

Richard Blanco:

Hello, and welcome to Listen Up Landlords with Ben Beadle and me, Richard Blanco. Membership of a redress scheme has been compulsory for letting agents in England since 2014. The UK government revived the idea of an equivalent scheme for landlords in England in the Queen's speech in 2021. Well, the NRLA has launched a pilot redress scheme to try to get ahead of the game before the government makes firm proposals, but also to capture best practise and create a model that works well for all. Tim Frome from Hamilton Fraser runs the property redress scheme and will explain how the pilot will work. NRLA compliance specialist, Catherine Behdad is back with us today with some top tips and to tell us what issues you've been calling the advice sign about this month.

Richard Blanco:

But first in 2000, the then deputy prime minister, John Prescott availed proposals to bring all social housing up to a decent home standard by 2010. Well, in its recently published Levelling Up White Paper, the government has announced that it wants all private sector housing to meet a decent home standard, and it will consult on a definition. Now Ben, we're both landlords. It's starting to dawn on a lot of us that we may have to spend up to £10,000 per property on energy efficiency improvements to meet proposed EPCC target by 2025, and now this sounds like it could be expensive too. What do you think?

Ben Beadle:

All the more reason for us to articulate an appropriate standard that meets the PRS would be my view on it. And I've been talking to the shadow housing minister today and the housing minister last week about just that. So we're bringing together our ideas to make sure that it is what the government wants, but also that it's fit for purpose because the current decent home standard is quite out date. 2006 it came in, applies to social housing and there's a lot of arbitrary stuff in there that I don't think would fit well with the private renter sector.

Richard Blanco:

Yes, absolutely. And that's the key, isn't it? Really tailoring it to, well, it says all tenures in the Levelling Up White Paper. I suppose there's lots of questions around whether there'll be grants and how it's going to be enforced and will over stretched local authorities be able to cope. What are your thoughts on all of that, Ben?

Ben Beadle:

Well, my thoughts on all of that is that there's a review process going on at the moment on the decent homes standard, and I think government clearly want a standard that applies across the sector. But the noise is that certainly I've heard from civil servants and others is that there's a desire to want to make sure that it works across the sector. So that means having a sensible approach and not an arbitrary approach to things like room sizes and ages of bathrooms and things like that. And the other thing is, much like the energy direction of travel, we can't just have stick in all of this, there does need to be a bit of carrot as well. So we're hunting out those carrots as we speak.

Richard Blanco:

It's interesting you say that Ben, because reading the Levelling Up White Paper, there are not a lot of carrots in there for the private renters sector and the government really focuses on home ownership,

talks about turning renters into home owners, and it's almost like PRS is a kind of a convenience that has to be sort of dealt with.

Ben Beadle:

Well, I think what the government will have to get to grips with is that you can't turn generation rent into generation buy if people can't afford it. We've got energy crisis, we've got cost of living crisis. We've got a whole range of things that are going on at the moment and if government wants to meet their aspirations, people will need a leg up in a number of ways. That's the reality that hopefully Rishi Sunak will be announcing in the not too distant future.

Richard Blanco:

Yes. The Levelling Up White Paper also confirm the abolition no fault eviction and says it wants to explore a national landlord register. I mean, are there opportunities do you think in there, Ben to abolish licencing do you think, to replace it with a register?

Ben Beadle:

Yeah, I do. Because again, and these points have been made by the NRLA, I mean, some of this stuff is not new. The abolition of Section 21 was first announced in 2017 when Theresa May was Prime Minister. Remember her? So there's a lot of recycling going on of news and announcements, so we mustn't think that this is new stuff. But for sure, think if we are looking at a landlord register, and I don't think the case is made, then there has to be a quid pro quo because why should I be registered in a local authority as well as a national authority for the same purpose? The overriding goal of landlord registration is to aid enforcement, but that's a damning indictment of the licencing system if it doesn't already do that. So you can rest assured that the NRLA will be very noisy on this topic. And we're going to talk about redress later as well, and I can't see any reason why you would double up with a licencing scheme if you're going to ask landlords to sign up to a redress scheme. Bonkers.

Richard Blanco:

Yeah, absolutely. I agree with you, Ben. What worries me is the lack of joined up thinking and the lack of vision really and clarity and clear thinking, all of those things that we've been banging on about for years. Very frustrating. And-

Ben Beadle:

It is frustrating and it's something that the National Audit Office called the government out on a few months ago, the lack of a coherent strategy for the sector. And we need to get better at not coming up with new initiatives that can't be enforced and they're just added to the patchwork quilt that is housing policy. We do need a proper strategy for what the private renter sector stands for because the PRS 10 years ago was predominantly, I'm oversimplifying, but students and professional sharers. Now we've got families, children, older people, disabled people. We've got a whole range of people that the PRS is having to cater for. It was never designed to do that.

Richard Blanco:

Yes, exactly. Well, let's bring in Gavin Dick, who is from the NRLA policy team, and welcome to the programme, Gavin. Thanks very much for joining us.

Gavin Dick:

Hi there.

Richard Blanco:

Hi. And we want to talk about this decent home standard that the government is going to consult on now. Just start off Gavin, by giving some insight into why now. Why is the government raising this issue of a decent home standard in the PRS?

Gavin Dick:

First of all, I think you got to look at the personalities behind why it's being introduced. I think you can't go much further than Michael Gove. I think Michael Gove's come in and he wants to be seen as [inaudible 00:06:35] and he is seen as a sector of state who delivers. He delivers certain things and he wants to be seen to be delivering. He's probably got ambitions still to go further, and by coming in saying I can deliver these things within the private rental sector, within D lock, as it's now called, he can then say I've delivered these things in education. I've delivered as chief work. I've delivered in environment sector. I'm now delivering as community secretary, and I think that's what he wants to be seen as, someone who's actually delivered something and transposing a standard across all tenures is something he can say, this is what I've done. Tick the box. Move on.

Richard Blanco:

Yeah. So he's a man who likes to make things happen and be seen to be making things happening, isn't he? Now, just give us some insight as well, Gavin, into what the social housing decent home standard required. Because I remember talking to you about this many years ago, where we were very clear that it didn't really fit the PRS at all and that it was actually quite a loose concept.

Gavin Dick:

Yes. And I think where decent home standard fits is really looking at it from a perspective of is reaching the current minimum standard, so that is where it's starting from. Now, there are conditions put in. So bathrooms and kitchens famously are always flagged up being 20, 30 years old or not exceeding that age, but actually it's not that because you can hit a couple of them and still pass or not hit a couple and still pass. But it's about meeting the minimum standard. I think what Ben said a minute ago is actually important. Is the property fit for purpose? So an arbitrary figure isn't ideal because if the property's not fit for purpose, the bathroom could be three years old, but it's not fit for purpose. Equally, it could be a hundred years old, so it could be put in 1920s, marble, very elegant and a very expensive house, but still fit for purpose. So I think it's understanding what that actually means and what that actual property looks like. So I think they need to unpack it, look at what the private rental sector covers and how this standard can apply.

Richard Blanco:

The White Paper says that 16% of properties are classed as non decent, that's four million homes. And as we've said, the government plans to review the decent home standard so that it can be applied to all tenures, including the PRS. So what sort of things is the review going to be looking at?

Gavin Dick:

So the review is underway already. So the review started for social housing last year and it's now been extended. Obviously now it's covering the private rented sector. So what they're wanting to make sure is properties have got a degree of thermal comfort, a reasonable state of repair, modern facilities. But they're looking at ventilation, home security, window restrictors, electrical safety. The stuff which has been applied to the PRS, but in various different acts is probably where it sits. And what they're trying to do is bring it all together, I imagine. There's also the other issues, which I think always crop up which always have been such as refuse management. What does that look like? But again, each house is different, each property is different. How is that going to work for those properties? So going back to the comment you said a minute ago, one size doesn't fit all for the PRS because there's a smorgasbord of different properties, property owners, and what people are looking for within the private rented sector.

Ben Beadle:

And Gavin, thinking about the practical elements of being a landlord and a homeowner, what sort of changes might need to be made to PRS properties? Appreciate the review isn't complete yet, but what do you think?

Gavin Dick:

So, whereas currently under HHSRS, health and housing safety rating system, it's the inside of the property that's looked at. Decent home standard also looks at the outside of a property, so of the fabric of the property as well is looked at, and I think that's probably the big difference coming down the track, but at the same time you've, as you said already, you've got to blend this in with what's coming in [inaudible 00:10:27]. What's that going to look like? And what's that going to look like in 10 years time, not just in this iteration of it? So I think they need to move it forward. I know we've talked in the past as the NRLA about a log book or a property passport, which is a bit more appropriate because a lot of these information tenants will want such as when was the bathroom put in? When was the installation put in? So how's that information conveyed is going to be an important part, and as some form of log book will be the most appropriate way for that. So I think going forward, we have to look at what that property is, how is it used by a landlord and how's it used by a tenant and how's that information transferred as well?

Ben Beadle:

And if the decent homes standard is updated, it comes out, what do you think, what's your best guess about what the expectation is going to be about who pays for some of this stuff and whether there will be support there? I think I know what the answer's going to be.

Gavin Dick:

Yeah. So again, where I think support will go, I think there will be some support, but I think that's going to be much more of the industrialised parts of the United Kingdom and where there's more challenge over house prices. So where there is house prices where you have equity and you can borrow against it, that is probably not where the grant's going to go. But where there is a greater challenge because you don't have the equity or you don't have the gain in the property, that's probably where the grant is going to go.

Ben Beadle:

Indeed. Thank you. And how can you see this policy playing out then? Is there anything that we can learn from what the social sector did back 20 or so years ago?

Gavin Dick:

Apart from getting massive grants from government?

Ben Beadle:

Yeah.

Gavin Dick:

I think what's important is how long it took social housing to bring their properties up to that standard. Now, I don't think the PRS is in the same position as social housing was in 2000. I think the PRS is a lot further down the track. I think the standards are a lot higher than where they were in social housing, but I think it's about having that plan. What is that property going to do over the next 20 years? What is that journey for the property? So what's going to happen to energy efficiency? What's going to happen on decent home standards? Is there areas where they're going to push further? So room size, what's that going to be? We know what the minimum is; is that going to be expanded? What they're looking for, for facilities. Waste is an area they're looking at, but councils keep increasing the number of waste bins that you actually have. So how are they all going to be stored? And is that appropriate in every size of property? There's a difference between a four-bed detached house and a two-bed terrace and the number of bins you have and where you store them has to be understood as well, and how is that collected?

Gavin Dick:

So I think the conversations are happening, but understanding that not all properties are the same and not all needs are the same. So there has to be pragmatism in how it's implemented and how it's applied. So saying all properties have to be to this standard, not all properties can hit that standard regardless for a simple reason it could be a back-to-back property, it could be terrace property, it could be whatever. So we need to understand what those properties are and how they're going to go on that journey.

Richard Blanco:

You mentioned back-to-back properties and of course, terrace properties, Gavin. One of the issues faced by the PRS is a lot more stock is pre-1919, than social housing stock. So I mean, a lot of lands might see this as quite unfair that similar sorts of standards are being applied and that somehow they're going to have to pay for them.

Gavin Dick:

And that's why, as I say, government's going to have to give something on this. The minimum standards have to apply to all properties. That's fine. But you then have to have variation within that if that property a challenge. For example, you can't turn around and say there's a back-to-back, you need to do this when that's just not possible because it's a back-to-back property. Equally, flats a different kettle fish. You're going to have to have a different application to that because there's various different parties that are involved in the discussions. So again, it's understanding all those different parameters, whether it's an HMO, how's that work and all HMOs are slightly different. Local authorities are going to have to apply discretion, understand what the minimum is and then work from that to what that property can

achieve. And again, that's why I think the log book property passport would be a useful tool because that allows the landlord assure what that property can achieve and that journey that property's going on from that landlord's perspective.

Richard Blanco:

Yeah. I mean, have we got any signals from the government that they will embrace this idea of the log book, the passport, the MOT, all those sorts of ideas? And I'm just wondering, what are the alternatives as well, Gavin, to simply having a decent home standard? We all want to see property standards improve in the PRS, but should we be doing it via a different route?

Gavin Dick:

Well, again, I think the question is not decent home, is it fit for purpose standard is probably a bit more appropriate. Most landlords build a portfolio based on a grouping of people they're going for. Students, elderly people or whatever. And it's about getting your properties to meet that standard. So is it fit for the person who's living in that property is a much more appropriate standard than just saying, this is the minimum. This is how it should be because most landlords want to keep the tenants, want to keep them for a long time and having a standard of housing, which is meeting their needs is appropriate.

Ben Beadle:

No, quite agree, Gavin. And last question, if I may. Are there any opportunities here for the PRS? Anything positive that we can finish on?

Gavin Dick:

I think there are. I think the PRS is in a good state. I think survey after survey from government comes out and saying tenants are overwhelmingly happy with the tenancies that they have and they like the tenancies that they have. So I think this idea that people don't want to live in the PRS is a myth. I think people are wanting to live in the private rental sector. It gives the flexibility to what they want and the opportunities that they want. So I think it's about saying the PRS is a choice for people and there is a wide spectrum of properties in the private rental sector, which people are accessing. You can go on any app to look at which properties you can want to rent and there's a wide selection and it's about meeting what people's needs and requirements are. And I think when you look into the student market or any other market, you'll find the standards are a lot higher than the minimum standards. And I think that's the bit because they're catering for what the tenant is actually requiring, not necessarily what government thinks is the best for them.

Richard Blanco:

Yes. That's a good note to finish on actually, Gavin, that the PRS is actually very customer sensitive and customer focused. Fantastic. Thank you very much for joining us.

Gavin Dick:

Thank you.

Richard Blanco:

[crosstalk 00:17:14] Gavin Dick from the quality team at the NRLA. Well, the sun is shining as we record the podcast today, and of course, the sun is always shining at the NRLA advice line, isn't it, Catherine?

Catherine Behdad:

It certainly is, Richard.

Richard Blanco:

Fantastic. Catherine Behdad, you are one of our compliance specialists at the advice line. Give us a favour of what's been coming up this month.

Catherine Behdad:

We've understandably had lots of calls about the situation in Ukraine this month. Lots of our members wanting to help out either offering up properties of their own or fielding calls on behalf of their tenants who are looking to offer up a spare room. So that's all good. We've got news updates on our website that I'd urge members to check if they want to get involved. There's, as usual, not too much detail from the government been announced as yet, but our policy team are on it as and when answers to various questions that will be updated on the website.

Ben Beadle:

And Catherine, landlords looking at their rents at the moment I understand, but increasing the rent with an existing tenant in place is not always the most straightforward, is it?

Catherine Behdad:

Well, no. Understandably, not many people like the rent increase notice dropping on the doormat. It doesn't have to be too difficult. Most tenancies, if they're in their periodic phase will only require a month's notice from landlords, but on a practical note, I would always urge members or landlords in general to try and have a conversation with their tenants rather than just dropping a notice on the mat, explaining mortgage rates are going up. The energy crisis certainly is going to affect a lot of our members who have got HMOs and all inclusive rent. And obviously, a lot of our landlords did reduce their rents during COVID to help out tenants, so obviously members are looking at getting their rents back to more sort of market levels now. So I think giving tenants, the background, explaining why is a good starting point for the discussion.

Ben Beadle:

Of course, no tenant wants to have a massive increase, do they? But getting into the rhythm of a small annual increase, notwithstanding the costs going up for landlords is probably the best way to go about it?

Catherine Behdad:

Yeah, I would think so, although I'm guilty of perhaps not doing that myself. I always dread having a conversation about money with people, but I think if you are open and honest with them and be prepared to negotiate. You may propose a figure and be prepared for the tenants to come back and counter that with possibly something that's more affordable for them. And I think if it's a genuine situation, when you factor in if you don't negotiate with them and if you don't accept their counter offer, you may well have a month's void if they decide to move out, and that's counterproductive. Your costs in having a month's void with all the associated things that come with it is going to outweigh probably many, many months of whatever small increase you were seeking.

Ben Beadle:

Agree. And you'd recommend having a discussion with the tenant prior to serving any type of formal notice on them to see what they can afford?

Catherine Behdad:

I think that's the general consensus, yes. I mean, there are probably times when a discussion isn't available to you, but certainly from my point of view, I would always seek to engage with my tenants first, maybe tie it in with an inspection visit and maybe just sort of broach the subject. And yes, although in many cases a month's notice is the minimum required. If you can afford to give more notice or perhaps look at tying it in with traditional salary increases, then that might be a good way forward too.

Richard Blanco:

I review my rents every two years actually, Catherine and Ben, and I find that takes the pressure off a bit and I find tenants find that quite comforting and just it feels quite reasonable. I don't know what you think of that, Catherine.

Catherine Behdad:

Yeah. Well, I do agree with Ben as well, although it's not a case of practise what you preach with me. But I think if your tenants are in the position of knowing when they can expect a rent increase, then obviously that softens the blow. So yeah, if you're doing it on a two-year basis, then they know to expect that. But equally an annual increase is not something that's out of the ordinary, I wouldn't say.

Ben Beadle:

Catherine, so good to talk to you again. Thanks for joining us.

Catherine Behdad:

No problem. Thank you.

Richard Blanco:

Now, for good or for bad, landlords across England may be mandated to join a redress scheme if the government decides to follow through on proposals it revived last year.

Ben Beadle:

The NRLA is trying to stay one step ahead of the game by launching a pilot redress scheme. Tim From, Associate Director at Hamilton Fraser is here to tell us more. Welcome, Tim. You run one of two pilots that are running, one with PRS and one with our good friends at TDS, and yours is called the Property Redress Scheme. Tell us a little bit about it. Why is the government considering introducing the redress scheme with the landlords?

Tim Frome:

Well, it's been rumoured for a while that the government were looking to launch some form of redress to the landlords and there's been quiet discussions about it, and policy leaks, I guess, have occurred beforehand, but now they seem to put their foot on the accelerator a little bit and there's strong rumours that it's going to be in the White Paper that's being released. And we are already in discussions

with the relevant civil servants at the department for levelling up about how this is going to look. So because we at the Property Redress Scheme have been running redress for letting agents, property management agents and also sales agents since 2014, we have our regular meetings with our civil servants where they tell us what is likely to be on the agenda, and in the last six to eight months they've been making stronger noises about this. This is why we have decided that it'd be a good idea to try and get ahead of the game and assist them and work with the NRLA to put together a pilot for the benefit of your landlord members and also then to get some data, to get some experience to explain to be writing the policy what it needs to do to be a fit for purpose.

Ben Beadle:

No, indeed. We certainly think it makes a lot of sense, but can you give us a couple of sentences, Tim, a bit of detail about how the pilot scheme will actually work?

Tim Frome:

The NRLA have decided to assign any members up that wish to opt in for free for a year through their own NRLA online account. There's quite a straightforward opt in from clicking the opt in button. It will either allocate that landlord to come into us at the property redress scheme or across to that TDS administered version. We send that landlord bit of extra information about the scheme that we're running and also a leaflet that they will be expected to provide to their tenants and basically direct the tenants to our website. The remit of the type of complaint that we're going to be dealing with is factored around the NRLA code of conduct. The tenant will obviously be expected to raise their issue with the landlord first and the landlord will be given a reasonable opportunity to try and resolve that matter directly. And only then if the matter hasn't been resolved directly, they can raise it with us. We will have a look at it and see if it's something that we feel fit the remit really, and then do what we can to try and bring the parties together and get the matter resolved. So it's a bit like a mediation, but it's softer touch than that.

Tim Frome:

If one of our experienced dispute resolution professionals can't achieve that, the case set up will provide what they deem to be advice on the situation. So they'll just say, look, from what I can see this is what I think should happen. Because this is a pilot, it's not mandatory. And talking about carrots and sticks earlier, because this is a pilot we're doing it to try and help people. There's no mandatory element to it at this point in time. But what we would hope is that landlords are going to be reasonable people and they would be looking to try and get the matter resolved anyway.

Ben Beadle:

You've got form when it comes to redress. How is this scheme going to be different to established schemes with letting agents?

Tim Frome:

There are some loopholes. So when we're dealing with letting agent complaints, that agent could put their hands up and say, "Well, it's nothing to do with me. Gov, I've done everything I can, but the tenant isn't really very happy with the situation," and that's usually because it happened to be the landlord that is in control of why the tenant is happy or not. So what this will do is hopefully close that loophole. And what we'd look to do is when this becomes a mandatory scheme, we'll find a way in which we can cover redress across both agent and landlord so it's dealt with in one complaint. The other thing, just in terms

of making sure that it's a scheme that's fit for purpose for the landlord, is making it cost effective and user friendly.

Richard Blanco:

I'm just wondering Tim, whether the scheme could be open to abuse, because tenants could complain to the redress scheme to spite their landlords with malicious intent, knowing that landlords will then have to cover the costs of the whole thing.

Tim Frome:

Well, what we do is even for our agency model where they have to pay for complaints, they don't pay for the initial stage of the complaint. So it's only after we've done an analysis of the complaint, looked at it, only if there's not an achievement and at that stage, the agent has to pay the complaint fee. So they're given a kind of first shot at trying to get it resolved before they have to pay a fee. But also, if there is a vexatious complaint being raised, obviously we would deal with that.

Richard Blanco:

Something I hear so much that face to face land reforms, I guess when we had those all those years ago, landlords often say there are all these avenues for tenants to complain about them, but what about landlords complaining about tenants? Can the redress scheme be used in any way to help with that?

Tim Frome:

The way that the government is envisaging landlord redress, is that obviously it's redress against landlord. So it's where the tenant has a complaint against the landlord, and if you look at other redress-type legislation schemes, it's generally the consumer is the person that is in control of the redress process. I think where there are issues the other way around, so the landlord is having a problem with the tenant and would prefer not to go down the legal route, is that they would try to maybe use a mediation scheme instead. But I feel that there's going to be a lot more use of that scheme as well.

Ben Beadle:

Well Tim, this is going to be running a year, so how are you going to evaluate the scheme as to whether it's been a success or not?

Tim Frome:

Well, hopefully, which are going to have some complaints raised. When I'm looking at the larger scheme, I'm trying to keep the complaints down. The whole point of this pilot is that we actually get some evidence. So really the way that it works, the tenant's going to be able to raise a complaint on our website, be able do real time analysis of what's happening. We'll probably do a case study on every single complaint if we can, and then we'll be reporting to yourself and then regular communication with civil servants.

Ben Beadle:

Good stuff. Well, I'm going to ask you to dust down your crystal ball now, if I may, and we obviously know that this is in the ether, have you got guess as to when a mandatory scheme might be seen?

Tim Frome:

We know Mr. Gove likes to get things done. I think this will be one of their higher priorities on the list when it comes to the white paper that should be launched this quarter. I would say it take a year by the time it actually hits the statute book.

Ben Beadle:

Okay. And for those sort of sceptics out there, is there anything in the redress scheme that will benefit landlords in any way that you can see?

Tim Frome:

Landlords want to keep tenants. The point of a redress scheme is the ability to let people resolve matters and move on with their lives. The other side of it is that if there is legal issues between the parties, cuts down the time and the costs by using a redress scheme, because there's not a need for legal fees to be incurred and there's not the necessity of time and hassle going through the whole legal process. What you find is it's actually a confidence in the sector having the redress scheme in place. It just improves the service that's provided and the standards they're being kept to.

Richard Blanco:

Okay. Well, Tim Frome, Associate Director at Hamilton Fraser. Thanks very much for joining us. Before we finish today, we want to pay tribute to John Stewart who has sadly passed away a few days before recording this programme. John was deputy director for policy and research at the NRLA where I think it's fair to say he worked with passion and conviction. What are your memories of John, Ben?

Ben Beadle:

Oh, John was a really dear colleague. He was the life and soul of the office. He was a great chap. He also knew his stuff when it came to the subject of housing. He was very, very widely respected for his views and knowledge in the private rented sector and beyond and he was tremendous asset. And I know that I speak for everybody at the NRLA when I say that we will absolutely miss him loads. It was a terrible shock for me when he told me about the diagnosis. 49, Richard is it's no age at all, and yeah, we send our love and good wishes to his partner, Neil. He was a tremendous guy and we will find a way. an appropriate 'John' way, to mark his legacy.

Richard Blanco:

Yeah. So I was going to say, our thought's go to his husband, Neil Fletcher, and also to his friends and family and to colleagues at the NRLA, who will miss him very much. Thank you, John, for lighting up our lives. We'll see you next time. Thank you for listening.