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HOUSE OF COMMONS
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GENERAL COMMITTEES

Public Bill Committee

RENTERS (REFORM) BILL

Eighth Sitting

Thursday 23 November 2023

(Afternoon)

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not later than

Monday 27 November 2023

The Committee consisted of the following Members:

Chairs: † Yvonne Fovargue, James Gray, Ian Paisley

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

Simon Armitage, Sarah Thatcher, *Committee Clerks*

† attended the Committee

Public Bill Committee

Thursday 23 November 2023

(Afternoon)

[Yvonne Fovargue *in the Chair*]

Renters (Reform) Bill

Clause 5

Statutory procedure for increases of rent

Amendment proposed (this day): 200, in clause 5, page 5, line 17, at end insert—

"(4F) It shall be an implied term of every assured tenancy to which this section applies that percentage increase between the existing rent and any new rent specified in a notice given under subsection (2) shall not exceed whichever is the lesser of—

(a) the percentage increase in the rate of inflation (calculated by reference to the Consumer Prices Index) since the date on which the existing rent took effect; or

(b) the percentage increase in median wages in the local authority area in which the dwelling-house is situated, calculated over a three-year period ending on the date on which the notice was served."—*(Lloyd Russell-Moyle.)*

This amendment specifies that the annual increase in rent requested by a landlord may not exceed the lesser of either the Consumer Prices Index or wage growth in the relevant local authority area.

2 pm

The Chair: I remind the Committee that with this it will be convenient to discuss the following:

Amendment 159, in clause 5, page 6, line 23, at end insert—

"**13B Recovery of rent**

(1) Any increased rent which is paid otherwise than in accordance with section 13 or section 13A is recoverable from the landlord by the tenant as a debt claim in the courts.

(2) The Secretary of State may, by regulations, provide for such claims to be recoverable by proceedings in the First-Tier Tribunal, rather than the courts."

This amendment would ensure that in instances where a private landlord increases the rent without issuing a section 13 or section 13A notice the tenant can seek to recover costs through a debt claim in the court. It also provides the government with the power by regulation for such claims to be recoverable by tribunal.

Clause stand part.

Amendment 201, in clause 6, page 7, line 3, leave out paragraphs (b), (c) and (d) and insert—

"(b) leave out from 'shall determine the rent' to end of subsection and insert 'in accordance with subsection 13(4F)'."

This amendment would require a tribunal to determine an appropriate rent in accordance with proposed subsection 13(4F).

Amendment 197, in clause 6, page 7, line 13, at end insert—

"(3A) After subsection (1) insert—

'(1A) In making a determination under this section, the appropriate tribunal must have regard to the original rent agreed with the tenant and subsequent changes in—

(a) Local Housing Allowance;

(b) the average rent within the broad rental market area as assessed by the Valuation Office Agency or as listed in the Property Portal;

(c) the consumer price index; and

(d) median income growth.'"

This amendment would allow the tribunal to take into account not only new rents in the market but current rents in existing tenancies, changes in wages, inflation, and local housing allowance when making a determination.

Amendment 198, in clause 6, page 7, line 25, at end insert—

"(5A) After subsection (5) insert—

'(5A) Where a notice under section 13(2) has been referred to the appropriate tribunal, then, unless the landlord and the tenant otherwise agree, the rent determined by the appropriate tribunal (subject, in a case where subsection (5) applies, to the addition of the appropriate amount in respect of rates) shall be the same or below the original rent and the increase in consumer price index or medium income growth, whichever is lower over the period since the tenancy started.'"

This amendment would limit tribunals to an upper cap of CPI or medium income growth, whichever is lower, for rent increases.

Amendment 199, in clause 6, page 7, line 25, at end insert—

"(5A) After subsection (5) insert—

'(5A) Where a notice under section 13(2) has been referred to the appropriate tribunal, then, unless the landlord and the tenant otherwise agree, the rent determined by the appropriate tribunal (subject, in a case where subsection (5) applies, to the addition of the appropriate amount in respect of rates) shall be set using the statutory guidance on in-tenancy rent increases laid before Parliament by the Secretary of State.'"

Amendment 199 and NC66 would require the Secretary of State to issue guidance to tribunals on the determination of in-tenancy rent increases, and require tribunals to take such guidance into account when making determinations.

Amendment 160, in clause 6, page 7, line 27, at end insert—

"(7A) After subsection (8) insert—

'(8A) Where a notice under section 13(2) has been referred to the appropriate tribunal then, unless the landlord and the tenant otherwise agree, the rent determined by the appropriate tribunal (subject, in a case where subsection (5) above applies, to the addition of the appropriate amount in respect of rates) shall be the same or below the rent specified in the section 13 notice and the rent as determined by the tribunal shall only become payable once the decision of the tribunal has become final.

(8B) A decision becomes final only on the latest of—

(a) the determination of any appeal;

(b) if earlier, on the expiry of the time for bringing a subsequent appeal (if any); or

(c) by its being abandoned or otherwise ceasing to have effect.'"

This amendment would ensure that where a rent assessment is carried out by a tribunal, the rent subsequently determined by that tribunal cannot be higher than that originally requested by a landlord in a section 13 notice.

Amendment 190, in clause 6, page 7, line 38, at end insert—

"(c) no more than the rent proposed by the landlord in the notice served on the tenant under section 13 of the 1988 Act."

This amendment would mean that the rent payable after a tribunal determination can be no higher than the rent initially proposed by the landlord in the notice served on the tenant.

Amendment 161, in clause 6, page 8, line 20, at end insert—

"which must be no earlier than two months following the date of determination".

This amendment would ensure that in cases of undue hardship tenants would have a minimum of two months from the date of determination before a new rent became payable.

Amendment 162, in clause 6, page 8, line 21, leave out subsection (4) and insert—

"(4) A date specified under subsection (3)(b) must be no earlier than the date on which the determination becomes final, with a decision only becoming final on the latest of—

(a) the determination of any appeal;

(b) if earlier, on the expiry of the time for bringing a subsequent appeal (if any); or

(c) by its being abandoned or otherwise ceasing to have effect."

This amendment would remove the requirement for a date determined by a court for rent to become payable in cases of undue hardship to not be later than the date of the determination.

Clause 6 stand part.

New clause 58—*Requirement to state the amount of rent when advertising residential premises*—

"(1) A landlord must not advertise or otherwise offer a tenancy of residential premises unless the amount of rent is stated in the advertisement or offer.

(2) A letting agent acting on behalf of a landlord must not advertise or otherwise offer a tenancy of residential premises unless the amount of rent is stated in the advertisement or offer."

This new clause would require landlords or persons acting on their behalf to state the proposed rent payable in the advertisement for the premises.

New clause 59—*Not inviting or encouraging bids for rent*—

"(1) A landlord must not invite or encourage a prospective tenant or any other person to offer to pay an amount of rent for residential premises that exceeds the amount of rent stated as part of the advertisement or offer of the premises as required by section [*requirement to state the amount of rent when advertising residential premises*].

(2) A letting agent acting on behalf of a landlord must not invite or encourage a prospective tenant or any other person to offer to pay an amount of rent for residential premises that exceeds the amount of rent stated as part of the advertisement or offer of the premises as required by section [*requirement to state the amount of rent when advertising residential premises*].

(3) Subsection (1) does not prohibit a prospective tenant or other person from offering to pay an amount that exceeds the stated amount of rent."

This new clause would prevent landlords or persons acting on their behalf from inviting or encouraging bids that exceed the amount stated as part of the advertisement or offer of the premises.

New clause 62—*Limit on amount of rent that a residential landlord can request in advance*—

"In Schedule 1 to the Tenant Fees Act 2019, after paragraph 1(8) insert—

'(9) Where rent is payable in advance, the maximum that may be charged is equivalent to the amount specified in paragraph 2(3).'"

This new clause would ensure that the maximum amount of rent that could be lawfully requested by a residential landlord in advance of a tenancy commencing would be 5 weeks' rent for tenancies of less than £50,000 per annum and to 6 weeks' rent for tenancies over £50,000 per annum.

New clause 66—*Rent increase regulations*—

"The Secretary of State must lay before Parliament, from time to time, guidance for tribunals on the determination of in-tenancy rent increases under a section 13(2) notice, such guidance shall include reference to Local Housing Allowance, average rents as assessed by the Valuation Office Agency or published on the Property Portal, consumer price index and median income growth."

Amendment 199 and NC66 would require the Secretary of State to issue guidance to tribunals on the determination of in-tenancy rent increases, and require tribunals to take such guidance into account when making determinations.

Matthew Pennycook (Greenwich and Woolwich) (Lab): I rise to speak to amendment 159 and others tabled in my name and the names of my hon. Friends. I thank my hon. Friend the Member for Brighton, Kemptown for tabling the six amendments that he moved and spoke to this morning. They raise a number of important issues and it is right that the Committee and the Government carefully consider them.

As we have heard, clauses 5 and 6 set out the process for rent increases under the new tenancy system and how any such increase can be challenged by tenants. Under the existing assured tenancy regime, a landlord can only increase the rent during a fixed-term assured shorthold tenancy by including a rent review clause in the tenancy agreement. Rent review clauses of this kind are used by landlords to increase rent levels during fixed-term tenancies, but it is far more common for landlords to offer a new fixed-term tenancy at a higher rent when the old one is coming to an end, or to seek to increase the amount of rent payable once a tenant has fallen into a periodic tenancy with no specific end date.

The rents on periodic assured shorthold tenancies can be increased by the landlord serving notice under section 13 of the Housing Act 1988. However, although formal section 13 increases can take place only once a year, under the current system assured shorthold tenants can still be asked by their landlords either to agree informally or to formally sign a new agreement accepting a higher rent level, and there is no limit whatsoever on how high rents can rise by either method.

In theory, the tenant does not have to agree to a rent increase proposed informally or formally via a new agreement, and they can refer increases to a first-tier tribunal on grounds of reasonableness, yet all the available evidence suggests that only an incredibly small proportion of privately renting households do so. An analysis by Generation Rent of market rent assessments undertaken by the first-tier tribunal indicated that only 341 such cases were heard between January 2019 and August 2021. Bearing in mind that there are approximately 4.4 million privately renting households in England alone, it is a miniscule proportion.

The reason why so few tenants determine to make use of the tribunal process under the existing tenancy regime is obvious. If a tenant refuses a rent increase either informally or formally via a new agreement, or successfully challenges a rent increase at tribunal, a landlord can take immediate steps to end their tenancy, most obviously by issuing a no-fault section 21 notice.

With the introduction of the new tenancy system, the ability of landlords to compel tenants to accept rent rises by means of the latent threat of a section 21 notice will obviously be removed. Although there will remain the threat of spurious eviction by means of the remaining de facto no-fault grounds for possession that we discussed at length in previous debates, the new system will be an improvement on the current situation faced by private tenants when it comes to rent increases.

[Matthew Pennycook]

By amending section 13 of the 1988 Act, clause 5 will ensure that issuing a section 13 notice will henceforth be the only valid way that a private landlord—except those of a relevant low-cost tenancy, as specified in the Bill—can increase the rent, and landlords will therefore be able to increase the amount of rent charged only once per year. Supplemented by the provisions in subsection (4), which will increase the notice period for a rent rise from one month to two months, the changes will create more predictability and give tenants more certainty about future rent increases. On that basis, we welcome them.

However, we remain seriously concerned that the provisions in the clauses are not robust enough to prevent unaffordable rent increases from being used as default eviction notices for the purpose of retaliation against complaints, or simply because a landlord wants to try to secure a rent level that is far in excess of what they can reasonably expect from a sitting tenant.

We have consistently raised concerns about this issue since the White Paper was published in the summer of 2022. As I argued in response to a statement accompanying the release of the White Paper that was made by the then Under-Secretary of State at the Department, the hon. Member for Walsall North—he may remember—it is problematic that the Government did not include in the reform package any robust means of redress for tenants facing unreasonable rent rises. Our view remains as set out in that exchange last year—namely, that a one-year rent increase limit, the removal of rent review clauses, and vague assurances about giving tenants the confidence to challenge unjustified increases at tribunal are not enough.

With the scrapping of section 21, the risk of economic evictions by means of extortionate within-tenancy rent hikes will increase markedly. The Government acknowledge that tenants need protection against what they term "back-door eviction" by such means. However, we believe that the Bill as it stands does not protect tenants sufficiently from such economic evictions, and that it needs to be strengthened accordingly in several ways.

In the White Paper, the Government committed to preventing

"the Tribunal increasing rent beyond the amount landlords initially asked for when they proposed a rent increase."

We believe that that was an entirely sensible proposal. An obvious need under the new tenancy system is to ensure that all tenants are fully aware that they can submit an application to the first-tier tribunal to challenge a rent amount in the first six months of a tenancy or following the issuing of a section 13 notice. Equally as important is that the tribunal process operates in a way that gives them the confidence to do so.

The Bill allows for a situation in which tenants who are handed section 13 notices with what they consider to be completely unreasonable rent increases might apply to the tribunal to challenge the increase, only to see the rent level rise higher. That will act as a powerful deterrent to tenants making such applications. As a consequence, the Bill risks emboldening landlords to press for unaffordable rent increases in the knowledge that tribunal challenges will remain vanishingly rare, as they are now.

The Government's explicit intent might well be to deter a proportion of tenants from challenging section 13 rent increases. After all, with 4.4 million households now renting privately in England, even a minor uptick in applications to the tribunal will place it under enormous pressure. Without additional resourcing and support, that could lead to extensive delays. Ultimately, however, it is for the Government to ensure that the first-tier tribunal can cope with the implications of the new tenancy regime that they are introducing, not for tenants to have to stomach unreasonable rent rises because there is a chance that they will not do so.

On a point of principle, we believe that the tribunal should only ever be able to increase the rent increase requested in the section 13 notice issued, or to award a rent amount lower than it. Amendment 160 would ensure that that would be the case by specifying that where a rent assessment is carried out by a tribunal, the rent subsequently determined by the tribunal cannot be higher than that originally requested by a landlord in the section 13 notice. We believe that that change, which would ensure that the tribunal process was in line with the commitments made by the Government in their White Paper, and reasonable and proportionate. I urge the Minister to accept it.

We also take the view that the Bill needs to include greater protection for tenants who would suffer undue hardship as a result of a section 13 rent increase. Once the provisions in the Bill are finally enacted, a considerable number of tenants—in particular those in hot rental markets where rent levels increase rapidly—will without doubt be unable to afford an increase in rent as set out in a section 13 notice. Many will simply give notice and leave the property without taking the matter any further.

A significant proportion of those who attempt by means of the tribunal a challenge of a rent increase perceived to be unreasonable, in an effort to secure a rent lower than proposed in the section 13 notice, but fail, will ultimately leave the property. That would even be the case if the Government accept amendment 160 and the tribunal cannot increase the amount further. We believe that those who would experience undue hardship as a result, such as tenants at risk of becoming homeless, because they have to leave what has become an unaffordable, should be afforded a little more time—it is only a little more time—to try to secure a property that they can afford.

Taken together, amendments 161 and 162 would achieve that aim by changing the point at which the rent increase becomes payable from the date at which the tribunal makes a determination to two months after that date. The effect of that pair of amendments would simply be to give vulnerable tenants a reasonable period of time in which to make new arrangements as a result of a rent rise that was unaffordable for them. We hope that the Government can see the merit of accepting the amendments and will give them serious consideration.

We also believe that three other important changes to the Bill are required in relation to rent. The first concerns section 13 notices. As I remarked earlier, the clause amends this section of the 1988 Act so that from the date of commencement it will be the only valid way in which a private landlord, except those of a relevant low-cost tenancy, can increase the rent, once per year. In practice, however, we know that, particularly at the lower end of the private rented market and in the

unregulated shadow rental market, a great many landlords will inevitably increase rent levels without issuing a formal section 13 or 13A notice. Amendment 159 would ensure that in instances where they might, a tenant would have the right to seek to recover costs through a debt claim in the court. It would also provide the Government with the power by regulation to have such claims recoverable by tribunal, if Ministers felt that was a more appropriate body to determine such claims.

The second issue concerns rent requested in advance of a tenancy's commencement. In the White Paper, the Government committed to introducing a power to prohibit the amount of rent that landlords can ask for in advance, and we supported that proposal. We will come to discuss measures aimed at discriminatory practices in relation to the granting of tenancies when we debate the various Government amendments that are to form new chapter 2A of part 1 of the Bill. However, irrespective of how effective those groups of amendments might ultimately be—we have our doubts, which we will set out in due course—blanket prohibitions are not a silver bullet for discriminatory practices in the private rented sector.

A number of informal barriers to renting privately are regularly faced by large numbers of tenants. They include requests that renters appoint a high-earning guarantor—an issue to which I hope we can return in a future sitting—and asking renters for multiple months of rent in advance. According to research carried out by Shelter, a staggering 59% of tenants reported being asked to pay rent in advance when attempting to secure a property the last time they moved; some were even asked to pay in excess of six months' rent up front. Tenants reported taking out unsecured loans, using their credit cards or going significantly into their overdrafts to make the advance payments. One in 10 of those surveyed reported being denied a property for which they could afford the monthly rent simply because they were unable to pool together the sizeable advance rent payment that the landlord requested.

It is true that clause 1 defines a rental period as one month—a change from the current situation in which periods of a periodic tenancy can be of any length. One reading of the Bill might suggest that a single rental period is all that a landlord will be able to request under the new tenancy regime. If that is the case, I would be grateful if the Minister confirmed as much and detailed precisely how clause 1 would prevent landlords from requesting multiple rent payments in advance. Nothing that we can see in the Bill would prevent a landlord from requesting several rent payments at one time before a tenancy was signed.

We believe that the solution is new clause 62, which would ensure that the maximum amount that could be lawfully requested by a residential landlord in advance of a tenancy would be five weeks' rent for tenancies of less than £50,000 per annum and six weeks' rent for tenancies of over £50,000 per annum.

The third and final change that we believe is required relates to rental bidding wars—the product of soaring demand and inefficient supply which is, I admit, to a large extent concentrated in our cities and larger towns. The phenomenon involves multiple tenants competing fiercely for individual private lets. Landlords and the agents acting on their behalf, overwhelmed by applicants, now regularly play prospective renters off against each other, with some offering to pay months of rent up front as a lump sum, to sign longer tenancy agreements or to agree to rent levels far in excess of the advertised monthly rate.

Under the new tenancy system, long-term fixed-term tenancy agreements will not exist. We hope the Government will accept our new clause 62 or introduce an amendment of their own, as they promised in the White Paper, to prohibit landlords from asking for rent in advance. That leaves competitive bidding wars in respect of monthly rental periods as the only means by which this inherently inflationary phenomenon could continue—a phenomenon that the unscrupulous can undoubtedly use to discriminate against certain types of tenants and, even where no such discrimination occurs, pushes many to the limit of what they can afford financially.

Taken together, new clauses 58 and 59 would effectively prohibit bidding wars for private rented properties by requiring landlords or persons acting on their behalf to state the proposed rent, based on an estimate of the property's market rate, in the advertisement for the premises. That should prevent landlords from inviting or encouraging bids that exceed the amount stated.

The new clauses are based on legislation introduced in New Zealand and Australia, the former having banned the practice entirely in February 2021 and the latter having seen it prohibited in most states—including, most recently, New South Wales in December last year and South Australia in June this year. We hope the Minister will give the new clauses due consideration. I look forward to his thoughts about them and about other five amendments in this group.

Nickie Aiken (Cities of London and Westminster) (Con): I thank the shadow Minister, who had some very reasonable thoughts about this issue, for his speech.

Currently, I am dealing with an example of what I believe to be the worst behaviour by a corporate landlord that I have ever come across in 18 years as a councillor or Member of Parliament. I am talking about rent increases. AXA Insurance, which now owns Dolphin Square in Pimlico in my constituency, is carrying out a major refurbishment of that estate; that is understandable. However, it is now asking tenants, some who have been there for many years, to move out of flats that it wants to refurbish and into others. But, if they do move out and into another flat, their tenancy breaks, and they have to take out a new tenancy, which includes a 40% increase in rent.

2.15 pm

I have really pushed AXA on this issue, because I honestly think that such behaviour—when somebody has lived in a flat for maybe five, six, seven or eight years, and then is asked, because of a refurbishment project, to move into a similar flat, not a refurbished flat, necessarily, but another flat that is awaiting refurbishment, only to be given a 40% rent increase and also to have to start a tenancy again—is outrageous.

I hope that the Minister can give his thoughts on this experience, which many of my constituents are facing, and on how this Bill, and particularly this clause, may be able to protect them in future. I do think that this is perhaps one of the most morally disgusting behaviours I have ever seen from a corporate body in my 18 years as a public official in in Westminster.

The Parliamentary Under-Secretary of State for Levelling Up, Housing and Communities (Jacob Young): I thank Members for their amendments. Let me start by being clear that the Government do not support the introduction of rent controls at any point in the tenancy, no matter what they are linked to. The Bill protects tenants from very large rent increases being used as a back-door method of eviction while protecting the ability of landlords to increase rent in line with market levels.

That said, I am concerned by the practices that my hon. Friend the Member for Cities of London and Westminster mentioned in relation to Dolphin Square and would be happy to meet her to discuss the matter further. Although I appreciate that the Bill will not be passed in time for her constituents, hopefully we can prevent some of those types of practice in the future.

Clause 5 amends section 13 of the Housing Act 1988 to ensure that in future all rent increases for private landlords will take place via the specified mechanism. If a landlord tries to make a tenant pay an increased rent outside of the process, it will be unenforceable.

Clause 6 amends section 14 of the Housing Act 1988. It sets out the conditions by which a tenant can submit an application to the first-tier tribunal to challenge the rent amount in the first six months of a tenancy, or following a section 13 rent increase notice.

Let me turn to the amendments. When a tenant challenges a rent increase, it is for the first-tier tribunal to then determine the rent. Although market data can indicate the general trends in an area, it can be challenging to use when calculating the value of a specific property. The tribunal is made up of experts who are experienced in understanding the different factors—including the rent for comparable properties in the area, the quality of fixings and the proximity to amenities—that result in a market rate. The tribunal members are best placed to determine the rent using the data that they feel is most appropriate, rather than having to use whichever indicator is the flavour of the month. The tenant must pay the rent from the date that the tribunal directs, or from the beginning of the rent period specified in the notice. In cases of undue hardship, that will be the date that the tribunal directs, but must not be later than the date of determination.

On new clauses 58 and 59, landlords and agents are already prohibited from engaging in pricing practices that are false or misleading, under the Consumer Protection from Unfair Trading Regulations 2008. If a prospective tenant believes that a landlord has acted dishonestly during the lettings process, they will be able to raise the matter via the new private rented sector ombudsman. Complaints about letting agents can be referred to the existing agent redress schemes.

Lloyd Russell-Moyle (Brighton, Kemptown) (Lab/Co-op): Will the Minister confirm that he thinks that bidding wars that are not advertised beforehand constitute dishonesty?

Jacob Young: Yes, I do.

New clause 62 seeks to align the maximum amount of rent in advance that landlords can charge tenants with the limits set on security deposits by the Tenant Fees Act 2019. Although I understand the reasoning behind the new clause, to link the two on an arbitrary basis would not be an efficient means to achieve its intended effect. It would mean that any changes to one would directly affect the other.

As the Committee will be aware, and as the hon. Member for Greenwich and Woolwich mentioned, the Government committed to introduce a similar power to limit rent in advance as part of our White Paper. We have concluded, however, that no such additional power is needed, as it is already possible to limit rent in advance using the power in section 3 of the Tenant Fees Act 2019. Before deciding to use that power, which would significantly infringe on the business interests and financial freedoms of private landlords, it is vital that we gather strong evidence of need and undertake a thorough impact assessment.

Furthermore, rent in advance can be beneficial in a variety of situations. For example, it can be employed to balance a financial risk when a prospective tenant could not otherwise pass a reference or affordability check. Above all, it is vital that landlords retain the ability to ensure a sustainable tenancy for both parties. We have made it clear that asking for a large amount of rent in advance should not be the norm.

On new clause 66, we will update the guidance to ensure that tribunal users have the confidence and information they need to engage with it effectively. This includes helping parties to understand how they can provide evidence of comparable rent. Our reforms strike a balance between the landlord's ability to increase rent in line with the market and protecting tenants from back-door evictions through excessive rent hikes.

Matthew Pennycook: Forgive me if I missed it, but I do not think the Minister addressed the argument that underpins amendment 160. Why did the Government commit in their White Paper to limit the tribunal to determining a rent increase in line with or below the section 13 notice, instead of giving the tribunal the power to increase notice? If a landlord asks for a certain amount of rent and the tribunal determines that that is the amount to be paid, surely a tenant should not suffer by seeing the rate increased. Does the Minister not worry, as we do, that the Government's approach will have a chilling effect on the confidence that tenants have in taking such cases to the tribunal?

Jacob Young: I understand the argument that the hon. Gentleman is trying to make, but we have listened to concerns and think it is fair that the tribunal is not limited when determining the market rent. This will mean that the tribunal has the freedom to make full and fair decisions, and can continue to determine the market rent of property.

Lloyd Russell-Moyle: The Minister has talked about the tribunal making free and fair determinations, but the tribunal is already limited by what it cannot take into account. For example, it cannot take into account alterations that the tenant has made to the property, at their own cost, to increase its value. The tribunal already indicates what it can take into account, so widening that scope or making it clear that the tribunal should not issue a higher rent is not about giving it more restrictions. Surely it is about giving it clearer guidelines on the face of the Bill, so that everyone entering the process knows where it is going.

Jacob Young: As I have already set out, we believe that the tribunal should be free to make whatever determination it thinks is the market rent for a property. I therefore ask hon. Members not to press their amendments.

Lloyd Russell-Moyle: I think the Minister is missing a trick here, because we have tabled some reasonable amendments. I welcome the fact that he seemed to suggest that it is already possible, via regulation, to prevent rent from being paid in advance, but he needs to enact that and get on with it. He seemed to be a bit cautious about doing so. A regulatory framework that allows advance rent in some, but not all, circumstances would be a good compromise. Maybe that is where the Minister was going, but we need to have more flesh on that bone.

I also worry that when the Minister talks about flexibility for the tribunal, he is actually saying that it can look only at market rent and not at other things. What I am trying to say is that it should be able to look at all the different indicators—not just the flavour of the month, as he put it, but the local housing allowance, the consumer prices index, and the rents via the property portal. At the moment, it is not clear that the tribunal would have access to use the rents via the property portal as an indicator, rather than new rents. That is what the amendments attempt to do. Some of these improvements could be made when the Bill comes back, and I hope the Minister will do that.

Finally, the Minister needs to reconsider the upper limit. A landlord could still re-issue another section 13 if, via the tribunal process, they realised that they wanted to increase it higher, but rather than involving the tribunal, they just set it at a higher rate themselves. That creates a disincentive to go to the tribunal.

Jacob Young: I should be clear that there is no requirement for the landlord to accept the tribunal's final outcome. The landlord could still offer the initial rent to the tenant.

Lloyd Russell-Moyle: They could, so why not? It would be expected if a property was marketed at a certain price for that to be the accepted price. If someone puts a section 13 down, it is a form of marketing what this property is now worth. The Minister is quite right that it is wrong to engage in unfair advertising practices. A section 13 is a form of advertising to a sitting tenant, to say, "I'm advertising that this is the rent that I now want." To then change their mind via a tribunal is, in my view, unfair. I think the Minister probably gets that point, but I wonder whether it might be possible to change it through regulation, and advice to the courts and the tribunals. These things need to be considered, and the same goes for widening the scope of what the tribunals could push. I will not push my amendments now, but I hope the Minister will genuinely think about how we can increase the scope of what the courts can consider, so that rents are not always inflated up to the very highest level, but are fair for all our communities.

Matthew Pennycook: There were some points of interest raised in this debate that we will certainly come back to—I will check the transcript in relation to a couple of them—but I do not think they satisfy us sufficiently not to press these amendments.

On new clauses 58 and 59, I took the Minister to imply that bidding wars could fall under the category of false, misleading or essentially unfair practices—I think he mentioned dishonesty. I do not think he has given us a cast-iron commitment that bidding wars of any kind constitute an unfair practice. If they do, and the Government know that, why are they not taking action to stamp them out? Lots of people in cities and towns across the country, and certainly in my constituency, are being impacted financially by bidding wars. In some areas, they are extremely intense, and people end up paying huge amounts more than were initially advertised.

I agree with the Minister that advance rent should not be the norm. It seems to be somewhat the norm in many parts of the country. I am interested that he says there is a potential means of addressing this via the Tenant Fees Act 2019. It sounded to me like it may take quite a long time for the Government to bring forward any proposals in that regard. We will certainly not see advance rent stamped out any time soon. The Minister did not address my point on undue hardship. I absolutely realise—it was part of my remarks—that under the Government's proposals, when a tribunal determines the rent, it will kick in from the point of determination. We think that vulnerable residents need a little more time to adjust and move out if they simply cannot afford those rents.

Finally, on the tribunal awarding rent levels in excess of what is asked for, I think the Government have got it wrong. The Minister referenced unspecified interests that the Government had heard lobbying from—I think he said, "We'd heard concerns." Who from? I do not know. We can all take a guess who from. There were proposals in the White Paper, this being one of them, that we thought extremely sensible. He is right that some landlords may, having been told by the tribunal that they can increase the rent level even further than asked for, be good-natured enough to charge only the initial rate, but I cannot think that many of them would. They are, after all, running businesses. We need a measure—we will no doubt return to this at a later stage—to ensure that the rent level that the landlord asked for via section 13 is the maximum. In many cases it may reduce, but it should be the maximum that a landlord can ask for. On that basis, I am afraid that we will press our amendments 160 and 161 to a vote.

Jacob Young: I want to be absolutely clear: the Government's position is that bidding wars are not illegal.

Matthew Pennycook: That was my understanding as well, so I am not sure what the Minister was saying about false, misleading or unfair practices. If that does not apply to bidding wars, it applies to something completely separate from what we are talking about, so he has convinced me that new clauses 58 and 59 are even more necessary than I thought. I thought there was a glimmer of hope there, but there clearly is not. We will press all our amendments to a vote.

Lloyd Russell-Moyle: I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 5 ordered to stand part of the Bill.

Clause 6

CHALLENGING AMOUNT OR INCREASE OF RENT

Amendment proposed: 160, in clause 6, page 7, line 27, at end insert—

"(7A) After subsection (8) insert—

'(8A) Where a notice under section 13(2) has been referred to the appropriate tribunal then, unless the landlord and the tenant otherwise agree, the rent determined by the appropriate tribunal (subject, in a case where subsection (5) above applies, to the addition of the appropriate amount in respect of rates) shall be the same or below the rent specified in the section 13 notice and the rent as determined by the tribunal shall only become payable once the decision of the tribunal has become final.

(8B) A decision becomes final only on the latest of—

(a) the determination of any appeal;

(b) if earlier, on the expiry of the time for bringing a subsequent appeal (if any); or

(c) by its being abandoned or otherwise ceasing to have effect.'"—*(Matthew Pennycook.)*

This amendment would ensure that where a rent assessment is carried out by a tribunal, the rent subsequently determined by that tribunal cannot be higher than that originally requested by a landlord in a section 13 notice.

2.30 pm

Question put, That the amendment be made.

The Committee divided: Ayes 6, Noes 7.

Division No. 9]

AYES

Amesbury, Mike	Morgan, Helen
Buck, Ms Karen	Pennycook, Matthew
Glindon, Mary	Russell-Moyle, Lloyd

NOES

Aiken, Nickie	Spencer, Dr Ben
Bailey, Shaun	Tracey, Craig
Hughes, Eddie	
Mohindra, Mr Gagan	Young, Jacob

Question accordingly negatived.

Amendment proposed: 161, in clause 6, page 8, line 20, at end insert—

"which must be no earlier than two months following the date of determination".—*(Matthew Pennycook.)*

This amendment would ensure that in cases of undue hardship tenants would have a minimum of two months from the date of determination before a new rent became payable.

Question put, That the amendment be made.

The Committee divided: Ayes 6, Noes 7.

Division No. 10]

AYES

Amesbury, Mike	Morgan, Helen
Buck, Ms Karen	Pennycook, Matthew
Glindon, Mary	Russell-Moyle, Lloyd

NOES

Aiken, Nickie	Spencer, Dr Ben
Bailey, Shaun	Tracey, Craig
Hughes, Eddie	
Mohindra, Mr Gagan	Young, Jacob

Question accordingly negatived.

Clause 6 ordered to stand part of the Bill.

Clause 7

RIGHT TO REQUEST PERMISSION TO KEEP A PET

Matthew Pennycook: I beg to move amendment 183, in clause 7, page 8, line 36, leave out "42nd" and insert "14th".

This amendment would ensure a landlord gives or refuses consent in writing within 14 days of the request being made.

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

Amendment 182, in clause 7, page 8, line 37, at and insert—

"(d) the landlord may not review or withdraw consent once given."

This amendment ensures that a tenant may keep a pet for the duration of their tenancy once consent has been given.

Amendment 184, in clause 7, page 9, line 2, leave out "42nd" and insert "14th".

This amendment would ensure that where a request for further information is made on or before the 14th day after the tenant's request, the landlord may delay giving or refusing consent for a further 7 days if that information is provided.

Amendment 185, in clause 7, page 9, line 15, leave out "42nd" and insert "14th".

This amendment would ensure that where a request for the consent of a superior landlord on or before the 14th day after the tenant's request, the landlord may delay giving or refusing consent for a further 7 days if that information is provided.

Amendment 186, in clause 7, page 9, line 16, leave out "7th" and insert "14th".

Amendment 187, in clause 7, page 9, line 18, at end insert—

"(3A) Where the consent of a superior landlord is required for the purposes of subsection (3), the superior landlord must give or refuse consent on or before the 14th day after the date of the request from the landlord."

These amendments require a superior landlord to give or refuse consent within 14 days of a request being received.

Amendment 181, in clause 7, page 9, line 27, at end insert—

"(7) The Secretary of State must, within 180 days of the day on which this Act is passed, publish guidance on what constitutes a reasonable ground for refusal of consent to keep a pet for the purposes of this section."

This amendment would require the Government to publish guidance on what qualifies as a reasonable ground of refusal for a tenant to keep a pet.

Clause stand part.

Clause 8 stand part.

New clause 63—*Prohibition of discrimination relating to pet ownership*—

"(1) In relation to a dwelling that is to be let on a relevant tenancy, a relevant person must not, on the basis that a pet would be kept by a person at the dwelling if the dwelling were the person's home—

(a) prevent the person from—

(i) enquiring whether the dwelling is available for let,

(ii) accessing information about the dwelling,

(iii) viewing the dwelling in order to consider whether to seek to rent it, or

(iv) entering into a tenancy of the dwelling, or

(b) apply a provision, criterion or practice in order to make people who keep a pet at the dwelling, if it were their home, less likely to enter into a tenancy of the dwelling than people who would not.

(2) Subsection (1) does not apply if—

(a) the relevant person can show that the conduct is a proportionate means of achieving a legitimate aim, or

(b) the relevant person can show that the prospective landlord of the dwelling, or a person who would be a superior landlord in relation to the dwelling, is insured under a contract of insurance—

(i) to which section (Terms in insurance contracts relating to pet ownership) does not apply, and

(ii) which contains a term which makes provision (however expressed) requiring the insured to prohibit a tenant under a relevant tenancy from keeping a pet at the dwelling, and the conduct is a means of preventing the insured from breaching that term.

(3) Conduct does not breach the prohibition in subsection (1) if it consists only of—

(a) one or more of the following things done by a person who does nothing in relation to the dwelling that is not mentioned in this paragraph—

(i) publishing advertisements or disseminating information;

(ii) providing a means by which a prospective landlord can communicate directly with a prospective tenant;

(iii) providing a means by which a prospective tenant can communicate directly with a prospective landlord, or

(b) things of a description, or things done by a person of a description, specified for the purposes of this section in regulations made by the Secretary of State."

This new clause would prohibit landlords and those who act on their behalf or purport to do so from adopting certain discriminatory practices which make it harder for people who have pets to obtain a relevant tenancy.

New clause 64—*Terms in insurance contracts relating to pet ownership—*

"(1) A term of a contract of insurance to which this section applies is of no effect so far as the term makes provision (however expressed) requiring the insured to prohibit a tenant under a relevant tenancy or regulated tenancy from keeping a pet at the dwelling.

(2) This section applies to contracts of insurance which were entered into or whose duration was extended on or after the day on which this section comes into force."

This new clause provides for terms of an insurance contract to be ineffective so far as they would prohibit a tenant from keeping a pet.

Matthew Pennycook: Clause 7 will add new provisions to the 1988 Act to strengthen the rights of tenants to keep a pet in their home, including a new legal obligation for landlords to consider requests to keep a pet while providing a route for them to refuse such requests when they can give a reasonable justification for why it would not be suitable. The clause also allows landlords to require insurance to cover pet damage.

We welcome the clause. As many of us know, pets are wonderful companions, and keeping them results in a host of benefits, not only for pet owners but for society. While it may be going too far to ascribe to them the status of a public health intervention, it is not in dispute that pets can help to relieve loneliness, boost physical activity, decrease stress and anxiety and, as I know from my own experience as the owner of a puppy called Clem, bring real comfort and joy to young children. We are therefore extremely pleased that the Government have delivered on the commitment they made in the White Paper to take steps to ensure that landlords cannot unreasonably withhold consent when a tenant requests to have a pet in their home.

We also welcome the fact that the Government have explicitly recognised the link between overly restrictive conditions on pets in the private rented sector and the number of animals either left on the street or given up to shelters each year. We know that such steps are required because there is extensive evidence that a significant proportion of landlords do not let to tenants with pets. Figures from the English private landlord survey 2021, which were quoted in the Government's White Paper, suggest that nearly half of all landlords are unwilling to let to tenants with pets. The fact that so many landlords do not accept pets is not just an inconvenience for private tenants who own them; due to the constrained supply of properties in the private rented sector, it is also a significant contributory factor to the number of animals given up each year. It is telling that, last year, 10% of people who contacted the Dogs Trust with a view to rehoming their dog cited their reason for doing so as issues with accommodation, including being unable to find somewhere to live that was pet-friendly.

However, while we welcome the intent of clause 7, we are concerned that these provisions are not yet robust enough to ensure that the new "right to request" process will operate fairly and effectively in practice to prevent prospective tenants with pets from being disadvantaged at the point that they seek to secure a new periodic tenancy. The amendments to clause 7 that we have tabled in this group are an attempt to ensure that responsible pet owners can, as the White Paper promised, truly feel like their house is their home. We are pleased to have the support of both Battersea Dogs & Cats Home and the Dogs Trust in tabling them.

Amendments 183 to 187 seek to reduce the period in which a landlord can consider a request made to keep a pet from 42 days to 14 days, with the ability to extend by a further 14 days should a superior landlord need to be consulted. We do not believe that the Bill, which currently would give landlords up to six weeks to determine whether to provide or refuse consent to keep a pet, is fair on tenants, particularly those who might already have pets and would presumably, absent a family member or friend temporarily housing them, have to cover the potentially significant costs of putting them in boarding kennels or catteries.

We have also taken seriously the concerns that Battersea Dogs & Cats Home has put to us about the possible impact of the proposed 42-day consideration period on rescue organisations. Its entirely justified fear is that if there are six weeks of uncertainty about whether tenants can live with their pets in a newly secured privately rented home, there is a real risk that a considerable number of animals could be surrendered to rescue organisations, thereby putting significant additional strain on those organisations. Battersea Dogs & Cats Home has also highlighted another potential impact of the lengthy proposed period: private tenants looking to rehome an animal from a rescue centre or shelter in a

[Matthew Pennycook]

newly secured privately rented home may find themselves unable to do so in a timeframe that the shelter can accommodate.

It is not clear to us why the Government believe that landlords will need up to six weeks to arrive at a decision on a request to keep a pet. If the Minister can provide a justification for why the Government chose 42 days as the period in which a landlord can consider such a request, we would be grateful to learn of it. In all honesty, we struggle to conceive of why any good-faith landlord would need such a lengthy period to make such a decision. It is our belief that a 14-day limit will allow tenants to better plan for pet ownership if they wish to acquire a new pet and make life easier for those who already own them. We hope that the Government will consider accepting these amendments.

Amendment 181 simply seeks to require the Government to address the present lack of clarity on what constitutes a reasonable ground for refusal. Subsection (4) of proposed new section 16B of the 1988 Act states that the

"circumstances in which it is reasonable for a landlord to refuse consent include"

those in which a pet being kept would breach an existing agreement with a superior landlord. Yet aside from the circumstances set out in paragraphs (a) and (b) of subsection (4), the Bill is silent on what would constitute a reasonable refusal in those circumstances. Are we to take it that paragraph (1)(b) of proposed new section 16A, which provides that consent to keep a pet is

"not to be unreasonably refused by the landlord",

applies in all circumstances other than those in paragraphs (a) and (b) of subsection (4)? In short, can private tenants who wish to own or already own a pet now be confident that a landlord cannot reasonably refuse a request to keep a pet, unless accepting such a request would breach an agreement with a superior landlord? Or do the Government intend for there to be a greater range of circumstances that could provide legitimate grounds for a reasonable refusal?

I hope the Minister will accept that this is not simply Opposition nit-picking over specific subsections of legislation, because the answer to that question is key to how the provisions will operate in practice. Tenants need to know whether the right to request to keep a pet must be accepted in all but the most extenuating circumstances, or whether there is a broader range of situations where landlords can legitimately refuse. In an attempt to clarify the present ambiguity, our amendment 181 would require the Government to publish guidance on what qualifies as a reasonable ground of refusal for a tenant to keep a pet. We hope the Government will give it serious consideration.

Another area where we believe the Bill would benefit from greater clarification is the nature of the consent once given. Our amendment 182 would ensure that, once given, landlord consent for a tenant to keep a pet cannot be reviewed or withdrawn. That would provide tenants with far greater confidence that, once a consent had been awarded, the landlord could not change their mind, and that they would be able to live with their pet for the duration of the tenancy as a result. We hope the Government will look favourably upon amendment 182, but even if the Minister does not ultimately accept it, we hope that he will provide some reassurance today that, once a consent is given, it cannot be withdrawn or revoked.

Turning to new clauses 63 and 64, as I touched on at the outset of my remarks, not only do we believe that changes are required to clause 7 to ensure that it operates fairly and effectively in practice, but we are concerned about the risk of prospective tenants with pets being disadvantaged at the point that they are seeking to secure a new periodic tenancy. As drafted, the clause applies only to existing tenancies and not prospective ones.

Given that we know that a significant proportion of landlords, perhaps even a majority of them, do not allow pets, we are concerned that any restriction may mean that landlords who do not wish to have a pet in their property, but who are unable to reasonably refuse a right to request from a sitting tenant, may instead seek to screen out tenants who are existing or prospective pet owners. New clauses 63 and 64 would prevent landlords from discriminating in that fashion, thereby ensuring that those with pets can move between properties as freely as those without. We hope that the Government will consider our new clauses carefully and, if they are not minded to accept them, will at least consider what might be done by way of statutory guidance, for example, to ensure that existing or prospective pet owners seeking to agree a new tenancy are not discriminated against.

Before I conclude, I want to touch briefly on how and whether tenants will be able to seek a review of a decision to give or refuse consent by a landlord. The White Paper stated that the Government would

"legislate to ensure landlords do not unreasonably withhold consent…with the tenant able to challenge a decision",

yet there are no provisions in the Bill to deliver upon that commitment. The only reference to any kind of challenge to non-fulfilment of a landlord's responsibilities under these provisions is to be found at subsection (5) of proposed new section 16B, which states:

"In proceedings in which a tenant alleges that the landlord has breached the implied term created by section 16A, the court may order specific performance of the obligation."

If that is indeed the only means of redress available to tenants who have a request for a pet refused, it would be disappointing and, we believe, contrary to what was implied in the White Paper. I would be grateful if the Minister confirmed whether that is the only means of potential redress in the case of a refusal and, if so, whether the Government are at least considering alternative means of non-statutory redress, for example via appeals to the new ombudsman.

I hope that Minister will take these amendments in the spirit in which they are intended, namely as a constructive attempt to ensure that clause 7 works fairly and effectively in practice and that there is no discrimination against pet owners once the new system is in place. I look forward to hearing his response.

Craig Tracey (North Warwickshire) (Con): I want to make a brief contribution on clause 8, to satisfy my inner insurance nerd and get some clarification. I declare an interest as chair of the insurance and financial services all-party parliamentary group. My understanding from speaking to officials and the Minister—I thank them for their time—is that the clause is intended to

allow either landlords or tenants to obtain insurance to cover damage by pets, with the cost then being passed on where it is obtained by the landlord.

The explanatory notes state:

"Clause 8 amends section 1(4) of the Tenant Fees Act 2019 to allow landlords to require a tenant keeping a pet to enter into a contract with an insurance company to cover pet damage."

That suggests that it is very much about only tenants obtaining that cover. As somebody with a background in insurance, I am very pro insurance contracts. The more people who can take them out, the better, but I have concerns about this measure and how it could be interpreted.

2.45 pm

First, I am not aware of a specific product that covers pet damage in isolation. Currently, the only way to get it is normally through a tenant's contents policy, with pet damage added on, so the tenant would have not only the cost of additional cover, but the cost of taking out a tenant's contents policy. To give the Committee an idea of this, the current take-up rate of tenants taking out contents policies is somewhere between 10% and 15%, so we will have 85% more people having to take out that cover. If they take out that contents cover, it normally applies only to their own contents, not to the landlord's property, which I think is the aim of the clause.

We heard good evidence from a lady from AdvoCATS. I looked at the policy that she mentioned on the website, but as far as I could see it covered only damage by somebody's pet to their own contents; it would not cover damage to the landlord's contents. Even if it did, I still have concerns. This is where I get a bit insurance nerdy.

Mike Amesbury (Weaver Vale) (Lab): Would the market respond to that? Is there an opportunity there?

Craig Tracey: Yes, there is, but there are still some problems, which I will explain now. Even if the market does respond, that cover is not available now, so it might not be available from day one. It might respond in future—the hon. Member is right—but that leads me on to insurable interest. Usually, someone insures only something that they own. If they insure somebody else's property, they have the potential to make a claim on it and that money goes to them as the policyholder, and they are not obliged to pass it on to the property owner. For that reason most insurance contracts are tied around an insurable interest, which is an important point because what we are trying to do here is cover the landlord's property.

There could be an instance where a policy is taken out, a dog chews through a cable or something like that, and the tenant claims for it, but does not pass the money on. I will come to how we get round that. Also, Shelter mentioned that—there was a conversation over the weekend with the British Insurance Brokers' Association—when financial shocks come, insurance products are normally one of the first things to be cancelled. So there is a worry for the landlord that the tenant might take the cover out at the start of the term, but there is nothing to say that that continues through the whole life of the tenancy and that the payments are made and maintained.

The third point is about the ability of a tenant to obtain cover, anyway. There are various barriers that might leave people unable to take out an insurance policy. There might be previous convictions or a previous claims history, or it might just down to the postcode and the particular area. Often such barriers would exclude some of the most vulnerable people who would benefit most from the cover.

The simplest solution is for the landlords to take responsibility for the policy covering their buildings insurance. It is their cover and they can make sure that the correct cover is in place and that there is not an onerous excess on the policy that might exclude payments coming out. They can make sure the cover is in force.

Matthew Pennycook: A point has just struck me. We heard from several advocacy organisations and charities that were sceptical about the need for this provision. Their concern was primarily about the impact on the finances of tenants, particularly vulnerable tenants, in the current cost of living crisis. Does the hon. Gentleman worry that if landlords have to take out insurance, they might pass on unreasonable and inflated costs in addition to the insurance policy? How would we verify that only the cost of the policy was being passed on?

Craig Tracey: My understanding from officials is that only the cost of the additional cover would be passed on. There is always potential for what the hon. Gentleman describes, though, so we do need to prevent it, because we want only the additional cost passed on. However, it comes back to the point that the landlord seems to be the best placed to take out that cover. It gets rid of a lot of the issues and means that the cover could start from day one.

I understand what the amendment is designed to do, but we need a bit more clarity. We do not want the unintended consequences that I have mentioned to prevent people from having a pet in their home, and the lack of insurance being blamed for that being the case.

Jacob Young: I thank the hon. Member for Greenwich and Woolwich for tabling the amendments, and I am glad that we are in agreement about the positive role that pets can play, especially his pup Clem—I wonder who that is named after. We know that pets can bring happiness to their owners and provide a vital source of companionship.

Clause 7 will help tenants to make their house a home by introducing a new implied term that strengthens their rights to pet ownership. In future, landlords will be required to consider each request for a pet on a case-by-case basis and will be unable to refuse a tenant's request without a reasonable rationale. The clause also inserts new section 16A into the Housing Act 1988, setting out that the landlord has to respond to a tenant's request to keep a pet within 42 days. The landlord can also request more information from the tenant within this time and will have a minimum of seven days to respond once the information is received. That will give landlords adequate time to consider a request, while preventing them from unfairly avoiding or delaying giving tenants a response.

I turn to amendments 183 to 187. Although I appreciate that tenants will want an answer to their request as quickly as possible, 14 days is simply too little. A landlord could easily be on holiday or in hospital,

[Jacob Young]

meaning that they would be in breach of the 14-day deadline. Forty-two days gives enough time for landlords to do more research and give due consideration to requests, but it prevents them from delaying indefinitely.

On new clause 63, we expect that the reforms will increase the number of pet-friendly properties from the outset, as landlords will know that they cannot unreasonably refuse a request once the tenant is in situ. There would therefore be little for landlords to gain if they sought to discriminate against pet owners prior to the tenancy starting. We believe that strengthening the rights of tenants within tenancies means that landlords will have more confidence to advertise properties as pet-friendly from the outset. We are bolstering that by allowing landlords to put an insurance policy in place or to ask the tenant to pay for insurance, so that they can recover the cost of any damage. We therefore do not think that legislation is required to achieve this change.

On amendment 182, I reassure the hon. Member for Greenwich and Woolwich that when a landlord gives permission for their tenant to keep a pet, it is an implied term of the tenancy that the tenant may keep the pet, so consent cannot be withdrawn. It is clearly important that tenants are aware of their rights, and we will seek to make that point clear in guidance.

I turn to insurance and the points made by my hon. Friend the Member for North Warwickshire. Clause 7 provides reassurance to landlords concerned about damage to their property by allowing them to require the tenant to take out insurance covering pet damage, or to be reimbursed for the cost of getting the insurance themselves. Clause 8 amends the Tenant Fees Act 2019 to allow landlords to require tenants with a pet to take out an insurance policy to cover pet damage. Separately, we will also amend the Tenant Fees Act 2019 so that landlords are able to charge the cost of an insurance policy covering pet damage back to the tenant. This will be delivered using an existing power in that Act, and we will bring forward the secondary legislation before the measures in the Bill are implemented.

I am aware of my hon. Friend's concerns about the single insurance product that is available at the moment. I really do welcome the Labour party's position on the open market—it is a new one. As has been discussed in Committee, we feel that the lack of products is a result of the fact that very few landlords currently accept pets, so there is simply no market for it. We do think that will change with the introduction of this legislation.

Mike Amesbury: With regard to passing on the costs of those insurance products once the market responds—as a social democrat, I make no apologies for using that phrase—how will we ensure that those costs are reasonable and transparent? There are lots of practices throughout the private rented sector where that is not the case.

Jacob Young: That is certainly a role the ombudsman can play, which brings me on to the point raised by the hon. Member for Greenwich and Woolwich as to whether a tenant requesting a pet could challenge the landlord's decision. We feel that the ombudsman could play a role in that ahead of any court proceedings.

On new clause 64, tabled by the hon. Member for Greenwich and Woolwich, it would be unusual for an insurance policy to explicitly ban pets as a condition of insurance. It is much more likely that pet damage simply would not be covered. We are grateful to the hon. Gentleman for raising that matter, and we will consider whether further action is necessary in relation to the new clause.

On amendment 181, we must ensure that the Government are able to work flexibly with stakeholders and properly align our planned guidance with implementation. I am happy to commit on the record today to guidance being issued, but it is vital that the Government are not constrained by the imposition of an arbitrary deadline. In the light of those points, I kindly ask the hon. Member for Greenwich and Woolwich to withdraw the amendment.

Matthew Pennycook: I will not press the amendment to a vote. I welcome the clarification from the Minister about guidance being forthcoming and in a number of other areas. I think all our concerns could be addressed if we had greater clarity on what constitutes a reasonable refusal and the circumstances in which a landlord could draw upon that. As I said to the Minister, all I can see in the Bill is proposed new section 16A(1)(b) of the Housing Act 1988, which says thats

"such consent is not to be unreasonably refused by the landlord."

We need to know whether there is only a very narrow set of circumstances where that can be drawn on by landlords, or a wider range. The 42-day period does not matter in some ways if tenants have robust assurance on the reasonable implied period. There will also be far fewer ombudsman cases if there is only a narrow range of grounds on which a pet can be refused. I urge the Minister to write to us, perhaps before Report stage, to give us a bit of clarification around the circumstances in which landlords can reasonably refuse that request. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 7 ordered to stand part of the Bill.

Clause 8 ordered to stand part of the Bill.

Clause 9

Duty to give statement of terms and other information

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

3 pm

The Chair: With this it will be convenient to discuss Government new clause 3—*Duty of landlord and contractor to give statement of terms and other information.*

Jacob Young: The Government are committed to ensuring that tenants and landlords are aware of their rights and responsibilities. Government new clause 3 will replace clause 9 and insert a new duty requiring landlords to provide tenants with a written statement setting out certain terms of their tenancy. Having terms in a written agreement or statement can help to avoid disputes. If things go wrong, they can provide effective evidence to resolve disputes, and they can provide valuable evidence if the landlord needs to evict an irresponsible tenant. Details of what must be included in the written

statement will be set out in regulations made by the Secretary of State, and may include such information as the tenancy start date, rent level and landlord's address, as well as the basic rights and responsibilities of both parties.

We know that the vast majority of good landlords already put tenancy terms in writing, and we want to formalise that good practice. For those landlords, we intend that there will be little practical difference between this new duty and the tenancy agreement that they already provide. Landlords will need to specify when certain grounds may be used to evict the tenant. These are predominantly specialist grounds, such as where the property is used for a specific purpose or connected to the tenant's employment.

New clause 3 will help to ensure that all tenants and landlords, as well as those working for the landlord, are aware of their rights and obligations. I commend it to the Committee in place of clause 9.

Matthew Pennycook: Clause 9 would insert proposed new section 16D into the 1988 Act. It places a duty on landlords to provide the tenant, as the Minister made clear, with a written statement of terms and information on or before the first day of a tenancy. Landlords must state in the written statement of terms where they may wish to make use of any of the prior notice grounds 1B, 2ZA, 2ZB, 4, 5 to 5G or 18. Given that prior notice is currently required for use of possession ground 1, but the Government propose to remove that requirement from the new ground 1, may I press the Minister again to explain precisely why the Government believe that that change is necessary?

I would like to make some brief comments about Government new clause 3 and put a number of questions to the Minister about it. These are complex questions, so I have no issue with the Minister writing to me at a later date rather than answering now. New clause 3 replaces clause 9, thereby applying the provisions of the clause to landlords' contractors as well as landlords; carving out certain tenancies by implication; and modifying specific provisions for certain tenancies. Leaving aside quite how the Government got themselves in the situation where they are replacing entire clauses in Committee, I would be grateful if the Minister clarified why the Government have alighted on applying these provisions to "contractors", given that the standard term, both in plain English and in statute, is "agent"?

A whole series of further questions arises from the new clause. What is the definition of a contractor? Does it have to be a written contract? What happens if the information is not provided? Did the Government consider whether a rent repayment order might be appropriate in the circumstances, or whether a court should be given the power to order that it be provided? What if the contractor excludes liability for providing the material in question, given that we know that that happens in other instances, for example with letting agents excluding liability to tell the landlord about any relevant licensing schemes? I would appreciate any insight that the Minister can offer today into any of those points. As I say, I am more than happy to accept a written response to my detailed questions, if necessary.

Jacob Young: On the hon. Gentleman's question about prior notice, we are making it a requirement of the new mandatory written statement of terms that landlords must warn their tenants where they may wish to rely on a certain grounds at the outset of the tenancy. If the landlord fails to comply with the mandatory written statement of terms, the tenant can seek redress and local authorities may issue fines.

Matthew Pennycook: But that does not apply to ground 1, does it? I am trying to understand the Government's thinking on why they have removed the prior notice requirement on ground 1.

Jacob Young: I shall write to the hon. Gentleman on that point and on the other questions that he raised.

Question put and negatived.

Clause 9 accordingly disagreed to.

Clause 10

Other duties of landlords and former landlords

Helen Morgan (North Shropshire) (LD): I beg to move amendment 132, in clause 10, page 13, line 11, leave out "three" and insert "six".

This amendment would increase the time which must elapse between a landlord taking ownership of a property for the purposes of them or their family occupying it and making the property available to rent from three months to six months.

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

Amendment 140, in clause 10, page 13, line 11, leave out "three" and insert "12".

Amendments 140 and 141 would prohibit a landlord from reletting or remarketing a property within 12 months of obtaining possession on the ground for occupation or selling; and from authorising a letting agent to market the property within that period.

Amendment 134, in clause 10, page 13, line 13, after "tenancy" insert

"or on a short-term let or holiday let".

This amendment would clarify that a landlord cannot let a property as a short-term or holiday let for at least three months after taking ownership of the property for the purposes of them or their family occupying it.

Amendment 135, in clause 10, page 13, line 14, at end insert

"or on a short-term let or holiday let".

This amendment would clarify that a landlord cannot market a property as a short-term or holiday let for at least three months after taking ownership of the property for the purposes of them or their family occupying it.

Amendment 133, in clause 10, page 13, line 19, leave out "three" and insert "six".

This amendment would increase the time which must elapse between a landlord taking ownership of a property for the purposes of them or their family occupying it and the landlord authorising a letting agent to make the property available to rent from three months to six months.

Amendment 141, in clause 10, page 13, line 19, leave out "three" and insert "12".

Amendments 140 and 141 would prohibit a landlord from reletting or remarketing a property within 12 months of obtaining possession on the ground for occupation or selling; and from authorising a letting agent to market the property within that period.

Amendment 142, in clause 10, page 13, line 27, leave out paragraph (b) and insert—

> "(b) the tenant either surrenders the tenancy without an order for possession being made or delivers up possession of the dwelling house under the terms of an order for possession."

This amendment would extend the prohibitions on a landlord reletting or remarketing a property, and from authorising a letting agent to market the property, for which possession has been obtained on the Ground for occupation or selling by court order.

Clause stand part.

Government new clause 4—*Other duties.*

Government new clause 5—*Landlords acting through others.*

Helen Morgan: Once again, I draw the Committee's attention to my entry in the Register of Members' Financial Interests, on which there are two jointly owned properties: a residential property and a holiday let.

During our evidence sessions, we heard that experience in Scotland has shown that grounds 1 and 1A are open to abuse by landlords who are simply looking to re-market their property either at a higher rent or to a different tenant who will not complain about serious defects in the property. We heard about a pretty horrifying case in which a rat and maggot-infested property was simply re-marketed three months later. Clearly, the time in which the property could not be re-marketed was not enough of a deterrent to prevent abuse of such a clause. Amendments 132 and 133 therefore seek to extend from three to six months the period before which a property can be re-marketed.

In our debates over the past couple of days, I have spoken at length about the need to ensure the maintenance of balance between tenants and landlords, so that landlords are not driven from the market, which would exacerbate the chronic shortage of rental property in the whole UK and the decline in the size of the private rented sector in rural parts. I do not think that these amendments would have an impact on that balance. Any landlord who is seeking repossession under ground 1 or 1A and is acting in good faith has no intention of re-marketing the property at the point at which they seek repossession. Extending the period beyond which it can be re-marketed should not influence their decision in any way.

We understand that people's circumstances can change, sometimes very suddenly. I think six months is a reasonable length of time both to provide a deterrent to abuse of grounds 1 and 1A and to provide fairness for landlords who have acted in good faith but have suffered an unexpected change in circumstances. I would be grateful if the Minister commented on the steps needed to prevent the recurrence of the situation in Scotland that we heard about and, ultimately, to support the lengthening of the period.

Amendments 134 and 135 seek to address the problem facing many tourist areas that properties for private rent are being flipped into holiday lets or Airbnb-style holiday homes. Members of all parties who represent tourist hotspots have raised the issue in the main Chamber, and there is broad consensus that the over-supply of holiday accommodation is having a hugely detrimental effect on those areas.

There needs to be some holiday accommodation, but the balance of holiday and private rented sector accommodation is very important for those areas, because over-supply of holiday accommodation hollows out communities. It has led to a situation in which the workers needed for the tourist industry to thrive have nowhere to live, so hotels and restaurants are unable to operate at full capacity. That is bad for the local economy, as well as for people who cannot find anywhere to live in the area.

Meanwhile, in rural areas, the private rented sector is shrinking rapidly. Local families and people working in essential services, such as care workers, teachers and nurses, are being driven away. The sector is completely out of balance. My understanding of the legislation is that landlords seeking repossession under ground 1 or 1A must not re-market the property as a residential let within a three-month period; I would prefer six months. There is no provision for holiday let-style marketing, because those properties do not require tenancy agreements.

My amendments recognise that problem by adding holiday letting to the three-month, or ideally six-month, moratorium on re-marketing once ground 1 or 1A has been used to regain possession. I think that that is a pretty uncontroversial addition to the Bill; I very much hope that Government Members support me when I press amendments 134 and 135 to a vote.

Matthew Pennycook: I rise to speak to amendments 140 to 142. It is a pleasure to follow the hon. Member for North Shropshire. We agree fully with the spirit behind amendments 132 to amendments 135, and we will support the hon. Lady when she presses either amendment 134 or amendment 135, regarding short-term lets, to a vote. They highlight a valid concern.

As we made clear during an earlier debate on mandatory possession grounds 1 and 1A when considering clause 3, we believe that there is a clear risk that these de facto no-fault grounds for eviction could be abused in several ways by unscrupulous landlords. As a result, we are convinced of the need to amend the Bill to provide tenants with greater protection against their misuse. However, we do not believe that the hon. Lady's proposal to extend the no-let provisions in clause 10 from three to six months for both standard periodic and short-term lets is sufficient, for reasons I will go on to explain.

We are once again considering mandatory possession grounds 1 and 1A because clause 10 would insert proposed new section 16E into the 1988 Act, prohibiting certain actions by landlords or former landlords, including re-letting or re-marketing a property or authorising an agent to market the property within three months of obtaining possession on those grounds.

We take no issue with the prohibitions that the clause provides for. It is obviously right that the Bill seeks to prevent landlords letting a fixed-term tenancy; serving an incorrect form of possession notice; failing to give prior notice where required; specifying a ground for possession that the landlord is not entitled to use; and issuing a notice for possession proceedings within the proposed six-month protected period that applies to grounds 1, 1A and 6. We also welcome the clause's explicit prohibition of the re-letting or re-marketing of a property obtained by means of issuing a ground 1 or 1A notice, and the fact that clause 11 provides for financial penalties and offences for a breach of that prohibition.

As I remarked to the Minister in a previous debate, the fact that the Government have introduced that prohibition highlights that they clearly accept that amended ground 1 and new ground 1A could be used as a form of section 21 by the back door. However, we are absolutely convinced that a three-month no-let period is simply not sufficient to deter and prevent abuse of the kind we fear will occur if the two possession grounds in question remain unchanged. We take that view because of our understanding of the English rental market.

Three months of lost income, which is what any unscrupulous landlord who deliberately abuses mandatory possession grounds 1 and 1A in order to evict a tenant will incur, may act as a significant disincentive for some buy-to-let landlords, particularly those with highly geared large portfolios who have seen their rental yields reduced by rising interest rates and the restriction of mortgage interest tax relief as a result of tax changes under section 24 of the Finance Act 2015.

However, a significant proportion of landlords do not have a mortgage; they own their property outright. A recent survey carried out by Shelter suggested that well over half of all landlords come under that category. For landlords who are mortgage-free or have a mortgage but can absorb extended void periods, a three-month no-let prohibition, which could ultimately see them losing only one month of rental income if the tenant serves out the two-month minimum notice period that applies to grounds 1 and 1A, is not a particularly strong deterrent against abuse.

We believe that the no-let prohibition provided for by clause 10 in respect of mandatory possession grounds 1 and 1A must increase from three months to 12 months. That would ensure, taking into account the full minimum notice period, that any landlord not legitimately using the landlord circumstances grounds to occupy or sell the property would lose 10 months of rent—a financial penalty that we think would be sufficient to deter and prevent such misuse. Amendments 140 and 141 would provide for that 12-month no-let period. I urge the Minister to reflect further on the issue and to accept the amendments.

Amendment 142 seeks to address a distinct but related issue with the no-let prohibitions provided for by clause 10 in relation to grounds 1 and 1A. Proposed new section 16E(5) provides that the prohibition is applicable only if the tenant surrenders the property as a result of a notice having been served, without an order for possession being made. To put it another way, the proposed three-month no-let ban will be applicable only in instances where a tenant has left a property voluntarily without court proceedings, not where a court has issued an order. That is genuinely inexplicable, from our point of view.

Is it the Government's view that where a ground 1 or 1A notice is served and the tenant wishes to contest it, the no-let prohibited period would, in effect, run throughout the possession proceedings, so that if they take three months or more, the period will have been deemed to have already expired prior to any order being issued? Is that the reason? If so, we would welcome clarification. Otherwise, we cannot understand why the prohibition does not apply where a court has issued an order. The Minister must provide a detailed explanation of the rationale behind the Government's decision, because we cannot understand why it is equitable to apply the prohibition only to instances where a tenant has left a property without court proceedings, vis-à-vis having challenged them by taking the matter to court.

We are also concerned that the decision to do so will prevent tenants themselves from seeking redress in instances where they have good reason to believe that grounds 1 and 1A have been misused. It stands to reason that tenants who have challenged their eviction in court are inherently more likely to suspect that they are being wrongfully evicted and to be willing and able to pursue their landlord if they are abusing the grounds subsequent to losing their home.

To reiterate a point I made in an earlier debate, it is almost certain that a minority of unscrupulous landlords will abuse grounds 1 and 1A to unfairly evict tenants they perceive as problematic, and will then proceed to re-let those properties in short order. As things stand, if and when they do so the courts will be able to do nothing. Indeed, how will they even know what happened subsequent to a ground 1 or 1A possession case? The obvious mechanism to ensure that grounds 1 and 1A are used legitimately in each instance is to require landlords to evidence and verify prior and subsequent to a notice being issued, but the Government rejected our amendments 138 and 139 out of hand.

3.15 pm

Tenants themselves, however, might have a role to play in securing redress in instances of grounds 1 and 1A misuse. We believe that in choosing to exempt evictions that have gone through the courts from the no-let period, the Government are missing an opportunity to ensure that tenants can take action themselves where they have been wrongfully evicted under grounds 1 and 1A. Amendment 142 would ensure that the no-let prohibitions provided for by the clause would apply to possessions that are obtained on the ground for occupation or selling by court order. I hope that the Minister will give it serious consideration.

Before I conclude, I will offer some thoughts on Government new clauses 4 and 5 and ask the Minister to answer some questions about them. New clause 4 raises many of the same questions that I put to him in respect of new clause 3, which replaces clause 9. A more fundamental question, however, is raised by new clauses 3 and 4. Assured tenancies are not once-and-for-all things. Individuals can transition in and out of assured tenancy status.

I ask the Minister what would happen in the following hypothetical example. Before chapter 1 in part 1 comes into force, a landlord has granted a tenant a non-assured, fixed-term contractual tenancy. It is not an assured tenancy, because it is not the tenant's only or principal home; they are renting it from the landlord for a year, but intend to use it only three nights a month for work. That is not an unusual arrangement in constituencies such as mine. During that year, however, it becomes their principal home, perhaps because their marriage has broken down. How does the Bill work in such circumstances? Did the fixed-term tenancy magically become periodic when the tenant moved in to use the property as their only or principal home? In that example, when would the new duties set out in new clauses 4 and 3 kick in?

I appreciate that that is a complicated point, but it is not simply a niche debating point. It matters, because once the Bill has received Royal Assent it will be unlawful to fail to meet the requirements set out in new clauses 4 and 3. I do not expect the Minister to provide an answer to that specific example when he responds, as it is a complex point of law, but I will be grateful if he writes to me with an answer in due course.

The explanatory statement makes it clear that new clause 5 is intended to ensure that the common law rules on agency apply in order that landlords can use agents

and the agent can issue all the new prescribed information on behalf of the landlord. Again—this relates to an earlier point that I made—why have the Government used "contractor" in new clause 5 if they mean "agent"? I do not expect an answer straightaway, but I would appreciate one in due course.

Lloyd Russell-Moyle: I rise to support the amendments tabled by our Front Benchers and to ask the Minister about holiday lets. The holiday or short-term let market is due to be regulated, so this is an opportunity for the Minister to explain to us how the Department foresees those regulations pairing with the property portal or the Bill.

If someone is not allowed to re-market their property, but they could market it for short-term let, the short-term let registration portal—I understand that the plan is for that to be separate—will need to interact with the other portal. The Minister might genuinely not mind that properties are being re-let as holiday rentals in the no-let period, but I suspect this is more a case of needing reassurance from him that that loophole will be closed in the regulations to prevent holiday lets. That seems simple, but we need that reassurance from the Minister so that we know that it will be squared off.

On the period that the property cannot be let for, some amendments have been tabled about the evidence that needs to be provided, but what is important here is that the landlord or family members moving in, or the intention to sell, should be genuine. At the moment, there do not seem to be protections to ensure that they are. One such protection would be ensuring that a landlord cannot benefit financially if they are not making a genuine application. Three months does not seem to cover that. Many properties are already empty for a number of months between tenancies for the landlord to make repairs and update the property. It is not unusual for that period to be one or two months.

Three months, therefore, does not seem to be particularly onerous on the landlord, so 12 months should be a possibility. If the Minister does not think that 12 months is appropriate, it may be useful for him to tell us how he thinks enforcement could be done beyond the three months—for example, if it were demonstrated that the landlord never intended to sell, but that only became apparent four months later. It may well be that a landlord has no real intention to sell but issues that particular ground, and the tenant, the local authority and others do not particularly raise eyebrows because it can take a number of months to get a property on to the open market.

People would not necessarily expect a property to be listed the day after the tenant is out, because the landlord will want to tart it up and ensure that it looks its best for the estate agent's photos. They will want to ensure that they cover all the dodgy spots in the house. We have all done it when we have sold houses: we show the best side of the house that we can. We deep-clean the oven and do all that stuff, which takes a number of weeks, if not months, before we get the letting agent to come round, take pictures and let the property.

It is therefore not unusual for it to take three months before the property is on the market for sale, but in this case that does not come about because the landlord never really aimed to sell it. The danger is that, because the time has elapsed, they can just shove it back on the open market. If the Minister is going to say, "Actually, in those circumstances the landlord would have to demonstrate that they had had a reasonable change of mind because of material circumstances," he needs to outline how that would be demonstrated. Otherwise, we would just wait, and there would be no evidence at all.

There are other amendments that would give those protections, but before we decide not to press the amendments that we are discussing, the Minister needs to explain that point. Otherwise, the only form of protection can be a prevention from letting for 12 months, or at least the forgoing of 12 months of rent—they are not necessarily the same thing.

Jacob Young: I thank hon. Members for their amendments. We are absolutely clear that any attempt to misuse these grounds will not be tolerated. That is why the Government's amendments prohibit landlords from re-letting or re-marketing a property for three months after using the moving and selling grounds, and why we are prohibiting landlords from authorising a letting agent to re-market a property on their behalf for three months when they have used those grounds.

That three-month period represents a significant cost to landlords and will deter misuse of the grounds. It is significant enough to remove any profit that a landlord might make from misusing the grounds in order to re-let, for example, at a higher rent.

Lloyd Russell-Moyle: What is the average profit that someone makes when selling a property?

Jacob Young: I do not understand how the hon. Member could think that I would possibly know that right now.

Lloyd Russell-Moyle *rose—*

Jacob Young: I will not give way again.

Amendments 132, 133, 140 and 141 seek to extend the three-month period to six or 12 months. That would be excessive and keep good properties sitting empty if a landlord's circumstances changed. It is quite possible that a landlord might not be able to sell and might subsequently need to re-let. Amendment 142 would extend the no-let period to cases where the landlord has gone through the court process to obtain a repossession order. We feel that that restriction is unnecessary, as such a landlord will have proved to the court that their intentions are genuine.

Amendments 134 and 135 look to restrict a landlord from letting their property as a short-term let, as the hon. Member for North Shropshire said. It may be reasonable for a landlord to offer a property as a short-term or holiday let within the three months, for example if there is a long gap before a sale completes. However, I have heard her comments and those of the hon. Member for Greenwich and Woolwich, and I know that that is an issue in places such as Cornwall and Devon. I commit to working with the hon. Member for North Shropshire and others to address those points.

If a landlord tries to abuse the system, there are financial repercussions for breaches and offences. We are giving local councils powers to fine landlords up to

£5,000 for minor breaches and up to £30,000 for serious offences. The Government think the amendments would cause unreasonable cost to landlords whose sale or plans to move into a property may have fallen through, through no fault of their own.

Turning to Government new clauses 4 and 5, I am grateful to the hon. Member for Greenwich and Woolwich for his questions and confirm that I will write to him on those points. The new clauses replace clause 10, retaining the policy intent in the original drafting but updating it to better reflect its intention. We are clear that any attempt to misuse the grounds will not be tolerated. That is why the Government new clauses prohibit landlords from re-letting or re-marketing a property for three months after using the moving and selling grounds, and why we are prohibiting landlords from authorising a letting agent to re-market the property on their behalf. The three-month period represents a significant cost to landlords and will deter misuse. I therefore commend new clauses 4 and 5, which will replace clause 10, to the Committee and ask hon. Members to withdraw their amendments.

Matthew Pennycook: I thank the Minister for that answer. On the length of the no-let period, I think there is just a genuine principled disagreement between the two sides of the Committee about whether the proposed three months will act as a deterrent. In all honesty, because this is a completely new system—although we have the Scottish experience to draw on—we have no evidence on either side to prove that that is the case, but we genuinely fear that three months is not enough to prevent misuse. I will therefore press amendment 140 to a vote.

On amendment 142, I will go back and check the transcript, but I am not convinced that I understood the Minister's reasoning when he talked about the court knowing that the landlord's intentions were genuine simply because, at the point of the notice's being served, the re-let prohibitions apply. I still do not understand why the prohibition on re-letting should not apply in instances where the court has awarded possession. We still want the landlord not to re-let in that period under either scenario, so we cannot understand why one would be exempt and not the other.

Jacob Young: To reiterate my point, amendment 142 would extend the no-let period to cases where the landlord has gone to court to obtain a repossession order. We think that restriction is unnecessary because, if a landlord has gone to court and the judge has granted the possession order, the landlord has proved that their intentions are genuine on those grounds. That is why we feel the amendment is unnecessary.

Matthew Pennycook: I follow the Minister's argument, but, under those circumstances, the no-let prohibition should apply from that point under that scenario, just as it would at the point when a notice is served.

Jacob Young: The hon. Gentleman's argument would suggest that a landlord wanting to move into a property within five months would serve notice on their tenant, the tenant would have two months in the property and could then take the landlord to court because they wanted evidence, which could take six months—and he is suggesting an additional three months on top of that. Does he not see that that would be unfair to a landlord, in a genuine case?

Matthew Pennycook: No, I genuinely do not. In a case where a tenant has felt so strongly that they are potentially being evicted unlawfully that they have taken the matter all the way to the court, it is right that the no-let period should apply from the point that the award is granted. Again, that may be a point of genuine disagreement, but we will press amendment 142 to a vote.

Helen Morgan: I thank the hon. Member for Greenwich and Woolwich for his comments. I am in general agreement with his point about needing to extend the period beyond which a property can be re-marketed, although my view is that 12 months is excessive. If a landlord's circumstances have changed—for example, if they repossess their house to sell it because they are facing financial hardship but are unable to sell and need to re-let it—12 months is punitive.

3.30 pm

Given that the hon. Gentleman intends to press amendment 140 to a vote, I will withdraw amendment 132 and will not press amendment 133, because we are arguing about the same point of principle. I welcome the Minister's commitment to working with me on amendments 134 and 135 on holiday lets, and therefore I will not press them to a vote. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendment proposed: 140, in clause 10, page 13, line 11, leave out "three" and insert "12".—*(Matthew Pennycook.)*

Amendments 140 and 141 would prohibit a landlord from reletting or remarketing a property within 12 months of obtaining possession on the ground for occupation or selling; and from authorising a letting agent to market the property within that period.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 7.

Division No. 11]

AYES

Amesbury, Mike	Pennycook, Matthew
Buck, Ms Karen	
Glindon, Mary	Russell-Moyle, Lloyd

NOES

Aiken, Nickie	Spencer, Dr Ben
Bailey, Shaun	Tracey, Craig
Hughes, Eddie	
Mohindra, Mr Gagan	Young, Jacob

Question accordingly negatived.

Amendment proposed: 142, in clause 10, page 13, line 27, leave out paragraph (b) and insert—

"(b) the tenant either surrenders the tenancy without an order for possession being made or delivers up possession of the dwelling house under the terms of an order for possession.".—*(Matthew Pennycook.)*

This amendment would extend the prohibitions on a landlord reletting or remarketing a property, and from authorising a letting agent to market the property, for which possession has been obtained on the Ground for occupation or selling by court order.

Question put, That the amendment be made.

The Committee divided: Ayes 6, Noes 7.
Division No. 12]

AYES

Amesbury, Mike	Morgan, Helen
Buck, Ms Karen	Pennycook, Matthew
Glindon, Mary	Russell-Moyle, Lloyd

NOES

Aiken, Nickie	Spencer, Dr Ben
Bailey, Shaun	Tracey, Craig
Hughes, Eddie	
Mohindra, Mr Gagan	Young, Jacob

Question accordingly negatived.
Clause 10 disagreed to.

Clause 11

LANDLORDS ETC: FINANCIAL PENALTIES AND OFFENCES

Jacob Young: I beg to move amendment 19, in clause 11, page 14, line 24, leave out

"16E (inserted by section 10"

and insert

"16G (inserted by section (Landlords acting through others)".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

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

Government amendments 20 to 25.

Amendment 163, in clause 11, page 15, line 14, leave out "£5,000" and insert "£30,000".

This amendment would increase the maximum financial penalty that local authorities could levy against a landlord or former landlord that they are satisfied beyond reasonable doubt has contravened provisions contained in clauses 9 (inserted section 16D of the Housing Act 1988) or 10 (inserted section 16E).

Government amendments 26 to 41.

Amendment 164, in clause 11, page 17, line 22, leave out "£30,000" and insert "£60,000".

Government amendments 42 to 49.

Clause stand part.

Government amendments 51 to 54.

Clause 12 stand part.

Government amendments 55 to 59.

Clause 13 stand part.

Jacob Young: As I made clear when I spoke on clause 10, the Government will not tolerate any abuse of the new system. Clauses 11 and 12 give local housing authorities the power to fine the minority of landlords who break the rules, as well as introducing new financial penalties and criminal offences for repeated wrongdoing. Clause 13 provides that those criminal offences do not bind the Crown, although it will be possible for councils to issue fines to private landlords. Under that new provision, local housing authorities will be able to fine landlords and former landlords up to a maximum of £5,000 for less serious and initial breaches of the new tenancy system, including failing to follow process when evicting a tenant and trying to offer a fixed-term tenancy. To be clear, £5,000 is the maximum that a landlord can be fined, rather than the norm.

We expect local authorities to be reasonable, and we are issuing guidance that they must have regard to when issuing fines. We are exploring a national framework for setting fines to ensure a consistent approach. This will ensure that penalties are proportionate to the severity of the breach of conduct, and that local authorities impose them accordingly. If landlords deliberately and seriously flout the new rules, local housing authorities will be able to fine them up to £30,000, or choose to prosecute them, including for re-letting or re-marketing a property within three months of using possession grounds for sale and occupation, or knowingly or recklessly misusing a ground for eviction. Repeated breaches will also be met with those higher fines.

Amendments 163 and 164, tabled by the hon. Member for Greenwich and Woolwich, would increase the maximum fine for initial or less serious breaches from £5,000 to £30,000, and the potential fine for repeated breaches and serious offences from £30,000 to £60,000. I would like to reassure him that multiple fines can be issued where a landlord has committed more than one breach. We will issue guidance to support councillors in making enforcement decisions, but we think that the maximum fines that the amendments would introduce are disproportionate to the severity of the breach or offence. The fines proposed by the hon. Member are out of step with other housing enforcement, such as the existing measures for breaches and offences under the Tenant Fees Act 2019 and the Housing Act 2004. Given the substantial fines that can already be levied repeatedly under the legislation, I ask him not to press his amendments to a Division.

The Government amendments extend the prohibited activities to those acting on a landlord's behalf. That means that local housing authorities can impose penalties on all relevant persons who breach the rules, not just landlords. That includes those with formal relationships, such as letting agents, and more informal relationships. The amendments apply the penalties to those people.

The Government amendments also further strengthen rules against landlords and agents. Instead of demonstrating that a tenant left a property as a result of receiving an improper notice, local authorities will simply have to prove that a tenant left within three months after receiving the notice. That will make it easier for local authorities to take action against the minority of landlords who break the law.

I commend the Government amendments to the Committee and ask the hon. Member for Greenwich and Woolwich to withdraw his amendments.

Matthew Pennycook: I rise to speak to amendments 163 and 164. As the Minister has just set out, clause 11 inserts four new sections into the Housing Act 1988, setting out the financial penalties and offences he has referred to for breaches of the prohibitions in clause 10, including those relating to mandatory grounds 1 and 1A, which we have just discussed, and for not providing for a written statement of terms, as required by clause 9.

Clause 11 raises for the first time the crucial issue of enforcement, which arises in relation to a number of the prohibitions and requirements in the Bill, including

those I just mentioned. It is obviously preferable to ensure that there are sufficient incentives in place to encourage landlords to comply with the various requirements in the Bill, and that abuse of possession grounds is identified before eviction takes place. It is, however, inevitable that some landlords will fail to comply with the requirements in the Bill, including the requirement to provide a written statement of terms and conditions to the tenant on or before the first day of a tenancy, and that there will be misuse of possession grounds 1 and 1A that are identified after an eviction has taken place.

The Government are currently proposing two means by which redress might be secured in those circumstances. First, they are proposing to enable the new ombudsman to award compensation to the wronged tenant. Secondly, as the Minister made clear, they are giving local authorities the power to impose financial penalties if the relevant authority is satisfied beyond reasonable doubt that a landlord or former landlord has contravened provisions contained in clauses 9 or 10, or if a landlord or former landlord is guilty of an offence but is not prosecuted.

I note and welcome the Minister's comments, in terms of the Government's intention to look at developing a national framework that might ensure that those fines are properly co-ordinated across the country. We will come on to consider whether those two means of redress could be supplemented by others when we address the issue of whether tenants themselves should be allowed to seek compensation for an abuse of possession grounds by means of a rent repayment order, as provided for by our new clause 57.

Amendments 163 and 164 are probing amendments that are designed to facilitate a debate on whether the amounts that the Government have chosen as the maximum financial penalties that a local authority can impose—namely £5,000 for a contravention and £30,000 for an serious offence—are sufficient. Notwithstanding the point that the Minister has just made—and it is useful to have clarification that multiple fines can be levied—we are concerned that the maximum levels are insufficient.

It is our contention that the type of unscrupulous landlord that might seek to abuse ground 1 or 1A to evict a tenant who has made a legitimate complaint—the rectification of which, if it is a serious hazard, may cost them tens of thousands of pounds—is unlikely to be deterred by the prospect of a fine of £5,000 or less. That is assuming that the local authority has the capacity and capability to investigate and enforce it. The Minister was also very clear that £5,000 is the maximum; the Government do not wish for it to be the norm. Similarly, a fine of £30,000—or less—for an offence strikes us as far too low to act as a serious deterrent.

Amendments 163 and 164 would raise the maximum financial penalty that local authorities could levy from £5,000 to £30,000 in instances where the provisions contained in clauses 9 or 10 were contravened, and from £30,000 to £60,000 where an offence has been committed. We have proposed those higher figures, very deliberately, on the basis that £30,000 mirrors the current maximum financial penalty for housing offences, and by doubling the maximum financial penalty for an offence to reflect the severity of that outcome. I hope that the Minister might go away and reconsider whether the maximum levels that the Government have chosen are sufficient to act as the deterrent that I think we both absolutely wish to see.

Clause 12, which is grouped with these amendments, requires a local housing authority to issue a notice of intent before imposing a financial penalty on a person under two of the new sections—16F and 16H—inserted into the 1988 Act by clause 11. It requires them to do so within six months of collecting sufficient evidence or, if the conduct is continuing, during the period that it continues within or within six months of it ending.

The clause further specifies that after a landlord has been issued with a notice of intent as required, a landlord will have the opportunity to make representations to the authority, which will then decide whether to issue the fine. What is more, even after an authority has heard representations and has still decided to impose a financial penalty, clause 12 gives the sanctioned party a right to appeal to the tribunal.

I ask the Minister—particularly in the light of the Government's having resisted our efforts to strengthen the Bill to ensure that the replacement possession regime cannot be so easily abused—why the Government have provided landlords, who, let us remember, a local authority is satisfied beyond reasonable doubt have contravened provisions contained in clauses 9 or 10, with a series of opportunities to evade a financial penalty.

Jacob Young: I am grateful to the hon. Member. I did not quite catch his question, so, if it is fine with him, I will write to him on that point. I apologise, because I did not quite follow it.

Lloyd Russell-Moyle: It'll be a very long letter.

Amendment 19 agreed to.

3.45 pm

Amendments made: 20, in clause 11, page 14, line 26, leave out "16F" and insert "16H".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 21, in clause 11, page 14, leave out line 28.

This amendment is consequential on NC3 and NC4. It removes the reference to landlords, since the replacement clauses will cover other persons too.

Amendment 22, in clause 11, page 14, line 35, leave out "as a result" and insert

"within the period of three months beginning with the date of the contravention".

This amendment applies where, in breach of new section 16E(2)(d), a possession notice specifies a ground which the landlord is not entitled to rely on, and the tenant surrenders the tenancy within 3 months following this. The amendment allows a financial penalty to be imposed whether or not the surrender is a result of the notice.

Amendment 23, in clause 11, page 14, line 37, at end insert—

"(1A) Where a landlord fulfils the requirement in section 16D, a local housing authority may not impose a financial penalty on a person who contravenes section 16D only by virtue of subsection (6) of that section.".

This amendment is consequential on section 16D(6) inserted by NC3. It prevents another person from being liable to a financial penalty for failure to give a statement of terms to a tenant where the landlord has given the statement instead.

Amendment 24, in clause 11, page 14, line 38, after "imposed" insert "on the same person".

This amendment is consequential on section 16D(6) inserted by NC3 and allows both a landlord and that landlord's agent to have penalties imposed on them for the same contravention, by narrowing the provision that restricts penalties being imposed for the same conduct.

Amendment 25, in clause 11, page 15, line 14, at end insert—

"(4A) Where—

(a) a local housing authority is satisfied as mentioned in subsection (1) in relation to two or more persons, and

(b) the contraventions in relation to which the local housing authority is so satisfied arise from the same conduct by one or more of the persons acting on behalf of the others,

the local housing authority may impose a financial penalty under this section on the persons (or some of them) jointly, and if the local housing authority does so, the persons on whom the penalty is imposed are jointly and severally liable to pay it.".

This amendment is consequential on NC3 and NC4 and allows a local housing authority to impose a joint penalty where persons have acted on behalf of others.

Amendment 26, in clause 11, page 15, line 17, leave out "16G" and insert "16I".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 27, in clause 11, page 15, line 25, leave out "16H" and insert "16J".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 28, in clause 11, page 15, line 31, leave out "16G" and insert "16I".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 29, in clause 11, page 15, line 32, leave out "16H" and insert "16J".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 30, in clause 11, page 15, line 37, leave out "16G" and insert "16I".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 31, in clause 11, page 15, line 38, leave out from beginning to end of line 10 on page 16 and insert—

"(1) A person who is a landlord under a tenancy to which section 16E applies, or is acting or purporting to act on behalf of such a landlord, is guilty of an offence if, in relation to the tenancy—

(a) the person relies on a ground in Schedule 2 which the landlord is not entitled to rely on, knowing that the landlord is not entitled to rely on it or being reckless as to whether the landlord is entitled to rely on it, or

(b) the person relies on one or more of Grounds 1, 1A and 6 in Schedule 2 and specifies in the notice under section 8, or purported notice under section 8 (within the meaning given by section 16E), that proceedings for possession of the dwelling-house will not begin earlier than a date specified in the notice, knowing or being reckless as to the fact that the date is earlier than 6 months after the beginning of the tenancy,

and the tenant surrenders the tenancy within the period of three months beginning with the date of service of the notice or purported notice in which the ground or grounds were specified.

(1A) Subsection (6) of section 16E applies for the purposes of subsection (1) as it applies for the purposes of that section.".

This amendment makes it an offence for landlords and people acting on their behalf, or purporting to do so, to serve notice using a ground for possession on which the landlord is not entitled to rely, if the tenant surrenders the tenancy within 3 months following service of the notice. It also makes changes consequential on NC4.

Amendment 32, in clause 11, page 16, line 12, at end insert

"but it is a defence for a person who contravenes section 16E(4) otherwise than as a landlord to show that they took all reasonable steps to avoid contravening it".

This amendment provides for defences that may be put forward by a landlord's agent where the agent contravenes the new section 16E(4) inserted by NC4.

Amendment 33, in clause 11, page 16, line 27, leave out "16F" and insert "16H".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 34, in clause 11, page 16, line 36, leave out "16F or 16H" and insert "16H or 16J".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 35, in clause 11, page 17, line 3, leave out "16F or 16H" and insert "16H or 16J".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 36, in clause 11, page 17, line 3, at end insert—

"(7A) Where an offence under this section committed by a body corporate is proved to have been committed with the consent or connivance of an officer of a body corporate, the officer as well as the body corporate commits the offence and is liable to be proceeded against and punished accordingly.

(7B) Where an offence under subsection (2) committed by a body corporate is proved to be attributable to any neglect on the part of an officer of a body corporate, the officer as well as the body corporate commits the offence and is liable to be proceeded against and punished accordingly.

(7C) Where the affairs of a body corporate are managed by its members, subsections (7A) and (7B) apply in relation to the acts and defaults of a member in connection with the member's functions of management as if the member were an officer of the body corporate.".

This amendment makes it possible for officers of a company or other body corporate to be prosecuted for offences committed by that body under new section 16G (which is re-numbered as 16I by other amendments).

Amendment 37, in clause 11, page 17, line 6, leave out "16H" and insert "16J".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 38, in clause 11, page 17, line 6, leave out "16G" and insert "16I".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 39, in clause 11, page 17, line 9, leave out "16G" and insert "16I".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 40, in clause 11, page 17, line 12, leave out "16G" and insert "16I".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 41, in clause 11, page 17, line 22, at end insert—

"(3A) Where—

(a) a local housing authority is satisfied as mentioned in subsection (1) in relation to two or more persons, and

(b) the offences in relation to which the local housing authority is so satisfied arise from the same conduct by one or more of the persons acting on behalf of the others,

the local housing authority may impose a financial penalty under this section on the persons (or some of them) jointly, and if the local housing authority does so, the persons on whom the penalty is imposed are jointly and severally liable to pay it.".

This amendment allows a local housing authority to impose a joint penalty where persons have acted on behalf of others.

Amendment 42, in clause 11, page 17, line 27, leave out "16I" and insert "16K".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 43, in clause 11, page 17, line 31, leave out "16F to 16H" and insert "16H to 16J".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 44, in clause 11, page 17, line 33, leave out "16F(4) and 16H(3)" and insert "16H(4) and 16J(3)".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 45, in clause 11, page 18, line 2, leave out "16F and 16H" and insert "16H and 16J".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 46, in clause 11, page 18, line 3, leave out "16F and 16H" and insert "16H and 16J".

This amendment is consequential on NC4 and NC5.

Amendment 47, in clause 11, page 18, line 4, leave out "16F and 16H" and insert "16H and 16J".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 48, in clause 11, page 18, line 7, leave out "16F and 16H" and insert "16H and 16J".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 49, in clause 11, page 18, line 8, leave out "16F to 16H" and insert "16H to 16J".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 50, in clause 11, page 18, line 9, leave out from "authority'" to end of line 10 and insert

"means a district council, a county council in England for an area for which there is no district council, a London borough council, the Common Council of the City of London or the Council of the Isles of Scilly.'"—*(Jacob Young.)*

This amendment makes clear that the functions of local housing authorities under sections 16F to 16I of, and Schedule 2ZA to, the Housing Act 1988 (which relate to England only) are not conferred on Welsh county councils and county borough councils.

Clause 11, as amended, ordered to stand part of the Bill.

Clause 12

Financial penalties: procedure, appeals and enforcement

Amendments made: 51, in clause 12, page 18, line 13, leave out "16I" and insert "16K".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 52, in clause 12, page 18, line 14, leave out "16F and 16H" and insert "16H and 16J".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 53, in clause 12, page 18, line 16, leave out "16F or 16H" and insert "16H or 16J".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 54, in clause 12, page 21, line 12, at end insert—

"(ca) the activities of a superior landlord in relation to such a tenancy,".—*(Jacob Young.)*

This amendment ensures that the proceeds of financial penalties imposed under section 16F or 16H of the Housing Act 1988 can be applied towards meeting the cost of enforcement functions relating to superior landlords as well as immediate landlords.

Clause 12, as amended, ordered to stand part of the Bill.

Clause 13

No criminal liability of the Crown under Part 1 of the 1988 Act

Amendments made: 55, in clause 13, page 21, line 32, leave out "16G" and insert "16I".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 56, in clause 13, page 21, line 33, leave out "16H(1)" and insert "16J(1)".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 57, in clause 13, page 21, line 35, leave out "16G" and insert "16I".

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Amendment 58, in clause 13, page 21, line 37, leave out from "in" to end of line 38 and insert

"paragraph (a) or (b) of section 16I(1) where the tenant surrenders the tenancy within the period of three months beginning with the date of service of the notice or purported notice in which the ground or grounds referred to in that paragraph were specified,".

This amendment is consequential on Amendment 31. It updates the Crown application provision to reflect changes made by that amendment. It refers to section 16I because the existing section 16G is re-numbered as 16I by Amendment 30.

Amendment 59, in clause 13, page 21, line 41, leave out "16G(4)" and insert "16I(4)".—*(Jacob Young.)*

This amendment is consequential on NC4 and NC5. It updates the new section numbering to reflect the fact that those new clauses insert new sections earlier in the 1988 Act.

Clause 13, as amended, ordered to stand part of the Bill.

Clauses 14 and 15 ordered to stand part of the Bill.

Clause 16

LIMITATION ON OBLIGATION TO PAY REMOVAL EXPENSES

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

Jacob Young: I know that the Opposition have a few questions about the clause, so I will allow them.

Matthew Pennycook: I bridle slightly at the use of the word "allow". *[Laughter.]* I have two questions for the Minister in relation to this clause. Under the provisions of the Housing Act 1988, landlords of assured tenancies are currently required to pay the tenant's reasonable moving expenses when they are awarded possession under ground 6, relating to redevelopment, or ground 9, where suitable alternative accommodation is available. This clause restricts that requirement solely to registered providers of social housing.

The Bill's explanatory notes simply state:

"When the Bill takes effect, all landlords will use assured tenancies, so this provision is necessary to ensure only private registered providers of social housing are required to pay removal expenses."

From our point of view, that does not explain why the Government believe it is necessary to remove the existing requirement for landlords to pay the tenant's reasonable moving expenses in instances where possession has been gained under grounds 6 or 9. I would be grateful if the Minister could respond to the following questions: first, why do the Government no longer believe it is reasonable to pay for a tenant's removal costs in cases under ground 6, where substantial redevelopment cannot take place with the tenant in situ, or ground 9, where suitable alternative accommodation has been identified? Secondly, why do the Government believe it remains appropriate for providers of social housing to cover those costs, if it is now judged inappropriate that private landlords should have to do so?

Jacob Young: I am grateful to the hon. Gentleman for his questions. We think it is an unfair burden to ask private landlords to pay for removal costs, which prevent them from redeveloping and ensuring that good-quality housing stock is available on the market. The purpose of the current requirement is to ensure that social tenants are paid moving costs when a social landlord is using grounds that help them to manage their stock—that is, redeveloping a property and moving tenants into suitable alternative accommodation. It would be unfair to place that burden on private landlords if it were applied to them and widened to include all no-fault grounds: for example, a landlord might find themselves in financial difficulties and need to sell or move into a property. I hope that answers the hon. Gentleman's questions, but if he wants to reply, he can do so.

Matthew Pennycook: I am still not clear why it is deemed appropriate under those two specific grounds for assured tenancies—as is currently the case—but not under the new system. However, I am not going to press the matter any further.

Question put and agreed to.

Clause 16 accordingly ordered to stand part of the Bill.

Clause 17 ordered to stand part of the Bill.

Clause 18

ACCOMMODATION FOR HOMELESS PEOPLE: DUTIES OF LOCAL AUTHORITY

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

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

Amendment 178, in schedule 2, page 77, line 17, leave out "omit subsection (5)" and insert—

"for subsection (5) substitute—

'(5) A person is also threatened with homelessness if—

(a) a valid notice has been given to the person under section 8 of the Housing Act 1988 in respect of the only accommodation the person has that is available for the person's occupation, and

(b) that notice will expire within 56 days.'"

This amendment would maintain the homelessness prevention duty owed by local authorities to persons who have received a notice to vacate a property and would extend it to notices for possession issued under section 8 of the Housing Act 1988.

Amendment 179, in schedule 2, page 77, line 26, leave out "omit subsection (6)" and insert—

"for subsection (6) substitute—

'(6) But the authority may not give notice to the applicant under subsection (5) on the basis that the circumstances in subsection (8)(b) apply if a valid notice has been given to the applicant under section 8 of the Housing Act 1988 that—

(a) will expire within 56 days or has expired, and

(b) is in respect of the only accommodation that is available for the applicant's occupation.'"

This amendment would ensure that the homelessness prevention duty owed by a local authority cannot end whilst a valid notice under section 8 of the Housing Act 1988 has been issued in respect of the only accommodation available to that person.

Government new clause 7—*Accommodation for homeless people under section 199A of the Housing Act 1996.*

Mike Amesbury: I rise to speak in support of amendments 178 and 179, which stand in the name of my good and hon. Friend the Member for Greenwich and Woolwich, the shadow Minister. I am part of the Front-Bench team.

I know that everybody in this Committee room shares my firm belief that no one in our society should face homelessness. Research from Crisis and Heriot-Watt University shows that nearly a quarter of a million households across England now experience the worst

forms of homelessness. Lots of us will see the visible consequences of that human tragedy as we travel into Westminster day in, day out, and far too many of us deal with those consequences week in, week out through our caseloads—with people who are in temporary or emergency accommodation. In fact, temporary accommodation is becoming de facto permanent in far too many cases.

According to the Government's own latest data, 298,000 people are homeless—a rise of 6.8% on just a year ago. The end of a tenancy in the private rented sector is a leading cause of homelessness in England, accounting for over a quarter of households seeking support. To their credit, the Government supported the Homelessness Reduction Act 2017, which began as a private Member's Bill championed by the hon. Member for Harrow East (Bob Blackman)—a Bill that many of us from across the political divide welcomed. Part of the Act ensures that private renters have the right to immediate help from their local authority—the prevention duty, which we are all familiar with—on being served a section 21 notice by their landlord.

Since the 2017 Act came into force in 2018, over 640,000 households have been prevented from becoming homeless or supported into settled accommodation. Hence, it makes little sense that the Bill is diluting that right. It could lead to missed opportunities to help families avoid becoming homeless. I am genuinely perplexed by this and look forward to the Minister's answer on this matter in the not-too-distant future.

We know that this issue is even more critical right now, as we see a complete lack of genuinely affordable housing options for people who are homeless or at risk, evidenced by the shockingly high numbers of families trapped in temporary accommodation and the rising numbers of people forced to sleep rough on our streets. Everyone In, from the not-too-distant past, seems to be becoming "Everybody Out" at quite a rapid rate. Just over 7,600 homes for social rent were built last year. If we take right to buy and demolitions into consideration, I think on average since 2010 that takes us into the minus 14,000 territory. It is certainly distant from the "building back better" rhetoric that we had in the not-too-distant past. We live in a world where 1.2 million people are in desperate need of social housing.

Currently, a tenant served with a valid section 21 notice can take that notice to their local authority, which automatically accepts the prevention duty and spends the next two months either helping them find somewhere to live or helping to sustain their tenancy. This benefits tenants, landlords and local authorities. It presents a clear opportunity to provide help that could prevent homelessness. When it works, it avoids a traumatic experience for tenants who are facing costly placements in temporary accommodation from local authorities, and a landlord can retain a paying tenant. However, as a consequence of the changes in the Bill, the clarity that a tenant has when served an eviction notice—they are owed a prevention duty—and threatened with homelessness has now been removed.

Tenants served with a section 8 notice will no longer have the right to immediate help from the council, even though there remain no-fault, mandatory grounds within section 8 notices. For example, when a landlord seeks to sell or take back the property for a family member, that could easily result in a tenant becoming homeless, just as the current section 21 notices can lead to. This dilution of rights puts tenants at greater risk of homelessness, which is far from the stated aims of the Bill.

A local authority will instead need to decide whether tenants are threatened with homelessness and make that judgment—on the serving of the notice, when the notice expires, at a court hearing or when the court has granted a possession order? Without the legal trigger or automatic right upon notice, it will take more time to establish what help is needed, making the prevention duty more onerous for local authorities. It risks tenants facing burdensome additional tests and gatekeeping. That gatekeeping is driven in a lot of cases by the precarious finances of local government, not really made any better by yesterday's autumn statement. Authorities might tell tenants to come back at a later date—maybe when a landlord has started court proceedings—and well beyond the point at which steps to prevent homelessness, such as help with rent arrears, could have been taken. This will create a postcode lottery up and down the nation.

4 pm

I recognise that due to years of underfunding and a complete lack of social housing, local authorities' homelessness services are under immense pressure. Yet the change risks people falling through the cracks and missing out on vital early support. Even more people will be forced into stays in unsuitable temporary accommodation or sleeping rough on the streets, and local authorities will face the more complex and costly task of relieving cases of homelessness.

In its written submission, Shelter argues that removing the right to assistance under the prevention duty following an eviction notice could breach equalities legislation. It is likely that people with certain protected characteristics, such as mental health, learning and/or physical disabilities, would be at disproportionate risk of repossession, eviction and intentional homelessness. I am sure that is not the intention of the Minister or the Government.

There are currently more than 104,000 households languishing in temporary accommodation, with long-term impacts on their health and wellbeing. Last year, the cost to councils was £1.7 billion. Temporary changes announced yesterday to the local housing allowance are welcome, albeit very late for far too many and they need to be on a sustained footing. If we are serious about tackling the prevention of homelessness, I urge the Minister to support our amendment.

Amendments 178 and 179 seek to restore clarity and consistency, ensuring that tenants maintain the right to access support when served with a valid section 8 eviction notice. It is prevention-focused, reconnecting with the principles of the Homelessness Reduction Act 2017. The amendment is to replace the consequential amendment in schedule 2, paragraph 9 relating to section 175 of the Housing Act 1996, on "homelessness and threatened homelessness". The current effect of the Bill would be to remove a person's automatic right to be considered "threatened with homelessness" if they are served with a valid no-fault eviction notice under section 21 of the Housing Act 1988.

In summary, the nature of section 8 grounds offers broader opportunities for compromise and co-operation between tenants and landlords. With access to the right

support to put in place arrangements such as a rent repayment plan, tenancies can be sustained, benefiting all parties. The amendment, to maintain access to the prevention duty, would ensure that homelessness from the private sector can be reduced. I urge the Minister to support the amendment.

Jacob Young: I am grateful for the hon. Gentleman's comments. The reforms in the Bill will remove fixed-term tenancies and section 21 evictions. The changes mean that we also need to amend part 7 of the Housing Act 1996 to make sure that councils' statutory homelessness duties align. Clause 18 makes three changes to homelessness legislation.

First, the clause makes changes to how local authorities discharge their main housing duty. One of the ways in which local authorities may currently bring their main housing duty to an end is by making an offer to a tenant of a suitable private rented sector tenancy with a fixed term of at least 12 months. With the removal of fixed-term tenancies, section 193 of the Housing Act 1996 is amended to refer instead to an "assured tenancy".

Secondly, the clause amends section 193C of the Housing Act 1996, relating to what happens when a person owed either the prevention or relief duty deliberately and unreasonably fails to co-operate with the local authority. If the local housing authority is satisfied that the applicant is, first, homeless; secondly, eligible for assistance; thirdly, has a priority need; and fourthly, is not intentionally homeless, the applicant is still owed a duty to be accommodated. However, that duty is currently a lesser one than the main housing duty. The lesser duty is to offer a fixed-term tenancy of at least six months, as opposed to the period of at least 12 months required under the main duty. With the repeal of fixed-term tenancies, the lesser offer is redundant and removed by the clause.

Thirdly, subsection (4) repeals section 195A of the Housing Act 1996, which is the duty in homelessness legislation

"to offer accommodation following re-application after private sector offer."

It is known more commonly as the "reapplication duty". The reapplication duty is a homelessness duty that offers accommodation following a reapplication after a private sector offer, where the applicant becomes homeless again within two years and reapplies for homelessness support. The duty applies regardless of whether the applicant has priority need. It was introduced to respond to concerns that, due to the short-term nature of assured shorthold tenancies, applicants who accept a private rented sector offer may become homeless again within two years and no longer have the priority need.

The increased security of tenure and removal of section 21 evictions through this Bill means that the reapplication duty will no longer be relevant. The amendment will streamline the management of reapproaches, and make sure that all applicants are treated according to their current circumstances at the point of approaching. There will be no differential treatment between those placed in either private rented or social housing accommodation.

Amendments 178 and 179 seek to broaden the scope of those threatened with homelessness, and thereby owed the prevention duty, to all those who have been served with a valid section 8 eviction notice that expires within 56 days, and to remove the option for local authorities to limit the assistance under the prevention duty to 56 days.

These amendments would prevent a local authority from using its judgement as to whether there is a risk and from deploying its resources to cases where there is a more imminent risk of homelessness. If the amendments were accepted, they could result in local authorities having cases open for a long time. Requiring local authorities to accept a duty in such circumstances, with no time limit, would create significant resourcing pressures. That would ultimately be to the detriment of those seeking homelessness support if local authorities were overwhelmed and unable to manage their increase caseload.

Local authorities are experienced at identifying when someone is threatened with homelessness, as opposed to arbitrary requirements that do not account for individual circumstances.

Lloyd Russell-Moyle: The Minister must acknowledge that local authorities will push lots of constituents back to the very last statutorily permitted minute because their resources are so pressured. That often makes the situation worse: it is saving a penny here, but losing a pound down the road.

Homelessness duties are mixed and varied. Some of them, with early intervention, can mean re-placing in the private sector—that actually does not cost the local authority very much. Without providing a clear duty, many officers will go to councillors saying, "You need to push the policy back to the statutory minimum, because we cannot do anything else. That is all we can do at the moment." Those conversations are happening in every council. Surely the Minister recognises that without clear statutory guidelines on when they need to intervene, councils at the moment, I am afraid, will not.

Jacob Young: I thank the hon. Gentleman, although I do not think his intervention directly addresses the amendment. The amendment would put more burden on local authorities. For example, if I was served a section 8 notice, I would not need to be covered under the homelessness prevention duty, because just me and my partner would be involved. We do not have any dependants, and would probably find it quite easy to find a new property. It is important that we do not overburden local authorities unnecessarily, as these amendments would.

Lloyd Russell-Moyle: The duty does not mean a requirement for a place for every person; it means that there is a duty to analyse the need of the person, assess their ability to access the market and provide access into the market in different ways. If the Minister was involved, the duty would be for the council to point him in the direction of private letting agents; to ensure that he was able to search properly; and to monitor and ensure that he was getting on with that properly.

The duty is rather light-touch. The danger is that if we do not provide a duty that everyone comes through, including light-touch people—of course, no one has to go to their local authority, so they could just divert that if it was the Minister anyway—the most vulnerable people will not come at all until it is too late. Does the Minister recognise that vulnerable people tend to come only when it is too late if they feel that there is not an earlier duty?

Jacob Young: I understand the hon. Gentleman's point. That is why we have said, in various discussions throughout the debate, that forms will be provided to people when they are served with such an order. They will be pointed in the right direction. That addresses the hon. Gentleman's concerns, rather than forcing everyone to be considered under the duty, no matter how light-touch—*[Interruption.]* I do not think that I need Redcar and Cleveland Council to be worried about me.

Lloyd Russell-Moyle: But then you wouldn't apply!

Jacob Young: I will end that point there.

Government new clause 7 delivers a technical change that will ensure that a tenancy granted in carrying out a local authority homelessness duty to provide interim accommodation cannot be an assured tenancy, other than in the circumstances allowed for. There is an existing provision in the Housing Act 1996 that already provides an exemption to that effect; however, it does not encompass all instances where the local authorities have an interim duty or discretion to provide temporary accommodation, as section 199A is not included. The new clause remedies that. It allows private landlords who provide local authorities with temporary accommodation to regain possession of their property once the local authority's duty to provide it ceases. That will ensure that local authorities can continue to procure interim temporary accommodation to meet their duties.

I commend the new clause to the Committee, and I ask the hon. Member for Weaver Vale not to press the Opposition amendment.

Mike Amesbury: It is essential that the prevention duty is extended here. The Renters (Reform) Bill is supposed to be about homelessness prevention. Local authorities use their discretion, as my hon. Friend the Member for Brighton, Kemptown said. I will not press the amendment.

Question put and agreed to.

Clause 18 accordingly ordered to stand part of the Bill.

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

4.12 pm

Adjourned till Tuesday 28 November at twenty-five minutes past Nine o'clock.

Written evidence reported to the House

RRB38 Universities UK

RRB39 Student Accredited Private Rental Sector

RRB40 College & University Business Officers (CUBO)

RRB41 Citizens Advice Gateshead and Citizens Advice Newcastle (joint submission)

RRB42 Disability Rights UK and Inclusion London

RRB43 openDemocracy