

Delegated Decisions report



27 April 2021

ASSURED SHORTHOLD TENANCY CASH INCENTIVE SCHEME

Name of Cabinet Member	Councillor Hannah O'Neill (Cabinet member for Health and Wellbeing)
Report sponsor	Mick Hancock (Group Head of Commissioning)
Report author	Dawn Wilson Supply and Acquisitions Service Manager

Exempt / confidential / not for publication	No
Council Plan reference	Not in Council Plan
Wards affected	All wards

Executive Summary

This report sets out the proposal to create a cash incentive scheme, to attract landlords in the private rented sector to agree an assured shorthold tenancy (AST) with tenants in temporary accommodation. Milton Keynes Council is seeking to source tenancies that are for a minimum of six months in order to discharge its homelessness duty.

The Council has acquired a considerable number of temporary accommodation units due to the demand over the last five years. However, in the future whilst there are clear duties to provide emergency accommodation, it is envisaged that this will be viewed as the last resort. Much of this emergency accommodation is rented on a nightly let basis and therefore costly. Sourcing good quality private sector units through the provision of an AST will reduce the need for temporary accommodation.

1. Decisions to be Made

- 1.1 That the creation of an Assured Shorthold Tenancy cash incentive scheme be approved.
- 1.2 That the virement of up to £400,000 from the Homeless Prevention Fund to cover the cost of the incentive scheme be approved.

1.3 That an initial six-month and thereafter annual review of the new incentive scheme be agreed.

2. Why is the Decision Needed?

2.1 Temporary accommodation is changing. We have been successful in increasing a cheaper supply of accommodation through our secure lets scheme and reducing nightly let costs. However, a new approach is needed to reduce temporary accommodation numbers.

2.2 The development of a cash incentive scheme is designed to reduce the high levels of temporary accommodation. This will be through making available an increased number of AST's. Landlords will be incentivised through a cash payment to both convert current temporary accommodation to an AST and introduce new rental properties into the market. A target of reducing the current numbers in temporary accommodation by 660 over five years has been set, and incentivised AST's are key to achieving this.

2.3 An Invest to Save proposal, agreed by the Council's Corporate Leadership Team, outlined the requirement to move the service to being more preventative. In doing this, private sector landlords must play a part. The cash incentive scheme will assist the Council to negotiate longer terms on tenancies and better outcomes for households who are: currently in temporary accommodation waiting for a permanent offer; or those threatened with homelessness.

2.4 An increase in the supply of AST's will not totally prevent the use of temporary accommodation, but it will shorten the period of its use.

2.5 Preliminary research and benchmarking has identified several cash incentive schemes currently used by other local authorities. This work has enabled us to develop our scheme.

3. Implications of the Decision

3.1 The continued use of costly nightly let accommodation represents a financial risk.

3.2 Without a new approach there is an impact on our ability to move on the number of households occupying temporary accommodation.

3.3 The introduction of the scheme will increase housing supply to discharge homelessness duties.

3.4 A wide ranging promotional/marketing campaign will be required if the scheme is adopted.

3.5 Market management will be developed and improved.

Financial	x	Human rights, equalities, diversity	x
Legal	x	Policies or Council Plan	x
Communication	x	Procurement	x
Energy Efficiency		Workforce	x

(a) Financial Implications

Currently the nett temporary accommodation budget is £6.2m. Over 426,000 temporary accommodation nights are provided, with a gross cost of £17.6m. There is £11.4m of rental and grant income including Housing Benefit, Universal Credit and the Flexible Homeless Grant.

Nightly lets represent 48% of the total nights in temporary accommodation but over 67% of the total cost. The average nightly let rate is £50 compared to £32 per night with an AST, an additional cost of over 56%.

The proposal to initially pay a 'Golden Hello' incentive of £156,000 to develop 150 new AST's will generate a full year saving of £1.1m, which will average £550,000 as it is phased in during 2021/22. To fund the cost, it is proposed to vire budget from the Homeless Prevention Fund (£625,000) which normally underspends by over £400,000.

The saving to the service from the incentive generates a saving on an individual let basis whether the agreement is for a 6, 12 or 24-month period. There is an initial target to bring 150 Nightly Lets into the AST arrangement representing 17% of the total number of current lets. The plan is to introduce the incentive scheme progressively over the five years.

The benchmark comparison indicates that the proposed level of incentive for Milton Keynes is comparable with other authorities which have introduced the arrangement.

(b) Legal Implications

The incentive scheme is aimed at helping households access private sector accommodation and will enable the Council to meet its prevention and homelessness duties under the Housing Act 1996.

(c) Other Implications

"Adam Housing" (DPS system) will be used for the enrolment of landlords. The accreditation of landlords will also ensure that they confirm properties meet Housing Health and Safety Rating Standards (HHSRS).

4. Alternatives

4.1 To continue with high cost nightly let arrangements.

4.2 Do not incentivise landlords.

5. Timetable for Implementation

27 April 2021

Delegated Decision

May 2021

Market engagement and Coms Plan

May 2021

Launch Incentive Scheme

List of Annexes

None.

List of Background Papers

None.