

To: All Persons on the Distribution List of Communities Scrutiny Panel

6th January 2025

Dear Councillor

Communities Scrutiny Panel – 9th January 2025

Please find attached the following item marked 'copy to follow' for the above meeting:

Item 8 Report on progress of the Council registering to become a housing provider.

Please contact me if you require any further information.

Yours sincerely



Joanne Paterson
Scrutiny and Committee Advisor
for Rob Walsh, Chief Executive

Encs

Communities Scrutiny Panel

DATE	09/01/2025
REPORT OF	Carolina Borgstrum - Director of Economy, Environment and Infrastructure · Environment Economy and Infrastructure
SUBJECT	Update - Progress on becoming a Registered Provider
STATUS	Open

CONTRIBUTION TO OUR AIMS

The aims of this report will support the Council's ambitions to support;

- All people in North East Lincolnshire enjoy good health and wellbeing
- All people in North East Lincolnshire benefit from a strong economy
- All people in North East Lincolnshire live in a safe environment, can have their say about things that are important to them and participate fully in their communities

EXECUTIVE SUMMARY

This report sets out the Council's current position providing housing, and details steps the Council are currently taking, to explore whether becoming a registered provider would benefit the borough and its community.

MATTERS FOR CONSIDERATION

The report asks Scrutiny to consider the following;

1. To support the progress made to date.
2. Support future plans to explore if becoming a registered provider will support the Council's aims and objectives.

3. BACKGROUND AND ISSUES

During 2005, the Council handed over its property to a newly formed Large Scale Voluntary Transfer company called Shoreline Housing Partnership (now known as Lincolnshire Housing Partnership). They are a Registered Provider and are the largest social housing provider in North East Lincolnshire. The Council have no housing stock of their own.

What is a Registered Provider

A Registered Provider is an organisation who rent homes to households, whose needs cannot be met in the private sector.

A Registered Provider must be registered with the Regulator of Social Housing (RSH). The RSH manage the statutory register and set out the standards that Registered Providers are expected to support local authorities.

- ensure tenants are safe in their homes
- listen to tenants' complaints and respond promptly to put things right
- be accountable to tenants and treat them with fairness and respect
- know more about the condition of every home and the needs of the people who live in them
- collect and use data effectively across a range of areas, including repairs

Registered providers who have 200 homes for social housing will need to have a Housing Revenue Account (HRA). A HRA will record income and expenditure and how the Council will spend the funds, and how they have the correct governance processes in place. The HRA should be ring fenced and cannot go into a deficit position.

Registered Providers can access funding through Homes England, to help purchase properties, refurbish properties that are not currently classed as affordable housing and other schemes for example rough sleeper accommodation.

What is Social Housing?

Social housing for the purposes of the Housing and Regeneration Act includes.

- a) Low-cost rental accommodation; made available for
 - Rent below the market rate
 - Made available in accordance with rules designed to ensure that it's made available to people whose needs are not adequately served by the commercial housing market
- b) Low-cost home ownership (for example shared ownership schemes).

Where we are now?

In the last few years some social housing providers have amended their housing allocation policies, which mean they are less likely to rent homes to complex tenants who may cause anti-social behaviour or have previous rent arrears.

This means there is an increased reliance on the private sector rental market to house these tenants. Recently, demand in the private rental market has increased, and therefore landlords are less likely to let to tenants without a guarantor, deposit, or rent in advance. The Council are struggling to find sustainable accommodation for homeless households in the borough.

The Council must find a home for households if they are owed a full duty under the Housing Act 1996, as amended by the Homelessness Act 2002. To help meet this demand, the Council have leased around 126 properties and own a further 3 properties. The Council have entered several lease arrangements with private and social landlords to provide temporary housing. These leases range from 1 year to ten years.

The Council is unable to enter an assured shorthold tenancy with households who find themselves homeless which would be the preferred option. If households enter into a sustainable tenancy, they can settle. Temporary housing means they are unable to settle as they know that they will need to move, and will they be able to find a new property. Most households live in temporary accommodation for up to six months.

Why would the Council benefit from being a Registered Provider?

Being a Registered Provider would enable the council to offer households who struggle to find a longer-term housing solution. This means they could provide a tenancy at the start of the process, removing the need to move the family into temporary accommodation.

To do this the Council could apply for funding from Homes England to support a viable business case. The Council could also support developers by purchasing built properties on existing sites.

The new government is keen to accelerate housing delivery. The average number of homes built over the last 3 years is 468 per annum. We will need to increase this to around 623 homes per annum (under the revised standard methodology). Being a registered provider will allow the council to act build new homes, and increase housing delivery.

What things should the Council consider before making this decision?

The Council currently leases properties at the Local Housing Allowance, which is set around 80% of the local market rent, where possible.

The government is keen to increase the number of homes let on a social rent, which can be 50 - 60% of market rent. This makes it more difficult to develop a viable business case.

The Council will need additional resource to manage properties, provide a dedicated service desk and inspect homes. In addition, the Council will need to complete regulatory returns and maintain financial records, tenancy and lettings policies amongst other things.

Next Steps.

The Council will need to complete a review of the following,

- Current procedures and make recommendations for change where appropriate.
- Review costs to set up as a Registered Provider and a business case to show how we could grow our housing stock.
- Review alternative solutions including establishing partnerships with registered providers, to provide sustainable housing for complex families.

4. RISKS AND OPPORTUNITIES

Risks

- Potential to make a financial loss – social rents are lower than private sector rents, especially in this area where values are low.
- The Council would have increased risk of loss as they would house more complex families who may not pay rent and could cause damage.
- Risk of being fined by the Regulator if the Council do not meet the required standards.

Opportunities

- To deliver housing and assist delivering quality homes, in a time where housing targets are increasing.
- Provide long-term housing solutions for homeless households unable to access

the private or social housing sector.

- Access Homes England funding to support the purchase and development of housing in the borough.

5. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

Positive

- The Council would be seen to take positive steps to reduce the current housing crisis where we are unable to find longer term housing solutions.
- The Council could deliver on currently owned Council sites.
- The Council could build on their relationship with Homes England and become a partner to deliver regeneration projects.

Negative

- Current housing providers who are looking to develop in the area may consider reducing plans to expand in North East Lincolnshire, as the Council will effectively be a competitor.
- Reputational loss if the Council begins to lose money.
- The Council would provide housing for more complex cases, this could impact on neighbourhoods if they are housed closely together.

6. FINANCIAL CONSIDERATIONS

(Provide details of how the proposed decision will contribute to the financial strategy – see paragraph 7.9 of the Report Writing Guide. Please try to cover the following areas:

- How will the proposal be financed?
- What will the effect be on revenue and capital expenditure?
- What call, if any, will there be on Council reserves?
- How does your proposal interact with other policies on issues such as charging, income generation, collection and risk?
- How does the proposal deliver improved value for money?

7. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

This report could lead to children living less in temporary accommodation.

8. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

Building new homes or improving the thermal efficiency of existing housing stock will ultimately reduce carbon emissions through heating.

9. MONITORING COMMENTS

In the opinion of the author, this report does not contain recommended changes to policy or resources (people, finance or physical assets). As a result no monitoring comments have been sought from the Council's Monitoring Officer (Chief Legal Officer), Section 151 Officer (Director of Finance) or Strategic Workforce Lead.

10. WARD IMPLICATIONS

This paper impacts on all wards.

11. BACKGROUND PAPERS

None

12. CONTACT OFFICER(S)

Paul Evans, Director of Economy, Environment and Infrastructure Environment
Economy and Infrastructure

Carolina Borgstrum
Director of Economy, Environment and Infrastructure
Environment Economy and Infrastructure