



Social Research Number: 30/2018

Publication date: 07/06/2018

# Evaluation of Rent Smart Wales

---

## Executive Summary

### 1. Evaluation Objectives and Methodology

- 1.1 RSM PACEC was appointed by Welsh Government to undertake an evaluation of the implementation of Part 1 of the Housing (Wales) Act 2014 (the Act) via Rent Smart Wales.
- 1.2 Overall, the Act “*aims to improve the supply, quality and standards of housing in Wales*”<sup>1</sup>. The purpose of the Act is to “*introduce significant improvements across the housing sector to ensure that people have access to a decent, affordable home, and better housing-related service*”.<sup>2</sup>
- 1.3 The Welsh Government commissioned a longitudinal evaluation to monitor how the implementation of the Act has impacted on the awareness, attitudes, behaviours, and practices of landlords, letting / managing agents, and tenants within the private rented sector in Wales. The evaluation has also gathered and assessed evidence in respect of the processes involved in implementation and in doing so provides learning regarding the practical implementation of the Act. This report covers the period November 2015 – August 2017.
- 1.4 A range of research methods were used, as summarised below.

### Desk Research

- 1.5 Analysis of data on the private rented sector (dwelling stock estimates by tenure) and review of published information on the rationale and key provisions of the Housing (Wales) Act 2014. This includes Welsh Government / Rent Smart Wales publications on the requirements of the Act for landlords, letting agents and tenants.

---

<sup>1</sup> Welsh Government: <http://gov.wales/topics/housing-and-regeneration/legislation/housing-act/?lang=en>

<sup>2</sup> Welsh Government: [http://www.assembly.wales/Laid%20Documents/PRI-LD9558-EM%20-%20Housing%20\(Wales\)%20Bill%20-%20EXPLANATORY%20MEMORANDUM-18112013-251741/pri-ld9558-em-e-English.pdf](http://www.assembly.wales/Laid%20Documents/PRI-LD9558-EM%20-%20Housing%20(Wales)%20Bill%20-%20EXPLANATORY%20MEMORANDUM-18112013-251741/pri-ld9558-em-e-English.pdf)

- 1.6 Analysis of aggregate data from Rent Smart Wales on the number of registrations and licenses approved, number training sessions delivered and attendees, website usage and call volumes.

### **Research on other housing registration initiatives elsewhere**

- 1.7 A review of the experience of registration / licensing in the private rented sector in other regions of the UK (Leeds, Bristol, Newham etc), Scotland, and the Isle of Man, and further afield within the EU and internationally, was undertaken. This involved desk / online research and telephone consultations with individuals responsible for the scheme in each organisation.

### **Research with Landlords and Letting Agents**

- 1.8 A quantitative online survey of landlords and letting agents was undertaken (c. 61,485 landlords and 2,935 letting agents<sup>3</sup>) during 27<sup>th</sup> July – 15<sup>th</sup> August 2017. The latter includes private individuals acting as agents for private landlords as well as more commercial organisations managing multiple properties.

- 1.9 The survey was completed by 1,267 landlords (94%, n=1,188<sup>4</sup>) and letting agents (6%, n=90). To increase response rates the survey was issued again via email to letting agents only however responses from letting agents represents just under 2% of the total landlords / letting agents on the Rent Smart Wales database. Therefore, the letting agent element of the sample cannot be considered representative and findings should be treated as indicative.

Following the quantitative survey in-depth interviews were completed with a sample of landlords and letting agents. At the baseline stage, interviews were carried out with 50 landlords and letting agents. Each was re-contacted in August 2017 and of these 22 completed a follow-up interview (18 landlords and four letting agents).

### **Research with Tenants**

- 1.10 A telephone survey was launched in July 2017. A usable sample of 435 contacts from the private rented sector was identified via the national survey for Wales re-contact database for 2014/15. The total sample size (those in the private rented sector that indicated they could be contacted for the purposes of research) was 873.
- 1.11 Telephone interviews were completed with 100 tenants, representing a response rate of 23%.<sup>5</sup> The sample cannot be considered representative of private rented sector tenants in Wales and therefore the data should be treated with caution as certain groups may be under or over-represented in the sample.
- 1.12 Follow up In-depth interviews were conducted with 11 tenants drawn from a cohort of survey respondents who indicated in the first wave that they were happy to be re-contacted as part of the research.

---

<sup>3</sup> The survey was sent to those on the Rent Smart Wales database who have an Agent licence reference number. However, these could also be landlords in their own right (the Agent licence covers them for their landlord activities also)

<sup>4</sup> Nine respondents did not state if they were a landlord or a letting agent

<sup>5</sup> Percentage of usable sample (N=435)

## **Interviews with Local Authorities**

- 1.13 Telephone interviews were carried out with 18 local authorities<sup>6</sup> during July and August 2017 to help understand their plans for enforcement, any problems encountered to date, and to gather views on what further support may be required to effectively enforce the Act.

## **Interviews with Key Stakeholders**

- 1.14 Email invitations were sent to seven key stakeholders<sup>7</sup> who could provide a strategic perspective on the enforcement of the Act from the landlord / letting agent, tenant and local government perspectives. Of the seven contacted five agreed to take part in a telephone interview during July and August 2017.<sup>8</sup>

## **2. Key findings**

- 2.1 The following section summarises the key findings of the evaluation and draws on consultation and other evidence to provide future considerations.

### **Implementation**

- 2.2 The research concludes that Part 1 of the Housing (Wales) Act 2014 has been implemented for the most part as intended. This has included an initial period of one year to allow for registration of landlords and the licensing of landlords / letting agents, followed by enforcement via local authorities since November 2016. In the period November 2016 – April 2017 a 'light touch' to enforcement was applied to allow additional time for registration and licensing applications to be submitted.
- 2.3 Overall the evidence suggests Rent Smart Wales has provided good quality information and guidance to local authorities and landlords / letting agents.
- 2.4 However, feedback from local authorities and key stakeholders suggests there was insufficient planning in the initial stages of introducing Rent Smart Wales and a lack of clarity on roles and responsibilities. For example, it was noted that the number of applications received prior to the November 2016 deadline was underestimated and measures were not put in place to ensure these could be processed in a timely way or to incentivise landlords and letting agents to apply early.
- 2.5 In addition, local authority interviewees stated that while the Memorandum of Understanding (MOU) provides clear protocols for the relationship between local authorities, it lacks sufficient detail on who is responsible for different actions or how the responsibilities are to be implemented, particularly in relation to enforcement.

### **Awareness of the Scheme and its Requirements**

---

<sup>6</sup> Interviews were conducted with Environmental Health Officers / Managers, Private Sector Housing Leads / Managers, Housing Enforcement Officers, Private Sector Development Officers, Domestic Public Health, Project Managers for Enforcement and Supply, Community Wellbeing Managers, Public Protection Managers, and Housing Improvement Managers.

<sup>7</sup> Rent Smart Wales; Welsh Local Government Association; Shelter Cymru; Residential Landlords Association; National Approved Lettings Scheme; Guild of Residential Landlords and Welsh Tenants.

<sup>8</sup> Note that several attempts were made to contact other external stakeholders, including the Guild of Residential Landlords and Welsh Tenants who were invited to take part in the research via both e-mail and telephone on a minimum of three occasions; no response was received.

- 2.6 Continuing awareness raising by local authorities has had a positive effect, as evidenced by the rising call volumes to Rent Smart Wales (increased from 1,254 in December 2015 to 3,356 in July 2017).
- 2.7 In addition, survey responses from landlords and letting agents indicate high levels of awareness of the Rent Smart Wales and its requirements (100% of letting agents and 99% of landlords stated they were aware of Rent Smart Wales). However, given the sample was drawn from the Rent Smart Wales registration database high levels of awareness may be expected among the survey population.
- 2.8 The RSM PACEC survey findings also suggest that while knowledge of registration and licensing requirements amongst landlord respondents has increased, letting agents have a greater knowledge and understanding of the requirements of Rent Smart Wales. This is particularly evident in relation to renewal requirements as 95% of letting agents compared to 75% of landlords were aware that registration and licensing are to be renewed every five years.
- 2.9 However the majority of letting agents (73%, n=49) and landlords (64%, n=917) believed the difference between licensing and registration is not widely understood. This suggests work is still needed to clarify the differing requirements
- 2.10 There is evidence that tenant awareness of Rent Smart Wales has increased. For example, the number of tenant survey respondents stating they were aware of Rent Smart Wales increased by 36% from the baseline.<sup>9</sup> However, interviews with tenants also highlighted a lack of awareness of the requirements of the Act and how it can benefit them. This suggests further work is required to ensure tenants are sufficiently informed of their rights and responsibilities.

### **Registration / Licensing**

- 2.11 The number and rate of landlords registering with Rent Smart Wales has increased significantly and peaked at 26,336 registrations in November 2016 (when enforcement powers came into effect).
- 2.12 As of December 2017, 22,243 licences had been approved (19,327 landlords and 2,916 letting agents). The number of approved landlord licences is lower than landlord registrations as not all landlords will require a licence.
- 2.13 Of those that have registered and / or obtained a license the majority of landlord survey respondents (51%, n=593) reported that they found it quite or very easy to register, however this is compared to only 38% (n=24) of letting agent respondents found it quite or very easy to apply for a license.
- 2.14 Landlord and letting agent survey respondents suggested several ways in which the registration and licensing process could be improved. For example, the amalgamation of registration and licensing into one process; the addition of a 'save and return' function to allow applicants to return to their application and including a progress bar to show how complete the application is.

### **Training**

---

<sup>9</sup> Note: 5% (n=5) of respondents stated they were made aware through RSM and taking part in the evaluation

- 2.15 Between December 2015 and July 2017 34,178 landlords and 5,515 letting agents undertook training as part of securing their licence, with most courses being completed online.
- 2.16 The majority of survey respondents who had accessed training<sup>10</sup> found it quite or very easy to undertake (75% (n=48) of letting agents and 65% (n=484) of landlords).
- 2.17 In addition, most landlord and letting agent respondents (72% and 67% respectively) indicated the training received was very or somewhat useful and helped them to be more aware of their responsibilities as a landlord or letting agent. For example, one respondent noted that because of the training they now *“follow the correct procedures to comply with current legislation...I cross the I's and dot the T's where I might have missed something before, e.g. forget to show energy performance certificate”*.
- 2.18 Qualitative interviews with landlords and letting agents indicated that additional refresher training would be beneficial to reflect any changes in the law and to keep landlords ‘up to date’, especially if it they are not professional landlords

### **Enforcement**

- 2.19 As of December 2017, there have been 196 Fixed Penalty Notices (FPNs) issued and 13 successful convictions.
- 2.20 However, at the time of interview, local authority indicated enforcement activity had not involved a significant amount of time or dedicated work, in part due to a lack of clarity on roles and responsibilities (see paragraph 2.5).
- 2.21 It was also suggested there is a lack of capacity at a local level to adequately enforce the Act and follow-up all FPNs they could potentially issue with prosecutions within the required timeframe. While many local authorities reported they were referring several cases to Rent Smart Wales for action, interviewees believed there was also insufficient capacity at a national level to carry out the work required within the timescales for prosecution.<sup>11</sup>
- 2.22 Findings from the landlord and letting agent survey also indicated a lack of awareness of enforcement activities since November 2016.

### **Current and Perceived Future Impact**

- 2.23 Approximately half of landlord and letting agent survey respondents (53% and 52% respectively, n=1,219) believed Rent Smart Wales has had a major or moderate impact on landlords while 40% of landlords and 56% of letting agents (n=1,210) felt Rent Smart Wales has had a major or moderate impact on letting agents.
- 2.24 Moreover, feedback from landlord, letting agent and local authority interviewees suggest that while Rent Smart Wales has the potential to have a positive impact on standards within the private rented sector, this will only become apparent over a longer timeframe.

---

<sup>10</sup> Respondents to the quantitative landlord and letting agent survey were asked if they had accessed licensing training to date and 1,235 provided a response (1,169 landlords and 66 letting agents). Of these 95% (n=63) of letting agents had accessed training, compared to 64% (n=747) of landlords [note - the question was not applicable for 27% of landlord respondents as they assigned a licensed agent to manage their properties]

<sup>11</sup> Specifically, it was noted that issuing a FPN is part of a formal process leading to prosecution, however if the landlord does not pay there is limited capacity for Rent Smart Wales or local authorities to move forward with large numbers of prosecutions

- 2.25 In addition, key stakeholders highlighted Rent Smart Wales is helping to improve standards by putting appropriate safeguards<sup>12</sup> in place for those managing property in the private rented sector. As a result, Rent Smart Wales have estimated that over 60 commercial agents who did not have these safeguards in place have now secured them.
- 2.26 Tenant survey respondents reported minimal impact as a result of the Act on their experience of renting to date and have not reported any change in the practice of their landlord / letting agent or their relationship with them. For example, most tenants (85%) said that they were satisfied or very satisfied with the condition of their accommodation.

### **Strengths / Weaknesses**

2.27 The strengths and weakness of Rent Smart Wales to date can be summarised as follows:

2.28 Strengths:

- the development of the Rent Smart Wales database is providing a valuable source of information that could be used to inform policy decisions relating to the private rented sector
- a good working relationship has developed between the local authorities and Rent Smart Wales
- training has provided information to landlords and letting agents that they would not have received otherwise and
- an increasing number of registrations and licences have been approved.

2.29 Weaknesses:

- greater clarity is needed on the future workload of local authorities, particularly in relation to the audit of letting agents. While interviewees acknowledged the MOU provides high level detail on roles and responsibilities; they highlighted the need for more clarity on who is responsible for completing specific tasks and when. Suggestions for improvement included providing scenarios of prosecutions and FPNs
- while the number of registrations and approved licences have increased, there is a significant backlog resulting from an increased number of applications immediately prior to the November 2016 deadline
- there is little evidence of detailed planning at a local level on how non-compliant landlords will be identified. This is largely being integrated into existing work and greater planning is needed for proactive enforcement to identify those the authority might not otherwise come into contact with
- there is a reported lack of resources at a local level and perceived insufficient resources at national level to enforce the Act
- the majority of landlord and letting agent survey respondents and interviewees felt greater planning was required to implement the Act more efficiently and in particular more detailed planning for the registration and licensing renewal process.

## **3. Future Considerations**

3.1 This report has detailed a number of positive findings however the following points are recommended for future consideration:

---

<sup>12</sup> The majority of licences to agents are issued with a requirement in place for the agent to hold Client Money Protection, Professional Indemnity Insurance and membership to a Redress scheme for the duration of the licence. For Agents who do not have these business safeguards at time of licence application, Rent Smart Wales issue the licence with a condition that they need to provide these within 6 weeks of the licence being granted

- The research findings suggest that while awareness of Rent Smart Wales has increased amongst landlords and letting agents, there is a perceived lack of awareness of the differing requirements for registration and licensing. Consideration should be given to issuing fact sheets or possibly combining the processes so that on completion of registration landlords are informed they also need a license if they meet a set of criteria.
- There is evidence that local authorities require further information and communication on how they should carry out enforcement in their area and when. Rent Smart Wales should complete further work to clarify the day to day or 'practical' responsibilities for enforcement and communicate this to each local authority. This could include information detailing scenarios and timelines for prosecutions and FPNs.
- Local authority interviews highlighted they are experiencing pressures in terms of implementing Rent Smart Wales and in enforcing standards going forward. Therefore, consideration should be given to facilitating access to other or better data to support local authorities in identifying non-compliant landlords / letting agents and have appropriate data sharing protocols in place to allow local authorities to use this for the purposes of enforcement.
- There is a potential opportunity to better promote Rent Smart Wales through engagement between the Welsh Government, local authorities and the 'better' landlords and / or letting agents. In addition, successful enforcement activities or prosecutions should be promoted to increase awareness.
- Refresher training for landlords and letting agents should be considered by the Welsh Government and Rent Smart Wales, possibly to coincide with licensing renewal dates.<sup>13</sup> This should be supplemented with regular, ongoing communication with those already trained on any changes relating to the Act and its requirements.
- The Welsh Government and Rent Smart Wales should consider how the data being collected on the Rent Smart Wales database can be maximised to provide an accessible source of information on the private rented sector in Wales. There is currently a dearth of information on the sector and it is critical that the Rent Smart Wales data can be used to provide evidence of how the sector is changing, who it is housing etc. and how it works in relation to other tenures.

Report Authors: RSM PACEC

<sup>13</sup> Rent Smart Wales and Welsh Government are currently working with stakeholders to develop proposals for training required for re-licensing and the first CPD course has been delivered as a pilot to inform those proposals. In preparation for this a review of the legislative position has been undertaken and Rent Smart Wales is working with stakeholders to seek their input.

Full Research Report: RSM PACEC (2018) Evaluation of Rent Smart Wales, Welsh Government, GSR report number 30/2018

Available at: <https://gov.wales/statistics-and-research/evaluation-rent-smart-wales/?lang=en>

Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government

For further information please contact:

Name: Lucie Griffiths

Is-adran Ymchwil Gymdeithasol a Gwybodaeth / Social Research and Information Services: Gwasanaethau Gwybodaeth a Dadansoddi / Knowledge and Analytical

Welsh Government

Cathays Park

Cardiff

CF10 3NQ

Tel: 0300 025 5780

Email: [lucie.griffiths@gov.wales](mailto:lucie.griffiths@gov.wales)

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

**OGL** © Crown Copyright      Digital ISBN 978-1-78937-316-5