

**Agenda Item No: 5**

**Report to:** Cabinet

**Date of Meeting:** 2 February 2015

**Report Title:** Social Lettings Agency

**Report By:** Andrew Palmer  
Head of Housing and Development

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### **Purpose of Report**

To advise of the results of a feasibility study carried out into the establishment of a Social Lettings Agency for the town and to recommend the piloting of a private sector accommodation leasing scheme as the first stage of the Council's plans.

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### **Recommendation(s)**

- 1. To seek Cabinet approval to pilot a Private Sector Leasing Scheme in 2015/16 as part of the establishment of a Social Lettings Agency.**

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### **Reasons for Recommendations**

Private rented sector accommodation in Hastings is becoming increasingly difficult to access for local people in housing need. Many low income households report problems securing accommodation due to the level of fees and deposits charged by letting agents and landlords and a reluctance by some to let to those in receipt of housing benefit.

Current levels of financial assistance available to support local people into accommodation, such as that provided through the East Sussex Discretionary Support Scheme and the Welfare Reform service (funded by East Sussex County Council), may continue but reduce from April 2015 exacerbating the problem.

At the same time the Council continues to receive reports concerning the poor quality of accommodation or the standard of housing management offered to some of those who have managed to find housing.

The Council has therefore been exploring other options to enable households to access accommodation that is affordable and of good quality.

A feasibility study was commissioned to consider the Council developing a Social Lettings Agency with the aim of reducing tenancy start-up costs and improving accommodation and housing management standards. This report sets out the main

findings of the study and recommends that consideration is given to the establishment of a pilot leasing programme in 2015/16 as part of the development of a Social Lettings Agency to assist the Council to meet housing need in Hastings. (The full feasibility report is available on request).

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## Background

1. Hastings has a proportionately large stock of private rented sector (PRS) housing which is more than double the national average. Until comparatively recently PRS accommodation in Hastings was regarded as relatively accessible with a significant element of the stock providing an affordable, if not always the highest quality housing option, for many local people on low incomes. However, the Hastings housing market has changed significantly over the last 10 years as demand for accommodation across all tenures has risen. This demand has been generated both from within and from outside of the area.
2. The rising demand and competition for social rented housing and lack of affordable opportunities to enter the owner occupier sector has resulted in a significant shortfall in the supply of accommodation available to meet local housing needs at a price that many can afford. At the same time there has been an increasing preference amongst some younger households for the flexibility that private renting can offer in terms of employment and mobility. As a consequence of increased demand, the costs of renting privately in Hastings have generally risen. This has not only been felt in increased rents but also tenancy starts up costs. Letting agents are able to charge higher fees and local households are finding it increasingly hard to access private accommodation due to costs of rent in advance, deposits, holding fees, credit check charges and other administration charges. In addition to the financial challenges, many tenants continue to report poor management and/or accommodation standards in some accommodation. These issues have been well recognised and the Council has been awarded specific funding for tackling rogue landlords by the DCLG.
3. Some lettings agencies charge management fees of up to 15% of the weekly rent and high 'hidden charges' for administration functions on behalf of landlords e.g. renewal of tenancy agreement or termination of the contractual agreement between landlord and agency. Feedback to the housing options team suggested there seems to be some dissatisfaction expressed by both landlords and tenants with the quality of service offered by some agents. So concerned has the Government become that they have recently introduced a Redress Scheme which places a legal requirement on an estate agent that deals with the letting and/or management of rented property to join an approved scheme. Nevertheless there is some concern this will not adequately address the problem. The Council as a public agency is exempt from the requirement to join the scheme.
4. The Welfare Reform Act 2011 has ushered in a number of wide ranging changes to welfare benefits which will have reduced benefit related income for many households. A significant number of local households have been affected in both the social and private rented housing sectors and rent arrears have increased. Many of these households have sought to resolve the situation by moving to more

affordable alternative accommodation. Often the private rented sector has been the only available solution which has placed further demands on the sector.

5. The local pattern of activity to source alternative affordable accommodation is mirrored nationally and some households have been required to relocate to more affordable locations such as Hastings. The Localism Act 2011 made it possible for Local Housing Authorities to discharge a homelessness duty into private rented sector accommodation. This has prompted some Authorities in higher value areas to relocate homeless households to Hastings. Numbers are relatively modest at present; however, the financial incentives offered to local landlords to accommodate households from outside the area make it less likely that they will choose to accommodate local people on lower incomes, given a choice.
6. Current social housing vacancies total around 400 per year. This is well short of what is needed to meet the demand from local people requiring suitable accommodation. At the same time the privately rented and owner occupier sectors within Hastings are no longer an affordable option for many households on low or moderate incomes.

### **Social Lettings Agency: options explored**

7. The Council commissioned Shelter to assess the feasibility of further developing existing accommodation based services, such as Letstart, so as to assist local households in housing need to access private rented sector accommodation. The work centred on options for working with private landlords, including considering whether it was feasible for the Council to operate a Social Lettings Agency (also known as a Local Lettings Agency).
8. For the purpose of this report a Social Lettings Agency (SLA) is defined as a 'stand-alone' Council service that offers a range of housing management solutions to private landlords. The aim of a SLA is to make accommodation accessible and affordable for local households struggling to secure housing in the private sector and to offer a quality management service to landlords and tenants.
9. The SLA has two distinct parts to the service:
  - i. Leasing accommodation in the private rented sector to make available for people accessing the Council's services for assistance with homelessness prevention
  - ii. Managing accommodation on behalf of private landlords in competition with high street letting agents
10. Shelter's report concluded it was feasible to establish a social Lettings Agency and a summary of their findings are attached in appendix 1.

### **Response to Shelter's recommendations**

11. In response to the report recommendations and following further discussion with Shelter, officers have concluded that the piloting of a Social Lettings Agency should initially concentrate on leasing self-contained accommodation only. If the pilot proves successful we would consider the further development of the Social Letting Agency to encompass management of private sector housing in future years

12. In respect of the leasing model the Council and property owner would enter into a legal agreement (lease) for a specified period of time. The lease allows the Council to sub-let the property to people in need of housing. The Council would be the landlord and responsible for paying a leasing fee to the owner, usually at a rate below market rent. The fee to the owner would be guaranteed regardless of whether the unit is void and responsibility for managing the property would be with the Council. There is no contractual arrangement between the owner and a tenant. The Council will typically pay a landlord a leasing fee on a monthly basis; take care of some internal repairs; make good any damage that may be caused by occupants, (except fair wear and tear); and return the property with full vacant possession at the end of the lease. The full costs of leasing are met through rental income and Housing Benefit.
13. The project implementation phase would be managed within existing staff resources. Additional staff would be recruited from April 2015 once the pilot scheme was launched and property was being leased. The staffing numbers would increase in line with the number of properties acquired.
14. Having considered capacity and scheme financing, the project team is proposing leasing a minimum of 60 units and a maximum of 100 units in the first year. A minimum of 60 units would be needed to ensure the service is cost neutral. 100 units are considered a maximum in terms of managing all risks in the first year of any new service. If the pilot is successful, consideration would be given to extending the leasing scheme in future years.

## **Proposals and considerations when leasing accommodation**

15. Details of the proposed pilot leasing scheme to be developed in year 1 (2015/16) are set out under the following headings:
  - Financial considerations
  - Project planning and timescales
  - Terms of leases with owners
  - Security of tenure for tenants
  - Rental Income from tenants
  - Housing Management & Support Costs
  - Void assumptions
  - VAT considerations
  - Net income/expenditure
  - Potential impact of Universal Credit and any PSL Housing Benefit subsidy changes.
  - Legal considerations
  - Risks
  - Staffing and organisational implications
  - Repairs

- Access to service

### **Financial Considerations**

16. The figures have been based on PSL schemes operating in other Local Authorities. Project planning and timescales and are considered to be financially sound.
17. If Cabinet were to approve the pilot scheme, then preparation would take place with a view to launching the Hastings Borough Council Social Lettings Agency scheduled in April 2015. A detailed action plan and time line is available on request.
18. Project planning to date has been extensive and overseen by a multi-disciplinary project team. The project implementation phase will be managed by the same cross service internal officer team including the Housing Needs and Enabling Manager, a Senior Housing Options officer, Homelessness Policy Officer, Letstart Coordinator, a Housing Support Officer and officers from the Contact Centre team, Revenues and Benefits Officers, Finance and Legal Services officers.
19. The introduction of a leasing scheme will impact upon the resources of several Council service areas. It is therefore proposed the scheme is gradually introduced from April 2015 to minimise risks associated with the introduction of a new service.

### **Terms of lease with owners**

20. The lease will detail:
  - Standard 3 year leases between the owner of the property and the Council with a three month break clause
  - Local Housing Allowance minus 7% per week rental income for the owner regardless of any voids.
  - Free property management
  - Approaches to tenant damage, general wear and tear, repairs and returning the property back to the owner in the same condition it was leased.

### **Security of tenure for tenants:**

21. As a Local Authority landlord, the legislation is such that the Council can only offer Secure or Non Secure tenancies. By comparison, a Housing Association can only offer Assured or Assured Shorthold Tenancies.
22. Tenants will be provided with a Local Authority non-secure tenancy which would be the only tenancy applicable given the circumstances. This type of tenancy would permit the council to gain possession in the event that either party wanted to terminate the lease or if the Council wanted to recover the property on grounds of non-payment of rent or continued antisocial behaviour. It should be noted that the Council would still require a court order in the event that a tenant refused to vacate.

## **Rental income from tenants**

23. Weekly rents for tenants will be calculated using the DWP formula of Local Housing Allowance in 2011, minus 10%, plus up to £60 per week. (The use of 2011 LHA is a statutory requirement) The figures in appendix 1 are used in the financial modelling for the scheme.

## **Housing management and support costs**

24. Housing management will initially be delivered through the Council's Housing Options Team. As the numbers of leased properties increase and the workload of housing management increase, additional officer resource will be required to operate the scheme. This will be funded through the surplus generated from the leasing income. A service with 200 leased units is anticipated to require 5.5 staff members who would take responsibility for all work associated with the scheme.
25. The Social Lettings Agency will provide a housing management service to include a tenant finder service, tenancy/lease sign up, inventory, mediation, direct links to the housing benefit team, rent monitoring, direct payment of Housing Benefit where needed, referral to supporting agencies specialising in tenancy sustainment, tenancy checks, work around notices and court possession proceedings.
26. The Council currently offer a number of these services through Letstart, delivered through the housing options team. It would be possible to extend the service and increase resources to deliver the service. The Housing Options Team has the expertise to implement this in-house with the assistance of the Council's Legal services to draw up a standard lease and non-secure tenancy agreement.
27. Housing support will be provided by HomeWorks, the generic housing related support service which was jointly commissioned with the Council and is funded through East Sussex County Council's Supporting People Programme. In addition, the Council staff operating the Social Lettings Agency will ensure appropriate support packages from statutory services are in place before a tenancy begins to maximise the chances of successful tenancy sustainment.

## **Void assumptions**

28. As this is a new scheme, voids are estimated to be low in the first year and approximately 3% of the income is allocated to cover voids. This is in line with the advice of Shelter.

## **VAT considerations**

29. Finance officers sought financial advice from LAVAT and this has confirmed the appropriate VAT treatment in relation to the leasing activity.
30. Based on the financial model of up to 60 units in year one it is anticipated that the partial exemption limit of 5% will not be exceeded. It would be advisable to review this position before increasing the number of leased units.



## **Net income/Expenditure**

31. The detailed budget projections are included in appendix 3. This details the income and expenditure for two years based on the leasing of 60-100 units in year one. It does not include any projections for expanding the service to include a letting and housing management service for private landlords or leasing shared accommodation. This would be the subject of a further report to Cabinet.

## **The potential impact of Universal Credit and any PSL Housing Benefit subsidy changes.**

32. The Government have not confirmed how Universal Credit will affect the current PSL subsidy arrangements. Once details are made available the project team will assess the risks to the SLA model.

## **Legal considerations**

33. Legal Services has been specifically sought in three discrete areas. They are as follows (with answers);
1. What are the Council's powers for setting up the social Lettings Agency? Is there a requirement to set up a standalone vehicle in order to provide the services envisaged.

The Council's general powers are to be found under Section 120 Local Government Act 1972. These allow the Council to acquire the leasehold interest in 3 year leases of private sector accommodation. The Council can grant non secure tenancies of these leasehold tenancies subject to certain conditions dependent upon what Housing legislation is used. In cases where there is a homelessness duty there seems to be little problem. However in instances where the Council offers a leased unit to an individual who has made homelessness application there is uncertainty whether the accommodation can be classed as temporary within the meaning of Housing legislation. There is a risk that a tenancy that is offered as a temporary solution to a household's homelessness to meet a statutory duty may not be seen as "temporary accommodation" within the meaning of Schedule 1 paragraph 6.

There is no statutory requirement on Hastings Borough Council to establish a standalone vehicle in order to acquire and charge rents. However should the scheme progress this is something the Council could consider in the future and it would alleviate the risk as described above.

2. The Council wants to introduce a selective licensing scheme pursuant to the Housing Act 2004 (currently out for consultation) If the Council form an "in-house" social lettings agency, would the properties leased by the Council from the private sector be caught by such licensing scheme or would the same properties be exempt?

It is proposed that the Council will take leases of private sector properties for the purpose of letting them out to households to occupy as residential accommodation, for which they will charge rent. There is a strong argument that this is a business activity within the meaning of the 1954 Landlord and Tenant Act where the tenancies being granted by the Council are non-secure in pursuance of its functions under Part VII of

the Housing Act 1996 to meet a homelessness duty. The leases of private sector properties should be expressed to be 1954 Act tenancies in order to strengthen the argument that they are exempt from selective licensing. Article 2 of the Selective Licensing of Houses Order provides that a tenancy or license of a house or dwelling that is managed or controlled by a local authority is exempt. This would exempt from selective licensing the tenancies granted by the Council of the leased properties.

3. What do private sector Landlords who are currently part of the Letstart Scheme have to do to join up to the Social Lettings Agency?

Under the relevant Housing legislation the Council would need to address this by either:

- Asking the exiting landlord to grant a lease to the Council when the property next becomes vacant
- With the agreement of the existing landlord and tenant ask the tenant to serve notice to terminate his/her assured shorthold tenancy and upon termination of that tenancy, take a lease of the property from the landlord and grant a new tenancy to the same tenant. A council tenancy would be non-secure and offer less legal protection for the tenant. This would need to be made clear to the tenant.
- Ask the landlord to issue possession proceedings to regain vacant possession of the property and to grant it a lease of the vacant property. The Council could then grant tenancies to an applicant of its choice. There are no plans to do this

It should be noted that the SLA is not dependant on Letstart landlords transferring their properties into the scheme and to date enquires about leasing have come from a range of landlords including the larger portfolio holders.

The main risks would seem to relate to the legal definition of what constitutes “temporary accommodation” and also the matter of non-secure Council Tenancies giving current Letstart tenants less security than is afforded with an assured shorthold tenancy. If a household were to challenge the suitability of accommodation the Council can offer other housing solutions to meet the statutory homelessness duty including accommodation in the private rented sector, supported accommodation or social housing.

## **Risks**

34. A full breakdown of risk is attached in appendix 2.

## **Staffing and organisational implications**

35. Project implementation stages will be managed within existing resources utilising the two Letstart officers funded through the DCLG Homelessness Grant. As the scheme is launched and grows, additional staff will be needed in the Council’s Housing Service, Finance Service, Legal Service and Revenues and Benefit Service.
36. There will be resource implications for Legal Services. At present there are not the specialisms in-house to deal with residential tenancies or staff trained in the



eviction of tenants. The proposal would involve Legal Services staff undertaking training in this area over a period of time. If the demand on the service were to become overwhelming consideration must be given to engaging temporary staff to assist.

## **Repairs**

37. The Council currently owns 3 residential properties which are let to secure tenants. The Council has a range of landlord responsibilities and operates a minor works contract with Booker and Best to carry out any repairs or maintenance as needed. This contract is currently being retendered with an agreed schedule of rates and a new contract to be awarded in April 2015. The Social Lettings team will be able to access this service in order to fulfil the obligations to owners and tenants for repairs and building maintenance.
38. Repair costs are assumed at £650 per year per unit and are based on another successful financial model for operating private sector leasing locally and advice from Shelter who carried out the initial feasibility study. A bad debt contingency is included in the scheme costings to cover expenditure on major repairs if necessary.

## **Access to service**

39. Leased accommodation will only be made available for people presenting to the Council's Housing Options Team for assistance with housing and homelessness, who have particular difficulties accessing private rented accommodation. The product will be targeted at households who are eligible (and likely to remain eligible in the future) for housing benefit. This will reduce the risk of affordability issues and subsequent rent arrears in leased accommodation.
40. A clearly worded policy document and effective communication will address any confusion around who can access leased accommodation and other types of accommodation as the Social Lettings Scheme develops and grows.
41. The Council's marketing team will be assisting with the scheme implementation with a new stand-alone website, logos, advertising and the launch of the service in April 15.

## **Policy Implications**

42. Equalities and Community Cohesiveness – an equalities impact assessment has been undertaken and there is no significant or detrimental impact of introducing the Social Lettings Agency on minority groups.
43. Risk Management - the risks of implementing the scheme are addressed in paragraph 30. Income and expenditure projections allow a contingency fund to rectify any unforeseen issues.
44. Financial implications - detailed financial information is contained in the main body of the report and appendix 3. However, in summary it is proposed that this service can be implemented and operated at nil cost to the Local Authority.
45. Organisational consequences - detail of the staffing proposals for managing this scheme are addressed in the report. However, if the scheme is a success the

Council can will be able to grow the staffing compliment and recruit additional officer posts in line with the expansion of the scheme at no net additional cost to the Council.

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### Wards Affected

Ashdown, Baird, Braybrooke, Castle, Central St. Leonards, Conquest, Gensing, Hollington, Maze Hill, Old Hastings, Ore, Silverhill, St. Helens, Tressell, West St. Leonards, Wishing Tree

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### Area(s) Affected

Central Hastings, East Hastings, North St. Leonards, South St. Leonards

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### Policy Implications

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

Equalities and Community Cohesiveness	No
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

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### Background Information

Appendix 1 - Shelter report findings  
Appendix 2 – risk assessment  
Appendix 4 – financial plan

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### Officer to Contact

Jennie Perkins  
jperkins@hastings.gov.uk  
01424 451352

## Appendix 1

The work carried out by Shelter has suggested:

- There is a significant demand for affordable, accessible housing solutions from local people in housing need
- There is a large supply of private rented sector accommodation that could meet this demand
- The Council has operated a successful private sector access scheme since 2008 (Letstart) and is only offered to households owed a statutory housing duty. However, the supply of accommodation through this scheme has not met the high demand for accommodation for housing options customers and is not accessible to all local households that want to access affordable private housing.
- The service could generate a much larger supply of accommodation available to the Council. This will assist in meeting key corporate objectives to minimise and prevent homelessness and to meet statutory duties to accommodate households.
- A leasing scheme can be operated through the General Fund. There is no requirement for the Council to have housing stock or to rely on an housing management team.
- There is appetite from local landlords to access leasing and the management services if delivered through the Council. This includes landlords currently working with London Boroughs to house homeless households from London.
- There is some dissatisfaction from tenants and landlords with some current letting agency's services in terms of the costs and the quality of services.
- Financial assistance currently available for people in housing need to access private accommodation and prevent homelessness may not be available in future
- A Council run Social Lettings Agency would complement the small PSL schemes operated by BHT and the YMCA and would not operate in competition as BHT do not wish to expand the number of units above 29 bed spaces and the YMCA target empty homes.
- A financially viable and competitive Social Letting scheme could be operated successfully within Hastings without the need for net additional Council resources.

A social lettings agency offers two distinct services:

### 1 - Private Sector Leasing (PSL)

A Private Sector Lease is a legal agreement between a property owner and the Council. The PSL allows the Council to sub-let the property to people in need of housing. The Council is responsible for paying the rent to the landlord as the owner, usually at a rate below market rent. The rent to the landlord is guaranteed regardless of whether the unit is void and is also responsible for managing the property. There is no contact between the owner and the tenant. The Council will typically pay a landlord rent monthly in advance; take care of some internal repairs; make good any damage

that may be caused by occupants, (except fair wear and tear); and return the property with full vacant possession at the end of the lease.

The full costs of leasing are met through rental income and Housing Benefit. The formula for determining the maximum Housing Benefit subsidy amount for a PSL unit is a combination of a weekly rental element and an additional amount for management costs, as follows:

The January 2011 LHA rate (based on property size), less 10% (i.e. 90% of the Relevant LHA rate) plus £60pw for management costs (for LAs outside of London)

(Please note it is a statutory requirement to use the 2011 LHA figures)

Example of payment to owners, the income generated and potential surplus to cover the cost of housing management			
	Fixed weekly payment to landlord from HBC to lease the unit 7% below LHA	Total HB recoverable per week per unit (Based on LHA-10% plus £60 as above)	Surplus to cover staff and other costs per week (if landlords are paid 7% below LHA)
1 bed self-contained unit	£85.85	£143.10	£57.23
2 bed self-contained unit	£110.76	£167.19	£56.43
3 bedroom self-contained unit	£149.15	£204.34	£55.19
Shared house with 4 people sharing	£332.40 for 4 people	£572.40	£304.32 for 4 people

With PSL schemes currently, the housing benefit claimed for a tenant goes directly to the Council, reducing the risk of non-payment of rent. It is considered likely that those accommodated in the leased accommodation will be in receipt of full housing benefit, and likely to remain on full benefit for some time.

## 2 - Management of Assured Short-hold Tenancies

This is a role similar to a letting agent although the rates charged to landlords for the service are usually slightly less than that of local agents to attract landlords to use the service and ensure the fees charged are reasonable. Fees charged to tenants for accessing the housing are also significantly less than high street agencies making access to accommodation accessible and affordable. At this point there is no proposal to implement this part of the Social Lettings Agency Model.

### Shelters advice following the feasibility study

The Council could feasibly set up a Social Lettings Agency for a one year pilot during which it could acquire:

- Between 100 and 200 self-contained properties leased from private landlords which could be used to accommodate households who are homeless or at risk of homelessness

- Between 30 and 60 leased units of shared accommodation within Houses in Multiple Occupation (HMOs), targeted at young people and people in need of low level support.
- Between 25 and 30 properties under an Assured Short-hold Tenancy managed by the Council for a management fee. This accommodation could be targeted at students, keyworkers, low income working households or households in housing need who are struggling to access private accommodation due to fees.

## Appendix 2

Risk	Likelihood of risk	Impact of risk	Actions to mitigate risk
Not enough landlords willing to lease	Low	High	Keep payment to landlords as close to LHA as possible Previous work has identified many landlords will be willing to lease.
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
Higher than anticipated level of repairs	Medium	High	Ensure enough support and housing maintenance is in place to minimise the risk of damage. Ensure lease is worded to ensure the repairs are only related to tenant damage, voids and hand back costs
Lower than anticipated income from Housing Benefit	Low	High	Ensure enough officer resource is part of the team to concentrate on income maximisation. It is proposed a new part time resource would be employed to do this from April 15
Income reduces as a result of the implementation of further benefit reforms or changes in statutory guidance.	Medium	High	In the event that scheme financing was at risk, break clauses in the lease agreements would allow for the Council to renegotiate or terminate existing agreements in a planned away.
Rent loss	Medium	High	HB payment direct to The Council as landlord. Only those in receipt of housing benefit to be offered leased accommodation. Close monitoring of income from dedicated officer with direct links to HB
Reputational risk to the Council	Low	Medium	Ensure development and delivery of effective project plan and communication plan prior to launch. Operational activity and performance closely monitored in first year to identify potential issues early
Resourcing the scheme	Low	Low	2 front line officers and management support already identified for project planning. DCLG Homelessness grant will ensure staff resources and set up costs needed for the development of leasing project create no additional cost for the Council. Additional staff will only be recruited once the pilot is operational and new property is taken on. These salaries can be funded through income generated from leasing.
Recruitment to the new posts	Low	High	The skill base needed for the additional officers focuses on communications and problem solving. There is no requirement for qualified or trained housing officers. Early dialogue with POD should ensure successful recruitment to the posts



Accommodation becomes unaffordable for tenant	Low	Low	Ensure robust move in plans are in place for households no longer entitled to housing benefit.
Insufficient supply of tenants to fill the leased accommodation	Low	Low	300 households were assisted into private accommodation in 2013/14. Demand continues to increase. Shelter also confirmed there is sufficient demand for over 100 units in one year.
Change in housing benefit subsidy	Medium	Medium	Maintain close links with DWP to ensure we understand which, if any changes will be made and when. Ensure break clauses are in the lease. Understand how this subsidy will be dealt with following the implementation of Universal Credit
Unmanageable demand on legal services with evictions or legal disputes	Medium	Medium	It may be that additional external legal expertise may be needed if the legal services team are unable to meet the demand for legal assistance. In the longer term it may be possible for housing officers to take the lead on getting lease agreements signed or on evictions.
Letstart tenants challenge the Council's practice in changing to a non-secure tenancy from an assured shorthold tenancy which is a less secure type of tenancy	Low	Medium	Tenants are provided with information in writing that explains the position with a non-secure tenancy in relation to their security of tenure.
Accommodation is not considered as temporary accommodation in terms of meeting a statutory homelessness duty	Low	Low	To date there has not been a challenge of suitability when allocating leased accommodation to those owed a statutory homelessness duty. If a household were to challenge the suitability of leased accommodation as temporary accommodation the Council could make other offers of accommodation which include housing in the private sector, supported accommodation or social housing. All three options are considered suitable offers of temporary accommodation.  In the longer term the option to establish the social lettings agency as a community interest company might be considered. This might allow for the Council to discharge its homelessness duty in full through the offer of an Assured Shorthold Tenancy.
Partial exemption limit of 5% is exceeded	Low	High	Review Authority wide implications of increasing the number of units leased at agreed review points

Appendix 3

	YEAR1					YEAR 2				
	Q1	Q2	Q3	Q4	total Y/E	Q1	Q2	Q3	Q4	total Y/E
<b>Total number of leased units</b>	<b>25</b>	<b>50</b>	<b>75</b>	<b>100</b>	<b>100</b>	<b>125</b>	<b>150</b>	<b>175</b>	<b>200</b>	<b>200</b>
income from HB - 10% below LHA +60	54,337	108,674	163,010	217,347	543,368	271,684	326,021	380,357	434,694	1,412,756
income: start-up (staff)	21,250	16,250	16,250	16,250	70,000					
income: start-up (IT)	20,000									
income: start-up (advertising)	1,000	1,000	1,000	1,000	4,000					
payments to landlords (7% below LHA)	35,997	71,994	107,991	143,988	359,970	179,985	215,982	251,979	287,976	935,922
income to offset scheme costs	60,590	53,930	72,269	88,609	275,398	91,699	110,039	128,378	146,718	476,834
additional staff costs:										
income recovery officer part time		5,000	5,000	5,000	15,000	5,000	5,000	5,000	5,000	20,000
housing officer		7,750	7,750	7,750	23,250	7,750	7,750	7,750	7,750	31,000
housing officer			7,750	7,750	15,500	7,750	7,750	7,750	7,750	31,000
housing officer							7,750	7,750	7,750	23,250
								7,750	7,750	15,500
Housing benefit resource		3,250	3,250	3,250	9,750	3,250	3,250	3,250	3,250	13,000
Finance resource				2,500	5,000	2,500	2,500	2,500	2,500	10,000
legal resource	2,500	2,500	2,500	2,500	10,000	2,500	2,500	2,500	2,500	10,000
void repairs and maintenance £650 pa	16,250	16,250	16,250	16,250	65,000	16,250	16,250	16,250	16,250	65,000
bad debt	5,000	5,000	5,000	5,000	20,000	5,000	5,000	5,000	5,000	20,000
void rent loss at 3%	1,630	3,260	4,890	6,520	16,301	8,151	9,781	11,411	13,041	42,383
insurance										
Scheme costs (advertising etc.)						1,000	1,000	1,000	1,000	4,000
Support Services (from support services calc tab)					40,000					81,090
total costs					219,801					366,223
<b>contingency</b>					<b>55,596</b>					<b>110,611</b>

Appendix 3

	YEAR 1				
	Q1	Q2	Q3	Q4	total Y/E
<b>Total number of leased units</b>	<b>15</b>	<b>30</b>	<b>45</b>	<b>60</b>	<b>60</b>
income from HB - 10% below LHA +60	33,858	67,716	101,574	135,431	338,579
income: start-up (staff)	16,250	16,250	16,250	16,250	65,000
income: start-up (IT)	20,000				
income: start-up (advertising)	1,000	1,000	1,000	1,000	4,000
payments to landlords (7% below LHA)	21,598	43,196	64,795	86,393	215,982
income to offset scheme costs	49,510	41,769	54,029	66,289	211,597
additional staff costs:					
procurement officer	10,000	10,000	10,000	10,000	40,000
procurement support officer	6,250	6,250	6,250	6,250	25,000
income recovery officer (housing P/T) grade 7		5,000	5,000	5,000	15,000
housing officer grade 8-7		7,750	7,750	7,750	23,250
Housing benefit resource			3,250	3,250	6,500
Finance resource				2,500	5,000
legal resource	2,500	2,500	2,500	2,500	10,000
void repairs and maintenance £650 pa	8,125	8,125	8,125	8,125	32,500
bad debt	2,000	2,000	2,000	2,000	8,000
void rent loss at 3%	1,016	2,031	3,047	4,063	10,157
recharges					35,000
total costs					210,407
<b>SURPLUS</b>					<b>1,189</b>