

## CABINET

THURSDAY 3 DECEMBER 2020

### REPORT OF THE PORTFOLIO HOLDER FOR NEIGHBOURHOODS TAMWORTH BOROUGH COUNCIL PRIVATE SECTOR LEASING SCHEME

#### EXEMPT INFORMATION

None

#### PURPOSE

To consider the future of the Private Sector Leasing scheme and provision of temporary accommodation

#### RECOMMENDATIONS

It is recommended that Cabinet:

- Approve the phased ending of the Private Sector Leasing (PSL) temporary accommodation Scheme
- Approve the allocation of 10 floating Council stock properties (based on flexible need) for a permanent Council stock temporary accommodation scheme
- Approve the use of a **minimum** further 10 council properties dispersed across the Borough as temporary accommodation for homeless people allocated on a needs basis as a result of cessation of the PSL scheme

#### EXECUTIVE SUMMARY

The strategic priority of the Council to try and ensure that people who approach as homeless are, where possible, housed in temporary accommodation rather than using bed and breakfast.

For the families involved the benefits of being accommodated in the accommodation provided by the provision of temporary accommodation are wider than just the finances. They provide self - contained accommodation where they can take their possessions and have normal family routines which can include having the facility to prepare meals. To the outside world it is also not so obvious that the household is homeless and so avoids some of the stigma. For families that will not be in receipt of full housing benefit it is a much more affordable option.

The current Private Sector Leasing (PSL) scheme is based on the principle of privately owned properties being leased from the owners and then let to TBC homeless applicants as temporary accommodation whilst their applications are being considered. TBC pay a fixed monthly amount to the owners of the properties regardless of occupation and charge rent from the occupants. This is based on the Local Housing Allowance rates for Private (non-Housing Association) Tenants in Tamworth - for April 2015 to March 2021.

The Council currently rents twelve properties under the Private Sector Leasing Scheme from private landlords in many parts of the Borough and help meet statutory requirements to

house homeless households. The provision of the accommodation has reduced the need for B&B accommodation in the town.

Changes in national homeless legislation, uncertainty around the future of the Flexible Homeless Support grant, a successful pilot of providing temporary accommodation through our internal stock rather than it being necessary to externally source properties and the successful provision of temporary accommodation during the Covid 19 pandemic has provided an opportunity for the authority to seek to review the offer of the Private Sector Leasing (PSL) Scheme.

### **Current PSL Situation**

- Operation of the PSL Scheme requires a recharge from the Flexible Homeless Support grant of £37440.00 in 2019/20 and predicted £34,000.00 this year
- The void turnarounds on PSL properties are not subject to the contracted agreed rate of the Council repairs contractor
- There is naturally a high churn rate of emergency housing so void costs are regular and an added addition to other associated costs.
- Properties are not covered by the standard Council repairs contract conditions meaning some delays for repair, maintenance and replacement of carpets/ floor coverings.
- Gas and electrical works have to be administered manually.
- Properties require separate management processes and administration for sign ups and exits and repairs
- The day to day operational management of the leases and communication with landlords is resource intensive
- Administration is required for rent processes, purchases and owner payments
- The void criteria for PSL properties is not the same as the Council stock
- Private Sector staff have to deal with complaints from landlords reported to them by the owners of neighbouring properties as the scheme sits outside of the corporate ASB model and tenancy management
- There is duplication of arrears recovery processes as PSL properties aren't supported by the Income team and managed across the Private Sector team and temporary accommodation officer
- Properties are static and unable to effectively respond to the ebb and flow of the demand and have had some negative impacts on the wider community and Neighbourhood where there have been tenants with complex needs placed in them for long periods of time.
- Repairs contractors are not able to respond to the PSL addresses for emergency housing
- There is limited availability of property types with no stock suitable to meet the needs of people with mobility issues or for present COVID situation when the turn on and test (TOAT) for gas supply is sometimes not possible in case of a lock down and there are no PSL properties with full electric heating and cooking facilities
- The use of PSL properties can be conflicting and confusing to tenants as they are aware it is owned by a private landlord and tenancy enforcement/rent payments are difficult to enforce

## **Scheme Cessation**

All properties are currently subject to annual leases which have a 60-day cancellation clause. It is intended that the cancellation of the leases will be done on a phased basis up of up to two per month until 31 March 2021 to ensure:

- continuity of services for those currently in accommodation
- identified repair work is undertaken
- constructive discussions and negotiation with landlords
- the identification a minimum of 10 initial Council properties which are suitable for use as the Council Temporary Accommodation (TA) Scheme (based on flexible need)
- opportunity to discuss acquisitions from the PSL scheme where suitable

Any rectification work will be completed before return to the property owners and from current budgets.

Bad debt provision on former tenant arrears will be proactively managed within the current process to reduce ongoing liability.

## **Council Temporary Accommodation (TA) Project**

The pilot scheme to use council properties as temporary and emergency accommodation commenced in April 2018 and has continued to run with the aim to support the council in its statutory function to provide interim housing for homeless households and the COVID emergency.

As part of our ongoing drive for improvement, the Council has assessed the impact that this scheme has had on the take up of providing temporary accommodation.

It is proposed that this scheme should become the permanent approach to temporary accommodation. The properties are not static and allocation is dependent on need and availability, retaining a minimum of 10 properties at any one time around the borough.

Using council stock (in addition to the PSL scheme) as short-stay emergency interim temporary accommodation (TA), ultimately removed the need for 31 households to be placed in unsuitable and costly Bed and Breakfast accommodation. The approach has ensured the council has a readily available supply of temporary accommodation and the following findings have been identified:

- The number of properties required has plateaued at 10 during this time (excluding PSL), providing a much-needed resource for homeless people.
- If the decision is made to end the PSL scheme, this will require the flexible provision of a minimum 20 properties.
- Further to the success of the TA scheme and use of further additional properties used during the response to the Covid pandemic sufficient capacity has been identified within Council stock to provide TA units to clients without the need for the PSL scheme
- The TA Council scheme is demand lead and dynamic and managed directly by the Housing Solutions team and has proved its proof of concept.
- TA Council properties are not static and if there are any problems/complaints they can be returned back into general stock thereby reducing the impact on the wider Community

- Should demand significantly reduce the flexibility of using council housing stock means that properties can easily resort back to general housing without incurring any additional cost and / or resource.
- There sufficient flexibility to increase stock if demand increases
- As the Council scheme is for homeless households, where there is the need to provide a basic furnishing pack this has been arranged via local charities, suppliers and other voluntary organisations. The goods supplied can be used by clients whilst in temporary accommodation and are retained by the Council for the next clients. Should a property need returning to stock, items are stored for future use.
- There is further potential to recover any furnishing costs through service charges as the rent charge is social housing formula, there is considerable gap between current the rent charges to LHA rates and this would still make the property affordable to the individual (to be considered)
- Recovery of tenant arrears is a single managed process in line with standardised licence agreements with rent accounts created and transferred over with the tenant increasing ability to manage rental income in the Housing Revenue Account and reduce bad debt provision in the general fund.
- Void times on the TA properties will be minimised as most only require basic Health and safety checks and clean
- An element of the basic rent charge covers an average void cost and are met within the repair void budget minimising rental loss
- Where current PSL properties are acquired, this will increase rental income to the Housing Revenue Account
- The Council's TA scheme provides an opportunity for homeless clients to begin to understand the process of tenancy sustainability with daily licences attached to each property from occupation and managed through the Council Portal
- The seamless approach to TA provision will improve service to the most vulnerable and provide efficiency for officers
- Properties would be subject to the Council corporate ASB approach and be more seamless with using Council recording system on the housing management system.

### **Impact of the availability of stock**

As a housing stock retained authority the council can use its own stock for temporary emergency accommodation. Whilst at the same time recognising the need to house people from the housing register, both have been successfully achieved by careful planning.

During the pilot, properties have been sourced over time, as well as using acquisitions. The availability of council house and housing associations new build properties becoming ready for occupation has ensured removing 10 properties from the general housing supply has had no adverse impact.

This has further enabled a variety of property types and locations to be sourced ensuring the Council can provide temporary accommodation to meet a diverse range of individual need for example:

- Two properties have a level access approach with level access showers to meet the needs of people with mobility difficulties.
- The accommodation is dispersed across various locations, meaning that families aren't faced with the added upheaval of the need to change schooling for their children and/ or to lose support networks whilst faced with the difficulties of homelessness.

- One acquisition property has been used as temporary accommodation and is an option to target future acquisitions for this use.

### Advantages of the Council Stock Proposal

Permanent implementation of the use of the Council stock as TA, will provide the following advantages and recommendations:

- The designation of the properties as temporary accommodation with the implementation of the use of daily licences
- Support, in principle, the introduction of service charges
- The introduction of standardised licence agreements and a review of procedures
- Assurance that the repair contractor has the capacity to prioritise void works to ensure the use of B&B accommodation is kept to a minimum
- Consider the option of the acquisition scheme to purchase suitable PSL properties, especially for those where the Council is the leaseholder and there is the added business interest to do so. These properties would be added to the housing stock portfolio
- Ability to explore a more flexible use of the Homeless Support grant funding for further homeless prevention and support to people with complex needs
- The ability to absorb the number of PSL units to replace them with council housing stock.
- Opportunity to enhance support via voluntary sector organisations

### OPTIONS CONSIDERED

	Benefits	Risks
Option 1 – Do nothing	Supports the use of properties that may otherwise be empty – the Housing Strategy has a specific action point on this to look at working with landlords to bring empty properties into circulation.	Removal of Flexible Homeless Support Grant  Rent arrears are difficult to chase and manage
Option 2 – Maintain PSL and operate with TBC temporary scheme	Maintained supply of 12 units	Duplication of effort Increasing subsidy to GF The scheme runs under different Directorate/AD's which is causing problems within teams and on frontline management  Lack of flexibility

### RESOURCE IMPLICATIONS

Further to the job evaluation process, there are no material staffing resource implications as a result of the cessation of the PSL scheme.

It is anticipated the £34,000 Flexible Homeless Support Grant will be available to support other homelessness prevention activity.

The Council TA scheme will be managed and run within current staffing resources within the Housing Solutions Team who currently manage all aspects of temporary accommodation allocation for vulnerable people.

## **LEGAL/RISK IMPLICATIONS**

There is a risk of identification of Housing Stock to maintain TA mitigated by careful management and flexibility of stock

Mitigation within 2021/22 PSL budgets will be determined and costed should there be any delays to the notice periods to private landlords, unforeseen property damage or costs and tenancy concerns.

Rental income will be managed by one streamlined process improving ability to collect and manage any arrears and take enforcement action

Reputational risk will be managed through landlord negotiation and following due process in the licence termination agreements

There are no legal implications a result of this report

## **EQUALITIES INFORMATION**

A full EIA has been undertaken and the proposals are likely to have a more positive impact on more vulnerable persons with complex needs and disability

## **SUSTAINABILITY IMPLICATIONS**

It is considered that the use of the Council stock will provide a much more sustainable approach the ongoing provision of temporary accommodation

## **BACKGROUND INFORMATION**

The Private Sector Leasing Scheme (PSL) was first adopted by Cabinet in 2004 and was initially funded by a shift of £50,000 from the bed and breakfast budget.

The scheme was adopted following the implementation of The Homelessness (suitability of accommodation) (England) Order 2003. This outlines that B&B is not suitable temporary accommodation for families with children or expectant mothers unless there is no alternative accommodation available, and then only for a maximum of six weeks. Where B&B accommodation has been used in an emergency situation, applicants should be moved to more suitable self – contained accommodation as soon as possible. Extensive use of B&B leaves a Local Authority open to legal challenge via judicial review and compensation claims. There are currently twelve properties participating in the PSL scheme.

Currently the scheme operates on a basis whereby rents to tenants are set at 90% of local housing allowance (LHA). The flexible Homeless Grant funds the additional £60 per week to meet the cost of the rent which was adopted by the Council following the removal of the Temporary Accommodation management fee in 2019.

Landlords are paid the full LHA rate and the remaining income is utilised to support the management of the scheme such as gas safety checks, cleaning and repairs

The Code of Guidance- Homelessness (1996) requires accommodation to be affordable. If the accommodation offered is not affordable a suitability review can be requested. If court action is taken there is a considerable cost to the Authority in terms of both resources and financial cost

Rents to tenants are set at 90% of LHA rate to ensure that:

- The accommodation would be affordable.
- Rent arrears will remain at current sustainable levels.
- Officer time would be reduced by not having to chase rent arrears from tenants whose benefits wouldn't cover the full rent cost.

## **REPORT AUTHOR**

Jo Sands, Assistant Director Partnerships

## **LIST OF BACKGROUND PAPERS**

Homelessness Strategy

Housing Strategy 2020-2025

## **APPENDICES**

Equality Impact Assessment