

Written evidence submitted by Transparency International UK

Transparency International UK's submission of written evidence to the Public Accounts Committee, 24 January 2022.

1. We welcome the Public Accounts Committee's important inquiry into the extent to which regulation of private renting in England is fair to renters. Our response will centre on the question of 'whether DLUHC has a clear regulatory strategy to meet its aims, based on a good understanding of problems for private renters', with a focus on the latter part of the question.
2. Our research has found concerning evidence that private renters are consistently left out of the policy development process, raising serious questions over whether the Department for Levelling Up, Housing, and Communities (DLUHC) has the information it needs to build a good understanding of the problems facing this group. In this submission, we will:
 - (1) outline evidence from our research regarding the involvement of private renters in the policymaking process;
 - (2) contextualise this within our broader findings regarding access and influence in housing policy;
 - (3) address issues surrounding capacity within DHULC; and
 - (4) provide recommendations for how to build a more open and inclusive policy process.
3. Understanding the extent to which regulation of private renting in England is fair depends on a sound understanding of the context in which regulatory and policy decisions are made. Given this, we urge the Committee to include these issues within its line of questioning during the inquiry.

KEY RECOMMENDATIONS

To ensure that the policy development process supports fair regulation for renters, DHULC should:

- Ensure **greater engagement of tenants and other marginalised groups** at all stages of the development of housing policy.
- Legislate to **take big money out of UK politics** and encourage political parties to diversify their donor base, alongside other relevant departments.
- Explore how to **increase the level of organisational knowledge retention** within the Department.

Involvement of private renters in the policy development process

4. The National Audit Office's (NAO) report *Regulation of private renting*, referenced in the Committee's Call for Evidence, found that DLUHC "finds it difficult to target guidance and support schemes towards vulnerable tenants due to limitations in its understanding of tenants' experiences."¹ They found that, while the department collects some data on demographics and

satisfaction through surveys, it “does not have a sufficient understanding of the causes and impacts of tenant experiences.”² This lack of understanding was acknowledged by the department itself. The NAO concludes that DHULC “is therefore constrained in ensuring the regulatory regime provides tailored guidance and support to those who need it most.”³

5. The NAO’s findings complement our own, which may shed some light on why the department lacks sufficient understanding of the experience of private renters. Published in April 2021, our report *House of Cards* explored access, influence, and transparency in the development of the UK Government housing policy. Concerningly, we found that **all interest groups can make their voices heard at some point of the policy development process with the notable exception of tenant groups**. We found that, while there was broadly equal access to formal meetings with ministers for charities, businesses and public bodies, there was broad consensus amongst those we interviewed that the voice of tenants is conspicuously absent from government consultations.
6. Our research involved both quantitative and qualitative analysis, including 20 semi-structured interviews with individuals and organisations with an interest in housing policy. This included a range of interest groups, including charities, campaigners, think tanks, developers, membership associations, and housing associations. While some interviewees dismissed the idea that certain groups had more access than others, a strong perception prevailed that developers and certain think tanks have superior access to the government than others, particularly private renters.
7. Key stakeholders expressed the following views during interviews:
 - The “highly professionalised landlord and property lobby [has a] more direct route to ministers.”⁴
 - “The [difference in] ability of organisations by and for tenants to enter the policy process compared to the landlord lobby is phenomenal.”⁵
 - The housing policy process “has been consistently lacking a tenant voice.”⁶
8. Speaking about their ability to participate in the policymaking process, a charity representing private renters stated that “we only have three members of staff so obviously there are issues. There are some organisations that have greater facilities and budgets, and so sometimes imbalances do occur.”⁷ In contrast, organisations representing housebuilders, planners, landlords and certain think tanks did not mention a lack of resources or specifically said that they had no such constraints. The inaccessible and technical nature of consultation documents may compound the disparity of funding and resources between different groups.⁸ These findings highlight how marginalised groups can be further sidelined by a lack of resources whilst those with knowledge of the complex policymaking process and/or professional lobbyists on their payroll can influence policy for their benefit, while marginalised groups are further sidelined.
9. It is incumbent upon the government to take steps to ensure all can participate fully in policy development. Ministers and officials should consider how to ensure all relevant stakeholders are consulted, even when they face resource constraints. Furthermore, the government must not exacerbate this disparity through its own actions; we note with concern recent reports of a

¹ National Audit Office, [Regulation of private renting](#) (2021), p.11.

² National Audit Office, [Regulation of private renting](#) (2021), p.11.

³ National Audit Office, [Regulation of private renting](#) (2021), p.45.

⁴ Transparency International UK, [House of Cards](#) (April 2021), p.16.

⁵ Ibid.

⁶ Ibid.

⁷ Transparency International UK, [House of Cards](#) (April 2021), p.29.

⁸ Transparency International UK, [House of Cards](#) (April 2021), p.27.

former housing minister being paid £3,000 for a speech to a trade association regarding the “ins and outs of the lobby/consultation process from an ex-minister’s point of view.”⁹

Access and influence in housing policy

10. It is important to situate the experience of private renters within the broader context of access and influence in housing policy to fully elucidate the ways in which they may be disadvantaged in DLUHC decision-making.
11. Our research identified concerns about the levels of access held by certain groups, with key stakeholders:
 - Raising concerns about the extent to which vested interests have been able to engage in the pre-consultation phase;
 - Querying whether consultations were just “going through the motions”, with ministers having already made up their minds; and
 - Arguing that the links between one think tank and the government are so close that the distinction between one and the other is “blurred.”¹⁰
12. Access to Ministers, officials, and consultations does not necessarily equate to influence over policy decisions, although it can increase the likelihood of such an eventuality. This point was acknowledged by interviewees, who cautioned that, despite having good access, this doesn’t always translate to their insights being listened to. This could be because the agenda of a consultation may have already been set without their input and so they are not able to answer the questions and present the evidence of the issues they work on. There are also other factors that increase the likelihood of influence, such as ideological convergence, existing policy commitments, and, less benignly, donations to political parties.
13. On the latter point, our research identified that the current party of government receives significant funding from those with substantial interests in the property sector. We found that:
 - Between January 2010 and March 2020, 80 per cent of political donations made by individuals and companies related to substantial property interests (worth £60.8 million) went to the Conservative Party.¹¹
 - **Property related contributions accounted for more than a fifth of the Conservative Party’s reportable donations during this period.** No other political party had such a high ratio of reportable donations from this industry.¹²
 - Between 2015 and 2019, just ten donors with a major interest in the property market accounted for one in every ten pounds of reported donations to Conservative Party HQ.¹³
14. This heavy reliance on the donations of those with vested interests in property may mean that the government refrains from taking the bold decisions necessary to tackle Britain’s housing crisis effectively. Such a situation could be described as policy capture, defined by the OECD as “the process of consistently and repeatedly directing public policy away from the public

⁹ Henry Dyer, ‘[Ex-housing minister explained ‘ins and outs of the lobby process’ to construction trade body](#)’ (20 January 2022), *Business Insider*.

¹⁰ Transparency International UK, [House of Cards](#) (April 2021), pp.26-7.

¹¹ Transparency International UK, [House of Cards](#) (April 2021), p.34.

¹² Ibid.

¹³ Transparency International UK, [House of Cards](#) (April 2021), pp.34-5.

interest towards the interest of a specific group or person.”¹⁴ It is the opposite of fair and inclusive policymaking, and always undermines core democratic values.

Capacity within DHULC

15. It is the responsibility of ministers and their civil servants to guard against policy capture, yet a high turnover of personnel within DLUHC has weakened their ability to do so. **At the point of publication of our research, we found that there have been 10 secretaries of state and 18 housing ministers in the last twenty years, which is an astonishingly high rate of turnover.**¹⁵ On average, secretaries of state stayed in office for around two and a half years, however many were in post for shorter periods.
16. Since April 2021, another new secretary of state has been appointed with expanded responsibilities as the Secretary of State for Levelling Up, Housing, and Communities. The impact of this high rate of change is compounded by a high rate of civil servant turnover; Institute for Government research from 2019 shows that the department’s annual staff turnover can be as high as 25 per cent a year.¹⁶
17. During interviews, several key stakeholders shared their frustration that a significant amount of their time is spent educating those who are supposed to be leading national housing policy. Comments from interviewees included:
 - “I’ve spoken to so many ministers over the years I’ve lost count – it’s crazy.”¹⁷
 - “Housing policy isn’t going anywhere because ministers who have only been in office for 12 months won’t have any impact. They can’t come up with a flagship policy in this time.”¹⁸
 - Ministerial turnover is “incredibly high”, “really frustrating”, and means that “things just get picked up and dropped.”¹⁹
 - Concerns that the position of secretary of state is “not taken seriously”, is seen as a “stepping stone job” or a “springboard”, and that “nobody wants to be there for very long.”²⁰
18. Although this was perceived to be an issue mostly with ministers, interviewees also noted that turnover rates in the civil service can also cause problems:
 - “You build up a good relationship with one or two civil servants, and before you know it, they’ve moved on.”²¹
 - “The movement of civil servants around departments means they lack technical knowledge, and when the main ones retire, they’re not replaced.”²²
19. Additionally, respondents identified problems with the Government’s capacity to produce its own research and evidence. It was hypothesised that this has then led to evidence being produced privately, which is not as reliable or thoroughly reviewed.

¹⁴ OECD, [Preventing Policy Capture: Integrity in Public Decision Making](#) (March 2017), p.9

¹⁵ Transparency International UK, [House of Cards](#) (April 2021), p.30.

¹⁶ Institute for Government, [Moving on: the costs of high staff turnover in the civil service](#) (January 2019), p.9.

¹⁷ Transparency International UK, [House of Cards](#) (April 2021), p.31.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Transparency International UK, [House of Cards](#) (April 2021), p.32.

²² Ibid.

20. These findings provide useful context to deficiencies in DHULC’s approach to renting regulations identified in by the NAO. Alongside issues surrounding insufficient understanding of tenants’ experiences, the NAO’s *Regulation of private renting* report found that:

- The Department has taken a piecemeal approach to intervening in the private rented sector in recent years, does not currently have a strategy for what it wants the regulation of the sector to look like as a whole, and has not evaluated its recent interventions to establish their impact.²³
- The Department lacks robust data on key issues where regulatory action may be required, the full costs to landlords of complying with their legal obligations, or what tools and approaches are used by local authorities in ensuring landlords comply with these obligations.²⁴ It has not considered what other data it needs to properly understand outcomes for tenants in the strategic objectives it currently has in development.²⁵
- The Department could work in a more consistent manner with other parts of government to understand the impact of any related policies on private renting.²⁶

21. The Committee should consider whether the high turnover rate of ministers and civil servants in the department has contributed to this situation.

Recommendations for a more open and inclusive policy process

22. Overall, our assessment is that there are poor protections against housing policy capture in the UK government. Our research presents a concerning situation where a lack of resources impinges upon private renters’ ability to participate in the policymaking process, a high turnover of ministers and civil servants creates a potential knowledge deficit and diminishes the appetite for bold decisions, and a high reliance on donations from vested interests, which risks creating perverse incentives for the governing party, which could divert decisions away from the public interest.

23. This has relevance for the Committee’s inquiry because it has arguably led to “policy inertia”, to use the words of one interviewee from our report, where ministers are unwilling to take big decisions for fear of affecting homeowners or housing developers.²⁷ The stubbornness of the housing crisis has not escaped the general public, with 60% of the respondents to a recent YouGov poll stating that they thought that government housing policies over the last few years have had a negative impact.²⁸

24. We urge the Committee to consider the policymaking process as a contributing factor regarding issues with the fairness of private renting regulation in England, and to address this issue fully in its inquiry. To ensure a more open and inclusive policy process, which will support the development of fairer regulation, we make the following recommendations:

- **DLUHC should ensure greater engagement of tenants and other marginalised groups at all stages of the development of housing policy.** While the government does well at consulting a wide range of interest groups in the development of housing policy, it

²³ National Audit Office, *Regulation of private renting* (2021), p.8.

²⁴ National Audit Office, *Regulation of private renting* (2021), pp.8-9.

²⁵ National Audit Office, *Regulation of private renting* (2021), p.8.

²⁶ Ibid.

²⁷ Transparency International UK, *House of Cards* (April 2021), p.39.

²⁸ Lukas Paleckis and Beth Mann, ‘[What are the problems with housing in the UK?](#)’ (17 December 2021), *YouGov*.

could and should do more to reach out to those directly affected by the housing crisis, such as private renters. Given that private renters represent just under a fifth of all households in the UK, we do not think this would be a disproportionate or wasteful use of government resources.²⁹

Changes that could deliver this include better involving tenants' groups in the pre-consultative stage of policymaking, ensuring that consultations are written in accessible language, and providing sufficient time for consultees, especially less resourced groups, to provide more informed and evidenced responses. Publishing all submissions received for consultations by default would also ensure greater transparency over the policymaking process and help safeguard against undue influence by groups with better access or more resources.

- **DHULC and other relevant departments should legislate to take big money out of UK politics and encourage political parties to diversify their donor base.** A lack of meaningful controls on political campaign spending, combined with no limits on political donations, increases pressure on parties to solicit funds from a small number of wealthy donors. This has led to an unhealthy reliance on a very small number of donors from the property sector in the party of government, which risks inhibiting ministers from making the tough decisions needed to meaningfully tackle the housing crisis.

While political parties should take proactive steps to diversify and increase the resilience of their donor bases to ensure they are less dependent on a small number of large donors, legislation is required to deliver some of the most meaningful changes. These include a £10,000 limit on donations from individuals and companies per donor per year, reducing the maximum amount political parties can spend on national campaigning at elections by 15 per cent, and bringing the reporting threshold for donations and loans into line with the permissibility thresholds. DHULC is one of the sponsoring departments for the Elections Bill currently making its way through Parliament, which fails to include any of these crucial reforms.

- **DHULC should explore how to increase the level of organisational knowledge retention within the Department.** The stubbornness of the housing crisis, and the lack of successful policy or regulatory interventions to address it, has been partly attributed to the churn of leadership and personnel within the department. This churn has also led to frustration amongst key stakeholders. Given the existing problems faced by private renters who try to engage with the policymaking process, solving this problem may also help these groups build better relationships and understanding with key decision-makers.

ABOUT TRANSPARENCY INTERNATIONAL UK

Transparency International (TI) is the world's leading non-governmental anti-corruption organisation. With more than 100 chapters worldwide, TI has extensive global expertise and understanding of corruption.

Transparency International UK (TI-UK) is the UK chapter of TI. We raise awareness about corruption; advocate legal and regulatory reform at national and international levels; design practical tools for institutions, individuals and companies wishing to combat corruption; and act as a leading centre of anti-corruption expertise in the UK. We are independent, non-political, and base our advocacy on robust research.

²⁹ Transparency International UK [House of Cards](#) (April 2021), p.6.

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