

Report to: Cabinet

Date of Meeting: 7 October 2019

Report Title: Update on Social Lettings Agency Business Case

Report By: Andrew Palmer, Assistant Director Housing and Built Environment

Purpose of Report

Cabinet previously approved the development of a new business case for the council's Social Lettings Agency (SLA). This report gives an overview of the business case and the next steps required to implement the new approach.

Recommendation(s)

- 1. That Cabinet supports the revised business case for the Social Lettings Agency and the next steps to implement the new model**
- 2. Cabinet approves the investment strategy for the Social Lettings Agency**
- 3. To continue to explore options to generate additional income through the social lettings agency, including providing management services to other local authorities**
- 4. To approve capital funding of £2,575,000 for additional investment in temporary accommodation**

Reasons for Recommendations

The purpose of the SLA is to improve access to good quality, well managed accommodation in the private rented sector for homeless households. The council needed to review the business case for the SLA, following changes to government funding for temporary accommodation and revised growth forecasts for the councils Housing Company.

Under the new model, the existing private sector leasing scheme will be expanded, to help reduce the council's use of emergency accommodation. The SLA will continue to provide management services for council-owned temporary accommodation. The SLA will also manage one of the properties owned by Hastings Housing Company, with the expectation that this role will be expanded in the future, as and when the company acquires more properties.

Introduction

1. The Social Lettings Agency (SLA) was set up with the primary purpose of helping to improve access to good quality, well managed, accommodation in the private rented sector for homeless households. Households are accommodated in properties leased by the council from private landlords.
2. The council is now experiencing an acute rise in demand for emergency accommodation. The profile of placements has also changed, with an increasing number of families living in emergency accommodation. In 2018/19 the council spent a total of £1,417,131 on emergency accommodation, incurring a net cost of £699,870 after housing benefit recovery.
3. The current crisis in homelessness means that the council must continue to explore opportunities to manage its use of emergency accommodation more cost effectively. Expanding the existing private sector leasing scheme is key to improving access to access to accommodation for homeless households and avoiding lengthy stays in emergency accommodation. The council has also invested in its own emergency accommodation, which is cheaper than traditional bed and breakfast accommodation. It is now proposed to build upon this and proceed with a second round of investment.
4. It was the council's intention that the SLA would also provide management services for all properties owned by Hastings Housing Company (HHC), and use its income from management fees to offset the cost of the private sector leasing scheme. The business case for HHC is currently being reviewed to take account of revised lending costs and future investment levels, and it is unlikely that further existing street properties will be acquired in the short term. The SLA will not receive the previous level of income from management fees to offset the cost of expanding the private sector leasing scheme. These costs will therefore need to be met from the council's revenue budget at least in the medium term.

Increasing Demand for Emergency Accommodation

5. The number of people living in emergency accommodation has increased by 192% over the past 3 years, from 51 at the end of 2016/17 to 149 at the end of 2018/19. The average length of stay has also increased significantly.
6. There are currently 155 placements living in emergency accommodation for an average of 161.1 days. Of the current placements, 78 households were families.
7. Some of the key factors impacting rising demand for emergency accommodation are:
 - i. Lack of affordable accommodation in the private rented sector. There is an increasing affordability gap between LHA and average rents in the private sector, meaning accommodation is inaccessible for benefit-dependant households. As the market for private rented accommodation has become competitive, landlords are often reluctant to accept tenants with a poor history of tenancy sustainment.
 - ii. Limited supply and low turnover of social housing – turnover of social housing is currently around 0.92% of the total stock. Average waiting times

on the housing register are 537 days, although this can be significantly higher for family sized accommodation.

- iii. Clients with increasingly complex needs are accessing mainstream homelessness services. Funding to social care services has been reduced. The county council's community based support service was reduced and 12 units of supported accommodation have been closed. As a result, individuals with increasingly complex needs are accessing mainstream homelessness services and emergency accommodation. These individuals often have low levels of independent living skills and struggle to find new accommodation. Given the lack of supported accommodation locally, many are placed in general needs emergency accommodation.
 - iv. The Homelessness Reduction Act, which came into force in April 2018, expanded the duties for local authorities to provide emergency accommodation for homeless households.
8. The current trend of increasing use of emergency accommodation also has a financial impact on the council. A breakdown of the average cost of bed and breakfast accommodation is set out below.

Number of bedrooms	LHA per week	Average cost per week in bed and breakfast	Number of placements
Studio	£69.77	£177	0
1 bed	£94.81	£177	77
2 bed	£123.90	£261	50
3 bed	£164.75	£301	16
4 bed	£201.49	£380	11
5 bed	£201.49	£417	1

Social Lettings Agency

Current Position

9. The SLA currently manages 20 units of accommodation through the private sector leasing scheme. Of the current tenants, at least 40% are owed a full homelessness duty by the council. This means that the council would have to

provide them with emergency accommodation, if they were not living in a SLA leased property.

10. A current breakdown of the properties leased by the SLA is listed below, together with the cost of providing the equivalent accommodation in bed and breakfast:

Number of bedrooms	Number of units currently leased by the SLA	Cost per annum of SLA lease	Cost per annum in bed and breakfast
HMO	10	£33,892	£92,040
1 bed	4	£17,654	£36,816
2 bed	1	£5,630	£13,572
3 bed	5	£39,084	£78,260
Total		£96,260	£220,688

11. Arrears for personal contributions, which are paid by people living in HMOs, currently stand at £23,671 against a target of £13,063. Tenants often fall into arrears as a result of delays processing their Universal Credit claims. Payments for properties leased by the SLA are now met by housing benefit. Officers are now working with tenants to develop repayment plans to bring this figure in line with the target.
12. If the council were to terminate the SLA now, its spend on emergency accommodation would increase significantly. It is also unlikely that we would be able to source a sufficient number of emergency accommodation placements locally to meet demand.

Future approach

13. The revised model for the SLA has 3 main elements; expanding the private sector leasing scheme as an alternative to emergency accommodation, property management services for council-owned temporary accommodation and property management services for properties owned by HHC.

Private Sector Leasing Scheme

14. Demand for homelessness services is likely to continue to increase over the next 4 years. Expanding the private sector leasing scheme will provide the council with a cost-effective alternative to emergency accommodation placements. This

is because the council often has to pay above market rents to secure emergency accommodation on a night by night basis.

15. The SLA currently leases 20 units of accommodation, it is proposed to increase this by a further 36 units (25x 2 bedroom units, 7x 3 bedroom units, 4x 4 bedroom units) over the next 18 months to reflect the rising demand for emergency accommodation. This will bring the total number of properties leased by the SLA to 56 by the end of March 2021.
16. The SLA will prioritise leasing family sized accommodation, as this achieves the biggest savings on our emergency accommodation spend. New placements will be for households who are owed a full homelessness duty and would otherwise be living in emergency accommodation provided by the council. Once the new approach has been agreed, the SLA team will use existing contacts, including the National Landlords Forum, to begin securing new properties.
17. Households living in properties leased through the SLA will be supported to find alternative accommodation in the social and private rented sector as soon as possible. Achieving this through-put is essential to maximise the costs avoided in emergency accommodation. Two dedicated housing management officers will equip households with the skills they need to access and sustain new accommodation and minimise the risk of them becoming homeless again in the future. The council will also provide financial support, such as interest free loans for rent in advance and deposits, to improve access to private rented accommodation.
18. Properties will be leased for a period of 3 years, with the option for either the council or landlord to terminate the lease with 3 months notice. Rent payments to the landlord will be guaranteed for the duration of the lease and fixed at the 2019 median private rent. Leasing properties in this way will enable the council to respond to any changes in demand for emergency accommodation placements.

The council is able to re-coup some of these costs through the LHA. Although the council will need to top-up these payments to bring them in line with median market rents, this will be cheaper than securing traditional emergency accommodation. For the second round of leasing, the total net cost to the council through the SLA will be £100,324, compared to a net cost of £264,955 if the council were to place the same households in emergency accommodation.

19. A full breakdown of the types of properties the SLA will be seeking to lease can be found at [appendix A](#).

Management services for council-owned temporary accommodation

20. In October 2018, Cabinet set aside a capital budget of £3,142,614 for the council to purchase its own emergency accommodation. This approach is cheaper than securing the same accommodation by traditional routes and provides greater flexibility over the management of housing stock.

21. The original capital allocation is now fully committed, and the council has identified a total of 17 units of accommodation (8x 2 bedroom units, 8x 3 bedroom units and 1x 4 bedroom unit).
22. In July 2019, Cabinet instructed the Assistant Director for Housing and Built Environment to develop a further round of capital investment in temporary accommodation. The report indicated an indicative budget of £2,500,000, by reallocating capital funding which had been set aside for HHC to be invested in emergency accommodation instead. The investment will be financed by a loan from the public works loans board and forms part of the council's treasury management strategy. A full breakdown can be found in [appendix A](#).
23. The additional investment will enable the council to acquire a further 15 units of accommodation (13 x 2 bed units and 2x 4 bed units) by the end of March 2021. The profile of properties to be acquired has been based on current emergency accommodation placements, as set out in paragraph 9.
24. A second round of investment will bring the total number of units of council-owned temporary accommodation managed by the SLA to 32 by the end of March 2020, with the total costs avoided in the region of £300,000 per annum. The SLA will provide property management services, including organising repairs and maintenance.

Management services for properties owned by Hastings Housing Company (HHC)

25. The SLA manages 1 property on behalf of HHC. The property comprises two self-contained flats and a 3 room HMO. The remaining HHC portfolio is largely let as general needs market rented housing and managed externally by a local provider for a fee. This is a pragmatic arrangement which recognises the councils current limitations in terms of the management capacity but it does affect the level of return that the housing company is able to achieve on the properties.
26. Under the management arrangement between the SLA and HHC, the SLA achieves an income of 8% of rent for managing the existing property. The SLA is projected to achieve an income of £4,307 per annum in management fees from HHC.
27. It had originally been intended that HHC would continue to acquire street purchases and that these would be managed by the SLA. However, the latest CIPFA guidance on council borrowing has necessitated a review of the HHC business case, and it has been necessary to suspend the street property acquisition programme whilst the implications of this upon the company and councils investment return is fully considered.
28. It is the intention that the SLA will increase the number of properties it manages for HHC in the future, as further acquisitions are made or the company develops its own units. This is most likely to occur in situations where it can acquire or develop new homes directly as part of new development proposals.

29. However, in the medium term the income achieved from managing HHC-owned properties will not be sufficient to offset the cost of the private sector leasing scheme and the council will need to continue to support the SLA through the alternative means outlined.

Staffing

30. It is proposed to create a second housing management officer role within the SLA to include a second housing management officer post. This is to reflect the additional units of accommodation managed through the scheme and also the enhanced level of support that will be provided to households to secure long term housing.

31. The SLA will be managed by the following staff:

- 1x FTE housing operations manager
- 2x FTE housing management officers

32. The Housings Operations Manager and 1 Housing Management Officer are currently in post. It is proposed that funding of £28,000 will be reallocated from the Accessing the Private Rented Sector project to part-fund the second Housing Management Officer role in 2019/20. Beyond March 2020, the costs of all three roles will need to be met from the SLA budget.

Management Services

33. Other local authorities have seen similar increases in their use of emergency accommodation and are now considering leasing properties in the private rented sector and acquiring their own temporary accommodation. There may be scope for the SLA to manage properties on behalf of other local authorities in return for a management fee. This additional income might offset the net cost of the SLA to the council.

34. A separate report will be brought to Cabinet if it is viable for the SLA to provide management services for other local authorities.

Project Board

35. The ongoing development of the SLA will continue to be overseen by a project board, comprising colleagues from housing, legal and financial services.

Financial Implications

36. It had originally been intended for the SLA to become cost neutral to the council by the end of 2019/20, due to the additional income received in management fees from HHC. HHC is not currently planning to make further street acquisitions at present. Therefore, this is no longer considered to be achievable.

37. The number of people living in emergency accommodation has increased on average by 54% each year for the past 3 years. So far in 2019/20, demand for emergency accommodation has begun to stabilise. We are therefore projecting that demand will increase at a slower rate of 38% each year for the next 3 years.

However, this is a demand-led service and given the underlying economic drivers for the increase, further rises in demand cannot be ruled out.

Year	Net spend on emergency accommodation without the new model	Net spend on emergency accommodation with the new model
2019/20 budget projection	£680,118	N/A
2019/20 revised budget projection	£965,230	£935,816
2020/21	£1,330,508	£1,051,520
2021/22	£1,896,986	£1,387,416

38. If the new model agreed, the projected spend on emergency accommodation will be £1,051,520 in 2020/21, if demand continues to increase.

39. The table below sets out the running costs of the social lettings agency:

	2019/20 budget projection	2019/20 revised budget projection	2020/21	2021/22
Employees	£57,210	£74,380	£111,030	£111,030
Premises	£21,350	£26,195	£46,150	£46,150
Transport	£600	£156	£310	£310
Supplies and Services	£316,200	£155,949	£315,580	£419,550

Support Services	£11,130	£11,130	£11,130	£11,130
Income	-£391,100	-£201,907	-£300,457	-£371,237
Grant funding	-£26,000	-£65,903	£0	£0
Net cost	-£10,610	£0	£183,743	£216,933

40. The revised supplies and services and income projections for 2019/20 reflect that a number of leases have come to an end in this financial year and the new housing benefit arrangements for SLA properties.
41. The council is heavily reliant on Flexible Homelessness Support Grant to offset the cost of the social lettings agency and emergency accommodation. The level of grant the council will receive in 2020/21 and 2021/22 has not yet been confirmed. If the grant were to be discontinued in the future, the costs of the SLA and emergency accommodation would need to be met from the council's core budget.
42. If the council carries out a further round of capital investment in its own emergency accommodation it will incur additional revenue costs to repay the loan from the public works loans board, it will also receive additional income in respect of Local Housing Allowance:

Loan repayments	£225,759
Local Housing Allowance income	£235,266
Net income:	-£9,507

43. The new income will be used to offset the running cost of the SLA. If the council were to discontinue the SLA it's spend on emergency accommodation would increase, as it would need to offer alternative accommodation to the households currently living in leased properties. The council would also incur additional costs in terms of the management of its own emergency accommodation.
44. The factors which are underpinning the rise in emergency accommodation are unlikely to change in the short term. Therefore it is essential that the council continues to find cost effective ways of accommodating homeless households, by purchasing its own emergency accommodation and leasing properties from the private rented sector.

Availability of Social Housing

45. Social housing is increasingly inaccessible for households leaving emergency accommodation. Turnover of social housing is low, currently around 0.92% of total social housing stock. The average waiting time on the housing register is 537 days, although this can be significantly higher for family sized accommodation.
46. The council has been working to develop a service level agreement with Optivo, which would enable them to make a small proportion of their housing stock (around 7 units per year) available as temporary accommodation. The service level agreement is currently being finalised and we expect it to be in place by November.
47. Under current arrangements, households priority banding is downgraded on the housing register when they move into a property leased by the SLA. It is proposed that this practice is stopped under the new model, to support households access accommodation in the social sector.
48. It is proposed that the council also undertakes a review of its allocation policy for social housing, to reflect changes in demand for homelessness services.

Reliance on external funding

49. The council is heavily reliant on external funding streams, principally from the Ministry for Housing, Communities and Local Government (MHCLG), to enhance its homelessness prevention activities. Whilst the additional resources are welcomed, the short term nature of much of the funding creates challenges when developing a strategic approach to addressing homelessness.
50. The SLA is currently partly funded from the council's FHSG allocation. The MHCLG has not indicated if FHSG payments will continue to be made beyond March 2020, it has therefore been assumed that the running costs for the SLA will need to be met from the council's revenue budget from April 2020 onwards. If further FHSG funding is announced, there may be scope for the council to offset some of the running costs for the SLA using the grant.
51. In March 2019, the council secured additional funding through the MHCLG's Accessing the Private Rented Sector funding stream, for a project which provides tenancy sustainment support for households leaving emergency accommodation. The project was mobilised during quarter 1. In its first 6 weeks of operation the officers have successfully prevented 4 new placements in emergency accommodation and secured move on for 6 families from emergency accommodation. The MHCLG is due to announce new funding opportunities in November 2019 and we will explore opportunities to continue this approach through the funding.
52. Hastings Borough Council led a successful bid, in partnership with Rother District Council, Education Futures Trust, Fellowship of St Nicholas and Sussex Community Development Association for a project proving specialist employability and tenancy sustainment support for homeless households,

particularly those living in emergency accommodation. The project is due to be mobilised in autumn 2019.

Policy Implications

53. Once the new model has been agreed, the SLA team will work closely with the council's legal and finance team to review and update our working practices to reflect the new approach.

Conclusion

54. It has not been possible to develop a model for the SLA which is independent of financial contributions from the council, at least in the medium term.
55. However, given the increasing demand for emergency accommodation it is essential that the council continues to improve access to accommodation in the private sector through the expanded leasing scheme. Terminating the existing scheme would also see the council's spend on emergency accommodation increase further.
56. Acquiring further units of temporary accommodation is an important way the council can manage its use of emergency accommodation more cost-effectively and reflects good practice from other local authorities.
57. A combined model of increasing the number of units of temporary accommodation owned by the council and expanding the private sector leasing scheme, will ensure the council retains the flexibility to respond to changes in demand for accommodation.
58. SLA's remain a key part of national policy for addressing increases in emergency accommodation. The Rowntree Foundation is currently lobbying government to increase LHA rate in line with private rents, which would improve the viability of such schemes.
59. Assessing likely future demand for temporary accommodation is problematic given the large number of variables involved. Best estimates therefore have to take account of current spend and the recent trajectory in recent years whilst considering the potential impact of any existing or planned compensatory measures introduced. There may well be a case for a further expansion of the acquisition programme depending upon the impact of the measures outlined in this report.
60. Officers will undertake a further assessment over the coming months as the programme proceeds to review our position at the end of the current financial year. We will also undertake a full review in March 2021, when we are expecting the new model to reach full capacity in terms of leased properties and council-owned accommodation. This will enable us further assess progress, respond to any further changes to market conditions and confirm our future approach.

Next Steps

61. The table below sets out the next steps to mobilise the new SLA scheme:

Action	Key milestone	Due date (provisional)	Responsible
Draft Management Agreement between HHC and Hastings Borough Council	Management agreement in place	September 2019	Property and Contracts Officer / Strategic Housing and Projects Manager
Finalise Housing Management procedures.	Revised Management Procedures in place	October 2019	Housing Operations Managers
Finalise payment processes under the new SLA models	Payment processes finalised.	October 2019	Housing Operations Managers
Promote the new SLA models to landlords.	New SLA models promoted at Landlords Forum	October 2019	Housing Operations Managers
Go live with new SLA models and keep under monthly performance review.	Project plan finalised by SLA and Temporary Accommodation Group.	November 2019	Housing Operations Managers

Wards Affected

All wards

Implications

Relevant project tools applied? Yes

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness
 Crime and Fear of Crime (Section 17) No
 Risk Management Yes
 Environmental Issues No
 Economic/Financial Implications Yes
 Human Rights Act No
 Organisational Consequences Yes
 Local People's Views No
 Anti-Poverty Yes

Additional Information

Appendix A – SLA Scope
Appendix B - Key Assumptions
Appendix C – Risk Register

Officer to Contact

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Appendix A – SLA Scope

Private Sector Leasing Scheme

The table below sets out the projections for the properties the SLA will be seeking to lease, based on current emergency accommodation placements:

Number of bedrooms	LHA per week claimed by the SLA	Median private rent	Number of properties required	Net cost through the SLA
2 bed	£113.63	£162.00	25	£62,881
3 bed	£150.58	£207.00	7	£20,537
4 bed	£194.72	£276.00	4	£16,906

For the second round of leasing, the total net cost to the council through the SLA will be £100,324, compared to a net cost of £264,955 if the council were to place the same households in emergency accommodation.

Emergency Accommodation Acquisitions

Set out in the tables below are the capital and revenue costs for a second round of investment. The projections are based on experience from the first round of acquisitions:

Capital costs

	Purchase price	Stamp Duty	Refurbishment Costs	Fixtures and Fittings
13x 2 bed units (based on a purchase price of £140,000)	£1,820,000	£58,500	£65,000	£32,500
2x 4 bed (based on a purchase price of £280,000 per property)	£560,000	£16,500	£10,000	£12,500
Sub Total	£2,380,000	£75,000	£75,000	£45,000
Total	£2,575,000			

Appendix B – Key Assumptions

Hastings Housing Company (HHC) –

- The SLA will continue to manage 5 units of accommodation on behalf of HHC until at least 31 March 2023.
- SLA will not manage any further properties on behalf of HHC between 2019/20 and 2022/23.
- Beyond 2023, the number of properties acquired by HHC will be subject to a separate business case and the council's broader capital programme.
- Rent back will be at 8% below the rent that Hastings Borough Council receives to cover the management charge.
- The majority of HHC properties will be let at a market rent, rather than LHA level rent.
- HHC as a landlord will be responsible for the maintenance costs of its portfolio.

Private Sector Leasing Scheme –

- The SLA will lease 2 new properties each month, on average, in 2019/20 (based on previous experience operating the existing SLA).
- Landlords of existing properties leased to the SLA will accept the terms of the new leases.
- New leases will be based on median market rents.
- Landlords will remain responsible for the maintenance costs of their properties.
- The council will be liable to cover the cost of any damage to the property caused by the tenants (listed as property handback costs in the budget). The council's liability for damage will be limited at 5 weeks rent.

- Housing Renewal will inspect SLA properties and any category 1 hazards will be addressed before a lease is signed.
- The SLA will prioritise leasing family-sized accommodation (minimum 2 bedrooms), as this achieves the biggest savings on emergency accommodation spend.
- The SLA will not prioritise leasing further HMO's, as these have a higher impact on management resources within the SLA.
- Exit costs will be reduced, as liabilities for tenant damage has been reduced within the new leases.
- Tenants will be issued with a non-secure tenancy.

Temporary Accommodation

- The 17 units of accommodation already acquired will be retained by the council until at least 31 March 2023.
- A further round of capital investment is approved, allowing the council to acquire a further 15 units of accommodation by 31 March 2021.
- Prioritising purchasing modern, low maintenance, family-sized accommodation.
- The council will be responsible for the maintenance costs of its properties. These works will be carried out by the council's authorised contractor.
- The personnel costs for managing temporary accommodation will be absorbed within the SLA.
- Any category 1 hazards will be identified during the purchase process, and addressed before households are placed in the accommodation.

Smaller blocks of accommodation will be prioritised, to minimise the risk of anti-social behaviour.

Appendix C – Risk Register

Risk	Likelihood	Impact	Mitigation
1. Not enough landlords willing to rent properties under the model .	Low	High	<ul style="list-style-type: none"> Consider financial assessments to require rent top ups from tenants where affordable. Initial feedback from landlords indicates interest in a guaranteed rent model. Evidence of operating the SLA leasing scheme since 2015 is that a procurement rate of 2 per month is typical for a scheme offering guaranteed rents in Hastings.
2. Tenants experience poor property conditions and a risk to their health.	Low	High	<ul style="list-style-type: none"> All properties will be inspected by the council under HSSRS before being managed and will receive 6 monthly inspections thereafter. All properties will be installed with smoke alarms and carbon monoxide detectors (where required) and will be tested every 6 months.
3. Lower than anticipated level of rental income	Low	High	<ul style="list-style-type: none"> Ensure enough officer resource is allocated to income recovery The Sla team will work closely with temporary accommodation officers to minimise void periods Utilise eviction procedures Implement UC exemption
4. Level of rent arrears is higher than projected.	Low	Med	<ul style="list-style-type: none"> Ensure rent account management software is utilised Utilise eviction procedures Ensure enough officer resource is allocated to income recovery Overall viability of the SLA will be reviewed monthly by the project group.

			•
5. Level of government grant available in future years is not sufficient to make the SLA viable.	Low	High	<ul style="list-style-type: none"> • All properties managed by the SLA can be terminated if scheme is not viable. • Overall viability of the SLA will be reviewed monthly by the project group • The justification for the SLA is based on avoiding costs in emergency accommodation; therefore any additional costs would need to be met from the council's core budget.
6. Income reduces as a result of the implementation of benefit reforms or changes in statutory guidance.	Low	High	<ul style="list-style-type: none"> • Regularly review the viability of scheme • All agreements will contain break clauses and can be terminated. • Tenants can be rehoused by the Housing Options team where needed.
7. A high number of households require rehousing if SLA is unviable beyond March 2020 because grant funding is not available.	Low	High	<ul style="list-style-type: none"> • The Housing Options service has expertise to rehouse households in the PRS and social housing • Landlords may wish to keep tenants under alternative property management readily available in the market • Maximise time available to achieve rehousing by close project and performance monitoring
8. Reputational risk to the council	Low	Med	<ul style="list-style-type: none"> • Communication and project plan • Regular project performance monitoring • Council corporate scrutiny procedures.
9. The government intends for UC to be fully rolled out in longer-term. Change in HB subsidy back to UC.	High	Low	<ul style="list-style-type: none"> • SLA is currently exempt from UC • HBC continue to engage with MHCLG and DWP on future plans for UC full rollout. • Keep viability under review. • Overall viability of the SLA will be reviewed monthly by the project group

10. Higher than anticipated level of voids	Low	High	Ensure re-let times are kept to a minimum by: 1) identifying tenants in advance 2) timely repairs and void turnaround 3) close housing management to ensure timely rent payments, minimal evictions and minimal absconding
11. Accommodation becomes unaffordable for tenants	Low	Low	<ul style="list-style-type: none"> • Ensure regular property inspections and accounts management to ensure incomes are maximised • Work with Housing options team and wider partners to find alternative accommodation for tenants who cannot afford accommodation.
Exit Strategy			
12. Demand for emergency accommodation falls and the council retains void units	Low	Med	<ul style="list-style-type: none"> • The purpose of a mixed approach of property acquisitions and expanding the private sector leasing scheme is to give the council flexibility to respond to changes in demand for emergency accommodation. If demand for a particular type of property falls, leases can be terminated early and placements made in council-owned accommodation instead.
13. House prices fall and the council is unable to recover its capital investment	Low	Med	<ul style="list-style-type: none"> • The council can recover its capital investment in emergency accommodation by disposing of the properties to HHC or on the open market. • If there is an economic downturn, demand for homelessness services and emergency accommodation is likely to rise. The council is unlikely to seek to dispose of its accommodation in these conditions. • If economic conditions improve and demand for homelessness services

			reduces, the council will be able to dispose of its properties in favourable market conditions.
Governance			
Regular project reviews		<ul style="list-style-type: none"> • The SLA project board will continue to meet quarterly to review progress with the new scheme. • An interim review will be undertaken in March 2021, to assess the impact of the new approach. • A full review will be undertaken in summer 2022, to assess the future options for the SLA. 	