

# GREATER **LONDON** AUTHORITY

## REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD312

### **Title: London Rental Standard licensing fee**

#### **Executive Summary:**

The GLA is undertaking a series of projects to improve London's private rented sector, the centrepiece of which is the London Rental Standard (LRS) initiative. The LRS is a set of minimum standards the Mayor has introduced for private landlords and letting agents. The aim of the project is to accredit private landlords and letting agents to the London Rental Standard. In order to do this the Mayor has licensed accrediting organisations ("AOs") in London to provide the London Rental Standard single badge of accreditation as provided for in MD1357.

The AOs will pay a license fee in order to fund the salary of a licensing and compliance officer who will monitor the AOs compliance with the LRS requirements.

This Assistant Director Decision seeks the approvals necessary for the GLA to receive this money.

#### **Decision:**

The Assistant Director approves:

the GLA's entry into contracts, or other such commercial arrangements with the London Rental Standard Accrediting Organisations (who have been licensed in accordance with MD1357) to secure the new LRS licensing funds, equivalent to a GLA salary at grade 6 pro rata for 2.5 days per week.

#### **AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT:**

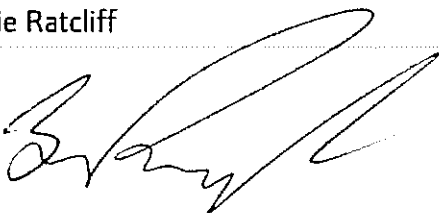
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

**Name:** Jamie Ratcliff

**Position:** Assistant Director, programme, policy and services – Housing and Lands

**Signature:**



**Date:**

1/6 / 2015

## PART I - NON-CONFIDENTIAL FACTS AND ADVICE

### Decision required – supporting report

## 1 Introduction and background

### Contextual background

- 1.1 In 2012, the Mayor of London launched his Housing Covenant for London. The third part of that covenant, “*Making the private rented sector work for Londoners*” (published in December 2012), set out the compelling reasons for empowering consumers in the private rented sector and introduced a standard - the London Rental Standard (“LRS”) - that sets a benchmark, to be implemented by accrediting bodies, for the services that tenants should expect from their landlords and letting agents.
- 1.2 The LRS is also an integral part of the proposals for improving the private rented sector contained in the Mayor of London’s statutory London housing strategy, published in November 2014.
- 1.3 The LRS was considered, as part of the London Housing Strategy, and approved by the Housing Investment Group on 19 March 2014.

### Background information on the LRS

- 1.4 The LRS has been developed by the Mayor of London in collaboration with the LRS steering group, comprised of London boroughs, Shelter and organisations that currently accredit landlords and letting and managing agents under a variety of different accreditation schemes (“accrediting organisations”).
- 1.5 Published in July 2013 and updated in May 2014, the LRS sets out a new standard that is expected of such accreditation schemes (and therefore landlords and letting and managing agents).
- 1.6 In May 2014 the Mayor formally launched the LRS and delegated authority to the Executive Director for Housing and Land to license AOs to provide the LRS badge of accreditation to their members in MD1357. To support this, AOs are monitored against a licensing and compliance framework and data is shared with the GLA so that progress can be monitored.
- 1.7 The London Borough of Camden originally provided an officer, who reported to the GLA, to undertake the licensing, compliance and data-gathering functions of the LRS. This contract has now come to an end and Camden has indicated that will not continue to provide this service. Following an options appraisal by the GLA, the Deputy Mayor for Housing, Land and Property has approved in principle the transfer of the licensing and compliance function of the LRS to the GLA. This ADD approves the funding for the licensing and compliance function.

### The London Rental Standard license fee

- 1.8 The license agreement with the AOs contains the following provision for the introduction of a license fee:

*The Licensor [Executive Director for Housing and Land] has set the initial Fee at £0. The Licensor reserves the right to alter the Fee in the future. Where the Licensor alters the Fee, the Licensor shall do so in consultation with the London Rental Standard Steering Group and shall give the Licensee 90 days notice of the altered amount of the Fee.*

- 1.9 Following an initial options appraisal by the GLA and LRS steering group, the AOs and the LRS steering group have agreed that a license fee shall be charged to each organisation. This ADD seeks approval to receive funds on an annual basis up to the value of a GLA grade 6 officer pro rata at 2.5 days per week including on costs. For the financial year 2015-16, this equates to £19,074.

**Table 1: breakdown of projected costs, 2015-16**

Item	Costs
Grade 6 officer salary (pro-rated 2.5 days per week)	£16,320
GLA pension contributions	£1,958
GLA national insurance contributions	£796
<b>Total</b>	<b>£19,074</b>

- 1.10 The GLA will enter into commercial arrangements with the licensed AOs, initially for one year only.

## **2 Objectives and expected outcomes**

- 2.1 The aim of the LRS project is to accredit 100,000 private landlords and letting agents to the LRS by 2016. Receiving the LRS license fee will contribute to this aim by delivering the following benefits:
- enabling a more effective and robust monitoring and compliance function
  - streamline data-sharing processes between the AOs and the GLA
  - provide a more direct link between day-to-day administration of the LRS and policy-making.

## **3 Equality comments**

- 3.1 The London Rental Standard is a policy contained in the Mayor's London housing strategy.
- 3.2 In January 2014 the GLA published an integrated impact assessment ("IIA"), including an equalities impact assessment, of that strategy. This considered the Mayor's policies to improve access to, and the condition of, the private rented sector; concluding that these should have a number of positive impacts and should improve the quality of private rented accommodation, in particular through wider accreditation of landlords. It also concluded that the increasing numbers of children living in the private rented sector are likely to be an important beneficiary group of the proposals.
- 3.3 The IIA also concluded that the actions related to the London Rental Standard should have an indirect positive effect on security and equality of access. It concluded that the policies should promote health and well-being, security, empowerment and potentially access to work for vulnerable and homeless households, by providing access to appropriate private sector rented accommodation when low cost rented housing is in short supply. It should also empower and increase the financial security of private sector tenants on lower incomes by improving information on rent levels and by protecting rental deposits.

## **4 Other considerations**

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

- 4.1 An identifiable risk associated with this Decision is that one or more licensed AO may renege on the agreement to pay the fee, or may delay paying their fee. Although there is clear provision in the LRS accreditation agreement for an AO to be removed from the scheme if they breach the terms of the agreement, this would leave a shortfall in the funding for the licensing and compliance officer salary. The GLA will work closely with all schemes to ensure continued commitment to the process and

avoid any unnecessary delays. Additional risks associated with the London Rental Standard badge of accreditation are outlined in MD1357.

b) Links to mayoral strategies and consultations

4.2 As detailed in the contextual background section 1.1 and 1.2 above.

c) Impact assessments and consultations

4.3 As detailed in the Equalities Comments 3.4 and 3.5 above.

## **5 Financial comments**

5.1 The plan to fund a part time London Rental Standard licensing and compliance officer via charges to AOs is to be approved for an initial 12 month period with forecast receipts of £16,800 over the same time period within 2015/16.

5.2 The cost will be covered by an equal charge to each of the organisations and any excess funding will be ring-fenced for London Rental Standard work.

5.3 Initially the costs were due to be shared between eight AOs with total forecast receipts to the GLA of £19,200. However one AO's licence has been terminated at short notice. As a result the GLA will now cover their share of the costs, amounting to £2,400.

5.4 Any overspend due to shortfall in recovery of these charges will need to be contained within the Housing and Land 2015/16 budget.

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

6.1 Once approval is received from the Assistant Director, the GLA will contact each AO and confirm that they are happy to waive the 90 days' notice of an increased fee which is provided for in the license agreement. If they consent, a fee increase letter will be sent to each AO, and they will be given a week to respond and submit a purchase order number to the GLA. At the same time a GLA budget code will be set up for the license fee by the Housing and Land link accountant. Once the AO responses are received the Housing and Land Business Support team will complete a Sales Invoice Request Form for each organisation and invoice each scheme. It is anticipated that this process may be completed by the end of June 2015. Once this stage is complete the recruitment process for the LRS officer will commence.

6.2 It is anticipated that the recruitment should be complete during July 2015, not including any notice period the successful candidate may need to serve.

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) 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 approval or on the defer date.

**Part 1 Deferral:**

**Is the publication of Part 1 of this approval to be deferred? NO**

If YES, for what reason:

Until what date: (a date is required if deferring)

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be 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:**

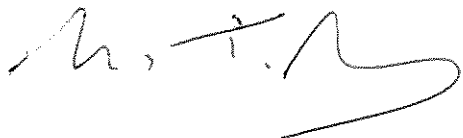
Rhona Brown has drafted this report in accordance with GLA procedures and confirms that the Finance and Legal teams have commented on this proposal as required, and this decision reflects their comments.

✓

**HEAD OF GOVERNANCE AND RESILIENCE:**

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

**Signature:**



**Date:**

01.06.15

