

Report to the Tyne and Wear Trading Standards Joint Committee

21 June 2018

Trading Standards Responsibilities under the Tenants Fees Bill 2017-19

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Purpose of the report

To update the Committee on the proposed role of Trading Standards services under the Tenants Fees Bill.

Context

1. The private rented sector in England is home to 4.7 million households. Letting fees and high deposits are seen as adding to the affordability challenge for tenants seeking to access rented accommodation. The Bill's provisions are seen as sitting within the Government's aim of "*rebalancing the relationship between tenants and landlords to deliver a fairer, good quality and more affordable private rented sector*".
2. There is currently no cap on the level of fees that letting agents can charge in England, although since 21 May 2015 agents fees have been required to display a tariff of fees.

Government Proposals

3. During the Queen's Speech 2017, the Government announced an intention to bring forward a Draft Tenants Fees Bill to tackle "unfair fees on tenants" and "make the private rental market more affordable and competitive". The Tenants Fees Bill received its second reading in the House of Commons on the 21 May 2018.
4. Other action the Government is involved with includes:
 - A new requirement for all landlords to be members of a redress scheme to give tenants easier access to dispute resolution,
 - A new requirement for all letting agents to be registered and members of a client money protection scheme,
 - The introduction of banning orders and a database of rogue landlords and agents,
 - Consultation on the benefits and barriers of longer tenancies in the private rented sector.

Reactions from Interested Bodies

5. The announcement of the fees ban and the capping of security deposits has been welcomed by organisations such as Shelter, the Consumers

Association/Which? and Citizens Advice. These bodies have actively lobbied for the regulatory/abolition of letting agent's fees.

6. Organisations such as the Association of Residential Letting Agents (ARLA), the Residential Landlords Association (RLA) and the National Landlords Association (NLA), whilst expressing support for wider regulation of letting/managing agents to drive up standards, do not support the abolition of letting agent fees.
7. These organisations argue that fees cover essential costs which must be met and that tenant's rents will increase because of the ban. There is also concern that the removal of the revenue stream will result in agency closures, job losses and less competition. There is doubt expressed within the sector that landlords will accept significant fee increases and that service levels might decline.

Recommendation

8. The Committee is asked to note the information.

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