

Meeting of:	CABINET
Date of Meeting:	21 NOVEMBER 2023
Report Title:	PRIVATE RENT SECTOR LEASING SCHEME
Report Owner / Corporate Director:	CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE
Responsible Officer:	MARTIN MORGANS HEAD OF PARTNERSHIP SERVICES
Policy Framework and Procedure Rules:	There is no effect upon the policy framework and procedure rules.
Executive Summary:	To seek approval to join a Welsh Government private rent sector Leasing Scheme, with the aim of increasing the supply of suitable, affordable accommodation in the borough and reduce demand on homelessness services. The proposal will also aid the Authority in meeting its duties under Part 2 of the Housing (Wales) Act 2014 by discharging statutory homelessness duties into the private sector.

1. Purpose of Report

1.1 The purpose of this report is to:

- Update Cabinet on the ending of the current private rent sector leasing scheme arrangements with Cartrefi Hafod;
- Seek Cabinet approval to implement the Welsh Government Leasing Scheme Wales.

2. Background

2.1 Bridgend County Borough Council (BCBC) currently delivers a private rent sector leasing scheme in partnership with Cartrefi Hafod. The scheme is long standing and part of a wider Cartrefi Hafod service, which is delivered across several Welsh local authority areas.

2.2 The scheme enables Cartrefi Hafod to lease properties from private sector landlords. Landlords receive a guaranteed rent, as well as a professional housing management service. The scheme also relieves landlords of the cost burden for the majority of ongoing repairs and maintenance. In Bridgend the scheme has enabled

privately rented properties to be utilised to provide temporary accommodation to those who are homeless, as well as providing accommodation to those resettled via resettlement schemes, such as the UK Resettlement Scheme, which has supported Syrian Refugees.

- 2.3 The number of properties live at any one time has fluctuated, but generally the scheme has had between 20 and 30 properties in recent years. These have been a combination of properties leased from the private rent sector and also from registered social landlords.
- 2.4 Cartrefi Hafod have made the decision to withdraw their private sector leasing scheme in all local authority areas in which they operate. They aim to withdraw the scheme by the end of 2023. Since notification, work has been ongoing to decommission the service, prioritising a smooth transition for current occupants and landlords. This has been managed through a combination of supporting individuals to secure alternative accommodation and, where possible, seeking to keep units of accommodation in use via alternative means, such as detailed below.

3. Current situation / proposal

- 3.1 As outlined at paragraph 2.4 above, work has been ongoing to decommission the current Cartrefi Hafod scheme, with the aim of keeping as many units as possible in use. There is an agreement in principle to continue to utilise the registered social landlord owned properties currently leased by Cartrefi Hafod. This will be achieved by transferring the properties to an existing commissioned service, specifically the Alternative to Bed & Breakfast Accommodation Service, which is delivered by the Wallich. This will ensure these units are continued for their current purpose and protects the temporary accommodation resource for the Authority.
- 3.2 With regards to the current properties owned by private landlords, it is proposed that BCBC joins the Welsh Government private rent sector leasing scheme, known as Leasing Scheme Wales, so that an offer of an alternative leasing scheme can be made. Joining the scheme will not only enable an offer to landlords' part of the current Cartrefi Hafod scheme, thereby retaining as many of the current properties as possible, but will also ensure a continued private sector leasing scheme offer is available to bring properties from this sector into use for households who are in housing need.
- 3.3 Participation in Leasing Scheme Wales will enable BCBC to offer private sector landlords:
- Guaranteed rent for the length of the lease at the relevant Local Housing Allowance rate (leases can be for a period of between 5 and 20 years)
 - Where necessary, a grant of up to £5,000 to bring properties up to an agreed standard. Additional grant funding of up to £25,000 is available for long term empty properties
 - Management of properties for the length of the lease, including property inspections, repairs, and maintenance
 - Support to tenants throughout the tenancy.
- 3.4 All properties made available through the scheme will be let to tenants with the intention that good quality accommodation is available on an ongoing basis,

providing longer term security of accommodation. Properties will not be temporary in nature, which is distinguishable to the current Cartrefi Hafod scheme. Properties will be prioritised for households who are homeless or threatened with homelessness, to reduce the need for temporary accommodation.

3.5 In order to operate the scheme BCBC will need to:

- Promote the scheme and liaise with private sector landlords with the intention of identifying suitable properties
- Survey properties to ensure accommodation is suitable
- Administer grants, if necessary, to bring accommodation up to standard
- Utilising model agreements provided by Welsh Government enter into lease agreements with private sector landlords
- Utilising model agreements provided by Welsh Government, enter into occupation agreements with tenants
- Make rent payments to landlords
- Undertake day to day property management, including rent collection, inspections and dealing with issues should any arise
- Maintain property and arrange repairs, as necessary
- Ensure support is available to tenants
- Generally ensure compliance with Welsh Government guidance and grant conditions

3.6 The responsibilities on the Authority, detailed at 3.5 are wide ranging and will require a cross directorate approach, for successful delivery. As the scheme develops and with additional properties leased, the appointment of additional officers will be required within the housing department to assist in managing the scheme. At this time, it is difficult to gauge but additional resource may also be required in other departments which may vary from property surveyors, officers to inspect properties, maintenance officers, finance / legal staff in conjunction with the team that will manage the day-to-day scheme. A third sector provider may need to be commissioned to provide tenancy support and any external resource will be secured in accordance with the Council's Contract Procedure Rules, as necessary. Resources and finances will need to be available for the Authority to be able to carry out its obligations as set out under the scheme which allows for the recharge of revenue costs associated with its delivery as outlined below.

3.7 In order to support the scheme grant funding is available from Welsh Government. Only actual costs can be claimed, and these are capped as follows:

- Repairs and damages - £1,225 per property per annum
- Grants to owners – up to £5,000 or up to £25,000 for long term empty properties
- Rent loss - £685 per property per annum
- Tenancy support - £1,650 per property per annum (capped at £100K)
- Staffing and admin - £36K per annum

3.8 Funding can be used on a portfolio basis rather than an individual property basis e.g. one property may require £2,000 of repairs and another £500 which would be eligible within the funding modelling (2 properties total costs £2,500).

3.9 The target number of properties and cap at which Welsh Government will provide grant for is based on 1% of the overall private rented properties in the borough. Indicative target figures from Welsh Government are below:

Scheme Year	2023/24	2024/25	2025/26	2026/27
Number of new properties	3	18	32	35
Cumulative Number of properties	3	21	53	88

3.10 It should be noted that whilst the table set out in paragraph 3.9 sets out the cap at which Welsh Government will provide grant for, the demand for the service from the private rent sector is likely to be linked to factors outside of the Authority’s control, such as Local Housing Allowance rates and the wider housing market. At this stage demand is difficult to predict. It should be noted that whilst there are incentives to landlords, anecdotal feedback from the sector suggests that the current limits on Local Housing Allowance rates will impact on demand.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 An initial Equality Impact Assessment (EIA) screening has identified that there would be no negative impact on those with one or more of the protected characteristics, on socio-economic disadvantage or the use of the Welsh Language. It is therefore not necessary to carry out a full EIA on this policy or proposal.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 Tackling homelessness is a Welsh Government priority. The report contributes to the following goals within the Well-being of Future Generations (Wales) Act 2015:

- A prosperous Wales – Increasing the supply of suitable and affordable accommodation supports a prosperous Wales by reducing homelessness, including the associated costs of temporary accommodation.
- A resilient Wales – The scheme will aim to prevent homelessness, increasing the resilience of both individuals supported and the general structures in place to support the goal of achieving a position where homelessness in Wales is rare, brief, and non-recurrent.
- A Wales of cohesive communities – Preventing individuals from becoming homeless will support cohesive communities, as will individuals residing in settled long term accommodation.
- A globally responsive Wales – Homelessness is an issue across the globe. This scheme will support Wales in efforts to prevent homelessness.

5.2 It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

6. Climate Change Implications

6.1 The scheme supports the climate change agenda through increasing the supply of suitable accommodation. The scheme will ensure, including through the provision of grant funding, that properties utilised will be up to standards, including having a minimum energy performance rating of C.

7. Safeguarding and Corporate Parent Implications

7.1 Homelessness and the availability of suitable accommodation play a key role in supporting BCBC's safeguarding agenda, from an individual perspective and from the perspective of agencies who often support vulnerable individuals known to safeguarding agencies.

8. Financial Implications

8.1 The financial implications in terms of the grant funding available from Welsh Government are set out within the body of the report. Cabinet should be aware that any expenditure which exceeds the grant funding available will need to be met from existing budgets. The Authority will need to manage the stock appropriately and efficiently to ensure that the most effective use is made from the service. Co-operative work between relevant departments will ensure that there are no adverse financial implications to the Authority. The scheme arrangements will also help to reduce the use of temporary accommodation for homeless households, helping to mitigate any additional costs of this scheme.

8.2 There are financial risks associated with the 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 to mitigate these risks through identifying appropriate tenants for the scheme.

8.3 As per paragraph 3.6 additional resource will be required within the housing department to support this scheme. It is also possible that as the scheme develops and additional properties are leased, additional resource within other departments may be required. The grant contributions from Welsh Government to support this are set out at 3.7.

9. Recommendations

9.1 It is recommended that Cabinet:

- Notes the update with regards to the ending of the current private rent sector leasing scheme arrangements with Cartrefi Hafod;
- Approves the implementation of the Leasing Scheme Wales based on the number of properties to be brought into the scheme as outlined at paragraph 3.9;
- Delegates authority to the Head of Partnership and Performance in consultation with the Section 151 Officer and Monitoring Officer to enter into any funding agreements and/or any further deeds and documents which are supplemental to

the scheme and approve any minor changes to the scheme in the future, which are within agreed budgets.

Background documents

None