

	<h2>Housing Committee</h2> <h3>27 June 2016</h3>
<p style="text-align: right;">Title</p>	<p>Effectiveness of the private landlords incentive scheme</p>
<p style="text-align: right;">Report of</p>	<p>Commissioning Director, Growth and Development</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix 1– Review of the Private Landlords Incentive Scheme</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Kate Laffan, Assistant Director, Housing Options, Barnet Homes. kate.laffan@barnethomes.org, 020 8359 4829</p>

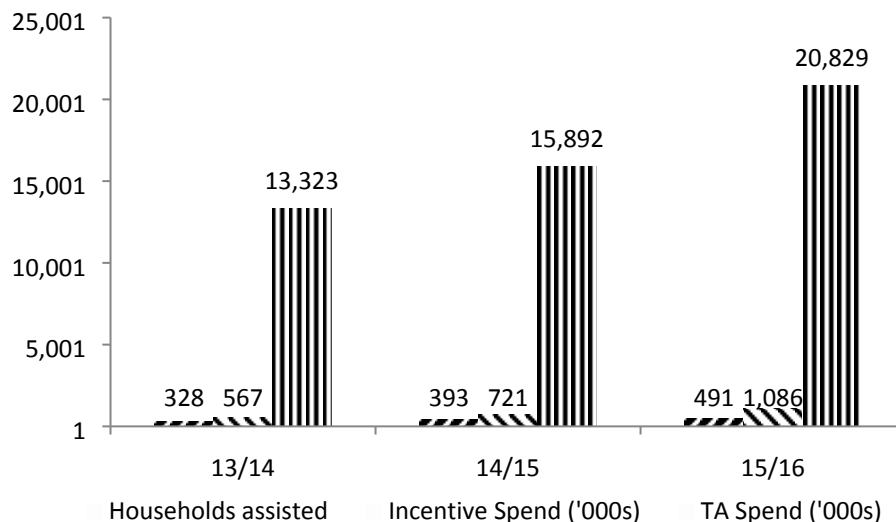
<h2>Summary</h2>
<p>The private sector landlord’s incentive scheme has been in operation for almost four years now and has helped over 1,300 households find affordable homes. The private landlords incentive scheme is a vital tool in helping the Council prevent homelessness for those households who approach for assistance. Those eligible for assistance from the private landlord incentive scheme are those the Council would be expected to assist under the Housing Act 1996. These are households that are either homeless or threatened with homelessness and to whom the Council would otherwise provide temporary accommodation. The provision of alternative private rented sector supply provides better outcomes for both residents (in offering affordable and sustainable housing solutions) and the Council (through reducing reliance on more expensive temporary accommodation). With private sector supply, households supported through this scheme are given the opportunity to resettle and reduce dependency on the Council.</p> <p>If there was no cash incentive scheme, according to current projections, the Council would have to house 2,000 more households in temporary accommodation by March 2020 at a net cost to the General Fund of £9.408mm per annum. This is much greater than the costs of providing the cash incentive scheme which are projected to be a total of £4.911 million.</p>

Recommendations

1. That the Committee note the contents of the report and Appendix 1.

1. WHY THIS REPORT IS NEEDED

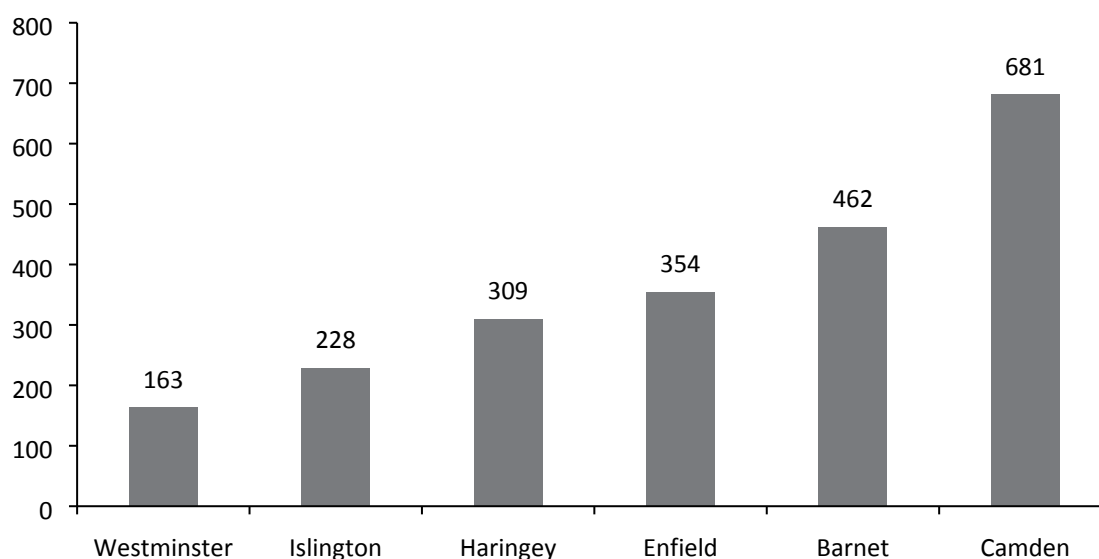
- 1.1 At the meeting of 29 June 2015, the Housing Committee resolved that a report be submitted to a future meeting on private rented sector landlord incentives, comparing Barnet on a 'like for like' basis with other similar boroughs. The review is provided in Appendix 1.
- 1.2 To help provide affordable alternative housing solutions for homeless households, Barnet Homes developed its' Let2Barnet service in 2012. The former rent deposit scheme service was re-modelled and external expertise brought in from the estate agency and sales industries to help overhaul the service.
- 1.3 Since the introduction of the private landlords' incentive scheme, the level of expenditure and the number of households assisted has increased in correlation. Whilst spend on incentives has almost doubled from £567,000 in 2013/14 to £1,086,000 in 2015/16, Temporary Accommodation spend has increased by £7.5 million (£13,323,000 to £20,829,000) in that time.



- 1.4 The service offered to landlords consists of a negotiated cash incentive payment to offset rent deposit and rent in advance requirements seen in the private market, and a personalised after care service to ensure tenancies are sustainable. Analysis has shown that after 12 months of living in Let2Barnet secured private rented sector accommodation only 2% of households assisted have subsequently gone into temporary accommodation.

- 1.5 Barnet is not alone in operating a private sector landlords incentive scheme to help meet homeless demand, and is competing against other boroughs who pay higher incentives to help applicants access private sector supply. Little information is shared by boroughs on how many households are assisted into the PRS. However, from the P1E prevention data an indication of this can be obtained. The 'Assisted to obtain alternative accommodation' P1E can include other schemes, though many of these are likely to be those assisted into the PRS. This data shows Barnet to be performing well against those in our sub-region.

P1E - Assisted to obtain alternative accommodation - 2014/15 (North London sub-region)



2. REASONS FOR RECOMMENDATIONS

- 2.1 The Committee is asked to note the contents of the review provided in Appendix 1 which explains the benefits of having a private landlord incentive scheme. These include providing additional affordable housing for homeless households and reducing the cost to the Council in terms of provision of more expensive temporary accommodation. The private sector lettings that are established through the incentive scheme are a key way in which the Council and Barnet Homes can help prevent homelessness and help households access the private rented sector.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not applicable.

4. POST DECISION IMPLEMENTATION

- 4.1 Not applicable.

5. IMPLICATIONS OF DECISION

- 5.1 **Corporate Priorities and Performance**

5.1.1 The private sector landlord's incentive scheme aligns with the Council's Corporate Plan 2015 to 2020. Through increasing affordable housing options for homeless households and reducing dependency on the Council's homelessness services, the incentive scheme meets the Corporate Plan priorities:

- Where services are delivered efficiently to get value for money for the taxpayer.
- Where people are helped to help themselves, recognising that prevention is better than cure.

5.1.2 Preventing and tackling homelessness is a key priority in the Council's Housing Strategy 2015 to 2025. Operating a landlord incentive scheme increases access to the private rented sector for housing applicants who would otherwise be homeless and require temporary accommodation.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 As described in Appendix 1, each household assisted through the cash incentive scheme would have likely otherwise been placed into temporary accommodation, placing significant further pressure on the Council's General Fund. The following table shows the estimated benefit of the cash incentive scheme:-

	2016/17	2017/18	2018/19	2019/20	Total
1. Number of private lettings with incentives	500	500	500	500	2,000
2. Annual Cost of private lettings with incentives (£'000s)	1,174	1,209	1,245	1,283	4,911
3. Equivalent TA demand met (all demand met by TA on an even basis throughout the year with a 2% incentive fail rate)	250	735	1,210	1,675	3,870
4. Equivalent TA demand cost (£2,397.20 ¹ pa net per unit multiplied by 3 above) (£'000s)	599	1,762	2,936	4,111	9,408
5. Cost avoidance (£'000s)	-575	553	1,691	2,828	4,497

5.2.2 If there was no cash incentive scheme, according to current projections, the Council would have to house 2,000 more households in temporary accommodation by March 2020 at a net cost to the General Fund of £9.408mm per annum. This is much greater than the costs of providing the cash incentive scheme which are projected to be a total of £4.911 million.

¹ average net cost of 2-bed unit secured through interim temporary accommodation providers, excluding any bad debt provision

Tenancy sustainment levels are high- only 2% of households placed in the PRS between April 2015 and February 2016 returned to temporary accommodation and required further assistance from us

5.2.3 All landlord incentive payments are made in accordance with the Barnet Homes financial and procurement regulations which meet the same standards as those set by the Council.

5.2.4 There are no other direct resources implications presented by the recommendation.

5.3 **Social Value**

5.3.1 Having consideration to the Public Services (Social Value) Act 2013, there are no specific social value considerations arising out of this report.

5.4 **Legal and Constitutional References**

5.4.1 The private landlord's incentive scheme helps households access private sector accommodation and enables the Council to meet its' prevention and homelessness duties under part 7 of the Housing Act 1996.

5.4.2 The Council's Constitution, Part 15, Responsibility for Functions, Appendix A sets out the terms of reference of the Housing Committee. This includes (amongst other responsibilities):

- Housing Strategy (Incorporating Homelessness Strategy);
- Working with Barnet Homes to ensure the optimum provision of housing and associated facilities for those who require social housing;
- Approving any non-statutory plan or strategy within the remit of the Committee that is not reserved to Full Council or Policy and Resources

5.5 **Risk Management**

5.5.1 This report seeks no decision from the Committee and the recommendation does not present any additional risks.

5.6 **Equalities and Diversity**

5.6.1 A full equalities impacts assessment was completed for the Council's overarching Housing Strategy and housing allocations scheme both of which have been reviewed by the Housing Committee. Those eligible for assistance from the private landlord incentive scheme are those that are either homeless or threatened with homelessness. These are households that the council would otherwise be expected to assist under the Housing Act 1996 and provide temporary accommodation. It is considered that the private landlord's

incentive scheme has a positive overall impact for all homeless applicants approaching the Council for assistance, increasing household's options in helping them access affordable private rented sector accommodation.

5.7 Consultation and Engagement

5.7.1 No consultation is required.

5.8 Insight

5.8.1 Not applicable.

6. BACKGROUND PAPERS

6.1 None.