



Report to:	Cabinet	6 th February 2024
Lead Cabinet Member:	John Batchelor – Lead Cabinet member for Housing	
Lead Officer:	Peter Campbell – Head of Housing	
Key Decision:	No	

Shire Homes Lettings

Executive Summary

1. This report is for information as an update to the Shire Homes Lettings scheme, demonstrating its cost effectiveness compared to temporary accommodation, as well as the additional benefits it provides to families and individuals in housing need.

Recommendations

2. Report is for information.

Details

3. Shire Homes Lettings Limited (a company wholly owned by South Cambridgeshire District Council) was set up in April 2017, to provide the Housing Advice and Homelessness Service with valuable access to settled accommodation in the private rented sector that helps to prevent homelessness. In so doing, the scheme minimises the number of households that will need temporary accommodation.
4. Many Councils are seeing unsustainable increases in demand for temporary accommodation and associated costs – in some cases this makes up half of their core budget. £1.7 billion is being spent on temporary accommodation by local

authorities. 96% of Councils are seeing an increased need for temporary accommodation. This includes South Cambridgeshire; however, this scheme is helping to minimise this increase for us.

5. The company provides good quality, affordable rented housing (leased), and aims to provide a quality service in this sector. The Housing Advice Service nominates households in housing need to the scheme to fulfil one of the following duties:
 - Prevent or relieve homelessness.
 - Provide temporary accommodation
 - Discharge of final duties

6. This scheme offers homeowners a hassle-free way to rent out their properties, with benefits including:
 - Guaranteed rental payments
 - No management fees
 - Day to day maintenance
 - Regular property visits
 - Full management service

7. As Shire Homes Lettings Limited was created to aid our statutory homelessness responsibilities. The company is not expected to generate any profit.

8. Shire Homes Lettings Limited pays the costs of leasing property from head landlords and meets the costs of managing and maintaining (response and void repairs only, with any major works or planned maintenance the responsibility of the owner) the properties that are leased. These costs are met by the rental income and a management fee paid by South Cambridgeshire District Council.

9. The company is not expected to return anything other than zero profit or loss at year end, with the management fee, covered by an extensive service level agreement between Shire Homes Lettings Limited and South Cambridgeshire District Council, meeting any of the deficit costs of operation.

10. The first property was signed in October 2017, and to date we have helped 144 households, plus 48 single people into rooms in an HMO. We currently lease 79 properties along with five HMOs providing an additional 21 rooms.

Alternative options:

11. The council use various forms of temporary accommodation to fulfil our statutory obligations including SCDC stock, specific Housing Association stock and hostel accommodation. When all other forms of temporary accommodation are full we are left with no choice but to use B&B accommodation which is both expensive and unsuitable for most households. This is not an acceptable long-term option for temporary accommodation and initiatives such as Shire Homes Lettings were developed to reduce the need for this. Due to Covid and the subsequent cost of living crisis the last few years have been challenging in terms of the need to use B&B, making the need for alternatives all the more important.

Compared to temporary accommodation in B&B:

12. On average B&B will cost approximately £60 per night per room but can vary.

13. The potential costs of the equivalent of the current occupants of the Shire Homes Lettings, (79 tenancies +21 occupants of HMO's) 100 households needing temporary accommodation, potentially B&B, gives a worst-case scenario of an additional £2,190,000 per year in B&B costs, of which approximately, £324,120 would be covered through housing benefits minus negative subsidy that is clawed back leaving potential additional costs to the Council of £1,865,880. We have also started charging occupants of B&B who do not make a claim for HB or are not entitled – this started from 1st October 2022 and initial indications show that approximately 16.5% of B&B costs for the remainder of 2022/23 were recouped through this. This would still leave a cost to the council of approximately £1,504,530.

Compared to temporary accommodation at Maple Court and the Bungalow:

14. Maple Court and the Bungalow are temporary accommodation sites managed by Sanctuary Housing Association. Maple Court is owned by Sanctuary and provides 30 units of temporary accommodation. The Bungalow is owned by the Council and leased to Sanctuary to provide 4 rooms of hostel accommodation.

15. 2022/23 costs - £37,435, which includes 34 units of temporary accommodation = £1,101 per unit per year.

16. 2022/23 cost for Shire Homes Lettings - £351,219 which includes 100 homes (including rooms in HMO's). During this same year £136,200 from the governments Homeless Prevention grant helped to fund this scheme, resulting in a cost per property/ room in HMO of = £2,150 per year.

Other benefits of private sector leasing:

17. Shire Homes, per unit of accommodation, does therefore work out as more expensive than this form of temporary accommodation, however, in addition to these costs, there are other factors that means a private sector leasing scheme is preferable to an increase in temporary accommodation:

- More choice on location for those in need.
- Properties are largely sourced from within the district boundaries.
- Prevents the housing register becoming overwhelmed with homeless applicants in Band A and creating a cycle of less flow through our usual temporary accommodation and an increase in unsuitable B&B accommodation.
- Properties are affordable, with rents within the local housing allowance limits.
- Homes are more settled with initial tenancies being for 6 or 12 months and usually renewable, giving families and vulnerable individuals a greater sense of security.
- Family homes are self-contained.
- Households are offered properties with the number of bedrooms appropriate to the family size, avoiding overcrowding.

- Affordable single person accommodation provided within HMO's along with support to maintain their tenancies.
- Reports show that temporary accommodation can interfere with children's right to education. A stable and decent home helps a child to succeed in their education, with adequate space to concentrate.
- Likewise temporary accommodation can impact on a child's play and in turn their health, wellbeing, and development.

Shire Homes Lettings Company

18. Company staff are employees of South Cambridgeshire District Council, with all costs of employment recharged directly to the company.



19. The current staffing structure consists of a small team of four with specific roles covering for single people (including HMO's and housing advice) and marketing and leasing to help to grow the scheme further.

20. The Marketing and Leasing officer post was created in September 2022 to address the need for more properties to increase the housing options available for those in housing need coming through the Council's Housing Advice Service. Since being appointed, the officer has increased the number of properties by 25. The service is finding it more and more difficult to access sufficient privately rented accommodation to prevent homelessness and therefore the provision of such accommodation through this scheme will help to reduce homelessness and

those in temporary accommodation and support the aims of the new Homeless Strategy.

21. The scheme is designed as a hassle-free option for landlords. Positive feedback from landlords includes: “Shire Homes give us confidence that our properties are being well managed and looked after. We are not disturbed with problems and we receive payments via BAC’s every month. We would certainly recommend any landlord to seriously consider letting Shire Homes manage their property”.

Implications

22. Financial – Shire Homes Lettings provides valuable access to affordable privately rented accommodation. It helps to minimise the use of B&B which is much more expensive. It is more expensive than some of our other temporary accommodation, however, there are other benefits to reducing the use of temporary accommodation. In addition, if households were provided with temporary accommodation instead of access to privately rented accommodation, this would increase demand on the housing register, block move on from existing temporary accommodation and increase expense on B&B.

23. Legal – the Council have a statutory duty to help applicants to prevent their homelessness and offer assistance should homelessness occur. We have an obligation to ensure there is sufficient accommodation to address these needs and avoid placing families in B&B. The scheme supports the aims of the new Homeless Strategy.

Alignment with Council Priority Areas

Housing that is truly affordable for everyone to live in

24. Shire Homes Lettings provides good quality, affordable accommodation in the private rented sector to prevent or resolve homelessness.

A modern and caring Council

25. Provision of this option for accommodation provides more stable and suitable accommodation for those in housing need and prevents the need to go into temporary accommodation.

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