
Report of Mike Brook, Service Manager, Private Sector Housing

Report to Director of Environment and Housing

Date: 5th April 2016

Subject: Transitional arrangements following the cessation of the Leeds Landlord Accreditation Scheme (LLAS).

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The Leeds Landlord Accreditation Scheme (LLAS) was originally devised and launched as the Leeds City Council's Code of Standards (LCC CoS) for the Private Rented Sector in April 1997 and was based on the existing Unipol Code of Standards. This original scheme was reviewed in 2001, updated and re-launched as the LLAS.
2. The accreditation scheme is currently managed on behalf of Leeds City Council ("the Council") by the Residential Landlords Association Accreditation Scheme (RLAAS) Ltd ("the Scheme Operator"). The contract for administering this scheme was approved in April 2011 for a maximum 5 year period and ended on 31st March 2016.
3. On 9th March 2016 the Council Executive Board approved proposals for the exploration of a new Leeds Rental Standard that would effectively be sector led and replace the existing LLAS.
4. Arrangements need to be in place to form a transitional period between the existing LLAS and the introduction of a new Leeds Rental Standard in order to maintain stability, confidence and momentum in this sector.

5. Positive discussions have taken place with RLAAS Ltd who are willing to oversee a short transitional period at a vastly reduced cost to the previous LLAS. This cost to be agreed formally but will not exceed £3k for a maximum 4 month period to allow the implementation of the new Leeds Rental Standard.
6. Officers have held a number of meetings with the Residential Landlords Association (RLA), the National Landlords Association (NLA) and Unipol about developing the new Leeds Rental Standard and these discussions continue.
7. The existing budget of £19,350 per annum has been retained within the overall budget for 2016/17. It is proposed that this can be utilised to pay RLAAS Ltd for the transitional arrangements and also to provide seed funding to the new Leeds Rental Standard governing body to help with set up, publicity and marketing and running costs.

Recommendations

1. The Director of Environment and Housing is requested to approve the use of the planned 2016/17 LLAS budget to fund payments of a maximum of £3K to RLAAS Ltd, for the phased close down of LLAS.
2. That the Director of Environments and Housing approves the use of the remaining LLAS budget to effectively “seed fund” the establishment of the new Leeds Rental Standard.

1 Purpose of this report

- 1.1 The purpose of this report is to approve funding arrangements (from existing approved funding streams) for the phased close down of LLAS and the initial support of the new Leeds Rental Standard as proposed in the March Executive Board Report.

2 Background information

- 2.2 The LLAS was first introduced by the Council in 1997 as the Council’s Code of Standards (CoS) and very much mirrored the accreditation scheme run by Unipol for the student market. It was intended to provide the wider private sector with the ability to voluntarily raise standards without the need for the Council to take enforcement actions.
- 2.3 The CoS was regularly reviewed and was re-launched in 2001 following extensive consultation as the Leeds Landlord Accreditation Scheme (LLAS). The scheme remained voluntary but was aimed at improving property standards in the private rented sector across the whole city and not limited to the student market.
- 2.4 As part of cost saving initiatives, the administration of LLAS was outsourced in 2011. Following a competitive tendering exercise, a contract was awarded to RLAAS Ltd, to administer the scheme for a 5 year contract which expired on 31st March 2016.
- 2.5 Officers have been working closely with stakeholders and colleagues to determine an appropriate way forward. These discussions have led to a change in policy

direction and proposals were put forward to the Council Executive Board in March 2016 intending to explore ways of introducing a new Leeds Rental Standard. These proposals were welcomed and since that date, discussions have been ongoing with the RLA, NLA and Unipol about developing the new standard to replace accreditation whilst at the same time ensuring that the drive for better standards of accommodation is maintained.

3 Main issues

- 3.1 Together with representatives from the various landlord associations and Unipol, officers from the Private Rented Sector Regulation Service have been working on the broad objectives of a self-regulation proposal.
- 3.2 Out of these discussions came an agreement to establish the Leeds Rental Standard which would be self-regulated by its members. The self-regulation element will enable the Council to redirect resources at the poorest accommodation.
- 3.3 The Leeds Rental standard will still incorporate an element of property as well as management standards. It is also proposed that the scheme will be supported by an inspection regime, inspections run by the membership with the ability to refer cases back to the local authority for it to use its enforcement powers. It is the inclusion of these elements that gives the Council the confidence to consider a self-regulation format.
- 3.4 It is intended that all members of current accreditation schemes, whether run by the Council or the Associations and Unipol will automatically become members of the new Rental Standard.
- 3.5 The first phase will be an initial introduction to the sector with an opportunity to market the brand and scheme. Phase two will be for the membership to organise itself to take advantage of the self-regulation opportunity.
- 3.6 The establishment of the Leeds Rental Standard will be accompanied by an agreement with the Council acknowledging:
 - the self-regulation role,
 - setting targets for increased membership,
 - setting the ambition to drive up standards of accommodation and management in the sector,
 - setting up a mechanism to provide the Council with assurances about the operation of the scheme and allowing for landlords to be referred back to the Council where it is necessary to take regulatory action.
- 3.7 It is anticipated that phase one of the introduction can be completed by early May 2016. Further discussions are planned with all key parties to identify the next steps. Following initial launch, further work can be completed by the sector to establish governance procedures with the aim of completing phase two by the summer of 2016. Alongside this implementation it is intended to discuss the

scheme with the Association of Residential Letting Agents (ARLA) to explore ways in which ARLA and its members can also become involved in the scheme.

- 3.8 In order to see a smooth transition to the new Leeds Rental standard and avoid creating a void in the market, it is proposed to implement a phased “close down” of the existing LLAS. It is important to maintain credibility in the market and the confidence of existing LLAS members.
- 3.9 Constructive discussions have taken place with the existing LLAS administration and they are happy to oversee a planned close down of LLAS whilst at the same time promoting the move to self-regulation.
- 3.10 The existing LLAS budget of £19,350 has been retained in the accounts for 2016/17 and it is proposed to utilise this in two ways:
- To pay a small fee to RLAAS Ltd to oversee a planned close down over a period of no more than 4 months. This fee not to exceed £3K which is seen as good value for money.
 - To utilise the remaining budget to offer “seed funding” to the organisations setting up the new Leeds Rental Standard. This funding will assist with publicity, branding and marketing as well as making an initial contribution towards the administration. The exact amount to be offered to be determined following further discussions and agreement of proposals.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Detailed discussions have taken place with all key partners proposed in the development of the new Leeds Rental Standard as well as the existing administrators of LLAS. Proposals for the Leeds Rental Standard have also been agreed by the Lead Member and the Council’s Executive Board.
- 4.1.2 Discussions have also taken place with Finance to confirm the budget proposals.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are no issues for Equality and Diversity / cohesion and integration.

4.3 Council policies and the Best Council Plan

- 4.3.1 The Council has an ambition to be the “Best City”. One determiner of achievement will be whether or not the city has a housing offer that meets the ambition of “Best City”. The Private Rented Sector is key market in the provision of housing in the city. The Council has a clear regulatory role in this sector to ensure that standards are maintained and tenants have access to a safe, warm and secure home. The implementation of the new Leeds Rental Standard will be another tool with which to regulate the sector by allowing the Council to better target its’ resources on the poorest accommodation.

4.4 Resources and value for money

- 4.4.1 The cost of the planned phased close down of LLAS will be no more than £3k. This represents excellent value for money as it is a vastly reduced cost to the existing LLAS rate but will maintain confidence and credibility in the sector.
- 4.4.2 The option to utilise the remaining budget to help “seed fund” the new scheme will still show good financial sense and ensure a smooth transition. Once in operation the new Leeds Rental Standard will enable the Council to target its resources on the poorest accommodation across the city.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 The decision being requested falls under the Director’s delegations in accordance with part 3 of the constitution.
- 4.5.2 The decision is not open to call in as it is an administrative decision.

4.6 Risk Management

- 4.6.1 There are no financial risks involved. The only real risk will be if the partner organisations are unable to deliver the new Leeds Rental Standard. The Council will work closely with these organisations to help establish the scheme and the offer of “seed funding” will help achieve this. In addition, the Council will expect to have a place on the board set up to govern the new scheme so will have the opportunity to help shape the agenda.

5 Conclusions

- 5.1 The phased close down of LLAS will ensure existing members are kept updated and involved with the scheme. It will also provide opportunity to help publicise and promote the new Leeds Rental Standard.
- 5.2 The existing LLAS budget of £19,350 has been maintained in the accounts for 2016/17 and can be utilised to pay for the phased close down of LLAS as well as making a contribution towards the set-up, publicity and marketing of the new Leeds Rental Standard.

6 Recommendations

- 6.3 The Director of Environment and Housing is requested to approve the use of the planned 2016/17 LLAS budget to fund payments of a maximum of £3K to RLAAS Ltd, for the phased close down of LLAS.
- 6.4 That the Director of Environments and Housing approves the use of the remaining LLAS budget to effectively “seed fund” the establishment of the new Leeds Rental Standard.

7 Background documents¹

- 7.1 None

¹ The background documents listed in this section are available to download from the Council’s website, unless they contain confidential or exempt information. The list of background documents does not include published works.