

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

3332

Author:

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Department:

Development and Growth

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Subject:

Leasing of Highwood House to Nottingham City Homes Registered Provider Limited

Total Value:

Confidential (Type: Revenue)

Decision Being Taken:

To approve the leasing of Highwood House, the Councils homeless families unit to Nottingham City Homes Registered Provider Ltd (NCH RP Ltd)

To reduce the Management Fee to NCH by £219k in 2018/19 and £294k in 2019/20 as the Council will transfer responsibility for operating Highwood House to NCH RP Ltd.

Reasons for the Decision(s)

Highwood House is the Council's main temporary accommodation hostel for homeless families. It has 29 self-contained units of accommodation, with staff on-site to provide essential care, support and supervision for resident families. In addition, Highwood is staffed 24/7, maintaining security of residents and the ability to provide emergency assistance to families at any time of the day or night.

Housing Benefit regulations have not kept pace with more recent Welfare Reforms. As a result, the higher level rents for temporary accommodation are meaning that out-of-work families are being subject to the Benefit Cap. This means that their rent at Highwood is not being covered by Housing Benefit. In addition, under Universal Credit (UC) which was rolled out in Nottingham in October instead of Housing Benefit being paid direct to the Council, housing costs will be given to the UC claimant after a stand-still period of 5 weeks. This arrangement is not viable in emergency temporary accommodation.

The current solution to providing adequate funding for temporary accommodation is called "Exempt Accommodation" in housing benefit regulatory terms. Council-owned accommodation cannot be exempt under these regulations, but when it is under the ownership of a Private Registered Provider of Social Housing, it can. The rent and service charges in Exempt Accommodation are not included in either the Benefit Cap or Universal Credit housing costs, ensuring on-going financial viability.

Therefore, it is proposed that Highwood is leased to Nottingham City Homes Registered Provider Limited with effect from 2 July . The lease is to run for five years, but will contain break clauses to enable the agreement to be ended if circumstances change. The rent for the lease for the first two years is shown in the exempt appendix. It will be reviewed annually thereafter.

Nottingham City Homes will provide services to residents and NCHRP through a service level agreement. The Council will continue to make provision for planned maintenance of the property through the lease income received from NCHRP.

It should be noted that the leasing of Highwood House will constitute one of the five disposals by the Council to Nottingham City Homes Group allowed per annum under the General Consents regulations. This will not affect any other planned disposals in 2018-19.

Other Options Considered:

Do Nothing - Rejected as it means Highwood is not financially viable. Welfare reforms mean that out-of-work families are subject to the Benefit Cap, and the higher level rents for supported temporary accommodation mean that many families are not getting their rent covered at Highwood. Also, as Universal Credit is rolled out, claimants will receive their rent money in their bank account after a 5 week delay, rather than housing benefit being paid direct. This would have a significant adverse financial impact on temporary accommodation.

Background Papers:

N/A

Published Works: Landlord & Tenant Act 1985, General Housing Consents 2013

Affected Wards: Citywide

Colleague / Councillor Interests: None

Any Information Exempt from publication: Yes

Exempt Information:

Description of what is exempt: The Total Value of Income is exempt from publication as this is commercially sensitive information.

An appendix (or appendices) to this decision is exempt from publication under the following paragraph(s) of Schedule 12A of the Local Government Act 1972

3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The public interest in maintaining the exemption outweighs the public interest in disclosing the information because the lease cost is commercially sensitive information.

Documents exempt from publication: 181106_Exempt document - Highwood House.docx

Consultations:
Date: 16/11/2018
Other City Council Bodies: Cllr Woodings, Portfolio Holder for Planning, Housing & Heritage
Councillor Woodings supports this decision.

Date: 29/06/2018
Other: Mark Lawson - Executive Assistant, Nottingham City Homes

Mark Lawson - Nottingham City Homes supports the leasing of Highwood House to Nottingham City Homes Registered Provider Limited (NCHRP) to ensure financial viability of the hostel in the face of Welfare Reforms. The lease agreement allows NCHRP to seek enhanced Housing Benefit to cover the costs of provide care, support and supervision to resident families at Highwood which will save the Council money. Nottingham City Homes will provide all housing management services for NCHRP through a service level agreement.

Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

None

Equality:

EIA not required. Reasons: This is not a new or changing policy, service or function. The decision adheres to all Council Equality policies and there will be no change in service for citizens.

Decision Type:

Portfolio Holder

Subject to Call In:

No

The call-in procedure does not apply to the proposed decision because the delay likely to be caused by the call in process would seriously prejudice the Council's or the public's interests. The Chair of the Overview and Scrutiny Committee (or Vice-Chair) in his/her absence has been consulted and agreed both that the decision proposed is reasonable in all circumstances and that it should be treated as a matter of urgency.

Person Consulted: Catherine Ziane-Pryor

Consultation Date: 12/11/2018

This decision is not subject to call-in as it is retrospective.

Advice Sought:

Legal, Finance, Property, Other: Ian Roper(ian.Roper@nottinghamcity.gov.uk)

Legal Advice:

From the information provided by the author of the report there do not appear to be any substantive legal issues of concern with the proposed course of action and grant of lease proceeding on the basis set out in the report. The grant of lease will be subject to normal legal and property due diligence matters. The only additional point to note is that the grant of such a lease would count as one of the 5 permitted disposals to Nottingham City Homes under the General Housing Consents 2013, in the current financial year.

Advice provided by Mick Suggett (Team leader: Conveyancing) on 26/07/2018.

Finance Advice:

The decision is to lease the emergency hostel (Highwood House) to NCH RP Ltd to improve the financial sustainability of the unit, which has a reduced income stream. NCH Ltd operates the hostel on the Council's behalf and the Council has reduced the level of Housing Related Support provided to NCH, this saving is already assumed in the Council's Medium Term Financial Plan. This decision enables the hostel to continue to operate and draw in additional resources via NCH RP, which is able to make a charge for housing support services, which the Council cannot.

As residential accommodation Highwood House is retained within the Council's ring-fenced landlord Housing Revenue Account (HRA), the impact to the HRA is neutral. Rents will be collected by NCH RP and used to pay a lease payment to the HRA for the use of the building and its upkeep. The remainder of the income will be used to pay for the operation of the hostel. The HRA will reduce the Management Fee paid to NCH Ltd by £219k in 2018/19 and £294k in 2019/20.

Advice provided by Julie Dorrington (Senior Accountant (Housing Revenue Account)) on 11/10/2018.

Property Advice:

Property has worked with Housing Strategy colleagues and NCHRP to agree suitable lease terms with NCHRP for the proposed lease. The terms agreed are such that neither the Council's Housing Revenue Account or NCHRP financially gain or lose from the arrangement. The proposed lease is to be contracted out of the provisions of the Landlord and Tenant Act that provide security of tenure. This will allow the Council to regain possession at the end of the lease if a new lease is not agreed. Advice provided by Rodney Alan Martin (Development Manager) on 05/10/2018.

Other Advice:

From a Housing benefit perspective there are no issues or concerns. Nottingham City Homes status as A Registered Provider, combined with the lease arrangements and provision of Care, Support and/or Supervision lead to the classification of "Exempt Accommodation" status.

Advice provided by Ian Roper (Finance Team Leader Contracts Manager) on 01/11/2018.

Signatures

Linda Woodings as Portfolio Holder (Portfolio Holder Housing and Planning)

SIGNED and Dated: 27/11/2018

Chris Henning (Corporate Director for Development and Growth)

SIGNED and Dated: 21/11/2018