

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

3802

Author:

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Department:

Development and Growth

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Subject:

Letter of assurance for Nottingham City Homes Registered Provider regarding the leasing of private housing for temporary accommodation

Key Decision (decision valued at more than £1million):

Yes

Total Value:

Potential expenditure of up to £1.7m (Type: Revenue)

Decision Being Taken:

- (1) To agree to underwrite any costs incurred by Nottingham City Homes Registered Provider through the leasing of blocks of private provision (for use as statutory temporary accommodation) in the unexpected event of any external environment changes that have negative impact (e.g. changes to housing benefit regulations around the funding of exempt supported accommodation).
- (2) To take on liability for void levels exceeding 2% in this provision as outlined in the letter of assurance at Appendix A.

Reasons for the Decision(s)

Over the past three years, demand for temporary accommodation from families who are statutorily homeless has increased. This led to a reliance on Bed and Breakfast hotels as emergency accommodation. In efforts to reduce use of Bed and Breakfast and replace it with more suitable accommodation the Council began utilising self-contained private sector serviced apartments. Whilst this provision was much more suitable than B&B and contained all of the facilities needed, it is still high cost to the Council as it is paid for at a premium nightly rate with only a small amount covered by housing benefit. This has led to an annual overspend on temporary accommodation and it is a priority to address this and find ways to respond to our statutory duties within budget.

The Council is working through a targeted plan to address the ongoing demand for temporary accommodation and reduce costs. One aspect of this plan is for Nottingham City Homes Registered Provider to lease the accommodation from the private providers for one to two years and directly deliver it as temporary accommodation on behalf of the local authority. This will enable the accommodation to be classified as exempt supported accommodation under Housing Benefit regulations and allow for costs to be covered thus reducing excessive reliance on homelessness budgets.

Nottingham City Homes Registered Provider will have responsibility for ensuring that the private landlord adheres to a void turnaround time of up to 48 hours and have allowed for a 2% void allowance within their costings. However, if periods of voids exist beyond this (caused by a lack of referrals from Nottingham City Council), the Council will cover the costs incurred by Nottingham City Homes Registered Provider. The risk of this is minimal as Nottingham City Council controls nominations into all temporary accommodation and the provision covered by these lease agreements will be prioritised. Furthermore, we do not anticipate a drop in demand that would lead to an insufficient need for this accommodation.

In the unlikely event of a change in legislation, policy or regulation during the term of the lease that means that the provision can no longer be classified as exempt supported accommodation, Nottingham City Homes Registered Provider would not be able to cover the cost of the lease and therefore require Nottingham City Council to underwrite these costs.

The risk is minimal but if it were to occur it could cost Nottingham City Council up to £1.7m per annum.

Briefing notes documents:

Letter of assurance for NCH RP.docx

Other Options Considered:

To do nothing and continue to provide the accommodation on a nightly basis, paid for at a premium nightly rate. This was rejected because demand is projected to continue and there is no identified budget to meet the need through continued use of this provision in this way.

To negotiate a reduced rate with the private providers. This has already been done and the providers are delivering at the lowest cost they are prepared/able to.

To procure additional providers. This is being done as further units are required to meet ongoing need. A market position statement will be issued in December asking for providers to join a framework from which we can draw down suitable provision.

To ask Nottingham City Homes Registered Provider to lease the properties without a letter of guarantee. This was rejected as Nottingham City Homes Registered Provider does not have the financial capability to cover the costs of the lease if there are changes to the external funding environment.

Background Papers:

None

Published Works:	None
Affected Wards:	Citywide
Colleague / Councillor Interests:	None
Consultations:	Those not consulted are not directly affected by the decision.
Crime and Disorder Implications:	None
Equality:	EIA not required. Reasons: There is no impact on the citizens as there is no change in provision.
Decision Type:	Leader's Key Decision
Subject to Call In:	Yes
Call In Expiry date:	04/03/2020
Advice Sought:	Legal, Finance
Legal Advice:	This report seeks authority for the City Council to underwrite the costs incurred by NCH RP in circumstances where due to a change in law it is unable to recover enhanced housing benefit and to accept the financial risks of voids over an agreed threshold. The letter will provide a cap on the amount that the City Council can be asked to underwrite and set out mitigations. Legal services will provide assistance to ensure the terms of the letter reflect the approval in this report. Advice provided by Andrew James (Team Leader Contracts and Commercial) on 28/01/2020.
Finance Advice:	The letter is required by NCH due to concern over a change in legislation that could mean that the ability to cover the costs from enhanced housing benefit is taken away. Should this happen, Nottingham City Council would pick up the costs incurred. However there would be significant notice of such an amendment allowing for time to respond to this. The costs would be picked up from homelessness grants in the first instance, which is where these costs are currently being met from. Although this is a risk, it is deemed minimal and the current arrangement is that NCC meets these costs. The new arrangement will allow NCH to manage these properties and claim back the cost incurred reducing the current projected overspend due to meeting B&B and nightly paid accommodation costs. Advice provided by Susan Tytherleigh (Senior Finance Manager) on 01/12/2019. Advice provided by Susan Tytherleigh (Senior Finance Manager) on 13/12/2019.

Signatures:

David Mellen (Leader/ PH Regeneration, Safety and Communications)
SIGNED and Dated: 26/02/2020
Chris Henning (Corporate Director for Development and Growth)
SIGNED and Dated: 17/02/2020