



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

Social Services, Housing and Community Safety Cabinet Board

15th December 2022

Report of the Head of Adult Services, Angela Thomas

Matter for Decision

Wards Affected: All Wards

Leasing Scheme Wales Proposal

Purpose of the Report:

To seek authority from members to fully implement the Welsh Government's Leasing Scheme Wales (LSW), whereby the Council leases properties from the Private Sector landlords and sub-lets the properties to those with whom the authority has a duty to prevent homelessness.

In addition the scheme will provide an additional intervention to tackle empty properties and poor housing conditions in the private sector that can adversely affect local communities.

Executive Summary:

The proposal is to implement the Leasing Scheme Wales (LSW) to aid the Homelessness service in meeting their duties under Part 2 of the Housing Wales Act 2014 by discharging statutory homelessness duties into the private sector.

Background:

In 2019 Welsh Government asked Local Authorities to express an interest in adopting a pilot of the Welsh Government leasing scheme to ensure that Local Authorities have access to Private Sector Accommodation to discharge their Statutory Duty.

Welsh Government has now developed a new LSW offer for all Local Authorities, this report outlines the current proposal from Welsh Government.

Leasing Scheme Wales – The Proposal

The Purpose of the Scheme is to improve access to longer term affordable and good quality housing in the (Private Rented Sector) PRS.

The Scheme will support those who are at risk of or experiencing homelessness according to the definition in the Housing (Wales) Act 2014. The introduction of Part 2 of the Housing (Wales) Act 2014, homelessness prevention services will be available to all households who are in danger of losing their home within 56 days.

The Scheme will provide tenants with longer term security of accommodation (of between 5 - 20 years) in the private rented sector with a rent level restricted to local housing allowance (LHA) levels.

The Scheme will provide additional tailored support to tenants from both internal and external providers to help them maintain their tenancies; reducing the risk of future homelessness by addressing their challenges quickly and responsibly.

At the end of the lease, the property will be returned to the property owner in its original condition, minus normal wear and tear.

The scheme is intended to complement and act as a resource for Local Authority Homelessness Teams seeking to move households on from temporary accommodation.

The scheme is intended to lease a maximum of 82 properties by the end of March 2027 starting with 4 by March 2023 and increasing each year, (target amounts) with funding for the scheme being in place for an additional 5 years until 2032.

The maximum number of properties to be brought into the scheme for Neath Port Talbot CBC are detailed below (figures are cumulative):

- 4 properties during 2022/23
- 12 properties by 2023/24
- 33 properties by 2024/25
- 49 properties by 2025/26
- 82 properties by 2026/27

All properties will be assessed for their suitability by the Local Authority to ensure they meet the required property standard as outlined in the Scheme Requirement.

Under the Lease Agreement Local Authorities will take on specific obligations in relation to the maintenance of the property, the rent will then be paid to the owner.

Local Authorities are expected to market the scheme in line with the Welsh Government's communication and marketing guidelines.

Local authorities will need to ensure landlords have the required insurance and mortgage arrangements in place to enable them to participate in the scheme

The property owner would be liable for building insurance and to ensure that cover is in place for the term of the lease to mitigate against any risk

Renovation Incentive

A renovation incentive can be offered to landlords where their property does not meet the minimum property standard or to improve the property's Energy Performance Certificate (EPC) rating

The Local Authority will be responsible for drawing up and agreeing specification / scope of works to bring the property up to the required standard

The renovation incentive will be a grant of up to £5,000

Empty properties can be brought into the scheme and will be eligible for higher renovation incentives, empty properties may be eligible for a grant up to a maximum of £25,000.

Grants over £10,000 will require approval from Welsh Government.

The lease term for properties that receive grants over £5,000 will increase in line with the value of the grant offered for periods of up to 20 years.

Renovation incentives will only be offered to landlords who sign up to the scheme.

If a renovation incentive is approved then local authorities can claim the amount of grant from Welsh Government.

Should the property owner activate a break clause within their lease contract then the property owner will be expected to repay the grant, this will be tapered based on the remaining term of the lease.

Model Lease Agreements

Model Lease / Bare Contractual and Incentive agreements have been provided by Welsh Government for use by the Local Authority.

The Local Authority will have no discretion as to the amount of rent payable to the owner which will be the equivalent of the Local Housing Allowance (LHA) rate less a 10% management fee, this will be paid either weekly or monthly by the tenant to the local authority.

Local Authorities will not be able to supplement the LHA rent to owners as an added incentive.

Welsh Government have agreed to subsidise certain costs that the local authority may accrue through the operation of the scheme.

Eligible costs include staffing costs, tenancy support costs, general maintenance costs and repairs / damages, capital and revenue costs.

The 10% management fee retained by the Local Authority is to be used to subsidise the running of the scheme, this will be in addition to the eligible costs payable by WG.

Financial Impacts:

The authority will need to manage the stock appropriately and efficiently to ensure that the most effective use is made from the service. Cooperative work between relevant departments will ensure that there are no adverse financial implications to the authority.

The LSW arrangements will help to reduce the use of temporary accommodation for homeless households.

All claims for costs will be in paid in arrears quarterly. Welsh Government will provide a standard claim form 'pro forma' which must be submitted to the Welsh Government's Project Manager following the end of each quarterly claim.

Should the authority incur a cost eligible for refund as part of the Scheme, the authority is obliged to do all within its power, including setting up a payment plan to recover the funds. If this proves un-

successful then the authority will be entitled to claim that cost back from Welsh Government in the quarterly grant claim process.

Costs eligible for refund

There are four broad categories of costs in relation to which the Welsh Government will reimburse a local authority:

- Staffing costs
- Tenancy support costs
- Capital costs
 - Grant incentives
 - Property repair costs
- Revenue costs
 - Rent costs claims for void periods

The total subsidy for the Authority is dependent on a variety of elements, including the number of properties and associated tenancies engaged in the scheme. An indicative payment profile is provided on the following page.

Costs incurred for void periods, when a property is unoccupied, can be claimed by the local authority from WG as an eligible cost.

The Department of Work and Pensions have confirmed that as the rent charged for this Scheme is below market rate, the property may be treated as Social Rented Sector housing.

The authority will utilise the Universal Credit Alternative Payment Arrangements (APA) wherever possible, an APA is for claimants who cannot manage their finances and where there is a risk of financial harm. An APA allows the housing costs of Universal Credit to be paid as a Managed Payment (MP) direct to the landlord. This will reduce the risk associated with the tenant failing to pay the rent.

Indicative payment profile – Neath Port Talbot CBC

	Scheme Year	0	1	2	3	4	5	6	7	8	9	10	Total	
	Financial Year	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32		
Neath Port Talbot	Capital	Repairs & Damages	1,225	4,900	14,700	40,425	60,025	100,450	100,450	100,450	100,450	100,450	100,450	723,975
		Grant	20,000	20,000	40,000	105,000	80,000	165,000	0	0	0	0	0	430,000
		Subtotal	21,225	24,900	54,700	145,425	140,025	265,450	100,450	100,450	100,450	100,450	100,450	1,153,975
	Revenue	Rent Loss Claims	685	2,740	8,220	22,605	33,565	56,170	56,170	56,170	56,170	56,170	56,170	404,835
		Tenancy Support	8,250	8,250	13,200	54,450	80,850	100,000	100,000	100,000	100,000	100,000	100,000	765,000
		Staffing & Admin	9,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	369,000
		Subtotal	17,935	46,990	57,420	113,055	150,415	192,170	192,170	192,170	192,170	192,170	192,170	1,538,835
	Total	39,160	71,890	112,120	258,480	290,440	457,620	292,620	292,620	292,620	292,620	292,620	292,620	2,692,810
	Properties	0	4	8	21	16	33	0	0	0	0	0	0	82

Integrated Impact Assessment:

A first stage impact assessment has been undertaken to assist the Council in discharging its legislative duties (under the Equality Act 2010, the Welsh Language Standards (No.1) Regulations 2015, the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Act 2016.

The first stage assessment has indicated that a more in-depth assessment is not required.

Valleys Communities Impacts:

No Implications

Workforce Impacts:

At this stage there are no direct impacts on Council staff, as the scheme develops and leases additional properties the appointment of an additional officer to assist in managing the scheme may be required, the LSW allows for the recharge of revenue costs associated with delivering the scheme.

Legal Impacts:

There is no Statutory Power placed on a Local Authority to provide a private rented sector landlord / tenant leasing scheme.

Housing Wales Act 2014 Part 1 Outlines the regulation of private rented accommodation.

Housing Wales Act 2014 – Part 2, allows for the statutory discharge into suitable private sector accommodation to alleviate and prevent homelessness.

Housing Wales Act 2014 – Part 2, confirms the duty on statutory and non-statutory services to co-operate and assist the local authority in preventing homelessness.

Risk Management Impacts:

There are financial risks associated with the proposed delivery model particularly with regard to damage to property from tenants above and beyond the amount allowable to be reimbursed from Welsh Government. Arrangements will be put in place by both the Homelessness Service and Housing Renewal & Adaptation Service to mitigate these risks through identifying appropriate tenants for the scheme.

Crime and Disorder Impacts:

The LSW will help tackle empty homes along with the associated risks of anti-social behaviour, fly tipping and other environmental impacts that attract crime and disorder activity.

Consultation:

There is no requirement for external consultation on this item.

Recommendations:

It is recommended that Members approve the implementation of the Leasing Scheme Wales, based upon the proposed offer from Welsh Government to provide and manage up to 82 properties.

In addition, to grant delegated powers to the Head of Adult Services to approve any minor changes to the scheme in the future.

Reasons for Proposed Decision:

The implementation of the LSW will increase the range of housing options available to assist in discharging statutory homelessness duties into the private sector.

The LSW model has been developed to create an additional intervention that will assist in tackling empty properties, poor housing conditions and associated adverse community impacts.

Implementation of Decision:

The decision is proposed for implementation after the three day call in period.

Appendices:

None

List of Background Papers:

First stage impact assessment

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