

# Somerset West Lodgings Scheme

*How to let your spare room*





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Lodgings have been in existence for generations and certainly, in previous decades it was far more common for single people to leave home and move into lodgings than it would have been to move into self-contained accommodation.

As a consequence of the current economic climate, lodgings remain a preferred housing option for many single people given the shortage of housing, rising rental costs and a more transient workforce. Therefore, an increasing number of home owners and secure tenants are considering letting out a spare room to help make ends meet.

The Somerset West Lodgings Scheme work alongside landlords in the Sedgemoor, Taunton Deane and West Somerset areas, to provide guidance and support to landlords along with a matching service to help find a suitable lodger. Advice and grants are also available to help rent your spare room as quickly as possible. There are several benefits of renting out a room::

- You could potentially earn £7,500 per year tax free
- It can provide extra security for your home if you are away
- It can supplement your income
- It can offset any loss in housing benefit or housing element of Universal Credit through under-occupation of your home
- It is a great way to meet new people and improve your social life

Many home owners can see the benefits of taking in a lodger, but are nervous about actually making that first step of advertising their room. Some are not sure of their rights or how to go about getting and keeping a lodger. This guide has been written to answer some of those questions and to help reassure those considering this option that renting out a spare room in your home really can be a positive experience.

## **What is a lodger?**

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In simple terms, a lodger is someone who shares their landlord's main home, without having any exclusive possession of any part of it. Lodgers usually share some of the living space, such as the lounge and kitchen with the landlord. A lodger would not be able to keep the landlord out of the room they are renting by putting a lock on the door for example, unless the landlord holds a key. The landlord may also provide towels and bedding. These are some of the things

which may distinguish between a licence and a tenancy.

A lodger is a licensee not a tenant and is issued with a licence or lodgers agreement which gives permission to occupy your home. This differs from a tenancy because the lodger does not have exclusive possession of any part of your home. Licensees have far fewer rights than tenants and it is important therefore to make sure a licence is created not a tenancy.



Sharing accommodation with the lodger is one of the things that distinguishes a licensee from a tenant. For this reason, the property must be your main and principle home and you must live there.

It is not necessary to open up the whole house for use by a lodger but there should be shared rooms such as kitchen, lounge etc.

Aside from providing regular clean sheets and towels, some landlords provide meals as well, but you don't have to. The key thing is that you are entitled to go into the lodger's room from time to time to check on the condition or change bedding for example. You should be reasonable about the frequency of this, but it is your home.

## **Is your property suitable?**

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Needless to say, your property must be safe for you, your lodger and anyone else who may live with you.

You will have a duty of care to your lodger with regard to health and safety. Your property therefore needs to comply with standard letting safety requirements. In accordance with the 2004 Housing Act, your property will need to be free from category 1 and 2 hazards. We are happy to give further advice on this by carrying out a home visit. For further information see: [www.communities.gov.uk/publications/housing/housinghealth](http://www.communities.gov.uk/publications/housing/housinghealth)

In any event, you should make sure that your property, or at least the part used by your lodger, is in good condition.

It is a good idea to provide a furnished room but any furniture and furnishings you provide for your lodger should meet current safety standards. The most important thing you need to know is that all furniture must comply with the Furniture and Furnishings (Fire) (Safety) Regulations 1987 (and the amendments made in 1988). Basically, these say that all furniture must be fire safety compliant and carry the proper labels.

The electrical system and appliances need to be safe, so although there is no requirement for an annual electrical safety check, you should have the system checked around every five to ten years. Any appliances which the lodger may use should also be checked regularly.

Gas Checks – you must have an annual gas safety check carried out by a Gas Safe Registered Engineer and provide a gas safety certificate to demonstrate that this has been done. Failure to do this is a criminal offence.

You will need to fit smoke alarms, carbon monoxide detectors and fire extinguishing equipment. For further information regarding fire safety please contact the Lodging Scheme Manager, see details on the back page.

Generally, the accommodation should be in good repair, well-maintained, and capable of being effectively heated. Any safety hazards should be promptly dealt with.

## **Grants**

We may be able to assist you with the costs associated with bringing a property up to the standard required to take in a lodger. In summary, any maintenance, safety checks or procured items that are required to bring the property to an accredited standard may be supplied and carried out by qualified/approved Lodging Scheme contractors and vendors at the discretion of the Lodging Scheme Manager.

We would be happy to arrange a visit to your home to discuss this in more detail.

For more detailed information on Somerset West Landlord & Tenant Services (SWeLT) visit our website: [www.swpshp.org](http://www.swpshp.org)

## **Have you got permission?**

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Most home owners and council tenants can take in a lodger but there are several things to consider before you proceed. You must inform your mortgage

lender or local authority and you will also need to advise your insurance provider.

If you rent a property under an assured shorthold tenancy, your tenancy agreement is likely to forbid taking in a lodger. Most privately rented properties are let on assured shorthold tenancy. You will therefore need to get your landlord's permission. Nevertheless, if you explain that you need the extra money to pay rent, he/she may agree. You should get him to give you a letter confirming that you have permission to rent a room to a lodger.

If you rent from a housing association or local authority, you may well be able to get agreement to take in a lodger. However, you should speak to your housing officer first and ask for written confirmation.

If you are an owner occupier with a mortgage you may not be allowed to sublet, so you need to make sure that your mortgage lender understands that no tenancy is created, only a licence.

Planning permission will probably only be needed if you are thinking of renting out rooms as a business.

Building regulations will only apply if you are thinking of having building work done, perhaps to create a new bedroom or bathroom.

## **Will you need a licence?**

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Under the Housing Act 2004, a property is classed as a House in Multiple Occupation (HMO) if there are three or more occupiers who form two or more households and who share a kitchen, bathroom or toilet.

You may have to obtain a licence if your home is considered to be a HMO and:

- The property has three or more storeys, and
- There are four or more persons living at the property in addition to yourself and your family.

You need to include all storeys in the building including attics and basements if these have been converted to residential use or if they are used for business purposes. For example, if you have a standard two story house where the attic

has been converted to a bedroom then this will count as a three story house. We have further information on HMO's and housing standards on our website: [www.swpshp.org](http://www.swpshp.org)

## Have you got insurance?

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You should be aware that taking in a lodger is something that you will need to advise your insurance company about in advance. If you do not do this, you may invalidate your insurance cover.

If your insurance company is not happy about you taking in lodgers and refuses cover, you should be able to find another company who will provide cover. You can opt for one which specialises in insurance for landlords.

## Earnings

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Under the Government's 'Rent a Room Scheme' you can earn up to £7,500 per year tax free by taking in a lodger and provided you don't earn more than this, you won't need to declare it. This means you could earn up to £625 a month tax free.

Under the scheme, you let out a room or part of your main property. It must be furnished as unfurnished rooms don't qualify. If the amount you earn from the lodgings is above £7,500 or if you are receiving any benefits just let the tax office know, otherwise you do not have to declare it.

Under the scheme you can't claim expenses for wear and tear, insurance and so on so you may be better paying tax under the rules for residential lettings. This will enable you to offset certain expenses incurred against income. If you usually fill out a tax return and have an accountant you should check with them to see whether you'd be better off under the scheme or not.

If you decide to charge your lodger extra for meals or laundry services this all counts towards your tax free allowance so bear this in mind. However, it won't affect the amount you may receive in Child Tax Credit or Working Tax Credit.





If you are a single person and you take in a lodger, please be aware that you will lose your single person discount unless your lodger is a full time student, as students are exempt. For full details on the scheme see [Direct.gov.uk](http://Direct.gov.uk)

It is important that you keep proper records showing how much rent you have been paid and receipts for all money spent such as decorating, furniture, any cleaning expenses etc. as you never know whether you will need it in future. You can get a rent book from high street stationers.

Taking in a lodger will probably affect the amount of Benefits you get if you're claiming. For example, if you're receiving Housing Benefit and you take in a lodger, the amount you get will be reduced as it'll be assumed that your lodger is paying rent. However, the first £20 of weekly income from a lodger is ignored and won't affect your Benefits. If meals are included in the rent, 50 per cent of anything over the £20 is also ignored. Overall you should be better off.

If you're receiving Universal Credit and you take in a lodger the rent you receive will not be treated as income. This means that whatever amount you charge a lodger, it will not impact on how much Universal Credit you get. However, working age tenants are subject to the size criteria reduction for the spare bedroom the lodger rents.

## **Setting the rent**

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The precise rent you can charge will depend on where you live and what your property is like, but you need to know the going rate for lodgings in your particular area. It would be useful to look at what others are charging in the local newspapers or newsagents windows.

Have a look on the websites which specialise in lodgings such as: [www.spareroom.co.uk](http://www.spareroom.co.uk), [www.easyyroommate.com](http://www.easyyroommate.com), [www.roombuddies.com](http://www.roombuddies.com) and [www.flatmaterooms.co.uk](http://www.flatmaterooms.co.uk). You could also try our local website: [www.somersethomelet.co.uk](http://www.somersethomelet.co.uk).

You will need to decide whether you will accept someone who is claiming benefits. There are many people on housing benefit or universal credit who will be looking for lodgings, including young people, people recently separated or divorced, or people who need support of some kind. If you decide to accept lodgers on benefit, you should not have any problems finding them. You will need to know what the Local Housing Allowance (LHA) is for the area in which

your property is located. This is the maximum set by the Valuation Agency for a room in a shared house and will help you decide what rent you should charge. This information can be found on the Council's website.

## **Paying the bills**

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As a resident landlord you will remain responsible for paying the Council Tax and you can include part of the cost of this in the rent you charge to your lodger. You will need to advise the Council if you are no longer entitled to a single person discount.

Regarding utility bills, this is something you can include in the rent if you wish. If you are responsible for paying the bills for the whole house, you would need to estimate the proportion to charge to your lodger. An alternative would be to have a prepaid meter installed for your lodger but you would need to speak to your utility company about this.

## **Charging a deposit**

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You may choose to charge a deposit in case of damage or rent arrears. In privately rented accommodation, this is normally a sum equivalent to one month's rent. It is entirely up to you whether you take a deposit or not but if you do, there are certain things you will need to remember. You should first carry out an inventory of the room giving details of the contents and condition. This will need to be signed by both parties. When the lodger leaves, you should check the condition against the inventory, but allow for fair wear and tear. You must never unfairly withhold a deposit.

Deposits taken for assured shorthold tenancies must be protected in one of the government deposit protection schemes. However, this does not apply to lodgings.

An alternative to taking a deposit is to make use of the Council's Bond Scheme. Under this scheme, we carry out an inventory free of charge. Instead of a cash deposit, a contract is drawn up between the landlord, lodger and the Council. If there is a valid claim when your lodger leaves, we will pay you the amount of the claim and reclaim it from the lodger.

## Collecting the rent

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You will need to decide how you would like the rent to be paid and how often. Many people now get paid monthly through their banks so it may be most convenient for them to pay rent by standing order. If this is the case, they should sign the standing order form when they sign the lodgings agreement.

If you prefer to be paid in cash, it would be a good idea to get a rent book to issue to the tenant which gives a clear record of rent paid and received. Rent books are available from high street stationers.

If the lodger is on benefits, the Local Housing Allowance will be paid direct to the lodger. This can be changed so that the rent is paid direct to the landlord if the lodger is more than 8 weeks in rent arrears. If the lodger is particularly vulnerable it may be possible to have the rent paid direct. In any event, there should be no rent arrears as lodgers have very little in the way of security of tenure and you can ask them to leave with reasonable notice.

If the lodger is receiving Universal Credit, the lodger may wish to choose to have their housing costs element paid directly to the landlord.

## How to find lodgers

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Having made all the necessary preparations to take in a lodger, it is of course important that you find the most suitable person to share your home. Although you will want to find someone that you can get on with and have a friendly relationship with, you should remember that this is essentially a business relationship and therefore there has to be some formality to it. There are several ways in which you can choose appropriate lodgers.

### **Somerset Homelet**

This is a free website for landlords and tenants which covers the districts of Sedgemoor, Taunton Deane, West Somerset and North Somerset. You are free to advertise your room on the website with photographs and give contact details so that prospective lodgers can get in touch. As part of the service, the Somerset West Lodging Scheme can help assist you with this

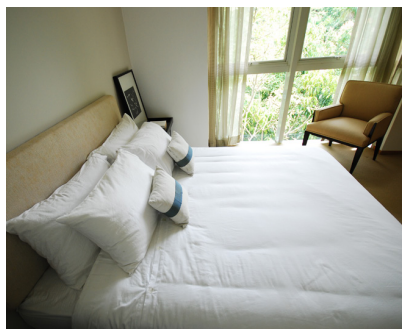
### **Somerset Coast YMCA**

In partnership with the Council, the YMCA has developed a lodgings scheme

which is designed to remove a lot of the stress and worry of letting rooms. They will meet with you to discuss your needs and help you to find the most appropriate lodger. Once you have confirmed which lodger you would like to take, the YMCA will continue to keep in touch with you and your new lodger for a period of time to make sure that things are working well. You will also have a named contact in case of queries. The YMCA is world renowned for helping young people in need, but under this scheme, they work with all age groups.

### **Housing Advice Team**

The Council's Housing Advice Team will be happy to refer potential lodgers. Many people approach us for housing advice and for help to find accommodation each week. We would normally refer customers to the Somerset Homelet website in order to find lodgings, but we can agree with a



landlord to filter prospective lodgers, against an agreed set of criteria before referring them for accommodation. One of the advantages of working with the Council is that we can refer customers of whom we have some background knowledge. We may be able to confirm previous tenancy history for example. In addition, we can carry out accompanied viewings, complete inventories free of charge and provide Bonds.

### **Local Press**

You may choose to place an advert in the local press. Most newspapers have 'accommodation wanted' sections where people advertise for accommodation. Alternatively, you can put an advert yourself in a local newspaper.

### **Local shops**

One of the traditional ways of advertising for a lodger, is to put a postcard in the window of a local shop or post office. Some supermarkets now allow customers to place small advertisement cards. One of the obvious advantages is the low cost.

### **General websites**

There are a number of websites which specialise in lodgings. These sites include: [www.spareroom.co.uk](http://www.spareroom.co.uk); [www.easyyroommate.com](http://www.easyyroommate.com)

## **Local employers**

There are several large employers in and around Sedgemoor, Taunton Deane and West Somerset. They will have a turnover of staff including new staff moving into the area. Lodgings are a great option for people who are settling into a new area as it provides an affordable option while they try and find something more permanent. Ask employers if they have a list of local landlords you can go on a staff notice board or internal website where your property can be advertised.

## **Local Colleges**

Local colleges can provide an excellent source for potential lodgers. Local colleges attract students from all over the country and even foreign students. Not all will want to share with other students or be able to afford to rent their own flat. Therefore, lodging will be a preferred option for some. Most colleges have an accommodation officer or someone responsible for helping students find accommodation. Obviously, you will need to ensure that students have a suitable space to study.

## **Hospitals**

As with colleges, hospitals attract skilled workers from all over the country, all of whom require somewhere to live. Lodgings can be a vital solution for hospital staff living away from home temporarily or for relatives of patients. You may be able to advertise your property in your local hospital.

## **References**

Once you have identified someone you think will make a good lodger, you may wish to carry out some form of referencing or check. You could ask for a reference from a previous landlord. If they are working, you should obtain some form of reference or confirmation of employment from the employer.

There are a number of on-line referencing agencies such as:

[www.lettingref.co.uk](http://www.lettingref.co.uk); [www.rentify.com](http://www.rentify.com); [www.tenantscreening.co.uk](http://www.tenantscreening.co.uk);  
[www.experian.co.uk](http://www.experian.co.uk); [www.homelet.co.uk](http://www.homelet.co.uk); [www.landlordreferencing.co.uk](http://www.landlordreferencing.co.uk)

Before deciding on using a referencing service, you need to be clear on the type of checks that are being carried out. For example, they may be checking previous addresses through the electoral register, county court judgements, rent arrears with previous landlords, proof of income etc. However, not all

referencing services offer all of these services and none of them can verify whether the applicant has a criminal record.

## Right to Rent

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Right to Rent is new legislation requiring landlords and letting agents to ensure every prospective tenant has a right to live in the UK, before letting a property to them.

As part of Right to Rent legislation, you'll need to check identification documents, such as passports, to ensure the person wishing to rent the property matches the details given, as well as being certain that they have the right to live in the UK. You'll also be expected to keep a copy of their documentation in a safe place for a certain period of.



For further details further information can be found on the government's website: [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/573057/6\\_1193\\_HO\\_NH\\_Right-to-Rent-Guidance.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573057/6_1193_HO_NH_Right-to-Rent-Guidance.pdf)

## The Lodgers agreement

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It is advisable to have some general house rules set out in an agreement. This is because no matter how friendly both parties are, as time goes on, people can forget what was agreed at the outset regarding certain rules and therefore disputes can be more easily resolved if terms are set out in writing from the outset.

Think about what you can tolerate and what you can't! You'll be sharing your home so you'll need to set some ground rules. Be clear about what you're offering your lodger and which parts of your home you're sharing. How are you going to protect the rooms you're not prepared to share? What are your lodger's expectations? Are you happy if your lodger works 6 days a week and may just want to chill out all day Sunday in front of the television!

Some other things you may want to think about are:

- What work does your lodger do? For example construction work may involve outside dirty work in all conditions so where can s/he wash and dry wet muddy clothing?
- Cooking – how to share the kitchen, agree times, do you expect them to clear up immediately, what about the cooker?
- Where can they eat? Is there room in the kitchen and are you happy about eating in front of the TV? Are you happy for them to eat takeaways in their room?
- Food storage – is there enough room in your fridge?
- Washing and drying work clothes – is there enough hot water, do you have facilities to dry clothes ready for Monday?
- If you're sharing the bathroom do you need to agree convenient times? Is there enough hot water for everyone to shower in the evening after work if necessary?
- Can your lodger have overnight guests to stay?
- Where can people smoke?

If you sign up to our lodgings scheme, you will be given a standard lodgers agreement for you to use. In any event, you should have a basic agreement which sets out the terms such as:

- Payment of rent & bills
- Deposit
- Cleaning or other services
- Use of other parts of the house
- Storage
- Visitors
- Parking
- Ending the agreement

As well as a lodgers agreement, it is useful to have an inventory of everything that has been provided for the lodger and its condition. Under the lodgings scheme, we can provide an inventory for you at no cost.

## Ending the agreement

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We have recommended that you do not allow your lodger to have exclusive occupation of any part of the building. In other words, you retain the right to access the lodger's room and this is normally done by providing a cleaning service or for changing of bed linen etc. This affects the security of tenure and accordingly the amount of notice required. There is a difference between a



tenancy and a licence. If you are not sure, you should seek independent legal advice. Under our lodgers scheme, you will be given all the relevant advice.

In most cases, landlord and lodger will agree to part company on good terms as circumstances change, but this is not always the case and it is advisable to have something in writing to agree notice periods.

If the lodger has an excluded licence, you will need to give 'reasonable' notice and do not need a court order. What is considered reasonable depends on the circumstances at the time. However, your lodgers agreement should clearly set out the terms. It is reasonable to agree 28 days notice if you want a lodger to leave and also reasonable to ask a lodger to give you 28 days when they are ready to move on.

There are situations where you may need to ask a lodger to leave before the agreed period and you could state in the agreement that notice period can be shorter if there is a serious breach of the terms of the agreement. A minor infringement is unlikely to warrant a reduction in 28 day notice period. However, if there was a threat or actual violence or any illegal activity taking place on the premises, reasonable notice may be much shorter. You should always refer to the inventory when checking out. Any damage or loss, not attributed to fair wear and tear, can be deducted from the deposit by agreement. If you accept the Council's Bond, we would do this for you.



## The Somerset West Lodgings Scheme

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*Funded by EDF Energy - Hinkley Point Housing Fund*

The three councils of Sedgemoor Taunton Deane and West Somerset have teamed up with Somerset Coast YMCA to develop a lodgings scheme across the two three districts. Under the scheme, we work alongside those who have a spare room to let and who need a little help preparing to take in a lodger. We can even offer a small grant to carry out essential works. Once complete, the landlord can become accredited and therefore attract better lodgers. There are a host of services and benefits offered under the lodgings scheme:

✓ **Inspection of your property to determine suitability**

An officer will visit your property and give you an overview of the suitability of the property and any works you may need to carry out. Advice will be offered on a range of issues depending on your requirements. Basically anything which will help you let your room and start bringing in an income. Free advice on essential works to comply with Housing Health & Safety

✓ **Free advice on essential works to comply with Housing Health & Safety Rating System (HHSRS)**

We will be able to advise you on whether your property meets the standards required under 2004 Housing Act. If there are any issues you will be signposted to help and support to get works done to meet relevant standards.

✓ **Grants for essential works and improvements to help you provide high quality lodgings**

We understand that part of the reason for bringing a spare room into use is to get an income. We will therefore advise you if we are able to assist you prepare the property with help from a Grant of up to £1,000.

✓ **Help finding lodgers/Matching service**

Trying to find the right person for your lodgings can be difficult. We can help you to identify a suitable person for your property and carry out accompanied viewings if you wish

✓ **Free inventory**

We have a lot of experience of completing inventories and we offer you this

service free of charge. We will complete a full inventory with photographs to be signed by landlord and lodger.

✓ **Free lodgers agreement**

Having discussed the general terms and conditions with you, we can help draw up a lodgers agreement for you to use.

✓ **Access to lodgers who have completed our Tenant Ready Scheme**

We have been running a successful scheme for some time now, whereby prospective tenants complete a series of modules in preparation for living in private rented accommodation. The modules include budgeting, looking after the property and rights and responsibilities. We have a list of Accredited Tenants who are looking for accommodation.

✓ **Access to our tenant referencing scheme – the Tenant Passport**

The Tenant Passport Scheme is a referencing tool and lets landlords know if a prospective lodger has particular criminal convictions and if so, how old they are. This helps landlords make informed decisions. This information is not available to normal referencing agencies.

✓ **Named contact in case of queries**

We understand that taking in a lodger for the first time can be a bit of a worry. For this reason, we will ensure that you have a named contact who you can speak to in case of any problems. We cannot guarantee to resolve every difficulty, but we will work with you and offer free advice.

✓ **Room Accreditation Certificate**

By working with us under our lodgings scheme, you will have completed all the necessary steps to have your lodgings accredited. This is a nationally recognised standard and you will be able to advertise for prospective lodgers in the knowledge that your status will give you the best chance of getting the best lodgers. Landlords who have been accredited have a logo attached to their adverts on Somerset Homelet.



Sedgemoor District Council  
Telephone: 0300 303 7802  
e-mail: [housing.advice@sedgemoor.gov.uk](mailto:housing.advice@sedgemoor.gov.uk)  
or [benefits@sedgemoor.gov.uk](mailto:benefits@sedgemoor.gov.uk)

YMCA Somerset Coast  
Telephone Lodging Scheme Manager: 07813 599065  
e-mail: [lodgingscheme@ymca-sc.org](mailto:lodgingscheme@ymca-sc.org)