

Meeting Council

Portfolio Area Environment, Transport and Planning

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CIVIL PENALTIES UNDER THE RENTERS' RIGHTS ACT 2025 & OTHER HOUSING LEGISLATION – REVISED ENFORCEMENT POLICY

NON-KEY DECISION

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1 PURPOSE

- 1.1 To consider and adopt the Council's revised Civil Penalty Policy which sets out the approach to determining the level of a civil penalty in all cases where regulatory breaches or offences are established under the Renters' Rights Act 2025 and other legislation relating to private rented sector housing standards.
- 1.2 To note that the revised Civil Penalty Policy was considered by the Council's General Purposes Committee at their meeting on 14th April 2026, by Cabinet on 10th June 2026 and Overview & Scrutiny on 15th June 2026.
- 1.3 The Renters' Rights Act 2025 substantially increases the scope of civil penalties, creating new regulatory breaches and offences related to private rented housing, for which the issuing of a civil penalty by local housing authorities to non-compliant landlords is an available sanction, in some cases as an alternative to prosecution. This is in addition to existing breaches and offences for which a civil penalty can already be issued, under other legislation related to the regulation of the private rented sector. The potential maximum fine levels are also significantly increased as a result of the new legislation. The Civil Penalty Policy is revised to reflect these significant regulatory changes.

2 RECOMMENDATIONS

- 2.1 That the Council adopts the Civil Penalty Policy, attached as **Appendix A**.

3 BACKGROUND

- 3.1 This report presents the Council's revised Civil Penalty Policy under the Renters' Rights Act 2025 and related housing legislation. The policy explains, in a clear and consistent way, how the Council will assess breaches and offences in the private rented sector and determine appropriate financial penalties, having regard to statutory guidance. By setting out a transparent methodology that targets serious non-compliance, removes financial benefit from offending and strengthens deterrence, the Council demonstrates a robust, fair and proportionate approach to protecting residents, supporting compliant landlords and raising standards across Stevenage's housing market.
- 3.2 The Housing Act 2004 (as amended by the Housing and Planning Act 2016) makes provision for local housing authorities to impose civil penalties on landlords of private rented housing, as an alternative to prosecution, where specified offences have occurred. The Renters Rights Act 2025 makes further provision for civil penalties to be issued for regulatory breaches and criminal offences set out in the Act. Civil penalties may also be issued under other housing legislation as summarised in the policy. The applicable legislation sets out the maximum fine that can be imposed under a civil penalty.
- 3.3 Local housing authorities must have regard to revised statutory enforcement guidance which came into force on 1 May 2026 to support Part 1 of the Renters' Rights Act 2025 in determining the level of a civil penalty. The guidance makes clear that authorities should have their own policy in place to set out how civil penalties will be levied in a consistent and transparent manner.
- 3.4 The Civil Penalty Policy updates the Council's "Civil penalties under the Housing and Planning Act 2016 – policy and procedure" which was introduced on 20th September 2017 and revised in 2022. The 2017 Policy is provided as a Background Paper with the key policy changes summarised in **Appendix B**.

4 REASONS FOR RECOMMENDED COURSE OF ACTION

- 4.1 The Council is required to have a policy in place setting out how it will determine civil penalty levels. The existing policy requires substantial amendments commensurate with the changes brought in by the Renters' Rights Act 2025.
- 4.2 While starting points are largely prescribed, the Council has discretion to set minimum fine levels and to determine the range of fines within the limits set by the statutory guidance. The Association of Chief Environmental Health Officers (ACEHO) has published policy recommendations which have been made available to local authorities nationally, which set out a recommended approach to applying this discretion.

The policy aligns with the ACEHO recommendations, which aim to achieve consistency of approach between authorities. A significant number of landlords operate across local authority boundaries. Consistency of approach can avoid a scenario where one local authority has a policy which results in significantly lower fines being issued than a neighbouring authority and therefore has a less effective deterrent to discourage criminal landlords from operating in its area.

- 4.3 In terms of benchmarking, the majority of Hertfordshire district Councils are known to be adopting an approach based on or consistent with the ACEHO recommendations.
- 4.4 The starting points for fine levels and the methodology for determining the final amount of a civil penalty as set out in the policy reflects the robust approach the Council is taking to enforcement. This reflects the statutory enforcement guidance which states that *'An important part of deterrence is the realisation that the local housing authority is proactive in levying civil penalties where the need to do so exists and the civil penalty will be set at a high enough level such that operating lawfully will be the sensible financial choice'*.
- 4.5 Prior to the Renters' Rights Act 2025 the issuing of civil penalties for housing-related offences as an alternative to prosecution has been an infrequently used sanction, averaging at one per year (over the past three years). This is partly because, while all reports of unauthorised HMOs are investigated, the identification of licensable HMOs (where five or more persons occupy a property and form separate households) being operated without a licence is a relatively infrequent occurrence within the borough. In addition, civil penalties have until now been available only for a limited range of breaches/offences.
- 4.6 Given that the Renters' Rights Act 2025 substantially increases the scope of civil penalties, it is anticipated that this will be a more frequently used sanction, particularly as Phase 2 of implementation of the Act is rolled out, with the introduction of mandatory registration for landlords with a new national Private Rented Sector Database and given that this will effect around 15% of the Council's housing stock. While there is uncertainty around quantifying the impact, a significant increase in the use of civil penalties is expected over the next two to three years as the legislative changes take effect.
- 4.7 Appendix 1 of the policy lists the breaches and offences for which a civil penalty can be issued while Appendix 2 of the policy shows the maximum fine level for each offence. In summary:
 - Regulatory breaches, including breach of new tenancy rules inserted into the Housing Act 1988, and breach of rules prohibiting rental bidding and rental discrimination are subject to a maximum civil penalty of £7,000
 - For the following new offences created by the Renters' Rights Act 2025, a maximum civil penalty of £40,000 can be issued:
 - Unlawful eviction and harassment under the Protection from Eviction Act 1977
 - Breach of new rules relating to possession of properties inserted into the Housing Act 1988
 - Repeated or continuing breaches of new tenancy rules inserted into the Housing Act 1988

- The Renters' Rights Act 2025 increases the maximum civil penalty that can be issued for the following offences under other existing legislation from £30,000 to £40,000:
 - Failure to obtain an HMO licence
 - Failure to comply with HMO licence conditions or HMO management regulations
 - Contravention of an overcrowding notice under Section 139 of the Housing Act 2004
 - Failure to comply with an Improvement Notice under Section 30 of the Housing Act 2004.
 - Breach of a banning order under Section 21 of the Housing and Planning Act 2016

- 4.8 Application of the methodology as set out in the policy will lead to civil penalties that will be substantially higher than previously. For example, under the 2017 policy the maximum level of fine that would be issued for offences involving low or medium culpability range from £350 to £4,500. Under the revised policy the offence with the lowest starting point is set at £3,000. The most serious offences, such as illegal eviction or breaching a banning order, have a starting point of £35,000, compared to £25,000 until the 2017 policy. This largely reflects the higher prescribed starting points under the revised statutory guidance and that statutory maximum fine levels have been increased by the Renters' Rights Act 2025.
- 4.9 While the Government has conducted a national campaign targeted at landlords to inform them of what they need to do to prepare for the regulatory changes, steps have also been taken at a local level to engage with landlords, informing them of the key changes that affect their rental businesses and how they can access further information and advice. These steps are set out under the separate report to Cabinet concerning the Renters' Rights Act 2025 Enforcement Policy.
- 4.10 Internal consultation has taken place within the Environmental Health and Licensing service which is responsible for issuing civil penalties. No policy changes were required.
- 4.11 A public consultation exercise was not considered necessary as the policy is a revision of an earlier version, much of what the policy covers is prescribed by statute and the policy content aligns with the statutory guidance which prescribes the starting levels for most civil penalties and the factors to consider in making adjustments above or below these starting points.
- 4.12 The Council's General Purposes Committee considered the Policy at its meeting on 14th April 2026. The Committee agreed to recommend the proposed Stevenage Borough Civil Penalty Policy to Cabinet. No additional points or suggestions were made.
- 4.13 Cabinet considered the Policy at its meeting on 10th June 2026. Cabinet resolved that Council agree and adopt the proposed Civil Penalty Policy (attached at Appendix A).

- 4.14 The Council's Overview and Scrutiny Committee considered the policy at its meeting on 15th June 2026. Members noted that the policy supported a robust enforcement approach where landlords failed to meet their legal obligations. In response to questions, officers advised that the intention was for enforcement activity to be cost-neutral, supported by both civil penalty income and government funding. Members requested that future updates on the implementation of the policy, enforcement activity and penalty recovery be reported back to the Committee and incorporated into the Council's performance reporting framework. The Committee noted the decisions of Cabinet.

Financial

- 4.15 Civil penalties are recoverable through debt recovery proceedings. The legislation prescribes that income from civil penalties must be used to meet the Council's costs and expenses associated with its private rented sector enforcement functions.
- 4.16 Robust enforcement of the legislation relating to private rented housing together with efficient debt recovery procedures has the potential to bring in a significant amount of income over time.
- 4.17 Financial considerations relating to enforcement capacity within the Environmental Health and Licensing Service are addressed in the separate Cabinet report (dated 10th June 2026) on the Renters' Rights Act 2025 Enforcement Policy.

Legal

- 4.18 The Council has a statutory duty under Section 107 of the Renters' Rights Act 2025 to enforce the 'landlord legislation' as defined under that Act. The use of civil penalties as an enforcement sanction and the policy setting out the approach to their use will be a fundamental element of the Council's regulatory activities in meeting its statutory enforcement duty.
- 4.19 Where a civil penalty is issued by the Council, the recipient has an initial statutory right to make written representations to the Council, which must be considered and responded to in accordance with the legislation, and a further legal right of appeal to the First-tier Tribunal (FTT) and potentially to the Upper Tier Tribunal (UTT). Rulings by the UTT have developed the case law in this area, further necessitating the revised version of the policy to ensure legal compliance.
- 4.20 Given the higher potential fine levels under the policy and that the Renters' Rights Act 2025 has substantially increased the number of regulatory breaches and offences for which a civil penalty may be issued, it is likely that the Council will be required to respond to an increased number of appeals to the FTT in future. Having a robust policy in place which is compliant with the statutory guidance and case law will reduce the likelihood of such appeals succeeding.
- 4.21 An increase in formal complaints made to the Council through its complaints policy and subsequent complaints to the Local Government Ombudsman are

anticipated to be received from landlords issued with a civil penalty. While the Council's complaints procedure is available to landlords where their complaint relates to service delivery, the available remedy to landlords seeking to have a civil penalty notice withdrawn, once the Council has responded to any written representations, will be by way of appeal to the FTT.

Equalities

- 4.22 An Equalities Impact Assessment was carried out in March 2026. This concluded that adherence to the policy will ensure that civil penalties are issued in a fair, transparent and consistent manner that does not unfairly discriminate against any disadvantaged group or against those with protected characteristics.
- 4.23 The assessment further concluded that the policy allows for certain relevant factors that may affect such groups to be considered in the Council's decision making, including disability and socio-economic factors. As stated above, those affected have recourse to appeal to an independent tribunal where they consider that the Council has acted unfairly in issuing a civil penalty.
- 4.24 A copy of the Equalities Impact Assessment can be found at **Appendix C** of the policy document.

5 BACKGROUND DOCUMENTS

BD1: *Civil and Financial Penalty Policy – as an alternative to prosecution under the Housing Act 2004 and calculation of financial penalties as prescribed in associated housing legislation* (2017, incorporating 2022 amendments)

BD2: [Civil penalties under the Renters' Rights Act 2025 and other housing legislation - GOV.UK](#)

BD3: [Renters' Rights Act 2025](#)

6 APPENDICES

- A** **Civil Penalty Policy – Renters Rights Act 2025 & Other Housing Legislation**
- B** **Summary of Civil Penalty Policy Key Changes**
- C** **Equalities Impact Assessment**