

Taunton Deane Borough Council

Executive - 11 July 2012

Somerset West Private Sector Housing Partnership – Proposal for a New Local Lettings Agency

Report of the Strategy Officer

(This matter is the responsibility of Executive Councillor Adkins)

1. Executive Summary

EXECUTIVE SUMMARY

The report is for Members to consider and agree the proposal to develop a Somerset West Local Lettings Agency (SWLLA) across the three Council partners Sedgemoor District Council, Taunton Deane Borough Council and West Somerset Council. The SWLLA will provide a structure together with agreed level of products, support and services to secure private rented properties for households in housing need. This will have a focus on addressing housing need and standards but will also deliver strategic aims identified in the Strategic Housing Vision for Somerset and the Sub-Regional Homelessness Strategy.

2. Background

- 2.1 The Somerset West Private Sector Housing Partnership is a Partnership between Sedgemoor District Council, Taunton Deane Borough Council and West Somerset Council to deliver Private Sector Housing Services. The Partnership Manager is the Private Sector Housing Manager for the three Councils, based at Sedgemoor.
- 2.2 The Partnership commissioned a comprehensive mapping exercise into the use of the private rented sector across Sedgemoor, Taunton Deane and West Somerset.
- 2.3 The use of the private rented stock across the three districts has been an aid to preventing homelessness and is a realistic solution for many types of households. Examples of incentives to private sector landlords already in place include the Deposit Bonds, Landlord Accreditation and Wessex Reinvestment Trust loans to bring empty properties back into use.

- 2.4 The continued use of the private rented sector is facing a new challenge from the proposed EDF Hinkley C Nuclear Power station. It is estimated that at the peak construction, around 3,700 of the 5,600 EDF work forces will require accommodation locally. This will come at a time when the Council also has to tackle the new welfare reforms including reduction and restrictions of local housing allowances.
- 2.5 The mapping exercise identified approximately 25,000 private rented properties across the three Council's. 6,428 are in the Taunton Deane area which has seen a growth of approximately 20% in the last two years.
- 2.6 On Homefinder Somerset there are 9,371 applicants awaiting housing across the three Council's, 3,685 (39%) of which are in the Taunton Deane area. Social housing provides accommodation for 24% of people waiting for accommodation. At the current rate of social build and taking into account the number of social housing re-lets available, The Private Sector Housing Team estimate that Taunton Deane would take 5.5 years to clear the waiting list as at May 2012. The mapping exercise revealed that single person households represented the biggest percentage (40%) of those waiting for accommodation. The impact of this is already being felt by our Housing Options Team, who are increasingly reporting a lack of supply of accommodation for our most vulnerable clients.
- 2.7 The private rented sector provides an ideal solution for accommodating single people as it is difficult to supply a large percentage of single persons accommodation in the social sector due to cost of the projects.
- 2.8 It is predicted that the proposed EDF Hinkley C Nuclear Power station will have a significant impact on the number of bed spaces available in the private rented sector. A substantial number of EDF workers will require accommodation. The nuclear project is a major long-term project spanning 8 years and although this brings benefits to the community it occurs at a time when the Local Authority will be considering other barriers to the use of the private rented sector including
- Prescriptive welfare reforms including reduction and restrictions of local housing allowances. This could disincentivise landlords from taking on tenants on benefits.
 - The new Localism Act 2011 and Tenure Reforms – introducing fixed term tenancies and affordable rents for social housing tenants
 - A reduction in mortgage lending
 - A lack of local affordable housing
 - The number of households on the Homefinder Somerset (HFS) housing register in relation to availability of social housing
 - A local and national increase in the numbers of households being accepted as homeless and the use of emergency bed and breakfast
 - A local and national increase in the number of rough sleepers

2.9 The Council must proactively respond to the anticipated loss of private rented properties by ensuring there is a comprehensive package available to private landlords and prospective tenants, particularly to incentivise landlords to take on the more vulnerable tenants. This is essential in order to maximise availability and ensure supply is maintained for local residents over the coming years.

2.10 One of the growing concerns is the competition that will be generated for such few available bed spaces. A recent consultation exercise was undertaken with landlords and one of the questions asked was about the barriers in accommodating households on the waiting list. The overwhelming response was the hassle factor and complexity with each Council having different working practices and policies. It was felt that it would be easier to take an employee from EDF and be guaranteed a higher level of rental income compared to the LHA levels. There were also concerns about the gap in LHA and rent charged and who was going to fund the difference.

3. Proposal for a Somerset West Local Lettings Agency (SWLLA)

3.1 The Local Authorities most affected by Hinkley C must respond proactively to the anticipated loss of private rented properties by ensuring there is a comprehensive package available to private landlords and prospective tenants. This is essential in order to maximise availability and ensure supply is maintained for local residents over the forthcoming years.

3.2 The SWLLA brings the relevant departments together across the three councils to offer a consistent service to landlords, especially those willing to take some of our more vulnerable households, for example, those on benefits. Existing staff will continue to work within their teams and existing budgets will be utilised to improve and refine the services we supply. Some examples of this will include shared website, shared marketing and one single database of landlords to monitor activity. The project will aim to secure 2200 bed spaces within the private rented sector by March 2013. This will go some way to offset the impact of demand from the EDF workers and assist with homelessness prevention across the three local authority areas.

3.3 The benefits of an agency are;

- To produce efficiency and value for money in developing a cross-boundary/region wide service targeted to private sector landlords
- To continue to assist with raising standards in the private rented sector, ensuring properties that the local authorities and partner organisations use are well managed and meet the minimum Decent Homes standard, particularly relevant for vulnerable people and those in housing need
- Positively respond to a reduction in the private rented sector which will affect the use of available housing options for local people and place further pressures on social housing
- To utilise the SWLLA to expand a range of housing services and support for local landlords and applicants
- To proactively respond to preventing homelessness and secure properties within the private rented sector to reduce the need for temporary accommodation and homeless applications
- Simplify website access to the housing services by offering a collective

range of housing options through a dedicated SWLLA website together with unique branding to launch and promote the scheme.

3.3 The expected outcomes for the SWLLA include:

- Working in an integrated way to ensure an early intervention approach, offering a range of incentives and support that landlords require. Building upon the trust between the housing departments and the private rented sector
- Housing Options support available to private rented sector landlords can be tailored to meet the landlords requirements – this standard of service is not currently offered by EDF to landlords rehousing construction workers
- Experienced housing staff working across the districts can offer on-going professional support which is marketed under one umbrella of services irrespective of the district that properties are in
- The SWLLA can act as a signposting service, working with service providers to deliver a housing management service which compliments the range of services on offer to private sector landlords
- The agreed range of incentives and services on offer under the umbrella of the scheme will provide links with area regeneration, Anti-Social Behaviour, community cohesion and social exclusion.
- A partnership SWLLA lowers the risk for landlords to accept tenants in receipt of LHA via safe-guards and will capitalise on fast track housing benefit systems already in place
- Operational structure – The SWLLA will be able to pull together resources from three local authority areas and respond collectively to national and local demands through monitoring of the scheme and success in rehousing.

3.4 All Authorities currently have products and schemes which meet their local needs and respond to local demands. However this can lead to incentive inflation where providers are working to their own template of incentives and scheme attributes. An underlying principle of the SWLLA will be that the range of benefits offered to landlords will be consistent across the three local authority areas and will be affordable, with no additional net cost to the Local Authority.

3.5 The SWLLA project team will take the lead in developing a framework which enables streamlining of the service. A private rented sector Protocol can be developed and this will include reference to joint working with all providers on marketing of material and the use of the SWLLA webpage and Homefinder private rented sector functionality. All Managers involved with the mapping exercise indicated a willingness to improve joint working and marketing of services to mitigate the loss of private rented sector properties to the EDF workforce.

3.6 The proposal put forward by the Somerset West Private Sector Housing Partnership is intended to tackle what will become a critical issue for the three Council's over the next five years; i.e. an acute lack of affordable private rented properties that the Council can access for those vulnerable clients to whom the Council has a duty to house. The principles of the SWLLA are to:

- Increase the supply of affordable private rented properties including the use of empty properties across the district.
- Sustain existing and new tenancies particularly for those who are vulnerable
- Encourage and support good management by landlords in the private sector through a package of measures designed to incentivise.
- Encourage choice of properties from the available stock
- Consistency across the three partner Councils, removing barriers and complexity so it is easier for tenants and landlords to engage
- Prioritise resources between the Councils to where the demand is.

3.7: It is envisaged that the SWLLA will be fully operational across all districts within 12 months and delivered within phases, which will include the production of policies and procedures to support the project. The longer term proposal is to develop a self-financing SWLLA option, either in full or part, but only after the scheme has been in operation and monitored for a 12 month period.

4. Community Scrutiny Comments

4.1 Overall Community Scrutiny were happy to accept the recommendations, highlighting that generally the proposal is a good idea, but made the following comments in relation to the report:

- They were divided about the actual impact of the proposed EDF Hinkley C Nuclear Power station, but felt that the proposal was a good option to attempt to mitigate any impact.
- They felt that EDF would offer support to the landlords of their tenants, but were not clear on the extent or nature of this support. They felt that the board should explore the lessons learnt from the past and from Gloucestershire.
- They were unhappy with the proposed name of the project, as they felt it does not really match the offer.
- They questioned what would happen to people who felt able to take up the offer of accommodation in the private sector, but wished to maintain their place on Homefinder Somerset to bid for social housing. The Housing Options manager has confirmed that people are able to remain on Homefinder and bids as required, but their banding will reflect their status.
- Members were concerned that there may be evidence of a rise in illegal evictions. The Board have acknowledged this and have asked Housing Options Managers to monitor the incidences reported to them. The Board is also exploring the possibility of developing a separate policy to cover this issue.
- Members were also keen to understand the impact of the pending welfare benefit changes and how these will affect the proposal contained within the report. They have requested that a separate report is presented to scrutiny on this issue.
- They requested an explanation of the scoring contained within the risk table. This has now been added to the report, but to clarify, the probability

and Impact sections are given a score of between 1 and 5, with 5 being higher, or more likely.

5. Finance Comments

- 5.1 The service will be developed at no additional net cost to the Council's budget. The service will be financed through the diversion of existing spend and resources; currently utilised by Housing Options and the Private Sector Housing Team; towards a unified approach and working closely with providers of support services to tenants. Existing resources and expenditure will include a Housing Options Officer and current spend on various deposit and bond schemes utilised by the Housing Options Team for homelessness prevention. Resources within the Private Sector aligned to the project will include the landlord accreditation scheme, the empty homes service and the landlord forum.
- 5.2 There is a proposal that terms of the Bond Scheme may be changed so that the guarantee is extended by twelve months. This will be absorbed within existing budget for the scheme.
- 5.3 There is a clear benefit from a Somerset West Partnership approach, where costs can be spread across all partners to jointly market and secure privately rented properties to rehouse local people, thus preventing homelessness and creating sustainable communities.

6. Legal Comments

The Rugg Review commissioned by the previous government recommended that local authorities should consider setting up local letting agencies to help them better engage with the private rented sector. The Council does have statutory power to set up a local lettings agency. A Social Letting Agency can be established using the as yet unrepealed powers under the Local Government Act 2000 2(1)(b) to "promote the improvement of social well-being" in the local authority area, and under the general power of competence pursuant to s1 of the Localism Act 2011 .

7. Links to Corporate Aims

- 7.1 Affordable Housing is a key Council priority, both to ensure decent housing across Taunton Deane, and to increase the number of affordable homes available.

8. Environmental Implications

None identified.

9. Community Safety Implications

- 9.1 Through the use of incentives and support the SWLLA can encourage well managed properties in the private rented sector which reduce the risk of crime and anti-social behaviour; in turn supporting social cohesion in the community.

10. Equalities Impact (see attached)

10.1 The SWLLA will actively encourage improvements in the private rented sector through incentives, advice and support. It would be in the Council's and the landlords' mutual interest to work exclusively with each other as both would benefit with what is on offer. Improvements in the fabric reduce signs of run down communities increasing the rentable value of the property. Community relations can be improved by providing support for tenants who have particular needs to encourage social cohesion. The Project will promote equality of opportunity by treating everybody fairly regardless of race, gender, disability, age, sexual orientation, religion or belief. One of the principle aims of the project is to eliminate unlawful discrimination through fairness and transparency in its application. Our Customer Services Charter underpins this ethos.

11. Risk Management

The table below shows the identified risks to the project. The higher the score given to the probability and impact the more likely it is that the event will occur and the higher the impact.

| Risk | Consequence To the customer | Probability | Impact | Action to mitigate | Will the report recommendations mitigate the risk YES/NO |
|-------------------------------------|--|-------------|--------|---|---|
| That Members do not agree the SWLLA | The Council would have to compete with the demands by EDF on the private rented sector and the fallout from other partners in the Partnership who are feeling the effects. Taunton Deane may also see its landlords accepting tenants from neighbouring local authorities which are offering the incentive scheme, leading to a further shortfall in private rented properties and increased homelessness bills for temporary accommodation. | 2 | 4 | That solid foundations are put in place to offer incentives which do not cost the Council additional funds and increase the number of bed spaces guaranteeing sustainment | YES |
| Insufficient staff resources | Services offered as part of the SWLLA would not be consistent. Customers | 2 | 4 | The SWLLA ensure that the incentives | YES |

| | | | | | |
|--|--|---|---|--|-----|
| | would lose interest in the project. | | | offered have sufficient resources assigned and procedures | |
| Incoherent Policies | Lack of joined up Policies will lead to an inconsistent service. This would portray no advantages to the landlord in being part of the SWLLA and will instead revert to EDF employees. | 2 | 4 | The Project Initiation Document sets out a framework to control any incentives that are developed in the SWLLA | YES |
| Partners not willing to work with the LLA | The SWLLA relies on the support of agencies. Without them some of the management support packages would not be able to be offered. | 1 | 4 | The Project Initiation Document set out the Board structure of the SWLLA which includes lead agencies who would link directly to similar business orientated agencies. | YES |
| Landlords are offered a package which later becomes unaffordable | Landlords become disincentivised with the scheme. | 2 | 4 | The project uses existing budgets which should be available for the foreseeable future. Taunton Deane's Housing Options Manager sits on the SWLLA Board and will highlight any issues if they arise. | Yes |

| | | | | | |
|---|--|---|---|--|-----|
| The SWPSHP is unable to deliver the TDBC funded case load | Available service will have to reduce. | 2 | 3 | Ensure this risk is clearly stated and mitigated within the partnership agreement | Yes |
| Where resources are shared. The board will need to ensure there is no duplication | Value for money is compromised | 2 | 3 | Risk will be monitored by the board through the representation of relevant managers. | Yes |

12. Partnership Implications

- 12.1 All three partnership Districts need to work together in order for the SWLLA to be effective and provide the level of service landlords have been requesting.

13. Recommendations

- 13.1 That the proposal to develop a Local Lettings Agency across the three Council partners be approved, subject to approval by the other two partner authorities and also subject to clarification of detailed governance and performance reporting (including financial) arrangements, for agreement by the Leader and Chief Executive .

Contact: Vikki Hearn
01823 358682
v.hearn@tauntondeane.gov.uk

