

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

1895

Author:

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Department:

Development

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Subject:

Nottingham City Council tenancy agreements to commence on any day of the working week

Total Value:

Nil (Type: Nil)

Decision Being Taken:

That the Portfolio Holder provides consent to commence introductory or secure tenancies on any day of the working week.

Reasons for the Decision(s)

Currently, all Nottingham City Council introductory and secure tenancies commence on a Monday. In practice this means that Nottingham City Homes (NCH) the Councils Arms Length Management Organisation (ALMO) may sign a new tenant up for a property on a Tuesday, as this is the date that the property is ready to let, but the new tenancy will not start until the following Monday. As a consequence there is a loss of rental income and the void time is inflated.

The advantages of signing a tenancy on any day of the working week rather than a Monday are as follows:

Reduced average relet time - During the first five months of this financial year NCH signed up 1848 new tenancies. Of these, 755 were transfers from other NCH tenancies. There would be no advantage gained in starting these tenancies on any other day than a Monday. This is because the existing tenancy terminates on the same day. This leaves 1093 tenancies (or 59%) that could have been signed up for other days of the week. Void time is calculated on a daily basis - over a calendar week, and therefore potentially the average relet time could have been reduced by up to a maximum of 6 days per void - or by 6,558 days on the voids in the first 5 months of this year.

Reduced lettable voids - linked to the previous point, if tenancies are signed up earlier in the void process then as a consequence the overall void figure will be reduced. Currently void time for properties that have actually been let and are no longer void can be counted against NCH.

Reduced Council Tax liability - Council Tax has to be paid on all void properties and this is charged on a daily basis, by signing tenancies up on other days the period of time for Council Tax liability would be reduced. This would save the Housing Revenue Account (HRA) a considerable amount of money by reducing the overall expenditure on Council Tax for void properties.

Increased rent debit - There would be a greater amount of rent charged and as such the rent loss on voids would be reduced. The rental income would be increased by charging pro-rata for the initial week of the tenancy.

It is increasingly becoming common practice for housing organisations to start their tenancies on any day of the working week and not start all tenancies on Monday. This is because of the substantial financial advantage to be gained. The first week's rent would be charged on a daily pro-rata basis and then the rent would be due weekly on each Monday thereafter.

Other Options Considered:

Continue as we are, which has been discounted due to the need to evolve, increase rental income and reducing Council Tax liability.

Background Papers:

Document detailing the amends to particular clauses within the tenancy agreement.

Unpublished background papers:

Ten Agreement Amends.docx

Published Works:

N/A

Affected Wards:

Citywide

Colleague / Councillor Interests:

Consultations:	Date: 10/03/2015
	Ward Councillors: David Liversidge
	Councillor Liversidge has no objections to the proposal
	Date: 16/02/2015
	Other: Kay Gott - Rent and Leasehold Service Manager
	Nottingham City Homes are keen and have processes in place to enact the creation of tenancies any day of the working week. The clear benefit to us as an organisation is the reduced loss of rental income and reducing our Council tax liability.
	Those not consulted are not directly affected by the decision.
Crime and Disorder Implications:	No crime or disorder implications have been identified with this decision.
Equality:	EIA not required. Reasons: EIA not required due to no change in policy.
Decision Type:	Portfolio Holder
Subject to Call In:	Yes
Call In Expiry date:	31/03/2015
Advice Sought:	Legal, Finance
Legal Advice:	<p>It is possible to alter the arrangements for the payment of rent as outlined in the report. This would require amendments to the rent clauses in the terms and conditions of tenancy. Those amendments do not require consultation in accordance with s105 Housing Act 1985.</p> <p>Provision can be made for there to be separate periods of tenancy. The first would be from the start date to midnight on the following Sunday; the second and subsequent periods would be from week to week commencing on the Monday immediately after the first period. The clauses that will have to be amended in the terms and conditions in force from 23 February 2015 are clauses 1.7 and 1.3. The start dates for each period should be specified clearly so that there is no doubt.</p> <p>Advice provided by Roseann Kane (Senior Solicitor) on 17/03/2015. Advice provided by Roseann Kane (Senior Solicitor) on 17/03/2015.</p>

Finance Advice:

Tenancies currently commence on a Monday and tenants are not charged for the days that they occupy their home before the tenancy start date, which results in an under-recovery of rent. This decision will allow rent to be charged for all the days that tenants occupy the property and so increase the rent recieved by the Housing Revenue Account.

As explained in the report there will be further savings to the HRA as Council Tax costs will be reduced. Advice provided by Julie Dorrington (Finance Analyst (Housing)) on 17/03/2015.

Signatures

Dave Liversidge (PH Community Safety, Housing and Voluntary Sector)
SIGNED and Dated: 24/03/2015
David Bishop (Deputy CE, CD for Development and Growth)
SIGNED and Dated: 20/03/2015