

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2416

### Title: Pan-London HMO identifier tool and Rogue Landlord and Agent Checker enhancements

#### Executive Summary:

The Mayor has recently secured funding of £205,375 from the Government to create a pan-London Houses in Multiple Occupation (HMO) identifier tool, which will enable London boroughs to identify unlicensed HMO properties in their area; and to make enhancements to the Mayor's Rogue Landlord and Agent Checker.

#### Decision:

That the Mayor approves:

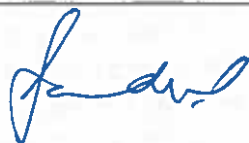
1. The receipt of grant funding of £205,375 from the Ministry of Housing, Communities and Local Government (MHCLG) to develop a pan-London Houses in Multiple Occupation identifier tool and to enhance the Mayor's Rogue Landlord and Agent Checker.
2. Expenditure of £205,375, comprising:
  - £150,000 to award a contract to a supplier following a procurement process for the creation of a pan-London HMO identifier tool;
  - £50,000 for enhancements to the Mayor's Rogue Landlord and Agent Checker to be provided by an existing GLA supplier, Zoocha; and
  - £5,375 for project officer support to deliver the above.

#### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

12/2/17

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. Around 2.4 million Londoners live in the private rented sector. While most private landlords in the capital offer a good service, far too many tenants are exploited by rogue operators who rent out properties in poor and dangerous conditions. Renters in London are disproportionately likely to be defined as 'vulnerable'. The University of York's recent study of vulnerability in the private rented sector (PRS) found that nationally, 38 per cent of private renting households are in the bottom third of incomes. It also found that, in London, 97 per cent of those low-income renters are experiencing one or more of the following types of 'harm' as a result of renting privately: poverty, overcrowding, or poor property conditions.
- 1.2. When properly managed, Houses in Multiple Occupancy (HMOs) provide much-needed, cheaper shared private rental accommodation. However, the worst conditions and management standards in the PRS tend to be concentrated in HMOs, and vulnerable renters frequently end up living in these types of properties. In October 2018, the Government's extension of mandatory HMO licencing came into force, meaning that far more HMOs are now subject to mandatory licencing. The new regulations cover all properties occupied by five or more unrelated adults, where they live as two or more separate households, regardless of the number of storeys. Previously only properties of three or more storeys were subject to licencing. This gives local authorities greater powers to enforce standards and conditions in HMO properties.
- 1.3. Significantly better local authority regulation of HMOs can help ensure that this important form of accommodation continues to exist without blighting the lives of tenants and neighbours alike. While boroughs have been given the powers to enforce against rogue operators in the PRS, there is currently a very wide variation in performance and effectiveness of borough teams. Reasons for this include lack of funding and skilled staff to implement effective enforcement and target resources efficiently.
- 1.4. While there is currently no accurate estimate of the number of unlicensed HMOs in London, the best available evidence is that boroughs who have rolled out larger HMO licensing schemes have found and licenced many more HMOs than they thought they had in their borough. For example, when the London Borough of Newham first started their licensing scheme they estimated that they had around 19,000 licensable properties. Four years later they had licensed more than 40,000 homes and they continue to find unlicensed properties.
- 1.5. Another issue that many councils with selective licensing encounter is HMO landlords who fraudulently claim their property is a single-family dwelling and apply for a selective licence, which is generally cheaper. This also allows such landlords to avoid the more stringent safety and management regulations that apply to HMOs. The tool would help councils identify such bogus selective licence applications, as well as detecting HMO properties which are operating completely unlicensed 'under the radar'. Many London councils have told the GLA they struggle with one or both of these issues.
- 1.6. As set out in the London Housing Strategy, the Mayor wants all private renters to benefit from decent property standards and management practices, regardless of their background or income. As a first step to improving standards, the Mayor set up his PRS Partnership to bring representatives from all 33 London local authorities together. The first project delivered via the Partnership was the Mayor's Rogue Landlord and Agent Checker ('the Checker'), which publicly 'names and shames' unscrupulous landlords and agents and assists boroughs in sharing data about rogue operators. All London boroughs have signed up to the Checker, and all those with relevant enforcement records have added them. The success of the PRS Partnership and the Checker demonstrate that the GLA's strategic oversight can help to deliver concrete results to the benefit of boroughs and renters alike.

1.7. The GLA has successfully bid for £205,375 from the Ministry of Housing, Communities and Local Government's (MHCLG) Rogue Landlord Enforcement Grant Fund. In order to build on the success of Checker and continue the Mayor's work to improve standards and conditions in the PRS, it is proposed that this funding is used to:

- Procure a pan-London tool to identify unlicensed HMO properties, to help all London boroughs better target their enforcement resources on rogue operators in the PRS (£150,000);
- Make software enhancements to the Checker, including exploring how it can work together effectively with MHCLG's national Rogue Landlord Database, following the Prime Minister's announcement that the national database will be made available to the public, and other related databases (£50,000); and
- Provide project officer support for the delivery of the above (£5,375).

1.8. This work will contribute to the Mayor's aim of improving borough regulation of the PRS, creating higher standards with more consistency across London, and ensuring that all of London's vulnerable renters are better supported. Through the GLA's strategic oversight, it will provide a pan-London solution that will help boroughs to make better use of their limited resources by enabling them to better target their enforcement activity.

#### **Pan-London HMO identifier**

1.9. This data analytics tool will enable the identification of HMOs which should be subject to licencing, but whose owners are flouting the rules by failing to apply for a licence. It will combine data from a number of sources, including: borough licensing scheme maps and HMO registers; data from property rental portals on shared housing to let; and, where possible, additional council-owned data such as records of council tax payments, numbers of housing benefit claims, and requests for extra rubbish bins and parking permits. While publicly available data will be built into the design of the tool, councils will be able to decide which of their own data to add into it. The incentive of doing so will be that the more data they add, the more accurate and useful the tool becomes.

1.10. Without this new 'identifier' tool, many boroughs are likely to struggle to effectively enforce the extension of mandatory HMO licencing which came into force in October 2018. They would continue, as they do now, to rely heavily on complaints from renters and the local community to detect problems. The identifier will help boroughs to be proactive and speed up the process of identifying non-compliance, through targeting their PRS enforcement resources effectively to help vulnerable tenants. Trading Standards officers will be able to identify agents who consistently advertise unlicensed properties across London - encouraging more cross-borough working and enforcement on rogue landlords operating across borough boundaries.

1.11. While the primary purpose of the tool is to help councils to identify rogue landlords, information will also be made available through a public tier which will allow tenants who want to do so to check whether their property requires a licence and whether it currently has one. They will also be able to immediately report unlicensed or non-compliant properties to their council through the Mayor's existing 'report a rogue landlord' tool, helping generate further intelligence for boroughs.

#### **Enhancements to the Rogue Landlord and Agent Checker**

1.12. The Checker is a valuable tool to make rogue landlords and letting agents more accountable to renters and enforcement bodies. This funding would be used to enhance its functionality and capability, including:

- Links to other external databases, including ensuring effective interface with MHCLG's national Rogue Landlord Database and exploring links to the Trading Standards' intelligence database;

- Inclusion of new PRS enforcement powers, such as rent repayment orders and banning orders, and ability to publish civil penalties on the public tier;
- Streamlined data input functionality;
- Improved data validation to minimise data errors; and
- Better reporting functionality to enable data analysis, leading to improved intelligence sharing and monitoring of enforcement activity.

### **Project officer support**

- 1.13. The two pieces of work outlined above will require additional resource within the GLA's private rented sector team to deliver. The funding from MHCLG will be used to extend the hours of an existing part-time officer for the duration of the project to increase capacity.

## **2. Objectives and expected outcomes**

- 2.1. The overall objective is to enable London boroughs to better target their enforcement resources against rogue landlords and letting agents, particularly those operating unlicensed HMOs. Building on the success of Checker, this project will help lead to improved borough PRS enforcement, driving higher standards and more consistency across London, and better support for London's vulnerable renters.
- 2.2. The objectives of the Checker enhancements are to:
  - Update the enforcement types to include new PRS enforcement powers;
  - Improve current back-end functionality for the borough users and GLA admin;
  - Minimise manual workflows within Checker; and
  - Improve reporting for boroughs and creation of a dashboard of statistics.
- 2.3. The objectives of the HMO identifier are to:
  - Increase the number of licensed properties per borough, improving standards for tenants and helping to generate income for councils;
  - Reduce the level of borough resources needed to identify unlicensed HMOs;
  - Improve information about rogue activity in the PRS, and improve data-sharing between London councils and cross-borough working to tackle rogue landlords operating across multiple boroughs;
  - Reduce complaints to the boroughs about unlicensed HMOs and surrounding public realm; and
  - Improve public knowledge of PRS property licensing, and subsequent reporting of rogue landlords.
- 2.4. Following the development of the HMO identifier tool, the GLA will set realistic, but challenging targets to demonstrate the success of the tool. This could include KPIs on securing participation from all London councils to adopt and use the tool, and levels of public engagement with the tool.

### **3. Equality comments**

- 3.1. Any decisions made with regard to these initiatives must comply with the Equality Act 2010 and, in particular, the requirements of the Public Sector Equality Duty as set out in section 149) of the Equality Act 2010.
- 3.2. This provides that in the exercise of their functions, public authorities must have due regard to the need to:
  - Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
  - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
  - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 3.3. The obligation in section 149 is placed upon the Mayor, as decision maker. Due regard must be had at the time a particular decision is being considered. The duty is non-delegable and must be exercised with an open mind.
- 3.4. Equalities considerations will be taken into account by the GLA in connection with the procurement of the Pan-London HMO identifier. The chosen supplier will acknowledge under the procurement terms and conditions of that the GLA is under a duty to eliminate unlawful discrimination as stated above. In providing their services, the supplier shall assist and cooperate with the GLA where possible in satisfying this duty.
- 3.5. In improving standards and conditions in the private rented sector this policy will be of benefit to people with several of the protected characteristics provided for in the Equalities Act 2010 such as:
  - Age (70 per cent of private renters are under 45);
  - Race and ethnicity (63 per cent of London's private renters were born overseas); and
  - Pregnancy and maternity (30 per cent of households living in the private rented sector now have dependent children).
- 3.6. As set out in the London Housing Strategy Impact Assessment, the Mayor's proposals to improve property standards and management practices in the PRS (Policy 6.1) target the worst parts of the sector, where low income households, among which those with several protected characteristics are over-represented, are most likely to live. The worst conditions in the PRS are widely acknowledged to be concentrated in HMOs.
- 3.7. By developing a tool to help councils identify non-compliant HMOs and take action against them, the Mayor will be helping the vulnerable people set out above by helping to raise the standards of their accommodation and accountability of their landlords. By making improvements to his Checker he will be continuing to benefit these vulnerable renters by making the system more accessible. All the improvements will be subject to public user testing.

### **4. Other considerations**

#### *a) Key risks and issues*

- 4.1. The table below outlines the risks posed by this initiative, the level of risk and the action GLA officers will be undertaking to mitigate.

Risk description	Project stream (HMO identifier/Checker/Both)	Rating	Mitigating action
Lack of borough participation and difficulties obtaining borough data	HMO identifier tool	Medium	<p>Strong appetite for the HMO identifier from the London Boroughs.</p> <p>The tool will be designed in partnership with a working group of boroughs and will seek to minimise the burden on boroughs participating.</p> <p>This risk also existed as part of the original Checker project and was overcome, setting a positive precedent.</p> <p>Officers will ensure that they maintain the strong relationships with the boroughs through the PRS Partnership.</p>
The tool is not fit for purpose	HMO identifier tool	Low	There will be a robust specification, close project management and extensive user testing.
Insufficient budget	Both	Low	This proposal has been costed in line with previous projects such as the Checker, so we are confident it can be achieved within budget.

*b) Links to Mayoral strategies and priorities*

4.2. See paragraph 1.3 above.

*c) Impact assessments and consultations*

4.3. The bid for this funding was developed through discussions with the Mayor's London Borough PRS Partnership. As set out in the London Housing Strategy, the work of the Partnership aims to bring together strategic vision and on the ground enforcement activity to tackle the problems in the PRS. The HMO identifier tool and enhancements to the Checker will help deliver this aim.

*d) GDPR and data protection implications*

4.4. The data included in the HMO identifier tool will be non-sensitive and will not include names or personal information. The Checker currently complies with the General Data Protection Regulation

and Data Protection Act 2018 and the enhancements will not involve incorporating additional personal data or using data for additional purposes.

## **5. Financial comments**

- 5.1 This decision requests approval for the receipt of grant funding of £205,375 from the Ministry of Housing, Communities and Local Government (MHCLG) in 2018/2019 to develop a pan-London HMO identifier tool and to enhance the Mayor's Rogue Landlord and Agent Checker.
- 5.2 The decision also requests approval to incur revenue expenditure of up to £205,375 in 2018/2019, comprising of:
- £150,000 for the creation of a pan-London HMO identifier tool;
  - £50,000 for enhancements to the Mayor's Rogue Landlord and Agent Checker; and
  - £5,375 for project officer support to deliver the above.

## **6. Legal comments**

- 6.1 Part II of the Greater London Authority Act ('GLA Act') sets out the general functions and procedure of the GLA. Section 30 of GLA Act sets out the general power of the GLA to do anything which it considers will further any one or more of its principal purposes which are:
- (a) Promoting economic development and wealth creation in Greater London;
  - (b) Promoting social development in Greater London; and
  - (c) Promoting the improvement of the environment in Greater London.
- 6.2 The section 30 functions are exercisable by the Mayor acting on behalf of the GLA (s.30(10)).
- 6.3 The proposals in paragraphs 1 and 2 of this requested decision will further the GLA's aims for promoting both economic and social development in Greater London. The GLA would be seeking to ensure that the PRS operates in a fairer and more transparent way and that tenants are protected from exploitation by unscrupulous landlords.
- 6.4 There are related statutory duties set out in the GLA Act:
- Paying regard to the effect that this decision will have on the health of persons in Greater London, health inequalities between persons living in Greater London, the achievement of sustainable development in the United Kingdom and climate change and its consequences (s.30(3-5) of GLA Act);
  - Paying due regard to the principle that there should be equality of opportunity for all people (s.33 of GLA Act);
  - Consulting, where appropriate, with appropriate bodies (s.32 of GLA Act); and
  - Having due regard to the Public Sector Equality Duty under s.149(1) of the Equality Act (see section 3 for further details).
- 6.5 Under section 34 of the GLA Act, the Mayor may do anything (including the acquisition or disposal of any property rights) which is calculated to facilitate, or is conducive or incidental to, the exercise of any functions of the GLA exercisable by the Mayor. The proposals in paragraphs 1 and 2 of this requested decision are an exercise of the incidental power under s.34 of GLA Act.



- 6.6 The HMO identifier tool required will be procured by Transport for London Commercial who will determine the detail of the procurement strategy to be adopted in accordance with the GLA's Contract and Funding Code. Officers must ensure appropriate contract documentation is put in place and executed by the successful bidder and the GLA before the commencement of the services.

## **7. Planned delivery approach and next steps**

- 7.1. This project will be led and co-ordinated by the GLA Housing and Land Directorate, with support from the Digital Team, Technology Group, Data Governance Team, TfL Legal, Commercial and the PRS Partnership.
- 7.2. An external software developer will be procured, via in line with the GLA's Contracts and Funding Code and internal processes, to deliver the HMO identifier tool.
- 7.3. The £150,000 funding will pay for the development of the tool and after this, ongoing maintenance costs will be covered by the GLA's support budget for london.gov.uk, as is currently the case with the Checker. It may be desirable to make enhancements to the tool in future years, and these can be considered on a case-by-case basis. As the tool has the potential to save boroughs money and generate income through more targeted enforcement activity, we will explore how it could potentially become self-funding in future.
- 7.4. The improvements to the Checker will be delivered by Zoocha, the GLA's contracted supplier for development work for existing GLA digital projects.

<b>Activity</b>	<b>Timeline</b>
Procurement of contract for HMO identifier tool	End March 2019
Announcement [if applicable]	End March 2019
Delivery Start Date	End March 2019
Final evaluation start and finish (self)	End October 2019
Delivery End Date	End October 2019
Project Closure:	End October 2019

## **Appendices and supporting papers:**

Appendix 1: MHCLG confirmation of funding

Appendix 2: Successful bid to MHCLG Rogue Landlord Enforcement Grant Fund



**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

**Part 1 - Deferral****Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason:

To enable the GLA to carry out a procurement exercise for the HMO identifier tool as disclosure of the budget of this contract could unfairly prejudice the ability of the GLA to obtain the best value for the GLA. Publication of this decision will therefore be deferred until after the contract is awarded.

Until what date: until a provider has been procured, likely to be end March 2019.

**Part 2 - Sensitive information**

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form - NO****ORIGINATING OFFICER DECLARATION:**

Drafting officer to  
confirm the  
following (✓)

**Drafting officer:**

Alicia Savva and Lydia Volans have drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

David Lunts has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

James Murray has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**Corporate Investment Board**

This decision was agreed by the Corporate Investment Board on 11 February 2019.

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

*M. D. Allen*

Date

11.2.19

**CHIEF OF STAFF:**

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

*D. Bellamy*

Date

11/2/2019.

