

Business Planning / MTFS Options 2020/21 – 2024/25

20/25 - HO01

Title of Option:	Transferring PSLs to the CBS				
Priority:	Housing	Responsible Officer:	Alan Benson		
Affected Service(s) and AD:	HRP	Contact / Lead:	Alan Benson		

Description of Option:

- •What is the proposal in essence? What is its scope? What will change?
- What will be the impact on the Council's objectives and outcomes (please refer to relevant Borough Plan 2019-23 objectives and outcomes, and Borough Plan Evidence Packs)
- •How does this option ensure the Council is still able to meet statutory requirements?
- •How will the proposal deliver the benefits outlined?

[Proposals will be mapped to the new Borough Plan Priorities/Objectives/Outcomes as they emerge – please take account of any likely changes when framing proposals]

Private Sector Leasing (PSL) properties are leased by the Council from private landlords for between one and five years, with a guaranteed rent for the term of the lease. Historically the rent paid to the landlords was based on the Local Housing allowance (LHA) the maximum rent covered by the DWP for those on Housing Benefits, plus a £40 top up fee that the LA paid, which was covered by a grant from Govt called the Temporary Accommodation Management Fee (TAMF).

In April 2017, the DWP reduced the amount of Housing Benefit which could be paid to tenants of the Council's PSL properties to 90% of the 2011 LHA. At the same time, TAMF was abolished, replaced by the Flexible Homelessness Support Grant (FHSG), which the Council can use for any homelessness purpose. As the existing leases and tenant rents are based on the previous levels, the funding for the £40 a week management fee (and the shortfall between LHA and 90% 20-11 LHA) is being funded from the FHSG.

The CBS has been established to lease properties purchased by the Council to use them as TA or to discharge homelessness. Unlike the Council, the CBS can operate ate the full current (2019) LHA for the area the property is located in. So transferring the leases from the Council to the CBS can save the Council the cost of making up the shortfall in rent to the landlord and paying the £40 a week top up from the FHSG. That is, the aim is to maintain the same level of rent paid to the landlord, but reduce the cost to the Council, while ensuring that tenants face no increase in housing costs.

Financial Benefits Summary

Savings	2020/21	2021/22	2022/23	2023/24	2024/25	Total
All savings shown on an incremental	£000s	£000s	£000s	£000s	£000s	£000s
New net additional savings	- 61	- 136	- 136	- 136	- 136	- 605

Capital Implementation Costs	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Total Capital Costs	-	-	-	-	•	-

Financial Implications Outline

- •How have the savings above been determined? Please provide a brief breakdown of the factors considered.
- •Is any additional investment required in order to deliver the proposal?
- •If relevant, how will additional income be generated and how has the amounts been determined?

It is calculated that moving these leases from the Council to the CBS could generate savings of up to £1.19m per annum (including the savings on the £40 per week from the FHSG) - were every single lease transferred. This could be recovered by the Council through reduced weekly payments from the FHSG and/or through a one-off or annual arrangement fee paid by the CBS. But it is clear that not every lease could or would be transferred and the transfers cannot be started immediately. The transfer of a lease would require, in each case, the landlord's agreement to do so. Not every landlord would agree and additional landlord incentives may be required to persuade others. In addition, it is not the intention to transfer any lease where, because of the operation of the welfare benefits system, households would end up themselves facing increases in rent. And finally, leases will only be transferred as they come to an end, so these savings must be staggered over the coming five years. A reduction in savings to £605k over the five years has been calculated as a conservative estimate, taking into account these factors. A review of all cases is currently underway to assess the volume and value of transferring these properties to the CBS and market testing will be undertaken to assess the level of increased payments required to persuade landlords to terminate their existing lease. Once these exercises are complete these projected savings will be revisited.

Delivery Confidence

At this stage, how confident are you that this	is 3
option could be delivered and benefits	
realised as set out?	
(1 = not at all confident;	
5 = very confident)	

Indicative timescale for implementation

			01/04/2020
Est. start date for consultation DD/MM/YY		Est. completion date for implementation DD/MM/YY	
	No		
Is there an opportunity for implementation			
before April 2020? Y/N; any constraints?			

Implementation Details
•How will the proposal be implemented? Are any additional resources required?
•Please provide a brief timeline of the implementation phase.
•How will a successful implementation be measured? Which performance indicators are most relevant?
Altair have been commissioned to support the set up phase of this project to make these savings as they have implemented similar projects in other local authorities and for Capital Letters. The costs of this work have already been factored into the savings and wi be financed through the Flexible Homeless Support Grant. It is expected that their work will be completed by January 2020 and the savings can commence from April 2020.
What is the likely impact on customers and how will negative impacts be mitigated or managed?
List both positive and negative impacts. Where possible link these to outcomes (please refer to relevant Borough Plan 2019-23
objectives and outcomes)
Positive Impacts
N/A
Negative Impacts
The preparatory work being undertaken by Altair is explicitly intended to identify low income households potentially being negative
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What is the impact on businesses, members, staff, partners and other stakeholders and how will this be mitigated or managed? How has this been discussed / agreed with other parties affected? List both positive and negative impacts.
Positive Impacts
This may increase the income/incentives received by some partner landlords who rent properties to homeless households
Negative Impacts
N/A
How does this option ensure the Council is able to meet statutory requirements?
This proposal, of itself, neither prevents nor enhances the Council's ability to meet its statutory responsibilities

Risks and Mitigation

What are the main risks associated with this option and how could they be mitigated?(Add rows if required)

	Impact	Probability	·
Risk	(H/M/L)	(H/M/L)	Mitigation
The CBS is not set up	L	М	The leases could transfer to Capital Letters instead
Only a few properties transfer due to HB	Н	L	Alternative savings would need to be sought
Landlords refuse to transfer	М	М	Incentives could be introduced/increased

Has the EqIA Screening Tool been completed for this proposal?	Yes
EqIA Screening Tool	
Is a full EqIA required?	No