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Cabinet Member for Culture, Leisure, Sports & Parks

12<sup>th</sup> November 2015

**Name of Cabinet Member:**

Cabinet Member for Culture, Leisure, Sports & Parks – Councillor A Khan

**Director Approving Submission of the report:**

Executive Director for Place

**Ward(s) affected:**

All

**Title:**

Progress Report - Fines Policy for Redress Schemes for Letting Agents and Property Management

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**Is this a key decision?**

No

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**Executive Summary:**

On 22<sup>nd</sup> January 2015, a report was submitted to the Cabinet Member for Policing and Equalities regarding the introduction of a Fines Policy under the Redress Schemes for Letting Agents and Property Management. The report was accepted with the following outcomes:

1. Approval of the level of fines detailed in Section 2 of the report.
2. Approval of the criteria set out applicable to each level of fine.
3. Request for a report back on the operation of the system to the Cabinet Member for Policing and Equalities on or before 30 September 2015.
4. Request that there be a focused communications strategy to alert the public as to the implementation of the fines policy and the level of potential fines.

This report details the actions taken to ensure lettings agents and property management businesses belong to an appropriate redress scheme in accordance with the above outcomes.

**Recommendations**

The Cabinet Member is recommended to:

1. Note the actions taken by officers to ensure compliance with the Redress Schemes for Lettings Agency Work and Property Management Work (Requirement to Belong to a Scheme etc.) (England) Order 2014.

**List of Appendices included:**

N/A.

**Other useful background papers:**

None

**Has it been or will it be considered by Scrutiny?**

No

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

No

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Report title: Progress Report - Fines Policy for Redress Schemes for Letting Agents and Property Management.

## **1. Context (or background)**

- 1.1. There has been a legal requirement for all lettings agents and property management businesses in England to have joined a Government-approved redress scheme since 1 October 2014.
- 1.2. This means that a complaint can be made to an independent person about services provided by letting agents and property management businesses in the residential sector. The complaint can be made by tenants, prospective tenants, landlords dealing with lettings agents in the private rented sector, leaseholders and freeholders.
- 1.3. The local authority is the enforcing body, and is required to set out its policy that will determine the level of fines to be imposed for non-compliance and to identify the reasons why. The report presented to Cabinet Member for Policing and Equalities on 22<sup>nd</sup> January 2015 achieved this.
- 1.4. A proportionate and staged approach to enforcement was set out in the fines policy. This was supported by officers raising awareness of the requirement to belong to a redress scheme first, then identifying non-compliant businesses and engaging with them, and finally, for a few businesses that had not readily joined a redress scheme, issuing warning letters in accordance with the Fines Policy. The warning letters gave the letting agents and property management businesses 14 days to join an approved scheme or face a fine up to £5000, dependent upon the circumstances.
- 1.5. Working in partnership with the Citizens Advice Bureau, a total of 90 letting agents / property management businesses were identified, of which 68 were confirmed as being members of an approved redress scheme.
- 1.6. The remaining 22 were written to and advised of the requirement to belong to a redress scheme. This resulted in 13 either joining or being identified as not needing to join, as their activities fell outside the requirements of the scheme, e.g. they did not manage properties for third parties.
- 1.7. The other 9 were contacted or visited to ensure that they were aware of their responsibilities and the consequences of non-compliance. A further 4 businesses joined after this approach.
- 1.8. The final 5 businesses that had still not joined a suitable scheme were sent warning letters giving them 14 days to join. All of these have now joined a scheme and are now compliant.
- 1.9. In summary, 90 letting agents / property management businesses have been identified in total, and are now compliant. Overall, the staged approach has proven to be very successful.
- 1.10. A communications plan was devised to raise awareness of the requirement for letting agents and property management businesses to be a member of an approved redress scheme. This encompassed:
  - Private Sector landlords Newsletter in November 2014 contained item regarding the new rules.

- Links were placed on the Homestamp webpage, a multi-agency partnership regarding Redress schemes: <http://homestamp.com/page/2/>
- Trading Standards put a link on their webpage about redress schemes.
- Contact was made with the student unions about the need for letting agents and property management companies to belong to a redress scheme.
- Information was sent to Homelessness Service advising of the need for letting agents and property management businesses to belong to a redress scheme.
- Coventry Telegraph published an article on 29 January 2015 for letting agents and property management businesses to belong to a redress scheme.
- All known letting agents and property management businesses were checked to see if they belonged to an appropriate redress scheme. If this was not apparent they were contacted and advised of the requirements.

## **2. Options considered and recommended proposal**

Cabinet Member is recommended to:

1. Note the actions taken by officers to ensure compliance with the Redress Schemes for Lettings Agency Work and Property Management Work (Requirement to Belong to a Scheme etc.) (England) Order 2014.

## **3. Results of consultation undertaken**

- 3.1 Not applicable.

## **4. Timetable for implementing this decision**

- 4.1 Recommendation for noting only.

## **5. Comments from Executive Director of Resources**

### **5.1 Financial implications**

No additional resource will be required to implement the proposed enforcement of the redress schemes for letting agents and property management, other than for legal representation at an appeal hearing. Any additional income generated will contribute towards Council resources.

### **5.2 Legal implications**

Legal Services have been involved in determining the process to be followed to enforce The Redress Schemes for Lettings Agency Work and Property Management Work (Requirement to Belong to a Scheme etc.) (England) Order 2014.

## **6. Other implications**

None identified.

**6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?**

By helping to provide a fair trading environment and allowing a successful rental property sector grow and succeed, the redress scheme helps support a vibrant local economy.

**6.2 How is risk being managed?**

The risk of enforcing the Order is no more onerous than any other piece of legislation and is part of a staged enforcement process.

**6.3 What is the impact on the organisation?**

None

**6.4 Equalities / EIA**

Consideration has been given to the public sector duty under the Equality Act 2010 to reduce inequalities when making decisions of a strategic nature. However, this is a regulatory requirement and a previous Cabinet Member decision was sought to offer transparency to the amount of fine imposed. As these requirements apply to Letting Agents and Property Management businesses the impact on small businesses or individuals is considered to be minimal.

**6.5 Implications for (or impact on) the environment**

None

**6.6 Implications for partner organisations?**

None

**Report author(s):**

**Name and job title:**

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**Directorate:**

Place

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