

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	2847
Author:	Leon McLean
Department:	Development
Contact:	Graham de Max (Job Title: Partnership and Policy Manager, Email: graham.demax@nottinghamcity.gov.uk , Phone: 01158763538)
Subject:	Provision of Furnished Tenancies
Total Value:	255,000 (Type: Revenue)
Decision Being Taken:	To implement furnished tenancies as a mainstream offer to tenants To approve the allocation of £0.255m from the Housing Revenue Account to fund the provision of furnished Council tenancies for the current financial year (2017/18). Service charges in tenants' rent accounts will pay back this investment plus management costs.

Reasons for the Decision(s)

For many tenants, the ability to furnish their home adequately is beyond their financial means. For those that try, sometimes the only option is to resort to high cost or illegal lending to purchase poor quality goods with short lifecycles at great expense. The provision of furniture can 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.

Nottingham City Homes (NCH) operated a pilot from October 2014 to March 2016 to assess the demand and financial viability of furnished tenancies. A total of 57 furnished tenancies have been created, 56 Council tenancies and 1 NCH tenancy, for tenants aged between 18 and 84. Households included single people and family groups. Nearly half of the furnished tenancies were let to tenants aged 60 years or above. As this was a pilot, furnished tenancies were not widely advertised as a mainstream allocation offer. Instead, it relied on NCH Lettings Officers asking applicants about their circumstances and whether a furnished tenancy would be of assistance. Referrals were also made from partner agencies supporting vulnerable applicants with no or few personal possessions.

The pilot demonstrated a demand for this provision, particularly amongst vulnerable groups - and perhaps surprisingly from older housing applicants. Furnished tenancies have also assisted in the letting of previously more difficult to let properties, including Independent Living flats. Tenancy turnover for furnished tenancies has been low and the 3 tenancies that have ended to date, have done so for reasons that are not related to affordability or non-payment.

It is intended to promote furnished tenancies as a mainstream option on the Nottingham HomeLink website and with all allocations-related material. A furnished tenancy will be available to any applicant being housed, subject to an affordability assessment. The implications and obligations of a furnished tenancy will be fully explained prior to sign up as it won't be the right option for every tenant. Existing referral mechanisms for assistance with furnishing a home, such as to Re-Covered (a local social enterprise delivering low cost refurbished furnishings) or The Arches project (a local charity) will continue to be offered.

Housing applicants will be able to request a furnished or unfurnished tenancy when offered a new home. If a furnished tenancy is required, they will be able to choose a furniture package that meets their needs; from white goods only (washing machine, fridge-freezer and cooker) to a fully furnished home. The furnishings must continue to be owned by the landlord to remain eligible for housing benefit and a weekly service charge will be added to the tenant's rent to cover the furniture rental. At current rates, a fully maintained white goods only package attracts a service charge of £7.37 per week. The charge for a fully furnished one bedroom home is £10.64 per week, and for a three bedroom home, £15.32 per week. Optional floor coverings are extra. Tenants will be expected to remain on a furnished tenancy for 5 years, at which point they will be able to retain a furnished agreement (with a refresh of some furniture) or transfer to a standard unfurnished tenancy agreement. If they move to an unfurnished agreement, the furniture and associated charges will be removed.

Whilst the furnished tenancy charges are considered very reasonable, the Local Housing Allowance (LHA) caps on Housing Benefit imposed by government from April 2018 may make a furnished tenancy unaffordable for some tenants. Single people, particularly those under 35 years of age, will be disproportionately affected by the LHA cap as they will only be entitled to the "Shared Room Rate". Few Council property rents fall below this cap threshold, so any additional furniture rental charges would have to be paid by the tenant, irrespective of their income.

Nottingham City Council, as landlord, will own the furniture and Nottingham City Homes will manage the scheme on the Council's behalf. A management fee will be applied to cover Nottingham City Homes' costs and any surpluses will be re-invested in more furnished tenancies.

Other Options Considered:

(1) Do nothing - continue to offer unfurnished tenancies only; this option is not recommended. There is a clear demand for furnished tenancies that isn't currently being met. Tenants are resorting 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:

Published Works:

Affected Wards:

Citywide

Colleague / Councillor Interests:

Consultations:

Date: 28/03/2017

Other: Mark Lawson - Executive Assistant, Nottingham City Homes

Nottingham City Homes supports the implementation of furnished tenancies. This initiative aims to support 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:

Not applicable

Equality:

Please login to the system to view the EIA document: [Furnished_Tenancies_DDM_EIA_170316.docx](#)

Decision Type:

Portfolio Holder

Subject to Call In:

Yes

Call In Expiry date:

30/05/2017

Advice Sought:

Legal, Finance, Equality and Diversity

Legal Advice: There are no significant legal issues arising from this proposal.
Advice provided by Rebecca Beecroft (Solicitor) on 27/04/2017.

Finance Advice: The scheme will incur the following estimated annual costs, based on an assumed 3 new tenancies per week:
Purchase of furniture: £0.227m
Loss/damage: £0.011m
Management Fee: £0.017m
Total: £0.255m

Approval is sought for the first year of operating the scheme (2017/18) for expenditure of up to £0.255m. Costs will be recovered through service charges to tenants with furnished tenancies.

The estimated payback for the first year of operation will be in year 4, beyond this it is expected that the scheme will deliver a small surplus each year, therefore the impact on the HRA will be cost neutral over 4 years. The deficit in the initial years of the scheme will be financed from the HRA's Working Balance up to a predicted maximum of £0.200m in year 1. The actual deficit will depend on a variety of factors including the number of new furnished tenancies each year, types of furniture packs that tenants opt for, early terminations, inflation etc. The underlying principal of the scheme which was demonstrated in the pilot is that the income generated through service charges will be sufficient to cover the costs of the purchase (and replacement) of furniture and the administration of the scheme.

The performance of the scheme will be monitored to ensure that it remains financially viable for the council and represents value for money for tenants. The approval to continue the operation of the scheme in future years will be included in the annual budget setting process for the HRA, with the budget approved at Executive Board in February each year within the council's Medium Term Financial Plan.

Advice provided by Julie Dorrington (Senior Accountant (Housing Revenue Account)) on 10/05/2017.

Equality and Diversity Advice: The EIA identifies the possibility of adverse impacts for some of our youngest and most vulnerable citizens. A review mechanism that tracks the trends for citizens able to take advantage of the proposal is strongly recommended with careful consideration for opportunities for remedial action. Advice provided by Adisa Djan (Equalities and Diversity Consultant) on 21/04/2017.

Signatures

Jane Urquhart (Portfolio Holder for Planning and Housing)
SIGNED and Dated: 22/05/2017
David Bishop (Deputy CE, CD for Development and Growth)
SIGNED and Dated: 22/05/2017