PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

RENTERS (REFORM) BILL

Fifth Sitting

Tuesday 21 November 2023

(Morning)

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Saturday 25 November 2023

The Committee consisted of the following Members:

Chairs: Yvonne Fovargue, † James Gray

† Aiken, Nickie *(Cities of London and Westminster)* (Con)
† Amesbury, Mike *(Weaver Vale)* (Lab)
† Bailey, Shaun *(West Bromwich West)* (Con)
† Britcliffe, Sara *(Hyndburn)* (Con)
† Buck, Ms Karen *(Westminster North)* (Lab)
† Firth, Anna *(Southend West)* (Con)
† Glindon, Mary *(North Tyneside)* (Lab)
† Hughes, Eddie *(Walsall North)* (Con)
† McDonagh, Siobhain *(Mitcham and Morden)* (Lab)
† Mohindra, Mr Gagan *(South West Hertfordshire)* (Con)
† Morgan, Helen *(North Shropshire)* (LD)
† Pennycook, Matthew *(Greenwich and Woolwich)* (Lab)
Russell, Dean *(Watford)* (Con)
† Russell-Moyle, Lloyd *(Brighton, Kemptown)* (Lab/Co-op)
† Spencer, Dr Ben *(Runnymede and Weybridge)* (Con)
† Tracey, Craig *(North Warwickshire)* (Con)
† Young, Jacob *(Parliamentary Under-Secretary of State for Levelling Up, Housing and Communities)*

Simon Armitage, Sarah Thatcher, *Committee Clerks*

† attended the Committee

Public Bill Committee

Tuesday 21 November 2023

(Morning)

[James Gray *in the Chair*]

Renters (Reform) Bill

9.25 am

The Chair: I welcome the Committee to its consideration of the Renters (Reform) Bill. It might be helpful if I lay out a few thoughts before we start line-by-line consideration. Most of you will be old hands, so forgive me if I am teaching grannies to suck eggs, but I might as well try for clarity.

First, will you make sure that you let any speaking notes you have go to *Hansard*, which makes it easier for the *Hansard* reporter accurately to report what you have said? Secondly, all the rules and conventions that apply in the Chamber apply here, in particular with regard to drinking coffee, leaving your coats lying around and things like that, on which I am rather old-fashioned. Forgive me if you do not agree, but the rules and conventions that we use in the Chamber, including on speaking, will be used here in Committee.

The purpose of the Committee you all know well. The Government have laid down the outline of the Bill as it was debated on Second Reading—it was read a Second time without Division—and the duty of the Committee is now to examine the words of the Bill to ensure that the resulting law is as good as it possibly can be, leaving aside the principle that may lie behind it. Any member of the Committee, including members on the Government side and in particular those in His Majesty's loyal Opposition, may table as many amendments as they like on as many clauses as they like, bearing in mind that amendments for consideration on a Thursday must be tabled by the Tuesday and that amendments for consideration on a Tuesday must be tabled by the rise of the House on the previous Thursday. If they are tabled later, they will not normally be considered unless there is a particular reason why they should be.

The end result is the amendment paper that you have before you. You will also see the selection list with the grouping of amendments; it is in my name, but is actually done by my learned friend the Clerk. It groups together topics of similar interest, right through the Bill: we might find that an amendment to clause 1 is grouped with an amendment to schedule 23, say, because that makes it easier to debate. We debate the principle behind the changes; the changes are then voted on when we get to that point in the Bill, rather than at the time we debate them. People often find that confusing, but it works more easily that way.

Unless there are any questions on that little "Boy's Own" introduction, we now come to line-by-line consideration of the Bill.

Clause 1

Assured tenancies to be periodic with rent period not exceeding a month

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to discuss the following:

Government new clause 2—*Repayment of rent paid in advance*.

Government new clause 6—*Liability of tenants under assured tenancies for council tax*.

The Parliamentary Under-Secretary of State for Levelling Up, Housing and Communities (Jacob Young): May I join you, Mr Gray, in thanking members of the Committee for their engagement with the Bill so far?

My view is that the Bill delivers a better deal for renters and for landlords. As hon. Members are aware, however, we must tread lightly. This is a fine balancing act. Go too far one way, and good landlords will find it harder to operate and exit the market; go too far the other way, and the Bill will not give renters the protections we all seek against bad actors in the private rented sector. As we delve into the Bill, I ask all hon. Members to consider the impact of proposed amendments on that delicate balance.

Everyone has the right to a secure and decent home, whether they own it or are among the 11 million people living in the private rented sector; that is the guiding principle of the entire Bill. Clause 1 will remove fixed terms. It provides that tenancies will be periodic in future: under the clause, the tenancy will roll from period to period. Any term in a contract that includes a fixed term will not be enforceable.

The clause also has limits on how long a rental period can be. That is to prevent unscrupulous landlords from emulating fixed terms by introducing longer periods to contracts. Fixed terms lock tenants into contracts, meaning that they may not be able to end their tenancy before the end of the term and move to another property when they need to, for example to take a new job or when a landlord fails to maintain basic standards or repair a property. The changes will also give landlords more flexibility: they may end the tenancy when they need to, under specified grounds that are covered in later clauses, rather than waiting for the end of the fixed term.

Government new clause 2 will require landlords to refund rent in advance where the tenancy has ended earlier than the duration already paid for. That applies regardless of how the tenancy came to an end. It will ensure that rogue landlords do not try to lock tenants in with large up-front payments.

Government new clause 6 will deliver a technical change to council tax rules in the light of the abolition of fixed-term assured tenancies. It will ensure that tenants who hold assured tenancies are liable for council tax until the end of their tenancy agreement. In particular, tenants will remain liable for council tax when they have served notice to end their tenancy but leave the property before the notice period has ended. That will ensure that liability for council tax does not pass back to the landlord until the tenancy has formally ended. I commend the clause to the Committee.

Matthew Pennycook (Greenwich and Woolwich) (Lab): It is a real pleasure to begin our line-by-line consideration with you in the Chair, Mr Gray. It is a genuine privilege to serve on a Committee with such evident expertise in the subject matter. It is my sincere hope that we can draw constructively on it all in the days ahead to improve this long-overdue but welcome piece of legislation.

As the Opposition argued on Second Reading, the case for fundamentally reforming the private rented sector—including by making all assured tenancies periodic in future, as clause 1 seeks to do—is watertight. As the Minister implied, regardless of whether someone is a homeowner, a leaseholder or a tenant, everyone has a basic right to a decent, safe, secure and affordable home. However, millions of people presently renting privately live day in, day out with the knowledge that they could be uprooted with little notice and minimal justification, if any. The lack of certainty and security inherent in renting privately today results not only in an ever-present anxiety about the prospect of losing one's home and often one's community, but—for those at the lower end of the private rented market, who have little or no purchasing power and who all the evidence suggests are increasingly concentrated geographically—in a willingness to put up with often appalling conditions for fear that a complaint will lead to an instant retaliatory eviction.

This House last legislated to fundamentally alter the relationship between landlords and tenants in 1988, when I was just six years old. The Minister may have been even younger.

Jacob Young: I wasn't born!

Matthew Pennycook: Well, that just makes my point that the sector should have been overhauled a long time ago. The fact that it has changed beyond recognition over recent decades and now houses not just the young and the mobile, but many older people and families with children, for whom having greater security and certainty is essential to a flourishing life, renders urgent the need to transform how it is regulated and to level decisively the playing field between landlords and tenants.

This Bill is a good starting point to that end. We are glad that after a very long wait, it is finally progressing. However, we are determined to see it strengthened in a number of areas so that it truly delivers for tenants. In this Committee and the remaining stages, we will seek to work constructively with the Government to see this legislation enacted, but we also expect Ministers to give serious and thoughtful consideration to the arguments we intend to make about how its defects and deficiencies might be addressed.

Part 1 of the Bill seeks to amend the assured tenancy regime introduced by the Housing Act 1988. In the nearly 35 years since that Act came into force in January 1989, with some limited exceptions, all new private sector tenancies in England and Wales have been either assured or assured shorthold tenancies, with the latter becoming the default PRS tenancy following the implementation of the Housing Act 1996. As the Committee will know, assured tenancies can be either periodic or fixed, but the vast majority of ASTs are fixed.

Clause 1 will insert a new section 4A before section 5 of the 1988 Act, thereby providing, as the Minister made clear, that all future assured tenancies will be periodic and open-ended, and that they can no longer have fixed terms. That change will empower tenants by giving them more flexibility to end tenancies where and when they want or need to, including when landlords are not meeting their responsibilities and obligations or in instances in which the property that they have moved into is not as advertised. We support it.

We take no issue with Government new clause 2. Although we are not convinced that it is strictly necessary, given how the Apportionment Act 1870 applies to rent paid in advance, we believe that it is a worthwhile amendment none the less, to the extent that it makes express provision for that.

We believe that Government new clause 6 is a necessary change to how council tax works, given that the Bill abolishes fixed-term tenancies. However, in the sense that its effect will be to render a tenancy that

"is or was previously an assured tenancy within the meaning of the Housing Act 1988"

a "material interest" for the purposes of this Bill, we would be grateful if the Minister provided some clarification. Could he tell us the effect of the proposed change in circumstances in which a tenant used to have an assured tenancy but, after this part of the Bill comes into force, now does not because of circumstances that are out of their control? Let us say, to take an extreme example, that a tenant died prior to the end of their assured tenancy, and the relevant provisions came into force. Would their estate be forced to pay the council tax liability as a consequence of the new clause?

We understand the Government's intention with regard to the new clause, which is to manage the transition between the two tenancy regimes when it comes to council tax. However, we are a little concerned that, as drafted, the new clause may be unnecessarily broad and may create some problematic outcomes. The explanatory statement accompanying the new clause suggests that it may have another purpose altogether—namely, to make people liable if they leave a tenancy without giving notice—but that raises the obvious question of how the Valuation Office Agency and the relevant local authority are meant to know that, and how the local authority might ever hope to find the tenant who is liable. Could the Minister tell us whether the Government have discussed the matter at all with either the Valuation Office Agency or the Local Government Association?

Lastly in connection with this new clause, is there not a risk that unscrupulous landlords may game this provision by claiming that there is still a tenant in situ who should settle the council tax liability, rather than the landlord doing so? Our concern is that the provision could be abused along those lines and that local authority revenue would suffer as a result. I would appreciate some reassurance and clarification on those points in the Minister's response.

With or without the incorporation of Government new clause 2 and new clause 6—after clause 6 and before clause 20 respectively—huge uncertainty now surrounds the implementation of clause 1, and the rest of chapter 1 of part 1, as a result of the Government's recent decision to tie implementation of the new system directly to court improvements. Whatever the motivation behind that—renters will no doubt have reached their own conclusions—the decision has significant implications for when clause 1 and the other clauses in this chapter become operational. We need answers today, so that those whose lives stand to be affected are clear as to what they are.

Clause 67, "Commencement and application", gives the Secretary of State the power by regulations to appoint a day when chapter 1 of part 1, including clause 1, comes into force. In other words, the Bill has always given Ministers discretion as to precisely when the new system

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becomes operational—a matter that we will debate more extensively in a future sitting when we come to clause 67 itself and our amendment 169 to it.

The Government were previously clear that there would be a two-stage transition to the new tenancy system, with precise starting dates for new and existing tenancies to be determined by the Secretary of State, and that a package of wide-ranging court reforms was to accompany the legislation, but at no point prior to the response issued on 20 October this year to the Select Committee on Levelling Up, Housing and Communities did the Government indicate that the new system's implementation was directly dependent on such reforms. As things stand, because of the Government's last-minute change of approach, not only do tenants have no idea when the new tenancy system will come into force, but they do not even know what constitutes the requisite progress in respect of court reform that Ministers now deem is necessary before it does.

There are three distinct questions to which the Government have so far failed to provide adequate answers. First, is the county court system for resolving most disputes between landlords and tenants performing so badly that reform is a necessary precondition of bringing this clause and others in this chapter into force?

Lloyd Russell-Moyle (Brighton, Kemptown) (Lab/Co-op): We heard from many representations on the county court part of the process that the county court system was performing adequately. Does that not make one suspicious that there are other motivations for kicking this into the long grass?

Matthew Pennycook: I will come on to our view of precisely how the county court system is operating, but I think it would be fair to say that we do not necessarily buy the Government's argument that it is performing so badly that we need to tie implementation of this clause and others in this chapter to it. It could certainly do with improvement, but if it needs improvement, we need to know what that improvement is. That is an argument that I will come on to make in due course.

The second of my three questions to the Government relates to the point that my hon. Friend has just raised: if the court system requires improvement to ensure that landlords can quickly regain possession of their property if a tenant refuses to move out, what is the precise nature of the improvements that are required? Thirdly, how can we measure progress on delivering those improvements so that tenants have certainty about when the new system might come into force?

I will start with my first question. With apologies, Mr Gray, I intend to spend some considerable time on this point, because it is central to when the clause and the rest of the chapter come into force.

If one examines the evidence, it is clear that the possession claims system is one of the faster and better-administered parts of the civil justice system. As housing expert Giles Peaker put it when giving evidence to the Committee on Thursday, it is "well honed". As Simon Mullings, co-chair of the Housing Law Practitioners Association, stated in the same session:

> "What we have at the moment is an extremely good network of county courts, with a very evolved set of civil procedure rules that deal with possession claims very well." —[*Official Report, Renters (Reform) Public Bill Committee,* 16 November 2023; c. 111, Q141.]

The data seems to bear that out. It makes it clear that the various stages of possession and litigation are back to where they were pre-pandemic, and that non-accelerated possessions are not taking significantly longer than the relevant guidelines stipulate. As Giles Peaker argued,

> "the current time from issue to a possession order under the accelerated possession proceedings—an 'on the papers' process, without a hearing—is roughly the same as under the section 8 process with an initial hearing. There is no great time lag for the section 8 process as opposed to accelerated possession proceedings."—[*Official Report, Renters (Reform) Public Bill Committee,* 16 November 2023; c. 111, Q141.]

One of the more robust defences of the adequacies of the present system that I have heard came from the sixth of the seven housing and planning Ministers that I have shadowed in my two years in this role. On Second Reading, the hon. Member for Redditch (Rachel Maclean) argued:

> "It is important to note at this point that the vast majority of possession claims do not end up in the courts—only something like 1% of claims go through the courts... The courts have already made huge improvements. It is worth saying that over 95% of hearings are listed within four to eight weeks of receipt, and of course the ombudsman will encourage the early dispute resolution process, taking a lot of claims out of the courts and freeing up court time for more complex processes."—[*Official Report*, 23 October 2023; Vol. 738, c. 695.]

We also heard expert testimony last week that called into question the suggested impact of the Bill on the courts. For example, it was disputed whether the reforms in the Bill would increase the number of contested cases. Giles Peaker persuasively argued that there was likely to be an increase in the number of initial hearings, but that we are unlikely to see an increase in the number of contested hearings.

To the extent that concern was raised about capacity within the system, several witnesses argued that it still did not justify postponing the enactment of chapter 1 of part 1. Indeed, the head of justice at the Law Society, Richard Miller, argued in relation to plans for digitisation that it would be sensible to see the new tenancy system put in place first so that we can properly understand what a new digital system needs to achieve in respect of the Bill.

Every part of the civil justice system would benefit from improvement, but we would argue that, to date, the Government have failed to demonstrate that the county court system for resolving landlord and tenant disputes is failing to the degree that it is imperative to further delay the long-overdue reforms to tenancies in the Bill. I would be grateful if the Minister set out very clearly why the Government believe the possession of claims system is so woefully inadequate that the enactment of clause 1 and the other clauses in chapter 1 must be postponed.

I turn to the second of my questions. If we accept that the county court system as it relates to housing cases could be improved—probably no one here would dispute that, even if we might debate the extent of the improvement required—how are the Government defining improvement? To put it another way, what is the precise nature of the improvements that Ministers believe are

required before we finally abolish section 21 of the 1988 Act and reform the tenancy system, as clause 1 and other clauses in chapter 1 will do?

Let us examine and interrogate what the Government have said about this. Their 20 October response to the Select Committee stated:

"We will align the abolition of section 21 and new possession grounds with court improvements, including end-to-end digitisation of the process."

Will the Minister tell us precisely what is meant by end-to-end digitisation of the process? Precisely what process did that statement refer to? Was it a reference to just the court possession action process, or to civil and family court and tribunal processes more generally? Further detail was seemingly provided in the briefing notes that accompanied the King's Speech on 7 November:

"We will align the abolition of section 21 with reform of the courts. We are starting work on this now, with an initial commitment of £1.2 million to begin designing a new digital system for possessions. As work progresses, we will engage landlords and tenants to ensure the new system supports an efficient and straightforward possession system for all parties."

9.45 am

Lloyd Russell-Moyle: Did we not hear in evidence that the key for this to work was the property portal? Delaying the implementation of these measures until after court reform would therefore seem to be the wrong way around. Surely the property portal and ombudsman need to be up and running, and then we can see what pressure is on the courts, and we can also integrate the property portal into the digitalisation of the process.

Matthew Pennycook: I thank my hon. Friend for that intervention. It is a point well made, and I think the same point was made by Richard Miller of the Law Society. If this Bill works as intended, there are a number of provisions in it that should relieve the burden on the courts. We all want to see that happen. However, to the extent that the courts do need to act in possession cases, we need to know precisely what the Government mean by the "improvements" that they have been referring to over recent months.

That King's Speech briefing note would suggest that the required improvements relate only to the court possession action process. However, it is not clear whether the proposed new digital system for possessions is the only improvement that Ministers believe needs to be delivered before the new tenancy system can be introduced, and if so—this is crucial—by what date that new system will be operational.

Can the Minister tell us more about the new digital system for possessions that the King's Speech briefing note referred to? Specifically, can he tell us whether its introduction is the sole determinant of when the new tenancy system can come into force? Can he also outline when the Government expect work on that new digital system to be completed by the Government and rolled out for use by landlords, given that it appears—on the basis of the King's Speech briefing note—to have only just commenced?

The White Paper "A fairer private rented sector", which the Government published in June 2022, set out the Government's intention, working in partnership with the Ministry of Justice and HM Courts and Tribunals Service, to

"introduce a package of wide-ranging court reforms".

Those went beyond purely the court possession action process that I have just been speaking to. It was suggested in the White Paper that the package would include steps to address county court bailiff capacity, a lack of adequate advice about court and tribunal processes, a lack of prioritisation of cases and the strengthening and embedding of mediation services for landlords and renters—issues that many of our witnesses in last week's evidence sessions referred to.

Many of those issues were also identified in the Government's response to the Select Committee as "target areas for improvement". What is not clear is whether the implementation of the new tenancy system, and this clause, is dependent on Ministers judging that sufficient progress has been made in relation to each of those target areas for improvement, or whether it is dependent, as I have suggested, solely on improvements in the court possession process.

Can the Minister tell us clearly which one it is? Will the new tenancy system be introduced only when improvements have been made in all the target areas specified, or is the implementation date linked solely to improvements in the court possession process? If it is the former, what are the criteria by which the Government will determine when sufficient improvements have been made in each of the listed target areas for improvement? Those of us on the Opposition side of the Committee, and many of the millions of tenants following our proceedings, need answers to those questions. As we debate the Bill today, we do not know precisely what reform of the courts is required for the new tenancy system to be enacted.

I turn to my third question. Because we have no real sense of precisely what the Government mean by court improvements, and therefore no metrics by which they might be measured, we have no idea whether and when they might be achieved. The concern in that regard should be obvious. Having been assured repeatedly by Ministers that the passage of this Bill will see a new tenancy system introduced and the threat of section 21 evictions finally removed, tenants have no assurances, let alone a guarantee, that the Government have not, in effect, given themselves the means to defer—perhaps indefinitely—the implementation of these long-promised changes.

As I referenced in my response to my hon. Friend the Member for Brighton, Kemptown, we accept that the court system needs to be improved so that, when landlords or tenants escalate a dispute, they can have confidence that it will be determined in an efficient and timely manner. However, since they committed themselves to abolishing section 21 evictions, the Government have had more than four and a half years to make significant improvements to the system to support tenants and good-faith landlords, and they have not succeeded in doing so.

Mike Amesbury (Weaver Vale) (Lab): On that four-and-a-half-years point, can my hon. Friend clarify how many people have been evicted through no-fault eviction since 2019, when abolition was originally promised?

Matthew Pennycook: That is a very good point. Every month that the Government delayed tabling the Bill, many thousands of tenants were put at risk of homelessness by a section 21 eviction. I cannot remember the precise

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figure, but I think the last Government data release showed that just under 80,000 tenants had been put at risk of homelessness as the result of a section 21 notice since the Government first committed to abolishing section 21. And we are talking not just about those 80,000, but about however many tens of thousands more will be put at risk of eviction while the Government delay the enactment of the provisions on the basis of court reforms.

Siobhain McDonagh (Mitcham and Morden) (Lab): Does my hon. Friend agree that this issue is putting huge strains on local authorities, which are being forced to pick up so many homeless families at a time when social housing unit availability is at its lowest and it is difficult to find any form of temporary accommodation that is half-decent?

Matthew Pennycook: I thank my hon. Friend for that well-made point. A related and incredibly important issue is the supply of genuinely affordable housing, and the Government have failed woefully to build enough social rented homes in this country to meet housing need. She is absolutely right that local authorities are picking up the burden for this failure and the failure in the courts. My local authority—like hers, I am sure—is now sending people in need of temporary accommodation as far as Dartford or north Kent, and even further in some cases. Those people are struggling to retain a foothold in the community they live in and value, and in the schools that their children go to. Frankly, that is unacceptable. We need an end to section 21 as soon as possible.

Lloyd Russell-Moyle: My hon. Friend talked about the insecurity for tenants if the measure is not implemented in time, but does he also think that if it is not clear when it will be implemented, there could be adverse effects on the wider rented sector market? We know that people game the system; if it is not clear when the measure will be implemented, the danger is that people can run rings around both tenants and the public sector.

Matthew Pennycook: My hon. Friend is right: a protracted delay in implementing this clause and the others in chapter 1 could lead landlords to look at how they can best abuse the system before the new one is introduced. Equally importantly, it could provide a real problem for good-faith landlords who are trying to do the right thing. If a landlord who is affected by high interest rates and section 24 tax changes is wondering whether they can stay in the market and continue to provide private lets, how does it help to have hanging over their head an undetermined date, based on an unspecified set of metrics, for when a new system will come into force?

As I was saying, the Government have had more than four and a half years to improve the court system. They have not succeeded. If they had, then, as the former Housing Minister—the hon. Member for Redditch—claimed, they would have had no justification for delaying the enactment of this clause and the others on the grounds that the system is failing to such an extent that landlords have no confidence in it. The truth is that the Government's record on court reforms is as woeful as their record on social rented housing. In a damning report published this summer, the Public Accounts Committee made it clear that, seven years into the courts and tribunals reform programme, HMCTS

> "is once again behind on delivering critical reforms to its services. Overall, despite an increase in budget, the programme is set to deliver less than originally planned, at a time when the reforms are even more vital to help reduce extensive court backlogs."

The Chair: Order. I indicated to the hon. Gentleman that I was content with a reasonably wide-ranging, Second Reading-type debate on clause 1 stand part, but we are now going well beyond the scope of the clause. Perhaps he might like to return to it.

Matthew Pennycook: I am bringing my remarks to a close. The degree of progress in improving the courts is pertinent to the debate, given that the Government have linked the implementation of the clause directly to it. When it comes to digitisation, which the Government have flagged as one of the target areas for improvement and on which the implementation of this clause relies, the Government have made agonisingly slow progress. As Mr Miller from the Law Society argued in his evidence to the Committee last week, the project to digitise private family law was announced in 2020 and was scheduled to be completed in December 2022. Yet the issue is ongoing and the roll-out has not yet been completed.

Given the Government's record on court reform, how can tenants, looking for clause 1 and other clauses in chapter 1 to be enacted as soon as possible, have any confidence that sufficient progress will now be made in even the limited number of areas identified by the Government? As I have remarked, the inefficiency of the court system is a huge problem and action must be taken to address its lack of capacity so that possession claims can be expedited. The end of no-fault evictions cannot be made dependent on an unspecified degree of future progress subjectively determined by Ministers.

On Second Reading, we asked for clear commitments from the then Housing Minister on metrics and timescales that would give renters a degree of certainty about when the new tenancy system would be introduced. None was forthcoming. There is a huge amount of confusion, and genuine concern, about this issue. In the absence of any assurances to the contrary, the conclusion that has been reached by many tenants, and those who represent them and defend their interests, is that the Government have reached for a spurious excuse in order to delay the implementation of some of the most fundamental reforms in this legislation, under pressure from the landlord lobby and discontented Members on their own Back Benches.

I have spent some time on this clause stand part debate, but that is because of its importance to millions of tenants in England and Wales. We will return to this issue again when we debate clause 67, but given that the Government have made it operational on clause 1 and the rest of chapter 1 is dependent on those unspecified reports, we would appreciate it if the Minister took the opportunity in this debate to clarify precisely what the Government's intentions are and set a clear timeline for when the new periodic tenancies provided for by this clause, as well as the rest of the new tenancy system, will come into force.

Helen Morgan (North Shropshire) (LD): In the interests of avoiding repetition, I will keep my remarks fairly brief. As I outlined on Second Reading, Liberal Democrats welcome the Bill. We welcome the objective of achieving a balance between landlords and tenants, increasing the supply in the private rented sector and enhancing the ability of tenants to enjoy a secure and safe home. To that end, we welcome the introduction of periodic tenancies.

I would like to touch on some of the evidence that we heard last week around the absence of any longer-term tenancy option. We heard from both tenant and landlord groups that in certain situations they would like a long-term tenancy option to be introduced. As things stand, periodic tenancies guarantee a tenant only six months' security before a no-fault ground for eviction can be introduced. For a landlord, that period of certainty is effectively only two months, because of the notice period that the tenant has available to them. Some landlords might therefore feel that they are not secure in that market, given that they cannot guarantee their income. Equally, tenants might feel that they are unable to commit to a local school, for example, or a job, because they do not know whether they will be in that property for longer than six months.

I have not tabled an amendment, because clause 1 does away with fixed-term tenancies and is a fundamental part of the Bill, and also because we are not opposing the introduction of periodic tenancies, but will the Minister give some indication of whether a long-term alternative, where neither the landlord nor the tenant could break those terms, could be considered? That would mean that some people will have the security that they need.

I was particularly concerned about the evidence from Grainger plc that some financing is dependent on the availability of a longer-term period for the landlord. We would all hate to see withdrawal from the housing market because of a lack of financing for landlords, given that the issue of supply underpins this whole housing crisis—not just in the private rented sector, but in social housing, as the hon. Member for Mitcham and Morden has already pointed out.

That is my key concern about clause 1. I do not want to repeat the concerns about the delays in implementing clause 1, except to echo them. Landlords are running a business and need certainty about when these reforms will take place, so that they can plan for them. Uncertainty is the worst thing for a business. Even if they do not particularly like the idea that is coming in, planning for it enables them to get over the hurdles, but if there is uncertainty, that is the worst thing for any business to plan for. The Minister needs to be clear about the timescale of reform, when exactly the clause will be implemented and what the finished reform will look like. I echo the concerns around that.

10 am

My final point is about further clarity on achieving that balance: we welcome the Government new clauses, which I think are sensible, although some concerns were outlined by my hon. Friend the Member for Greenwich and Woolwich. We will not oppose them, but we would like to hear clarity on them, too.

Ms Karen Buck (Westminster North) (Lab): I rise briefly to reinforce the key points made by my hon. Friend the Member for Greenwich and Woolwich. The hon. Member for Cities of London and Westminster and I share in our borough what I think is the largest private rental market in the country, so these issues are of particular concern to us. I am sure that she, like me, deals with consequences of section 21 evictions constantly.

We are all pleased to be here finally to recognise the principle that the section 21 evictions will end. However, I must also echo the concerns about the practice being dependent on a Government decision that in itself rests on agreement on court reform. That, as we heard in evidence last week, is unspecified and imprecise, which allows for the possibility that it will be some time before tenants see the benefits.

My hon. Friend the Member for Greenwich and Woolwich was asked in an intervention how many households had lost their homes since the Government introduced the principle of the Bill. The answer to that is 23,000 households since the commitment to the principle in the Bill. Even more worryingly, if the provisions of the Bill do not come into effect until the end of 2024, we are likely to see an additional 35,000 households losing their homes.

The consequences of losing a home are catastrophic for families. Many of us rented when we were younger, when we were students or young professionals, and moving frequently is a hazard of young life, but the private rented sector has been transformed in recent decades; it is now a home to families with children in a way that it simply was not a couple of decades ago. Therefore, the consequences for those families are at a level of disruption that is quite different, in particular in the impact on young people's education.

One of the aspects that I deal with a lot, and that causes me great concern, is the number of uprooted families who have education and care plans. Children might be in the middle of special needs education—in particular, vulnerable children with autism or various disabilities—but they are uprooted and moved to different boroughs. That is also at considerable public expense, let alone the damaging consequences for the children.

We also have a growing number of older renters. Again, that was very rare a few decades ago. Those people have put down roots over decades.

Siobhain McDonagh: Has my hon. Friend had the same experience that I have had? I see an ever-growing number of constituents over 60 who face section 21 eviction. In the 26 years that I have been the MP for Mitcham and Morden and in the previous 18 years that I was a councillor, or when I worked for Wandsworth local authority or the Battersea Churches Housing Trust, I have never seen that. It is a very new development.

Ms Buck: I very much agree. That is a new development, and it is extremely worrying and damaging to people's quality of life.

The whole area of enforced mobility and frequent moves is an under-researched area of social policy, but it has massive implications. There is unfortunately far too little quality research, but from anecdotal evidence we know the negative impacts that frequent moves have on children's education—I mentioned special needs, but there is an impact on children's educational opportunities

[Ms Buck]

generally. I and, I am sure, other Members who represent areas with large renting populations have heard of children being uprooted in the weeks before they take public examinations, and being forced to commute to their schools, sometimes travelling an hour or more each way. We know that this is bad for educational prospects, we know it is bad for health, and we know that it correlates with low birth rates, infant mortality and serious mental health consequences.

Siobhain McDonagh: The guidance code on dealing with homeless families suggests that priority for local temporary accommodation should be given to children in their exam years. That is a great aspiration, but it is not being realised on the ground because local authorities cannot find accommodation, particularly for larger families.

The Chair: Order. Before the hon. Member for Westminster North replies, I must point out that although these are important matters, they are consequences of what we are discussing but not of the precise clause. We ought to return to the group of amendments before us.

Ms Buck: Thank you, Mr Gray. I was merely making the point that agreeing the principle in the Bill but not setting a date, or making the date consequential on an unmeasurable set of objectives, will have serious real-life consequences for individuals and public services.

Regarding court reform, the evidence we heard last week from the Law Society, the Housing Law Practitioners Association and other expert lawyers is that it is simply not a prerequisite for abolishing section 21. I hope the Minister will respond specifically to the evidence we heard that the median time between claim and possession has fallen back to pre-pandemic levels, meaning the courts are performing better than in recent years, so the assertion that they are incapable of dealing with the consequences of the abolition of section 21 is not a valid argument. As Shelter told us, the pressure is overstated, in part because most evictions are concluded with tenants vacating before court proceedings; demands on the courts are therefore not as presented. In addition, many possession cases under section 21 would not be legitimate claims under section 8.

We also heard evidence that court digitisation is, if anything, adding to the delays affecting the civil court system. The speed of transformation, the scale of change and the multiplicity of changes happening simultaneously may place an additional burden on the courts system, rather than facilitating speed over the next couple of years. The National Audit Office and PAC reports made much the same points. I argue that the Bill is being delayed because of a flawed and rushed digitisation processes, and unwillingness to recognise that the civil courts as they stand are perfectly capable of dealing with the consequences of the abolition of section 21.

I hope the Minister will respond specifically to those points. The Opposition are desperately anxious to get on with the abolition of section 21. We want families to have security and stability and the pressure on local authorities of homelessness to be reduced. We do not believe that the arguments advanced by the Government for failing to speed ahead with implementation are valid.

Lloyd Russell-Moyle: I rise to support clause 1, while raising concerns similar to those expressed by my good colleagues about the delay to its implementation. I will first explain why it is important that we abolish fixed-term tenancies and do not provide loopholes whereby such tenancies can be brought back in, despite the well-meaning efforts of colleagues on this Committee.

When the original Act that introduced assured tenancies and assured shorthold tenancies was being discussed, assured tenancies were initially expected to be the dominant form of tenancy. Members can see from the debate at the time that assured shorthold tenancies were meant to be there because some tenants might want the security of a specified period. What happened over the slightly less than 10 years until the 1996 Act was that they dominated and took over the market as the only recourse for people. The reality is that tenants do not have a choice: they must choose what is available—what the landlord offers. If there is an option for any form of fixed period, the landlord might well offer it for that property. That then limits the tenants who can apply for that property to people who are willing to have fixed-term periods only, and eventually those are the only tenancies offered in the market. Effectively, we get to the same situation that we have at the moment.

I applaud the Government for not relenting and giving into having fixed-term periods, even for longer periods. Although the argument might sound appealing, it is a slippery slope. It is also true that none of our future conditions can be predicted. I might sign a tenancy and the landlord's situation or mine might change; the inability to get out of that situation, or the requirement to go to the courts to get out of it, would bung up the courts and slow the process down. It is, then, the right call to make.

I worry that the link relates to the courts. I heard that the problem was getting bailiffs in at the final stage of the final part for, let us be clear, a very small number. Most people leave when a section 21 notice is issued—in cases under the Bill, that will be when the new grounds are issued—and they leave quickly. They often leave before their time limit is up, because they have found a place, or when it is up. The very few who do not leave and are required to go to court will usually leave as soon as the court has given notice. There is of course a tiny minority who need to be dealt with efficiently—they need forceful eviction via bailiffs and are required to leave.

I think we all agree that reform of the bailiff system needs to happen. It needs to happen on many fronts to make sure that it is sensitive, targets the right people and is efficient for all sides. That does not seem the same as needing to wait for the advanced digitisation of the court system. We all agree that the court system needs digitisation, but they are two different things. The digitising of the bailiff system does not seem to be the problem we have heard about bailiffs: the problem we have heard about bailiffs is the supply chain. It is about the pay and conditions of bailiffs, the equipment they need and procuring the right number of bailiffs in certain areas, with London being particularly problematic. If the Minister is talking about bailiff reform in respect of the delay, it would be useful if he could be clear about what exactly the Government will do to increase the number of bailiffs in the sector. If this is not about bailiff reform, the Minister needs to give clear indicators of what the court reform he talks about actually is.

We heard in evidence that while we can always have improvements in the courts, we must not do it the wrong way around. We need a property portal through which eviction notices can be served to free up some of the court processes. We need an ombudsperson who can help to resolve disputes before they get to the courts, so that we can get to a situation in which things do not lead to eviction because the issue has already been resolved. We also need clearer competencies for councils to be able to fulfil their homelessness duty—there are amendments on that later in the Bill. That is what will free up the courts, so the full implementation of the Bill, not delays to sections of it, is needed to allow the courts to function more effectively.

The danger of delaying the implementation of clauses 1 and 3—on periodic tenancies and section 21—is that there will be a rush for evictions in that period or, as we have heard from Opposition Members, that landlords will be unsure about their situation, the market will slow down and people will withdraw to see what happens. I would like the private rented sector to be smaller overall in the long term, but I do not think anyone thinks that, before we get Britain building again, withdrawing or slowing down the letting market would do anyone any favours.

10.15 am

Let me turn to the importance of not having tenancies that end at a fixed date. We will have slight disagreements about the student market, but we heard that one of its problems is that student tenancies last a year: by the time a student gets to any enforcement mechanism, they are on their way out, so the student housing ends up in a very poor condition. Well, that is the reality of the whole private rented sector at the moment. Many people think, "I am only here for a year, so there is no need to go to my local authority, because it will take too long for enforcement to come around." That is particularly the case when people have minor issues, such as a little bit of mould but not a lot—most people unfortunately consider that a minor issue, although we should reconsider that thinking. It might be that they have minor issues about the behaviour of their landlord or issues with their neighbours. Those things need to be dealt with, but the problem with a fixed term is that rather than sorting out the problems, tenants hold off because they think, "I will be moving in a year." The danger with the delay in the implementation of the clause is that more people will not enforce all the other standards that the Bill is meant to provide, such as the decent homes standard.

Helen Morgan: The hon. Gentleman is making an excellent point about short fixed terms, and I absolutely agree with him. To be clear, my proposal was for a long fixed term of at least three years.

Lloyd Russell-Moyle: I totally take that point. I am talking specifically about the short-term problem.

On the all-party parliamentary group for renters and rental reform, we heard from Gemma Marshall, who every year has to look for a new house and has had to change her children's school three times. She lives not in London, which is even worse, but in north Devon. This problem affects all parts of our country. We also heard from Amy Donovan, who does live in London, and equally has had to move numerous times, which has meant that she cannot commute to her job effectively and has had to move job.

This issue causes problems for the very foundations of society. On the Opposition Benches—and, I genuinely believe, on both sides of the House—we believe that strong societies are built with strong, stable families and communities from the ground up. To some extent, communities are built with bricks and mortar—with people being safe and secure where they are. That is why the clause is so important, but also why it is so important that it is implemented right now, because any delay will mean more mould on the walls for the Amys of the world and more new schools for the Gemmas and their children. Whether the wait is a year, two years or whenever the Minister has the whim to act—he has not laid out the conditions in which he will enact the clause—it is not acceptable for anyone.

Shaun Bailey (West Bromwich West) (Con): I do not intend to detain the Committee for long. I congratulate the hon. Member for Brighton, Kemptown on his powerful contribution to the debate, which has inspired me to make a contribution.

I want to pick up on a point that the hon. Member made about the aims of the clause and the flexibility for tenants to leave their tenancies when they need to. That is welcome, and I welcome the clause. I also welcome what my hon. Friend the Minister is doing and congratulate him, because I have not yet had a chance to do so officially, on his elevation to his position and the work that he has done so far in this space. However, the aims of the clause need to go alongside a regulatory foundation. The Bill rightly builds that flexibility.

This has been an interesting debate; it has almost had two sides. The hon. Member for Brighton, Kemptown spoke about the need for security, and not uprooting families from their community. I agree with that, and I think we all share the aim of building sustainable communities that enable people to put down roots. They need a home with security of tenure, but equally, a regulatory framework is needed if we are to meet the aim of enabling tenants to escape tenancies that are not working because, say, there is mould, or uninhabitable conditions.

I think quite often of the additional licensing schemes that were available to councils, particularly for houses in multiple occupation. The fights that I have had with my local authority to implement those schemes have driven me to the point of madness at times. Authorities—particularly mine, in Sandwell—have the expertise, in many ways. My authority has admitted to me that it could do that. We need a localised, driven regulatory system.

I think we would all agree that landlords are, broadly, good actors. They want to offer decent, habitable homes, and to have people in them for the long term. That benefits the landlord, because they then get emotional and moral investment in the property, and from a long-term, sustainability perspective it of course makes sense to have that. We do not want to broadbrush the sector in general. However, clearly there are bad actors. We all know about them from our postbags; I certainly see them in the area that I represent. We need a framework that deals with the issues. My hon. Friend the Minister and I have had many positive discussions on this subject,

[Shaun Bailey]

and I know that he is committed to it. The framework should be locally driven, in many respects—I know his commitment to localism—and should enable us to catch these people and drive down the problem.

I fully support what clause 1 does. When a tenant needs to get out because the tenancy is frankly not working and puts them in a dangerous situation, getting out is absolutely the right thing to do.

Lloyd Russell-Moyle: The hon. Member mentions selective licensing, which is important. Do we need to review the way that authorities apply for selective licensing? Should there be an assumption that they should have selective licensing for all properties, rather than their having to provide evidence for a license? Many shy away from doing that.

Shaun Bailey: To be honest, I probably want a comprehensive selective system. There are already structures and expertise that would enable us to have that. The hon. Gentleman and I have probably had similar experiences with constituency casework. Something like that could be preventive. I am not saying that the issues we have talked about would not still present themselves—let us face it: they probably always will—but if we can mitigate them, that is what we need to do.

I welcome the clause for a variety of reasons that Members from across the Committee have touched on. It is welcome that it enables tenants to leave more expeditiously, but I say to my hon. Friend the Minister that we need to continue the conversation. The Bill is part of a broader conversation about how we ensure that we do not even get to the point at which the measures are needed, because we have habitable homes, people have somewhere to live safely, and they do not have to fall back on the provisions all the time just to keep themselves safe. The clause is absolutely the right way forward. My hon. Friend the Minister can see that there is support for it from across the Committee. I thank him for hearing me out.

Siobhain McDonagh: I ask the Minister to consider the law of unintended consequences. If the Government delay implementation of the clauses that end section 21 evictions, they could find that landlords who are worried about their ability to evict tenants or have choices will rush for a clause 21 eviction, because they know that at some point section 21 evictions will be ended. The longer it takes the courts to be reformed, in whatever undisclosed way we are considering, the greater that concern will be.

As I said, I see a lot of older long-term assured shorthold tenants being evicted, their landlord rushing them toward the door because they do not want a tenant who has limited means of paying increased rent in the future, and because they are concerned about the news that it will be difficult to evict anyone. The rush for the door is distressing for the people involved, but has the knock-on effect of causing huge problems for local authorities attempting to assist people who are in priority need in terms of homelessness. We are all seeing many more people than usual being evicted via section 21. That has enormous consequences in so many ways.

Mike Amesbury: It is an honour to serve under your chairmanship once again, Mr Gray. The central plank of the Bill is the abolition of section 21, as everybody in this room knows. We all experience this concern in our postbag and constituencies, yet it seems that the can has been kicked down the road. The changed narrative, as my hon. Friend the Member for Greenwich and Woolwich said, is that the focus is now on court reform, particularly digitalisation.

Thousands of people face evictions. The local authority in my city region, Liverpool City Council, has declared a homelessness emergency. Homelessness is now on an industrial scale. To pick up on the point made by my hon. Friend the Member for Mitcham and Morden about potential reforms coming down the line in the Bill, including the abolition of section 21, landlords are focusing on that at the moment.

The learned lawyers Giles Peaker and Liz Davies were clear that the court system overall is working. That is certainly not the problem. Reference was made to bailiffs, particularly in the London area. Fundamental to this—I know we all agree—is to end the misery and insecurity for families and children. People increasingly use the private rented sector. The Bill will reward most landlords—good landlords. It is almost a good landlord's charter in many ways. It needs some amendments and tidying up, but fundamental to the Bill is the abolition of section 21. That should not rely on reform of the courts, which is a red herring that has been influenced by stakeholders, many of them sitting on the Benches in the Chamber. I urge the Minister, who is relatively new in his post—I welcome him to it—to make his mark and do the right thing in the next 12 months or so, while he has the opportunity in government.

The Chair: Before I ask the Minister to reply to the debate, may I make it plain that I have been relatively flexible in this first debate? I will not be so flexible and open-minded subsequently.

Jacob Young: I am grateful to you, Mr Gray, and to the Committee for their consideration. As you and members of the Committee have identified, we plan to debate further a lot of the things that have been discussed already.

I say to concerned hon. Members that the Government are committed to the abolition of section 21. In fact, I am sure the Committee is committed to the abolition of section 21. I invite any hon. Member who is not to speak now or forever hold their peace. That is exactly what we are debating today. No one could expect that the implementation of a brand-new tenancy system would not require reform. Surely all hon. Members agree that we need to get this reform right.

10.30 am

Many hon. Members have mentioned that tenants need certainty. Surely they would also agree that abolishing section 21 without the courts having the capacity and ability to deal with the potential increase in the contested cases would give no one certainty. Some Committee Members say that we do not need to wait; others say that we do. That is exactly the point: we are trying to strike the right balance.

Matthew Pennycook: Can the Minister tell us clearly why the two-stage transition process set out in clause 67 does not afford the Government enough time to make the necessary improvements?

Jacob Young: We will come on to that point when we discuss clause 67. I want to address some of the points that have been raised, particularly the question about bailiffs. HMCTS has already begun making improvements at the bailiff stage, including automated payments for debtors, to reduce the need for doorstep visits in those cases. We are also improving guidance to increase awareness of each party's rights and responsibilities.

The hon. Member for North Shropshire spoke about the concern raised in evidence about longer fixed-term tenancies. I completely understand the hon. Lady's position. I understand the genuine concern that she and the people giving evidence have. Our fear, which was rightly identified by the hon. Member for Brighton, Kemptown, is that to include any fixed-term tenancies creates a loophole. We are certain about abolishing section 21, so we do not believe that having a fixed-term tenancy will provide any security to the tenant. It could, in fact, lock a tenant into a property that they would be unable to get out of, even if the property was of poor quality, because the term of their tenancy was fixed. I hope that the hon. Member for North Shropshire can accept that.

I will write to the hon. Member for Brighton, Kemptown other Committee members specifically on the points raised by the Opposition on new clause 6. I am pleased that there is a consensus on clause 1. We all want to see this measure implemented. I commend it to the Committee.

Question put and agreed to.

Clause 1 accordingly ordered to stand part of the Bill.

Clause 2

ABOLITION OF ASSURED SHORTHOLD TENANCIES

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to consider Government new clause 18—*Abandoned premises under assured shorthold tenancies.*

Jacob Young: Clause 2 removes the assured shorthold tenancy regime entirely, including section 21 evictions, meaning that in future all tenancies will be assured. Ending these section 21 no-fault evictions will provide tenants with more security and the knowledge that their home is theirs until they choose to leave, or the landlord has a valid reason for possession. It will allow tenants and their families to put down roots, providing them with the stability that we know is a prerequisite for achievement.

Government new clause 18 deals with property abandonment. The Housing and Planning Act 2016 introduced provisions that would allow a landlord of an assured shorthold tenancy to recover possession without a court order if the tenant had abandoned the property, owes more than two months' rent and the landlord has served three warning notices. Those provisions were never brought into force and we consider they are inconsistent with the intentions of the Bill to provide greater security. Removal of the provisions will help prevent landlords from ending a tenancy without a court order where a property appears to have been empty for a long period. It is possible that, on occasion, a property may appear to have been abandoned, but the tenant is in hospital or caring for relatives. Instead, landlords will need to use one of the specified grounds.

Matthew Pennycook: Let me start by making it clear that the Opposition welcome Government new clause 18. Although I have not been in Parliament long compared with other Members, I have been here long enough to remember sitting on the Bill Committee for the Housing and Planning Act 2016. Part 3 of that Act, which this new clause repeals, was always a foolish provision, and has rightly never been brought into force. We believe it is right that we rid ourselves of what might be termed statutory dead wood.

Clause 2 will remove section 21 of the Housing Act 1988 and, as the Minister made clear, will abolish assured shorthold tenancies and remove mechanisms by which assured social housing tenants can currently be offered ASTs—for example, as starter tenancies—or be downgraded to an AST as a result of antisocial behaviour. The provisions in this clause, as well as those in clause 1, will be brought into force on a date specified by regulations made by the Secretary of State under clause 67. It is appropriate to raise a very specific issue on this clause. We have just discussed court improvements at length. I know that is not the Minister's brief, and that this is his first Bill, but I have to say to him that his answers on court reform were not adequate. At some point, the Government will have to explain specifically what improvements they wish to see enacted and on what timeline they will be brought into force. Leaving that aside, can the Minister provide further details on precisely how the Government intend to phase in the provisions in this clause? What consideration, if any, has been given to preventing unintended consequences arising from the proposed staged implementation?

The guidance on tenancy reform that the Government published alongside the Bill on 17 May said:

> "We will provide at least six months' notice of our first implementation date after which all new tenancies will be periodic and governed by the new rules"—

that is when they will introduce Part 1, Chapter 1. It continued:

> "The date of this will be dependent on when Royal Assent is received".

I take that to mean that, at some point in the future, a Government Minister will hopefully determine that the court system is, in the their eyes, finally ready to implement the new system—although there is nothing in the Bill to ensure that will happen. He or she would then presumably announce that the first implementation date—that is, the date when all new periodic tenancies come into force—will be six months hence.

I would like the Minister to confirm whether my understanding of how the Government expect the process to develop is correct. If so, can he respond to the concern—the flip side of my hon. Friend the Member for Mitcham and Morden's point on a rush to section 21 evictions—that this may create a clear incentive for landlords to offer new tenants a lengthy fixed-term assured tenancy before the new system comes into effect?

[Matthew Pennycook]

If the safeguard in the Government's mind is that all existing tenancies will transition to the new system on the second implementation date, can the Minister provide any reassurance that the period between the first and second implementation dates will not be overly long? I raise the point because the guidance makes explicit reference to a minimum period between the first and second dates, but does not specify a maximum period after which the second date would have to come into effect. As the Bill stands, it could enable a scenario where all new tenancies become periodic, but there is an extensive period of time where all existing fixed tenancies remain as such. It could be an indefinite period, there is nothing in this Bill to put any time limit on it at all. I look forward to hearing whether the Minister can provide any reassurances in relation to that concern. If he cannot, we may look to table another amendment to account for this loophole, whether it is intended or unintended.

Jacob Young: I thank the hon. Member for his support. He asked about the first and second dates. He is entirely right on the first date—it is six months. The second date is 12 months. I hope that gives him reassurance.

Matthew Pennycook: Just to clarify: as I understand it, 12 months is the minimum. Is the Minister saying that there is a maximum? If not, will the Government consider introducing a maximum? I see the officials shaking their heads. There is no maximum in the Bill. We could have a system where, six months after Royal Assent, all new tenancies become periodic and all existing tenancies could remain fixed indefinitely. What is there in the Bill to prevent an incentive for landlords to rush before the first implementation date to hand out fixed tenancies across the board for very extended periods of time to circumvent the measures in the law?

Jacob Young: Ultimately, we want to bring in these measures as quickly as we can. The system will be in place soon. What I will do to give the hon. Gentleman the assurances he desires is to write to him further. We can agree on that principle and if changes are needed to the Bill, I am happy to consider them.

Lloyd Russell-Moyle: I want us to give the Minister an opportunity to elaborate on court reform, because it is also relevant to this clause, in terms of when it will be implemented and the indicators as to when it will be implemented. Will he be able to write to us, or publish after the Bill receives Royal Assent, what those clear indicator thresholds are regarding when court reform will be completed, so that it will be clear for everyone? It does not need to be set out in the Bill, but a commitment that the Government will do that, so that everyone will know when that threshold has been met, would be useful.

Jacob Young: I appreciate the hon. Gentleman's concern about this point. As I mentioned earlier, I think we will discuss this issue when we debate clause 67, so we can have that debate then.

Question put and agreed to.

Clause 2 accordingly ordered to stand part of the Bill.

Clause 3

CHANGES TO GROUNDS FOR POSSESSION

Matthew Pennycook: I beg to move amendment 145, in clause 3, page 2, line 32, at end insert—

"(aa) after subsection (5) insert—

'(5ZA) The court shall not make an order for possession under Ground 1 if the court is satisfied that, having regard to all the circumstances of the case, greater hardship would be caused by granting the order than by refusing to grant it.'"

This amendment would extend the greater hardship provisions to new Ground 1 (occupation by landlord or family).

The Chair: With this it will be convenient to discuss the following:

Amendment 146, in clause 3, page 2, line 32, at end insert—

"(aa) after subsection (5) insert—

'(5ZA) The court shall not make an order for possession under Ground 1A if the court is satisfied that, having regard to all the circumstances of the case, greater hardship would be caused by granting the order than by refusing to grant it.'"

This amendment would extend the greater hardship provisions to new Ground 1A (new grounds for sale of a dwelling-house).

Amendment 150, in clause 3, page 2, line 32, at end insert—

"(aa) After subsection (5) insert—

'(5ZA) The court shall not make an order for possession under Ground 6A if the court is satisfied that, having regard to all the circumstances of the case, greater hardship would be caused by granting the order than by refusing to grant it.'"

This amendment would extend the greater hardship provisions to Ground 6A (ground for possession to allow compliance with enforcement action).

Matthew Pennycook: Clause 3 amends the grounds for possession in schedule 2 to the 1988 Act, by means of the changes set out in schedule 1 to the Bill, which we will debate separately later today. Taken together, amendments 145, 146 and 150 would extend "greater hardship" provisions to three of the mandatory grounds set out in amended schedule 2 to the 1988 Act, namely grounds 1, 1A and 6A.

Ideally, we would have debated these amendments as the last amendments to clause 3, because they are very much our fall-back position if we cannot convince the Government to accept the other changes that we propose to the clause. In due course, we will debate our concerns about several of the revised or new possession grounds provided for by the Bill that can still be fairly categorised as de facto "no fault". These include grounds 1, 1A and 6A.

In cases where a landlord has proved a discretionary possession ground, a judge must decide whether it is reasonable to make the possession order. In reaching their decision, a judge can consider not just the reason for the possession claim, but anything relevant to the case, including the tenant's conduct and the likely consequences of eviction for the individual or individuals in question. They can also consider whether the tenant has tried to put things right since the claim was issued. If the judge is not satisfied that it is reasonable to award

possession in these discretionary cases, they can dismiss the claim all together. In contrast, if a landlord proceeds on a mandatory ground—I remind the Committee again that proposed new grounds 1, 1A and 6A are mandatory—the judge must make an order, if the landlord has proved their case.

The amendments would give the court very limited discretion, in relation to mandatory grounds 1, 1A and 6A, to consider whether the tenant would suffer greater hardship as a result of the possession order being granted.

Shaun Bailey: I appreciate that the hon. Gentleman has tabled further amendments on the evidential burden, but does he not appreciate my concern that there is perhaps a little bit of a floodgate situation around appeals on this issue? Notwithstanding his comments about the judicial system and the court system, I am conscious that we may have a scenario where judges' decisions are challenged and we end up with a backlog. As a result, what the amendment tries to do would either be delayed, or would end up in a system of appeal after appeal, because clearly the result would be down to a judge's subjective decision, based on the evidence in front of them at the time.

Matthew Pennycook: I thank the hon. Member for his intervention. Perhaps I have not explained myself clearly. These amendments do not provide for an appeals process. As I have tried to make clear, when it comes to a discretionary possession ground, judges can weigh up the evidence. That is not the case for a mandatory ground. The amendment provides for not an appeal process, but discretion for the court and the judge to consider whether their decision would cause greater hardship to the tenant. I will come on to explain how that would work.

Shaun Bailey: To clarify my point, I am aware that the amendment is not about an appeals process. However, as the hon. Gentleman will know, an application for appeal can be made against any judge's decision, and that application can be granted by the superior courts, so the process is not immune from appeal; decisions can be taken to appeal. That is a right, which would be granted, and it could be achieved through another part of the system. I just wanted to clarify my position on that point.

Matthew Pennycook: It is an interesting debate, but not particularly pertinent to the amendments. It is not my understanding that a mandatory possession ground order can be appealed. If it can, then I think that the instances in which it can are vanishingly small. However, that is not what these amendments seek to do. They purely seek to protect very vulnerable tenants who might suffer great hardship as a result of the court's decision.

The starting point for the court would remain that the landlord in question has proved his or her intention to either occupy the property under ground 1 or sell it under ground 1A, or the need to respond to enforcement action under ground 6A. In other words, the presumption would be that a possession order will be made, and in most cases it would be. However, the amendments would provide tenants with the opportunity to demonstrate to the court—not at appeal, but at a hearing of the court—that their eviction on any of the three grounds in question would lead to hardship greater than that of the landlord or, in the case of amended ground 1, potentially the landlord's family. If the judge determined that the hardships each party is likely to experience were the same, under these amendments, the tenants would not succeed, and the possession order would still be made. However, if the tenant could prove to a court that they or a member of their household would suffer greater hardship than the landlord or the landlord's family if a possession order were made, the court could refuse to make the possession order.

10.45 am

It might be helpful to give the Committee three brief examples of how these greater hardship provisions might operate in practice, if the Government were to accept them. In hypothetical case 1, a tenant with terminal cancer argues before the court that their compelling personal circumstances will mean that they suffer great hardship if evicted under ground 1A, while the landlord, who wishes to sell their property, does not need to, financially; in those circumstances, the court could refuse to make a possession order. In hypothetical case 2, a tenant argues that they will lose their job if they are evicted, but the landlord will have no room to house a member of their close family who will be made homeless if they cannot recover their property under ground 1; in those circumstances, the court would still make the possession order. In hypothetical case 3, a tenant argues that they will be made homeless if they are evicted, but the landlord would also become homeless if they do not occupy the property themselves under ground 1; again, the court would make the possession order in those circumstances because the tenant is unlikely to suffer greater hardship than the landlord.

The process behind these amendments is modelled on case 9 of the Rent Act 1977, but with a key difference. This is important: in that instance, the burden of proof was on the landlord to show that he or she would suffer greater hardship, and the default was against the possession order; in this instance, the burden of proof would be on the tenant, with a possession order being the default. We believe that these reasonable and proportionate amendments would enable mandatory grounds 1, 1A and 6A, about which we have particular concerns, to function as the Government intend, while providing tenants with a modicum of additional security in circumstances where their eviction on those grounds would cause genuine and real hardship. I hope the Minister will consider accepting our amendments, and look forward to his response.

Lloyd Russell-Moyle: I rise to support these three amendments. Amendment 150 is, of course, inextricably linked to amendment 149, which we will come on to shortly. I want to talk about the protections, particularly against ground 6A, which is a ground for possession to allow compliance with an enforcement action, fundamentally so that conditions for the tenants can be improved. Enforcement action is almost impossible unless tenants co-operate with it. There is a real danger that ground 6A will be used as a quasi-punishment for tenants who have co-operated—tenants who have said, "This house has a massive hole in the ceiling"—

The Chair: Order. I think the hon. Gentleman is speaking to the next group.

Lloyd Russell-Moyle: I am speaking to amendment 150, which relates to ground 6A, about greater hardship. The next group is about the court having mitigating measures other than eviction. They could have been clustered differently—

The Chair: Quite right. I apologise for interrupting the hon. Gentleman; he knows much more about it than I do.

Lloyd Russell-Moyle: Thank you, Mr Gray.

We have a problem here. It is important that the court is able to weigh up where the greater hardship is. Is it a greater hardship to evict a tenant who has complained to the council so that the property can be fixed? Or is the ground being used to get rid of a tenant who is constantly complaining about enforcement action? Without an element of discretion—other amendments would afford wider discretion—and without this particular measure on greater hardship, there is a danger that ground 6A could be misused. That is why it would be good to hear reassurance from the Minister, particularly on amendment 150, that advice and guidance will be provided to the courts to ensure that the ground is not manipulated or abused, and that the Government are considering other changes to prevent that.

Jacob Young: I thank hon. Members for their contributions. I thank the hon. Member for Greenwich and Woolwich for his amendments 145, 146 and 150. As has been discussed, the amendments look to make grounds 1, 1A and 6A discretionary.

Matthew Pennycook: To clarify, the amendments do not seek to make those grounds discretionary in any case. We accept that they are mandatory. We believe that the amendments would allow those mandatory grounds to be used in almost every case, unless great hardship would result from them. They do not make those three possession grounds discretionary.

Jacob Young: However, judges would be required to assess whether possession would cause greater hardship than not. We think that would count as making the grounds discretionary.

The changes would add significant uncertainty to the system. It is right that landlords should have confidence in the process, and can manage their properties, including when they want to move into or sell a property. The uncertainty that the amendments would cause means that landlords may simply choose not to rent their properties in the first place if they know that they may want to move into or sell a property in future. That would reduce the vital supply of homes in the private rented sector. In the case of ground 6A, on enforcement compliance, if possession is not granted, the landlord would continue to be in breach of their obligations, and could face fines and other penalties. Given the adverse consequences that the amendments would cause, I hope that the hon. Member will withdraw them.

Matthew Pennycook: I am disappointed by the Minister's response. I welcome the clarification he gave. The amendments would introduce a limited amount of discretion. We would argue that they do not make the grounds discretionary—it is a point of debate—but introduce a limited amount of discretion into the system. However, we trust judges in county courts to make these decisions in most cases. The amendments would put the burden on the tenant to prove great hardship, and make the presumption that the mandatory ground award will be issued in most cases.

I will bring the Minister back to some of the hypothetical scenarios I gave. We absolutely agree with the Government that landlords need robust possession grounds to take their properties back. In one of my hypothetical examples, the Bill would allow a terminally ill cancer patient to be evicted and put at risk of homelessness, just because the landlord wished to sell. They may have no need to sell; they might own eight properties and wish to sell one or two of them. In limited circumstances and cases, we should give the judges a bit of discretion. Otherwise, some very vulnerable and in-need tenants will evicted through these means.

I am disappointed that the Government have not accepted the amendments. I hope that they go away and think about them, but I will not push them to a vote. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Matthew Pennycook: I beg to move amendment 149, in clause 3, page 2, line 32, at end insert—

"(aa) After subsection (5) insert—

'(5ZA) The court shall not make an order for possession under Ground 6A if the court considers that it is not just and equitable to do so, having regard to alternative courses of action available to the landlord or the local housing authority, which may include—

(a) a management order under Part 4 of the Housing Act 2004;

(b) in relation to paragraphs (b) and (f) of Ground 6A, other measures which are more appropriate for reducing the extent of overcrowding or the number of households in the dwelling-house, as the case may be;

(c) in relation to paragraph (c) of Ground 6A, the provision of suitable alternative accommodation for the tenant, whether under section 39 of the Land Compensation Act 1973 or otherwise; and

(d) in relation to paragraphs (d) and (e), other means of enforcement available to the local housing authority in respect of the landlord's default;

and having regard to all the circumstances, including whether the situation has occurred as a result of an act or default of the landlord.'"

This amendment would permit a court to refuse to make a possession order under Ground 6A where a more appropriate course of action exists.

One of the changes made to schedule 2 to the 1988 Act by the clause, as we briefly discussed, is the introduction of a new ground for possession to allow compliance with an enforcement action. The new mandatory ground 6A will require the court to award possession if a landlord seeking possession needs to end a tenancy because enforcement action has been taken against the landlord, and it would be unlawful for them to maintain the tenancy.

The relevant enforcement actions (a) to (f) are set out on page 73 of the Bill. They include situations where a landlord has been issued with

"a banning order under section 16 of the Housing and Planning Act 2016…an improvement notice under section 11 or 12 of the Housing Act 2004"

and

"a prohibition order under section 20 or 21 of the Housing Act 2004".

We take no issue with the fact that the Bill introduces the new mandatory power. Clearly there are circumstances in which landlords will require possession of a property in order to comply with enforcement action.

We wrestled with what should be the minimum notice period that applies to the new ground, given that it feels somewhat perverse to provide for a mechanism by which possession can be gained quickly when the reason for the possession being granted is that the landlord has fallen foul of an obligation under housing health and safety legislation, particularly if it resulted in a banning or prohibition order. As we will come to discuss, we ultimately determined to argue in amendment 136 for a four-month minimum notice period in relation to ground 6A, because in all the situations set out on page 73 of the Bill, the tenant will be evicted because of neglect or default on the part of the landlord. In other words, it is a de facto no-fault ground for eviction that will punish tenants and put them at risk of homelessness because of bad practice on the part of a landlord, particularly as there is no requirement for the landlord to provide suitable alternative accommodation.

Amendment 149 seeks to provide tenants with a measure of protection in such circumstances—this touches directly on the point the Minister made on the previous group of amendments—by giving the court the power to consider whether the relevant enforcement can be met by means other than the eviction of the sitting tenant or tenants, including through a management order under the Housing Act 2004 or the provision of alternative accommodation. If the court judges that the enforcement objectives can be met by other means, the amendment would give the court the power to refuse to make a possession order on the grounds that it is not just and equitable to do so in the circumstances, given that there are other means of ensuring that the enforcement action is complied with.

We believe that the amendment would provide tenants with stronger protection in circumstances where they are victims of poor practice on the part of a landlord. Importantly, it would also ensure that tenants have an incentive to seek enforcement action through their local authority if their home is in a very poor condition or is non-compliant with HMO licensing schemes. That would address the fact that, as things stand, the introduction of the new mandatory no-fault ground with only two months' notice is likely to actively discourage tenants from doing so. I hope the Minister will give the amendment serious consideration.

Lloyd Russell-Moyle: Following on from the debate on the last group of amendments, I want to add my concern about ground 6A. Where there are issues with fire or flood, landlords are often expected to find alternative accommodation before a house is vacated, but there is no such provision when enforcement action has to be taken. There is a real worry that a landlord who has multiple properties that are perfectly fit for habitation might seek to punish tenants who have pushed for enforcement, rather than moving them into those properties. That seems wrong, so it is important to require the courts to go through a checklist of other options that the landlord has to consider before they get to ground 6A.

The amendment also provides a checklist for landlords. They can go down it and say, "Okay, I need to comply with enforcement action. Have I considered these things?" It also allows the local authority to consider other courses that they could pursue, such as management orders. We do not want tenants punished. Although revenge evictions are illegal, we know that they happen time and again, because there are loopholes in the law. Closing those loopholes is important, and a statement from the Minister on the matter might suffice.

Jacob Young: I thank hon. Members for their comments. Amendment 149 would require judges to consider whether there are suitable alternative courses of action available before granting possession under ground 6A, which permits a landlord to evict if evicting a tenant is the only way that they can comply with enforcement action taken by a local authority. That includes cases in which, disgracefully, a landlord has received a banning order, meaning they are unable to continue operating as a landlord. It also includes situations in which a prohibition order is incompatible with the tenant's continuing to occupy the property. The ground is mandatory, so there is certainty that possession will be granted to the landlord and they can comply with enforcement action taken against them. That means that tenants will not be left living in unsafe situations and gives local authorities confidence that their enforcement action demands can be adhered to.

11 am

The amendment would add uncertainty into the system. If possession was not granted, the landlord would continue to be in breach of their obligations and could face fines and other penalties. Clearly, it is in the best interests of both landlords and local authorities to explore alternative actions in such cases, and we encourage them to do so, but it is also in everyone's interests to ensure that rogue landlords leave the market, and the ground will help ensure that that happens when necessary.

Lloyd Russell-Moyle: Will the Minister clarify that when courts grant possession under ground 6A, they will have to take into consideration whether that is the only option, and whether other options might be on the table? Confirmation of that would help courts' deliberations in future.

Jacob Young: I should be clear that the landlords who are subject to enforcement action are the rogues; they are the people we are trying to root out of the system through the Bill. They are unlikely to be able to provide the suitable alternative accommodation that the hon. Member mentioned. If things get to this stage, they are that bad. We therefore do not feel that we can accept amendment 149, and I hope that the hon. Member for Greenwich and Woolwich will withdraw it.

Matthew Pennycook: I have been on enough Bill Committees to know that the Minister has been sent out with explicit instructions to resist amendments—we all understand that—but the Government will have to grapple with the Bill's weaknesses regarding how the new possession grounds will affect tenants who are not at fault. They could clearly be affected by a landlord's using ground 6A—a ground that I find perverse, because it allows for possession where the landlord is at fault.

[Matthew Pennycook]

The Minister gave the game away when he said that 6A can be used only when it is the only way that the landlord can comply with an enforcement order. Well, we could leave it to the court to make that determination under the amendment. If possession is the only way that the landlord can comply with an enforcement order, the court will grant the possession order, but there will be cases in which it is not the only way, and the Minister said that he encourages local authorities to explore those other means. I would say that, in those circumstances, encouragement is not enough. We need some provision to ensure that all alternatives are completely exhausted before this very severe mandatory ground—we are talking about eviction and potential homelessness—is brought into force.

Jacob Young: I take the hon. Gentleman's point on board, but as I have outlined, these are landlords who are subject to enforcement action. Does he accept that such landlords should not be operating in the private rented sector anyway, and that this ground allows us to root out those bad landlords?

Matthew Pennycook: I think the Minister has to be very careful on that point. It depends on what the enforcement action is, and on the degree to which the landlord is at fault. The enforcement action could relate to a breach under the housing health and safety rating system that merely needs to be rectified before the landlord can continue to rent as an appropriate and good-faith landlord; or it could relate to a very severe enforcement ground, as the Minister described. I come back to the point I made when moving the amendment: there are other enforcement powers that could deal with those types of landlords. I gave the example of a management order under the 2004 Act. There are ways that local authorities could enforce that do not require a mandatory possession ground order to be awarded. All we are saying is: give the courts the discretion to decide that.

If the Government are not minded to give the courts that discretion, there are other ways that the clause might be changed. The local authority might be required to have first exhausted other grounds before the landlord can issue a 6A notice. Let us find a way of protecting tenants who are not at fault from being evicted by landlords. In this situation, landlords, not tenants, are to blame, and they could abuse this new mandatory ground in ways that will have detrimental consequences for tenants.

I hope that the Minister has taken that point on board. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Matthew Pennycook: I beg to move amendments 138, 139, 143 and 144—

The Chair: Order. Technically, the hon. Gentleman is moving only amendment 138; the other amendments are merely being debated.

Matthew Pennycook: I welcome that clarification, Mr Gray.

The Chair: I am a stickler. I told you I was a stickler.

Matthew Pennycook: I like having a stickler in the Chair. I prefer it to having a non-stickler.

I beg to move amendment 138, in clause 3, page 3, line 3, at end insert—

"(5C) (a) Where the court makes an order for possession on Grounds 1 or 1A in Schedule 2 to this Act (whether with or without other grounds), the order shall include a provision requiring the landlord to file evidence at court and to serve the same on the tenant, any other defendant, and the local housing authority for the district where the dwelling is located no later than sixteen weeks from the date of the order.

(b) The evidence referred to in paragraph (a) must—

(i) give details of the state of occupation of the dwelling-house since the date of the order,

(ii) give details of the progress of any sale of the dwelling-house, and

(iii) be verified by a statement of truth signed by the landlord."

This amendment would require a landlord to evidence the progress toward occupation or sale of a property obtained under grounds of possession 1 or 1A no later than 16 weeks after the date of the order and to verify this by a statement of truth.

The Chair: With this it will be convenient to discuss the following:

Amendment 139, in clause 3, page 3, line 4, at end insert—

"(2A) After section 7 of the 1988 Act insert—

'7A Evidential requirements for Grounds 1 and 1A

(1) The court shall not make an order for possession on Grounds 1 or 1A in Schedule 2 to this Act unless the landlord has complied with the relevant provisions of subsections (2) to (4).

(2) Where the landlord relies on Grounds 1 or 1A, the claim must be supported by evidence which is verified by a statement of truth signed by the landlord.

(3) Where the landlord relies on Ground 1 and the dwelling-house is required by a member of the landlord's family as defined in paragraphs 2(b) to (d) of that Ground, the claim must also be supported by evidence which is verified by a statement of truth signed by that family member.

(4) Where the landlord relies on Ground 1A, the evidence referred to in subsection (2) must include a letter of engagement from a solicitor or estate agent concerning the sale of the dwelling-house.'"

This amendment would require a landlord seeking possession of a property on the Grounds of occupation or selling to evidence and verify in advance via a statement of truth.

Amendment 143, in schedule 1, page 65, line 10, leave out "6 months" and insert "2 years".

Amendments 143 and 144 would prohibit evictions under grounds 1 and 1A within two years of the beginning of a tenancy.

Amendment 192, in schedule 1, page 65, line 10, after "6 months" insert

"or 6 months have elapsed since rent was last increased".

This amendment would prohibit evictions under Ground 1 within 6 months of each rent increase giving periodic protection at each rent renewal.

Amendment 203, in schedule 1, page 65, line 29, at end insert new unnumbered paragraph—

"Where this ground is used no rent will be due in the final two months of the tenancy."

This amendment would ensure when a no-fault eviction on Ground 1 is used tenants would not pay rent for the final two months of the tenancy.

Government amendments 2 to 3.

Amendment 144, in schedule 1, page 66, line 6, leave out "6 months" and insert "2 years".

Amendments 143 and 144 would prohibit evictions under grounds 1 and 1A within two years of the beginning of a tenancy.

Amendment 193, in schedule 1, page 66, line 6, after "6 months" insert

"or 6 months have elapsed since rent was last increased".

This amendment would prohibit evictions under Ground 1A within 6 months of each rent increase giving periodic protection at each rent renewal.

Government amendments 4 and 5.

Amendment 194, in schedule 1, page 66, line 23, at end insert—

"(e) the landlord has offered to sell the property to the current tenant at the same value at which the landlord intends to list the property for public sale and the tenant has informed the landlord within four weeks of receiving the offer from the landlord that the tenant does not intend to buy the property at this value."

This amendment would require landlords wishing to issue a notice for possession on the basis of Ground 1A to offer the current tenants the right to buy the property at the intended listing value before it goes onto the market.

Amendment 204, in schedule 1, page 66, line 24, at end insert new unnumbered paragraph—

"Where this ground is used no rent will be due in the final two months of the tenancy."

This amendment would ensure when a no-fault eviction on Ground 1A is used tenants would not pay rent for the final two months of the tenancy.

Matthew Pennycook: As we have already discussed, clause 3 amends the grounds for possession in schedule 2 to the Housing Act 1988, by means of the changes set out in schedule 1 to the Bill. Paragraph 2 of schedule 1 sets out revisions to the existing mandatory ground 1. Under the existing ground 1, a court is required to award possession of a property if the landlord requires it to live in as their "only or principal home" or if they have previously lived in it on either basis. Under ground 1 as amended by the Bill, a court is required to award possession if the landlord requires the property for use as their only or principal home, but also if they require it for such use for members of their immediate family, for their spouse or civil partner or for a person with whom they live

"as if they were married or in a civil partnership",

or for that person's immediate family, such as the child or parent of a partner in those terms. Under the existing ground 1, landlords are required to provide tenants with prior notice that the ground may be used. This requirement is absent from ground 1 as amended by the Bill.

In turn, paragraph 3 of schedule 1 inserts a new mandatory ground 1A into schedule 2 to the 1988 Housing Act. Under this new ground, a court would be required to award possession, with limited exceptions, if the landlord intends to sell the property. We believe very strongly that there is a clear risk that both of these de facto no-fault grounds for eviction could be abused in several ways by unscrupulous landlords. I want to be very clear that we believe that only a minority of landlords are unscrupulous and may act in these terms.

In her evidence last week, Samantha Stewart, chief executive of the Nationwide Foundation, provided us with the example of just how these grounds are being abused in the Scottish context. She gave an example of a renter named Luke, who lived in a property with rats and maggots falling out of the ceiling. The landlord refused to act on the complaint but was eventually forced to do so by the Scottish tribunal. Shortly afterward, however, Luke was served an eviction notice using the new landlord circumstance possession grounds. As soon as the prohibited re-let period was up, they moved a new tenant in.

The risk of these grounds being abused is clearly not a point of difference between us and the Government. Ministers clearly accept that amended ground 1 and new ground 1A could be used as a form of section 21 by the backdoor, because the Bill contains provision to attempt to prohibit their misuse by preventing landlords from re-letting or re-marketing a property, or authorising an agent to do so on their behalf, within three months of obtaining possession on either ground. We will debate the adequacy of those no-let provisions when we get to clause 10 and press our amendment 140 to extend the proposed period, but it is enough to know at this stage that the Government felt it necessary to include such safeguards in the Bill. We can take it as given that their decision to do so is evidence of a clear understanding that there is potential risk of abuse along the lines I described.

In addition to strengthening the no-let provisions in the Bill, we believe tenants require protection from the misuse of grounds 1 and 1A in two other important respects. First, we believe there needs to be a greater burden of proof placed on landlords who issue their tenants notices seeking possession on either of these grounds. As the Bill is drafted, at any point after the protected period is ended a landlord can simply issue their tenant with a mandatory ground 1 or 1A notice, and a county court would be required to award them possession. When it comes to expanded ground 1, there is no requirement for the landlord to evidence whether they actually require the use of the property for themselves; or, if they do not, which family member or members or person connected to them does.

Similarly, when it comes to new ground 1A, there is no requirement for the landlord to evidence that they are trying in good faith to sell a property after possession has been awarded. The risk to tenants should be obvious: six months after the start of a tenancy, when the protected period ends, a model tenant who is not at fault in any way—but who, for example, complains about damp and mould in a property—could be evicted with just two months' notice using these grounds, without any need for the landlord to verify through evidence that they are using these landlord circumstances legitimately.

As the chief executive of the Legal Action Group and chair of the Renters' Reform Coalition, Sue James, argued in her evidence last week, there is no indication at present that landlords will have to provide much, if anything, in the way of evidence. Although the Government have made noises to that effect, as things stand we do not know what that evidence might consist of.

The case for requiring landlords to provide evidence is obvious. As Samantha Stewart argued in her evidence, "landlords using grounds 1 and 1A—moving in and selling—should be required to provide adequate and appropriate evidence".—[*Official Report, Renters (Reform) Public Bill Committee,* 16 November 2023; c. 127, Q170.]

Amendments 138 and 139 are designed to address that deficiency by requiring relevant evidence to be submitted both prior to an eviction and after one has

[Matthew Pennycook]

taken place. Amendment 139 would require a landlord seeking possession on the grounds of occupation or selling to evidence and verify that they are doing so in advance of a possession order via a statement of truth or, in the case of sale, by means of a letter of engagement from a solicitor or estate agent. That mirrors provisions in the Private Housing (Tenancies) (Scotland) Act 2016, which require the landlord to provide specific evidence proving his or her intention to sell.

Amendment 138 would require a landlord to evidence progress towards occupation or sale of a property obtained under grounds 1 and 1A no later than 16 weeks after the date of the order, and to submit that to the court and—most importantly, because they will be the enforcement bodies under the Bill—local authorities.

The clear benefit of amending the Bill to include those evidential requirements in respect of grounds 1 and 1A would be their deterrent effect—the consequences to any landlord of being found guilty of lying to a court, in terms of litigation and potential liability for damages. At present, after an eviction takes place on either of those grounds, either because of the tenant leaving voluntarily or the court issuing a possession award, the Government are proposing only two means of redress: local authority enforcement action or a compensation award, issued by the new ombudsman. The Bill provides only a framework for the new landlord redress scheme, so the ombudsman is still largely an unknown quantity, and there are well-known issues, attested to in the evidence that several witnesses gave last week, about the efficacy of local authority enforcement.

We believe that rent repayment orders have a role to play, but those evidential requirements and the deterrent effect they would have on unscrupulous landlords seeking to abuse grounds 1 and 1A would strengthen the Bill and ensure that tenants are better protected. We urge the Government to give them due consideration.

Secondly, we believe that the proposed protected period of six months during which a tenant cannot be evicted under either of these grounds is insufficient. The explanatory notes accompanying the Bill state that the protections mirror those that tenants currently receive. That is true, but the current protections, as Liz Davies KC made clear in her evidence to the Committee, reflect the assured shorthold tenancy regime, which the Bill is abolishing. The decision to mirror the current protected period also fails to take into account the fact that ground 1A is a new mandatory ground, and that ground 1 has been amended such that the previous requirement to serve a notice that it may be relied upon prior to the start of the tenancy has been removed. As the Bill is drafted, a landlord can let a property to a tenant, provide them with no prior notice whatsoever that they may in future wish to rely on either ground 1 or 1A, and then serve them with a notice at four months.

We believe that any landlord likely to use ground 1 or 1A in good faith will have some prior awareness that they or a family member may need the property for use at some point in the coming years, or that they may wish to sell it in the near future. As such, and because the Government have chosen to remove the prior notice requirement that currently applies to ground 1, we believe that there is a strong case for extending the protected period with respect to grounds 1 and 1A from six months to two years, allowing landlords to first serve notice under either of them 22 months after a tenancy begins. Taken together, amendments 143 and 144 would extend the proposed protected periods accordingly.

These four amendments, while retaining mandatory grounds 1 and 1A as the Bill proposes, would go a long way to preventing and deterring abuse of the kind that we fear will occur fairly regularly if these possession grounds remain unchanged. I look forward to hearing the Minister's response to them as well as further information about the four Government clauses.

Ms Buck: I rise briefly to speak in support of the amendments, which seek to address two key themes. One is that tenants start disproportionately from a position of lack of power, and a large minority of tenants are in a position where they are limited by their access to advice and representation and a lack of alternative accommodation. They are frequently unable, without stronger legislative protection, to exercise their rights against the landlords who abuse their role.

11.15 am

The second theme is that it does not need all landlords, or even most landlords, to be in this position for such abuses to become a major problem—one that, as my hon. Friend the Member for Greenwich and Woolwich alluded to, is already a significant driver of evictions. As we have touched on this morning, we know that a substantial minority of private rented properties are in a very poor condition indeed. We also know that it is disproportionately the most disadvantaged tenants who concentrated in the worst accommodation. When those tenants, already disadvantaged by their lack of power vis-à-vis the landlord, seek to take action against that landlord—even in the simple form of raising a complaint about the conditions in their property—those landlords are particularly likely to take action against them, currently under section 21, and the statistics reinforce that message. Private rented tenants who complain about conditions or disrepair are two and a half times more likely to receive a no-fault eviction order than those who do not.

The trouble with the Government's proposals for grounds 1 and 1A is that they could simply replicate those loopholes. That is a real worry. As we know, most landlords will not behave in this way. However, without a stronger burden of proof, which falls on the landlords in this case—not the tenants or on already exceptionally overstretched authorities, which have to be called on to take enforcement action—thousands of vulnerable people could be evicted under grounds 1 and 1A, rather than section 21.

I urge the Minister to think very seriously about ensuring stronger safeguards. We already have some experience of this in the Scottish system to draw upon. My hon. Friend's amendments will close those loopholes and help to ensure that the positive developments from abolishing no-fault eviction are not inadvertently undermined by the weak protections in these clauses.

Lloyd Russell-Moyle: I support amendments 138, 139, 143 and 144, which would require evidence to be given when using grounds 1 and 1A. While that is important, I again think—I always live in hope—that some clarity from the Minister about the courts being required to obtain at least the first part of that evidence

could achieve this without that necessarily being written in the Bill. I believe that the second part would need some legislative clarity, which is why the amendment is useful.

However, let us be clear: it is a crime to knowingly make a false statement to the court. We need to make it clear to landlords that that crime will be followed up. It can only be followed up if we then determine that the property was not then taken into possession and that there was no malicious element to it—there can be other reasons, of course. Without that element of enforcement, and therefore knowing what has happened in a number of months' time, that will never happen. This could quite easily be implemented through the property portal sending automatic messages to the court, which would not overburden our court process. I again ask for some clarity from the Minister that this is how the property portal and court reform is intended to work. That would probably alleviate some of these issues.

I have tabled a number of other amendments in this group, which I would also like to speak to. The first one would provide for the six-month protection to be renewed on the basis of rent renewals. At the moment, a lot of assured shorthold tenancies—not all of them, Mr Gray, I grant you, but probably the majority of them—have rent renewal clauses, such that that when the rent is increased, there is a new tenancy. The landlord will say, "I'm increasing your rent. Please sign the new tenancy for the year ahead." Every year, the landlord says, "Well, you're moving on to the periodic. I would quite like you to sign the new tenancy with the new rent." That is what happens for most of my constituents who are in the most precarious part of the market, which we are trying to address. That gives them six months' protection every year, on an ongoing basis, every time their rent is increased.

I know that the National Residential Landlords Association has described this idea as bonkers, but I think that is because it does not quite understand what I am trying to get at here, which is to retain what we already have currently. Although it seems that the Bill is increasing the protection of tenants—and the security of landlords, by knowing that the tenant will be there for a period—the danger is that it will reduce it because, de facto, most tenants currently have six months protection in every 12. The proposed change would provide six months' protection over an indefinite period, which is clearly far less. Six divided by infinity is an impossible mathematical equation, but it is clearly less than six months divided by 12.

Dr Ben Spencer (Runnymede and Weybridge) (Con): It is zero.

Lloyd Russell-Moyle: Quite right: zero protection—well, it is mathematically zero, but I think we all know that six months' protection is a bit more than that—so there needs to be something.

When a landlord comes along on that annual date, the landlord might say, "I don't want to make any changes. I don't want to increase the rent." Then, to some extent, the question is: why should any further protection be afforded? But if the landlord comes along and says, "I want to increase your rent," and the tenant agrees that they are going to increase the rent—it does not go to a tribunal; it is all agreed—it seems quite reasonable to ensure protection on both sides, for example to provide for a new six-month protection period, just as happens at the moment.

That is why I have tabled these amendments, because I do not think it is in anyone's interest for tenants suddenly to be leaving. Although the six-month protection does not prevent tenants from leaving, it does produce a mindset that the tenancy is now at least fixed for six months, based on what the landlord is offering and the higher amount that the tenant is now offering to pay. I do not think that is unreasonable, and I would love to see the Government accept the principle of it. If not—of course, I am not foolish, but there is always wishful thinking—it would be useful to hear an indication from the Government of which measures they think might be put in place to ensure that rolling protection.

The other amendment that I wish to speak to concerns the ability for a tenant to be offered the property before it is for sale. If it is a genuine sale, on the open market—the amendments would require a solicitor's letter or an estate agent's letter; I think that is reasonable and fair enough—no landlord would have any problem with making this offer for a short period. In my experience of selling houses, it takes more than four weeks between interest and getting it on the market anyway. I am talking about the landlord offering it to the tenant at the rate at which they are going to initially list it on the market. The landlord might reduce what it is on the market for later, because of market factors. I am not saying that that needs to be taken into account. All I am saying is that the initial listing should be offered to the tenant—a right of first refusal—in those four weeks. Again, I do not think this is unreasonable. Of course, in the majority of cases, the tenant will not be in a position to buy; but if, in a small number of cases, we can prevent turmoil and give the landlord a quick sale, it is in everyone's interest to do so.

Again, I am not delusional and do not think that the Minister will accept this proposal, but I hope that the Minister might indicate how he will be encouraging, through court papers, potentially, and court reform, all those questions to be asked, just as we saw during covid, when court papers required the landlord to ask whether the tenant had been affected by covid. That was not a Bill change—a law change—but it was in the court papers. I am talking about how the question could be asked in court papers. There does not necessarily need to be a change in the discretionary grounds, but the very fact of asking the question could change the mindsets of landlords and, I think, is important.

Finally, under amendments 204 and 203, which I have also tabled, no rent would be required for two months—

11.25 am

The Chair adjourned the Committee without Question put (Standing Order No. 88).

Adjourned till this day at Two o'clock.