

Public Accounts Committee

Oral evidence: Regulation of private renting, HC 996

Monday 31 January 2022

Ordered by the House of Commons to be published on 31 January 2022.

[Watch the meeting](#)

Members present: Dame Meg Hillier (Chair); Shaun Bailey; Dan Carden; Sir Geoffrey Clifton-Brown; Antony Higginbotham; Kate Osamor.

David Fairbrother, Treasury Officer of Accounts, HM Treasury, Adrian Jenner, Director of Parliamentary Relations, National Audit Office, Abdool Kara, Director, NAO, and Charles Nancarrow, Director, NAO, were in attendance.

Report by the Comptroller and Auditor General

Regulation of private renting (HC 863)

Questions 23 -109

Witnesses

[II](#): Jeremy Pocklington CB, Permanent Secretary, Department for Levelling Up, Housing and Communities; Caroline Crowther, Director, Leasehold and Private Rented Sector, DLUHC; Tracey Waltho, Director General, Housing and Planning, DLUHC.



Examination of witnesses

Witnesses: Jeremy Pocklington, Tracey Waltho and Caroline Crowther.

Q23 Chair: Welcome back to the Public Accounts Committee on Monday 31 January 2022. We are looking at the regulation of private renting, which is very much a growing sector in the UK. We just had a panel of experts from the tenant, landlord and environmental health sectors. We are now talking to witnesses from the Department for Housing— Sorry, the Department for Levelling Up, Housing and Communities; I always get that order wrong. I am pleased to welcome Jeremy Pocklington, permanent secretary at the Department; Tracey Waltho, director general for housing and planning at the Department; and Caroline Crowther, director for leasehold and the private rented sector, which is very pertinent today.

Before we go into the main session, I just want to check something with Mr Pocklington. We have had wind that a levelling-up White Paper is coming out on Wednesday and might include some elements that impact on the private rented sector. Is that your understanding?

Jeremy Pocklington: We are scheduled to publish the levelling-up White Paper on Wednesday. That will set out the Government plans for levelling up. It will include, at a summary level, the next steps that the Government propose on housing, including our reform of the private rented sector.

Q24 Chair: So high-level information, is that what you are suggesting will be in it?

Jeremy Pocklington: Correct.

Q25 Chair: So not the detail we are discussing today?

Jeremy Pocklington: The detailed issues that we will come on to today will but taken forward through a White Paper, which I am sure we will come on to talk about, but that is not being published this week.

Chair: So this week is stage 1A, I suppose. We will no doubt tease out of you a date for that White Paper on renting when we get to it.

Q26 Shaun Bailey: Mr Pocklington, since the end of the eviction moratorium, it has been reported that there has been a significant increase in the number of people evicted. One figure I have seen on *Inside Housing* suggests an increase in evictions of more than 207%. What steps is the Department taking to monitor the impact of the end of the eviction ban, in terms of its policy formation going forward?

Jeremy Pocklington: We are monitoring the end of that policy in detail. In broad terms, evictions clearly fell away, almost to nothing, but not quite, because we did not ban all evictions; there were some specific circumstances when we allowed them. They have come up again as the evictions ban has ended, but they are still lower than they were before the pandemic.



HOUSE OF COMMONS

In terms of the precise policy, it is important to understand that we have retained our powers to reintroduce longer notice period should covid require us to do that in the future. We all hope we are moving out of the pandemic phase, but we retain that power. It remains the case, in terms of the detailed policy, that bailiffs will not evict a tenant if they are displaying covid symptoms or are self-isolating, so there are some specific circumstances where, effectively, the ban, as you put it, remains in place.

Shaun Bailey: Thank you, Chair.

Chair: Thank you very much, Mr Bailey. Mr Higginbotham, do you want to kick off?

Q27 **Antony Higginbotham:** Thank you, Chair, and I thank our witnesses. I will start on the strategy for regulation and where it is at the minute. We have already heard from our previous witnesses. There are millions of people across the country in the private rented sector. In my constituency of Burnley, about 20% of people are in the private rented sector. That figure is increasing quite dramatically. Do you think we have the right system now, and do you think we have had the right system up to now? If not, why has it taken so long for us to start to look at what needs to change?

Jeremy Pocklington: There were a number of questions there. First of all, we absolutely agree that the private rented sector has grown significantly, with 11 million people in 4.4 million households. That has doubled since the early 2000s. Crucially, more people are spending longer there, and there are more families there as well. The issue and its importance have grown. Is the system adequate now? No, it is not. To be blunt, the private rented sector is the most expensive, the least secure and has the lowest-quality tenure. That is why we are having this hearing today.

Some improvements have been made. There is one area where we think we have made significant improvements and four areas where there is further work to be done. The area where I think improvements have been made is around financial protections. One of your witnesses referred to the deposit protection scheme. There are further strengthened arrangements around client money as well, and the Tenant Fees Act 2019 also limits agent fees and deposits. That has helped. However, the overall system is not adequate. I would highlight four areas. First of all, security provided by the contracts themselves. That is getting to the heart of the section 21 issue.

Chair: Security of tenure.

Jeremy Pocklington: Security of tenure, yes. The assured shorthold tenancy creates too much uncertainty and creates the threat of eviction. Secondly, the question of whether the standards themselves are appropriate. The NAO Report refers a lot to the HHSRS—the housing health and safety rating system. That is important, but it is not the only thing that should matter in the private rented sector; I think wider measures of decency should matter as well.



HOUSE OF COMMONS

The third area I would highlight is the issue of redress, where we have made improvements. As one of the witnesses mentioned, the redress scheme is there for the work of the letting agents, who are required to be members of one of two Government-approved redress schemes, but there is no mandatory redress scheme for landlords, hence a lot of the issues we have been talking about.

Fourthly, there is the issue of enforcement, which we will come on to. Personally, I think it is right that enforcement is led locally by local authorities. They have the knowledge and understanding of their communities and their local housing stock, but enforcement is patchy, as I am sure we will come back to.

We have made improvements. Part of the answer about why it has taken so long is that we have made quite a number of changes over recent years. I would argue, and some of your witnesses noticed it, that changes in the Housing and Planning Act 2016—for example, to introduce banning orders and civil penalties of up to £30,000—have been positive, as have the Homes (Fitness for Human Habitation) Act 2018 and the Tenant Fees Act 2019. These are all positive developments, but the Department agrees that now is the time for bolder and more wholesale reform of the sector.

So, we have been making progress. Our focus over the last two years has been on the pandemic. I am not defensive about that. It was the right thing to do. The focus of our teams in the private rented sector has been dealing with the specific and extraordinary issues of the pandemic. We are now returning to the more strategic reform agenda that we need to do.

Q28 Antony Higginbotham: That's helpful. I am glad you brought up standards, because figure 7 in the NAO Report talks through some of the issues in the private rented sector. It talks through the proportion of homes with a category 1 hazard, as well as the decent homes standard. It shows the "proportion of non-decent homes under the decent homes standard" and says that 29% of those are households that receive housing support. Are you looking at this issue from a cross-Government perspective? Surely, it cannot be right that the taxpayer is helping to fund rent paid to landlords where the homes do not meet our own definition of a "decent home".

Jeremy Pocklington: We are working closely with other Departments on this. I am sure we will come back to it. I agree that 29% is a worrying number.

Q29 Antony Higginbotham: Was that number known to you before the NAO Report?

Jeremy Pocklington: It was known. It is something that we are very aware of in the Department. There is a big-picture answer, which is connected to how the benefits system operates in this country, in that ultimately benefits are paid to the individual for good policy reasons, about creating incentives and personal responsibility. So, in most cases, with a few exceptions, benefits are paid to the individual and not to the landlord. That makes the



HOUSE OF COMMONS

questions of conditionality harder, which means I think we need to look at the whole system again, as we will come back to. Of course, it is concerning.

Q30 Antony Higginbotham: The people who get housing support have a low income and they probably live hand to mouth every month, so the redress that is currently open to them isn't actually open to them. Does the Department accept that at the end of the month that cohort of people will not have the funds required to go to court to try and resolve the issue? They just cannot do it, so they are stuck in a perpetual cycle, and probably have been for years. On top of that, they are worried about the tenure of their housing.

Jeremy Pocklington: Two things, if I may, in response to that. First, some of the issues here relate to the size of the social sector. In an unconstrained world, where there are no resource constraints, we would all like to see a larger social sector, but in the absence of that we have significant investment going into that through the affordable homes programme, which we can come on to.

In the absence of being able to do even more, it is always likely that those on housing support are going to need to use the private rented sector— that is right—but the arguments that you are raising are exactly the arguments as to why we need to strengthen redress and make it simpler. No one is under any illusions about the complexity of using the courts system around this. That is going to be something that we are looking at as part of our White Paper.

Q31 Antony Higginbotham: You also brought up local authorities as where enforcement properly sits, because they know their local areas quite well. Figure 8 of the NAO Report shows the key legislative changes for tenants. It is quite piecemeal, and it is difficult for tenants to keep on top of and probably equally difficult for councils to keep on top of. If you're in a twotier local authority like mine, there are differences between where trading standards sits and where your environmental health officers sit. As you look ahead to potential reforms, what is your thinking about helping local authorities manage whatever the transition looks like?

Jeremy Pocklington: It's a good question. I think one of the things the Report usefully does is highlight the complexity of the legislation in this area—I don't think anyone can deny that. What we do as a Department is produce a lot of guidance for tenants, for landlords and for local authorities on the legislation that we're doing. I think we have more to do on that as covid comes to a close. We know that the reforms we are considering will need legislation. We are not considering a sort of rationalisation of every statute on the book; I think there is a trade-off between taking action reasonably quickly on things like section 21, which was the No. 1 ask of your previous witnesses, and doing some sort of wider exercise that looks at all the housing legislation.

Not every piece of legislation is just about housing. Because it is foundational, inevitably it is quite a complicated statute book that results.



But we need to ensure that our guidance is as simple as possible and that where we end up after our reforms is as simple and as straightforward as possible for all concerned.

Q32 Antony Higginbotham: Just so I am clear, on figure 8 that has the legislative changes, the Department is not proposing to rationalise it into one—there might be more added to it.

Jeremy Pocklington: Some of these are policy decisions that have not been taken up. Our focus at the Department is on achieving the reforms that we need to do, rather than on legislative consolidation for the sake of it.

Q33 Antony Higginbotham: Before I finish, can briefly move on to funding for the regulatory model now and in the future? There are clearly regional differences between where private renters sit, with some regions having a greater proportion of private rented and some having a greater proportion of social rented. How does the Department currently ensure that local authorities are funded for their proportion of private rented? Do you take into account the proportion of houses you think have category 1 hazards? Do you look at decent home standards and match resource accordingly?

Jeremy Pocklington: The funding is agreed as part of the local government finance settlement. It is agreed at a much higher level according to the formula—currently being consulted on for next year— which does take account of issues that are reflected, for example, in figure 6. Deprivation is a big factor. We do not do an individual micro-formula for every single individual aspect of local government finance spend in the way that what you're proposing might presume. Our funding is provided at a more aggregate level to enable local authorities to prioritise and to make decisions according to their local needs and local priorities.

Q34 Antony Higginbotham: Do you accept, though, that if you are one of those local authorities with high levels of deprivation and you have high levels of private rented, you are essentially being asked to do multiple things and tackle lots of issues with a very small pot of money? Is there not a way that we can try to nuance some of this funding and say, "If you have a higher proportion of houses that don't meet our decent homes standard, you will obviously have to do more inspections"?

Jeremy Pocklington: I would have to think more about that specific example, rather than giving you an answer at the minute. It is not just about headline money. We know that some local authorities are enforcing— The macro position, in terms of local government funding, has been largely similar across the sector. We know that some local authorities are able to prioritise enforcement more effectively than others. That is clear from the research we have carried out. While I accept the point that it can take time, we have also enabled local authorities to keep the proceeds of the civil penalties, so we are providing sources of funding in addition to the local government finance settlement.



HOUSE OF COMMONS

Q35 Antony Higginbotham: As you reform the system, presumably that will continue, because they will not only have to regulate the sector as is but will move to a new model.

Jeremy Pocklington: I personally think it has been a useful part of our reforms in recent years.

Dan Carden: I would like to ask a couple of questions on landlord licensing schemes. I do not know which of the witnesses will be best placed to answer those.

Chair: Ms Crowther.

Q36 Dan Carden: Can I start off by asking: how useful have landlord licensing schemes been in improving the private rented sector? I think they operate in 65 local authorities.

Caroline Crowther: We have engaged with a number of local authorities that have selective licensing schemes. They have reported to us that the schemes have been effective for them. The schemes have allowed proactive enforcement and given a real understanding of the local private rented sector market, enabling local authorities to target their enforcement effectively. We have two different ways of selective licensing. A subset of the number that you identified need to come to the Department for approval. We cannot necessarily match what the selective licensing schemes do with outcome. However, when we have spoken to local authorities, they find the tool extremely valuable for targeting particular issues in a particular area.

Q37 Dan Carden: Could you expand on that a little, in terms of landlords having to apply for licences and the higher standards they have to make sure their properties are at?

Caroline Crowther: In a selective licensing area, landlords have to be part of a licensing scheme, and they have to pay to be part of that scheme, which enables local authorities to target their enforcement very effectively. In a particular area, all landlords need to be part of the scheme. If there are particular issues—for example, antisocial behaviour—the scheme enables the local authority to target their enforcement effectively in that area. In order for local authorities to use the scheme, they need to have a very good understanding of their local market. This enables them to do that.

Q38 Dan Carden: In Liverpool, we had a landlord licensing scheme in place that was scrapped in January 2020. It was supported by Merseyside police, Merseyside Fire and Rescue Service and the council, but it was a decision from your Department, and I believe the Secretary of State, to call it back in and scrap it. We have waited two years for it to be replaced. Why was it scrapped?

Caroline Crowther: My understanding is that the initial application was on the basis of low housing demand. The assessment was that the evidence for



HOUSE OF COMMONS

the application was not sufficiently strong. A subsequent application was made on poor housing conditions, which was subsequently approved.

Q39 Dan Carden: That wasn't what the local authority was saying at the time. It was very happy with the way the scheme was working. The scheme had the support of residents, yet the Secretary of State and the Department called it in. We have had no landlord licensing scheme until the latest one was announced at the end of last year. A lot of people in Liverpool are very disappointed that the rights they were afforded through the licensing scheme were taken away. Was there a reason for that being taken away?

Caroline Crowther: Certainly, the application in January 2020 was rejected on the basis that there was not sufficient evidence against the criteria for the app—

Q40 Dan Carden: Even though it had been in operation since 2015 and was deemed to be working by police and fire authorities?

Caroline Crowther: It was a new application in January 2020. It went through the application process within the Department, and that was the conclusion that was reached.

Q41 Chair: You say that a scheme was in place but that there was a new application, so why did the old scheme get scrapped?

Caroline Crowther: They need to be every five years.

Q42 Chair: Sorry, so it was a renewal of an application.

Caroline Crowther: Yes; they need a new application every five years.

Q43 Dan Carden: Why did it take two years for the Department to allow the new application to be implemented?

Caroline Crowther: We did receive the second application for Liverpool in February 2021, and the decision was made in November 2021. I appreciate that it took a little while to make that decision. That is partly because during this period, we have had quite a focus on covid, as your witnesses have already said.

Q44 Chair: Did the Department consider the challenge of having a gap? We are using Liverpool as an example, but there are a lot of other licensing schemes. Was there any dialogue between the council and the Department prior to the end of the term of the first licensing scheme?

Caroline Crowther: When local authorities want to make an application—whether a brand-new application or one that they have had previously—we have a lot of engagement with the local authority before they make the application, to make sure that it is as strong as possible.

Q45 Chair: In this case, as Mr Carden has outlined, the scheme had been working for five years and was very popular locally with all the key authorities in terms of housing safety and so on, but it stopped, and a new application



HOUSE OF COMMONS

was not successful. Were there any delays at the Department, or are you suggesting anything else?

Caroline Crowther: It is partly delays in the Department, but it is partly because we were back and forth with the local authority just to make sure that the application was as strong as it could be.

Q46 **Chair:** Is it not a bit undesirable to have a gap? Could you not have let the older one be extended? Or do you not have the powers for that?

Caroline Crowther: We cannot do that, in legislation.

Q47 **Chair:** The legislation sets out that you cannot extend? There is no leeway on that?

Caroline Crowther: No.

Q48 **Dan Carden:** The last landlord licensing scheme was city-wide, and the Department said that that was an issue and that it should not be citywide. The new landlord licensing scheme now covers only 80% of the city. Again, it is a popular scheme, and I do not see why you, at the top in government, are putting such rigid restrictions on a scheme that is, in the end, about raising standards.

Caroline Crowther: In terms of selective licensing, I will refer to the conversations we have been having with local authorities with schemes. They do find that the process of application does strengthen their understanding of the PRS market and allows them to target their enforcement activity effectively.

Q49 **Dan Carden:** That is not what you were being told by Liverpool, who were saying the exact opposite. They were saying, "This scheme works well right across our city, and we want to keep it as a city-wide scheme." You dictated from the Department that that could not be allowed to carry on? Why?

Caroline Crowther: We did not feel that the evidence submitted to the Department was sufficiently strong.

Dan Carden: Okay, well all the local—

Q50 **Chair:** I think we are puzzled by the process here, using Liverpool as an example. It is a city region, but the city itself is quite large. This was a decision by a local government that seemed to work. You mentioned this a bit earlier, but on what specific criteria did the Department turn the application down? We talked about local government having powers earlier, and Mr Pocklington outlined some of the roles of different local authorities to know their own areas. In this case, it was a local council. What were the criteria? Was it that they were charging some landlords when you did not think they should? Was that a problem in some parts of the city? How would Whitehall know that better than Liverpool City Council?

Caroline Crowther: For selective licensing, there is a number of criteria on which a local authority might make an application. Liverpool did make an application on the basis of low housing demand across the whole city— that



HOUSE OF COMMONS

was the basis on which they made the initial application. The Department's view was that the application did not demonstrate enough robust evidence of that to justify the licensing scheme. That was the application that was made in August 2019.

Dan Carden: I'm going to move on.

Q51 **Chair:** Okay. I'm just a bit lost as to who is deciding what here. Sorry to pursue this, but what was the disadvantage to the Department of agreeing? Were you tied down by primary legislation on what you could agree? I cannot see any particular disadvantage in allowing what had already been working for five years to continue.

Caroline Crowther: We are tied down by legislation, and also because these schemes allow local authorities to charge landlords to be members of the scheme. We need to make sure that the scheme is robust, that there is a good understanding of the local area, and that there is a good understanding of how enforcement will be targeted. That is the basis on which we are looking at the applications. If applications cover more than 20% of a borough or the PRS market, the Department looks at those applications to ensure robustness and consistency.

Chair: Consistency is another point that Mr Carden may pick up on.

Q52 **Dan Carden:** Mr Pocklington, I am going to move on and pick up on some points that were made earlier. You were quite clear at the start of the session about the problems with the private rented sector. Where people pay the most for their property, they are more likely to have a substandard property. People are most likely to live with serious health hazards in the private rented sector. Many local authorities simply do not have the resources to monitor and maintain decent standards across what is a private market. The most deprived communities and local authorities have seen the biggest funding cuts over the last 10 years. How are you going to get beyond that problem with any new strategy?

Jeremy Pocklington: It's an issue that we have talked about before at this Committee. Most fundamentally, the Government are putting additional resources into local government. The recent spending review provides for, I think, a nearly 3% annual average real-terms increase in resources available, including for social care. The settlement for next year provides additional—

Dan Carden: Not for Liverpool.

Chair: Let's not run through the biggest—

Jeremy Pocklington: The point is, and we talk about this at length—

Chair: We could spend all afternoon arguing about those figures.

Dan Carden: I want to say that I don't recognise those figures at all.

Chair: No, I don't recognise them. Inflation is higher than 3%. On the increase in council tax, they have the licence to do that, or the requirement to do that in—

Dan Carden: I represent a council that is facing another £30 million-odd of cuts this year, so it is quite insulting to hear that you are increasing funds.

Q53 **Chair:** It may be an increase in year, but over 10 years there has been a decrease in funding. Let's be clear.

Jeremy Pocklington: This is important. We have discussed it at length. Yes, local government bore the brunt of fiscal consolidation. That is essentially what we are talking about, but I think it is a very valid point for me to make that this spending review and the recent spending reviews have not continued that trend, and we have seen increases in the resources available for local government. Of course, everyone would like to see as much as possible, but in a fiscally constrained—

Q54 **Chair:** Yes, but the word "increase" is a lame word. It has gone up a bit one year, after 10 years of being reduced.

Jeremy Pocklington: We have provided additional resources, and we will have to perhaps agree to disagree on precisely how to describe that. Ultimately, the way our local government finance system works is that it is for local authorities to determine resource allocations according to local priorities. What we do in the Department is provide the settlement as a whole and ensure that it is sustainable. Central Government is responsible for the duties and obligations on local government, and there are obligations on local government in this area.

I am not trying to downplay the importance of money and resources, but I do not think that it is simply about the money; it is also about the efficiency and the leadership. Some local authorities, we know from our own research, are enforcing better than others. I am not trying to deny the issue, but I do not think it is as simple as saying it is about money.

Q55 **Dan Carden:** Moving on to that territory, if there is going to be a national strategy for raising standards, how will it work if some local authorities have tenant support officers and others do not? Are you looking at other ways to raise standards and improve enforcement beyond simply asking local authorities to do more?

Jeremy Pocklington: That will take us into other aspects of the reform agenda, including the national landlord register, which we are committed to exploring and will provide more data. We know that data-led enforcement strategies are more effective. Lots of people, including earlier witnesses, are calling for such strategies. We are very interested in them and think that they will be a significant tool for local authorities. They will also empower tenants, and hopefully simplify compliance for landlords. Introducing a mandatory redress scheme, which we are committed to doing, will also improve compliance and enforcement.



Q56 Kate Osamor: I first want to speak a little bit about Enfield’s licensing scheme. When I was first elected, a scheme was introduced but a landlord who was not consulted appealed. The appeal was successful, which meant that the licensing scheme did not go ahead. The whole point

of having the licensing scheme is to find all the landlords, but within the court system the scheme did not work in favour of the local authority. What support does the Department give when a local authority does not have the expertise or manpower—or people power—to find all the landlords?

On top of that, it took seven years for another application to be made. Now we have been successful, which is really good, as we have a large proportion of privately rented homes that are in disrepair. We need this scheme. It has taken seven years. There was an occasion where somebody could come forward and say, “I wasn’t consulted.” That is a big deterrent, especially for the neighbouring local authorities. What support can be given to other local authorities in the same situation?

Caroline Crowther: As I said earlier, local authorities can come to the Department before they make an application, and the team will talk them through the application process, what is expected and the sort of things that are being looked for. That can give a real understanding of the local PRS market, how selective licensing might be used and targeted, the funds that are raised from landlords and how the scheme will run in the local area. The Department will speak to local authorities prior to the application so that they can make the strongest application possible.

Q57 Kate Osamor: Is this information widely known by local authorities?

Caroline Crowther: Yes. There is guidance for local authorities, but equally we are very happy to talk to them prior to the application.

Q58 Chair: We have touched on legislative restraints. Is there anything in legislation on licensing schemes that you would want to see changed or that might be in scope for the private rented sector review?

Caroline Crowther: We are looking at all things holistically, as Mr Pocklington has said, so I can’t really say any more at this stage.

Q59¹ Chair: Is all of what you have talked about in primary legislation?

Caroline Crowther: Yes.

Chair: So new primary legislation would be required to make it easier, or to have a different way of introducing licensing schemes.

Q60 Kate Osamor: I would like to ask about support for tenants. In your view—we have had lots of evidence and listened to various views—is there sufficient support for tenants? A lot of tenants live in privately run homes where the landlords can voluntarily put themselves to be on the redress scheme. At the moment, that is for letting agencies and property

¹ [Caroline Crowther wrote to committee on 11 February 2022 with additional clarifications](#)



HOUSE OF COMMONS

management. Take-up is very low, however, and unfortunately many homes are unfit for human habitation.

What work are you doing to ensure that tenants know their rights and to ensure that they do not end up having to go to court? What interventions are you making in the early stages to ensure that tenants know their rights, that landlords fix their homes up—bottom line—and, lastly and importantly, that vulnerable tenants, such as those who do not have English as their first language, have a disability or are on a low income and reliant on benefits, are not frightened of addressing any problems because they believe they will be evicted straightaway?

Caroline Crowther: There are a number of questions in there. There are some protections for tenants: the cap on deposit fees, protection of tenancy deposits—client money—redress for issues with letting agents, and through the courts. However, we accept that for vulnerable tenants, to whom you are alluding, that is really difficult.

We have guidance, so that tenants are clear on their rights and routes to redress but, equally, we accept that ensuring that tenants have access to that guidance is difficult, so we partner with organisations, and we heard from some of the witnesses today. We work with Shelter and Citizens Advice, engaging closely with them. They disseminate the guidance for us. We also work with DWP—quite a lot of the vulnerable tenants to whom you refer have a lot of interaction with the DWP, including Jobcentre Plus. We make sure that work coaches, for example, have access to the information, so that they can support claimants through any issues they might have. We work closely with Shelter and Citizens Advice, and we are very grateful for the work they do with us.

Q61 Kate Osamor: How will you ensure that the information that you are getting at the moment, and the information that the agencies you are working with have, will end up in the White Paper?

Caroline Crowther: We are working on a number of proposals for the White Paper. What is important to us—we are already doing this—is seeking the views of tenants directly. Through the landlord register, we have done some digital discovery work, working directly with tenants. We ask for tenants' views, and we had over 6,000 respondents to that work. We have also worked with Shelter and Citizens Advice to hear directly from tenants.

From my perspective, it is very important that any changes work for all tenants. It is worth saying that the PRS is quite varied, so we need to make sure that the system will work for everyone who uses the private rented sector. We have a particular concern about making sure that vulnerable tenants are supported.

Communication will be critical to the reforms. It is not just about tenants engaging in the policy process, which we are keen that they do, but about making sure that our communications campaign is strong. Again, we want to use our partners to help us do that. We are very attuned to the fact that



HOUSE OF COMMONS

we need to support vulnerable tenants through the current system and through change. Any system that changes needs a strong communications campaign.

Q62 Kate Osamor: Lastly, you spoke about conventional or more well-known agencies, but are you working with any faith groups or organisations that may pick up a lot of those people in their day-to-day lives?

Caroline Crowther: We have reached out to all sorts of organisations to join roundtables with Ministers. If there are any organisations that we have not yet reached, we are happy to engage widely. It is worth being clear that Ministers want to engage extremely widely on all the reform programmes, so that we reflect the diversity of the people who use the private rented sector—it is a very diverse sector.

Q63 Kate Osamor: Do you have a date for the White Paper? Can you give us a date?

Chair: A window?

Caroline Crowther: Ministers have said this year.

Chair: This financial year, or this calendar year?

Caroline Crowther: This calendar year.

Q64 Chair: Thank you. We will hold Ministers to that now. Everyone talked about engaging, and just then, Ms Crowther, you talked about engaging with tenants. We heard from ACORN that it has not had access from the Department. Is that something you recognise? What are you doing to engage an emerging group of large and effective tenant unions?

Caroline Crowther: We are very happy to engage with ACORN. We will follow that up after this hearing. As you heard, we are very happy to engage with a lot of people, so I am happy to reach out to ACORN.

Chair: It is noticeable how ACORN has definitely grown as a group, so it will have some very useful evidence.

Caroline Crowther: Yes.

Q65 Chair: We have talked about vulnerable tenants, but a lot of us, especially in expensive areas such as London, have lots of residents living in seriously overcrowded conditions. A lot of that is in social housing, but it is also in the private rented sector. At the beginning of the pandemic, around 15% of privately rented homes were overcrowded. I suppose this is to Tracey Waltho, because you deal with planning as well: what is the long-term plan to try and resolve this? Can you tell us why you think that is and what you are doing to try and resolve it?

Tracey Waltho: You are right; there is data showing that overcrowding, on the English Housing Resilience Survey, hit 15%. It has come down to 14% in the latest wave. If you look at an alternative data source—the English



HOUSE OF COMMONS

Housing Survey that runs all the way through the year—then that suggests that overcrowding is at much more historic levels. However, that data source excludes residents who may be temporary.

I am not going to say it is a waiting game, but I think we have to be very watchful in order to understand if this is a sustained problem, or whether it is something that was a response to bubbling and the unique conditions of the pandemic. I do not want to make light of it; I think it is potentially a very serious issue. However, we don't really understand how sustained it is.

The solutions to overcrowding are long term in nature. You will have heard me say before that we are making very sustained investment in affordable housing: £11.5 billion supporting up to 185,000 homes in the next wave of the programme. A good deal of that money has already been committed through strategic partnerships; there is a very healthy interest in it. Over £8 billion of that has been committed, and that will include 32,000—

Q66 Chair: I do not doubt any of the figures that you are giving us. However, be it 15% or 14%, that is still a lot of households that are overcrowded. When you talk about people who are temporarily there that includes, in my constituency, a lot of families who are hoping they will get somewhere, but it can temporarily extend to months and years with one family living in a bedroom. Are you including that in there? When you say temporary, do you mean someone who has gone to live with mum and dad outside of London?

Tracey Waltho: We think that the latter is how people have interpreted it when answering the survey. The origin of the distinction came from making sure that we are counting students consistently. I don't think it will capture the sort of people you are talking about.

Q67 Chair: That is my fear: that it does not capture those people. When you talk about the affordable homes you are bringing, not all of that is social rented housing, is it? You are using "affordable" in the broadest sense: shared ownership and sub-prime rent.

Tracey Waltho: Yes, approximately half of that will be shared ownership. There is a doubling of the level of social rent being provided through the programme—at least 32,000.

Q68 Chair: Just on Saturday I was on the doorstep of a lady who has a 32-year-old, a 21-year-old and an 18-year-old living in her two-bedroom flat; the three of them are having to share a room. The 32-year-old cannot afford to move out; to stay on her friend's sofa she is paying £350 a month in order to sometimes get away from her family—not that she doesn't love them, but it is difficult conditions. Those are people who have the benefit of a social-rented home; their children are growing up unable to afford to rent. My area is particularly expensive, but so is Ms Osamor's and so are the Cotswolds—Sir Geoffrey's constituency. I am not knocking what you are trying to do here, Ms Waltho, but is 180,000 anywhere near enough, given that half of it is shared ownership? How are you going to make sure



HOUSE OF COMMONS

that the housing needs of those people who are desperately working and who, as in the case I just cited, desperately want a roof over their head but cannot afford it, are resolved?

Tracey Waltho: We continue to invest sustainably. As Mr Pocklington said earlier, we would all like to have unlimited resources, but we are doing the best with the settlement that we achieved. It is a historic level of funding; it needs to match the capacity of the sector to expand, as well. I think I have been very clear about the extent to which this programme is going to make progress against the issues.

Q69 Chair: It's just that this Committee has looked at this before and challenged the Department to list the actual number of social rented homes, because shared ownership is out of the reach of many constituents, even if they are in good jobs, because of the London levels of rent—in the case of my constituency. Do you have a regional take on all of this? Do you have areas that you are particularly trying to focus some of that housing towards? You are responsible for planning as DG as well, and I know there have been lots of discussions about that and I am going to draw you into the policy. Are you aware of where the gaps are, and are you really trying to plug them?

Tracey Waltho: We certainly have awareness of housing need, where temporary accommodation shows particular pressures and so on. To be honest, there is a shift within this programme towards greater investment going outside of London on levelling-up grounds, so it will be for individual housing associations to put forwards bids for where they think can make the most difference and be guided by the value for money—

Q70 Chair: I appreciate your candour on levelling up, but the problem is in constituencies such as mine, where I have City bankers—good luck to them; they own a nice property in Hackney—but then there are people almost next door to them who are living with one family in one room and one family in another or with grown-up children who are never going to be able to privately rent or own their own home.

Tracey Waltho: I am acutely conscious—

Chair: Are we levelling up, Mr Pocklington, within London as well?

Jeremy Pocklington: We are acutely conscious, as Ms Waltho was just about to say, of the pressures in London. There is still significant resource going to the GLA and to London. We are also conscious of the need for social rent properties, particularly in London given the housing market that you describe. Ultimately, there are some very big choices that Governments need to make here, but there is still significant investment going into London.

Q71 Chair: I have been an MP in Hackney for nearly 17 years, and I have seen children grow up into working adults who are unable to move out of home because they cannot afford to privately rent. Even on quite a good job it is hard to pay the levels of rent that are demanded. They would not qualify



HOUSE OF COMMONS

for social rented housing if they are single, but even then there wouldn't be enough available. Those who do qualify for social housing can end up in a hostel for three years, often with children, and with other people with particular challenges. We have seen huge growth in that.

There is a problem here, isn't there? We're talking about levelling up, but there is no levelling up for areas such as mine. Whatever money you put in, that situation will not be resolved quickly.

Jeremy Pocklington: There are very serious and substantial housing pressures in London. There are also very serious housing issues in other parts of the country as well—

Chair: Absolutely. The Cotswolds were mentioned just now.

Jeremy Pocklington: We could talk about that—

Q72 Chair: As we are on the private rented sector today, perhaps I could push on something. You have this White Paper coming out on the sector, so how will it make any difference? It might make a difference to standards or enforcement or to ensuring that only professional landlords want to enter the market, but what will it do to make things affordable for the people currently living in overcrowded private or social rented homes who cannot get social housing and who will not be able to afford shared ownership?

Jeremy Pocklington: The focus of the White Paper is on the areas that we have discussed: improving security of tenure; improving compliance; making it easier to get redress when things go wrong. What we want to see is our good landlords staying in the market and investing, being responsible and engaging well with their tenants. We will be happy if bad landlords decide to leave the market as a result. Ultimately, though, there are wider issues of demand and supply in local housing markets that are a much bigger question. The private rented sector is a market, and ultimately is it markets that drive the—

Q73 Chair: That's a very big question so Ms Crowther, as you're the director for responsible for the private rented sector, when you're modelling all these proposals that will be put into the regulatory White Paper for the private rented sector, are you looking at what that might mean for the supply of rented housing and rent levels?

Caroline Crowther: We will be putting a package together on that basis and looking at the cumulative impact on the market—on tenants, landlords and other players in the market. We will be looking at the overall impacts, but the focus of the PRS reforms is about improving security of tenure and improving standards.

Q74 Chair: Security of tenure is also attached to rent, of course. It was only anecdotal, but I read in the papers—I have not yet seen this directly in my constituency—about people renting properties within seven minutes of them being put online. The most incredible one involved someone putting down £90,000 down up front as a deposit to rent a property for three years.



HOUSE OF COMMONS

That is extraordinary and suggests to me that there is a big problem. Is that something that is on your radar?

Caroline Crowther: We are certainly monitoring it. Our understanding is that rental increases are generally below inflation, but they are rising for new lets. It is certainly an issue that we are observing for new lets, rather than families or other people in existing lets.

Q75 **Chair:** You have, of course, no regulatory powers over rents going up at these reported rates—*[Interruption.]* Are you agreeing? Is there something that you would like to say—

Jeremy Pocklington: Just that deposits are limited under the Tenant Fees Act—

Chair: To five weeks.

Jeremy Pocklington: In most cases, five weeks.

Q76 **Chair:** There is an anomaly for pets, but let's not get into that today. That is the deposit, but if the rent's going through the roof, a deposit of five times is still out of reach.

Jeremy Pocklington: Agreed. I thought you mentioned the deposit example earlier, so I might have misinterpreted it.

Q77 **Chair:** Absolutely. But you have no regulatory powers over the rate of rent increases.

Jeremy Pocklington: No, the market—

Q78 **Chair:** The market decides. But local authorities and hostels end up picking up the pieces for people who can no longer rent in the private sector.

Jeremy Pocklington: That's right, and in terms of new lets there is a regime—again, a complex regime. Just for completion, there is the ability to go to a first-tier tribunal if rent increases are disproportionate, but that is not really what we are talking about here. We are talking about traditional lets.

Chair: With inflation at 5%, maybe rising to 6%, it is still quite a lot. That is perhaps not seen as disproportionate, but it is still significant if you are on a retail wage or a non-London living wage. Okay, I will go back to Ms Osamor.

Kate Osamor: I have finished now.

Q79 **Sir Geoffrey Clifton-Brown:** I will just put a bit of balance back into this hearing. I have found that rents have increased less than inflation in the properties that I own. Under the last Labour Government when there were controls on rents, landlords were not doing the repairs because they could not afford to do them. I have lost £7,000 on one property because the rent has not been paid during covid. This is not all a one-way street. Landlords have suffered considerably. We have had a lot of tax concessions,



HOUSE OF COMMONS

particularly interest on our loans, that we cannot offset. I do not know of any other business where you cannot offset your loan fully against the cost of the business. So it is not a one-way street; landlords have problems as well. Do you agree?

Jeremy Pocklington: Sir Geoffrey, you are highlighting the balance in this debate. To be crystal clear, the Department has no work under way on the issue of rent controls—just to be very clear about that issue. You are absolutely right about the changing tax position—essentially, the reduction in MIRAS, to put it simply, that is available to landlords in the private sector.

So what is the policy? We want good landlords who are willing to invest to stay in the sector and continue to rent out their properties, but by implication we are happy to see bad landlords that are not prepared to meet these standards leave the market. The property does not disappear. Hopefully, they are replaced by a good landlord, or the property is sold and there is an owner-occupier there instead. It is inevitable that, for example, the requirement for homes to be decent and meet energy efficiency standards is imposing costs where those properties do not meet the standards, and we do that unashamedly. But you are quite right that that imposes costs on some landlords.

Sir Geoffrey Clifton-Brown: Chair, in the interests of balance, can I just say—

Chair: You came in partway through. We were discussing supply and demand.

Q80 **Sir Geoffrey Clifton-Brown:** But in the interests of balance, nobody would condone bad landlords. There should be proper measures taken to ensure that bad landlords can be rooted out, or at least that the problems can be sorted out. Would you agree with that?

Jeremy Pocklington: Yes.

Q81 **Chair:** To be clear, it is important that in all the work you do, you look at the modelling of who will come into the market, who might leave the market, and what the demand from tenants will be. I was asking Ms Crowther about that modelling. Will that modelling be published alongside any White Paper that you put out? From what we have heard from our other witnesses, there will be interest in what the impact will be on the market. As Ms Ehrlich from Shelter said, it is a consumer market that is not working at the moment.

Caroline Crowther: Yes, we will be looking at the impact on landlords and tenants. I am afraid I cannot commit either way today on whether any of the modelling will be published. Obviously, when it comes to legislation we will do an impact assessment, which will be published.

Q82 **Dan Carden:** Can I just pick up on one point quickly, Chair? I was just thinking about your response on rent caps. We have an energy price cap. I find it unbelievable that the Department would not at least investigate,



HOUSE OF COMMONS

with an open mind, the idea of rent caps as we head into a period of time where people are facing a devastating cost of living crisis.

Jeremy Pocklington: As I said, we are not working on a rent cap, as you put it. As Ms Crowther said, rents are not increasing in the private rented sector at the rate that prices are increasing in some other markets, with energy being an example of that. It is a bigger topic than we are covering today. The overall evidence—

Dan Carden: Rents are already unaffordable for millions of people in this country.

Jeremy Pocklington: It is a bigger topic than we are covering today. The overall evidence on the effectiveness of rent caps is pretty mixed, but I think that is beyond the scope of today's hearing.

Chair: I think all political parties discuss this at different points in the cycle, and I am sure we will have discussions elsewhere on that issue. I will come back to Mr Carden in a moment, but I come to Mr Shaun Bailey next.

Q83 **Shaun Bailey:** Thank you, Chair. Just a few from me. Mr Pocklington, we have talked about how local authorities are on the frontline of the regulatory landscape. When you have a failing local authority, such as mine in Sandwell, where the Department has now stated it is "minded" to send in commissioners—thank you, because that is long overdue—what sort of early warning system does the Department have, particularly in regard to the council's responsibility towards its tenants and the local regulatory landscape, to ensure that councils such as Sandwell do not fail the most vulnerable?

Jeremy Pocklington: If it is okay, I will not talk with specific reference to Sandwell, given that we are halfway through a process on that. However, we are intervening in other councils—indeed, more than we have done historically. Normally, when we intervene in a council with commissioners, under best value powers, we set terms for those commissioners to particularly focus on areas of the council that we are most worried about. What was it that led to us putting in commissioners in the first place? What was it that led to that council failing its best value duties? We then maintain a regular dialogue with the commissioners throughout that process, and the commissioners then provide us with formal reports. One reflection I would have is that we sometimes then discover other issues that arise. Once you put the commissioners in a council, you start to see more and more of what is happening, and it can lead you to new areas.

Q84 **Shaun Bailey:** That is very helpful, Mr Pocklington. We are aware of the role of commissioners. I just want to narrow you specifically to the responsibilities the Department places on local authorities, in terms of the regulatory aspect of the private rented sector. First, is there any sort of early warning intervention you could take with a local authority that is failing those duties? Secondly, if there is, what would you do in that regard, because clearly there would have been soundings before? I am very



HOUSE OF COMMONS

grateful for the clarification on the role of commissioners, but specifically on this, how would you intervene? I am conscious that we need to narrow the topic here.

Jeremy Pocklington: It depends on the circumstances. It is becoming a bit of a hypothetical question, which I am always slightly nervous about answering, but I will have a go. The reality is that this sort of thing in itself would probably not lead to commissioners straight away. Normally, we would have a process of engagement between officials, potentially with Ministers. We would talk to the Local Government Association as well.

Often, the answer is one of peer support, rather than the Department coming in with its hobnail boots. That is not necessarily the right answer here.

One reflection we have is that it looks like a number of local authorities have used their powers stemming from the 2016 Act effectively; Oxford, Bristol, Waltham Forest and Telford are some examples that come to mind. We want those local authorities to help us share their best practice with other local authorities that might be struggling. That sort of approach is better, and goes more with the grain of local government, rather than thinking about our deeper intervention powers in the first instance.

Q85 Shaun Bailey: Okay. That is helpful, Mr Pocklington. Turning specifically to the Report itself, paragraph 4.14 states that the Department “recognises it does not currently have a sufficient understanding of the causes and impacts of tenant experiences and outcomes. It is therefore constrained in ensuring the regulatory regime provides tailored guidance and support to those who need it most.” I am mindful to plug that with the fact that we have clearly heard evidence today that suggests there is a will to engage there, but could you just talk me through how you are filling that knowledge gap? I don’t know whether Ms Crowther or Ms Waltho want to come in on that too. Clearly, there is a knowledge gap there that the Department has to try to plug, to ensure that it has a full grasp of the regulatory regime.

Jeremy Pocklington: Perhaps I can bring in Ms Crowther, who is closest to the work.

Caroline Crowther: I think your question is about how we make sure that tenants are fully sighted on the—

Q86 Shaun Bailey: From what the Report says, it is about making sure that, as a Department, you have a full understanding of those tenant experiences. How are you ensuring that you have that understanding of tenant experiences, and how are you using that to inform your advice and to ensure that the regulatory framework works effectively?

Caroline Crowther: First of all, we definitely want tenants’ experience as part of the policy-making process. We have committed to that. We have been working with organisations such as Shelter and Citizens Advice to access tenants directly. The PRS is a diverse market, as we talked about



HOUSE OF COMMONS

earlier in the hearing, so it is really important that the reforms work for a range of tenants. Yes, we are working directly with tenants. As part of the development of the landlord register, we put a call out for tenants to get in touch. Over 6,000 have done so, and we have been working directly with them so that we can start to develop case studies and understand how the reforms might impact different types of tenants.

Q87 Shaun Bailey: That's useful. As my colleague Mr Higginbotham touched on before, there are myriad regulations there. I know he cited the NAO Report's really helpful modelling of that, which is currently not at my fingertips, but clearly there has to be effective engagement and understanding with that. As was cited in that paragraph of the Report

itself, clearly the Department has some way to go to get that understanding between tenants and utilise that, so could you perhaps clarify for me how you are doing that? Clearly, there is a disconnect here that we are hearing about today, so what specific work are you doing around that piece to ensure that tenants know how to use that framework?

Caroline Crowther: We do have a very clear "how to rent" guide, which essentially simplifies all the regulations in one place so that tenants can understand what they should expect from their landlord. There is a duty on the landlord to hand that guide out as part of their tenancy agreement. That is the most effective way to make sure that tenants understand everything that they should be requiring and asking of their landlords. That is available in "easy read" as well, so we think about how to make sure that the guidance is as accessible as possible. But we are very reliant on our partner organisations to disseminate and interpret the guidance as well.

Shaun Bailey: I am just looking at figure 9. I have counted 25 separate bits of legislation that apply to the sector.

Chair: At least.

Q88 Shaun Bailey: At least. If you are a tenant, particularly from a vulnerable background—I am mindful of the contributions that we have had so far—how do you navigate that? You have talked of the guide—that is noted—but how are you ensuring that tenants actually have a full grasp of that? Ultimately, this effectively dictates whether they have a safe place to live or not, so what feedback are you getting on it?

Caroline Crowther: The number of regulations is exactly because the market has developed over time, so it is right that we have additional regulations for gas and electric safety and so forth. There are reasons why there are a number of regulations that have grown over time, so tenants therefore need to be aware of what they can expect. That is why the guide has simplified it, but we are reliant on working with a number of partner organisations. As I think I said earlier, we also work with DWP, particularly for vulnerable clients who are in touch with Jobcentre Plus and work coaches, so we also work with all partner organisations that are in touch with vulnerable tenants.



Q89 Shaun Bailey: That's good to know. As I said at the start, I am a private renter. I should also say that I was for some time a residential conveyancer back in the day, so I know some of the regulations that apply. But for the normal person in the street who is trying to get their home sorted, are they really going to take the time to go through these guides? I am conscious that the "eyes open" approach that you are talking about sounds great on paper, but I am not convinced at the moment that this is actually working in practice.

Caroline Crowther: We accept that. We do partner with as many organisations as we can to ensure that we do reach out to tenants, but we are also very conscious that there is a wide range of tenants. Therefore, we are deliberately building tenants' experiences into our reform programme and are reaching out to a range of different tenants. We accept that we could do better, at the moment, which is why we are building that into the reform programme.

Q90 Shaun Bailey: Do you have any data around how many tenants feel confident that they understand this landscape? Do you record that at all?

Caroline Crowther: I don't have any data to hand.

Tracey Waltho: We've been doing similar work on the social housing side, and there are degrees of confidence at around the 60% to 70% mark. We know that because the comms campaign that we did last year was able to drive 5% to 6% increases, and there is another campaign to come. There is learning elsewhere in the Department that we are sharing, and comms will be an important part of this set of reforms. I think this is a bit of "watch this space"; there is another campaign to come on the social side and we will see how much further it takes things. It has been very digital—very online—and also about working with clustered groups. No avenue is the wrong avenue to try to reach tenants. It is just about how do we get that reach—

Chair: It sounds like the group that we had in as witnesses earlier—ACORN—would be a very useful route for you to spread this word to private tenants, so I am glad that we have managed to broker that connection.

Q91 Shaun Bailey: That is all useful to know. I am conscious that, from looking at paragraph 3.6 of the Report, the Department, as I gather, does not actually collect data on things like complaints, issues that tenants face, such as illegal eviction or harassment, or even the hazards that are discovered. How are you confident that the regulatory framework is actually working in the way that it should be if you are not collecting that data?

Tracey Waltho: I am happy to kick off. On one level, we just need to be honest among ourselves that the level of standards that we see in this sector mean that the regulatory system is not driving the kind of levels of compliance that we want to see. We know that very clearly at the national level, and we can take that down to a regional level. The English Housing Survey is quite a serious piece of work. Surveyors go into thousands of



HOUSE OF COMMONS

properties and look for hazards. It is not just a question of households responding. That is a good set of data that we work on.

I think behind your question is: where can we be going further? There is a range of different issues that we want to look at, in terms of our data strategy. The first is just to ensure that we understand what the current data in the system is telling us, both from the English Housing Survey and the national landlord survey, but also relying on intelligence that the parties here today and Citizens Advice will give us on the level of queries that they have around illegal evictions, harassment, data hits, and so on.

It is important to recognise that some of the activities that are illegal are, by definition, hard to collect information on, so I don't think we would expect to be able to collect that all ourselves. We are looking at whether we can add additional questions to survey data; we are not sure that the samples will be big enough, but where we can draw on other indicators of the level of activity going on, that is important.

We think that this will be critical to the evaluation of something like section 21. We are mindful that as something like that is put in place, there could be unanticipated and unintended pressures on illegal evictions, so we are working hard on what kind of indicators we can see to manage whether any of that is actually going on.

Q92 Shaun Bailey: In that case, Ms Waltho, how do you benchmark success? My interpretation of what you have just said is that there is perhaps an acknowledgement that you need more data—fine—and that you are certainly making efforts to do that. There are clear limitations on that but, at the same time, there clearly has to be a benchmark for you, as a Department, that the framework is operating—which you then set the data against. If not, that would require an intervention to get that to a point you want it to be at. How are you benchmarking that? Do you have a benchmark in place for the regulatory framework working? Is that a raw figure of satisfaction or something particular? What is that for you and your Department?

Tracey Waltho: Well, the standard that the sector is currently regulated to focuses a lot on category A hazards. There are other sources of data on electrical and gas compliance, where we have some data. We will be very outcome focused. Our Ministers will be hugely ambitious in driving progress in those outcomes. That will be the benchmark of our success.

Q93 Shaun Bailey: Okay. Mr Pocklington, if I were the Secretary of State— that is unlikely to happen, but you never know— **Chair:** Dream big, Mr Bailey, dream big.

Shaun Bailey: If you were advising me—I am conscious that the Report notes that although some of the legislative changes that the Department has taken in recent years have been received well, you have not done any sort of evaluation of how these interventions have improved outcomes for tenants or, indeed, affected their landlords. If you, as the permanent



secretary, are advising the Secretary of State, how are you doing that in this space without that evaluation? You talked earlier about the need for changes in this market to happen through a legislative intervention, but how can you know what you need to do without evaluations taking place first on what you have already done?

Jeremy Pocklington: Although the data picture is not perfect, we do have some data that we have talked about that is useful in getting that understanding about where we are on standards in the sector. The second thing we have done that goes some way towards evaluating it is that we are undertaking research. We are working, for example, with Sheffield Hallam to understand the effectiveness of local authority interventions and the powers that we introduced, including the 2016 powers to which you have referred. That is incredibly useful, and that is informing our policy work now. That is telling us that some local authorities are using some of the powers. The civil penalties are being used by more local authorities, but we know some of the other powers that we have provided are not being used so much. Rent repayment orders are not yet being used by so many local authorities.

We are getting this qualitative information about what works and what the barriers are for local authorities. We are combining that with our engagement with the sector and the representative groups—we heard about that earlier today—and the good overall data that we have on where we are with the private rented sector. That gives us quite a lot of information on which to build sound evidence for a policy programme.

Q94 **Shaun Bailey:** Finally, I want to ask about discussions with other Departments. The Report notes that you have been part of a number of cross-governmental boards, and I know you have been working formally with the likes of the Treasury and HMRC, and with the MOJ as well. Are you making any steps to formalise those more informal arrangements, given the broadness of the space?

Jeremy Pocklington: It is vital that we do work with other Government Departments. Perhaps Ms Waltho can answer that question on the terms of the engagement.

Tracey Waltho: I will kick off, and Caroline will have a little bit more of the detail, because she chairs some of the relevant boards. I think it can be a little bit distracting to focus on whether engagement is formal or informal; it is about whether Departments are working effectively together. We have very strong relationships with all Departments, and we coalesce around all the big, significant issues, be they net zero, education or changes occurring within DWP. We have extensive experience in the team at working across Government. I deliberately recruited directors into this space who have experience of a wide range of Departments. I do not fully accept that it is the formality of the engagement that is critical; it is whether there is a shared work programme that comes together at the moments that matter.



Q95 Shaun Bailey: Just before I come to Ms Crowther, I want to make sure I understand you, Ms Waltho. Really, what you are saying is that it is about the expertise within your Department covering this space. You are confident that you have got that broad range of experience and expertise that can provide that advice, and if it is not there, your engagement is already adequate to cover that.

Tracey Waltho: I am saying that I have got the skills in the team, who are very good at working across Government and building those kinds of relationships so that we do engage where it is important. I am absolutely not pretending that all the knowledge is within the Department, but we regularly work with other Departments. Formality is a question of whether there is a board and terms of reference in place. What really matters is whether there is a work programme.

Q96 Shaun Bailey: Not to go down a rabbit hole, but I come back to this whole point about how we benchmark success. Where these arrangements are a little bit more informal, how do you measure the success of these engagements? What sort of standard do you set, as someone who leads on this? What is that measure of success? I am just conscious that with some of these informal arrangements, at times—how are you monitoring that?

Tracey Waltho: Drawing on my experience of working across Government for years, rather than specifically in this post, working across Government works when you have shared outcomes, you understand each other's agenda, there are no surprises and you can facilitate Ministers working effectively to decisions on issues.

Q97 Shaun Bailey: Ms Crowther, you wanted to add something on that broader point.

Caroline Crowther: I think it is worth saying that with the diversity of tenants and landlords, the issues that span across Government are quite broad. We do have good relationships with a number of Government Departments: I think it really came to fruition during the pandemic, when we were working daily with the MOJ and DWP, and that cross-Government working was critical. We had to move at speed to protect tenants in their homes. That required working with the judiciary and with the DWP to make sure tenants were financially supported as well, so that was a very extreme circumstance and we worked very effectively together.

I am really conscious, as we implement a broad reform programme that is quite holistic, that we think through how the system as a whole works. I do now chair a cross-Government board. For example, we need to make sure that the new tenancy arrangements brought about by ending section 21 work. There are intricacies that we need to take account of—things like agricultural tenancies, students and so on—so the issues are really broad. We have the bilateral conversations, which are incredibly important for working out detailed issues, but then we also have the board to think holistically about how the system is going to work.



Q98 **Shaun Bailey:** Just a final one from me, Chair—sorry. Clearly, those relationships appear to have been established during the impetus at the height of the pandemic. How are you ensuring that, operationally, that impetus is now carried on in what we have heard today is a massive area of reform? Surely, there is a risk that as things slip back a bit more into business as usual—BAU—the impetus that was there during the pandemic is not there now, so how are you keeping the momentum going on that?

Caroline Crowther: I accept that it might be a risk, but it is not the way that I operate or work. I have a lot of experience working across Government over 20 years in the civil service, and I have worked on issues that span a number of Departments. From my perspective, I look at issues from the tenant or landlord perspective, and therefore what the cumulative impact of reform is. There could be a tendency to slip back, but that is not how I operate. With advice that goes up to Ministers, I always check that we have thought through the angles in terms of impacts across Government Departments.

Shaun Bailey: Okay. I will leave that there, Chair. Thank you.

Q99 **Chair:** I just wanted to pick up on the data points that Mr Bailey has been driving at. We talk about data a lot, as you know, Mr Pocklington, but we do not even know how many private landlords there are in England, do we?

Jeremy Pocklington: We know that 1.2 million landlords use our deposit protection schemes, which gives us a good proxy. That will be an underestimate: not all tenancy arrangements require a deposit.

Q100 **Chair:** Do your data match with HMRC as well?

Jeremy Pocklington: I do not think we do on that issue. No, we don't think we do.

Q101 **Chair:** It is just that the property pages in a tax return would give a proxy, again, but there is no perfect data on how many landlords there are, is there?

Jeremy Pocklington: It is not absolutely perfect, but using the deposit protection scheme is a pretty good proxy.

Q102 **Chair:** Who does the deposit protection scheme rule out? Does that take out students?

Jeremy Pocklington: The first thing it takes out is that you do not actually need a deposit to enter a rental agreement. Sometimes, rent is just paid up front—you are getting into the technicalities here—rather than a deposit being paid. That is one example of people who are not caught through that scheme.

Q103 **Chair:** What about nursing—I mean, do you count residential homes as landlords?

Jeremy Pocklington: We are getting beyond my level of expertise here, but—



Q104 Chair: Okay, but there is an issue with data. We are talking about modelling for the sector, so it is about knowing the shape of the market as it is now. We were just reflecting that about every decade, there is an attempt, usually by the Treasury, to introduce a scheme to get people to invest and become more institutional private landlords, if you like—more volume private landlords, I suppose is the right phrase. They wax and wane a bit, and I am never quite sure how long they last.

However, that is a different shape of the market to what has been encouraged by Governments of different types over different generations: encouraging people to invest in property, effectively as a pension. There were tax reliefs brought in to encourage people to do that, so you have a lot of people who are relying on their property for part of their living costs when they get older, compared with investors who are wanting to get a return on it. Then you might have others who are letting for other reasons.

When you bring in these changes, do you have a vision about what you want the shape of the market to be? It has doubled over the last 20 years. Where do you want to see the private rented sector? Perhaps you could remind us of Government policy in this direction, in terms of private versus shared ownership, social housing and so on.

Jeremy Pocklington: Absolutely. We will want to set out some more detail on this in the White Paper, so I cannot give you a complete—

Chair: This is the rental reform White Paper.

Jeremy Pocklington: And the overall view for the private rented sector, and the vision for the private rented sector.

Chair: So this is in the rental White Paper.

Jeremy Pocklington: Yes, exactly. Can I offer a few reflections on those comments? You are right that it has grown significantly. It has roughly doubled in size since the early 2000s. We know that quality and compliance is higher with professional landlords and with those who have bought with an intention to let.

Q105 Chair: So what you're saying politely is not the accidental landlords.

Jeremy Pocklington: The accidental landlords divide into those who are deliberately—some are very good, as the witness said earlier; some have lower compliance because they do not know what the requirements are; and some perhaps care less. You have to be careful not to generalise, but our segmentation shows that those who buy with the intention to let and professional landlords generally have higher compliance. Indeed, a lot of departmental policy has been to encourage the professionalisation of this sector.

Chair: That's what I was driving at.

Jeremy Pocklington: Looking back over 10 years, something that I would highlight is the Build to Rent policy. That agenda started nearly 10 years

ago now, but it has led to a very significant increase in the number of homes owned by professional landlords—well over 100,000, I think, in the pipeline—and is very popular in certain parts of London, as you will know. The tax position has changed exactly as Sir Geoffrey said. If that means that some landlords exit the market, that is not necessarily a problem as long as the housing is put to good use.

Q106 **Chair:** Okay, but this has doubled over the last 20 years. Do you have a vision for where it will be in the next 10 or 20 years, as a sector?

Jeremy Pocklington: I think we are getting into the territory of policy for the White Paper.

Chair: It is both timely and frustrating that we are having our hearing ahead of the review, but we have now got out of you—thank you very much—that the private sector reform White Paper will be out by the end of the calendar year.

Q107 **Sir Geoffrey Clifton-Brown:** Can I quiz you a bit on those last remarks on the incidental landlord as opposed to the professional landlord? What you are saying tends to indicate that the Government are moving towards a situation where they do not really want the incidental landlord—the person who has one house for their pension or has bought an investment for their children, or whatever. Is that the case, or are you just interested in standards?

Jeremy Pocklington: I was approaching the question from how best to promote standards and where we see compliance highest, rather than a policy question on what the Government's position is on an accidental landlord.

Chair: Sir Geoffrey, I think you have other routes to quiz Ministers.

Q108 **Sir Geoffrey Clifton-Brown:** I am still not quite sure that I get the sense of where you are going on this. Are you still happy to see incidental landlords in the market?

Jeremy Pocklington: Good so-called “accidental”—I am not sure that I particularly like the phrase, but let's use it—

Chair: I used the phrase.

Sir Geoffrey Clifton-Brown: It is in the Report, and everybody understands what it means.

Jeremy Pocklington: Good accidental landlords, absolutely yes.

Q109 **Chair:** Okay. We could go into this in much more depth, but we are now at the end of our session. I thank our witnesses very much indeed, particularly our first panel who were not able to be in the room because they were joining us virtually. I thank Jeremy Pocklington, Caroline Crowther and Tracey Waltho from the Department for Levelling Up, Housing and Communities—finally I get it in the right order. The transcript of both



HOUSE OF COMMONS

panels will be up on the website uncorrected in the next couple of days—many thanks to our colleagues at *Hansard* for that—and we will produce our Report over the next few weeks. We look forward very much to Wednesday, seeing the levelling-up White Paper, but particularly the one on rental reform at the end of the year. A final comment: we will have a White Paper out. Do you have a trajectory for when we will actually see change on the ground for tenants and landlords, and better regulation of the sector?

Jeremy Pocklington: We want to see change happen as quickly as we can. We will need to set that out in the White Paper.

Chair: Okay. We will quiz the Secretary of State. Thank you very much indeed