

APPENDIX B4 – Safeagent Submission



BRISTOL CITY COUNCIL'S ADDITIONAL AND SELECTIVE LICENSING PROPOSALS

A RESPONSE TO THE CONSULTATION FROM SAFEAGENT – NOVEMBER 2023

INTRODUCTION

safeagent www.safeagents.co.uk is a UK wide, not for profit accreditation scheme for lettings and management agents operating in the Private Rented Sector (PRS)

safeagent firms are required to:

- deliver defined standards of customer service
- operate within strict client accounting standards
- maintain a separate client bank account
- be included under a Client Money Protection Scheme

Firms must provide evidence that they continue to meet **safeagent** criteria on an annual basis, in order to retain their accreditation. The scheme includes 1700 firms, with over 2500 offices.

safeagent is an accredited training provider under the Rent Smart Wales scheme and meets the requirements for training of agents under the Scottish Government Register. **safeagent** also operates a Government approved Client Money Protection Scheme.

SAFEAGENT AND LICENSING

safeagent is supportive of initiatives such as Additional and Selective Licensing, providing they are implemented in a way that takes account of the Private Rented Sector (PRS)'s own efforts to promote high standards.

safeagent believes that positive engagement with voluntary schemes and the representative bodies of landlords and agents (such as **safeagent**) is essential to the success of initiatives such as Additional and Selective Licensing. We are mindful that the operational problems associated with lack of such engagement have been highlighted in House of Commons Standard Note SN/SP 4634.

The same note sets out how important it is for licensing schemes to avoid being burdensome. We believe that promoting voluntary schemes - and offering discounted licence fees to accredited landlords and agents, can help to achieve this. Voluntary schemes often require members to observe standards that are at least compatible with (and are often over and above) those of licensing schemes. We believe, therefore, that if Bristol City Council were to allow discounts based on membership of **safeagent** (as well as other similar bodies) implementing and policing the licensing scheme would ultimately be less costly and more effective, allowing resources to be concentrated in the areas where they are most needed.

This is a commonly accepted approach by many English Local Authorities. We would further point out that, in Wales, the Welsh Government has recently recognised the importance of membership of specified bodies such as **safeagent** and is offering discounted fees to members as a consequence <https://www.rentsmart.gov.wales/en/>

PROMOTING PROFESSIONALISM IN THE PRS - THE ROLE OF AGENTS

safeagent's engagement around the country, with various local authorities, suggests that lettings and management agents have a key role to play in making licensing, accreditation and other, voluntary regulatory schemes work effectively. Agents tend to handle relatively large portfolios of properties, certainly when compared to small landlords. They tend, therefore, to be in a position to gain an understanding of licensing based on wider experience. They become expert in trouble shooting and ensuring that the balance of responsibilities between the agent and the landlord is clearly understood. This, amongst other things, can help to prevent non-compliance due to misunderstandings about local licensing arrangements.

Since October 2014, it has been a requirement for all letting agents and property managers to belong to a government-approved redress scheme. In May 2015, new legislation required agents to display all relevant fees, the redress scheme they belong to and whether they belong to a client money protection scheme. On 1 April 2019, new legislation required letting agents and property managers that hold client money to be members of a government approved client money protection scheme.

At **safeagent** we operate one of the six government approved Client Money Protection Schemes. **safeagent** ensures its members maintain defined service standards, have Client Money Protection arrangements in place, keep separate client accounts and comply with their legal obligation to be a member of a redress scheme. We also have an extensive online training offering to support their professional development. All this can be of assistance to councils who are trying to drive up standards in the PRS.

To assist councils in regulating the private rented sector and effectively utilising these enforcement powers, we developed an Effective Enforcement Toolkit. Originally published in June 2016, the second edition was published in 2018. The third and most recent edition of the **safeagent** Effective Enforcement Toolkit, developed in conjunction with London Trading Standards, was published in 2021. It can be downloaded free of charge from our website: <https://safeagents.co.uk/wp-content/uploads/2021/11/safeagent-Effective-Enforcement-Toolkit-2021.pdf>

BRISTOL CITY COUNCIL'S PROPOSALS - SPECIFIC ISSUES

Partnership Working with Lettings and Management Agents

We would urge Bristol City Council to work closely with accredited lettings & management agents to ensure that the regulatory effort associated with the licensing schemes is focussed on the greatest risks. The highest priority should be tackling rogue landlords and agents, not policing the compliant.

We note the Council's view that a significant proportion of HMOs are being managed ineffectively. We would suggest that proportionately far fewer properties being managed by accredited agents suffer from this ineffective management. Greater partnership working could, therefore, potentially mitigate the need to inspect every property. Accredited agents can be trusted to pick up on issues during their six monthly inspections.

Many rogue landlords and unaccredited agents operate “under the radar”. Resources should, therefore, be directed towards these serious cases. There is danger that too much time will be spent on those properties and landlords where an existing, reputable agent is best placed to ensure compliance with license conditions.

We would urge the council to fully recognise the compliance work reputable agents carry out as part of their day to day work. We would also suggest that the Council work closely with accredited agents to proactively seek out and identify unlicensed properties.

Co-regulation

The "Proposals to introduce new property licensing schemes in Bristol Information Booklet" makes clear at Section 8 that BCC have already investigated and disregarded any alternative courses of action to achieve the objective of improving standards in the PRS. If this is the case, how can landlords have any confidence that the outcome of this consultation is anything other than a foregone conclusion?

Specifically, the description of co-regulation schemes in the proposal is somewhat misleading. In our experience, they need not be an alternative to licensing, but rather a way of implementing it in partnership. Once licensing schemes are introduced, co-regulation partners can be engaged to promote engagement from their members (in our case agents) This helps to realise some of the advantages of ensuring that accredited agents are engaged to manage properties.

The possible sanctions under co-regulation schemes are not “*limited*”. On top of the sanctions available under the licensing schemes themselves, co-regulation partners can take action against rogue members, including ultimately expulsion. Furthermore, co-regulation partners’ standards typically far exceed “*minimum legal standards*”.

We do not agree that co-regulation “*will not significantly improve the standards of management and condition of the properties within the proposed area*” In Liverpool, where **safeagent** acted as a co-regulation partner, standards and conditions were indeed greatly improved – and member agents were much more positively engaged with the licensing process as a whole.

Rent with Confidence

The proposal document points out that Rent with Confidence is a “*voluntary scheme...(that)... does not attract those landlords and agents who continue to mismanage their properties or meet their legal obligations*” It goes on to describe how “*the council does not believe it will be...(as)...effective as the proposed licensing schemes.*”

This suggests that a prime focus of any programme of full blown licensing inspections should be on the limited number of “rogues” who blight the PRS. If the potential of Rent with Confidence were to be fully realised, by passporting accredited agents into the scheme, this would:

- enable the operational focus of licensing inspections to be on targeting the seriously non-compliant, who are much more likely to be unaccredited
- simplify things for agents and the landlords they act for, by removing the duplication of effort and cost involved in compliance with two accreditation schemes (one industry, one local)

As things stand, the proposal document's lukewarm comments about Rent with Confidence seem to undermine the scheme, by dwelling in its current limitations. We would urge the council to make full use of the scheme, together with passporting for accredited agents. We would be happy to engage positively with discussions about this.

Proposed Licensing Area

We welcome the targeted nature of the selective licensing proposals. We are also supportive in principle of the City Wide HMO licensing proposal.

Additional and Selective Licensing Fee

The proposed baseline fees of £1,861 (Additional) and £912 (Selective) are unreasonably high. They are far in excess of those charged by most Local Authorities in England.

We note that, as colleagues on the West of England Landlords Panel have pointed out, BCC's figures suggest there are some 6005 privately rented properties in the four wards of Bishopston, Ashley Down, Cotham and Easton. The projected cost of implementation of the selective licensing scheme is quoted as £3.5m. The fee being proposed (£912) would generate a revenue of £5.48m. Given that the local authority is not permitted to make a profit from any licensing scheme, the fee seems disproportionate to the cost, even allowing for the discounts that are available,

There is a danger here that BCC will be perceived to be penalising good, conscientious and compliant landlords by imposing high license fees on them, in order to subsidise the local authority in funding its obligations to enforce standards. We know that some representative bodies will be making the case for landlords who are found by inspection to be fully compliant to be refunded their licence fee, with those landlords found to be breaching standards and regulations facing increased fees to offset this. As an alternative, we would suggest that the fees are lowered and that more focus is put on non-compliant landlords and agents who are not members of recognised industry bodies such as **safeagent**.

We would suggest that this is justified because **safeagent** members and the landlords who engage them are less likely to be non-compliant and that, as a result, there could be reduced costs to the council. We would also suggest that **safeagent** membership mitigates the need for full compliance visits to be carried out by the council. For example, the timing and content of visits could be risk based, recognising that the risk of non-compliance is much lower in the case of properties managed by **safeagent** agents.

In our detailed comments below, we point out some of the areas where compliance with key standards is an inherent part of the **safeagent** scheme.

LICENCE CONDITIONS

Tenant Referencing

We are supportive of any requirement to obtain references for prospective tenants. **safeagent** is actively involved in promoting good practice in tenant referencing. We would be happy to discuss our work in this area with the Council.

Tenancy Management

safeagent agents are expected provide and fill in a tenancy agreement on behalf of the landlord. they will always make sure the terms of the tenancy are fair and help the tenant to understand the agreement.

They will always provide clear information to the tenant about any pre-tenancy payments and what these cover. They will explain any requirement for a guarantor and what the guarantor role entails.

At the end of a tenancy, they will always serve the tenant with the correct period of notice as set out in the tenancy agreement.

Under **safeagent's** service standards, agents are required to take a deposit to protect against possible damage. They are required to explain the basis on which the deposit is being held and the purpose for which it is required, as well as to confirm the deposit protection arrangements. When joining **safeagent**, agents are asked to provide details of the number and value of the deposits they have registered with the scheme.

Agents are asked to authorise **safeagent** to contact the scheme to verify this information.

During the course of a tenancy, **safeagent** agents will check the condition of the property and draw up a schedule to outline any deductions to be made from the tenant's deposit. They will return the deposit in line with timescales and processes required by the statutory tenancy deposit schemes.

safeagent agents are also required to:

- Have a designated client account with the bank
- Operate to strictly defined Accounting Standards
- Be part of a mandatory Client Money Protection Scheme.

These requirements provide Additional and Selective security for client monies held, over and above the requirements of the Bristol City council licensing scheme. Again, this is an area where increased **safeagent** membership would be of benefit to the Council and local tenants.

Licence Conditions Relating to the Property

We welcome Bristol City Council's drive to improve property standards. We believe that **safeagent's** standards go a long way to ensuring compliance with license conditions.

Under **safeagent's** service standards, **safeagent** agents are expected to visit any property to be let with the landlord and advise on any action needed before letting the property. This includes any repairs and refurbishments needed to put it into a fit state for letting. They will also go with possible new tenants to view unoccupied property. Tenants can, therefore, be confident that **safeagent** agents have provided advice to the landlord concerning any repairs or refurbishments which are necessary.

safeagent agents are expected to explain both the landlord's and the tenant's the rights and responsibilities. To guard against misunderstandings, they will arrange for the preparation of a schedule of the condition of the property.

safeagent agents are required to ensure that tenants are provided with copies of safety certificates on gas and electrical appliances before they commit to the tenancy. They will

provide details of the condition of the property, plus a list of its contents. The property will have undergone all required safety checks on furnishings, and gas and electrical services.

Thereafter, **safeagent's** standards require agents to carry out property inspections periodically, as agreed with the landlord, in line with normal good practice. **safeagent** and our firms would anticipate inspections to be carried out every 6 months as a minimum, to identify any problems relating to the condition and management of the property. In line with common practice, records of such inspections would contain a log of who carried out the inspection, the date and time of inspection and issues found and action(s) taken. Under a licensing scheme, this information could be shared with the council in an appropriate format.

This requirement exceeds the licence conditions which require "*annual inspections*" only.

Tenants will be fully aware of access arrangements. **safeagent** agents are expected to arrange in advance a time for access, in order to inspect the condition of the property in accordance with the tenancy agreement. **safeagent** agents will arrange to have routine maintenance work carried out, up to a limit agreed with the landlord. The agent will refer expenditure above that limit to the landlord.

Training

We would welcome any proposal that agents who are license holders should undergo training.

Membership of **safeagent** means that agents already have access to an extensive training package, engagement with which should reduce the need for the local authority to intervene. Although not a *condition* of **safeagent** membership, **safeagent** offers short courses and qualifications in Lettings & Management at Levels 2 and 3 which are Ofqual recognised

safeagent offers training to those who have been involved in lettings and management for some time as well as those who are just starting out. Training is available for principals of firms as well as employees. Thus, **safeagent's** Virtual Learning Environment (VLE) is designed to cater for a wide range of professional development needs. Training is easily accessible and can be undertaken when it suits the trainee. Any candidate completing the **safeagent** Foundation Lettings Course successfully also has the opportunity to use the designation '**safeagent qualified**'. **safeagent** Foundation Lettings Course (Wales) is also approved training recognised by Rent Smart Wales, the Welsh Government's regulatory body as meeting the requirements for agents to have complying with their licensing requirement.

One advantage of this approach is that it makes it easy to ascertain (through on-line monitoring) that participants have in fact undertaken the required training, prior to or immediately after accreditation.

Modules available cover:

- Pre-tenancy issues
- Responsibilities and liabilities
- Setting up a tenancy
- During a tenancy
- Ending a tenancy
- General law concepts, statute vs contract
- Relationships
- Obligations
- Process
- Considerations for corporate tenants
- Continuing Professional Development (CPD)

In addition, **safeagent** provides mini online courses designed to cover a number of elements in more detail, as appropriate to the learner's role, include topics such as:

Assured Shorthold Tenancies (ASTs)
Client Money
Consumer Protection Regulations (CPRs)
Deposits
Disrepair
Electrical Appliances & Safety
Gas Appliances & Safety
Houses in Multiple Occupation (HMOs)
Housing, Health & Safety Rating System (HHSRS)
Inventories and schedules of condition
Joint Tenancies
Notice Requiring Possession

We would further suggest that discounted fees for **safeagent** agents would provide an incentive to positive engagement with training that is fully compatible with the requirements of the licensing scheme.

Anti-Social Behaviour

For our members, dealing with actual and perceived anti-social behaviour in the PRS is a day to day activity. However, in general, we have concerns about the assumed link between the amount of PRS accommodation in the neighbourhood and the incidence of ASB.

There may be some *correlation* between incidences of ASB and the prevalence of PRS accommodation on the area. However, correlation does not imply *causation*. The *causes* of ASB are many and varied. It is not, in our view, reasonable to expect agents and landlords to play a disproportionately large part in tackling them.

Furthermore, we would strongly advise against any proposals which imply a parity of approach between the PRS and the social rented sector. Social landlords are publicly funded (and regulated) to develop and manage housing on a large scale. Their social purpose brings with it wider responsibilities for the communities in which they work. As private businesses, PRS landlords and their agents, whilst having clear responsibilities to manage their properties professionally cannot reasonably be expected to tackle wider social problems.

Suitability of Licence Holder

We support any requirement that the proposed licence holder should be a 'fit and proper' person and that there are suitable management arrangements in place. We believe that this requirement highlights the importance of lettings and management agents belonging to recognised accrediting bodies like **safeagent**, who themselves apply a fit and proper person test.

All principals, partners and directors of a **safeagent** firm are asked to make the following declaration on application:

– “I confirm that: for a period of 10 years prior to this application I have had no conviction for any criminal offence (excluding any motor offence not resulting in a custodial sentence) nor have I been guilty of conduct which would bring the Scheme or myself into disrepute; I am not an undischarged bankrupt nor is there any current arrangement or composition with my creditors; I am not nor have I been a director of a company which has within the period of 10 years prior to this application entered into liquidation whether compulsory or voluntary (save for the purpose of amalgamation or reconstruction of a solvent company) nor had a receiver appointed of its undertaking nor had an administration order made against it nor entered into an arrangement or composition with its creditors; nor have I at any time been disqualified from acting as a Director of a company nor subject to a warning or banning order from the Consumer Markets Authority or the Department for Business, Enterprise and Regulatory Reform.

If I am subject to any current claim or am aware of any impending claim for professional negligence or loss of money or if I have been the subject of any investigation by the Consumer Markets Authority and/or local Trading Standards Office, full details of the circumstances are set out in a report enclosed with the application; all information provided by me in connection with this application is, to the best of my knowledge, correct”

We believe this certification is broadly in line with Bristol City council’s licensing conditions and is another example of where promotion of **safeagent** membership through discounts could help to ensure compliance.

Complaints

All **safeagent** firms are required to have a written customer complaints procedure, available on request. Our guidance sets out how the first step for complainants is to ask the firm they are dealing with for a copy, which will outline the method by which they can seek to resolve any issues.

In line with statutory requirements, all **safeagent** members must also be members of a recognised redress scheme. Firms are required, at the request of the complainant, to refer the complaint to a redress scheme once their in-house procedure has been exhausted. They are also required to comply with any award determined by the redress scheme, within the timescale prescribed.

Under co-regulation schemes elsewhere in the UK, **safeagent** has undertaken to review any complaints that have been adjudicated upon by any of the redress schemes. Under such an arrangement, **safeagent** can report to the Council on the number of complaints reaching this stage and on the adjudications made. Non-compliance with a redress scheme’s adjudication would eventually lead to disqualification of the agent from **safeagent**. We would be happy to come to a similar arrangement with Bristol City council.

Anti-Discrimination

We welcome the requirement that Landlords and Agents must not discriminate either directly or indirectly against tenants or prospective tenants on the basis of a protected characteristic. We agree that this should include discrimination against people because they are in receipt of welfare benefits i.e. Universal Credit.

MEASURING THE SUCCESS OF THE SCHEME

We believe that regular information on implementation of the scheme should be made available in a clear and consistent format. Reports to local landlord and agent forums, representative bodies and other stakeholders should include at minimum:

- The estimated number of private rented properties that require licensing under the Additional and Selective licensing scheme
- The number of applications received in respect of these properties
- Progress in processing (granting, querying or refusing) the licence applications received
- Analysis of the reasons for any queries or refusals and the extent to which remedial action is identified and taken as a result
- Analysis of the outcomes of ongoing inspections and the extent to which remedial action is identified and taken as a result
- Progress reports across the whole 5 year period covered by the scheme.

This should help to enable the Council to work in partnership with landlords, agents, representative bodies and other stakeholders to ensure the success of the scheme.

CONCLUSION

It seems to us that many of the licencing requirements in the Bristol City council scheme highlight how important it is for landlords to work with reputable agents such as **safeagent** members. Offering a discount to licence holders who work with a **safeagent** accredited agent would help to promote this.

safeagent would welcome a collaborative approach with Bristol City Council, based on shared objectives. We believe that agents who are members of a recognised body are more likely to embrace Additional and Selective Licensing and less likely to generate complaints or breaches of their licence. Discounted fees for **safeagent** members would be a significant incentive to positive engagement by agents. In return, the Council would experience reduced administration and compliance costs.

CONTACT DETAILS

safeagent

Cheltenham Office Park

Hatherley Lane

Cheltenham

GL51 6SH

Tel: 01242 581712 Email: info@safeagentcheme.co.uk

APPENDIX 1 – COMPATIBILITY OF SAFEAGENT SERVICE STANDARDS WITH TYPICAL SCHEME CONDITIONS

Example Scheme Conditions	SAFEAGENT Service Standard Requirements
Fees	SAFEAGENT promotes complete transparency in agency fees. Members provide landlords with a statement of account as often as agreed.
Rent Liabilities and Payments	SAFEAGENT agents collect the rent and pass it on every month or as otherwise agreed. The agent will keep a separate clients' account to hold all monies.
Contact Details	SAFEAGENT agents are expected to respond to tenant and other legitimate enquiries in a timely manner. Up to date contact details will enable them to respond to tenants' requests for maintenance or repairs which might in some cases have to be referred to the landlord for approval.
State of Repair	SAFEAGENT agents visit the property with landlords and advise on any action needed before letting the property. This includes any repairs and refurbishments needed to put it into a fit state for letting. They will also go with possible new tenants to view unoccupied property. Tenants can be confident that SAFEAGENT agents have provided advice to the landlord concerning any repairs or refurbishments which are necessary.
Access and Possession arrangements	SAFEAGENT agents will visit the property periodically during the course of the tenancy as often as agreed with the landlord. Tenants will be fully aware of access arrangements. At the end of a tenancy, they will always serve the tenant with the correct period of notice as set out in the tenancy agreement.

Example Scheme Conditions	SAFEAGENT Service Standard Requirements
Repairs and Maintenance	SAFEAGENT agents will arrange to have routine maintenance work carried out, up to a limit agreed with the landlord. The agent will refer expenditure above that limit to the landlord.
Access, Cleaning and Maintenance of Common Parts	SAFEAGENT agents will arrange in advance a time for access to the property in order to inspect the condition of the property in accordance with the tenancy agreement.
Level of Facilities	SAFEAGENT agents ensure that tenants are provided with copies of safety certificates on gas and electrical appliances before you commit to the tenancy. They provide details of the condition of the property, plus a list of its contents. The property will have undergone all required safety checks on furnishings, and gas and electrical services.
Deposits	SAFEAGENT agents provide and fill in a tenancy agreement and take a deposit to protect against possible damage. They will explain the basis on which it is being held and the purpose for which it is required.
References	SAFEAGENT agents choose a tenant in a way agreed with the landlord, taking up references or checking the tenant's rent payment record.

Example Scheme Conditions	SAFEAGENT Service Standard Requirements
Complaints & Dispute Handling	<p>SAFEAGENT agents explain both the landlord's and the tenant's the rights and responsibilities. To guard against misunderstandings, they will arrange for the preparation of a schedule of the condition of the property.</p> <p>During the tenancy, they will arrange to check the condition of the property and draw up a schedule to outline any deductions to be made from the tenant's initial deposit. They will return the deposit as soon as possible, less any appropriate deductions.</p>