The most important of these is to re-state the extent to which government values the private rented sector. We recognise that it has an important, and, at present, growing role to play in delivering our overall housing objective of a decent home for all. All the proposals in this response are designed to support the sector, encourage good existing landlords to grow and minimise barriers to entry. They are also necessarily focused on tackling the weaknesses that Rugg identifies – the need to increase professionalism, drive out bad landlords and secure an improvement in the quality of the worst stock.
3. We are taking the opportunity, where possible, to ensure that Government departments and agencies work together to deliver this agenda. For example, Communities and Local Government are working closely with the Department for Work and Pensions to look specifically at how the links between housing policy in the private rented sector and housing benefit could be strengthened. The forthcoming DWP consultation on housing benefit reform, which follows their internal review of housing benefit, will provide a good starting point for gathering views on what might be done through housing benefit to improve the quality of the sub-market within the private rented sector. There is a clear need to tackle this issue. Ideally, we would want to look for ways that help encourage more landlords to improve the quality of their accommodation. At the same time, we are keen that any proposed approach should not dissuade landlords from operating in this sub-market.
4. Our proposals in this response are split into three strands – an improved regulatory framework; more support for investment; and improved engagement with the sector. None of these strands should be seen as standing alone. Each supports and reinforces

the other in the same way as the 'policy directions of travel' in the Rugg Review on which they are closely modelled.

5. The proposals for an improved regulatory framework will provide greater support for landlords alongside better consumer protection and enhanced and more focused enforcement activity by local authorities. Taken as a whole the impact should be to secure greater professionalism and improvements in stock quality and energy efficiency performance across the sector. Better regulation, an improved product and greater professionalism are also likely to attract new landlords and new funding into the sector. The measures we are developing alongside the Homes and Communities Agency to encourage more investment in private renting build on this by actively encouraging institutional investment. Finally, our proposals for an improved engagement with the private rented sector seek to acknowledge the important work that most landlords do and to support them as they move towards greater professionalism and improvements in stock quality. By delivering these outcomes, our proposals will also be important in delivering against other agendas, such as greater energy efficiency and better value for money in the Housing Benefit system.
6. Our proposals take those in the Rugg Review as a starting point. But, based on the work we have done with stakeholders, the proposals build on the Rugg Review by setting out clear parameters as a basis for further, more detailed, discussions. As well as reflecting what our stakeholders have told us, they are based on the evidence that the Rugg Review presented (much, though not all, drawn from government sources). We have very much taken to heart the messages in the review about the need for more nuanced evidence and our proposals set out how we intend to obtain this. Stakeholders will also have a key role to play here. However, we are clear that the proposals in this response are fully supported by the evidence we have at present.
7. Some have suggested that the current financial climate might mean that additional assessment of the sector is needed. We considered this question carefully as we developed our response to the Rugg Review. We do not think that the findings it presents are in any way invalidated by the current market conditions. The brief we gave to the review team was clear that the focus of the review should be on the long term structure and role of the sector rather than on short term fixes. If anything, current conditions throw into greater relief some of the proposals in the Rugg Review, particularly around improving consumer protection.
8. Finally, the proposals in this section are not intended to be the last word. Rather, we see them as the beginning of a conversation. We have identified specific issues on which we would welcome views through the questions throughout the section. However, consultees should not feel limited by these questions. We also welcome more general views on the proposals. Section 3 sets out how we envisage that stakeholders can be engaged in the next stage.

The right regulatory framework

9. Landlords are already subject to regulation aimed at tackling poor stock condition and management through enforcement powers given to local authorities in the Housing Act 2004.
10. However, although condition is improving, in 2006, 40 per cent of the private rented stock failed to meet the basic decent homes standard. Of these, over 30 per cent could be classed as having category 1 hazards under the framework set by the housing health and safety rating system. Poor condition impacts disproportionately on low income households. Those receiving at least one means tested benefit are more likely to live in non-decent homes. The Government has been working hard to tackle this issue. We are on track to deliver against our target to make sure that at least 70 per cent of vulnerable people living in the private sector are in decent homes. We are keen to work with the Department for Energy and Climate Change in the context of their *Heat and Energy Saving Strategy – Consultation* to see how the regulatory and incentive structure for the private rented sector can be improved to secure energy efficiency improvements for all private tenants especially those on low incomes and those in receipt of housing benefit.

How should the regulatory and incentive structure work to bring about improvements in the condition and energy performance of private sector rental properties?

11. Local authorities, voluntary organisations and landlords' professional organisations themselves also tell us that a substantial minority of landlords, often through ignorance rather than malice, continue to operate outside the regulatory regimes that the 2004 Act established. For instance, although we are not sure how widespread the practice is, the plight of low income households in poor quality rented accommodation including those on housing benefit, can be exacerbated by what CAB have identified as the practice of 'retaliatory eviction' where a landlord reacts to a legitimate complaint by a tenant by evicting them. At the same time, local authorities speak of the problems associated with enforcement where a landlord cannot be contacted or avoids contact.
12. Landlord associations can be a vital source of advice, training and support for landlords. Their role must always be to ensure landlords adopt a fully professional approach to their service delivery to tenants. But their members only represent a minority of all landlords in England and some confusion is created for potential members by the range of landlord organisations available. Whilst we warmly welcome opportunities that arise where joint working between the different associations improves the overall service to landlords and tenants, this does not always happen.

13. We do not want to go back to the days of over-regulation which caused the sector to contract in the post war era. Now, more than ever, we need a strong and professional private rented sector. But we do want to help local authorities enforce legislation designed to protect the most vulnerable and we do want to ensure that the vast majority of good landlords are not stigmatised by virtue of the existence of the few who are unprofessional and, sometimes, criminal in intention. Moving forward in partnership with landlords, tenants and local government representatives, we should continue to monitor and review the regulatory and incentive framework to ensure it is fit to deliver the consistent high standards and professionalism across the sector that we all strive for.

A national register of private landlords

14. **We, therefore, propose to establish a national register of private landlords.**
15. We see the introduction of a national register as vital to the professionalisation of the sector. It clarifies the fact that being a landlord is an important activity in itself with linked responsibilities and skills. We recognise that private rented homes have a higher incidence of fuel poverty than other housing sectors. The proposed national register will, we believe, free local authorities to use enforcement to better target the worst cases of poor quality, including those that are the worst performing in terms of energy efficiency.
16. The register would also have a key role in disseminating information to landlords and so ensuring that they have the basic skills and knowledge that they need to carry out their business. At the same time our proposals for the register impose no hurdles to entry. This is a deliberate contrast to a licence-based approach. It reinforces our strong view that, as the Rugg Review found, the vast majority of landlords are well-intentioned and offer a good service to tenants. We want to recognise and support those landlords and a national register offers an important mechanism for doing that.
17. Taken with the other measures proposed in this response, we believe that it also represents the best means of tackling poor landlords. It provides a means by which we can drive up standards and isolate those who wish to operate outside the law rather than penalise all by removing their ability to regain possession of their property or imposing onerous licensing requirements on them.
18. Listed below are some of the basic characteristics of the register together with some specific questions:
- the register would be nationally run by an independent organisation procured by government. It would primarily be web and telephone based with parallel arrangements for those without internet access
 - landlords or their agents would register annually and pay a small fee to cover

administration costs, and, in return, would receive a unique landlord registration number

- landlords would not have to meet any pre-set criteria in order to register. Only minimal data would be required – name, address and the addresses of the property holdings of the landlord at the time of registration

Is this the right amount of information? If not, what should also be added or removed?

- landlords would be given access to various services in return for registering. These could include a ‘starter pack’ for new landlords, standard forms (such as the appropriate form for possession proceedings and standard tenancy agreements) and electronic notifications linked to legal and other requirements

Are there any other services which could be linked to the register?

- there would be a public-facing element of the register which landlords could opt into and use as a shop window for their properties. This could include additional information about properties for rent, such as whether a landlord was a member of a landlord association or accreditation scheme.

Would this be a helpful service for landlords?

What information should it contain in order to make it as attractive as possible to potential tenants whilst not overburdening landlords?

- the register will also be a valuable tool for making landlords more aware of the reason to and mechanisms which are available to help them improve the energy performance of their properties, such as the carbon emissions reduction target and the forthcoming community energy saving programme.
- Energy Performance Certificates (EPC) data potentially provides a way to target offers for landlords and potentially also, information to local authorities in support of their enforcement work.

Do you agree that government should explore whether the EPC data should be made available in this way?

Are there any other funding or grant based schemes that could be signposted in this way?

- in order to ensure enforcement, we believe that the landlord registration number should be a prerequisite for all the mechanisms by which a landlord carries out his or her business (for instance, the registration number would have to be shown on tenancy agreements; it would have to be quoted during all court processes – including eviction; and to housing benefit offices where a tenant was in receipt of housing benefit or local housing allowance)
- in the event of persistent abuses and/or failure to comply with the regulatory regime, we would wish to remove a landlord from the register and use existing powers to take over the management of his or her stock. The process of complaint

against a landlord and the decision to remove a landlord from the register would be carried out by an independent body with a right of appeal to a separate judicial body. The effect would be that a landlord would no longer be able to let out a property by his or herself. As part of this proposal, we might also want to consider whether the landlord should continue to be able to receive housing benefit on properties which did not fall within the management arrangements put in place as part of the removal of the landlord from the register

- as we have said, our proposals are designed to drive out bad landlords and secure an improvement in the quality of the worst stock especially where category 1 hazards under the Health and Safety Rating System are found, as well as supporting good landlords. One of the key aims in developing future enforcement measures must be to ensure that such a strategy supports the elimination of poor landlords.

What sort of activities should be linked to removal from the register? Should this be a cumulative process (like, for instance, the points system for driving offences)?

Who should carry out these roles? Should either one of the Housing or the Estate Agents' Ombudsman have a role (perhaps in offering advice to a quasi-judicial body – possibly the Residential Property Tribunal Service)?

Should the appeals process be carried out by the Lands Tribunal? Do you see any alternative body for this role?

Should only enforcement agencies and advice services run by the voluntary sector be able to lodge complaints against a landlord within the context of this process?

- careful consideration would need to be given to who should have access to the private part of the register. The landlord plus their letting or managing agent (if any) and enforcement officials would need to have access.

We think that current and potential tenants should also have access to the register – how can this be managed?

Which other individuals or organisations should have access to the data?

Assessment of existing licensing regimes

19. Our proposals for a national register of landlords are deliberately light touch. They are designed to be coordinated with the existing more onerous licensing regimes directed at what we view as the potentially worst elements of the private rented sector, which have already been put in place by the Housing Act 2004. It is important to remember that the licensing regimes introduced by the 2004 Act were only brought into effect in 2006 and are still bedding in.
20. As promised in 2006, the Buildings Research Establishment (BRE) has been commissioned to do some research into the way in which the licensing regimes have

been operating over the last 2-3 years. BRE's research is based around a baseline report *Evaluating the Impact of Houses in Multiple Occupation and Selective Licensing: The baseline before licensing in April 2006* published in April 2007 which established what local authorities' expectations of the new licensing arrangements were pre Housing Act 2004. Their final report, which will be published shortly, has drawn a number of conclusions including there being a need to give further consideration to the circumstances in which it would be appropriate to license privately rented property in specified areas.

21. In the light of these findings, it now seems appropriate to seek wider views on this aspect of the licensing regime – the criteria which were established for the selective licensing of privately rented property in a designated area. The criteria for selective licensing regimes currently limit them to areas suffering from, or likely to suffer from, low demand for housing and/or where there are significant issues with anti-social behaviour. With regards to anti-social behaviour, a direct link has to be established between the anti-social behaviour and the private rented stock.
22. When the legislation was drafted, these criteria reflected experience of private rented sector markets at that time. Whilst we would not want to remove them, we are conscious that current market conditions might have thrown up new challenges such as a greater emphasis on energy efficiency performance.

What additional criteria, if any, should be introduced for establishing selective licensing regimes?

Is there merit in including criteria related to a high incidence of violations of the Housing Health and Safety Rating System or low EPC rating?

23. Following publication of the ECOTEC research work into houses in multiple occupation (HMOs) and possible planning responses, we will be consulting separately on possible options for changes to the Use Classes Order. This consultation will enable us to fully consider the best approach for managing the effects that high concentrations of HMOs can have.

Written tenancy agreements

24. Part of the thinking underlying our proposals for a national register is a wish to improve the transparency of relationships between landlords and tenants and, thereby, reduce the risks of renting and letting.
25. Similar motives underlie the recommendation in the Law Commission's *Renting Homes* and the Rugg Review that all tenancy agreements should be written down. At present, it is possible to form a tenancy agreement which is purely verbal and relies on the legislation governing landlord and tenant relationships which sets out default arrangements. The difficulty with this type of approach is that it can mean that neither the landlord or the tenant are fully aware of their rights and responsibilities under the law and this can lead to serious misunderstandings on both sides.

26. **We propose that all tenancies should take the form of written agreements.** There appear to us to be two ways in which this could be achieved. One would be to introduce legislation that sets out the minimum requirements for a valid tenancy agreement and to allow individuals to base their tenancy agreements on these minimum standards. Another would be to set out a model tenancy agreement in legislation to which additional clauses could be added in order to reflect individual circumstances. In both cases, the aim would not be to change the existing legislation governing landlord-tenant relationships. The intention would be to model the new legislation on the existing requirements for an assured shorthold tenancy.

What would be the most helpful way for the legislation to set out a written tenancy agreement?

Ensuring the right coverage for the legislative framework

27. Currently, access to assured shorthold tenancies (AST) and the associated legislative framework and protections is limited to tenancies where the aggregate annual rent is less than £25,000. This threshold was established in 1990 and, as several commentators have pointed out, is now very out of date – the equivalent figure in 2008 would be over £50,000. Typically, a student house in London will have an aggregate rent which is higher than the current threshold and it has been suggested that, even where properties are let at rents above the threshold, the assured shorthold terms and conditions should be adopted as best practice.
28. We propose to increase the threshold for assured shorthold tenancies and see little merit in having a threshold that excludes significant numbers of tenancies. **We, therefore, propose to increase the threshold to £100,000.**

Is this is the right level for the threshold?

Should there be regular reviews of the AST threshold?

How frequently should these be carried out?

29. We also wish to take this opportunity to confirm that the minimum rent threshold will remain in place unchanged.

Regulation of private sector letting agents and management agents

30. In spite of all the measures outlined in this response to encourage landlords to become more professional, it is important to accept that some will simply not have the resources to act as full-time landlords or have become landlords through circumstances not of their choosing. For these ‘amateur’ or ‘reluctant’ landlords, letting and managing agents have a vital role in providing the professional input and support that the landlords lack. In many cases, even where a landlord has the basic skills and knowledge needed to carry out his or her business, there will still be advantages in using an agent because of the increase resources and coverage they

can offer and, most importantly, the additional expertise they bring to the process of letting and managing a property. However, whilst this is true of the best letting and managing agents, it is unfortunately far from the norm, particularly in the current economic climate.

31. It is still possible to set up a letting or management agency with no qualifications whatsoever, with no need to conform to requirements as to conduct or to provide mandatory safeguards for the consumer. We do not think that this is desirable or appropriate in the modern age. We are aware of cases where quite large and well-established agencies have run into difficulties and, because they had no client money protection, both landlords' and tenants' money was lost. In some cases, this has not prevented those associated with the defunct business subsequently resuming their activities.
32. This does not seem right both in the context of the regulatory framework already in place for estate agents (who often also act as letting and management agents) or in the context of the greater consumer focus and transparency which underpin the proposals in this paper.
33. We are, therefore, persuaded by the powerful arguments put forward not only in the Rugg Review, but by the Law Commission and Professor Carsberg, for **full mandatory regulation of private sector letting agents and management agents**. Our stakeholder engagement has underlined this as a key measure if we are to improve consumer confidence in the sector.
34. **Government is strongly of the view that such regulation should be carried out by an independent body and that it should be compulsory.**
35. In 2002 we established the National Approved Letting Scheme (NALS) as an independent voluntary regulatory body for letting agents and management agents and we have been encouraged by the way in which the organisation has grown and developed. Industry-led organisations such as the Association of Residential Letting Agents (ARLA) and the Royal Institution of Chartered Surveyors (RICS) have also done excellent work in introducing and encouraging a responsible, regulatory approach to residential managing and letting agents' work.
36. However, of the estimated 8,000 managing and letting agents in England, only about half belong to any of these organisations. Therefore, the voluntary approach to regulation has not been successful in ensuring that all agents reach the same standard and have the right protections.
37. If regulation is to be fully transparent and consumer-focused, it also seems right that it should be carried out by an independent body. This would not mean that the regulatory regime would be developed independently of industry. Far from it. We are very keen to build on the excellent initiatives already in place in industry – for instance

the work led by RICS and ARLA to develop codes of practice for the industry and the work of NALS to informally gather views on the proposals in the Rugg Review.

38. Full regulation has many elements :
- entry requirements
 - code of practice for members (including a requirement that they do not let properties which do not comply with decent homes standards)
 - requirements to have in place business and consumer protection measures (such as client money protection, independent complaints procedures and linked redress, professional indemnity insurance)
 - monitoring of compliance by the regulatory body
 - enforcement powers and the ability to put in place sanctions.
39. We would envisage that the regulatory regime for letting and management agencies would encompass all these elements.
40. We do not wish to create unnecessary additional bodies to carry out these functions. We would rather draw on existing frameworks to deliver the new regulatory framework and we would wish to work closely with the industry as we develop our proposals within the parameters set out here.

Which of the functions above should be kept within the independent regulatory body?

Which of the functions above should be procured by the independent regulatory body from existing organisations?

What organisations could carry out the functions outlined above?

Is there merit in establishing an entirely new organisation to carry out any or all of these functions independently?

41. Although the Rugg Review did not specifically look at managing agents in the context of other tenures, we believe that this represents an opportunity to bring all managing agents within the regulatory regime that emerges from these proposals. We would not wish to create dual burdens on agents that work across both the rented and owner-occupied sectors. However we recognise that the regulation model may need to be broadened to ensure that it captures the wider range of activities and responsibilities suggested by this extension.

Do you agree that managing agents operating in tenures other than renting should be included in the proposed regulatory regime?

Improved redress for tenants and landlords

42. We are aware that some stakeholders have significant concerns about the way in which existing redress systems, particularly the courts, serve both tenants and landlords.
43. The Law Commission's report *Housing: Proportionate Dispute Resolution* discusses many of these issues and the Rugg Review also makes suggestions.
44. **We and the Ministry of Justice will work closely to make sure that tenants and landlords receive the best service possible.** But we are not convinced that landlords always have to wait an unreasonable length of time to have their cases heard in court.
45. The court is an independent party in any dispute and must ensure that all parties in all cases are treated equally. As such, it is essential that parties are given an appropriate time in which to prepare for a case.
46. Under the civil procedure rules, a normal possession case should be heard no less than 28 days after the date of claim. The purpose behind this is to ensure that defendants are given an appropriate time to prepare their case while claimants do not have to wait a disproportionate time for their hearing after the court has taken into account the needs of other users. The average time taken in all possession cases (including mortgage, social and private rented claims) from the date of claim to the date that an order is made is 15 weeks.
47. However, the majority of claims from the private rented sector are brought using the accelerated procedure under section 21 as amended by the Housing Act 1988. This allows the landlord to bring a claim solely for the possession of the property. In most cases using this procedure the court will make its decision on the papers submitted and data from HM Court Services confirms that the average time taken from date of claim to the date that an order is made in the accelerated procedure is six weeks.

These timescales do not seem unreasonable to us. But are there any types of cases which typically take much longer?

Are there any ways in which court procedures could be streamlined without jeopardising the requirement to allow all parties a proper opportunity to prepare and support a fair hearing?

Supporting the market to deliver increased supply and professional management

48. One of the challenges we and stakeholders face in embedding greater professionalism in the sector is how best to encourage greater investment in the sector and to support it with the right fiscal framework. During our engagement with stakeholders following the publication of the Rugg Review findings, we have identified three areas where more work is needed: creating the right environment for institutional investment in new supply specifically built for rent; tackling the difficulties faced across current financial markets; and looking again at the fiscal framework for landlords more generally.
49. The following measures are a step towards tackling these issues. They underline the significant commitment this Government has to the private rented sector.

Private rented housing investment fund (PRSI)

50. We remain keen to encourage investment in the private rented sector to help maintain demand for new build units, widen housing choices and build up professional management in the sector. On 1 May, the Homes and Communities Agency (HCA) launched an expressions of interest process for a Private Rented Sector Initiative (PRSI) which will offer institutions interested in investing in the sector an opportunity to invest on a large scale and for the long term.
51. The aim will be to establish a long-term funding model for new private rented housing in England and what might help to support that. Proposals developed as part of the initiative will be subject to value for money considerations and the resolution of States Aid issues.
52. A key element of the HCA's work to develop the PRSI will be the establishment of a Private Rental Advisory Board to help advise on the initiative. Membership of the board is still being finalised. But the Government would also look to it to consider the broader issues around investment in the private rented sector more generally.

Mortgages for the private rented sector

53. Buy to let mortgages have been a key factor in encouraging small scale investment in the sector and facilitating easy entry into landlordism. As with many financial vehicles, the current financial climate has made the obtaining and granting of finance for rented property more difficult and, in some cases, more risky. We have been working closely with stakeholders and mortgage lenders on ways in which we can ensure that proper safeguards are in place for both lenders and borrowers and to tackle potential abuses, such as rent-back schemes. We are keen to continue this work.

54. A specific strand alongside our commitment to support and encourage growth in the sector has been our work with mortgage lenders to increase protection for tenants whose landlords default on a mortgage.
55. Since 6 April 2009, lenders taking possession proceedings must give the maximum possible notice to occupiers of the affected property. Tenants will usually get nearly two months' notice of these proceedings, a significant increase on the previous two weeks. We are looking to see what more help we can provide for tenants who are caught up in a repossession case through no fault of their own. We urge landlords and lenders to communicate with tenants so that they are given time to make alternative arrangements if their home is at risk.
56. We would like to work with mortgage lenders to help ensure that those of their customers who are intending to let a property have a full understanding of the business that they are undertaking.

The fiscal framework for landlords

57. Some stakeholders have suggested changes to the tax system to support the private rented sector. Some of these changes are also highlighted in the Rugg Review. The Treasury, which is aware of all these proposals, will continue to keep them under review.

Improved engagement with the sector

58. We should not simply rely on individual landlords themselves to secure greater professionalism and improvements in stock quality. Landlords have every right to expect that those who engage with them on a professional basis do so in a properly business-like fashion and that support is available where necessary. This where other bodies have a role to play.

Improving the evidence base

59. An important first step in securing better engagement with the private rented sector is an improved and more nuanced understanding of the sector. The analysis of existing data sources in the Rugg Review already represents a major step forward in our understanding. But we, and our partners, need to do more.
60. We are in the process of assessing the existing data sources on the private rented sector, including those identified in the review, in order to see how we can make better use of these. We are very pleased that Julie Rugg and David Rhodes have been working with us on this and we hope to continue our close liaison with them.
61. Julie and David have already been involved in our work to develop the current **English Housing Survey** and we have welcomed their advice in developing a more nuanced and focused set of questions for tenants within that framework. The survey will report headline findings in January 2010 followed by a full report in autumn 2010.

62. **We aim to develop a more sophisticated and disaggregated understanding of the sector**, both geographically and in terms of the 'sub markets' that were identified by the review. For instance, we will continue to work closely with the Department for Work and Pensions to refine the evidence base on the **housing benefit segment** of the market. This is particularly key given the interplay with the social rented sector, another policy priority for this Department.
63. **There will also be research to understand better how the sector operates as a business model**, in order to inform ongoing policy reviews, possibly drawing upon international comparisons of private rented sector markets elsewhere. At the same time, we will maintain a nearer term focus on understanding the impact on the sector of the downturn, including repossession. This will include research to better gauge sentiment in the sector, and expectations for the future. We will also be undertaking scoping work to identify possibly rental yield and affordability metrics for the sector.

Private rented sector and the voluntary sector

64. Organisations such as Shelter and CAB tend to believe that there can be risks for tenants when engaging with the private rented sector. But some voluntary organisations have demonstrated the value of constructive engagement. In the context of improved regulation and professionalism, we would hope to see greater confidence in the sector from voluntary organisations.
65. **As a first step, we endorse the proposal in the Rugg Review that staff in voluntary organisations attend training in private rented sector housing management.** We also intend to continue our own active engagement with key voluntary organisations as we develop the regulatory proposals in this paper.
66. Landlord organisations already offer much support and training to their members. For example, the National Landlords Association (NLA) offers an online training package to its members.

The NLA Landlord Library offers landlords direct access to information and advice on all aspects of letting residential property from issues affecting pre-tenancy through to ending a tenancy. The landlord library is available to all landlords to use, although non NLA members can access it at favourable rates. It is regularly updated and contains copies of legislation, guidance documents and links to other useful websites. The programme can also be used as a structured learning tool, offering landlords the opportunity to complete online modules and then review and test their knowledge in a short quiz. Competence in each module is automatically recorded as part of a landlord's continuing professional development (CPD) and could help gain recognition and accreditation from UK accreditation schemes.

67. **We would encourage landlord organisations to make these services more widely available to enable better understanding of what is involved in truly professional private rented sector housing management.**

Are there other ways in which voluntary organisations can both engage more helpfully with the private rented sector and offer help and support to others?

Local authorities and the private rented sector

68. Many local authorities have done excellent work to understand the private rented sector in their area and to build constructive relationships with landlords. This makes good sense: the private rented sector will form an important part of housing markets in all local authority areas.
69. Time and resources dedicated by local authorities to developing good relations with the sector are yielding dividends in a more professional local sector and reduced enforcement costs. Constructive engagement of this kind is not, however, universal: for many landlords (and tenants) their only interaction with the local authority centres on local environmental health officers and their enforcement activities.
70. We do not wish to discourage local authorities from ensuring that those living in the private rented sector have decent homes. The improved regulatory regime we have proposed is, in part, directed at assisting local authorities to achieve this.
71. But we also think that it is important for all local authorities to engage constructively with the landlords in their area. The Rugg Review and other commentators have made some sensible suggestions for how this could be achieved. All local authorities have to balance their activities within the resources available. The tension they often face is whether to focus on following up complaints or take a more strategic view and address the worst conditions in their area.

In looking to improve the private rented sector, which approach should be prioritised?

Day-to-day engagement

72. **We propose that local authorities should be actively encouraged to explore ways in which to improve their engagement with private landlords in their areas.** The Rugg Review identifies the following approaches, which we endorse:
- engaging with landlords in the first instance through their small businesses unit, rather than through the environmental health department
 - training local authority staff in private rented sector housing management
 - active work by landlord associations to encourage local authority members

- including the private rented sector in local housing strategies
- improving local evidence bases on the private rented sector as part of a local authority's strategic housing assessment, including the establishment of specific private rented sector teams to lead on data collection on a cross-departmental basis and
- engaging with CIEH and CIH in developing skills and expertise

73. We will be actively working with LACORS to identify ways in which they can develop a programme of work to support local authorities in their engagement with the private rented sector.

Are there other models for constructive engagement with landlords?

How can we best help and incentivise local authorities to work more constructively with the private rented sector in their areas?

Local lettings agencies

74. The private rented sector has a key role in providing affordable housing to those on low incomes. Many local authorities use the private rented sector as an integral part of the housing options for those in housing need. In some areas it can give those who cannot afford to buy their own home a wider choice of housing in a wider range of areas than is available within the social housing sector.
75. More often than not, local authorities will look to the sector to house some of the poorest and most vulnerable households in their area. Some have developed constructive relationships with private landlords which have enabled them to find suitable housing for tenants who fall within the vulnerable groups identified under PSA 16, for example those with learning disabilities, and to sustain them in those tenancies.

Milton Keynes Council has over the last three years adopted a fundamentally fresh approach to its understanding of housing need (and 'housing want') in their area: in place of a very long waiting list for social housing and a high level of homelessness acceptances, the council now aims to house all those in housing need within weeks, while guiding those who are unlikely to be entitled to social housing in the near future – if at all – to an alternative home in the private rented sector.

76. Often the ability to use the private rented sector in these ways will be constrained by local market forces and, in some areas, pressure on the sector has led to different agencies serving specific sections of the community who are in housing need effectively competing for the same, relatively small, number of privately rented properties. This can lead to 'incentive inflation' where landlords are able to play different Government-funded incentives off against one another.

77. At the same time, both landlords, potential tenants and housing organisations, including local authorities, can have a quite false idea of the risks involved in housing low income households in the private rented sector.
78. We are keen to build on the positive experiences in some local authority areas; to reduce both actual and perceived risks involved in this part of the private rented sector market. In order to do this local authorities need to build on an improved day to day engagement with landlords to provide support where that is needed and to ensure that any incentives are properly targeted and represent real value for money. Local authorities who already do this achieve more secure tenancies for low income households at lower rents and in better quality stock.
79. **We therefore propose that each local authority should develop a more co-ordinated approach to securing private rented sector tenancies for low income households, particularly where this involves government funded landlord incentives.** This 'local lettings agency' (LLA) (based in large part on Rugg's 'social lettings agency' concept) should also be the focus of local authorities' engagement with private rented sector providers.
80. We do not wish to be prescriptive about what form the arrangements for a local lettings agency should take and are keen not to fetter local authorities' discretion in setting them up. Local authorities would therefore be free to develop their own models for this purpose. Subject to local market conditions and priorities, an LLA could – for instance – involve a single local authority or several local authorities working together, and be run directly by the local authority (or group of LAs) or by a partner agency – from the public, voluntary or private sector – procured by the local authority, again building on existing schemes.
81. A holistic approach to a local authority's engagement with the private rented sector would be central to this approach, preferably linking up with unified housing options appraisals and building on and complementing existing choice based letting (CBL) arrangements. Tenancy sustainment would be an important part of an LLA's work as would a focus on improving the quality of the local housing benefit market in the private rented sector. Providing grants to improve the quality of stock, and lending (or underwriting) the upfront costs of a tenancy (such as rent deposits) could also, if appropriate, be part of the package or packages on offer. Close co-operation and a shared sense of purpose between the housing, housing benefit and environmental health teams would also be vital, as would good liaison with social care teams and others supporting vulnerable people.

Portsmouth City Council is demonstrating how building up close and effective relations between the PRS, housing benefit and environmental health teams within a local authority improves outcomes for tenants and landlords, while also enabling effective enforcement where essential. The PRS team has built up relevant environmental health expertise internally, while carrying out joint inspections and co-opting more specialist EH colleagues when needed.

82. We are keen to develop and disseminate good practice in this area in order to help local authorities. **In late spring/summer 2009, we will be seeking opportunities to work closely with individual LAs or groups of LAs, on their own or with partners from other sectors, who are interested in leading the development of this comprehensive approach on the ground.**

Which approaches have been shown to work best, and are there any which have been tried but shown to meet major hurdles?

What could usefully be added to the “menu” of options set out above?

Are there any barriers to the type of approach outlined above?

Improved coverage for accreditation schemes

83. Alongside our proposals for a national register of all landlords, we would like to see improvements in professionalism and encouragement for those aspiring to higher standards.
84. The obvious vehicle for this is through access to accreditation schemes. For a number of years many local authorities have run very successful accreditation schemes for their landlords. These can offer training, experience sharing through forums and a clear quality ‘kitemark’ for potential tenants.

Decent and Safe Homes (DASH) East Midlands is a project funded by the Government Office for the East Midlands and was created as a regional facility to support the implementation of the Housing Act 2004. DASH currently works with 40 local authorities in the East Midlands providing training and best practice guidance. Landlords can take advantage of their events and accreditation scheme to enable them to understand fully property management and how to deal with tenancies.

85. However, accreditation schemes are by no means universally available and not all offer the same high standards. Some serve only to give prospective tenants a spurious assurance of quality with no sanctions against landlords who do not comply with the requirements of the scheme.

86. **We would like to see accreditation being made available to all landlords wherever they operate.** This could be by means of local authorities joining together to develop joint accreditation schemes. More universal schemes could also be developed by the industry either singly or in partnership with each other and/or local authorities and as part of an increased focus on continuous professional development within the sector.
87. In order to support the use of accreditation as a form of 'kitemark' for the industry, **we also think that consideration should be given to whether a national standard for accreditation schemes should be established.**
88. We do not want to lose the good practice already in place. But we are keen that accreditation should really mean something for tenants and landlords.

Is the time right to establish a basic standard for accreditation?

If so, should this be industry led, prescribed by government or carried out by an independent body (like ANUK)?

What should a basic standard for accreditation cover?

How can local authorities and landlord associations be encouraged to work together to develop continuous professional development schemes?

Should accreditation registration fees also be standardised?

Conclusion

89. We believe that the proposals set out in this section represent a comprehensive package of measures which will support the important role that the private rented sector performs whilst delivering against our objectives of greater professionalism, enhanced consumer protection and improved stock condition. Taken as a whole they will deliver a sector with an enhanced reputation and which is less risky for both tenants and landlords. In pursuit of consistent high standards and professionalism, we should use this dialogue with landlords, tenants and local government to keep the regulatory framework under review.
90. The basic principles that we have identified reflect what we believe are pre-requisites to the delivery of those outcomes. They are based on our initial discussions with stakeholders. But we would welcome further views and are conscious that there is much work to be done before we will be in a position to formulate the legislation that would be needed to implement our proposals. The next section of this response sets out details of how we intend to work with stakeholders to take this important agenda forward.

Section 3:

Next steps

1. The package of proposals set out in this response represents a long-term strategy for the private rented sector. It builds on the important and thoughtful work of Julie Rugg and David Rhodes and others for which we are very grateful.
2. In developing our proposals we have not sought to reinvent the wheel. Where possible, we want to build on the structures and good practice that already exist and the improvements we have made as part of the Housing Act 2004. But we are mindful that much more detailed work needs to be done.
3. We see consultation on these proposals as the start of a long conversation with all who have an interest in the private rented sector and the proposals in this response. Details of how to respond to the consultation exercise are set out below.
4. At the same time as the broad consultation process, we are clear that closer, more focused, engagement will be needed with key stakeholders. With this mind, we propose to establish several **'task and finish' groups** to look closely at tightly drawn and specific issues identified within this consultation. We will be contacting potential members directly over the next few weeks.
5. Many of the proposals are long term and will require primary legislation to be implemented. However, much can be started immediately. Obvious examples are moves to a more professional sector through more training and better accreditation, organisational changes and capacity building in local authorities alongside the establishment of local letting agencies; and the development of a better evidence base, leading to a greater depth of understanding of the sector by all groups.
6. We look forward to receiving stakeholders' input over the next few months and to working with them to build on the many strengths of the private rented sector and move towards a confident sector in which people are proud to live.

How to respond to this consultation

7. Please send your response to this consultation by no later than Friday 7 August 2009. Responses should be sent to:

William Tandoh
Private Rented Sector Team
Department for Communities and Local Government
1/C4 Eland House
Bressenden Place
London
SW1E 5DU

Or by email to:
PRsreview@communities.gsi.gov.uk

Impact assessment

8. Scoping impact assessments of the proposals for a national register for landlords and the regulation of letting and managing agents will be put on our website alongside the paper. We intend to use the consultation exercise and our detailed work with task and finish groups as a means by which these can be considered and, as the detail of what we propose emerges, estimated impacts can be further established and assessed. The clear objective is to ensure that the overall impact on business is positive.

Equality impact assessment

9. Our initial screening of the proposals suggests strongly that they will have a positive impact on those equality areas where there is an impact. Our detailed work on the proposals will include consultation with key groups representing equality areas as part of a full equality impact assessment.

Territorial extent of the policy proposals in the response

10. The majority of the proposals in this response relate to devolved matters and will, therefore, only apply in England. Possible exceptions to this are the proposals on regulation of letting and managing agents which may need to be considered under consumer protection legislation. The Government will continue to engage with the Devolved Administrations as necessary on these proposals.

Annex A:

The consultation criteria

This consultation document and consultation process have been planned to adhere to the Code of Practice on Consultation issued by the Department for Business Enterprise and Regulatory Reform and is in line with the seven consultation criteria, which are:

1. Formal consultation should take place at a stage when there is scope to influence the policy outcome;
2. Consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible;
3. Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected costs and benefits of the proposals;
4. Consultation exercises should be designed to be accessible to, and clearly targeted at, those people the exercise is intended to reach;
5. Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees' buy-in to the process is to be obtained;
6. Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation;
7. Officials running consultations should seek guidance in how to run an effective consultation exercise and share what they have learned from the experience.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory code of practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the department.

The Department for Communities and Local Government will process your personal data in accordance with DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed these criteria? If not or you have any other observations about how we can improve the process please contact:

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