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1. PURPOSE

- 1.1 The Ministry of Housing, Communities and Local Government (MHCLG) (hereafter referred to as The Authority) requires a Supplier to conduct a study of landlords in the private rented sector (PRS) in England. The aim of the study is to understand how compliant landlords are with the current regulatory framework. The study will conduct this using the English Private Landlord survey dataset. It will require additional modelling, analysis and reporting on segmenting landlords based on their levels of compliance, using latent class analysis.

2. BACKGROUND TO THE CONTRACTING AUTHORITY

- 2.1 The Authority is a ministerial department, supported by 11 agencies and public bodies.
- 2.2 The Authority's job is to create great places to work and to give more power to local people to shape what happens in their area. Key responsibilities include driving up housing supply; increasing home ownership; devolving powers and budget to boost local growth in England; and supporting strong communities with excellent public services.
- 2.3 This research links to the Authority's key aims of 'driving up housing supply' and 'supporting strong communities'.

3. BACKGROUND TO REQUIREMENT / OVERVIEW OF REQUIREMENT

- 3.1 The government seeks to increase the quality and management of the private rented housing sector. It does this by aiming to retain good landlords in the sector, persuading investors to expand the supply of decent rented homes and by helping the worst landlords perform better or prevent them from operating. The Authority has routinely collected information on private landlords via the Private Landlord Survey (PLS), with surveys run in 2001, 2003, 2006 and 2010. The 2018 survey which is being conducted by NatCen aims to provide information to the Authority to monitor progress towards the aims above and to develop initiatives that meet the needs of different sorts of landlords and tenants.
- 3.2 The PRS is an increasingly important and growing part of the housing market, having doubled in size over the last ten years and having overtaken social housing to be the second biggest sector, after home ownership.
- 3.3 The sector is also playing a significant role in housing more vulnerable households, including those on benefits and housing significantly more families and older people. In order to understand how the PRS is meeting the needs of these groups, the Authority is seeking to update evidence on: the tenancy agreements used in the PRS - what agreements landlords typically have in mind when arranging a contract; and whether or not they are letting to particular tenants in light of welfare reform. The PLS offers the most comprehensive understanding of these agreements in practice, offering insight into: what might prompt a landlord to start and end a tenancy; their decisions on rent levels; lettings; tenancy length; and evictions, as well as what policies might mitigate the impacts on homelessness. (The end of an assured shorthold tenancy is now the leading cause of homelessness.)



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- 3.4 As the sector has evolved since 2006, the Authority needs a strengthened and updated evidence base on: what financing methods are employed by landlords; how they view their business practice; their rent policy and practice; what might prompt them to leave the market or exclude certain categories of tenants; and how these might vary across regions. Understanding these financial drivers, attitudes, intentions and actions significantly improves the Authority's ability to appraise and design policy.
- 3.5 There has been a growing intent to improve the conditions and quality of the PRS in the last few years, with several policies aimed at tightening compliance. Examples of regulations requiring compliance include: requirements for landlords to improve the energy efficiency of their property to a minimum standard prior to being let; requirements for landlords to install and test smoke and carbon monoxide alarms; and requirements for landlords to provide new tenants with information about their rights and responsibilities as tenants. The EPLS should inform, how aware landlords are of- and complying with- their duties, how behaviours may have changed in recent years, and what strengths or weaknesses there are with the current measures being prescribed. The EPLS should identify what sources of support and information landlords are using (including professional letting and/or management services) and how well informed they feel.
- 3.6 The EPLS will provide general data on compliance and good practice but the Authority requires specific data on typologies of landlords. Specifically, the Authority requires greater understanding on landlords' compliance with legislation and good practice in order to target policy efforts. Latent class analysis using data collected from the EPLS will segment landlords into types according to their compliance, and estimate the proportion of landlords in each segment.
- 3.7 This analysis will use different, more complex, analytical methods than used for the EPLS. As such, the analysis will consist of three phases-
- Phase 1 will be an exploratory phase, to explore which variables from the EPLS will be used in the models.
 - Phase 2 will be an iterating phase, involving the running and updating of models.
 - Phase 3 will consist of producing the outputs, producing a report specification based on the outputs of the first two phases, and delivering a short summary report and annex tables, along with a presentation of these to the Authority.



4. DEFINITIONS

Expression or Acronym	Definition
MHCLG	means the Ministry of Housing, Communities and Local Government
PRS	means the Private Rented Sector
TDP	means the Tenancy Deposit Protection Schemes
EPLS	Means the English Private Landlord Survey

5. SCOPE OF REQUIREMENT

- 5.1 The EPLS will improve the evidence base on the private rented sector (PRS) in England – the types of landlords and the structure of the PRS. It will provide insight into: tenancy agreements – details on their content and landlord decision making; financing methods, the drivers and landlord attitudes and intentions; awareness of policies around compliance and financing and their impacts; and their views in general.
- 5.2 The latent class analysis will involve using the dataset provided by the EPLS (as well as potentially additional variables from the TDP datasets) to cluster landlords based on their varying degrees of compliance, both with legislation and ‘good practice’. This will provide understanding of the different segments of landlords within the private rented sector, and how they behave, as well as quantifying the clusters.
- 5.3 This analysis will provide estimates of the numbers of landlords in each segment, essentially estimating how many landlords have ‘good’ or ‘bad’ compliance (and in between), as well as providing the characteristics of landlords in the segments. This will allow more targeted policy efforts. For example, the segmentation might establish that a large segment do not know information, which would lead to efforts to improve understanding. Conversely, it might show that a large segment is compliant and efforts should go towards celebrating/recognising that.
- 5.4 The Authority expects that the research will consist of three phases.
- 5.5 The first exploratory phase will involve exploring which variables will be included in the models from the EPLS dataset and possibly from the TDP datasets as well. This will involve selecting variables from what landlords are asked to comply with, as well as selecting variables hypothesised to be relevant. Initial simple analysis will explore what variables may be related. An analysis dataset will be produced and quality assured.
- 5.6 The second iterating phase will involve building and reshaping the models. This will require close communication with The Authority to ensure the models generate clusters that meet the needs and use of The Authority. The analysis will be completed using Latent Gold Software, and the tables produced and work quality assured.
- 5.7 The third phase will involve the production of the outputs. This will require scoping the report specification based on the results of phase two. A short summary report, annex tables and infographics will be produced, and quality assured.



5.8 The Authority expects the Supplier to deliver a presentation at the Authority’s offices to key stakeholders to highlight key findings from the analysis.

6. KEY MILESTONES

6.1 The Potential Provider should note the following project milestones that the Authority will measure the quality of delivery against:

Milestone	Description	Timeframe
1	A project plan drawn up by the Supplier and agreed by the Authority	Within 2 weeks of completion of the EPLS project (due by end of November)
2	Variables to be used in the analysis finalised by the Supplier	Within 1 week of commencement
3	Model building and analysis completed by the Supplier	Within 2 weeks of commencement
4	Delivery of the final report and annex tables to MHCLG	Within 3 weeks of commencement (by end of January 2019)
5	Presentation	Within 3 weeks of final report (Milestone 4)

7. AUTHORITY’S RESPONSIBILITIES

7.1 The Authority will provide valuable input and comments in the first two phases to ensure the variables used and models created allow segmentation that will be useful for the Authority’s policy context.

8. REPORTING

8.1 The Supplier will be required to provide all outputs in plain English and for these to be quality assured and proof read by the Supplier before submission to the Authority.

8.2 The Authority will require regular, weekly or fortnightly, electronic progress reports throughout the project with regular updates of the risk register.

8.3 The Authority will require a dedicated project manager.

8.4 The Authority will require a short summary report detailing the analytical models used and their findings, in house style. This report will be published.

8.5 The presentation of the findings will be in a plain English style and delivered to the Authority in person.

9. CONTINUOUS IMPROVEMENT

9.1 The Supplier will be expected to continually improve the way in which the required Services are to be delivered throughout the Contract duration.



9.2 Changes to the way in which the Services are to be delivered must be brought to the Authority’s attention and agreed prior to any changes being implemented.

10. STAFF AND CUSTOMER SERVICE

10.1 The Authority requires the Supplier to provide a sufficient level of resource throughout the duration of the Private Landlord Survey Contract in order to consistently deliver a quality service to all Parties.

10.2 Supplier’s staff assigned to the Private Landlord Survey Contract shall have the relevant qualifications and experience to deliver the Contract.

10.3 The Supplier shall ensure that staff understand the Authority’s vision and objectives and will provide excellent customer service to the Authority throughout the duration of the Contract.

11. SERVICE LEVELS AND PERFORMANCE

11.1 The Authority will measure the quality of the Potential Provider’s delivery by:

KPI/SLA	Service Area	KPI/SLA description	Target
1	Communication	Brief progress report by email against agreed work programme milestones circulated by the Supplier no later than one working day before progress meetings. Progress reports by email against agreed work programme milestones circulated by the Supplier. Regular discussion between the Authority and the Supplier during Phase two.	100%
3	Completion of phase 1	Final outputs of Phase one to be submitted to the agreed deadline and accepted and approved by the Authority.	100%
4	Completion of phase 2	Final outputs of Phase two to be submitted to agreed deadline and accepted and approved by the Authority.	100%
5	Completion of phase 3	Final report and annex tables be submitted to agreed deadline and accepted and approved by the Authority by end of January 2019.	100%

12. SECURITY REQUIREMENTS

12.1 The Supplier will be required to securely store data in accordance with the Data Protection Act. Details on how this will be done should be provided.



13. PAYMENT

Payment will be made following satisfactory delivery of the final pre-agreed certified products and deliverables.