

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	4400
Author:	Leon McLean
Department:	Growth and City Development
Contact:	Leon McLean (Job Title: Partnership Officer, Email: leon.mclean@nottinghamcity.gov.uk, Phone: 01158765055)
Subject:	Furnished Tenancies for Nottingham City Council Tenants
Total Value:	£20,248 (Type: Revenue)
Decision Being Taken:	To reimburse Nottingham City Homes (NCH) based on actual expenditure claims of £20,248 for financial year 2020/21, submitted retrospectively, for providing furnished tenancies for Council tenants managed by NCH, which have arisen due to increased demand for assistance.
Reasons for the Decision(s)	As detailed within Delegated Decision 4149, some tenants do not have the adequate financial means to furnish a tenancy, which can result in some either accepting a high cost rent-to-loan agreement from a high street lender, or other illegal lending to purchase poor quality goods with short lifecycles at great expense. The Council as landlord has provided the provision of furnished tenancies for its tenants since financial year 2015/16. Tenants pay a weekly service charge to repay the investment. The provision of furnished tenancies can also be eligible for Housing Benefit / Universal Credit housing costs, so long as it remains the property of the landlord and is rented to the tenant. The provision of furnished tenancies continued in financial year 2020/21 and the projected cost was £430,000. During the pandemic, demand increased for furnished tenancies due to the initial and subsequent lockdowns, which impacted upon income streams for households. The provision of furnished tenancies is a demand-led service, so predicting exact spend is challenging. The increased cost have currently been borne by NCH and this decision is to reimburse NCH, based on actual expenditure.
Other Options Considered:	1) To do nothing: this option is rejected as there is a clear demand for furnished tenancies. Tenants can and do resort to high-cost credit to furnish their homes and frequently the furniture or white goods will break or be worn out before the weekly instalments have been paid.
Background Papers:	None

Published Works:	Delegated Decision 4149: Furnished tenancies provision for Nottingham City Council tenants (https://committee.nottinghamcity.gov.uk/ieDecisionDetails.aspx?ID=5494)
Affected Wards:	Citywide
Colleague / Councillor Interests:	None
Consultations:	Date: 29/09/2021
	Other: Mark Lawson - Executive Assistant, Nottingham City Homes
	Nottingham City Homes continues to support the provision of furnished tenancies. The initiative supports citizens sustain their tenancy and avoid the use of long-term ,costly, high-street lending.
	Those not consulted are not directly affected by the decision.
Crime and Disorder Implications:	There are no crime and disorder implications arising as a result of the decision.
Equality:	EIA not required. Reasons: This decision does not represent proposals for a new or changing policy, service or function.
Decision Type:	Portfolio Holder
Subject to Call In:	Yes
Call In Expiry date:	21/10/2021
Advice Sought:	Legal, Finance
Legal Advice:	There are no legal implications arising from the decision. However, from a practical perspective, I would reiterate the point made in the Finance Advice, which is that the budget should be monitored continuously so as to avoid any further overspends in the future. This project must demonstrate that it provides value and that it is reasonable for it to continue.
	Advice provided by Majid Iqbal (Legal Team Leader) on 05/10/2021.

Finance Advice:

Approval is sought to reimburse Nottingham City Homes (NCH) for the costs of operating the furnished tenancy scheme, and this includes the cost of the furniture purchased and an administration charge paid to NCH.

In 2020/21, a budget of £430,000 was approved (Delegated Decision 4149), with the actual expenditure being £451,000. This expenditure was allowed for in that year's accounts (a creditor accrual was used). Now, retrospective approval is required in order to reimburse NCH for the costs that were over budget (£21,000).

This is not the first time that this scheme has been over-budget and required a retrospective approval. It is important that officers in the Council and NCH monitor this budget in a proactive way and seek approvals before any overspend occurs to ensure there is sufficient budget available, and that all expenditure is incurred is affordable and approved.

The underlying principle of the scheme is that the income generated through service charges to tenants will be sufficient to cover the costs of the purchase and replacement of furniture, early termination of tenancies and the administration of the scheme. This means that the impact on the Housing Revenue Account (HRA) will be cost neutral over time, with any temporary deficit being financed from the HRA Working Balance. The impact on the HRA needs to be monitored during the year, and it is recommended that NCH report the projected income and expenditure regularly and at least quarterly.

At Executive Board in February 2021, as part of the approval of the Medium-Term Financial Plan for the Council, it was required that a business case is submitted and a separate approval required for expenditure in 2021/22. The operation of the scheme in future years will continue to require the submission of an up-to-date business case and relevant Council approval.

Advice provided by Julie Dorrington (Senior Accountant - Housing Revenue Account) on 29/09/2021.

Signatures

Linda Woodings as Portfolio Holder (PH Housing, Planning and Heritage)
SIGNED and Dated: 14/10/2021
Sajeeda Rose (Corporate Director of Growth & City Development)
SIGNED and Dated: 14/10/2021