

**East Lothian Council
Private Sector Leasing
& Landlord Accreditation
Feasibility Study**

**Final Report
September 2005**

**ODS Ltd
2 Myrtle Park
Glasgow
G42 8UQ**

**Tel: 0141 424 3765
Fax: 0141 423 9997
Email: admin@odsconsulting.cou.uk**



Contents Page

1.	Introduction	1
1.1	Aims of the Study	1
1.2	Methodology	1
2.	The East Lothian Context	3
2.1	The Housing Market in East Lothian	3
2.2	The Private Rented Sector	7
2.3	Homelessness	14
2.4	Summary	18
3.	Background to Private Sector Leasing and Accreditation Schemes	20
3.1	Introduction	20
3.2	Private Sector Leasing Schemes	20
3.3	Private Landlord Accreditation Schemes	21
3.4	Exploring Private Sector Leasing and Accreditation	21
3.5	Summary	22
4.	Private Sector Leasing Schemes	23
4.1	PSL Schemes in Operation in Scotland	23
4.2	Implementing a PSL Scheme in East Lothian	30
5.	Private Landlord Accreditation Schemes	46
5.1	Background to Regulations and Accreditation of Private Landlords	46
5.2	National Standards for Landlord Accreditation	48
5.3	Accreditation Schemes in Operation in Scotland	49
5.4	Implementing an Accreditation Scheme in East Lothian	53
Appendix 1 – List of Consultees		
Appendix 2 – Draft Physical Standards for Private Sector Leasing Scheme		
Appendix 3 – Sample Lease		
Appendix 4 – Implementation Plan – Private Sector Leasing Scheme		
Appendix 5 – Implementation Plan – Private Landlord Accreditation Scheme		

List of Tables

Table 2.1	Population in East Lothian, 2001	3
Table 2.2	Population Change in East Lothian, 1991-2001	4
Table 2.3	Housing Tenure in East Lothian, 2001	4
Table 2.4	Private Rented Households in East Lothian, 2001	7
Table 2.5	Private Rented Households by Location, East Lothian, 2001	7
Table 2.6	Concentrations of Private Rented Households, East Lothian, 2001	8
Table 2.7	Type of Private Rented Accommodation, East Lothian, 2001	9
Table 2.8	Dwelling Type, Private Rented Sector, East Lothian 2001	9
Table 2.9	Dwelling Type and Size, Private Rented Sector, East Lothian 2001	10
Table 2.10	Household Composition, Private Rented Sector, East Lothian, 2001	10
Table 2.11	Previous Area of Residence, Private Rented Sector, East Lothian	11
Table 2.12	Average Rents, Private Rented Sector, East Lothian, 2002/03–03/04	11
Table 2.13	Landlord Characteristics, Private Rented Sector, East Lothian, 2001	13
Table 2.14	Length of Advertisement, East Lothian, 2002/03 – 2003/04	13
Table 2.15	Outcomes of Homeless Applications, April to December 2001	16
Table 2.16	Use of B&B Accommodation 2004/05, East Lothian	17
Table 2.17	Cost of B&B Accommodation 2000/01 to 2003/04, East Lothian	18
Table 4.1	Estimated Time Commitment to Establish Local Authority Managed PSL Scheme	36
Table 4.2	Summary of Merits of PSL Options	40
Table 4.3	Indicative Cost of PSL Scheme	44
Table 5.1	Estimated Time Commitment to Manage Accreditation Scheme	62

Executive Summary

The East Lothian Housing Market

- East Lothian has seen an increase in population and household numbers since the early 1990s, with this trend projected to continue in future years
- With more people seeking to live in East Lothian, pressure on all sectors of the housing market is increasing. House prices have increased by 35 per cent between 2000 and 2004 and demand for social rented housing is high
- The private rented sector makes up six per cent of the housing market in East Lothian, with approximately 2,360 properties throughout the authority area
- Three quarters of households in private rented accommodation rent from a private landlord or letting agent – approximately 1,780 households – with the remainder renting from an employer, family or friends.

Homelessness in East Lothian

- Homeless applications made to East Lothian Council increased substantially in the 1990s and, between 2000 and 2004, have stabilised at between 900 and 950 households annually, with 70 per cent assessed as being statutorily homeless
- With growing pressure on the social rented sector and increased reliance being placed on Bed and Breakfast accommodation to meet the needs of homeless households, East Lothian Council has secured 93 furnished properties to provide temporary accommodation. The Council has also agreed to purchase housing on the open market to increase the supply of affordable accommodation
- Use of bed and breakfast (B&B) accommodation has been increasing, the costs of which totalled £923,000 in 2003/04, of which approximately half was recovered through Housing Benefit and the remainder absorbed by the Council
- The Homelessness etc. (Scotland) Act introduced in April 2003 strengthened the rights of homeless people and established the basis for the Unsuitable

Accommodation (Scotland) Order 2004 restricting the use of bed and breakfast accommodation for families with children

- Market pressures, coupled with statutory obligations are therefore placing considerable demands on East Lothian Council to identify new sources of appropriate accommodation for those in housing need.

Private Sector Leasing

- Private Sector Leasing (PSL) schemes involve the local authority renting properties from the private sector and leasing these to housing applicants, generally as temporary accommodation. They are being developed across the UK as an alternative to the use of B&B accommodation
- Consultations with local authority representatives would suggest that there is an immediate need for around 30 additional properties for use as temporary accommodation which could be provided through a PSL scheme. However, concerns exist regarding capacity to manage a scheme
- The level of support from the private rented sector would suggest that interest exceeds the number of properties initially required
- In considering a number of options, it is recommended that the Council, in the first instance, seeks to enter into partnership with Edinburgh City Council who are in the process of engaging agents to manage a PSL scheme on their behalf. It is considered that this would provide greater certainty over deliverability, reduce exposure to risk and give future flexibility than operating an in-house managed scheme.
- Whilst the scheme could be fully funded by Housing Benefit, the net cost to the Council for 30 properties is estimated to be in the order of £60,000 to cover rental costs above the Housing Benefit cap.

Private Landlord Accreditation

- Private Landlord Accreditation Schemes aim to recognise high quality property condition and management through ‘badging’ landlords which meet certain standards
- Initial consultation with landlords identified interest in participation in an accreditation scheme and involvement in its development
- As Accreditation Schemes are voluntary, it is crucial that the scheme is developed in partnership with key stakeholders, particularly landlords. A Working Group should therefore be established to drive the development of the scheme
- Wider consultation should also take place, particularly with a larger group of landlords, advice agencies and tenants
- The accreditation scheme standards should be based on the national core standards developed by HomePoint, but tailored to local circumstances
- The Working Group should be responsible for developing standards, compliance mechanisms and incentives
- The core resource in establishing a scheme is staff time, and running costs will largely be dependent on the compliance mechanism adopted

1. Introduction

1.1 Aims of the Study

East Lothian Council commissioned ODS to explore the potential establishment of two parallel initiatives involving the private rented sector:

- the development of a private leasing scheme (PSL) whereby the Council can lease property from private sector landlords to enable it to provide temporary accommodation for households experiencing homelessness;
- the establishment of a private landlord accreditation (PLA) scheme which would operate on a voluntary basis and ensure that participating landlords adhere to certain standards in the management and maintenance of their properties.

The study has four main aims:

- to identify and appraise the options for both schemes;
- to assess the feasibility of both schemes;
- to investigate potential issues which may arise in both schemes, and how best to overcome these;
- to recommend implementation models for both schemes.

The report sets out our findings in relation to both private sector leasing and accreditation of private landlords, and makes recommendations on how both schemes can be taken forward. Separate implementation plans for the development of both schemes are attached as appendices to the report.

1.2 Methodology

In developing options for establishing both initiatives, the study has involved four key stages:

- **contextual review** – involving scoping the private rented sector in East Lothian, reviewing homelessness statistics and exploring the national policy and the legislative context;

- **development of case studies** – examples of good practice were identified through the contextual review and followed up with individual interviews with local authorities who had established PSL or PLA schemes;
- **landlords’ survey** – a survey was undertaken of private landlords known to be operating within East Lothian with a view to gaining their attitude towards PSL and PLA schemes ;
- **consultation with key stakeholders** – interviews were held with representatives from a range of East Lothian Council departments and a number of information and advice agencies. A list of those consulted is attached as Appendix 1;
- **consultation with landlords** – a ‘Landlord Forum’ was established to which all known landlords in East Lothian were invited. A group of up to ten landlords met four times to discuss their views on PSL and PLA schemes.

2. The East Lothian Context

2.1 The Housing Market in East Lothian

2.1.1 Housing Market Areas

East Lothian Council lies to the east of Edinburgh, and contains both rural farmland and urban settlements. The area can be split into six 'housing market areas':

- **Musselburgh** – covers the western-most areas of Musselburgh, Wallyford and Whitecraig
- **Tranent** – western area covering Tranent, Elphinstone, Macmerry, Pencaitland and Ormiston
- **Prestonpans** – runs from Prestonpans eastwards along the coast to Gullane and Dirleton, also covering Cockenzie, Port Seton, Longniddry and Aberlady
- **Haddington** – central area covering Haddington, Saltoun and Athelstaneford
- **North Berwick** – northern-most area of the authority covering North Berwick
- **Dunbar** – eastern area covering Dunbar, West Barns, East Linton and Gifford

These 'housing market areas' converge into two distinct 'sectors' – the 'West Sector' of Musselburgh, Prestonpans and Tranent; and the 'East Sector' of Haddington, North Berwick and Dunbar.

The population is concentrated in the West Sector of the authority, where more than half of the 90,000 population resides.

Area	Population	Percentage
Musselburgh	23,991	26.6%
Prestonpans	19,520	21.7%
Tranent	15,114	16.8%
Haddington	11,687	13.0%
Dunbar	12,088	13.4%
North Berwick	7,688	8.5%
Total	90,088	100%

Table 2.1: Population in East Lothian, 2001

Source: 2001 Census, Table KSO1

The population in East Lothian has increased significantly between 1991 and 2001, particularly in the Dunbar and North Berwick areas.

Area	Population 1991	Population 2001	No. Change	% Change
Musselburgh	22,238	23,991	1,753	+7.9%
Prestonpans	18,259	19,520	1,261	+ 6.9%
Tranent	14,037	15,114	1,077	+ 7.7%
Haddington	11,899	11,687	-212	- 1.8%
Dunbar	10,926	12,088	1,162	+ 10.6%
North Berwick	6,755	7,688	933	+ 13.8%
Total	84,114	90,088	5,974	+ 7.1%

Table 2.2: Population Change in East Lothian, 1991-2001

Source: 2001 Census, Table KSO1

This population increase is projected to continue in future years, with the growth of Edinburgh having a direct impact on East Lothian, which is perceived by many as an attractive and convenient place from which to commute to the capital. Population projections based on 2002 figures show a sustained level of increase over the next ten years – increasing by seven per cent by 2012. This is against a national backdrop of a declining population, with Scotland's population projected to decline by over one per cent over the same time frame.

2.1.2 Households and Tenure

The 2001 Census identifies over 38,000 households living in the East Lothian local authority area. Just over two thirds of all households own their own accommodation, and one quarter rent from East Lothian Council.

Tenure	No. of Households	% of all Households
Owner occupied	24,404	64.0%
Rented from East Lothian Council	9,598	25.1%
Rented from a housing association	1,475	3.9%
Rented privately	2,361	6.2%
Living rent free	319	0.8%
Total	38,157	100%

Table 2.3: Housing Tenure in East Lothian, 2001

Source: 2001 Census, Table UV64 adjusted by Table UV92

The number of households in East Lothian is projected to grow substantially in the next decade – with household numbers expected to increase by 19 per cent between 1998 and 2012. This is the second largest projected growth in Scotland, with only West Lothian anticipating greater household growth.

The growth in households can be attributed to two factors. Firstly, nationwide there is a trend for decreasing household sizes, with the average size predicted to decrease from 2.3 in 1998 to 2.0 in 2012. Secondly, the economic growth of Edinburgh,

Midlothian and West Lothian has had an impact on the East Lothian housing market. Many people have been attracted to East Lothian as a place to live, and commute to Edinburgh, Midlothian or West Lothian for employment.

2.1.3 The Owner Occupied Sector

Over two thirds of all households in East Lothian own their own home. This varies within the authority, with over three quarters of households in North Berwick owning their own home, compared to just 44 per cent in Prestonpans and 56 per cent in Tranent. East Lothian's Local Housing Strategy estimates that the owner occupied stock increases by approximately 850 units per year – 500 new build sales, and 350 Right to Buy sales. This means that the proportion of households owning their own home is increasing, while social rented stock is decreasing – a trend which is evidenced throughout Scotland.

The Local Housing Strategy suggests that the owner occupied market in East Lothian is 'buoyant', with median second hand house prices at £64,000 between 1998 and 2000. New build prices are significantly higher, with a median price of £118,000 in the year 2000. Between 1998 and 2000, the average selling price of all new build housing rose by 70 per cent in East Lothian, a factor which can be linked to the economic growth of Edinburgh.

Since 2000, house prices have again risen considerably, with median second hand house prices growing to £86,215 – an increase of over one third (35 per cent). Analysis undertaken for the Local Housing Strategy indicates that median prices were highest in the North Berwick area at just over £150,000, compared with just £66,500 in the Prestonpans area.

Right to Buy sales and resales make up an important part of the housing market in East Lothian. There are approximately 350 Right to Buy sales each year, and resales are estimated to make up just under one quarter of all second hand sales. The pressured housing market in Edinburgh has led directly to more external demand for Right to Buy resale properties, and resale prices have risen from an average of £52,000 in 2000, to £67,000 in 2002.

The increasing house prices and growing demand mean that it is increasingly difficult, particularly for first time buyers, to purchase a property in East Lothian. Comparison of house prices with average incomes undertaken by East Lothian Council suggests that average earnings in the authority are slightly below the Scottish average of £21,000, at just over £19,000 per annum. This is likely to mean that many households will experience difficulty even accessing the properties at the most affordable end of the spectrum. The high prices commanded by Right to Buy resales exacerbates the problem, as this traditionally provided first time buyers with an affordable entrance to the housing market.

2.1.4 The Social Rented Sector

There are around 10,000 social rented properties in East Lothian. The local authority is the major social landlord with 8,400 properties as at March 2005. Housing associations own 1,800 units throughout the authority. Turnover on properties is relatively low at five per cent, but demand for properties is significant. As at 2002, there were 6,600 people on the East Lothian Council housing list, with only 500 properties becoming available each year.

A recent Housing Needs Study¹ suggested that there is a need for over 2,000 new 'affordable homes' throughout East Lothian between 2001 and 2006, with particular mismatch of demand and supply in North Berwick, Musselburgh, Prestonpans and Haddington. The Local Housing Strategy suggests that there is most need for affordable accommodation in smaller settlements, rather than the larger towns.

The Local Housing Strategy suggests that between 2001 and 2003, approximately 80 new affordable homes were built each year – a total of 240 homes. While this will go some way towards meeting housing need, the combination of high house prices, low turnover and demand from outwith the area mean that the need for further affordable homes to be built will continue in coming years. East Lothian Council has therefore made *"increasing the supply of affordable housing across East Lothian"* a priority within its Local Housing Strategy, and aims to facilitate the development of 2,200 new socially rented homes between 2003 and 2013.

¹ East Lothian Council Housing Needs Study, DTZ Pieder, 2001

The pressures on the housing market in East Lothian have also led the local authority to explore the potential for obtaining 'Pressured Housing Market Status' which may stem the sale of socially rented property through Right to Buy.

2.2 The Private Rented Sector

2.2.1 The Scope of the Private Rented Sector

In 2001, over 2,300 households in East Lothian were renting their accommodation privately. This represents over six per cent of all households in the local authority area – just slightly lower than the Scottish average of seven per cent. Although the majority of households rent from a private landlord or letting agency, a significant minority rent their accommodation from their employer. The proportion of those renting from their employer is similar to the Scottish average (0.7 per cent).

Tenure	No. of Households	% of all Households
Rented privately	1,782	4.7%
Rented from employer	323	0.8%
Rented from relative/ friend	211	0.6%
Other	45	0.1%
Total in private rented sector	2,361	6.2%

Table 2.4: Private Rented Households in East Lothian, 2001

Source: 2001 Census, Table UV64 adjusted by Table UV92

The Census provides information at a ward level and shows the proportion of households renting their accommodation privately varies considerably throughout East Lothian:

Area	Private Renting		Tied Property		Total	
	No of H/holds	% of all H/holds	No of H/holds	% of all H/holds	No of H/holds	% of all H/holds
Musselburgh	341	3.3%	60	0.6%	401	3.8%
Prestonpans	335	4.0%	32	0.4%	367	4.4%
Tranent	217	3.5%	22	0.4%	239	3.9%
Haddington	395	8.1%	77	1.6%	472	9.7%
Dunbar	453	8.9%	88	1.7%	541	10.7%
North Berwick	297	9.0%	44	1.3%	341	10.3%
Total	2,038	5.3%	323	0.8%	2,361	6.2%

Table 2.5: Private Rented Households by Location, East Lothian, 2001

Source: 2001 Census, Table UV64 adjusted by Table UV92

The 'East Sector' areas within East Lothian demonstrate the highest proportions of private renting, with the Dunbar, North Berwick and Haddington areas all indicating levels of private renting at around ten per cent. In contrast, the 'Western Sector' has a much lower proportions of households in the private rented sector – with only four per

cent of households renting privately in the Tranent, Prestonpans and Musselburgh areas.

Tied accommodation makes up a considerable proportion of rented property in East Lothian. The 2001 Census showed that fourteen per cent of all households renting property were renting from their employer. Tied properties are particularly prevalent in the Eastern Sector areas.

The Census provides information on a 'ward' level, with the East Lothian area split into 23 wards. Certain 'wards' demonstrate particularly high levels of private renting. The highest level can be found in the ward which covers East Linton and Gifford, where sixteen per cent of households are in the private rented sector.

Ward	Private Renting Households	Tied Accommodation	Total	
			No of H/holds	% of all H/holds
East Linton & Gifford	220	60	280	15.8%
Haddington West & Saltoun	149	41	190	13.3%
North Berwick East	157	23	180	11.1%
Dunbar East	143	20	163	10.1%
North Berwick West	140	21	161	9.6%
Haddington East & Athenstoneford	122	30	152	9.1%
Aberlady, Gullane & Dirleton	128	19	147	8.6%
Total in these wards	1,059	214	1,273	
Total in East Lothian	2,038	323	2,361	

Table 2.6: Concentrations of Private Rented Households, East Lothian, 2001

Source: 2001 Census, Table UV64 adjusted by Table UV92

These seven wards contain over half of all households renting privately in East Lothian. All of these wards are within the Dunbar, North Berwick and Haddington areas, where the majority of private rented accommodation is to be found. The one exception is the Aberlady, Gullane and Dirleton ward which is within the Prestonpans housing market area. All other wards within Prestonpans, Tranent and Musselburgh have levels of private renting at five per cent or lower.

2.2.2 Type and Quality of Accommodation

The majority of private rented property in East Lothian is let on an unfurnished basis. Due to some discrepancies in the way in which 2001 Census data was gathered, there are a number of households for whom further detail on accommodation type is

not available. When completing the Census form many households indicated that they were living rent free when actually they were either in receipt of Housing Benefit, or living in accommodation rented from their employer. Supplementary information was produced to correct these anomalies, but this information only provided basic tenure information and not more detailed household or accommodation information. There are therefore 341 households for whom this detail is 'unknown'.

Area	Furnished		Unfurnished		Unknown		Total
	No.	%	No.	%	No.	%	
Musselburgh	197	49.1%	149	37.2%	55	13.7%	401
Prestonpans	99	27.0%	227	61.9%	41	11.2%	367
Tranent & Elphinstone	76	31.8%	138	57.7%	25	10.5%	239
Haddington	97	20.6%	292	61.9%	83	17.6%	472
Dunbar	114	21.1%	336	62.1%	91	16.8%	541
North Berwick	76	22.3%	219	64.2%	46	13.5%	341
Total	659	27.9%	1,361	57.7%	341	14.4%	2,361

Table 2.7: Type of Private Rented Accommodation, East Lothian, 2001

Source: 2001 Census, Table UV64 and UV92

Although the majority of properties are unfurnished, this does differ between areas. In Musselburgh, there is a much higher proportion of furnished accommodation than in other areas in East Lothian.

Over half of all properties in the private rented sector are houses and bungalows, with the remainder flats, maisonettes and apartments. A very small number of households are renting a caravan or mobile home in East Lothian.

Dwelling Type	No.	Percentage
House or bungalow	1,310	55.5%
Flat, maisonette or apartment	705	29.9%
Caravan or mobile home	5	0.2%
Unknown	341	14.4%
Total	2,361	100%

Table 2.8: Dwelling Type, Private Rented Sector, East Lothian 2001

Source: 2001 Census, Table UV64 and UV92

Half of all privately rented properties are four or five room in size including kitchen and living rooms (generally two or three bedrooms). A further 20 per cent of are two or three room properties (generally one bedroom). A very small number of households are renting bedsit accommodation – representing less than one per cent of all privately renting households.

Dwelling Type	Size	No.	Percentage
House or bungalow	1 room	3	0.1%
	2 rooms	38	1.6%
	3 rooms	137	5.8%
	4/5 rooms	838	35.5%
	6 + rooms	294	12.5%
Flat, maisonette or apartment	1 room	13	0.6%
	2 rooms	97	4.1%
	3 rooms	213	9.0%
	4/5 rooms	343	14.5%
	6 + rooms	39	1.6%
Unknown		346	14.7%
Total		2,361	100%

Table 2.9: Dwelling Type and Size, Private Rented Sector, East Lothian 2001

Source: 2001 Census, Table UV64 and UV92

Again, information is not available for those households living in a caravan or mobile home, or those who indicated that they were 'living rent free'.

2.2.3 Tenant Characteristics

The 2001 Census provides information on the characteristics of households renting their accommodation privately. Single person households (under retirement age) make up the largest proportion of the private rented sector – with a much higher proportion of single person households in the private rented sector than in all tenures. Lone parent households are also over-represented in the private rented sector. Conversely, the proportion of single pensioner households is significantly lower in the private rented sector than in the population as a whole.

Household Composition	No. in PRS	% of PRS	% of All Tenures
Single person household (under 60/65)	561	23.8%	13.7%
Single pensioner household	185	7.8%	15.9%
Couple (under 60/65)	311	13.2%	18.6%
Pensioner couple	79	3.4%	9.5%
Couple with children	382	16.2%	29.0%
Lone parent	388	16.4%	9.1%
Other	114	4.8%	4.1%
Unknown	341	14.4%	-
Total	2,361	100%	100%

Table 2.10: Household Composition, Private Rented Sector, East Lothian, 2001

Source: 2001 Census, Table UV64 and UV92

The East Lothian Housing Needs Study undertaken in 2001² suggests that the private rented sector is playing a 'transitional' role in meeting housing needs, acting as a temporary housing solution for people seeking more permanent housing in the owner

² East Lothian Housing Needs Study, DTZ, 2001

occupied and social rented sectors. Each year, between 15 and 20 per cent of applications to East Lothian Council come from the private rented sector. The study identified that 40 per cent of private rented households had been resident in their home for less than one year, and a further 27 per cent for less than five years. Only 17 per cent of households had been resident in their accommodation for more than ten years.

The 2001 study also identifies a relatively high level of in-migration to the private rented sector. While just over 60 per cent of households had moved to their present accommodation from within East Lothian, one fifth had come from outwith Scotland, and one fifth from elsewhere in Scotland.

Previous Area of Residence	Percentage
Same village/ town	38%
Elsewhere in East Lothian	24%
Edinburgh/ Lothians	10%
Elsewhere in Scotland	9%
Outwith Scotland	19%
Total	100%

Table 2.11: Previous Area of Residence, Private Rented Sector, East Lothian

Source: East Lothian Housing Needs Study, 2001

The 2001 Housing Needs Study suggests that this could be due to the economic expansion of Edinburgh, with people moving to the area for employment, and seeking temporary or transitional accommodation in the vicinity.

2.2.4 Affordability

Analysis of average rent levels in the private rented sector has been undertaken by East Lothian Council over the past two years. This analysis is based on property advertised as available to let between 2002 and 2004.

Property Type	Property Size	2002/03 Average Rent	2003/04 Average Rent
Flat	1 bed	£398	£426
	2 bed	£501	£507
	3 bed	£556	£565
House	1 bed	n/a	£450
	2 bed	£519	£506
	3 bed	£663	£655
	4 bed	£1,089	£878

Table 2.12: Average Rents, Private Rented Sector, East Lothian, 2002/03 – 2003/04

Source: East Lothian Council, Analysis of the Private Rented Sector, 2004

Rent levels vary dependent on the location of the property, as can be demonstrated through analysis of average rents for two bedroom furnished properties. During 2002/03 and 2003/04, rents for these properties were consistently below average in Dunbar – averaging at just £400 to £450, compared to an authority wide average of just over £500. None of the other towns in East Lothian demonstrated consistently below average rent levels for this time period. This could have two implications – firstly, demand for properties may be lower in this area; and secondly, the quality of property could be lower.

In some areas, rent levels changed significantly between 2002/03 and 2003/04. Properties in the Haddington area demonstrated the most considerable increase in rents. While two bedroom properties in Haddington were around average in 2002/03, by 2003/04 prices had increased to almost double the average rent level - £740 per month. Other areas demonstrated only slight increases in rents for two bedroom properties, with the exception of Musselburgh and Gullane which saw slight decreases in rent levels. Again, this could be due to over supply or changes in the quality of property on offer during that year.

The East Lothian Housing Needs Study 2001 identified that one quarter of households in the private rented sector rely on state benefits as their main source of income, and a further 14 per cent rely on state or occupational pensions. Certain groups – particularly lone parents – are particularly dependent on Housing Benefit.

The Housing Needs Study identified that, of those paying for housing costs, 80 per cent felt costs to be manageable or well within budget, while one fifth were struggling to afford their accommodation costs. Incomes tended to be low, with two thirds of households having an income of less than £10,300 per year. However, many of the remainder had an income of more than £15,600 per annum, with very few in the 'middle wage bands' between £10,000 and £15,000. The Housing Needs Study suggests that this may demonstrate two distinct markets within the private rented sector. Firstly, its role as providing transitional housing for lower income household seeking to move to the social rented sector, and secondly as a transition for higher income households, prior to moving into owner occupation.

2.2.5 Landlord Characteristics

The 2001 Census identifies that three quarters of households in the private rented sector are renting their accommodation from a private landlord or letting agent. Less than ten per cent are renting from a relative or friend, and fourteen per cent renting from their employer.

Landlord	No.	Percentage
Private landlord/ letting agent	1,782	75.5%
Employer	323	13.7%
Relative or friend	211	8.9%
Other	45	1.9%
Total	2,361	100%

Table 2.13: Landlord Characteristics, Private Rented Sector, East Lothian, 2001

Source: 2001 Census, Table UV64 and UV92

Information on the size of landlord operations in East Lothian is not available. However, research undertaken by the Housing Improvement Task Force³ identifies that throughout Scotland, one third of landlords let only one property, and nearly 70 per cent have less than ten properties.

2.2.6 Demand

Analysis of take up of private rented properties has also been undertaken by East Lothian Council. This analysis demonstrates that demand for private rented properties appears to have slowed between 2002/03 and 2003/04:

Length of Advertisement	2002/03	2003/04
1 week	25%	10%
2 – 4 weeks	22%	35%
5 – 10 weeks	24%	22%
Over 10 weeks	29%	33%

Table 2.14: Length of Advertisement, East Lothian, 2002/03 – 2003/04

Source: East Lothian Council, Analysis of the Private Rented Sector, 2004

By 2003/04, fewer properties were being let within one week, and one third were advertised for more than ten weeks. Demand appears to vary dependent on the size of the property, with one and two bedroom properties generally taking least time to let, and three and four bedroom properties advertised for slightly longer.

³ Housing Improvement Task Force, 2003

2.3 Homelessness

2.3.1 Context to Homelessness Provision

The provision of accommodation for people experiencing or threatened with homelessness in East Lothian therefore sits within a pressured housing market context. Demand for all housing tenures is considerable and increasing due to population and household increases and pressure from the Edinburgh housing market. Owner occupation is increasingly moving out of the reach of local people with average or below average incomes, and social rented provision has been decreasing in recent years due to Right to Buy sales outstripping the rate of new affordable home provision.

In addition, local authorities have been given additional responsibilities regarding the provision of housing and other services for homeless people with the introduction of the Homelessness etc. (Scotland) Act in April 2003 which strengthens the rights of homeless households over the next decade and will lead to every homeless person having the right to a home.

The Act requires local authorities to focus on providing appropriate advice and assistance to homeless households rather than concentrating on investigating the circumstances of homeless households. It expands the 'priority need' category of homelessness, suspends the need for 'local connection' and updates rules relating to 'intentional homelessness', all of which mean that local authorities must focus on providing appropriate services to a wider range of homeless households. The Act also specifically places duties on local authorities regarding the type of accommodation provided to homeless households.

East Lothian Council's 'Homelessness Strategy' for 2003 to 2008 sets out the way in which the authority aims to meet its obligations in providing a service for homeless people within this context. The Strategy is inherently linked with the wider Local Housing Strategy and, based on the current housing context, the Homelessness Strategy sets out a 'twin track' approach to tackling homelessness in East Lothian:

- to develop service provision focussed on the prevention of homelessness, early intervention and linkages to housing and support services;

- to increase the base supply of affordable housing to meet a range of housing needs, including homelessness.

The Strategy is based on the recognition that while the ultimate objective is to meet long term needs to prevent homelessness, the housing market context means that many households would require to wait a considerable length of time before accessing affordable and sustainable long term housing.

The enactment of the Homelessness etc. (Scotland) Act led to the introduction of the Unsuitable Accommodation (Scotland) Order 2004 in December 2004 which restricts the use of bed and breakfast accommodation for families with children, unless there are exceptional circumstances.

This Order specifies that certain accommodation is deemed unsuitable for homeless applicants 'with family commitments'. This is defined as any applicant who is pregnant, anyone who lives with a pregnant person and anyone who lives with dependent children.

The Order specifies that accommodation for applicants with family commitments must meet certain criteria, including:

- adequate toilet and washing facilities for the exclusive use of the household;
- adequate bedrooms for the exclusive use of the household;
- adequate cooking facilities;
- use of living room;
- available for use by the household 24 hours a day.

The Order identifies certain circumstances where accommodation which would be deemed unsuitable under the above criteria may be used for up to 14 days:

- where an applicant is homeless or threatened with homelessness as a result of an emergency such as flood, fire or other disaster;

- where the accommodation is women’s refuge or owned by a local authority, with services provided for the purposes of health, child care or family welfare;
- where the applicant specifies a desire to be placed in accommodation which is suitable for children, but does not meet the criteria specified;
- where the applicant has applied for accommodation outwith normal business hours;
- where there is no other accommodation suitable for occupation by an applicant with family commitments available to a local authority.

2.3.2 Homelessness in East Lothian

The number of homeless applications received by East Lothian Council has increased considerably since the mid to late 1990’s and, between 2000 and 2004, homeless applications have stabilised at between 900 and 950 applications per year⁴. Approximately half are from single person households, with half of these being those aged under 25. One third of all applications come from single parent households, with fleeing domestic abuse a common cause of homelessness. East Lothian Council must provide all applicants with temporary accommodation – if required – while their homelessness application is being considered.

Of these applicants, approximately 70 per cent are assessed as being statutorily homeless and in need of temporary accommodation – around 650 households.

Outcome of Application	Percentage
Homeless	40%
Homeless Intentionally	4%
Potentially Homeless	6%
Potentially Homeless Intentionally	1%
Potentially Homeless Non-Priority	9%
Non-priority	10%
Not Homeless	23%
Lost Contact	7%
Total	100%

Table 2.15: Outcomes of Homeless Applications, April to December 2001

Source: East Lothian Homelessness Strategy, 2003 – 2008

This number of households is larger than the total number of East Lothian Council properties which become available each year – approximately 500. Historically, the

⁴ East Lothian Homelessness Strategy, 2003–2008

Council has had a policy of making up to 25 per cent of all allocations available to homeless households. In December 2004, a decision was taken to increase this to 80 per cent in the case of three and four apartment properties. However, even if the authority were to allocate all of its houses to homeless households, it would still be unable to meet their needs.

Nominations are also available from Registered Social Landlords (RSLs) in East Lothian – collectively providing an additional 80 nominations for homeless households annually. In total, there have therefore been approximately 200 social rented properties available for let to homeless households annually to meet the needs of 650 households.

One response to meeting this shortfall has been the development of temporary accommodation, currently totally 108 properties, of which 89 have been developed since September 2002. The majority of these are owned by RSLs and leased to East Lothian Council. The vast majority of properties are fully furnished.

East Lothian Council also makes use of Bed and Breakfast (B&B) accommodation to provide temporary accommodation to homeless households and, as at March 2005, a total of 42 households were in B&B accommodation.

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
No. of Households	56	48	39	59	41	26	23	37	25	49	58	42
Average Stay (Completed Cases)	47	26	46	36	39	43	70	61	96	48	67	43

Table 2.16: Use of B&B Accommodation by East Lothian Council, 2004/05

Source: East Lothian Council

During 2004/05, the average stay of all households in B&B accommodation ranged from 26 to 96 days. Given the requirement of the Unsuitable Accommodation (Scotland) Order 2004 to generally bar the use of B&B accommodation for those households ‘with family commitments’ for periods longer than 14 days, the pressures now being placed on East Lothian Council are apparent.

The cost of providing bed and breakfast accommodation has also been considerable and, with the exception of 2001/02 has been rising annually. Between 2002/03 and 2003/04, costs nearly doubled.



	2000/01	2001/02	2002/03	2003/04
Bed & Breakfast Costs	417,903	340,886	628,201	922,937
Housing Benefit Recovery	234,383	270,806	348,291	511,303
% Recovery	56%	79%	55%	55%
Cost to Council	183,520	70,080	279,910	411,634

Table 2.17: Cost of B&B Accommodation 2000/01 to 2003/04, East Lothian

Source: East Lothian Council

On average, just over half the costs have been recovered by Housing Benefit payments; the balance having to be absorbed by the Council as a result of households being ineligible for benefit, moving on before a claim could be processed and the total amount of benefit paid being above the level that can be reclaimed from central government.

The actual cost the Council has been required to meet from its resources amounted to over £400,000 in 2003/04, double the previous year. Unless other mechanisms are introduced, it is anticipated that this cost will grow annually as pressures on the Council continue to rise.

Against this background, the Council has recently allocated £4m to purchase 40 houses on the open market to increase the supply of social rented housing that is available. However, given the context outlined of increasing housing market pressures, coupled with statutory responsibilities, it is considered unlikely that this additional supply will have a significant impact in overall terms and other measures will be required if the Council is to meet its statutory obligations.

2.4 Summary

- the 2001 Census identified just over 2,300 households renting their accommodation privately in East Lothian – six per cent of all households;
- levels of private renting are considerably higher in the East Sector – at ten per cent – than the West Sector – at four per cent;
- tied accommodation makes up fourteen per cent of the private rented sector and is particularly prevalent in the East Sector;
- the majority of properties are two to three bedroom in size and let unfurnished, with the exception of Musselburgh where furnished properties are more prevalent;
- single person households and lone parents are disproportionately represented in the private rented sector;

- private rented accommodation appears to be fulfilling a transitional role for many households – either into the social rented sector or into owner occupation;
- a high proportion of privately renting households moved to East Lothian from outwith the area, which can be linked to the proximity to Edinburgh;
- the 2001 East Lothian Housing Needs Study indicated that rent levels are generally felt to be reasonable, but that one fifth of all private renting households have difficulty managing their housing costs;
- research also indicated that households in the private rented sector tend to have relatively low incomes (less than £10,000 per year) and that one quarter rely on benefits as their main source of income;
- rent levels have remained relatively static between 2002/03 and 2003/04, with the exception of Haddington where substantial increases have occurred, and Gullane and Musselburgh where average levels have fallen;
- there are approximately 900 to 950 homeless applications made each year to East Lothian Council, with 70 per cent of applicants assessed as statutorily homeless and in need of accommodation;
- around 650 households per year have a statutory right to be housed for which around 200 houses have been available; whilst the Council is reviewing the proportion of allocations made to homeless households, supply is insufficient to meet the demand irrespective of the needs of those on the Council's housing list;
- other measures the Council uses to respond to its statutory obligations includes the use of Bed and Breakfast and temporary accommodation;
- the Homelessness etc. (Scotland) Act in April 2003 has placed greater responsibilities on local authoritative to address issues of homelessness and has been reinforced by the introduction of the Unsuitable Accommodation (Scotland) Order 2004 in December 2004 which significantly restricts the use of B&B accommodation for households with children;
- the impact of this legislative framework is significant for East Lothian Council and, unless new routes for securing accommodation are found, it will have difficulty in meeting its statutory obligations.

3. Background to Private Sector Leasing Schemes and Accreditation Schemes

3.1 Introduction

This study seeks to explore the development of both a Private Sector Leasing Scheme and Private Landlord Accreditation Scheme in East Lothian. While these schemes both involve developing relationships between the private rented sector and the local authority, the schemes have different aims and objectives and the development of such schemes would be pursued in different ways. This section sets out the purpose of Private Sector Leasing Schemes and Accreditation Schemes, and details our methodology for exploring the feasibility of these two schemes.

3.2 Private Sector Leasing Schemes

Private Sector Leasing (PSL) schemes involve local authorities leasing properties from the private sector and then renting them to homeless applicants, generally as temporary accommodation. Housing market pressures have led to a number of English local authorities developing such schemes more than a decade ago.

However, their introduction in Scotland has generally been recent but now appears to be accelerating. The underlying causes for this are apparent – greater pressures on the supply of affordable housing due to a decrease in the social rented sector coupled with rapidly rising house prices have resulted in local authorities experiencing greater demand from households experiencing or threatened with homelessness. Coupled with the obligations they now face in terms of the Homelessness etc. (Scotland) Act generally and the Unsuitable Accommodation (Scotland) Order 2004 specifically, innovative ways to increase the supply of permanent and appropriate temporary accommodation are required.

From a local authority perspective, the introduction of a PSL scheme can increase the supply of good quality affordable housing, provide a more appropriate alternative to the use of B&B accommodation and be more cost effective. For private landlords, such schemes provide a guaranteed rental stream and ensure their property is well maintained.

3.3 Private Landlord Accreditation Schemes

Private Landlord Accreditation (PLA) schemes recognise good practice in the private rented sector through accreditation of landlords who meet certain standards in property management and condition. These schemes aim to assist those seeking private sector housing through a clear logo or brand which identifies landlords meeting certain standards, and to ultimately raise the quality of private rented housing through setting clear standards which high quality landlords should meet.

The development of accreditation schemes for private landlords in Scotland is driven by the findings and recommendations of the Housing Improvement Task Force (HITF), which was established in 2001 to explore the condition of private sector housing in Scotland and make recommendations on improving the situation. The HITF considered the operation of the private rented sector and recommended (amongst other things) that:

“Local authorities should promote the development of local voluntary accreditation schemes. Where there is a need for other forms of local regulation such as registration, certification or licensing, local authorities should submit their application to establish an appropriate scheme to the Scottish Executive”

The Scottish Executive accepted this recommendation and to assist the development of local voluntary accreditation schemes national core standards were developed. The content of these standards – and the relationship between accreditation and the other forms of regulation highlighted in the above quote - is explored in more detail later in this report (Section 5).

3.4 Exploring Private Sector Leasing and Accreditation

PSL schemes therefore focus on increasing the availability of appropriate housing for those in housing need within the local authority area – particularly homeless households – while PLA schemes aims to assist those seeking private sector housing through clearly identifying landlords which meet certain standards. The schemes therefore operate entirely independently from one another. Indeed, it is likely that the schemes will be mutually exclusive – where landlords participate in a leasing scheme and therefore have no responsibility for marketing or managing their property, it is unlikely there would be any tangible advantage to them participating in an

accreditation scheme. This report therefore focuses firstly on setting out the considerations in developing a PSL scheme, and separately considers the development of a PLA scheme.

3.5 Summary

- PSL schemes involve a local authority renting properties from private landlords and then leasing these to people in housing need;
- PSL schemes have focused on the provision of accommodation to homeless households due to increasing obligations placed on local authorities and the need to move away from using B&B accommodation for families and children;
- private landlord accreditation schemes recognise good practice in the private rented sector through accreditation of landlords meeting certain standards;
- the development of PLA schemes has been driven by the Housing Improvement Task Force which recommended that local voluntary schemes should be established;
- national core standards and guidance for local landlord accreditation schemes has been developed by Communities Scotland;
- PSL schemes and private landlord accreditation schemes operate independently and have different aims and objectives;
- the schemes are likely to be mutually exclusive – landlords participating in a Private Sector Leasing scheme no longer have to manage their property, meaning there would be no benefit in accreditation.

4. Private Sector Leasing Schemes

4.1 PSL Schemes in Operation in Scotland

Many local authorities in Scotland have developed or are in the process of developing PSL schemes. The experiences of these authorities are valuable in determining an approach which would be suitable to the East Lothian context. Four case studies have been identified which demonstrate the way in which other local authority areas have approached the development of a PSL scheme.

4.1.1 Area A

This local authority is currently in the later stages of establishing a PSL scheme in response to the Code of Guidance on Homelessness which suggests the establishment of PSL schemes as an alternative to Bed and Breakfast accommodation. Specifically, the scheme aims to *“significantly reduce the use of, and expenditure on, Bed and Breakfast accommodation for homeless households”* and to *“increase the range of short and medium term housing options”* in the city⁵.

Business Case for the Scheme

The Project Initiation Document (a document setting out the options for implementing a PSL scheme in this area) highlights the pressures which the local authority is under to provide appropriate accommodation for homeless applicants. In 2003/04 almost 5,500 households presented as homeless – an increase of 12 per cent from 2002/03 figures. Of these, over 2,500 were housed in temporary accommodation with two thirds of these at least initially provided with bed and breakfast accommodation.

In total, B&B accommodation was used for almost 48,000 nights in 2003/04 – with those placed in B&B spaces staying for an average of 33 nights each. The local authority estimates that in 2004/05 total expenditure on B&B accommodation is likely to cost almost £1.9 million – at a net cost to the Council’s General Fund of over £600,000 (due to Housing Benefit thresholds and caps).

The local authority wishes to reduce its reliance on B&B accommodation but is restricted within a housing market context in which demand for social rented housing

⁵ Private Sector Leasing Project Initiation Document, November 2004

is high (an average of 36 applicants for each property) and social rented provision is decreasing through Right to Buy.

Management of the Scheme

To date, the PSL scheme has been researched through the Project Board, which comprises of representatives from the Council's Private Sector, Strategy, Homelessness, Commissioning and Revenues and Benefits Services. The Board took the decision that the PSL scheme should not be managed in-house, but should be contracted to an external service provider. An invitation to tender was recently publicised and, in December 2004, a number of tenders had been received and the Board considered submissions.

However, following consideration of the submissions the contract was re-advertised and revised tenders considered in early 2005. In June 2005 discussions with a preferred contractor were in their final stages. The local authority was planning to host a seminar with interested landlords towards the end of June 2005, and had already received expressions of interest from around 80 landlords seeking further detail on the scheme.

The local authority plans to appoint the successful organisation on a 'Public Service Concession Contract', with the appointed organisation taking on operational responsibility of the scheme.

Scope of the Scheme

The scheme aims to secure ten per cent of the private rented sector in the authority area – 2,000 to 3,000 properties – within a five to ten year period. The target for the first year is to procure 250 properties, with this rate of procurement to be continued or increased in future years.

Arrangements with Landlords

The PSL Scheme would aim to let properties from landlords for three to five years, with rent guaranteed for this period and payable monthly or quarterly in advance. A system would be developed to ensure that properties meet the '*required standard*' set by the local authority.

The managing agent (not yet appointed) would be responsible for all management and maintenance of the properties and, at the end of the lease period, properties would either be returned to the landlord with vacant possession, or a further lease would be agreed.

Arrangements with Tenants

Properties acquired through the PSL scheme would be allocated to homeless applicants, with the aim of significantly reducing the use of B&B accommodation. Tenants would receive a Short Scottish Secure Tenancy from the managing agent, with the expectation that the tenant would stay in the property for between six months and two years. It is anticipated that at this stage the tenant would be able to access permanent housing.

Housing Benefit Arrangements

The local authority is participating in the Pathfinder 'Local Housing Allowance' scheme which has been launched on a pilot basis throughout the UK. This scheme applies to tenants in private rented accommodation and sets out a standard rate or Local Housing Allowance for full benefit allowance throughout the city. Tenants must establish the size of accommodation to which they are entitled – for example, a one person household may be entitled to the standard Allowance for a one bedroom property. Local Housing Allowances for one bedroom properties in different areas of the city are calculated on a monthly basis, and tenants informed of how much benefit they are entitled to. Tenants entitled to full Housing Benefit will receive the full Local Housing Allowance applicable for their area, regardless of whether their rent is lower, higher or the same as the Allowance.

The Project Board has investigated the implications of the PSL Scheme on entitlement to the Local Housing Allowance, and has managed to negotiate agreements with the Revenues and Benefits Service regarding procedures for the Scheme. The Service has agreed that a 'flat rate' for Housing Benefit for those in PSL properties will be agreed – which is likely to be above the Local Housing Allowance rates. This will be met through the payment of Local Housing Allowance entitlement plus 'costs' to ensure that the full rent is met. Due to the savings which would be made through reduced use of B&B accommodation, the Revenue and Benefits

Service has agreed that this expenditure above the Local Housing Allowance would be acceptable. All claims for benefit would be processed on a fast track basis.

Funding the Scheme

Initial set up costs for the scheme will be funded through the 'Homelessness Implementation Grant' – with £150,000 dedicated over 2004/05 and 2005/06. This funding will cover staffing within the Council for initial management of the scheme, the appointment of a managing agent, initial set up and promotional costs for the agent, and initial payments to landlords prior to housing benefit payments.

The local authority anticipates ongoing management costs of more than £1,500 per unit per year, based on national figures. A management fee would be paid to the managing agent to cover these costs, and this would be funded through savings on reduced use of B&B accommodation.

4.1.2 Area B

This rural local authority established a small scale PSL scheme in 2004 and has been developing it further throughout 2005. The scheme was initially established with just three or four properties and operated on a relatively informal basis. It was promoted by word of mouth and rents were assessed subjectively by housing staff based on their knowledge of the local housing market.

However, since the introduction of the new homelessness regulations regarding use of bed and breakfast accommodation in mid 2004, the PSL scheme has been expanded. With the local authority keen to expand the scheme – and a clear interest from landlords – the scheme was formalised through the establishment of more detailed procedures and more comprehensive promotion of the scheme.

The local authority developed a procedure manual which set out the operation of the PSL scheme in detail. This manual sets out the process which landlords and local authority staff must go through from the initial point of contact through to lease agreement with both landlord and tenant.

Contact with Landlords

The scheme is promoted to all landlords in receipt of Housing Benefit direct payments through a letter encouraging them to participate. Landlords contacting the local authority to express an interest in participating are provided with an information leaflet which sets out the key features of the scheme. All initial contacts are recorded in a 'checklist' developed to assist Homelessness staff to record each stage in the process.

Property Inspection

There are two stages to establishing whether a property is suitable for the PSL scheme. The first stage is for a member of the Homelessness team to visit the property to identify whether the property is likely to be suitable. This visit involves a first inspection covering areas such as general condition and safety. As homelessness staff do not have specialist knowledge in this field, they are provided with an 'Inspection Checklist'. If considered to be broadly suitable, details are passed to a Private Sector Officer for a more detailed inspection to assess whether the property reaches the minimum letting standard required.

Agreement with Landlords

Properties are partially furnished with the six elements covered by Scottish Executive Furnished Tenancy Grant (carpets, curtains, cooker, fridge, beds and washing machine). Standard rents have been agreed dependent on size of property and these are in line with the Local Housing Allowance awards for private sector properties.

A standard one year lease has been developed to formalise the agreement between the landlord and the local authority. This lease includes the right to sub-letting and sets out repairs and maintenance responsibilities and arrangements for ending the tenancy.

The landlord retains full responsibility for gas and electrical safety and is required to undertake annual inspections and provide the local authority with copies of relevant documentation.

Arrangements with Tenants

Tenants are issued with a Short Scottish Secure Tenancy Agreement for an unspecified period of time. The rent charged to tenants is the same as the rent charged by the landlord, together with a service charge to cover the cost of furniture. Tenants receive support in applying for Housing Benefit and Council Tax Benefit.

The local authority costs incurred in the management of this scheme are met through funds secured as a result of the Homelessness Outcome Agreement with the Scottish Executive.

4.1.3 Area C

This local authority has been operating a PSL scheme since March 2003 and, to date, 52 properties have been secured under the scheme. Initially, it focussed on properties in one particularly pressured area but has recently been expanding with the focus now on securing properties authority wide.

The scheme currently includes a mix of one and two bedroom flats and houses, the majority of which are rented unfurnished from the landlord. To ensure that furnishings within the property meet specified standards, the local authority prefers to lease properties unfurnished and then organise furniture using the contract company engaged to furnish all its temporary accommodation.

Property Condition

In addition to ensuring that furniture meets safety standards, the local authority requires that all properties:

- are safe and secure;
- are wind and weather tight;
- have a gas maintenance agreement;
- have a current electrical safety certificate;
- have double glazing.

All properties are inspected by three individuals – a Housing Officer, a Property Inspector and a qualified electrician. Firstly, the Housing Officer is responsible for deciding whether the accommodation offered is generally suitable for the PSL

scheme. Then a Property Inspector ensures that the property is in a good state of general repair and that there are no safety issues. On approval by the Housing Officer and Property Inspector, the property is then inspected by a qualified electrician and any white goods included in the lease agreement are tested.

All properties with a gas heating system must have a Corgi certificate and an agreement for maintaining the system. Regular electrical checks must also be undertaken. The local authority does recheck the electrical system every time there is a change of tenant in the property, but the landlord maintains responsibility for arranging annual gas and electrical safety checks.

Routine repairs are undertaken by the landlord at their expense and the local authority provides an out of hours emergency repairs service, the cost of any works being recharged to the landlord. Any malicious damage inflicted by tenants is rectified by the local authority.

Agreement with Landlords

The local authority has developed a standard lease agreement which is initially entered into for a period of one year with the option for subsequent renewal. Since 2003, eleven of the 52 properties procured through the scheme have been discontinued after the first year following assessment by the local authority. The local authority's Procurement Section deals with any alterations required to initial leasing arrangements.

Rent levels paid are negotiated individually with landlords and the Procurement Section benchmarks the rent paid against leasing rates for other properties of a similar size in the area.

4.1.4 Area D

This rural local authority established a private leasing scheme in the early 1990s. This scheme was particularly targeted at properties in rural areas and was aimed at reducing demand on the local authority housing list. The scheme initially operated only in certain areas of the local authority, and has developed differently in different administrative areas.

Standardising the Scheme

In 2004, the local authority decided to standardise its scheme across its entire area. With new requirements placed on local authorities in terms of providing accommodation to homeless households, the authority re-targeted the scheme to focus on generating additional accommodation for homeless applicants rather than the general housing list. In order to achieve this consistently, it developed standardised policies and procedures to be used for the procurement and management of properties within the scheme.

Interest from Landlords

The scheme now has approximately 50 to 60 properties and is continually expanding. The authority recently advertised in the local press for landlords wishing to participate in the scheme and generated a further 20 or so interested parties. Landlords appear to be interested in the scheme largely due to the guaranteed rental income (paid six months in advance) and the local authority taking on management responsibility for the property. This has proven an attractive proposition to landlords and interest in the scheme has been high.

Arrangements with Landlords

Prior to taking on any new properties, the local authority ensures that the property meets certain standards. It prefers to take on unfurnished properties without white goods. A standard lease agreement between landlords and the local authority has been agreed, and tenants are issued with a Scottish Short Secure Tenancy.

4.2 Implementing a PSL Scheme in East Lothian

4.2.1 The Business Case

East Lothian Council is required to provide all homeless applicants with temporary accommodation – if needed – while their homelessness application is being assessed. If applicants are then assessed as not homeless, the authority must let them remain in the temporary accommodation for a short period to allow time to find somewhere else to stay. If applicants are assessed as homeless, temporary accommodation will still be needed until the authority can find permanent housing. With around 950 potentially homeless households presenting themselves to the Council each year the need for temporary accommodation in East Lothian is high.

As a 'snapshot', in December 2004, there were 93 households in temporary accommodation provided by the local authority or housing associations and a further 37 households in Bed and Breakfast accommodation.

As we have highlighted the pressure to provide appropriate temporary accommodation is likely to grow. Despite the acquisition of additional affordable properties, market pressures coupled with increased statutory responsibilities are likely to result in the need for continuing additional supply.

In addition to the numerical shortfall, the net cost to the Council of nearly £412,000 annually to be met from general funds to provide B&B accommodation which will generally be inappropriate to the client's need, would suggest there is a compelling business case for considering the introduction of a PSL scheme.

Recommendation:

In view of the continuing housing market pressures, greater statutory responsibilities and increasing costs to the Council of using B&B accommodation, there is a clear case for it to consider the introduction of a private sector leasing scheme.

4.2.2 Scale of the PSL Scheme

The Homelessness Service estimates that between 20 and 30 additional properties would fulfil the current need for temporary properties. Whilst we would accept this as a starting point, our estimate is that this number will require to be increased relatively quickly.

With the priority of ensuring that families with children are not living in Bed and Breakfast accommodation, the Homelessness Service believes that there is greatest need for three bed properties (with a smaller number of one and two bed properties) in the six main towns and particularly in Tranent and Prestonpans.

4.2.3 Stakeholder Views

Consultations were undertaken with three groups of stakeholders having a potential interest in the development of a PSL scheme:

- landlords;
- voluntary sector housing advice agencies;
- local authority officers.

Landlords

A survey was undertaken of 135 private landlords operating in East Lothian whose names were known to housing staff. This attracted 31 responses (23%). Perhaps not surprising the response was particularly low where contact details were through a letting agency given the introduction of a PSL scheme would operate in direct competition to the services currently provided.

Of the respondents, 26 (84%) indicated that they were interested in the development of a PSL scheme. Collectively these landlords own a total of 81 properties in East Lothian, of which over one quarter are located in Haddington and the remainder scattered across the main urban settlements. Nearly half of their properties are three bed in size with the remainder generally being one and two bed.

The survey would therefore suggest that, subject to the details of any PSL scheme being agreed, there is more than sufficient interest from the private sector to meet the anticipated requirements for accommodation.

As a result of the survey, 23 landlords expressed a willingness to participate in a Landlord Forum where there was an opportunity to discuss the development of a scheme in greater detail. Two key issues emerged from these discussions which are likely to have a bearing on the eventual level of involvement by the sector.

Firstly, the precise financial arrangements, particularly in terms of how rents would be set with a suggestion being made that standard rents for different property types be published. However, having considered this issue in greater detail, the current disparity in market rents due to issues of type and quality would appear to make such an exercise difficult and potentially misleading.

Secondly, landlords were anxious about management standards being maintained with, what they perceived as being a potentially challenging client group. It was clear that those attending Forum meetings were aware that the sector tended to have a negative image and were keen to ensure that they were not placed in a situation where management issues over which they would have no control were attributed to them. The need for clear written procedures including the allocation of responsibilities was therefore considered to be paramount.

Voluntary Sector Housing Advice Agencies

Consultations with voluntary sector agencies providing housing information and advice to those threatened with or experiencing homelessness found strong support measures to reduce the reliance on bed and breakfast accommodation which was considered to be inappropriate and potentially contributing to the problems faced by households in such circumstances.

Recommendation:

A PSL scheme should be piloted with around 30 properties. If it proves to be successful and demand increases as anticipated, it should be rolled out as an alternative to B&B accommodation.

East Lothian Council

Departments within East Lothian Council were also consulted on the establishment of a Private Sector Leasing Scheme. A number of key issues were identified:

- **Capacity and organisational arrangements** – a number of consultees raised issues regarding the capacity of the Council to organise a leasing scheme in terms of the additional responsibilities it would place on officers for activities such as undertaking property inspections and negotiating rental levels. Some of these views appeared to be influenced by the previous experiences, particularly in relation to the operation of a historical PSL scheme which had resulted in a number of organisational difficulties over issues such as unforeseen liabilities for property maintenance.

- **Gas maintenance** – legal responsibility for maintaining gas supplies in terms of annual inspections and on vacation of a property was a recurring theme. A number of those consulted queried where the legal liability would lie with a PSL scheme and, whilst expressing a preference for property owners to retain this responsibility, recognised the administrative difficulties this could pose for the Council in ensuring work had been undertaken and obtaining the appropriate certifications.
- **Property standard** – it was acknowledged that properties required to meet specified physical standards prior to being accepted as suitable for inclusion in a PSL scheme. It was suggested that the standard being developed by the Council for its own stock provided a useful starting point. Some consultees also suggested that it may be possible for the authority to undertake improvement works to a property that failed to meet the standard in exchange for a rent reduction from the landlord. However, it was recognised that the logistics of this would be complex.
- **Rent levels paid** – the way in which rent levels were established with landlords was discussed, with consultees indicating a need for flexibility and awareness of local circumstances. However, it was felt that this could lead to criticism of staff involved unless they could demonstrate they had the skills to undertake the task.
- **Agreement with landlord** – consultees identified the need for a standardised lease with property owners. Whilst it was recognised that the longer the lease period, the greater degree of risk the Council potentially exposed itself to in terms of changes in national policy over issues such as Housing Benefit, it was felt that the management difficulties posed by shorter leases would present greater difficulties. On balance, three to five year leases were considered to be appropriate. It was anticipated that demand for the PSL scheme from homeless households would be high and that there would be no difficulty filling 20 to 30 properties for the next three to five years.
- **Management options** – local authority representatives consulted were open to discussion of a wide range of management options for the scheme, including the appointment of agents to manage the scheme on behalf of the local authority.

4.2.4 Responsibility for Gas Servicing

In view of the concerns raised regarding gas servicing, we have taken legal advice on the issue of responsibility for gas safety. Section 36 of the Gas Safety (Installation and Use) Regulations 1998 provides that a landlord has the general duty to check the safety of gas appliances with every 12 month period. The landlord is defined as “in Scotland the person for the time being entitled to the landlord’s interest under a lease”. Legal opinion is that this can reasonably be interpreted as to mean the landlord who has the direct contractual relationship with the occupying tenant and who gathers the rent. In a PSL scheme this would therefore be the Council or other body leasing the property from the owner and letting it to a tenant.

In the event of the landlord instructing other agents to undertake their obligations in terms of the regulations, they would nonetheless retain a statutory liability for carrying out the work and any failure to meet their obligations. However, procedures could be put in place between the landlord and managing agent to impose penalties of a magnitude that would act as a significant deterrent to the agent to neglect their obligations.

4.2.5 Options for Managing a PSL Scheme

We have identified three options for the Council to consider in establishing a PSL scheme:

Option 1: East Lothian Council In-House Management

The first option would be for the local authority to manage the scheme in-house. This would involve the identification of one department able to take the lead in establishing and managing the scheme. This department would be responsible for developing the detail of the scheme in conjunction with landlords and establishing policy and procedure for the scheme. It would also take responsibility for ongoing management of the scheme. Co-ordination with other relevant Council departments would be necessary where their skills or resources were required to operate the scheme.

Key responsibilities of the Council would therefore include:

- **developing the scheme** – detailed administrative procedures would require to be developed including the allocation of responsibilities;
- **promoting the scheme** – the scheme would require to be promoted following its launch and at regular intervals as more properties were required;
- **assessing property standards** – to ensure that properties were of a type and in a location to meet identified needs and to a prescribed physical standard;
- **procuring properties** – the terms of the proposed lease⁶ including rental payments would require to be negotiated with landlords and arrangements for subsequent rental payments put in place;
- **organising repairs** – based on the terms of the lease, arrangements would require to be put in place for ensuring that maintenance liabilities were addressed by the local authority or landlord;
- **identification of tenants** – tenants would require to be identified, an ongoing housing management service provided;
- **overall management** – arrangements for maximising the use of property and ensuring there was an adequate supply would require to be put in place.

The option would therefore have the advantage of full responsibility and control lying within the local authority.

Our assessment of the resources required to establish an in-house scheme on the basis of procuring 30 houses in the first year of operation is as follows:

Activity	Time Commitment
Establishing detailed procedures and documentation	14 days
Developing information pack/promoting scheme and dealing with enquiries	6.5 days
Assessing property standards	20 days
Negotiate detailed lease terms with landlords and their agents	15 days
Undertaking maintenance inspections	30 days
Total	85.5 days

Table 4.1: Estimated Time Commitment to Establish Local Authority Managed PSL Scheme

A more detailed breakdown of these figures is contained within the Implementation Plan attached as Appendix 4 which are subject to a number of provisos:

⁶ A sample lease is attached as Appendix 3.



- an assumption has been made that there will be agreement within the Council over the allocation of respective roles and responsibilities and that this will not cause undue delays or additional resources being required to develop the scheme;
- an assumption has been made that, having identified suitable properties, agreement can be reached with landlords over the terms of lease (and particularly rental levels) and further properties will not require to be identified;
- no allowance has been made for securing further properties on an ongoing basis;
- no allowance has been made for staff time in the handing back of properties at the end of the lease period;
- it has been assumed that the identification of tenants and the management and maintenance responsibilities will be undertaken by staff currently responsible for temporary accommodation.

Taking account of the foregoing we would suggest that the resources required to establish the scheme and secure 30 properties equate to around a half time post. In addition, we estimate that the management of 30 additional properties for temporary accommodation would require an additional half time post, together with administrative backup. Consideration would also require to be given to some additional resources being required from maintenance administration staff where the Council had such responsibilities or required to liaise with landlords to ensure these were undertaken to prescribed standards and timescales.

However, the skill set required to manage the scheme is diverse including property inspections and rent negotiations, functions that are currently undertaken within different parts of the Council. This raises the issue of whether it is practical or feasible for a single member of staff to discharge the function. Conversely, splitting the responsibilities between existing staff may prove to be problematic given the concerns raised in our consultations regarding the capacity and resources currently available to take on additional responsibilities.

A further issue to consider is the financial risk attached to such a scheme. The Council, as tenant under the lease, would have responsibility for making good any damage caused by its tenants and returning property at the end of the lease period in a similar state as at the outset, save for fair wear and tear. Given the nature of the scheme, this is difficult to quantify but could potentially lead to considerable costs, an

issue the Council has previously experienced in the operation of a limited PSL scheme. Allied to this it would also have to take account of rental loss during any void periods. Whilst average void periods in temporary accommodation managed by the Council average 14 days for an average tenancy length of five months, this figure is likely to rise if property cannot be occupied towards the end of a lease period.

Option 2: Appointment of Agent - Contractual Responsibility

The second option is for the local authority to contract with an external organisation to develop and manage a PSL scheme. Full risk would therefore transfer to that organisation which would take responsibility for running all aspects of the scheme in exchange for a management fee paid by the local authority. All contractual agreements with property owners and tenants would be with the appointed organisation rather than with the local authority. Under this option the only role of the local authority would be to nominate homeless households for properties as they become available.

This option is the one which has historically been adopted by a number of English authorities using a Registered Social Landlord as their agent.

Whilst potentially attractive on initial consideration, it was not considered worthy of more detailed consideration by the client for three reasons. Firstly and critically, it was considered that RSLs who were likely to be interested in being considered as agents had no experience in the management of temporary accommodation for homeless households. Underlying this it was considered that the relatively small number of properties involved was unlikely to produce a cost effective solution and finally, the Council's previous experience of contracting with an RSL to manage properties on its behalf had resulted in a number of difficulties which had left a legacy of organisational resistance to replicating this approach.

Option 3: Appointment of Agent – Operational Responsibility

The third and final option we have considered would be for the local authority to appoint an agent to undertake operational responsibility for managing aspects of a PSL scheme. The Council would retain contractual responsibility with the landlords from whom it was leasing property and with tenants occupying the property.

Contracting operational responsibility to a single body, if feasible, would address some of the concerns regarding organisational capacity.

Whilst the degree of operational responsibility undertaken by the agent is open to negotiation it would typically include:

- advertising and marketing the scheme;
- assessing properties in terms of meeting minimum standards and negotiating rents;
- entering into lease with property owners as agents for the Council for a period of between two and five years;
- advising the Council of property availability;
- receiving tenant nomination from the Council and entering into tenancy agreement as agent for the Council;
- dealing with property maintenance (including gas inspections) and related issues with the property owner;
- providing a housing management service;
- assisting the tenant with the completion of Housing Benefit forms;
- reporting to the local authority;
- making payments to the landlord less any maintenance costs on behalf of the Council;
- handing back properties to the owner on conclusion of the lease;
- undertaking legal procedures as agent for the Council in the event of breach of agreement by owner or tenant;
- developing the service as needs evolve and change.

Such a scheme also offers the attraction of allowing risks to be shared with the agent typically being responsible for:

- the cost of any tenant dilapidations at the end of the tenancy;
- the cost of legal proceedings to enforce the terms of agreement with owner or tenant;
- the cost of managing the contract;
- meeting the cost of voids outwith agreed void periods.

However, contractual arrangements remain between the Council and the landlord, and the Council and sub-tenant. The agent has the role of facilitating the scheme

rather than taking ownership for it. In terms of gas maintenance, this means that legal responsibility would lie with the Council; however, contractual penalties could be applied to effectively transfer responsibility to the agent.

The financial model associated with the scheme is a novel one. Housing Benefit is paid at the Housing Benefit cap level (the same rate that is paid by central government to the local authority irrespective of the size of the property). From this is paid the rent to the property owner (discounted to take account of no management /marketing costs or voids), the management fee to the agent (inclusive of costs to cover liabilities) and any management costs incurred by the council. On the basis that average rent levels are lower than the Housing Benefit cap, there is the opportunity for the scheme to be self financing.

Identifying a Preferred Option

We have summarised the advantages and disadvantages associated with each of the options as follows:

Pros	Cons
Option 1: In-House Management	
Total control lies with local authority	Total risk lies with local authority
Draws on local authority expertise in managing temporary accommodation	Staff capacity/ resources may be insufficient to develop & operate scheme
Develops closer working relationship between private rented sector and local authority	Requires shared level of prioritisation between local authority functions
Option 2: Contractual Responsibility with Agent	
Total risk lies with agent	Requires appropriate agent to be identified
Low resource implications for local authority	Loss of control by local authority
Lower requirement for cross departmental working	Cost to local authority
Option 3: Operational Responsibility with Agent	
Control remains with the local authority	Scheme must be of sufficient size to be economical
Lower resources input for the local authority	
Lower requirement for cross departmental working	
Low financial risks	
Flexibility for future development	

Table 4.2: Summary of Merits of PSL Options

For the reasons outlined in 4.2.5 above we have discounted the option of contractual responsibility being passed to an agent and considered the remaining two options in

greater detail. In our view there are four criteria against which each option can be tested:

- deliverability;
- cost;
- risk
- future flexibility.

▪ **Deliverability**

As we have highlighted our consultations have raised concerns about East Lothian Council securing the appropriate mix of skills from existing or new resources to deliver an in-house PSL scheme. We believe there are real issues to be addressed, particularly in the area to securing appropriate skills to interface with the private sector dealing with issues such as property standards, rent negotiations and the handing back of properties. These are not insurmountable but would require a clear corporate view to be taken and followed through if a scheme was not to encounter some of the difficulties that have influenced current opinion amongst some officers regarding its operation.

An example of this is the negotiation of rents. These require to be of a sufficient level to secure the number, type and location of properties required; conversely, there is a real danger that going to the market place could fuel inflationary pressures in rent levels within the private rented sector. Skills would be required from someone with a track record in this area. If this is to be an existing employee, sufficient priority would have to be given to the task to ensure the number of properties required was delivered and the confidence of the private sector was maintained by not having to retain empty properties during a lengthy period of negotiation.

The alternative option of appointing an agent to undertake operational responsibility for the scheme raises the issues of viability in that the number of properties being sought is considered to be too low to be procured from an agent as a 'stand alone' contract. However, during the course of this study, Edinburgh City Council have entered into a contract with a management company with a track record in the field to operate a PSL scheme. Informal discussions with this contractor (but not the local authority) have resulted in a positive response to the

concept of extending the scheme to East Lothian. Clearly, this would require a more formal approach being made by the Council to Edinburgh City Council with a view to establishing a partnership arrangement. We understand this to be permissible in terms of the Council's and EU procurement rules.

▪ **Cost**

We have sought to undertake a comparative cost exercise based on the information available to us. For planning purposes we have assumed that the equivalent of one officer's time together with administrative support would be involved in developing the scheme and managing 30 properties on an in-house basis. This is likely to be delivered by a number of individuals for which we have assumed an average salary of £25,000 with on-costs of 50 per cent (employer costs, travel, administrative support, etc.) To this time would have to be added for some input from maintenance administration staff which we have estimated to be £7,000 per annum. Total staff costs are therefore estimated to be £44,500 if the scheme was developed and administered within the level of resources outlined in the Implementation Plan.

In the case of using an external contractor, we have been advised that an average management charge would be around £200 per unit dependent on the nature of service delivered. Total costs would therefore be £72,000.

Headline costs would therefore appear to be lower for the in-house managed scheme. However, the Council would also have to take account of its liability for any maintenance work it was liable for – an issue that has presented difficulties in the past. Maintenance expenditure would have to be contained to an average cost of £900 per property per annum (including handback costs) if the cost of managing a scheme in-house was to remain lower than contracting out operational responsibility.

▪ **Risk**

This leads to the issue of risk. It is clear from the foregoing that operating an in-house scheme exposes the Council to a far greater level of risk than the contracting out option. Whilst the 'headline' costs may appear to be greater in the

latter, the additional premium to be paid for transferring the risk could represent value for money in the event of unquantified liabilities crystallising.

▪ **Future Flexibility**

If, as we anticipate, the need for temporary accommodation will increase (or some of it requires to be used on a semi-permanent basis), consideration requires to be given to the ease with which the scheme can adapt over time. Contracting out service provision provides considerable advantages in addressing changes in resource requirements with relatively short lead-in times.

Having considered the two options and consulted with officers at a workshop, we believe the option of contracting out a PSL scheme offers advantages to the Council in terms of greater certainty in deliverability, lower risk exposure and future flexibility, and should be progressed as the preferred option. However, we recognise that there may be reasons this cannot be brought to fruition (for instance, due to difficulties establishing a partnership arrangement with Edinburgh City Council) and would recommend that the in-house management option be reconsidered in these circumstances. Our Implementation Plan attached as Appendix 4 recognises both scenarios.

Recommendation:

East Lothian Council enters into discussions with Edinburgh City Council with a view to agreeing a negotiated extension to the contract being established with agents to run a PSL scheme. In the event of this not proceeding, an in-house managed scheme should be progressed.

4.2.7 Financing the Scheme

We have sought to quantify the financial implications for the Council of operating a PSL scheme using the model proposed, based on a portfolio of 30 properties of varying sizes. Based on average rents provided by landlords participating in our survey discounted by 15 per cent to take account of their anticipated savings in marketing and voids, we have estimated that this would result in an annual cost of £153,000. Other costs identified are the agent's management fees estimated to be £72,000 and Council costs of £18,000 (to develop and monitor the scheme).

All should be fully recoverable through Housing Benefit; however, consideration would require to be given to any voids incurred which we estimate to be in the order of £10,000 per annum (based on average length of tenancy being five months and 14 day void periods). A policy decision would require to be taken as to whether this potential loss could be covered in the rental charge and hence through Housing Benefit.

Over and above the issue of Housing Benefit, consideration also requires to be given to the net cost of the scheme to the Council in terms of the Housing Benefit cap.

	1 bed	2 bed	3 bed
Typical Gross Monthly Rent/Property	400	500	600
Net Rent (assuming 15% discount)	340	425	510
Agent's Management Fee	200	200	200
Local Authority Costs	50	50	50
Housing Benefit cap	510	510	510
Cost/Property	(80)	(165)	(250)
Cost/10 Properties	(800)	(1650)	(2500)
Annual Total Cost to Council			59,400

Table 4.3: Indicative Cost of PSL Scheme

Based on the assumptions made and the current Housing Benefit cap of £510 per property, we estimate the total cost to the Council would be in the order of £59,400 per annum in terms of Housing Benefit payments exceeding the cap. However, this includes £18,000 to cover staffing costs within the Council.

Whilst it is difficult to make comparisons, the actual cost to the Council in 2003/04 for each B&B bednight was £22.25 (excluding staff costs). Assuming an 80 per cent occupancy rate the cost of using PSL properties in lieu of B&B accommodation would be £6.78 per night. It therefore seems reasonable to conclude that the option represents better value for money in fiscal as well as social terms, albeit that the development of a PSL scheme may not fully displace continuing reliance on B&B accommodation.

Consideration would require to be given to how these costs could be met. At this stage the options would appear to be through general funds (as occurs with the shortfall of B&B funding, absorbed within the existing budget of the Homelessness

Team or through an extension of Scottish Executive Homelessness funding after the existing commitment expires in March 2006.

Recommendation:

The financial implications of a PSL scheme are reviewed once more detailed costs are established and agreement reached as to how any financial shortfall is met.

5. Private Landlord Accreditation Schemes

5.1 Background to Regulation and Accreditation of Private Landlords

Private Landlord Accreditation (PLA) schemes recognise good practice in the private rented sector through accreditation of landlords who meet certain standards in property management and condition. The introduction of voluntary accreditation schemes at a local authority level was recommended by the Housing Improvement Task Force (HITF) and accepted by the Scottish Executive.

Although accreditation schemes were intended to promote a voluntary approach to improving the quality of the private rented sector, the HITF also recommended that local authorities should be given the discretionary power to introduce compulsory registration, certification or licensing of some or all private sector properties within their area. This proposal was put forward in the first version of the Anti-Social Behaviour (Scotland) Bill 2004.

However, following consideration, the Executive moved the provisions from a discretionary to mandatory basis, with all local authorities required to introduce such schemes. Significant amendments were made to the Bill at Stage Two of its consideration in Parliament, and the Act was passed introducing a mandatory system for registration of private landlords.

All local authorities are therefore required to establish and maintain a registration scheme, which will have two key purposes:

- **To ensure that all landlords are ‘fit and proper’** – local authorities will gather information on the landlord including information on previous convictions, track record in dealing with antisocial behaviour, and record of complaints against the landlord. This will allow local authorities to decide whether the landlord is a ‘fit and proper’ person to rent a property.
- **To establish basic information on the private rented sector** – each register will gather information on all landlords, the addresses of their properties and any agent they use to manage the property. This information will be available to the public.

All private landlords must register with the local authority. Certain properties will be exempt from registration, including holiday homes and care homes. Ministers have subsequently indicated that resident landlords will also be exempt from registration.

Where landlords continue to let out properties without being registered with the local authority, this will be a criminal offence and the landlord could be prosecuted and receive a fine of up to £5,000. In addition, local authorities would have the power to suspend rent payment, including Housing Benefit payment, to landlords who are not registered or who have failed the registration (provided the landlord, tenant and agent were all notified). However, this is likely to be used as a measure of last resort.

Local authorities will be responsible for maintaining the register of landlords, and will be able to charge landlords a fee for registration to cover the cost of undertaking checks and administrative duties. The Scottish Executive is currently considering charges and it is likely that a maximum charge limit will be set.

Due to the substantial changes introduced as the Bill passed through Parliament, the Scottish Executive recognises the need to consult further on the way in which mandatory registration schemes should be introduced. An Implementation and Working Group has been established involving local authority representatives, landlords and agents. A wider consultation exercise is also planned to gather views on how registration schemes could work in practice.

The introduction of schemes will therefore not take effect until March 2006. Guidance on the operation of registration schemes will be produced by the Scottish Executive in July 2005. It is likely that a national or local awareness raising campaign will be required to ensure that all private landlords are aware of the requirement to register with the local authority.

Registration of private landlords will therefore focus on ensuring that the landlord is a 'fit and proper' person. At this stage, registration will not involve any assessment of the quality of property provided or the standard to which this property will be managed. To date, therefore, there has been a continued emphasis on a voluntary approach to ensuring that properties meet a certain standard of management and condition through accreditation at a local level.

However, the Housing Scotland Bill 2005 links registration and standards, giving Ministers the power to issue a 'Letting Code' for private landlords. This Code would apply at a national level and, if introduced, the Bill states that adherence to the Letting Code should be considered by local authorities in establishing whether a landlord is a 'fit and proper' person within the registration process. It is likely that there will be a continued emphasis on voluntary accreditation schemes initially and if, this approach is unsuccessful, the provisions to introduce a Letting Code may be adopted.

It is therefore clear from a series of policy and legislative changes that there is an increasing tendency towards further regulation of the private rented sector. While a voluntary approach to meeting standards in property condition and management is currently being promoted, there is the potential that this will evolve into a stronger regulatory framework in the future.

5.2 National Standards for Landlord Accreditation

The HITF recommended that the establishment of local accreditation schemes should be supported through the development of national good practice guidance and core standards. The Scottish Executive subsequently endorsed the proposals to develop a voluntary accreditation scheme and, through HomePoint (the housing information and advice support service within Communities Scotland) has published national core standards and good practice guidance⁷.

The national standards cover ten key areas:

- communication with tenants;
- equality issues, complaints and disputes;
- management of the tenancy;
- property condition;
- structure and fabric;
- repairs and maintenance;
- facilities and fittings;
- furnishing and white goods;
- energy efficiency, insulation and heating;
- health, safety and home security.

⁷ National Core Standards and Good Practice Guidance for Private Landlords and for Local Accreditation Schemes: A Quality Framework, HomePoint, 2004

The standards are accompanied by guidance to local authorities on how to develop and maintain a local voluntary accreditation scheme. The guidance covers six key stages in developing an accreditation scheme:

- promoting and developing a scheme;
- developing a partnership approach;
- defining aims and objectives;
- setting the standards;
- developing incentives to join;
- developing a compliance procedure.

Throughout the document, the focus is on developing an accreditation scheme which is supported by local landlords, emphasising that *'partnership and co-operation are vital to the success of an accreditation scheme'*. The timescales involved in establishing an accreditation scheme therefore depend considerably upon the existing level of contact between the local authority and private landlords, and the extent to which there is already a shared understanding of what both parties wish to achieve through accreditation.

The national standards are currently being piloted in four local authority areas – South Ayrshire, Edinburgh, Dumfries and Galloway and Dundee. Edinburgh and South Ayrshire have both launched accreditation schemes in April 2005, and the other two local authority areas have recently appointed scheme co-ordinators.

5.3 Accreditation Schemes in Operation in Scotland

5.3.1 South Ayrshire Voluntary Accreditation Scheme

The South Ayrshire Voluntary Accreditation Scheme (SAVAS) was launched in April 2005 and was the first of the four pilot schemes to be launched using HomePoint's national core standards. The local authority received £97,000 from the Scottish Executive over three years from 2004/05 to 2006/07 to assist in the establishment of the accreditation scheme.

South Ayrshire Council already had positive linkages locally with private landlords, and a working group was established involving private landlords and other key stakeholders

to take forward the development of the scheme. Between June 2004 and December 2004, the working group discussed the detail of the scheme including standards and incentives. In December 2004 a draft outline of the scheme was presented to South Ayrshire Council's committee, and following approval this scheme was then launched in April 2005.

Ten landlords are currently participating in the scheme, and these landlords were all involved in the development of the scheme. Landlords agree to meet standards in relation to property condition and management. These standards are broadly similar to the national core standards set out in the HomePoint guidance. The standards in relation to landlord character are particularly detailed in South Ayrshire, with all accredited landlords required to submit a Disclosure Scotland check.

South Ayrshire Council will validate achievement of property condition standards through an inspection process. In the initial pilot stage – involving ten landlords each with two properties - all properties will be inspected by an Environmental Health Officer. After this, a self certification process will be adopted, with a small number of properties subject to random annual inspection. Inspection will also be generated by complaint.

In return for meeting these standards, landlords receive a number of benefits:

- a 'Preferred Client Agreement' with the landlord which promotes information sharing and co-operation between the landlord and the Council;
- fast tracking of Housing Benefit applications and enhanced information and advice from other services such as Environmental Services and Planning;
- access to the 'Private Sector Grants Scheme' aimed at improving the quality of private sector property – and only available to landlords who agree to participate in the accreditation scheme;
- a members newsletter containing relevant information for private landlords;
- Council attendance at landlord forums and workshops as required;
- access to the local 'Rent Guarantee Scheme';
- support in dealing with problem tenants;
- access to a mediation scheme;
- use of the 'South Ayrshire Accredited Landlord' logo.

South Ayrshire Council anticipates adding to these incentives as the scheme develops.



5.3.2 Edinburgh Landlord Accreditation

The Edinburgh Landlord Accreditation scheme was launched on 20th April 2005, and is the second of the four pilot schemes to be launched using HomePoint's national core standards. The scheme was developed by City of Edinburgh Council working in partnership with local landlords, agents and the Scottish Association of Landlords.

In June 2004, City of Edinburgh Council became one of the four pilot areas for landlord accreditation schemes. The Council already had strong linkages with many local landlords and agents, meaning that the process of developing an accreditation scheme could be based on a basis of positive relationships between landlords and City of Edinburgh Council. The Council had contact with landlords through two established groups, which already met regularly – the HMO group and a wider landlord consultation group.

Drawing on the existing structures for involving landlords in decisions, the City of Edinburgh Council formed a 'Project Group', comprising of seven landlords and agents who had attended the existing HMO or landlord consultation group, as well as the Scottish Association of Landlords. The group represented the interests of small and large scale landlords, and those operating either independently or using agents to manage their property.

The group met approximately five times between June 2004 and April 2005. The main purpose of the group was to go through the national core standards in detail, and determine their applicability to a scheme in Edinburgh. As a result, a number of the standards were 'tweaked' slightly, and one standard was added. This related to the responsibility of landlords for common repairs, an issue which the City of Edinburgh Council is currently keen to promote. However, the Project Group was generally content with the national standards, very few of which were amended.

In addition to the intensive, detailed work of the Project Group, a wider consultative seminar was held in October 2004 to gather landlord views. A total of 100 participants were invited – largely landlords and agents, but also advice agencies such as Citizen's Advice Bureaux. Approximately 75 people attended this event, reflecting the interest in the development of the accreditation scheme.

The seminar used external facilitation and took the form of a series of discussion groups. Landlords were asked their views on a range of issues and comments were collated and incorporated in the design of the accreditation scheme. At this event, landlords stressed the importance of accreditation scheme standards being higher than legislative requirements in order that accredited landlords can clearly demonstrate a higher standard and quality of service. They also emphasised the need for balance between creating a robust accreditation scheme and ensuring that it is relatively simple for landlords to become involved in, and is not too bureaucratic.

Landlords believed that there were two key benefits to becoming involved in an accreditation scheme. Firstly, it was seen as a way of being identified as a good landlord and stimulating demand in their property. Secondly, the City of Edinburgh Council will offer 'fast tracked' Housing Benefit applications and enhanced advice and support to accredited landlords, which many landlords perceived as a key benefit. The final incentive offered to landlords participating in such a scheme is access to discounted property insurance.

As the scheme has only recently been launched, the level of interest in accreditation cannot yet be determined. However, the number of landlords interested in participating in consultative events regarding the development of the scheme would indicate that there is a substantial level of interest in the scheme.

5.3.3 Fife Charter for Private Landlords

Fife Council operates a voluntary accreditation scheme for private landlords. In 1999 a 'Charter for Private Landlords' was developed, setting out the management and property condition standards which landlords must meet if they wish to be accredited.

The Charter is accompanied by good practice guidance for private landlords, which provides support and advice to landlords on how to meet the Charter standards. The 'Good Practice Guide' for private landlords sets out general guidance for landlords on management issues such as tenancy agreements, rents and rent collection, access, Housing Benefit and responsibility for undertaking repairs. Advice on meeting the property condition standards set out in the Charter is also provided, including issues such as security, safety, energy efficiency and general repair. Information about grant funding is also provided, as well as sources of further support for private landlords.

A number of incentives are offered to landlords to encourage them to participate in the accreditation scheme. Most recently, Fife Council ran a year long promotion enabling landlords to apply for grants to improve their private rented property. Between April 2004 and March 2005, landlords were encouraged to apply to Fife Council for small grants to help them to improve their property to meet the standards set out in the Charter. Landlords participating in this scheme had to agree to become a Chartered Landlord for a minimum period of one year.

Charter grants were available to cover the costs of improvements to the security of the property, fire safety improvements and thermal efficiency improvements. Landlords were offered grants of 50 per cent of the cost of works, up to a maximum of £500.

Other incentives to landlords include a member's newsletter with information and advice; an enhanced Housing Benefit service; and opportunities to develop nominations arrangements with Fife Council. Discussion with the Charter Co-ordinator indicates that the opportunity to take referrals from Fife Council has been a key incentive for private landlords.

As at April 2005, a total of 60 landlords were involved in the Charter scheme. Together, these landlords own 150 properties – approximately two per cent of the private rented sector in Fife. However, the scheme has taken time to develop, with an initial pilot scheme in 1999 involving just five landlords in order to get the scheme established.

5.4 Implementing an Accreditation Scheme in East Lothian

5.4.1 Stakeholder Views

A survey of 135 known private landlords with property in East Lothian elicited a 26 per cent response rate. Of the 31 responses, over three quarters (24) indicated they were interested in the development of an accreditation scheme.

Subsequent discussions were held at two meetings of the Landlords' Forum established to discuss their views on accreditation. Reinforcing the survey response, there was general support for the development of an accreditation scheme which was seen as a way of demonstrating the standard to which parts of the sector operate.

The model standards produced by Communities Scotland were discussed in detail and accepted as a sound basis on which to develop a scheme. However, there was recognition that they would require to be the subject of wider consultation.

Landlords agreed that in order to participate in an accreditation scheme there would need to be appropriate incentives. During discussions, a number were identified including:

- access to grant funding;
- discounted insurance;
- support with tenants Housing Benefit information through information and advice, a direct phone line or a dedicated officer;
- a tenant referral scheme;
- access to a mediation scheme;
- tenancy references for private landlords;
- legal advice on tenancy matters.

Overall, landlords were positive about the idea of accreditation and saw the advantages of becoming involved.

5.4.2 Developing the Scheme

Communities Scotland guidance on accreditation contains comprehensive advice regarding the establishment of an accreditation scheme. This covers:

- assigning lead responsibility;
- working in partnership with landlords;
- defining aims and objectives of the scheme;
- setting standards;
- developing incentives;
- developing compliance arrangements;
- promoting the scheme.

This section builds on this national guidance and develops it further in the East Lothian context.

5.4.3 Lead Responsibility within East Lothian Council

The first stage in establishing an accreditation scheme in East Lothian is for the local authority to determine whether it wishes to develop such a scheme and has the relevant staff resources to drive its development. If the local authority commits to development of an accreditation scheme, the authority must decide which staff member or team should take lead responsibility for its development. The key to developing the scheme will be liaison with landlords on a relatively intensive basis, and it is crucial that the staff resources are available to drive the scheme forward.

The national guidance emphasises the importance of ensuring that the local authority department which takes the lead either has developed positive relationships with landlords in the past, or at least does not have a history of negative relationships. In East Lothian, positive working relationships have been developed through this study with a small group of landlords involving a representative from the Housing Department and it will be important that these linkages are built on in the future.

Recommendation:

Prior to developing an accreditation scheme East Lothian Council should take a corporate decision as to whether this scheme is a priority and, if so, identify the resources that can be dedicated to its establishment and nominate lead responsibility for its development.

5.4.4 Establishing Partnership Arrangements

The national guidance emphasises that it is crucial for any accreditation scheme to be based on support from landlords and agreement about the objectives of the scheme:

“Partnership and co-operation are vital to the success of an accreditation scheme” (p64)

The first stage of developing an accreditation scheme should therefore be to establish mechanisms for involving landlords and other key stakeholders in the development of the scheme. Key stakeholders may include local advice agencies and letting agents – both of which could assist in identifying the views and experiences of landlords and

potential tenants. Tenants and those seeking private rented accommodation are also key stakeholders in the development of an accreditation scheme. Mechanisms for gaining their views and experiences must also be put in place.

Recommendation:

The development of an accreditation scheme in East Lothian should be based on partnership working with landlords, letting agents, advice agencies and private sector tenants and potential tenants.

Establishing a Working Group

We would suggest that the most effective way of involving these stakeholders in the development of an accreditation scheme will be through establishing a core 'Working Group' comprising of landlords, advice agencies, letting agents and national representative bodies. This Group should be based on the Landlord Forum already in operation in East Lothian. Positive relationships have been established between East Lothian Council and local landlords through the resurrection of a Landlord Forum which has met four times in the three months from March to May 2005. Given that this Forum had previously not met in two years, this represents a considerable development in liaison between landlords and the local authority and is one which it is important to sustain in the future.

The Landlord Forum should therefore be a central component in this consultation and the basis of a scheme should be developed through a Working Group comprising predominantly of Forum members. We would suggest that the Working Group should also include representation from a small number of local housing advice agencies, letting agencies and national representative bodies as a fixed life Working Group. This Group would be responsible for discussing the aims and objectives of the scheme, the type of scheme to be introduced, the draft standards and the compliance mechanisms over a series of meetings. We would suggest that approximately six meetings would be required to develop the basis of a scheme.

Recommendation:

A Working Group should be established to drive the development of an accreditation scheme. This should include representatives of the Landlord Forum, letting agents, advice agencies and national representative bodies.

Consulting on a Wider Basis

The Working Group would therefore be the key group driving the development of an accreditation scheme in East Lothian. However, there are key stages at which it would be beneficial to seek the views of a wider range of stakeholders. In particular, we are aware that landlord representation on the Forum is limited in terms of numbers.

It would therefore be useful to offer a one off opportunity for a larger group of landlords to come together to discuss their views on accreditation. This event should be held once the outline of an accreditation scheme has been established by the Working Group with the purpose of gathering views on the draft scheme.

This event should again be publicised widely to landlords through the media and direct mailing. Our implementation plan (Appendix Five) suggests that this event should occur in April or May 2006. It is likely that by this stage the requirement for all private landlords to be registered with the local authority will have been introduced by the Scottish Executive (currently scheduled for March 2006) meaning that East Lothian Council will have a comprehensive database of landlords operating in the area. The timescales for this registration have slipped nationally, however, and it is possible that a database of landlords may not be available by this date. If this is the case, it may be possible to make use of the database held for Housing Benefit purposes, which would offer details for a section of the private rented market in East Lothian.

It would also be appropriate to involve other stakeholders such as advice agencies. This approach was followed in Edinburgh with approximately 75 landlords and advice agencies attending (see case study in Section 5.3.2).

It would also be important to ensure that the accreditation scheme developed is useful to private sector tenants and those seeking accommodation. We would suggest that a focus group should be held with this group to ensure that their views are taken into

account. Again, this should be held once a draft scheme has been developed as a starting point for discussions.

Recommendation:

Two wider consultative events should be organised to gain views on accreditation – one with landlords and advice agencies, and one with private sector tenants and those seeking accommodation. Both events should occur once a draft scheme has been developed.

5.4.5 Establishing the Basis of the Scheme

Prior to discussing the development of the scheme in any detail, East Lothian Council should work with the Working Group to clarify the aims and objectives of the accreditation scheme. It is vital that all parties agree on the purpose of the scheme and what it aims to achieve.

Once this has been clarified, the Working Group should then focus on developing the standards for inclusion within the scheme. Based on our consultations with the Landlord Forum, there appears to be general agreement that the national core standards developed by Communities Scotland would be an appropriate basis on which to develop the scheme in East Lothian. These cover tenancy management, property management and property condition standards. The national guidance does, however, suggest that there is scope to adapt standards based on local circumstances.

The national standards have been designed as a 'single entry standard' whereby all landlords should meet all standards prior to becoming accredited. However, the standards could be adapted to a 'graded' system whereby landlords can achieve different levels of accreditation – such as bronze, silver and gold. To date, all landlord accreditation schemes in Scotland have taken a single standard approach but the approach in East Lothian could vary dependent on the views of the Working Group and other stakeholders.

Recommendation:

The national core standards should be used as the basis for an accreditation scheme, with these standards adapted as necessary to suit local circumstances.

5.4.6 Developing a Compliance Procedure

Once the standards have been defined the next stage is for the Working Group to consider ways in which compliance with the standards could be measured. National guidance strongly suggests that accreditation schemes should not be run by the local authority but should be managed by a partnership of key stakeholders. This approach emphasises the voluntary nature of accreditation and does not confuse the accreditation scheme with the local authority enforcing statutory responsibilities.

The national guidance therefore recommends the establishment of a Management Group which monitors compliance with the standards. We would suggest that in East Lothian this Management Group should comprise local authority representatives, landlords, letting agencies, tenants and advice agencies. This group would be responsible for ensuring that the management and condition standards are met. A clear framework for monitoring compliance should therefore be developed by the Working Group in the initial stages of scheme development.

The first stage is to develop an application procedure and to decide which information and evidence is required at application stage. It may be that compliance with many standards could be demonstrated through the application alone – for example, evidence of policies and tenancy agreements. Other standards may be more difficult to verify without a visit to the landlord and/ or each individual property. The Working Group must therefore decide whether it wishes the Management Group to be able to verify compliance with every standard for every single landlord and property joining the scheme, or whether they wish to adopt a lighter monitoring framework.

The national guidance sets out a number of options for inspection ranging from inspection of all properties prior to accreditation to inspection only if a complaint is received regarding the landlord meeting the standards required:

- automatic pre-inspection;
- random pre-inspection;
- random post inspection;
- post inspection triggered by complaint.

While the first option of automatic pre-inspection does ensure that all properties owned by all landlords meet the standards required, it does place a significant burden on the management of the scheme. Where landlords own more than one property, each property would require to be visited. This could prove resource intensive for the scheme and may also put landlords off joining. The national guidance suggests that for these reasons this would not be an appropriate approach in most cases.

The remaining three options rely primarily on either evidence gathered at the application stage or landlord self-certification. Random inspections either pre or post accreditation are identified within the national guidance as the most cost effective way of ensuring that landlords and properties meet the relevant standards, with inspections triggered by complaint generating significant risks that many of the landlords or properties do not meet the relevant standards. In designing a compliance framework, the Working Group must obtain a balance whereby the scheme is seen as credible and worthwhile by both landlords and tenants, while at the same time not placing onerous burdens on the landlord or accreditation scheme itself.

Recommendation:

The way in which compliance with standards is assessed should be developed in consultation with key stakeholders at the Working Group and wider consultative events. At this stage, random pre or post application inspections would seem the most viable and resource efficient options.

5.4.7 Developing Incentives to Join

Although accreditation can offer benefits to landlords through a branding or logo which enables them to demonstrate the high quality of their service, the national guidance recognises that the majority of landlords will require to see more tangible benefits from their involvement. The case studies of other accreditation schemes throughout

Scotland demonstrate the wide range of benefits which have been developed to encourage landlords to participate – including access to local authority grants, reduced building insurance rates and enhanced information and advice from the local authority.

Discussion with local landlords has identified a range of potential incentives:

- **Access to grant funding** – many local authorities have developed schemes which allow accredited landlords access to grant funding to improve their properties. This has proven a positive incentive in other areas and landlords in East Lothian appeared keen to explore the idea in more detail.
- **Discounted insurance** – with landlords expressing an interest in this incentive, East Lothian Council has identified an insurance company offering a 10 per cent discount to landlords participating in an accreditation scheme.
- **Housing Benefit support** – landlords were particularly keen for a ‘fast track’ approach to be taken to processing Housing Benefit applications made by their tenants. Given the Council’s objective of continually improving its services to all applicants, it was felt a two tier approach was inappropriate. However, opportunities exist to identify a dedicated officer or provide a direct phone line to improve the availability of information and advice.
- **Tenant referral scheme** – landlords were keen for the local authority to refer applicants on the local authority housing list to private landlords for accommodation or provide opportunities for them to advertise property.
- **Tenant mediation scheme** – landlords would appreciate access to a mediation scheme.
- **Tenancy references** – if the local authority was able to offer tenancy references for private landlords taking on new tenants this would be a key incentive for many landlords.
- **Legal advice on tenancy matters** – landlords suggested that the local authority legal department could offer advice on tenancy issues to accredited landlords free of charge.

Recommendation:

A package of incentives for landlord participation in the accreditation scheme should be developed in consultation with the Working Group and other key stakeholders.

5.4.8 Resourcing the Scheme

There are clearly costs associated with the establishment and ongoing management of an accreditation scheme, regardless of the framework adopted. Adapting the national guidance to the East Lothian context, there would be two core costs involved:

- **Set up costs** – costs would be incurred in consulting on the model to be adopted, establishing and supporting the Working Group, drafting standards, developing guidance for landlords and promoting the scheme to landlords and the public. The staff time required to drive the development of an accreditation scheme will be the main resource required at the set up stage. Our implementation plan (Appendix Five) shows a development period of one year, with approximately 47 days of staff time required to establish the scheme. This represents approximately one fifth of a staff member's time. The costs incurred will be dependent on which staff member or department is appointed to take the lead on scheme development, but based on a salary of £25,000 the staff costs incurred in scheme set up would be £5,000. Other ancillary costs will be incurred – for example hire of venues for meetings – but we would expect these to be negligible.

- **Running costs** – ongoing costs would include support for the Management Group, cost of dealing with applications and inspections, receiving complaints, ongoing promotion and providing incentives. The main cost incurred will be in ensuring that landlords meet the standards required through assessing applications, approving accreditation and undertaking inspections. However, until a model is agreed upon for taking forward the scheme, it is not possible to calculate the running costs of an accreditation scheme. This should be revisited by the Working Group once a model for the operation of the scheme has been established.

It is likely that whichever model is adopted, the accreditation scheme would require a dedicated staff member to run the scheme. This staff member would be responsible for:

- promoting the scheme;
- liaising with landlords;
- assessing applications and presenting these to the Management Group;

- undertaking inspections and presenting findings to the Management Group;
- investigating complaints and presenting findings to the Management Group;
- general administration of the scheme;
- organisation and facilitation of the Management Group.

The time commitment required by the staff member would vary depending on the interest from landlords in the scheme. Based on the experience of other landlord accreditation schemes, we would anticipate the first year to generate applications from between five and ten landlords. Dependent on the scheme model, this could equate to approximately 123 days a year - half a full time staff member's time.

Activity	Detail	Time
Promoting the scheme	Preparing publicity materials	3 days
	Raising awareness	2 days a month = 24 days
	Initial liaison with landlords	2 days a month = 24 days
Assessing applications	Estimated 5 – 10 applications	2 days per application = 10 to 20 days
Inspections (if required)	Dependent on model adapted – maximum of 10 inspections	2 days per inspection = 20 days
Investigating complaints	Estimated 2 complaints per year	2 days per complaint = 4 days
Management Group	Facilitation of meetings	1 day a quarter = 4 days
	Preparation of briefing material	2 days a month = 24 days
Total		Approx 123 days

Table 5.1: Estimated Time Commitment to Manage Accreditation Scheme

Based on a salary of £25,000 per annum, this would mean that staff costs of approximately £16,000 per annum (£12,500 plus 30 per cent uplift) would be incurred in employing someone to run the scheme on a part time basis.

There would also be costs incurred in running the Management Group. With national guidance stressing the importance of schemes being run on a partnership basis and being perceived as independent from the local authority, it is essential that a Management Group bringing together a range of partners is responsible for driving the scheme. This group would be responsible for taking decisions on landlords to be accredited, and taking action on complaints received. The group would consider the applications and inspection reports (if undertaken) presented by the staff member, and decide which landlords met the required criteria.

As the group would comprise of a range of stakeholders, including private rented tenants, it may be necessary to recognise this contribution through a small payment for attendance at the Management Group and payment of expenses. This may incur additional ongoing costs in the region of £1,000.

In the longer term, there will also be costs incurred for re-accreditation. The Working Group will establish the timescales and arrangements for ensuring that landlords are consistently meeting the prescribed standards, and this may involve regular re-inspections – for example every two or five years.

Recommendation:

East Lothian Council considers whether it can allocate the resources to promote an accreditation scheme based on those identified in this report.

Appendix 1

List of Consultees

Alistair Easton	Programmes Manager, East Lothian Council
Ann Hastie	CAB, Haddington
Anthony Gillespie	Finance Department, East Lothian Council
Chris Shipman	Orchard Shipman
Claire Ironside	Service Manager, Housing Strategy & Development Services, East Lothian Council
Douglas Proudfoot	Property Maintenance Manager, East Lothian Council
Finlay Mackay	Principal Environmental Health Officer, East Lothian Council
Ian Patterson	Head of Homelessness Team, East Lothian Council
John Cunningham	Housing Benefit Manager, East Lothian Council
John Dagger	Principal Contract & Procurement Officer, East Lothian Council
John Durkin	Senior Contracts Officer, East Lothian Council
Karen Evans	Strategic Policy Officer, East Lothian Council
Louisa Hunter	Gas Office Manager, East Lothian Council
Matt Wheatley	Shelter, East Lothian
Nicky Sandford	Development Officer (Homelessness), East Lothian Council
Robin Smith	Solid Fuel Contract Administrator, East Lothian Council
Wendy Gillie	Estates Department, East Lothian Council
Yvonne Drummond	Temporary Accommodation Officer, East Lothian Council

Draft Physical Standard for Private Sector Leasing Scheme

Element	Specification
General	Properties generally should be conveniently located to local services. They should be of good quality, both in terms of their physical condition and the immediate neighbourhood in which they are situated.
External Parts	
Roof	In reasonable condition with no evidence of penetrating damp
Gutters & Downpipes	Properly functioning
External Walls	Free of rising and penetrating damp
Windows	Properly functioning, lockable, with safety catches where appropriate
External Doors	Properly functioning and to Secured by Design standard
Internal Parts	
Floors	No tripping hazards or uneven surfaces
Ceilings & Walls	In good decorative order. No polystyrene tiles
Internal Doors	In good working order. Any glazed doors to have laminated glass
Kitchen Units	To modern standard and in good condition. Storage provision related to apartment size of house.
Bathroom	Sanitary ware comprising W.C. suite, pedestal wash hand basin and bath in good condition.
Electrical Installation	Installations to meet current standards with appropriate certification provided. No. of sockets commensurate with size of property. Mains wired smoke and carbon monoxide detectors installed.
Gas Installation	Where gas appliances are fitted, appropriate certification to be provided
Heating	No prescribed minimum standard of insulation – however properties should be easy to heat. Full house heating system generally to be provided. Where not feasible, heating supply to be installed in each habitable room
Common Parts	
(Where applicable)	Controlled door entry system to be fitted Common parts and stairs to be in good condition and decorative order Good quality lighting to be fitted throughout.

Sample Lease for Private Sector Leasing Scheme

1 Tenancy Agreement

1.1 **The parties.** This agreement ('the tenancy') is between _____ (the landlord)

whose address is

and

EAST LOTHIAN COUNCIL, JOHN MUIR HOUSE, HADDINGTON, EAST LOTHIAN, EH41 3HA (the tenant)

and is on the following terms and conditions.

1.2 **The accommodation.** The tenancy concerns the following accommodation
.....
.....
(the address)

1.3 'Accommodation' includes the fixtures, fittings, furniture and furnishings specified in the inventory checked and signed by the landlord and the tenant.

1.4 **Period of tenancy.** The tenancy starts on _____ (the entry date) including that day. This is regardless of the date that this agreement is signed by the landlord and the tenant. The initial period of the tenancy is for 12 months from the start of this Tenancy Agreement. Unless the landlord or the tenant has brought the tenancy to an end at, or before, the end of the initial period, the tenancy will continue thereafter on a month to month basis until terminated in terms of paragraph 5.1 of this agreement.

1.5 **Rent.** The rent is £_____ per WEEK payable quarterly in advance. The rent shall be paid to:

BANK NAME _____
BRANCH _____
SORT CODE _____
ACCOUNT _____

If the rent remains unpaid for 28 days after the due date for payment, the landlord may, at his option, serve Notice on the tenant intimating that the tenant is in material breach of condition 1.5 of the tenancy and the landlord will thereafter be entitled to exercise all rights competent to him in terms of condition 1.9 hereof.

- 1.6 **Rent increases.** The rent will remain unchanged for the period of twelve months from commencement of the lease. The landlord may only increase the rent after twelve months by making his intentions known to the tenant in writing, two months in advance of the effective date of the rental increase. The tenant will be entitled, on receipt of such a notice, to terminate the tenancy as provided for in paragraph 5.1.1 of this agreement, before the increase takes effect.
- 1.7 **Bills.** The tenant is liable for the payment of all charges for the supply of utilities (such as electricity, gas and telephone), council tax, water and sewerage charges in respect of the accommodation during the period of the tenancy. The tenant will advise the local authority's council tax department of the date of the commencement of the tenancy. The tenant must not seek, or allow, disconnection of any utility, or alter the identity of the supplier without the written permission of the landlord.
- 1.8 **Deposit.** East Lothian Council as tenant, is not required to pay a deposit.
- 1.9 **Breach.** If the tenant is in material breach of any term or condition of the tenancy, the landlord is entitled to terminate the tenancy, to take legal action against the tenant, including eviction, and to recover any resulting losses from the tenant.
- 1.10 **Joint and several liability.** Joint tenants are jointly and severally liable for all obligations of the tenancy.
- 1.11 **Service of notices.** Any notices or documents may be served on or sent to the landlord at the address in paragraph 1.1 above. The landlord shall be entitled to send, serve or deliver any notice or document to the tenant at EAST LOTHIAN COUNCIL, JOHN MUIR HOUSE, HADDINGTON, EAST LOTHIAN, EH41 3HA.
- 1.12 **Permissions.** Wherever in this agreement the permission of the landlord is required, that permission will not be unreasonably withheld.

2 USE OF THE ACCOMMODATION

- 2.1 **Sub-letting.** East Lothian Council, as tenant, is permitted to sub-let the whole of the subjects of let without obtaining the prior consent of the landlord. East Lothian Council will conclude legally binding missives of let with all sub tenants and undertakes if called upon to do so by the landlord to deliver a copy of the missives of let between the tenant and sub-tenant.
- 2.2 **Assignment etc.** The tenant, or sub-tenant, is not entitled to assign the tenancy, take in lodgers or other paying guests or otherwise part with possession of any part of the accommodation without the written permission of the landlord.
- 2.3 **Take reasonable care.** The tenant will take all reasonable steps to ensure that the sub-tenants, and those living with or visiting the sub-tenant, will take reasonable care not to cause or allow damage to be caused to the accommodation, decoration, fixtures, fittings, furnishings, the common parts and property of neighbours. The tenant will take reasonable steps to ensure that the sub-tenants will keep the accommodation reasonably well heated and ventilated.
- 2.4 **Security.** The tenant will take all reasonable steps to safeguard the accommodation, in particular if the accommodation is to be left unoccupied for more than two weeks.

- 2.5 **Business use.** The tenant must not run nor permit any kind of business to be run from the accommodation without the written permission of the landlord.
- 2.6 **No illegal or immoral use.** The accommodation must not be used for illegal or immoral purposes.
- 2.7 **Pets.** The tenant must not keep any kind of pet in the accommodation without the written permission of the landlord.
- 2.8 **Common parts tidy.** The tenant must take reasonable steps to ensure that the common parts, (including any common close, stair, garden, back green or other communal area) are kept clean and tidy. The tenant, or sub-tenants, must not use any of the common parts for the storage or deposit of their property without the written permission of the landlord.
- 2.9 **Refuse.** The tenant must take reasonable steps to ensure that household rubbish must not be placed anywhere in the common parts and should be put out for collection only on the day designated for collection.

3 RESPECT FOR OTHERS

- 3.1 **Anti-social behaviour.** The tenant must take reasonable steps to ensure that the sub-tenant, those living with the sub-tenant and visitors to the accommodation must not harass, or act in an anti-social manner to, any person in the neighbourhood on any ground, including that person's racial or ethnic origin, colour, religion, sex, gender, sexual orientation, age, disability or other status.
- 3.2 Anti-social means causing, or likely to cause, alarm, distress, nuisance or annoyance to any person or causing damage to anyone's property. Harassment of a person includes causing the person alarm or distress.

4 REPAIRS AND MAINTENANCE

- 4.1 Landlord's Responsibilities and Rights
- 4.1.1 **Commencement of tenancy.** The landlord ensures that at the beginning of the tenancy, the accommodation is wind and watertight, habitable and in all other respects reasonably fit for human habitation.
- 4.1.2 **Repairs during tenancy.** During the course of the tenancy, the landlord will carry out repairs or other work necessary to make the accommodation wind and watertight and in all other respects reasonably fit for human habitation. The repairs or other work will be completed within a reasonable period of the landlord becoming aware of the need for repair. The landlord will take reasonable care of the tenant's property when carrying out such repairs.

- 4.1.3 Specific repair obligations. The landlord will:
- ◆ keep in repair the structure and exterior of the accommodation;
 - ◆ keep in repair and in proper working order any installations in the accommodation provided by the landlord for:
 - ◆ the supply of water, gas and electricity;
 - ◆ sanitation (for example sinks, baths, showers, toilets);
 - ◆ hot water and heating;
 - ◆ detection of smoke, fire and carbon dioxide ;
 - ◆ door entry systems.
- 4.1.4 **Gas & Electrical safety.** The landlord will inspect the gas and electrical installations annually and will provide the tenant with a copy of the current gas safety certificate and certification from a competent person that the electrical supply and any appliances are safe and in good working order. The landlord will provide the tenant with full instructions on the operation of gas appliances and the action to be taken in the event of any malfunction of gas appliances or installations. The landlord will provide and maintain a carbon dioxide detection and alarm system.
- 4.1.5 **Fire Safety.** The landlord will provide a fire blanket in the kitchen area. The landlord will provide the tenant with instructions on the action to be taken in the event of fire in the accommodation. The landlord will provide and maintain a hard-wired smoke and fire detection and alarm system. The landlord shall ensure that any soft furnishings supplied comply with current legislation.
- 4.1.6 **Defective fixtures and fittings.** The landlord will repair or replace any of the fixtures, fittings or furnishings, supplied by the landlord in the accommodation, which become defective; and will do so within a reasonable period of time.
- 4.1.7 **Tenant caused damage etc.** Nothing in this agreement makes the landlord responsible for repair or maintenance caused through the fault of the tenant, sub-tenant, anyone in the household or visitors. This paragraph does not apply to fair wear and tear.
- 4.1.8 **Right of entry.** The landlord has the right to enter the accommodation for inspection or to carry out repairs or maintenance to the accommodation or the utilities serving it, at reasonable times during the day on 24 hours' written notice. If the tenant or sub-tenant does not allow entry, the landlord has the right to make forcible entry for these purposes providing that reasonable written notice is given of the landlord's intention to do so. In an emergency affecting the accommodation or adjoining property, the landlord has the right to make forcible entry to the accommodation without notice. In this paragraph, 'landlord' includes those authorised by him.
- 4.1.9 **Common parts.** The landlord will, in conjunction with other co-owners, take reasonable steps to keep the common parts in repair and fit for use by the tenant.
- 4.1.10 **Insurance.** The landlord will be responsible for insuring the dwelling house and any contents supplied by the landlord. The tenant will be responsible for insuring the tenant's own possessions.

4.1.11 **Mortgage.** If the property which comprises the accommodation or of which the accommodation forms part is subject to a Mortgage which is secured over the property, the landlord will provide to the tenant written confirmation from the lender who has provided the Mortgage (or if there is more than one lender with a security over the property, each such lender) that the lender consents to the accommodation being let to the tenant and that the lender also agrees to the tenant being entitled to sub-let the accommodation.

4.1.12 **Registration.** In the event that the provisions of Part 8 of the Antisocial Behaviour etc. (Scotland) Act 2004 should at any time apply in relation to the lease of the accommodation by the landlord to the tenant, the landlord will apply for registration with the appropriate local authority.

4.2 Tenant's Responsibilities and Rights

4.2.1 **Duty to report.** The tenant must report any damage to the accommodation, or the common parts, or the need for repairs or maintenance, as soon as reasonably practicable. The tenant must immediately report to the landlord any emergencies affecting the accommodation including interruption to the supply of water, gas and electricity.

4.2.2 **Reasonable care and maintenance.** The tenant will take all reasonable steps to take reasonable care of the accommodation. This includes carrying out minor routine maintenance, replacement of consumables and internal decoration. This includes, but is not limited to, the following:

- ◆ replacement of lost and broken keys;
- ◆ replacement of light bulbs, batteries, fuses, filters.

The tenant will take reasonable steps to ensure that the accommodation is kept in a reasonable state of cleanliness and decoration. However, the tenant is not responsible for carrying out repairs due to fair wear and tear.

4.2.3 **Repairs through tenant or sub-tenant fault.** The tenant is responsible for repair (including replacement) of damage to the accommodation, or loss of any of the fixtures, fittings and items in the inventory, caused through the fault of the tenant, the sub-tenant, or anyone in the household or visitors.

4.2.4 **Cold weather.** If the accommodation has central heating, the central heating must be kept in operation at no less than frost protection when the external temperature is at or below freezing point or it is reasonably likely to fall to, or below, that level.

4.2.5 **Alterations.** The tenant, or sub-tenant, is **not** entitled to:

- ◆ alter, improve or enlarge the accommodation;
- ◆ add new fixtures or fittings to the accommodation;
- ◆ install external satellite aerials or dishes;
- ◆ erect any type of sign, flag or advertisement visible from outside the accommodation;
- ◆ put up a shed, garage or other structure;
- ◆ decorate the outside of the accommodation;
- ◆ change any of the locks in the accommodation or add new locks
- ◆ without the written permission of the landlord.

5 ENDING THE TENANCY

5.1 The tenancy may be brought to an end in any one of the following ways:

- ◆ By written notice to quit from either the landlord or the tenant, to the other, giving at least 28 days' notice. Neither party is entitled to give notice to quit which would have the effect before the expiry of the initial period (as defined by paragraph 1.4) except in the case of material breach of the tenancy by the other party.
- ◆ By the tenant being in material breach of the tenancy provided that the landlord then proceeds to serve Notice on the tenant specifying the basis on which the tenant is in material breach of the tenancy and that the landlord is bringing the tenancy to an end with immediate effect.
- ◆ By written agreement between the parties at any time
- ◆ By the landlord obtaining a decree from the court for recovery of possession.

5.2 If the tenant fails to remove at the end of the tenancy, the landlord requires a court decree to recover possession.

5.3 Before moving out of the accommodation, the tenant is responsible for the following:

- ◆ leave accommodation in a clean and tidy condition and in good decorative order;
- ◆ remove all property not belonging to the landlord;
- ◆ make sure any lodgers, sub-tenants and anyone else living in the accommodation leaves at the same time;
- ◆ allow the landlord and his/her agents access to the accommodation, at reasonable times, to show round new tenants or prospective purchasers;
- ◆ hand in the keys;
- ◆ remove any fixtures and fittings installed without the landlord's written permission and put right any damage caused;
- ◆ do the repairs the tenant is obliged to do;
- ◆ replace any of the fixtures, fittings or furnishings in the accommodation which have become lost;
- ◆ give the landlord a forwarding address.

6 COMPLETION OF AGREEMENT

Parties' agreement. The signatures of the tenant and landlord below acknowledge that the parties have read and understood this agreement and agree to the tenancy of the accommodation on the terms and conditions contained in this Tenancy Agreement. The Landlord acknowledges being advised that the agreement will have certain legal consequences and that he should seek independent legal advice before signing.

SIGNED ON BEHALF OF THE LANDLORD

Name _____

Position _____

Signature _____

Date _____

Place of signing _____

SIGNED ON BEHALF OF THE TENANT

Name _____

Position _____

Signature _____

Date _____

Place of signing _____

Implementation Plan – Private Sector Leasing Scheme

Theme One: Getting Started			
Action	Responsibility	Resources	Timescale
Present report findings to relevant staff/ committees for consideration	Development Officer (Homelessness)	2 days staff time – preparation and meeting	By September 2005
Agree in principle commitment to developing PSL scheme and proposed option	East Lothian Council Corporate Decision	Within normal schedule of meetings	By October 2005
Agree lead responsibility for scheme development	East Lothian Council Corporate Decision	n/a	By October 2005
Key Milestone: Commitment and responsibility for taking scheme forward agreed by October 2005			

Recommended Option: Enter Partnership Arrangement with Edinburgh City Council

Theme Two: Developing the Scheme			
Action	Responsibility	Resources	Timescale
Establish client team to steer developmental process involving representatives of housing, finance, legal and estate services	PLS Lead Officer	0.5 day staff time – identifying representatives and organising initial meeting	By October 2005
Enter into informal dialogue with agent	PLS Lead Officer	0.5 day staff time	By October 2005
Define scope of service required	Client team	1 day staff time – preparing briefing materials. 1 meetings of client team	By November 2005
Enter in discussions with CEC and their agent to establish principles of extending scheme and proposed financial arrangements	PLS Lead Officer in consultation with client team	2 days – meetings and correspondence with CEC and agent	By December 2005
Agree minimum property standards (draft attached a Appendix 2) and review terms of SSST tenancy agreement	PLS Lead Officer in consultation with client team	1 meeting of client team	By January 2006
Review detailed proposals received and and agree financial and contractual arrangements	PLS Lead Officer in consultation with client team	1 day lead officer's time and 1 meeting of client team	By February 2006
Key Milestone: PSL scheme established by March 2006			

Alternative Option: In-house Managed PSL Scheme

Theme Two: Establishing Detailed Procedures and Documentation			
Action	Responsibility	Resources	Timescale
Establish client team to steer developmental process involving representatives of housing, finance, legal and estate services	PLS Lead Officer	0.5 day staff time – identifying representatives and organising initial meeting	By October 2005
Scope and define relative officer responsibilities in terms of promotion, assessment of property standards, procurement of properties and ongoing management and maintenance	PLS Lead Officer in consultation with client team	10 days staff time – scoping responsibilities and discussing options with heads of service. 3 meetings of client team	By January 2006
Establish detailed written procedures for administering scheme	PLS Lead Officer in consultation with client team	2 days staff time. 1 meeting of client team	By February 2006
Agree minimum property standards (draft attached a Appendix 2) and review terms of SSST tenancy agreement	PLS Lead Officer in consultation with client team	1 day staff time. 1 meeting of client team	By March 2006
Key Milestone: PSL scheme procedures agreed by April 2006			

Theme Three: Promoting the Scheme			
Action	Responsibility	Resources	Timescale
Develop detailed information pack	PLS Lead Officer	2 days staff time – drafting pack and liaising with designer and printers (printing costs additional)	By April 2006
Launch publicity campaign in local press and by direct mailings to private landlords	PLS Lead Officer	2 days staff time - compiling database, arranging mailing and placing adverts. (advertising costs additional)	By May 2006
Attend meeting of Private Landlords Forum	PLS Lead Officer	0.5 day staff time	By May 2006
Respond to individual queries from Landlords	PLS Lead Officer	2 days staff time	By May–June 2006
Key Milestone: PSL scheme launched by June 2006			

Theme Four: Implementing the Scheme			
Action	Responsibility	Resources	Timescale
Undertake inspections of 40 properties (assuming 10% fall out rate)	Nominated officer	20 days staff time	By July-Sept. 2006
Negotiate detailed lease terms with landlords including rental levels	Nominated officer	30 days staff time	By July-Sept. 2006
Key Milestone: 30 properties secured by September 2006			

Implementation Plan – Private Landlord Accreditation Scheme

Theme One: Getting Started			
Action	Responsibility	Resources	Timescale
Present report findings to relevant staff/ committees for consideration	Development Officer (Homelessness)	2 days staff time – preparation and meeting	By September 2005
Agree in principle commitment to developing Accreditation Scheme	East Lothian Council Corporate Decision	Within normal schedule of meetings	By October 2005
Agree lead responsibility for scheme development	East Lothian Council Corporate Decision	n/a	By October 2005
Key Milestone: Commitment and responsibility for taking scheme forward agreed by October 2005			

Theme Two: Establishing a Working Group			
Action	Responsibility	Resources	Timescale
Gain commitment from Landlord Forum to participate in Working Group	PLA Lead Officer	1 day staff time – meeting of Forum	November 2005
Agree other stakeholders to be involved in Working Group with Landlord Forum	PLA Lead Officer		
Approach potential stakeholders – inform of developments and invite participation	PLA Lead Officer	2 days staff time	November – December 2005
Inform all Working Group members of group composition and date of first meeting	PLA Lead Officer	1 day staff time	January 2006
Key Milestone: Working Group composition and first meeting date agreed by January 2006			

Theme Three: Developing the Accreditation Scheme Model with the Working Group			
Action	Responsibility	Resources	Timescale
Hold first meeting of Working Group – introduction to Landlord Accreditation	PLA Lead Officer/ Working Group	2 days staff time – meeting facilitation and preparation	January 2006
Agree future schedule and content of meetings with Working Group	PLA Lead Officer/ Working Group		
Agreement of Accreditation scheme aims and objectives	PLA Lead Officer/ Working Group		
Second meeting of Working Group – agree standards and entry requirements (graded/ single entry standard)	PLA Lead Officer/ Working Group	2 days staff time – meeting facilitation and preparation	February 2006 (tbc with Working Group)
Third meeting of Working Group – agree methods for assessing compliance with standards	PLA Lead Officer/ Working Group	2 days staff time – meeting facilitation and preparation	February 2006 (tbc with Working Group)
Fourth meeting of Working Group – agree who will monitor compliance with standards and manage scheme	PLA Lead Officer/ Working Group	2 days staff time – meeting facilitation and preparation	March 2006 (tbc with Working Group)
Fifth meeting of Working Group – consider incentives for accreditation scheme	PLA Lead Officer/ Working Group	2 days staff time – meeting facilitation and preparation	March 2006 (tbc with Working Group)
Follow up and clarify potential incentives	PLA Lead Officer	2 days staff time	March & April 2006
Sixth meeting of Working Group – consider final scheme design and any further issues	PLA Lead Officer/ Working Group	2 days staff time – meeting facilitation and preparation	April 2006 (tbc with Working Group)
<i>Key Milestone: Accreditation scheme outline framework developed by April 2006</i>			

Theme Four: Testing the Outline Framework with a Wider Range of Stakeholders			
Action	Responsibility	Resources	Timescale
Ensure landlords kept informed of ongoing developments with Accreditation Scheme	PLA Lead Officer	2 days a quarter – writing to landlords & attending Landlord Forum	Ongoing
Gather views of wider range of landlords and advice agencies on draft scheme – consultative event	PLA Lead Officer	3 days staff time – event organisation, preparation and facilitation	April - May 2006
Gather views of private sector tenants and those seeking accommodation – consultative event	PLA Lead Officer	2 days staff time – event organisation, preparation and facilitation	April – May 2006
Consideration of feedback from consultative events by Working Group	PLA Lead Officer/ Working Group	2 days staff time – meeting preparation and facilitation	May – June 2006
<i>Key Milestone: Accreditation scheme reflects views of wider stakeholders by June 2006</i>			

Theme Five: Implementing the Finalised Accreditation Scheme Framework			
Action	Responsibility	Resources	Timescale
Consideration of resource implications of accreditation scheme framework	PLA Lead Officer	4 days staff time - consideration and preparation of briefing papers	April – June 2006
Approval of framework and resources by East Lothian Council	East Lothian Council Corporate Decision	Within regular schedule of meetings	July – August 2006
Establish arrangements for management of scheme – application and compliance mechanisms	PLA Lead Officer	10 days staff time - setting up basis of scheme (dependent on model)	August – September 2006
Publicity material for scheme	PLA Lead Officer	2 days staff time	September 2006
Launch PLA scheme	PLA Lead Officer/ Working Group	Ongoing	October 2006
<i>Key Milestone: Accreditation scheme launched by October 2006</i>			