

My Ref:
Your Ref:
Contact: Rachael Harding
Email: rachael.harding@nottinghamcity.gov.uk



Development
Housing Strategy
Loxley House
Station Street
Nottingham
NG2 3 NG

www.nottinghamcity.gov.uk

29th November 2019

To Chair of Nottingham City Homes Registered Provider Board

Leasing of block accommodation from private providers for use as temporary accommodation

Nottingham City Council has requested that Nottingham City Homes Registered Provider leases up to 150 units of accommodation from private providers for use as temporary accommodation for homeless families to whom the local authority has a duty to under s.188 and s.193 of the Housing Act 1996 Part VII.

Nottingham City Homes Registered Provider will be responsible for adhering to the terms of the lease agreement and managing costs within this agreement. NCH RP is required to ensure that the private landlord complies with the agreement (as outlined in the lease agreement) for turning around vacated accommodation within 24-48 hours. NCH RP will include a 2% void rate allowance within their budget assumptions. However, if periods of voids exist beyond this (caused by a lack of referrals from Nottingham City Council), Nottingham City Council will cover the costs incurred by Nottingham City Homes Registered Provider (up to the maximum value stated in this correspondence).

During the course of the lease agreement (2020/21 to 2021/22) there may be unforeseen changes to legislation, policy or regulations that mean that the accommodation can no longer be classified as exempt supported accommodation. This is extremely low risk. However, if this was to occur Nottingham City Homes Registered provider would be expected to explore all options for minimising the financial risk. In the proven event that no alternative options are available, Nottingham City Council would take responsibility for covering the shortfall between the eligible housing benefit determination and the rental charge, until the lease can be terminated (up to the maximum value stated in this correspondence)..

Nottingham City Homes Registered Provider is expected to include a break clause within the lease agreement after the first year. If there have been any impacting factors during year one



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of the lease that have led to Nottingham City Council incurring additional costs, there is the expectation that the lease will be terminated at that time and not continued into year 2.

The maximum amount that would be paid by Nottingham City Council in the combined circumstances outlined above would be £1.7m over the duration of a single financial year. This is no more than the financial expenditure the council had to cover for the provision of Nightly Paid Temporary Accommodation and Bed and Breakfast hotels in 2019/20.

Yours sincerely,

Chris Henning
Corporate Director for Development and Growth