

North Yorkshire Council

Executive

12 May 2026

Introduction of a Civil Financial Penalty Policy aligned with Renters' Rights Act

1.0 PURPOSE OF REPORT

- 1.1 To seek Executive approval to adopt a new Housing Civil Financial Penalties Policy for private sector housing, ensuring compliance with the Renters' Rights Act 2025 and associated housing legislation.
- 1.2 To seek confirmation of the appropriate delegations to support the effective implementation of the Civil Financial Penalty Policy and the Council's statutory duties, functions, responsibilities and enforcement duties under the Renters' Rights Act 2025.

2.0 SUMMARY

- 2.1 Civil penalties are intended to give councils a flexible enforcement option instead of prosecution, allowing effective action without the cost, delay, and evidential burden of court proceedings. Guidance states that a civil penalty is "an alternative to prosecution" for specified housing offences, and that authorities must choose one route or the other, they cannot do both for the same offence.
- 2.2 As a result, civil financial penalties are therefore a key enforcement tool enabling the Council to take proportionate, timely and effective action against serious or persistent non-compliance in the private rented sector, without relying solely on prosecution.
- 2.3 The policy is based on the Association of Chief Environmental Health Officers in England (ACEHO) Model Civil Financial Penalties Policy, which provides a clear, transparent and legally robust framework for determining when civil penalties should be applied, which offences are eligible, and how penalty levels are calculated. It incorporates statutory guidance and includes a structured penalty matrix to ensure that penalties are applied consistently, fairly, proportionately and in a manner that is effective and deterrent. The proposed policy is set out at Appendix A.
- 2.4 Adoption of the policy will support effective enforcement of new Renters' Rights Act 2025 offences, selective licensing requirements, Housing in Multiple Occupation licensing, and wider housing standards, while reducing legal and reputational risk for the Council.

3.0 BACKGROUND AND POLICY APPROACH

- 3.1 North Yorkshire has a large, diverse and geographically dispersed private rented sector, with significant variation between urban centres, market towns and rural and coastal communities. The sector plays a critical role in meeting local housing need but is characterised in parts by affordability pressures, variable property standards and a higher concentration of vulnerable households.

- 3.2 The Renters' Rights Act 2025 represents the most significant reform of the private rented sector in a generation and places strengthened duties on local authorities to take a more proactive, consistent and effective approach to enforcement. Central government has made clear that civil financial penalties are intended to be a primary enforcement tool under the new regime, enabling councils to take timely and proportionate action without relying solely on prosecution.
- 3.3 The Council has powers under a range of housing legislation to impose civil financial penalties as an alternative to prosecution. The Renters' Rights Act 2025 significantly expands the range of breaches and offences for which civil penalties may be imposed and increases the statutory maximum penalties to £7,000 or £40,000, depending on the offence.
- 3.4 Statutory guidance requires local authorities to publish a clear and transparent policy setting out how civil financial penalties will be determined. In the absence of an adopted policy, the Council would be exposed to inconsistency in decision-making, increased risk of challenge and reduced effectiveness of enforcement action.
- 3.5 The Civil Financial Penalties Policy applies once the Council has decided to pursue civil penalty proceedings and covers breaches and offences under housing legislation, including:
- Renters' Rights Act 2025
 - Housing Act 1988
 - Housing Act 2004 (including HMO and selective licensing offences)
 - Protection from Eviction Act 1977
 - Housing and Planning Act 2016
 - Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020
 - Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015
- 3.6 The policy explicitly allows for separate penalties to be imposed per offence and per offender, including circumstances where multiple landlords are responsible for the same breach or where multiple breaches occur at the same property.
- 3.7 The policy identifies offences subject to statutory maximum penalties of £7,000, primarily relating to tenancy reform and discrimination offences under the Renters' Rights Act, and £40,000 for more serious offences including unlawful eviction, licensing offences, breaches of banning orders, electrical safety offences and failure to comply with statutory notices. The offences covered and the relevant penalty thresholds are clearly set out within the policy.
- 3.8 A core principle of the policy is that operating unlawfully must be financially disadvantageous. Civil penalties are intended not only to punish non-compliance, but also to remove any financial benefit gained as a result of the offence and to deter both the offender and others from committing future breaches.
- 3.9 The policy establishes a structured five-stage civil penalties matrix, requiring officers to assess:
- the seriousness of the breach or offence
 - the type, scale and experience of the landlord, with higher expectations placed on professional and corporate landlords
 - mitigating and aggravating factors
 - financial considerations and ability to pay
 - the totality principle, to ensure outcomes are just and proportionate
- 3.10 Clear parameters are set for upward and downward adjustments to penalty levels, ensuring consistency across cases while allowing discretion where this is justified and supported by evidence.

- 3.11 The policy places strong emphasis on evidence-based decision-making. Mitigation will only be applied where claims are supported by reliable and sufficient evidence, and the Council may draw adverse inferences where relevant information is withheld or not provided.
- 3.12 Aggravating factors include, but are not limited to, previous non-compliance, deliberate or reckless conduct, failure to cooperate with the Council, harm to occupants, the vulnerability of tenants, and the duration of offending.
- 3.13 The policy sets out the statutory process for the imposition of civil penalties, including:
- service of a Notice of Intent
 - a 28-day period for written representations
 - issue of a Final Notice where appropriate
 - rights of appeal to the First-tier Tribunal (Property Chamber)
- 3.14 A discount for prompt payment may be applied where full compliance has been achieved and a civil financial penalty is paid in full within the specified period, without undermining the overall deterrent effect of the sanction. A local amendment has been applied to this provision to ensure alignment with the Council's existing policy and the Sentencing Council's guidelines. This amendment reduces the maximum discount from 15% to one third and introduces an explicit requirement that the landlord must have fully remedied the breach or offence in order to qualify for the discount.
- 3.15 The Government has issued statutory guidance entitled *Civil penalties under the Renters' Rights Act 2025 and other housing legislation*. The Council has had regard to this guidance in exercising its functions in relation to civil financial penalties.
- 3.16 In developing this Policy, the Council has taken account of the factors set out in statutory guidance to ensure that penalties are appropriate, proportionate and effective. These factors include the severity of the breach or offence, the culpability and track record of the offender, and whether the offender knew, or ought reasonably to have known, that they were acting unlawfully.
- 3.17 The Council also considers the harm caused, or the potential for harm, to the tenant and, where relevant, the wider community. Greater actual or potential harm will result in a higher civil penalty. Civil penalties are intended to punish the offender, deter repeat offending and deter others from committing similar breaches, reinforcing that compliance with housing legislation is the sensible financial choice.
- 3.18 In addition, the Council will seek to ensure that any financial benefit gained by an offender as a result of committing a breach or offence is removed. The absence of a financial benefit does not, in itself, mean that a lower penalty will be appropriate.

4.0 CONSULTATION UNDERTAKEN AND RESPONSES

- 4.1 Although a public consultation is not required to implement this policy, key internal and external partners have been engaged in its development. Legal Services have been consulted, and their advice has been incorporated into both the policy and this report. Housing staff involved in service delivery locally and nationally have also contributed to ensure the policy reflects current practice and recognised good practice across the sector. The policy is based on the nationally endorsed model Housing Authority Enforcement Policy produced by the Association of Chief Environmental Health Officers in England (ACEHO).

5.0 CONTRIBUTION TO COUNCIL PRIORITIES

- 5.1 Working alongside the council enforcement policy, the Civil Financial Penalties Policy supports the Council's Place and Environment priority by providing a clear and proportionate framework for tackling poor housing conditions, non-compliance and rogue landlord activity, thereby improving standards in the private rented sector across North Yorkshire.
- 5.2 It also contributes to the Health and Wellbeing priority by enabling robust enforcement action where serious hazards such as damp, mould, excess cold or overcrowding place residents at risk, helping to protect vulnerable households and reduce health inequalities associated with unsafe or poor-quality housing.

6.0 ALTERNATIVE OPTIONS CONSIDERED

- 6.1 Retaining the existing approach to civil penalties is not a viable option. The current arrangements do not fully reflect the legislative changes introduced by the Renters' Rights Act 2025, including expanded enforcement powers, revised offences and strengthened expectations on local authorities. Failure to adopt an updated policy would expose the Council to legal, operational and reputational risk and weaken the defensibility of civil penalty decisions.
- 6.2 The Council could develop a bespoke civil penalties policy independent of the national model. This approach is not recommended, as it would risk divergence from nationally recognised good practice, reduce consistency with other authorities, and increase the likelihood of challenge or appeal against civil penalty notices.

7.0 IMPACT ON OTHER SERVICES

- 7.1 Implementation of the Civil Financial Penalties Policy is expected to increase demand on support services, particularly Legal Services, due to a higher volume of formal enforcement action, civil penalty notices, representations and appeals. There may also be increased demand on finance and debt recovery functions linked to penalty recovery. These impacts will be monitored as the Renters' Rights Act is implemented and enforcement activity increases.

8.0 FINANCIAL IMPLICATIONS

- 8.1 The Civil Financial Penalties Policy is expected to increase the use of financial penalties as an alternative to prosecution. Income generated from civil penalties is ring-fenced in legislation and will be reinvested in further housing enforcement activity, supporting additional capacity, training and investigative work.
- 8.2 While civil penalties will be used more frequently, prosecution will remain an option for the most serious offences or where it is the most appropriate and proportionate response, in line with the policy.
- 8.3 The Council has received approximately £200,000 in burdens funding from central government to support implementation of the Renters' Rights Act. This funding is being used to strengthen capacity within the Private Sector Housing Standards Team to meet increased enforcement and regulatory demands, including the application and administration of civil penalties.

9.0 LEGAL IMPLICATIONS

- 9.1 Adoption of the Civil Financial Penalties Policy will provide the Council with a clear, transparent and legally robust framework for the use of civil penalties under housing legislation. The policy reflects the requirements of the Renters' Rights Act 2025 and aligns with the nationally endorsed ACEHO model, strengthening the Council's ability to issue consistent, proportionate and defensible financial penalties.
- 9.2 Having an adopted policy that demonstrates fairness, transparency and consistency will assist the Council in responding to representations, appeals and any legal challenges relating to civil penalty decisions.

10.0 EQUALITIES IMPLICATIONS

- 10.1 An Equality Impact Assessment Screening tool has been completed (Appendix B). The Civil Financial Penalties Policy applies to landlords and relevant persons and does not directly disadvantage any protected group. Indirect positive impacts are anticipated through improved housing conditions for residents.

11.0 CLIMATE CHANGE IMPLICATIONS

- 11.1 An initial Climate Change Impact Assessment has been completed (Appendix C). The adoption of the Civil Financial Penalties Policy does not introduce new operational activity that would increase carbon emissions. The policy provides a framework for enforcement decision-making and does not materially affect the Council's carbon footprint. A full Climate Change Impact Assessment is therefore not required.

12.0 PERFORMANCE IMPLICATIONS

- 12.1 There is a clear expectation from central government that local authorities will significantly increase the rate of enforcement activity, including the use of Civil Financial Penalties (CPNs), following the introduction of the Renters' Rights Act 2025. The Act is intended to drive more proactive and consistent regulation of the private rented sector, with civil penalties positioned as a primary enforcement tool rather than an exceptional measure. The adoption of this policy will support the Council in meeting those expectations and demonstrating effective, visible enforcement activity under the new regulatory framework.

13.0 RISK MANAGEMENT IMPLICATIONS

- 13.1 The Civil Financial Penalties Policy strengthens the Council's risk management arrangements by ensuring that financial penalties are applied within a clear, consistent and legally robust framework. The policy supports proportionate responses to serious non-compliance, repeat offending and deliberate breaches of housing legislation, reducing risks to residents and minimising the likelihood of successful challenge to enforcement action.

14.0 ICT IMPLICATIONS

- 14.1 The increased use of civil penalties and new statutory reporting requirements will need to be supported by the Council's housing enforcement database. ICT support will be required to ensure appropriate recording of penalty decisions, calculations, payments and outcomes, and to facilitate accurate reporting to central government.

15.0 CONCLUSIONS

15.1 Adoption of the model Civil Financial Penalties Policy, with appropriate local amendments, will provide the Council with a clear, legally robust and nationally aligned framework for the use of civil penalties under housing legislation.

The policy strengthens the Council's ability to:

- Apply financial penalties consistently and proportionately
- Take firm action against serious and repeat non-compliance
- Use civil penalties as an effective alternative to prosecution
- Recover costs and reinvest income into housing enforcement
- Reduce legal, reputational and governance risk

15.2 A key local amendment included, strengthens the application of prompt payment discounts by requiring landlords to have achieved compliance before any reduction is applied and by aligning the level of discount with the approach taken by the sentencing courts. This ensures that financial penalties continue to act as an effective deterrent while supporting timely compliance.

16.0 REASONS FOR RECOMMENDATIONS

16.1 The adoption of the Civil Financial Penalties Policy is required to support the Council's strengthened enforcement duties under the Renters' Rights Act 2025 and to ensure a clear, consistent and legally robust approach to the use of civil penalties. The policy will enable effective and proportionate enforcement action, improve housing standards and protect residents across North Yorkshire.

17.0 RECOMMENDATION

17.1 Adopt the Housing Civil Financial Penalty Policy

17.2 It is also recommended that authority be delegated to the Assistant Director of Housing, in consultation with the Executive Member for Culture, Arts and Housing to make minor amendments to the Housing Civil Financial Penalty Policy as required, including updates necessary to ensure ongoing alignment with nationally updated model policies.

17.3 Confirm the delegation of the Council's statutory duties, functions, responsibilities and enforcement powers under the Renters' Rights Act 2025 to the Corporate Director of Community Development, to ensure the Council can lawfully, consistently, and effectively discharge its statutory enforcement duties, including the issue of civil (financial) penalties under the new legislative regime.

Nic Harne
Corporate Director
Community Development
North Yorkshire Council

Report Author - Lynn Williams - Head of Housing Renewal
Emma Jesper - Private Housing Standards Manager

Appendices

- Appendix A : Civil penalties under the Renters' Rights Act 2025 and other housing legislation - Policy for adoption by local authorities in England
- Appendix B : Equalities Impact Assessment
- Appendix C : Climate Impact Assessment

Background papers

None