PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

RENTERS (REFORM) BILL

First Sitting

Tuesday 14 November 2023

(Morning)

CONTENTS

Programme motion agreed to.
Written evidence (Reporting to the House) motion agreed to.
Motion to sit in private agreed to.
Examination of witnesses.
Adjourned till this day at Two o'clock.

PBC (Bill 4) 2023 - 2024

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor's Room, House of Commons,

not later than

Saturday 18 November 2023

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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

Witnesses

Polly Neate CBE, Chief Executive, Shelter

Dame Clare Moriarty, Chief Executive Officer, Citizens Advice

Darren Baxter, Principal Policy Adviser on Housing and Land, Joseph Rowntree Foundation

Ben Beadle, Chief Executive, National Residential Landlords Association

Timothy Douglas, Head of Policy and Campaigns, Propertymark

Theresa Wallace, Founder, The Lettings Industry Council

Mayor Paul Dennett, Mayor of Salford, and a member of the LGA Local Infrastructure and Net Zero Board, Local Government Association

Richard Blakeway, Housing Ombudsman, Housing Ombudsman Service

Public Bill Committee

Tuesday 14 November 2023

(Morning)

[JAMES GRAY *in the Chair*]

Renters (Reform) Bill

9.25 am

The Chair: Welcome to you all. Our proceedings are now public. We have to go through some formalities; we will then invite members of the public into the Committee Room, so we will be truly in public at that stage.

First, let us go through a couple of technicalities. If you read something out from notes, it helps to let *Hansard* have your notes if at all possible. I am an old-fashioned Chairman and I treat Committees in precisely the same way in which Mr Speaker treats the main Chamber: the rules on wearing jackets and not drinking coffee, and all the other formalities, courtesies and everything else, apply here just as if we were in the main Chamber. I think some other Chairmen are a bit more informal and modern than I am, but one thing I am not is modern, so we will treat things traditionally.

Ordered,

That—

1. the Committee shall (in addition to its first meeting at 9.25 am on Tuesday 14 November) meet—

(a) at 2.00 pm on Tuesday 14 November;

(b) at 11.30 am and 2.00 pm on Thursday 16 November;

(c) at 9.25 am and 2.00 pm on Tuesday 21 November;

(d) at 11:30 am and 2.00 pm on Thursday 23 November;

(e) at 9.25 am and 2.00 pm on Tuesday 28 November;

(f) at 11:30 am and 2.00 pm on Thursday 30 November;

(g) at 9.25 am and 2.00 pm on Tuesday 5 December;

2. the Committee shall hear oral evidence in accordance with the following Table:

TABLE

Date	Time	Witness
Tuesday 14 November	Until no later than 10.10 am	Shelter; Citizens Advice; Joseph Rowntree Foundation
Tuesday 14 November	Until no later than 10.55 am	National Residential Landlords Association; Propertymark; The Lettings Industry Council
Tuesday 14 November	Until no later than 11.25 am	The Local Government Association; Housing Ombudsman Service
Tuesday 14 November	Until no later than 2.30 pm	Generation Rent; Renters' Reform Coalition
Tuesday 14 November	Until no later than 2.45 pm	Crisis
Tuesday 14 November	Until no later than 3.00 pm	British Property Federation
Tuesday 14 November	Until no later than 3.15 pm	National Housing Federation
Tuesday 14 November	Until no later than 3.30 pm	Chartered Institute of Environmental Health
Tuesday 14 November	Until no later than 4.00 pm	Dr Julie Rugg, Reader in Social Policy, Centre for Housing Policy, University of York; Professor Ken Gibb, Professor in Housing Economics, University of Glasgow
Tuesday 14 November	Until no later than 4.30 pm	JUSTICE; Professor Christopher Hodges OBE, Emeritus Professor of Justice Systems, Centre for Socio-Legal Studies, University of Oxford
Tuesday 14 November	Until no later than 4.45 pm	Chartered Institute of Housing
Thursday 16 November	Until no later than 11.45 am	Country Land and Business Association
Thursday 16 November	Until no later than 12.00 noon	Grainger plc
Thursday 16 November	Until no later than 12.30 pm	The Law Society; The Law Centres Network
Thursday 16 November	Until no later than 12.45 pm	Advice for Renters
Thursday 16 November	Until no later than 1.00 pm	Advocats East Mids
Thursday 16 November	Until no later than 2.45 pm	Housing Law Practitioners Association; Giles Peaker, Anthony Gold Solicitors; Liz Davies KC, Garden Court Chambers
Thursday 16 November	Until no later than 3.00 pm	ACORN
Thursday 16 November	Until no later than 3.15 pm	The National Union of Students
Thursday 16 November	Until no later than 4.00 pm	The Nationwide Foundation; DASH Services; Safer Renting
Thursday 16 November	Until no later than 4.15 pm	National Trading Standards Estate and Letting Agency Team

3. proceedings on consideration of the Bill in Committee shall be taken in the following order: Clauses 1 to 3; Schedule 1; Clauses 4 to 20; Schedule 2; Clauses 21 to 51; Clause 53; Clause 57; Clause 52; Schedule 3; Clauses 58 to 63; Clauses 54 to 56; Clauses 64 to 67; Schedule 4; Clauses 68 to 69; new Clauses; new Schedules; remaining proceedings on the Bill;

4. the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Tuesday 5 December.—*(Jacob Young.)*

Resolved,

That, subject to the discretion of the Chair, any written evidence received by the Committee shall be reported to the House for publication.—*(Jacob Young.)*

Resolved,

That, at this and any subsequent meeting at which oral evidence is to be heard, the Committee shall sit in private until the witnesses are admitted.—*(Jacob Young.)*

The Chair: Copies of written evidence that the Committee receives will be made available in the Committee Room and will be circulated by email to Committee members.

9.27 am

The Committee deliberated in private.

Examination of Witnesses

Polly Neate, Dame Clare Moriarty and Darren Baxter gave evidence.

9.29 am

The Chair: Welcome to the first evidence session of the Renters (Reform) Bill Committee. In particular, I welcome our first panel: Polly Neate, chief executive of Shelter; Dame Clare Moriarty, chief executive officer of Citizens Advice; and Darren Baxter, the principal policy adviser on housing and land for the Joseph Rowntree Foundation. Let me say in passing, so that we are all aware, that the first panel has to end by 10.10 am.

Polly is online. Polly, if I ignore you, can you please make yourself known by waving at me or something? It is rather hard to communicate online sometimes, so if I am not calling you to say something, please let me know plainly.

Perhaps it would be helpful if the witnesses introduced themselves for the record.

Dame Clare Moriarty: I am Clare Moriarty, the chief executive of Citizens Advice.

Darren Baxter: I am Darren Baxter, principal policy adviser for housing and land at the Joseph Rowntree Foundation.

Polly Neate: I am Polly Neate, the chief executive of Shelter. Thank you very much for letting me join virtually; I really appreciate it.

The Chair: Before I forget, let me ask members of the Committee whether they have any interests to declare. I am not sure whether the Chairman has to do so, but I own two buy-to-lets, not that that particularly matters.

Dr Ben Spencer (Runnymede and Weybridge) (Con): I declare an interest in that I receive support, in particular as set out in my entry under category 2(a) on the Register of Members' Financial Interests, from individuals with an interest in this area.

Helen Morgan (North Shropshire) (LD): I am a joint owner of a property that is let out for residential rent.

Eddie Hughes (Walsall North) (Con): I am also the joint owner of a property that is let out for rent.

Craig Tracey (North Warwickshire) (Con): I am an owner of a property let out for commercial rent.

The Chair: *Hansard* has got all that, I hope.

Lloyd Russell-Moyle (Brighton, Kemptown) (Lab/Co-op): As per my entry on the register of interests, I receive some support from campaigning organisations that support my office and that campaign on this issue; and I have lodgers at my house.

Anna Firth (Southend West) (Con): Can I declare that I am also the joint owner of two properties that are let out, but are held in trust?

Mike Amesbury (Weaver Vale) (Lab): I am a vice-president of the Local Government Association.

Dean Russell (Watford) (Con): I do not know whether I need to declare this, but I rent, so I am not a homeowner. Hopefully, that means that I have a particular interest in this.

The Chair: I think we all do, in one place or another, but that is probably not an interest to declare: it costs you money, rather than getting you any money.

Helen Morgan: I am also a vice-president of the LGA.

The Chair: There being no further interests to declare, we will crack on with the evidence. I call the shadow Minister.

Q1 Matthew Pennycook (Greenwich and Woolwich) (Lab): It is a pleasure to see you in the Chair, Mr Gray.

I will start with section 21. This was the Government's manifesto commitment and is in many ways the centrepiece of the legislation, but clause 67 of the Bill has always given Ministers discretion as to when the system is introduced. A two-stage transition has been advertised, but the Government have recently made it clear that they will not abolish section 21 until unspecified court reforms are in place. Could you give us your views on those? Specifically, have the Government been clear enough about what they mean by court reforms? What are the criteria by which improvements will be judged?

The Chair: I should say at this stage that it is not necessary for all witnesses to answer all questions. Just answer those questions that you feel particularly interested in.

Dame Clare Moriarty: The thing we really want to underline is the urgency of passing this Bill, introducing it and allowing tenants to benefit from its provisions. We are currently helping nearly 100 people a day with section 21 evictions. The longer the current situation continues, the more problematic it will be. We are seeing a very consistent rise in the number of people coming to us with homelessness issues.

Anything that looks at what needs to be put in place before the provisions can be brought into force, assuming they are enacted, needs to be looked at against that background. There may well be issues with the court system. It is worth remembering that only a minority of section 21 evictions actually go to court, because the majority of tenants leave at the point of getting a notice. It is an important symbolic issue, but it is not the biggest practical issue. Having looked at what is available and at what the Government say they plan to do on court reforms, I do not think it is very precise at this stage, but I am sure that work is going on in the background.

There is, in any case, an implementation timetable that will extend beyond Royal Assent. A reasonable thing to do would be to set that as the timetable for making court reforms, rather than making the provisions' entry into force conditional on rather imprecise commitments about court reforms.

Polly Neate: This is a once-in-a-generation opportunity and has been years in the making. At Shelter, we support thousands of renters every year face to face and millions digitally. Without question, we are seeing increased homelessness as a result of section 21 evictions, so I really want to stress, first of all, the urgency of ending section 21 evictions—it is the most urgent thing in the Bill. A tenant is served with a no-fault eviction every three minutes. In our view, there really is no need to delay ending no-fault evictions because of the reform to the justice system. We agree that court proceedings could be made more accessible and more efficient, and that that could be beneficial to tenants, but we do not think that the vital reforms in the Bill should be held up.

In fact, we believe that a robust Bill would reduce the number of evictions by increasing security to renters, rather than causing a significant increase in the burden on the courts. It simply is not the case that all evictions that now occur under section 21 will in future be heard in the courts as section 8 evictions. Many tenants—probably most tenants—will continue to leave before the end of their notice period, and therefore before court proceedings. Also, many evictions that now occur under section 21 would not meet the threshold for eviction under the new eviction grounds.

The Government were always going to have to hold their nerve over this Bill. This is a brave and reforming piece of legislation, so there was always going to be lobbying for delays and for watering down. That was always going to be the case; I think the Government always knew that. We urge the Government to hold their nerve and not to hold up the vital provisions in this Bill, which will reduce homelessness, for the sake of much more minor reforms that are massively less urgent.

Darren Baxter: To build on what has been said, it is clear that this delay is unspecified. It is not clear at what point the Government would determine that sufficient reform had taken place in order to enact section 21: whether that is having put in place a process of digitalising the court system, or whether it is more of an "outcomes" measure with respect to caseload or waiting time being reduced. If this is the reason for delaying, there is an urgent need for clarity.

I absolutely back up what has been said so far: there is no need to delay this legislation. For landlords to go through the court process is fairly rare. Most tenants leave at the point at which they are sent a notice. In 2022, about 11,000 or 12,000 repossessions went through the court system in England and Wales. That is less than 1%: it is about 0.3% of all households who are renting privately in England and Wales. I understand why this is an anxiety for landlords, but we have to keep that anxiety proportionate to the great harms that an insecure private rented sector is doing. We have to move quickly to reform, particularly given that the consultation was in 2019. We have already been waiting a long time for reform to take place.

Q2 The Parliamentary Under-Secretary of State for Levelling Up, Housing and Communities (Jacob Young): Thank you to our witnesses for giving evidence. I have two questions. First, how do you think the blanket bans will work to level the playing field for renters? Secondly, what is your opinion of the impact that these reforms may have on private rented sector supply?

Polly Neate: The connection is not brilliant, but I hope I heard the question correctly.

There are reasons why landlords might be facing difficulties, particularly due to mortgage rates, but we do not believe that there is evidence that these reforms will, in themselves, influence the PRS supply. In fact, the Government's own work shows that the impact on supply will be minimal. We are not overly concerned about that. The evidence from Scotland is that there was not the promised mass exodus of landlords: data from the Scottish landlord register indicates that there has been no quantitative evidence of an impact on supply of PRS accommodation since the reforms there were introduced.

The most recent English housing survey data tells us that the private rented sector is still increasing in size. Some landlords may well be selling up or retiring, but we do not think that there is evidence that this is happening in the unprecedented numbers that people are suggesting. We just do not believe that is taking place. We certainly do not believe that this Bill will impact it significantly.

Darren Baxter: I would back that. Various forms of data—the English housing survey, a comparison of stamp duty at the higher rate against capital gains tax on people selling properties, and other sources—show that over the past few years the private rented sector has grown. More landlords might be selling up in any given year, but there are still more who are buying. That has been against the backdrop of tax changes and various forms of regulatory reform over time that has tightened up the responsibilities on landlords.

I do not think we can draw a conclusion that that landlords are selling up. It is kind of the opposite. If that has changed—and the data is unclear—it has changed since interest rates increased significantly. That is because the cost of borrowing is a really significant variable for landlords. That should give you, as legislators, more confidence about this reform. It is not going to be this reform that pushes landlords out; it will be the responsibility of the independent Bank of England. That should provide sufficient confidence.

Blanket bans are important but not perfect. If we think of "No DSS"—discrimination against people who claim benefits—there are all sorts of ways in which people who are in receipt of social security benefits might be discriminated against by landlords at the point at which they apply for a house. Income checks, for example, might push them out of the market.

Fundamentally, unless you increase people's income, they might struggle to rent privately, but it is an important signal to the market that you cannot discriminate against a group of people just because they receive benefits. The same goes for families with children: it is important to say that if you have kids you should be allowed to rent a property, and that if you are putting a property on the market you should be open to who lives in it. These measures will not solve 100% of the problem, but they are really important signalling devices that this legislation can provide.

Dame Clare Moriarty: On the supply question, it is worth looking at the international angle. The Social Market Foundation has done some quite interesting analysis. First, England is an outlier in still having no-fault evictions. Most countries do not, and many of the countries that do not have them have much larger private rented sectors. There are all sorts of different reasons for that, but there does not appear to be a correlation between reduced size of private rented sector and the banning of no-fault evictions. That is just to add to the important points that Darren and Polly have made.

On the point about blanket bans, that is something that we see coming through quite a bit, including with people who would not fail to be able to rent on the grounds of income alone. They are either told that they cannot rent or possible conditions are put on them, including six to 12 months' rent up front, just because they are in receipt of benefits. Those are really serious points. I know that the Government have made a commitment to table an amendment to deal with that, which we would very much welcome.

The Chair: Before we go on, may I reiterate that we will finish at 10.10 am precisely, even if someone is mid-sentence? Questions and answers should both be brief and to the point.

Q3 Ms Karen Buck (Westminster North) (Lab): The abolition of no-fault eviction will mean that there are other grounds for possession. Can I ask whether you consider that the wording of the Bill is sufficient to ensure that the grounds that exist will not lead, in some instances, to de facto no-fault evictions? In particular, can you tell us your views of the exceptions in relation to antisocial behaviour? Are the measures robust enough to deal with such behaviour, as well as making sure that people are not evicted wrongly on those grounds?

Dame Clare Moriarty: I will leave the question of antisocial behaviour entirely to Polly, but on the question whether we think there is a risk that there could be no-fault evictions by another route: yes, we definitely do. There were two time limits in the original consultation, including one for the period before which grounds 1 and 1A would apply, for people reclaiming a house to move family into it or in order to sell it. There was an initial period of two years before that could be effected, which has been reduced to six months. The original consultation also included a period of 12 months after those grounds had been used before the property could be re-let. That has been reduced to three months.

Both of those are problematic for different reasons. First, even the most exemplary tenant could rely on only six months before they might be removed from their home on a no-fault ground. That does not deliver the security that the Bill is designed to give people. Secondly, if the grounds are invoked and people are moved out, saying that the property could be re-let three months later does not give the impression that this is being taken seriously. If the ground is only ever used for people to move family in to sell the house, there should be no question about the property being back on the market. There may be circumstances in which that happens, but three months is not enough for people to feel that this is a serious intent. I am not saying that this is something that people would be looking to get round, but if there is only a three-month empty period before they could re-let the property, that does not give confidence that this is a piece of legislation providing that security.

Polly Neate: I absolutely agree with all those points; I will not bother to repeat them. The antisocial point is really important. I absolutely understand why landlords are anxious about antisocial behaviour, but it is already covered by two different grounds for possession under section 8. Those will continue to be grounds for possession once section 21 is scrapped. Without the proposed changes, landlords would still be able to evict tenants engaging in antisocial behaviour—and they should be able to.

The big worry is the wording change from "likely to cause" nuisance to "capable of causing" nuisance or annoyance. That widens the definition of antisocial behaviour. There is a real worry—and I have seen this in several roles in my career—that domestic abuse, serious mental health issues and some forms of learning difficulties can easily be misinterpreted or targeted as being antisocial behaviour. There is a real risk with this change that people will be evicted unjustly, when what they really need is help and support; they are not antisocial tenants. That is the worry. We would say that there are already ample means to be able to evict for antisocial behaviour, and it is quite right that that should happen, but we really need to not risk widening that net and catching people in a wholly unjust and even dangerous way.

Darren Baxter: I have just a couple of points. On the ground that Clare mentioned—selling or moving back in—we need to recognise that this Bill is about improving security for renters. There is legal insecurity that comes from section 21; there is also a structural insecurity, which is that the sector is made up of lots of small-scale landlords churning in and churning out. That leads to people being kicked out because landlords sell. It is the most common reason why section 21 is used, and it is the most common reason why a no-fault eviction leads to homelessness, which has a huge impact on households and on councils' finances, public spending and so on. We should be using this Bill to think about different forms of security, and the amendments that Clare mentioned would not only address the abuse of that ground, but give a more general security to tenants.

The other risk is no-fault evictions through the back door, through rent rises or so-called economic evictions: jacking up the rent to an unsustainable level, which then forces a tenant out so the landlord does not have to use the court process. We think you could amend that by having a limit on in-tenancy rent rises, capping at, say, the consumer prices index or wage growth—whichever is lower in any one year. That would stop landlords using that as a route for driving tenants out.

Q4 Nickie Aiken (Cities of London and Westminster) (Con): Building on what Mr Baxter was just saying and what Ms Neate said in her first comments, Shelter says

that it has seen a huge rise in section 21 no-fault evictions over the past year or so. Is there a particular reason given by tenants for their evictions? Are you seeing a trend that is being used at this moment on section 21?

Polly Neate: May I start, as you specifically mentioned Shelter? What we are seeing is an overall increase in no-fault evictions, partly because of deteriorating standards within the private rented sector. We are seeing tenants who complain about the poor conditions in which they are living then being subject to a no-fault eviction. As standards are becoming worse in the sector, we are seeing that happening much more.

There is also an increase in no-fault evictions because the landlord wants to put the rent up. Again, that is partly because of the shortage of accommodation. It is partly because there is now such overwhelming demand that that is possible. We hear a lot in the news about how many hoops tenants are being required to go through, even including bidding wars for properties. If a landlord believes that there is an opportunity to make a lot more from a property, there is a temptation to get the current tenants out in order to be able to do that.

Those are two of the main trends that we are seeing. The point about standards is particularly important, because this goes to the root of the greater security that the Bill is intended to introduce. It is not only about no-fault evictions being used when tenants complain; there is an even bigger problem, which is that the threat of a no-fault eviction stops tenants complaining about poor standards in the first place. That increases the risk of poor standards within the sector. It stops people complaining. It means that more and more families are living in conditions that are potentially damaging to their health. Part of what this Bill is intended to do is improve the entire sector. The point about the relationship between no-fault evictions and poor standards is really central to that aim.

Dame Clare Moriarty: In terms of data, we are seeing larger numbers of section 21 evictions. It is a big increase, with 45% more people coming to us for help than at the same time last year. In terms of homelessness issues generally, we have seen a steep rise—a really consistent rise from early 2020, which amounts to about 25% year on year and 35% year on year for people in the private rented sector. It is worth recognising that there is a real increase in homelessness. There will be lots more data, which we will be happy to share with the Committee afterwards.

As for reasons why people are coming to us for section 21, I do not have detailed data at my fingertips. I will certainly ask whether there is more that we could analyse and share with you. I completely agree with Polly: we certainly see what are called retaliatory evictions. We are helping about 180 people a month who are being evicted after they have complained about conditions. We are certainly hearing from people the pattern that when the landlord presents a rent rise and people say, “We can’t afford that—a £500-a-month rent increase is just not absorbable,” they will then be threatened with section 21 eviction. As I say, I am happy to dig out more from our data to see exactly what is going on.

The Chair: If you can dig out that data and let the Committee have it formally, that will be very helpful.

Q5 Lloyd Russell-Moyle: We have been talking about economic evictions. Currently, if someone approaches the rent tribunal, it can determine whether a rent goes up or down. Citizens Advice and Shelter are particularly likely to support tenants who go to that rent tribunal. Is there a danger that people will not want to risk it?

Polly Neate: I don’t think so, no. I think the provisions in the Bill will make renting so much more secure that it will make sure that people are much less likely to have recourse to all forms of the courts—the rent tribunal and so on. The objective of the Bill will be effective in reducing the burden on all of that.

Q6 Lloyd Russell-Moyle: So you are saying that the Bill will create an atmosphere in which people will not need to take cases to the tribunal, because these things will be resolved before between tenant and landlord?

Polly Neate: Yes, exactly.

Q7 Lloyd Russell-Moyle: There is a six-month protection from eviction with a new tenancy, but beyond that no other protections are afforded to people in terms of evictions. Should that be linked to rent rises, so that every time a rent rises, the six-month protection for no-fault eviction is restarted?

Dame Clare Moriarty: We would say that six months is simply not long enough. If you are moving into a property, you want to make it your home—we hear from tenants the idea that you can only feel secure there for six months does not allow people to do that.

Q8 Lloyd Russell-Moyle: How long should it be?

Dame Clare Moriarty: The original proposition was two years, which we think is a reasonable amount of time. Whether you would restart the clock at a rent rise—that is an interesting proposition. It is not something we have worked on ourselves. I don’t know whether you have at JRF?

Darren Baxter: Our position is similar—the initial period should be longer. Two years or beyond is an interesting idea and one I would not reject out of hand, but it is not something we have worked out.

To jump back to your previous point about the rent tribunal, the risk you identify is valid. Polly’s point about better security giving people a chance to exercise their rights is true, but if you have a rent tribunal where you can challenge your rent, but that rent might go up, there is a risk that people see that as rolling the dice on potentially having to pay even more than they faced originally. Capping that, so that effectively the rent can go down but it cannot go any higher than the landlord was asking for, would be a reasonable reform that would encourage people to use the tribunal.

Q9 Lloyd Russell-Moyle: Should people be able to see the previous rents in that property through the property portal? Should tenants who are now in the property be able to say, “How much did the last tenants pay?”

Dame Clare Moriarty: The property portal could be really helpful for tenants in understanding what has happened with the property in the past. Previous rents would certainly be interesting. Also, there is the issue of whether or not the landlord has previously used the available grounds for what are effectively still no-fault evictions. While the design of the property portal is about landlords, if it had the right information and was

properly regulated, it could be a real benefit for tenants and give them more confidence, at the point when they enter into a tenancy, so that they know a bit more about who they are dealing with. Tenants are often dealing with letting agents, and it is only when they have signed the contract that they actually have any contact with the landlord. The quality of the landlord is incredibly important to their quality of life.

Q10 Lloyd Russell-Moyle: Should this information be public, or is it that before you sign the contract you should have access to the check so that you can quality-assure your landlord? I am trying to work out the levels. Are we saying that all this information should be out in the ether, or is there some sort of system that you are thinking about?

Dame Clare Moriarty: Again, this is not something on which I would like to get into too much detail, because I do not have the knowledge. Certainly, the point about a tenant, at the point where they commit to a tenancy, not doing that blind to information about the landlord is really important. Whether the only way of doing that is by making it public, or whether at a certain point in the process there are ways in which they could be given access to information, is probably in the detail of the property portal.

Polly Neate: What is important is that people have access to the information at the right point. This will also be of benefit to local authorities when they are trying to regulate private renting. There are lots of issues around that at the moment. Some of them are about resources, but the property portal would make it much more straightforward and less resource-intensive to be able to properly regulate standards in private renting. That is another important benefit.

Q11 Mike Amesbury: Given that somebody is being evicted every 23 minutes through a section 21 no-fault eviction, should there be a timescale to abolish no-fault evictions? Would a clear timescale be helpful, particularly to the people concerned?

My second point is about prevention. What more needs to happen regarding the duties of local authorities and councils to people who are not evicted, given some of the current holes in the Bill?

Polly Neate: Yes, it would be very beneficial to have a clear timetable. I cannot stress clearly enough my previous point: this was always going to be subject to lobbying for delays and it is really important that the Government hold their nerve. We need clarity about when this will happen, because we also have a commitment to reducing homelessness and this is a really important way of doing that. When people get the eviction notice, for whatever reason, it is really important that they still have the right to access homelessness assistance from their local authority. It is really important that that right is not watered down as a result of the Bill.

Q12 Helen Morgan: Building on the point about local authorities and their responsibilities to people who have been evicted, they are currently reporting intense pressure on their budgets because of the escalating number of people who have been evicted and made homeless. Could you build on what you would like to see in the Bill to protect those people? Do you think that ending no-fault evictions more rapidly would assist local authorities in managing the financial pressures of those homeless people?

Darren Baxter: We know from the data that local authorities capture why households come to them reporting homelessness, and why they then have a duty to house them, and section 21 no-fault evictions are a really significant part of that. Anything that reduces that flow will inevitably take some pressure off local authorities, so the more quickly you do this, the more quickly you stop one of the really significant drivers of homelessness.

Dame Clare Moriarty: We need to recognise that there is a whole range of problems with the housing market, including the extent to which rents are simply not affordable for many people. The local housing allowance is now seriously out of kilter with what people are paying for rent. That means that if you are on benefit in the private rented sector, a big chunk of your living costs go just on paying rent.

There are lots of broader questions playing into the pressures landing on local authorities. Having said that, section 21 evictions are definitely part of the problem, but they can be addressed, and the Government are committed to addressing them. As Darren was saying, this Bill has been a very long time in the making, and addressing the issue of insecurity for tenants, and the number of evictions that that is driving, has to be helpful. We should not kid ourselves that it solves the whole housing market problem, but it would make a real difference to people.

Polly Neate: I agree with all that. The Government have decided to remove the prevention duty and not replicate it for section 8 evictions, leaving it to the discretion of local authorities to decide when a duty is owed to tenants. Given the resource constraints and the issues in local authorities, there is a real risk that people just will not get the homelessness support that they need, so we urge that that be changed in the Bill.

It is absolutely right to say that no-fault evictions are not the only reason local authorities are overwhelmed by homelessness. The freezing of housing benefit and of local housing allowance is another major reason, and of course the really serious lack of social housing stock is at the root of this. This is not a magic bullet to resolve these issues, but the Government can remove a really significant factor contributing to the overwhelming pressure on local authorities.

Q13 Matthew Pennycook: Returning to possession grounds, concerns have been raised about new grounds 1, 1A and 6A and the changes to existing ground 14. I want to ask the witnesses a question about the new ground for possession 8A, which concerns repeated rent arrears. Do you think that that new ground is needed in any form, or should it be removed from the Bill? If it is to stay in the Bill, what changes might strengthen it to better protect tenants?

The Chair: We have two minutes left. Who can do this in two minutes? Polly.

Polly Neate: Answering as quickly as possible, we think it should be removed from the Bill.

The Chair: And the others?

Dame Clare Moriarty: Yes, it feels like something that is targeting a group of people who are probably in crisis. It is a very specific set of circumstances that applies if you fall into arrears three times in two years, but not to the point at which the serious rent arrears ground comes in. These are people who are either suffering multiple adverse life events or possibly trying to avoid losing the roof over their head by borrowing in insecure ways, but they need help and advice, not to be evicted.

Darren Baxter: We also do not think it is necessary. Adding to that, I think it is punishing people for doing the right thing. This is a group of people who have fallen behind, but then ultimately paid that money back, which is what this system is encouraging people to do. It is effectively punishing people for putting the situation right.

The Chair: That brings us to the end of our first panel of the morning. I thank Polly Neate, the chief executive of Shelter; Dame Clare Moriarty, chief executive officer of Citizens Advice; and Darren Baxter, principal policy adviser on housing and land for the Joseph Rowntree Foundation. Thank you all very much for giving evidence to the Committee; it will be extremely useful and will be borne in mind during the Committee sittings that lie ahead of us.

Examination of Witnesses

Ben Beadle, Timothy Douglas and Theresa Wallace gave evidence.

10.10 am

The Chair: May I welcome our second panel of witnesses? For the record and for *Hansard*, can I ask you to introduce yourselves?

Timothy Douglas: Good morning, Chair. I am Timothy Douglas, head of policy and campaigns at Propertymark. Propertymark is the UK's largest professional membership body for property agents, with 17,500 members working across the UK. That includes agents working in residential sales and lettings, commercial valuers, auctioneers and inventory service providers.

Theresa Wallace: I am Theresa Wallace. I am chair of the Lettings Industry Council, founded back in 2015. It is made up of stakeholders across the industry, including agents, professional bodies, tenant groups and so on. I have been in the lettings industry for more than 30 years. I have been a landlord for a few years and a tenant for many years, and I am now a homeowner.

Ben Beadle: I am Ben Beadle, chief executive of the National Residential Landlords Association. We are a campaigning and support organisation for property owners, and our members provide just shy of 1 million properties across the private rented sector.

The Chair: We have until precisely 10.55, at which stage we will call the session to order even if you are mid-sentence, so please be aware of the time.

Q14 Matthew Pennycook: We asked the previous three witnesses a variety of questions and touched on the issue of supply. I want to ask these witnesses about that. Mr Beadle, I was intrigued to read the transcript of an industry webinar earlier this year, in which you said:

> "Actually the truth is that while some landlords are leaving the sector, this sector is actually still increasing. That's not terribly helpful to our argument, to be honest with you. But in the context of cost of living and rising costs we have to tell that story and link the two."

Is it not the case that all the evidence would suggest that the sector is relatively stable, at about 20% of households, over recent years, and that it may even have grown, and that there is no evidence to suggest that we will see, as some claim, an exodus of landlords from the sector?

Ben Beadle: I am not going to sit here and say that after looking at the Bill, everybody is going to sell up. We are not scaremongering here. We are saying that some nips and tucks are necessary to give responsible landlords the confidence to deal with the reforms. As far as the webinar is concerned, I have been very clear that the sector is growing, but the reality is that whether landlords are exiting or not—and I would point to the Bank of England, which says that they are, and is a pretty reliable source for the most part—our members tell us that they are reducing their supply, rather than investing.

The reality is that although the sector might have grown, we still have 25 people, on average, applying per property. We have a massive demand and supply imbalance. Is that a result of renters reform? No. Is it a result of a lot of factors, including renters reform? Yes. I can point you towards the uncertainty about energy changes; I know that that has been dealt with, but it might be only a year or so before that comes back. I can point to taxation changes that are punishing individuals and forcing them perhaps to sell, and putting them between a rock and a hard place for their tenants. I can point to mortgage costs, and I can point to the fact that, I am afraid, we are all getting a bit old, and some of my members are selling off their stock because it is time to do that. It is a mix of those things.

Q15 Matthew Pennycook: May I turn to court improvements? We have discussed how the abolition of section 21 is now linked to them. Non-accelerated possessions are not taking significantly longer than the relevant guidelines stipulate, and possession claims are, in relative terms, one of the faster and better administered parts of the criminal justice system. Is that not the case? While we want the courts system to improve, possession cases are not the worst example of the state that the courts system is in. What improvements are you pressing for and telling the Government are required before chapter 1 of part 1 is introduced?

Ben Beadle: We have been very clear on this. We have not sought to block, or say that section 21 abolition will destroy the market, but we have been very clear that responsible landlords need alternative grounds on which they can rely, and need confidence in the system that underpins them. I sit as a magistrate, and I would be loth to compare different areas of the justice industry, because it is such a low bar that I don't think it is worth comparing.

We have very grave concerns about how things are recorded. Although you can point to some of the statistics, a lot will depend on how cases are logged and when they come in. I have been involved in a number of discussions with senior members of the judiciary who have exactly the same concerns. Something may have sat in a post tray for three months but get logged as having come in today, for example, and that impacts the overall timings.

The overall timings are worsening. I believe that there is a quid pro quo to some of this stuff. I am as frustrated as you that court reform has not happened, because I am very clear: Government should get on with it. They need to deliver something that feels like renters reform. There are lots of issues in the sector. Broadly, there is stuff in this Bill that we can support, but I cannot support section 21 abolition when the courts service is in such a state.

Q16 Matthew Pennycook: Very specifically, you have had access to No. 10. What are the x, y and z that you are going in and saying need to be in place before chapter 1 of part 1 can be introduced? What are the specific metrics, if you like, of court improvement that you are pressing for?

Ben Beadle: I want timings to be much, much faster, and that needs to be supported by digitalisation. To deal with this, we need significant investment in the support team and additional judges. In London, we have seen evictions not take place because the right sort of stab-proof vests for bailiffs were not procured. That does not give me a great deal of confidence that Government is all over this like a rash, and we need to have confidence. Section 21 was brought in to give landlords the confidence to bring their properties to the market. The vast majority of our members can live without section 21 provided the alternative is fit for purpose, but until we see these things come to fruition, I do not think I can recommend that. That is not to say that section 21 should not be abolished. It is just that the alternative needs to work, because otherwise it will hurt the very people you want to protect: the renters.

Timothy Douglas: First, we have a demand crisis. If we are not looking at supply, we certainly have a demand crisis. Looking at our member data from August 2023, year on year demand is up 32%, based on tenants registering with properties. It is a demand crisis and a housing crisis. It has to be about the tax, social housing, people being able to buy homes and energy efficiency legislation. These are all part of a wider housing strategy. You cannot look at the private rented sector in isolation.

On the courts, bailiffs are an issue; certainly in London, there is an issue around not being able to get personal protection equipment, and that has spread to other parts of the country. It delays proceedings. Should we look at privatising that service—the county courts service—in order to almost remove that funding element from the Ministry of Justice and ensure that we have enough bailiffs? I think we need to provide landlords with an automatic right to a High Court enforcement officer. That is part of the process. Normally, if you cannot get the bailiff, they will have that. We have worked with officials on integrating mandatory notices for possession into the possession claim online. We have also looked at improving the Money Claim Online website and that process, which is important.

I have two final points. There are things in the Government's antisocial behaviour action plan. The courts need to prioritise dealing with antisocial behaviour; that would help. If that were a directive from the UK Government, that would be helpful. We also need to define low-level antisocial behaviour in statutory guidance, or any guidance, so that courts can see that, deal with the behaviour and get evidence of it.

Theresa Wallace: I agree with a lot of what Timothy and Ben have said. They have covered a lot of the points that I would have made. There is no question but that we have a shortage of stock. We are experiencing that on a daily basis. More than a million tenants in the private rented sector who are in receipt of income support and benefits to pay their rent should be in social housing. We need to address that to solve the housing crisis.

We need to instil confidence in our landlords. It takes time for trends to feed through, but we are definitely seeing landlords leaving the market. We have a lot more at the moment sitting on the fence, waiting to see what this Bill brings in, before they make their decision. It is crucial that we keep those people in the market. Build to rent fills a gap, but we cannot build in the places where the demand is, because that does not work for the model. We still need the private landlord to provide properties.

There are two recent surveys. A Royal Institution of Chartered Surveyors survey came out last week, which showed that overall there were 43% fewer homes available to tenants to rent in the first 10 months of this year. Research by Hamptons came out yesterday and also showed the 43% reduction. RICS says it is definitely seeing a fall in instructions of minus 18%. We want to find a balance. We want to find more security for tenants; I do not think abolishing section 21 will do that, if I am honest. We still need some fixed-term tenancies for those tenants who really want to stay in a property for three or four years because their children are in school, and where the landlord is happy to grant a tenancy for that length of term.

We could even include a break clause for the tenant, whereby for a month, or throughout the whole time, they could terminate, if their circumstances changed. If the property is not fit for purpose, the local authority should be able to visit quickly and make a decision, and the tenant should be able to get out. That way, we are giving the tenant much more flexibility and security. We still need to let landlords know that they can get their property back if they need it, but many are very happy to commit to a longer term, and I think they should be allowed to.

Timothy Douglas: I think clause 1 should include the option of fixed-term tenancies. We are not saying that it should be one or the other; I totally agree with Theresa on the option of the fixed term. The previous panel talked about the insecurity of tenants who can be evicted after six months. If a tenant has a 12-month fixed-term tenancy, they have that guarantee at the start of the tenancy that they will be in place for 12 months before a decision can be made on eviction from that property. That is vital for guarantors. If you are going to be a guarantor for a rolling periodic tenancy, you are not sure how long you will be a guarantor. How can you have rent in advance if the tenancy is not for a set period?

The fixed term is a vital point, and we need to bring that in as an option. It should not have to be one or the other. There could be the option of a periodic tenancy or a fixed-term tenancy. That will be vitally powerful in the student market as well, for any household with a student—and for non-students. Even if the student leaves after 10 months, the tenancy could stay

as a fixed-term tenancy until month 12. It could either be renewed for another 12 months, or roll on to the new periodic. We need that flexibility in the system.

Q17 Jacob Young: Thank you to members of the panel. You heard comments from the previous panel on antisocial behaviour. What do you think of the changes that the Government are introducing to the antisocial behaviour grounds? Do they strike the right balance, and ensure that landlords can evict tenants that cause significant disruption? Timothy, you mentioned students. Do you agree that the new possession ground for student landlords will be effective in supporting the operation of the student market?

Timothy Douglas: I think we need more detail on that ground. I have not seen it, I do not know what it looks like and I do not know how it will work in reality around when it is served at the time of the year. There are myriad student semesters, term times, different types of students and mixed properties. Defining a student let is really difficult. You can do it under an HMO because the licence conditions will be in place, but a lot of students these days rent in a high-rise modern flat. How do we define them as students?

From the point of view of our members, if we retain that fixed term, you have the clarity. A UK student—this is important as well for rent in advance for UK students—can have a letter from the uni. For overseas students, it is the right-to-rent check, the visa and the share code. On the students, we remain sceptical about how that ground works. The simplest and easiest way would be to retain fixed-term tenancies as an option for any household that is either a student or mixed student household, to give that flexibility as a fixed term for 12 months as an option.

On the antisocial behaviour ground 14, I am not sure what the difference between "capable" and "likely" is. That is why I reiterate the point that local partnerships between police and councils will be really important. The guidance, defining antisocial behaviour and prioritising it in the courts will be important for that ground to work.

Ben Beadle: We like the suggestion around antisocial behaviour. The Secretary of State has been very clear that managing antisocial behaviour is important. This is one of the challenges in section 21 being abolished. Like it or loathe it, section 21 allows landlords to deal with antisocial behaviour effectively. What we are trying to do is to not end up with just the perpetrator of antisocial behaviour in the property.

I would take issue with the comments that were made in the previous session. This will be tested by a judge. It is a discretionary ground. Although the wording is wider, I think that is absolutely right. It goes before a judge to assess the merits of it, and it succeeds or fails based on judicial discretion. That sounds like something that we can all support, because it means that antisocial behaviour can be dealt with. No politician wants to write back to constituents in their area to say, "That noise that is waking your kids at night cannot be dealt with because of this, that or the other." This strikes a balance, to coin a phrase, between protecting those who are at the hands of antisocial behaviour and not making it too easy so that it is a back door to section 21, which I absolutely get.

The second thing came up around domestic violence in the previous session. I see this as quite different. We have ground 14A, which allows social landlords to evict the perpetrators of domestic violence. I suggest that something like that is more clearly made available to the private rented sector. What happens in practice is that the landlord is working closely with the victim and wants to keep—I would say "her", but it does not have to be—the victim in the home and to deal with the perpetrator. Anything the Government can do to make that clearer would be very helpful.

The third point is on the student market, which is an area we have been campaigning on vigorously. We support the ground, obviously, and think that it can work, but a lot of good things come as a pair—Ant and Dec, strawberries and cream—and what is missing from the ground is that it does not fully protect against the cyclical nature of the market, which Tim spoke about.

We propose an amendment that would deal with a whole range of matters. In the first six months, landlords cannot give a no-fault reason for repossession; we propose that that moratorium be extended across the sector, to deal with issues in three or four areas. First, it would provide for a fixed period, and that would deal adequately —but not fully, granted—with the need to keep the cyclical nature of the student market, because it is not broken, and we want to protect it, in the interests of both renters and landlords.

Secondly, more widely, outside the student sector, it is a possibility that a tenant will give two months' notice on day one, and set-up costs hurt landlords. In my briefing, which I sent round to you, I gave an example of that.

Thirdly, the amendment protects against the creation of an "Airbnb lite" in the sector. We do not want the private rented sector to become Airbnb by the back door, and there is a real risk of these periodic tenancies creating that.

Fourthly, the Bill is about fairness, and striking the balance between protecting tenants from bad landlords, and landlords from bad tenants, so there is no justification for us not being treated in the same way, through that moratorium.

There is a fifth thing: this is quite easy to do through an amendment. For those five reasons, I think that we can make this work.

Q18 Lloyd Russell-Moyle: Ben, you propose six months on both sides, but you seem to be suggesting that a student or someone would maliciously come in for a month, and then say, "I'm off." Is it not the case that people look at the house and say, "This isn't working for me. The house isn't quite what I thought it was, or what I thought was advertised." Perhaps it is very cold at night and expensive to heat. I am not saying that these are enforcement matters for the local authority; they are just things that would lead normal people to say, "I want out of this." Also, people's circumstances may change. Why should they, or their guarantor, be stuck with having to pay the bill for six months, when the accommodation might not be appropriate? Surely the best way of getting the market to improve its standards is to have the ability for someone to walk in, realise it is not a very good property, and walk out again.

Ben Beadle: To turn that on its head, why have the clause one way in the first place? Why not let the market talk for itself? If a landlord wants to sell, why not let them?

Q19 Lloyd Russell-Moyle: Because the landlord has the power, and is renting the product out. The consumer is assessing whether they find that product useful. They have a very different relationship to the product, don't they?

Ben Beadle: I think the Bill is about fairness, striking a balance between the reforms that we all want, and all the things that have been said about not causing a crisis of confidence in the sector. I do not think that it has to be quite as easy as ordering something from Amazon and sending it back. The reality is that it costs a lot of money to set up a tenancy and get the property in the right condition. Of course, energy performance certificates and other regulatory mechanisms are available, which allow tenants to make a very informed decision about the property that they are moving into. That will be supplemented by the property portal and the register. All that information is available, as it will be in future.

Lloyd Russell-Moyle: We know that the Government have abandoned the EPC.

The Chair: Order. Mr Russell-Moyle, we are asking questions, not having an argument.

Lloyd Russell-Moyle: Usually it is a dialogue, but anyway—

The Chair: No, we do not want a dialogue. I am the Chair. We ask questions; witnesses answer questions. We take evidence. The arguments come later in Committee.

Lloyd Russell-Moyle: I am just trying to tease this out.

The Chair: No, let us not tease anything out. Mr Douglas.

Timothy Douglas: To build on the points that Ben made, in any legislation, we have to be careful about unintended consequences. In the student market, there would be the option for landlords to rent on a licence or give individual tenancies. That would potentially mean more student properties being rented on a room-by-room basis. If a student leaves within the term, any non-student could come in to fill the property. I am not convinced that all students would be happy with that. If we are talking about reasonable costs for re-let, that is covered by the Tenant Fees Act 2019. We have been through those arguments, and that is already in legislation. There is enough protection for tenants in place, and it is clear there for landlords as well.

Theresa Wallace: I have just two quick points. First, if the property is not at the correct condition and that is why the student wants to leave, that should be dealt with under the property portal. If the property portal is built correctly, with the right objective or end in sight, and it can ensure that a property is safe to rent, that should take care of that side of it.

We also have to remember that students are often sharers who have come together for the first time. They move into a rented property and some of them very quickly—within the first couple of weeks—think, "Oh my goodness. I don't like the people I'm sharing with. I've made a mistake. I want to get out." They serve notice, and that serves notice for everybody in that tenancy, so all the students would then have to leave. But I have also found that they can settle down, and after another week they get to know the people they are sharing with, and they end up staying there for that tenancy. I think we have to take that into account as well.

Q20 Mike Amesbury: First, the Levelling Up, Housing and Communities Committee has called for the creation of housing courts. I would like to know the panel's opinion on that. Secondly, the new ombudsman does not cover letting agents at the moment. Again, I would like the panel's assessment of that.

Timothy Douglas: I will come in on the ombudsman first. I think the UK Government are trying to run before we can walk. I think there has been a misunderstanding of the current redress arrangement for property agents. Whether you are a sales agent, a letting agent, a managing agent, a business agent or an auctioneer, you have to belong to a redress scheme. We have to be very careful about meddling with that current structure. We have a lot of multidisciplinary practices as well—70% of sales agents do lettings. If we are taking lettings out and creating a private rented sector ombudsman, we are meddling with a system that already exists.

I think what we need to look at first are the existing arrangements for redress, and there are gaps in the current arrangements. There are two redress schemes. One works to a code of practice, and one does not; it works to another code of practice and adjudication. The existing adjudication is not there, and it needs more teeth. I think the largest fine the TPO gave last year was £13,000. It needs more teeth in order to enforce.

Before we look at bringing in landlords, we need to sort out the existing redress system for agents. Actually, before looking at conversations with the housing ombudsman, I think we should be looking at the capacity of the two existing schemes in the private rented sector to bring in landlords, because they understand the issues, they understand the sector, and I think that would be a more positive way to go.

There is then another conversation, which is littered across the legislation, about who manages the property. There has to be a greater understanding of the three or four different management types and of who is the primary contact that the tenant is going to complain to. Is it the letting agent that is fully managing the property? That is easy to do. But what about that landlord-letting agent relationship where it is let only and rent collection? They might do other services, or they might just do let only.

This is a really complicated area. It is not simply about bringing landlords into the redress schemes and giving it to the housing ombudsman. We need to sort the existing schemes first—strengthen them, give them teeth, adjudication, and a statutory code of practice for the sectors—and then we need to look at the management practices of landlords and letting agents and those relationships in order to build in a complaints function that can happen.

Theresa Wallace: I agree with a lot of what Tim has said, but we actually support an ombudsman for landlords. We have the ombudsman for agents at the moment, so if a landlord or a tenant wants to complain about their agent and the service they are receiving, they can go to the ombudsman. If they have a complaint about their landlord, they cannot. They need to go to court, and that costs money. I can see that there is a place for a

landlord ombudsman for a tenant to refer their complaints to. Dealing with it and resourcing it will be the biggest issue, because they will need to qualify exactly what a complaint is to be able to deal with it.

Ben Beadle: I just want to touch on what Mr Russell-Moyle said about students, and then I will come to this question. If a student leaves a property, and that property is re-rented to a family, for example, you lose your status as an HMO, and you have to reapply, typically through article 4. This is a very heavily regulated area; it is not quite as simple as is made out.

As far as the ombudsman and the PRS portal are concerned, we are very supportive. With anything that can help reduce the flow to the courts and resolve problems informally, I am like a rat up a drainpipe. It is absolutely, exactly what we need. The overriding issue, though, is that all those things need to join together. At the moment, I cannot quite see how the existing schemes will work with the landlord scheme, how the mediation service will fit into this and how the courts will fit in if there is a breach.

With the portal and the different elements of licensing that exist, we must not fall into the trap of thinking that, somehow, the private rented sector is the wild west. There is a lot of regulation and enforcement, but that enforcement requires investment, and we have grave concerns about the things that underpin some of this stuff. It is all well and good to have lots of rules and regulations but, at the end of the day, if we do not have the means to enforce them properly, that is problematic. We know from our research that over half of local authorities are not using the powers that they have.

There are no issues from our side, but we want to have some comfort and a bit more of a vision about how these things fit together and how it will be priced, because that is a sensitive issue and there has been no detail about it so far.

Timothy Douglas: Just to come back in on that quickly, the key point is that, in the current redress system for agencies, the consumer has to go through the agent's complaints procedure first, but it is not mandatory in the regulation to have a complaints procedure. All complaints procedures are different, and there are no set timescales for responding to those complaints. That is the first issue.

The second issue is that, yes, we can bring in landlord redress and the ombudsman, but are we expecting the 50%—as quoted in the levelling-up White Paper—of landlords who do not use an agent to have a complaints procedure and to be able to respond in a timely way? There are lots of avenues, as Ben alluded to. We have simply said that, with landlord redress, there are layers and layers of complications involved in making sure that the consumer knows where and how to complain and that issues are dealt with. There are lots of issues to be looked at.

Mike Amesbury: I did ask about housing courts.

Ben Beadle: Let me deal with that. We like the principle of a housing court, and the Select Committee obviously likes it as well. Given where we are, I guess there is a realism in terms of what we can do with the existing system to improve it rather than carving out a new housing court. We support the concept, but I think we might be able to do a number of things that end up meaning we see change more quickly. That includes playing with the civil procedure rules, for example. Those are things that can be done and timed so that we can assess improvements. Rather than having one measure of an element of a possession case, there ought to be different measures. Everybody ought to know what the measures and targets are. Otherwise, how do we know what reform looks like and whether it has worked?

So there are things that we would—not necessarily substitute—for a housing court, but there is not a lot of money to go around. Although we love the idea, we are pragmatists in the sense of asking, "What would a housing court do differently that we could not do with the existing regime?" That is where we are focused.

Timothy Douglas: I would certainly agree with that and would also perhaps move towards a tribunal structure, which is less intimidating, less informal and does not necessarily have to use court buildings—any public building can be used across the country. But essentially, in an ideal world, this needs to incorporate the powers of the county court and the first-tier tribunal. You would then be able to appoint specialist judges, surveyors and so on. In an ideal world, yes, we totally need to get there, but I agree with Ben that it is about perhaps looking at a dispute resolution and those sorts of issues within the existing system before we get to the ideal. But that certainly would be welcome in the long run.

Q21 Helen Morgan: Theresa floated the idea of longer-term tenancies, which would provide security for landlords because they would know how long their tenant would be in there. Do you think that there would be significant uptake on those from renters given that the proposed solution—periodic tenancies—would give them as long as they wanted provided that there was not a reason for the landlord to evict them? Do you think that would provide the extra security that they need?

Theresa Wallace: I think so, because I do not think we are giving them any security with the current proposals because a landlord can serve a notice either to sell their property or move back into it. The majority of section 21s are served for rent arrears, or because the landlord is selling or they want to move back in, or for antisocial behaviour. You do not have to give a reason but those are the main reasons that section 21s are used.

We will still continue to have those reasons, and by starting off with periodic tenancies with no fixed term at all, okay, the landlord cannot serve a notice for six months, but that is the most that tenants are being told that they will be secure for. Last week, I had tenants saying to me, "I want to be able to secure a long-term tenancy. My children are in the local school. I don't want my landlord to suddenly say that he is going to sell the property or move back into it." There are definitely tenants who want longer secure terms and there are landlords who want to do that for their own security. As I said earlier, I still think that they would be happy to include the two months' notice for the tenant from six months in case the tenant's circumstances changed. That gives the tenant the flexibility of knowing that they can have the tenancy for however long they agree to it, but if their circumstances change after six months, they can also move out.

Q22 Helen Morgan: Just to clarify, would you not allow the landlord to serve any of those types of no-fault evictions after six months?

Theresa Wallace: No, they would be committed for the entire term.

Timothy Douglas: I totally agree with that, and I think it is not an either/or, as has been stated. Let us have the option. The beauty of the private rented sector is that it is built on that flexibility. Without the flexibility of that option, we are closing that down. Of course, you can have a fixed term for up to three years—otherwise, it then becomes a deed, as we understand it. You can have it for longer. So in theory, it is already there and that 12-month fixed term, or longer, with break clauses could offer lots more flexibility and the security that certain tenants want, and we know that agents are hearing that.

Q23 Lloyd Russell-Moyle: I am interested in this. Are you saying that in the fixed period, the landlord would not be able to execute any eviction grounds, or just not grounds 1, 1A and 1B?

Theresa Wallace: If it were rent arrears, that would be different. Landlords cannot afford to keep properties when they are not receiving the rent. For rent arrears, I am saying that the landlord would not be able to serve the notice to either sell the property or move back into it.

Q24 Lloyd Russell-Moyle: So 1 and 1A are basically the only protections. Is there a danger that this will become the default tenancy and landlords will not offer periodic tenancies, or would you require them to have an option and they would have to advertise both?

Theresa Wallace: It is an option, yes. I still believe that there should be a minimum term of six months with any tenancy to make it financially viable for landlords. That is why we have so many landlords waiting to hear what the Bill will bring, and more of them will exit the sector if they are going to have only periodic tenancies from day one. I have landlords telling me that.

Q25 Lloyd Russell-Moyle: I asked this question of the last panel. Putting aside whether the six months is on both landlords and renters or one or the other, should there be a protection every time a rent increases that that six-month protection restarts, or it is the case that you can never get the protection back once the six months is done?

Ben Beadle: With this Bill, we have to strike a balance between giving confidence to both sides. The more you tinker and the more you meddle with things like this, the less confidence there is. I cannot see why on earth you would want to do that.

Q26 Lloyd Russell-Moyle: In most assured shorthold tenancies at the moment, when you redo rent, you sign a new contract that then gives someone a six to 12-month protection. What we are now saying is, because it is rolling, that rent increase will just be within the rolling contract, so you are not then given the extended protection.

Ben Beadle: Bluntly, it sounds like you want to have your cake and eat it there. You want all the benefits of a fixed term and all the benefits of a periodic tenancy.

Lloyd Russell-Moyle: Yes. If we can get that, yes. *[Laughter.]*

Ben Beadle: Well, from our side, it is no—absolutely not.

Lloyd Russell-Moyle: Ah, okay.

Theresa Wallace: Just to add to that, at the moment you do not always have a fixed term. You can have a periodic tenancy, and you can put the rent up annually. That does happen, and it continues as a rolling tenancy, so we do have that at the moment.

The Chair: Unless there are any further questions from colleagues, I thank our three witnesses for their evidence, which will be very useful to the Committee in the deliberations that lie ahead.

I will ask the last set of witnesses to take the stand as soon as possible, without too much further delay, but just before our next panel, I ask Dean Russell to make a wee declaration of interests.

Dean Russell: Thank you, Chair. I just want to declare that my wife works part time at an estate agent that also does lettings.

Lloyd Russell-Moyle: Mr Gray, I should also have said that I sit on the legal working group for a radical housing co-operative association.

Mr Gagan Mohindra (South West Hertfordshire) (Con): What is the radical bit about?

Lloyd Russell-Moyle: That is its title; I did not choose it.

Examination of Witnesses

Paul Dennett and Richard Blakeway gave evidence.

10.53 am

The Chair: I am delighted to welcome our next panel to give evidence to us on this important Bill. Perhaps I could ask you both to introduce yourselves.

Richard Blakeway: I am Richard Blakeway. I am the housing ombudsman for England.

Paul Dennett: Hello. My name is Mayor Paul Dennett. I am the Mayor of the city of Salford, the deputy Mayor for the combined authority in Greater Manchester, and a member of the Local Government Association's local infrastructure and net zero carbon board.

Q27 Matthew Pennycook: With your leave, Mr Gray, I would like to ask each of the witnesses a separate question, if possible. First, to Paul on local authority capacity, the White Paper committed the Government to conducting a new burdens assessment into the reform proposals, assessing their impact on local government specifically and, where necessary, fully funding the additional cost of the new burdens placed on local councils. There is nothing on the face of the Bill or in the explanatory notes to that end. Could you set out your concerns about what the Bill does in terms of the new duties and new requirements placed on local authorities? Do they presently have the capacity for that? If not, what assurances do you need to seek from the Government?

Paul Dennett: In terms of local authority capacity, I think it is well known that 13 years of austerity have had a profound impact on local government. In the case

of my local authority, we have seen a reduction of £240 million as a cut to the revenue support grant and also unfunded budget pressures. An example of that would be—

The Chair: We need to remain within the terms of the Bill.

Paul Dennett: Absolutely. From a capacity point of view, we do not have capacity and that has impacted regulatory services. That is relevant to the Bill. You will be aware that we are asking for a whole range of things—the establishment of a portal and the enforcement powers for local authorities to uphold this legislation, when it is brought forward, and that will require significant investment in workforce. I say that because we have lost a lot of people who work within housing enforcement, over many years. Such things as Grenfell and what has happened in terms of housing standards has brought all that to the fore more recently. So to be able to enact some of the duties in here will inevitably take time, because we will need to develop the workforce of the future to support tenants and, ultimately, landlords in enacting the legislation as it stands today.

For me, though, there are a lot of requirements here for local government. At the moment, the legislation does not adequately respond to how local authorities will be resourced to meet some of those requirements.

Q28 Matthew Pennycook: Richard, on the landlord redress scheme, we have just had a discussion about whether the Bill is prescriptive enough on how the ombudsman would operate. I am taking it as a given that there will be one ombudsman, of whatever form—I know you have views on that. The Bill gives the Secretary of State the power to create an ombudsman, but it does not commit them to—it is a "may", not a "must" power. If the ombudsman is set up, do you think the Bill needs to be more prescriptive about what the Government believe that ombudsman should do?

Specifically, in clause 29, there is a requirement to set out guidance on how the ombudsman redress scheme would work alongside local authorities, so that they have complementary but separate roles. What do you think that memorandum of understanding, as I suspect it will be, needs to look like? How do those roles not overlap in a way that duplicates duties?

Richard Blakeway: I think that is a very important question. This is a thoughtful Bill, but to fulfil the ambitions set out in the Bill means real operational challenges. The first challenge speaks to the first part of your question about how you design a system where the ombudsman has sufficient teeth to be effective. That is one of the reasons why we have said that creating, or enabling, an ombudsman through the Bill does not necessarily mean that people will access redress. That in itself can be a real barrier for people when navigating a system where they may be passed from pillar to post. That is exactly the reason why the Cabinet Office guidance on the creation of ombudsman redress is explicit that you should build on existing schemes.

At the moment, we are the only approved scheme that does landlord and tenant dispute resolution. I heard some of the evidence in the previous session and think we need to really distinguish between agent and landlord redress, where the responsibilities of agents are very different from the landlord's. The Landlord and Tenant Act sets out clear obligations that rest with the landlord and cannot be delegated to the agent.

What we are seeing is a convergence in policy, which I think is welcome. You already have some of those building blocks in place. The Landlord and Tenant Act is universal; it does not distinguish between social and private. The decent homes standard potentially extends that. The health and safety rating system is, again, universal. What we need is to bring that together into a single scheme. Otherwise, regardless of the powers of the ombudsman, people are going to struggle to access the system.

In so far as the powers of the ombudsman are concerned, overall, the Bill is quite effective at setting out role of an ombudsman without being overly prescriptive. You have to avoid compromising the independence of the ombudsman to make independent decisions and to have integrity, and also agility, by being independent. The Bill is responding to a private rented market which was not envisaged 30 years ago, so you need to enable the ombudsman to be able to produce guidance and codes of practice that can respond to a changing market and changing circumstances, without being overly prescriptive in the legislation.

On clause 29, that is a really important point, because there is a risk of duplication between the role of a council and the role of an ombudsman. Again, there is a lack of clarity for residents—tenants—about which route to take. An ombudsman does not operate in isolation—it will not operate in a bubble—so the relationship between the ombudsman and the courts will be critical, as well as the ombudsman discharging its own functions.

We currently see cases in which someone has gone through environmental health, and a local authority might even issue an improvement notice, and then someone is coming to us for redress—those are two distinct roles. Any information-sharing agreement needs to be really clear that when an ombudsman sees concerns that may indicate there is a category 1 hazard, for example, that information is provided appropriately to a local authority for potential enforcement. Also, the local authority needs to be able to signpost very early to a resident who has approached it through environmental health that they may have a right to redress.

The crux of this, alongside the memorandum of understanding, is the portal or database. Part of the problem is that there are a large number of landlords and there might not be clarity about which parties are subject to the Bill—subject to enforcement and redress—and then it is about being able to access that information easily so that compliance can be met. I agree with your point: there has to be a framework for operation and a clarity about roles, but both local authorities and the ombudsman will want access to the database so that they can be effective.

Q29 Jacob Young: Thank you to the panellists. Richard, what do you feel is currently working well in social housing redress that we need to ensure we bring over to the PRS?

Richard Blakeway: That is a really good question. An ombudsman is not a surrogate for an effective landlord-tenant relationship and effective dispute resolution at source, done locally by a landlord. One thing that we

have sought to introduce through our work on social housing is our complaint handling code, which has set out how to create a positive complaint handling culture and resolve disputes as early as possible without having to escalate them to the ombudsman. We have done a significant amount of work with landlords to implement that code and to avoid a postcode lottery whereby, depending on your landlord, different approaches might be taken, and some of those approaches were not promoting natural justice at a local level.

For me, although an ombudsman might be conceived as the potential stick—there is an element of that, which is important—another part of an ombudsman's role is to promote effective complaint handling locally and support landlords. There are a lot of landlords who want to get things right—they are not rogue landlords—but sometimes they may not be aware of all their responsibilities, or they may struggle to engage the resident effectively or to discharge their responsibilities. That role is important for the ombudsman. It is something we have done in social housing and, were we to be appointed as the ombudsman, it is something we would certainly seek to do with landlords in the private rented sector.

Q30 Lloyd Russell-Moyle: There is currently a system of selective licensing that some local authorities can do, but they have quite a high threshold of burden to demonstrate it and it requires the sign-off of the Secretary of State. Do you see the potential for allowing local authorities to remove those burdens and introduce selective licensing without Secretary of State sign-off, because of course the information will already be there in the portal?

Paul Dennett: Selective licensing is very interesting for Salford, because I think we were the first local authority in the country to pilot the new legislation at the time. Selective licensing schemes will inevitably continue to be an important tool for councils to manage and improve the private rented sector properties in their area. In our opinion, local areas should have the flexibility to employ selective licensing schemes to meet local need, as we determine that. We are calling on the Government to amend the Housing Act 2004 to remove the requirement for councils to seek approval for larger selective licensing schemes. You will be aware of the 20% threshold—

Lloyd Russell-Moyle: You could do ward by ward.

Paul Dennett: Absolutely. People ultimately have benefited from that. We have evaluated that and renewed selective licensing, certainly in Greater Manchester. Having that flexibility at a local level would aid the legislation and ultimately our approach to regulating the private rented sector.

Lloyd Russell-Moyle: Thank you very much.

Q31 Eddie Hughes: That all sounds quite exciting, Paul, in terms of your being able to apply your finite resource as effectively as possible. At the moment, if you have a complaint about a property, you do not know whether that landlord owns 10 other properties in your area, and we anticipate that the portal will allow you to do that. Do you not see this as an exciting opportunity, contrary to the negative spin that you put on it at the start, to be able to more effectively manage the properties you have?

If I remember correctly, you and I met at a social housing decarbonisation fund demonstrator. With your decarbonising hat on, surely now you could have the opportunity to be able to communicate directly with landlords. You do not know who they are or where they are at the moment. You would be able to communicate with them directly and say, "The Government have this scheme. We can help you improve and replace your boiler," and so on. There is no end of benefits, yet you seem to focus only on the negatives. Why is that?

Paul Dennett: I am definitely not only focusing on the negatives.

Eddie Hughes: You certainly did in your opening comments. It was all doom and gloom.

Paul Dennett: I was asked about resources.

Eddie Hughes: But this helps you improve the use of them.

The Chair: Order. Mr Hughes, we are asking questions; witnesses are giving evidence. We are not arguing.

Eddie Hughes: I am sorry, Mr Gray—no hectoring.

Paul Dennett: Renters should welcome the property portal, as it will inevitably create a more transparent system for tenants and provide a single place to check what is important information for tenants and also for local authorities about the properties. For the portal to be effective the Government must also require landlords to display eviction notices on the portal. That would support local authorities in enforcing the prohibited letting period associated with the new eviction grounds. For example, were a landlord to evict a tenant on a legitimate basis covered by the Bill, but then sought to re-let the property, logging that eviction on the portal would make it clear whether the property was within the prohibited letting period or not. Obviously that requires the portal to operate in real time, which is something we would certainly support in the Local Government Association.

What is absolutely critical to the success of the portal, and to secure its longevity, will be for the Government to commit the resources, both financially and non-financially, to the portal, and ultimately how that then interfaces with local government from an enforcement point of view.

Q32 Lloyd Russell-Moyle: Richard, you are ready and willing to take on the ombudsperson duties in the Bill. At the moment there are myriad redress schemes for deposits in the private rented sector. You never know the outcomes of them because they are all kept secret. There is no case law built up, so you could have one redress scheme coming to a very different conclusion to the next redress scheme. The only way tenants can deal with that is by going to the courts directly. Do you think that the ombudsperson's purview should be extended to include a right of appeal for the deposit redress schemes?

Richard Blakeway: A couple of thoughts. In direct response to your question, I think the ombudsman has been developed partly in the context of pressures and backlogs in courts. In designing the role of the ombudsman you need to give consideration to how that ombudsman's

jurisdictions could go further in relieving those pressures on the courts, not least so that the courts can focus on section 21, which in itself will be essential to give residents confidence to use the complaints process. There is plenty of evidence out there to suggest that until section 21 is removed, residents will be cautious about using the complaints procedure.

You give a compelling example of where an ombudsman's jurisdiction might go beyond what is envisaged, albeit in a way that is trying to bring coherence to the system. Rents might be another area to look at. As an ombudsman, we currently look at aspects of rents and charges, and there will be other aspects for the tribunals, given some of the potential reforms to rents. You could consider the ombudsman's role in considering what are often quite technical aspects, rather than things going to the courts.

If I may briefly answer on the context of the question and our being ready and willing, given the complexities of the system, which benefit neither the landlord, the provider, nor the resident—nor indeed the other bodies involved in this jigsaw—what the housing ombudsman can provide is one front door, one back office and one coherent approach to dispute resolution in the rental market. Given the policy convergence and the clear evidence that the more fragmented the process is, the more people will fall between the gaps and the more duplication and confusion there will be, building on our scheme would be the most effective way to deliver the ambitions of this Bill.

However, we should also do so at pace, because there is no one who can move faster than us to implement this. Therefore, you could implement the redress scheme before the removal of section 21, before some of the courts reforms that have been talked about. To enable that, we need a clear and unambiguous statement from Ministers during the passage of the Bill, and ideally in Committee, that they will appoint the housing ombudsman on Royal Assent to deliver the redress scheme.

Lloyd Russell-Moyle: Perfect; thank you. We will await that.

Q33 Mike Amesbury: The Government have confirmed that section 21 will not be abolished until the courts are reformed. What is your assessment of that? I will start with Mayor Paul and then move on to you, Richard, because you touched upon that.

Paul Dennett: Obviously we need to fully understand, from an evidence and empirical point of view, whether the courts issue is a legitimate concern, because at the moment we do not have the evidence to corroborate that. We are being told that this needs to be halted, but no definitive time has been given for the abolition of section 21 until the courts issue is resolved. For us, it seems as though this could be indefinite—there has been no definitive date. We know that there are lots of issues with our courts—we see that day in, day out—but we really need clarity on when the Government will introduce this legislation. We also need the evidence for whether the court delays issue is justified and warranted, because at the moment we do not know. We are hearing a lot about this, but we are not seeing the evidence to corroborate it, which is a concern for us. We are asking the Government to commit, in law and in timescales, to abolishing section 21, and to do that publicly.

Richard Blakeway: I agree with the thrust of that response. From a redress perspective, as I alluded to, clearly some residents will not exercise their right to redress because of a fear of eviction. The analysis by Citizens Advice, for example, says that it probably reduces tenants' willingness to use the complaints process by about 50%, so about one in every two tenants will not exercise their right to redress. Obviously we will hear more about the timetable for removing section 21. What would be unnecessary, in addition to that, would be a delay in redress, whereby redress through an ombudsman and section 21 have to be removed or reformed at the same time. I think the redress can come first. I would not want to see a delay on redress. Even if fewer people might use the complaints procedure, some clearly will, and it is therefore important that they have that right.

Q34 Mike Amesbury: The Select Committee advocated for specialist housing courts. What is your assessment of that? Would it help matters?

Richard Blakeway: The courts themselves, or some aspects of the courts, have talked about the simplification of the courts and the creation of a housing court. My assessment of that is that an ombudsman is an alternative to the courts. Therefore, you need to be clear about why you might use the redress route, depending on what outcome you are seeking, alongside the court route, and a simplification of the court route, potentially through the creation of a single housing court, for example. That would be really beneficial, by making clear people's rights, so that they can consider, "Do I want to go through the courts process, because this is the outcome I am looking for? Or do I use the ombudsman process?"

One thing I would stress is that an ombudsman should not be perceived as dealing with leaky taps or broken windows. These are not low-level disputes; we deal with some complex disputes in our current casework, as Committee members will have seen through our decisions. That approach needs to be applied here. The more you can apply that approach, the greater confidence people will have in a free and impartial alternative to the courts, or a free alternative to the courts, rather than feeling that their only effective route to redress is the courts process, given all the pressures on it.

Paul Dennett: Just to respond to the point about a housing court, we have to be careful that it is not a distraction from getting on with legislation. First, we do not believe the court backlogs are severe enough to warrant a delay in making progress with this legislation. We are therefore calling on the Government to publish that evidence, based on the court backlogs, in order to inform how best we implement the abolition of section 21. If courts are found to be in sufficient need of improvement to delay the ban on section 21 evictions, we call on the Government to commit in law to delivering a strategy based on evidence to reduce the backlog, backed up by sufficient funding and a specified date. To go down the road of considering a housing court would delay all that, and would be of real concern to many people in the country.

Q35 Matthew Pennycook: I want to ask a niche question about local authority investigatory and enforcement powers; I hope I explain myself clearly enough for you to understand. There is the issue we

have discussed about the new duties and responsibilities in the Bill, which, assuming they are sufficiently resourced and supported, should work well, and which we support.

The White Paper also committed the Government to exploring and bolstering local authority enforcement to tackle a wider range of standards breaches. That is not in the Bill. We have a commitment in the King's Speech, as one of three areas for the Government to bring forward amendments to make it easier for councils to target enforcement action and arm them with further enforcement powers. Could you speculate on what we might expect the Government to bring forward in that area? What would you like to see? Should we seek to weave into the Bill the more expansive measures outlined in the White Paper?

Paul Dennett: The Bill deals with enforcement for local authorities quite adequately. It is about how we resource that and develop the workforce within local government, and how we ensure that this legislation is genuinely resourced and empowered to deliver on what we are setting out here. At the end of the day, any legislation and regulation is only as good as our ability to enact it.

To enact it requires a trained, skilled and developed workforce. I say that against our losing many people from regulatory services, certainly since 2010-11. It also requires the resources to employ people to do the work, gather the data and intelligence, prepare for court and, ultimately, work with landlords, ideally to resolve matters outside of the courts, if we can do that. That is the LGA's position on all this.

We would like to be in a position of having a working relationship whereby we resolve matters outside of complaints systems, outside of courts, working through local authorities. Nevertheless, if that is required, it is important to have a skilled, resourced workforce. I stress the importance of resource, because local authorities spend an awful lot of money these days on children's services and adult social care. Those are responsive budget lines that ultimately consume a lot of our budgets and that therefore diminish our ability to get on and do some of that regulatory activity in local government. The legislation is there for enforcement; we just need the resources to get on and do it, and we need the workforce strategy to train the people of the future to enact this and, ultimately, to prepare to support landlords and tenants in this space.

Richard Blakeway: That is a really interesting question, Matthew; I have a couple of thoughts in relation to it. It is perhaps worth testing—if, for example, the ombudsman is seeing repeated service failure in a particular area—what powers there might be to address those kinds of recurring systemic issues, and whose role and responsibility it should be. That goes to the heart of your question about clause 29 and the relationship between the various parties.

The second thing, which goes back slightly to your first question, is how redress is scoped in the Bill. The one area that I would highlight—I can understand why it has been introduced, but it might not stand the test of time—is the cap on the financial compensation that an ombudsman can award. At the moment, we do not have a cap. The Bill proposes a cap of £25,000. I can understand the motivation there and, as an ombudsman, we are always proportionate, transparent and clear about the framework in which we work when awarding compensation. None the less, in time to come, £25,000 might not seem an appropriate sum. It also slightly incentivises people to think of the courts, which do not have a cap, to solve their dispute, rather than using an ombudsman.

It is critical that the ombudsman has sufficient power to enforce its remedies, as well as the council being able to enforce its role and responsibilities, but the cap might be something to re-examine.

Q36 Lloyd Russell-Moyle: Does the ombudsperson have the right to initiate? You talked about seeing a pattern of behaviour, rather than waiting for the complaint to come to you. Do you have the right to initiate at the moment? I know that other ombudspeople do.

Richard Blakeway: There is a term that may be in the statute or scheme of an ombudsman called "own initiative", which allows them to initiate an investigation without a complaint whenever they have a strong sense that there might be service failure. That is not currently explicitly in our scheme. However, three years ago, we had scheme amendments that allowed us to investigate beyond an individual member of our scheme, or beyond an individual complaint, if we had concern that there may be repeated systemic failure. That is something that is exercised.

Q37 Lloyd Russell-Moyle: Would it be useful?

Richard Blakeway: Yes.

The Chair: Unless there are any more questions from colleagues on either side, I will thank the two witnesses on our final panel: Paul Dennett, the Mayor of Salford and member of the Local Government Association's local infrastructure net zero board, and Richard Blakeway, the housing ombudsman for the Housing Ombudsman Service. Thank you both very much for your evidence.

Ordered, That further consideration now be adjourned—*(Mr Gagan Mohindra.)*

11.24 am

Adjourned till this day at Two o'clock.