



# Committee Report

---

**PURPOSE:** Final Decision Report

**KEY OR NON-KEY DECISION:** Key decision over £500k spend/save & impacts more than 2 wards

**COMMITTEE:** Homes and Housing Delivery Committee

**DATE:** 14 February 2025

**TITLE:** **Approval for activities to support homeless households to maintain and secure Private Rented Tenancies**

**Ward(s):** Citywide

**Officer presenting the report:** Paul Sylvester **Job title:** Head of Housing Options

**Committee Chair:** Councillor Barry Parsons

**Executive Director lead:** John Smith: Executive Director for Growth & Regeneration

**Proposal origin:** BCC Staff

## **Purpose of Report:**

1. Approval to spend up to **£3,493,365** (gross) per annum on activities to support homeless households into private rented tenancies and supply more cost-effective temporary accommodation, including landlord incentives and the procurement of a financial services and debt recovery function. This is a spend to save proposal, with an expected net cost of **£2,388,380** and **gross savings of £3,953,175**. We are seeking to increase the scale of our existing activity to alleviate budget pressure within temporary accommodation.
2. Approval to procure Great Western Credit union to deliver administration of financial support and recovery service.

## **Evidence Base:**

- 1. Context – Temporary accommodation and Tackling Homelessness programme**
2. As of 31 March 2024, 117,450 households in England were in Temporary Accommodation (TA), marking a 12.3% increase from the previous year. Households with children increased by 14.7% to 74,530, and single households increased by 8.5% to 42,920. Compared to the previous quarter, the number of households in TA had increased by 4.3% (Accredited Official Statistics - Statutory homelessness in England: January to March 2024, published 08 August 2024).
3. Many local authorities are feeling the impact of this locally and Bristol is no different. In Bristol, demand has continued to grow and there are now around 1,600 households in TA.
4. At the start of 2024, the annual TA subsidy loss for 2024/25 was estimated to total over £18.5m if no steps were taken to reduce this cost.
- 5. Private Rented sector in Bristol**
6. Within Bristol's housing stock, 53% are estimated to be owner occupied, 27% private rented and 20% social rented. For households facing homelessness, home buying is not an option. With around 21,600 on HomeChoice Bristol (Bristol Housing Register), the chances of accessing social rent homes are low. This means that increasing access to the Private Rented Sector (PRS) provides an opportunity to prevent homelessness and move people out of TA. Many households face barriers such as the affordability of the PRS and financial obstacles like upfront rent and deposits
- 7. Tackling Homelessness programme – Increasing Access to the Private Rented Sector project**
8. The Tackling Homelessness programme aims to mitigate challenges in cost of TA by developing several workstreams aimed at reducing this cost and reducing the need for TA.
9. The Increasing Access to the Private Rented Sector project is one of those work streams and has been looking at opportunities of increasing the amount of people able to rent within the Private Rented Sector and BCC leasing Private Rented Properties for use as TA, as an alternative to the [Emergency Accommodation Framework](#).
- 10. Private Rented Team activities**
11. The Private Rented Team sit under the Housing Options service and have been working with the private rented sector for a number of years to support homeless individuals into private rented tenancies, and to deliver leased TA.
- 12. Landlord incentives, and financial support to homeless households**
13. The team works with landlords to incentivise them to rent out their property to homeless households at Local Housing Allowance (LHA) rates, and support households to find their own tenancies ('self-serve') within the Private Rented Sector.

14. The tenant and landlord enter a secure, Assured Shorthold Tenancy, with either the tenant and landlord being supported directly with the incentives or financial support.
15. This includes offering landlord incentives such as rent top-ups to bridge the gap between LHA and market rents, rent-in-advance payments, and reimbursement for landlords' insurance to provide extra protection for their property. The current offer to landlords can be found in Appendix A.
16. The Private Rented Team also commission a financial support service for households, that offers interest free loans using BCC funds. Eligible homeless households are referred to the service, where they can access interest free loans for rent in advance and deposit bonds. The deposit bonds of 2 months can be viewed as a saving scheme for the tenant, as any funds paid to GWCU are repaid to the tenant if no claim is needed. This scheme is currently commissioned via [Great Western Credit Union](#), who are a credit union based in the Southwest. GWCU administer and recover the loans using BCC funding.
17. Access to this GWCU service often helps prevent homelessness by supporting households to overcome financial barriers of moving into a new private rented tenancy, avoiding the need for TA. Similarly, it supports those in TA for whom the PRS is a suitable option to exit temporary accommodation and move into their own tenancy.
18. Both the landlord incentives, and financial support available assist individuals in securing suitable housing and helps those in extended stays in expensive TA move into appropriate rented properties, where they can manage their own tenancies. Households are provided with information to help support them to be good tenants and build skills in managing future tenancies and navigating the PRS. Additionally, a support worker employed by BCC is available to address any issues that arise between tenants and landlords, ensuring that tenancies are sustained whenever possible.
19. In the case where the council has a duty to prevent or relieve homelessness, approximately 1,510 cases have had their homelessness prevented or relieved through the PRS since 2018. Of these, 183 individuals later made a new application, meaning around 12% of cases returned. However, since implementing changes such as a support worker focusing on tenancy rescue and increased early intervention, the team will be actively monitoring the impact of these measures on return rates and longer-term outcomes of this work.
20. This work provides significant cost avoidance to the council as the average annual cost of TA far exceeds the cost of placing someone into the PRS, as is outlined in financials below.
21. The Private Rented Team has expertise in the rental market and in working with both tenants and landlords, and in addition to this work deliver targeted funding. They conduct quality checks to ensure that the standard of accommodation is of good quality and ensure that they are compliant with rental safety regulations. The Private Rented Team will also conduct checks to ensure there is no record of the landlord being an unfit landlord via the BCCs Private Housing team. The

Private Rented Team ensure that legal safety certificates and documents from a landlord are collected as evidence of legal compliance with rental regulations.

22. Working within the PRS is standard practice across local authorities, particularly in high demand areas where local authorities are utilising the PRS to meet some of the housing challenges and avoiding costs relating to TA. The Private Rented Team have been working closely with other councils in the area to share best practice in this area of work.
23. According to MHCLG data comparing 'nearest neighbour' authorities, Bristol generally performs well in securing PRS housing. In Bristol 47% of households where accommodation was secured at the end of a prevention duty secured housing in the PRS, above the South West average of 33%. However, only 4% of accommodation secured at the end of a Main homelessness duty was in the PRS, compared to comparator authorities such as Reading (21%) and Southampton (19%).

#### **24. Leased Temporary Accommodation**

25. Another key activity completed by the Private Rented Team is utilising properties within the PRS to meet the need for TA within the council.
26. The Private Rented Team have a portfolio of properties leased from Private Landlords that are used as TA, as a cheaper alternative to those sourced via the Emergency Accommodation framework.
27. The council enters a lease agreement with the landlord, varying from 1-2 years, to utilise the property as temporary accommodation, which is cheaper than accommodation sourced via the Emergency Accommodation Framework.
28. Occupants (homeless households with a duty to be housed in TA) are then placed in these properties as a TA and enter into a non-secure tenancy agreement with BCC until suitable long term secure accommodation is sourced.
29. These properties still incur subsidy loss, however in 2023/24 this work stream delivered around £879k of savings against subsidy loss that would have been incurred on more expensive TA.

#### **30. Proposal for approval**

31. The aim of the proposal is to expand on our existing activity in the Private Rented Sector in 2025/2026.
32. We are proposing to increase spend to a maximum of £1,081,530 (gross) on landlord incentives, and financial support to homeless households to move them out of TA into the PRS.

33. We are proposing to increase spend to a maximum of £2,411,835 (gross), on securing leases in the Private Rented Sector for use as more cost-effective TA.
34. The total additional budget of £2,200,405 needed for the proposed activities has been approved by the spend control panel and is included in the draft budget for full council approval.
35. The table below outlines the gross, and net spend, as well as anticipated cost avoidance we expect to see by increasing placements into the Private Rented sector.
36. We have conducted soft market testing and explored options within the market to deliver financial services to the households that we work with and are proposing to continue to work with Great Western Credit Union to deliver the administration and recovery of the loans. The costs for this are included in the Landlord incentives and financial support figure below. This contract will be procured for up to 4 years, in 1-year intervals with an annual cost of £107k in fees for the council, which has been factored into the landlord incentives cost below.

### 37. Finances and targets

Type of accommodation	Gross spend	Forecasted rental Income Housing benefit /Debt recovery	Net cost	Savings through avoiding expensive TA	Net cost avoidance 25/26 onwards
Leased Temporary Accommodation	£2,411,835	-£873,861	£1,537,974	-£2,116,098	-£578,125
Landlord incentives and financial support (placements in the PRS)	£1,081,530	-£231,124	£850,406	-£1,837,077	-£986,672
<b>Total</b>	<b>£3,493,365</b>	<b>-£1,104,985</b>	<b>£2,388,380</b>	<b>-£3,953,175</b>	<b>-£1,564,797</b>

### 38. Landlord incentives and financial support - costs and assumptions

39. The gross spend indicates the amount the council will pay up front for incentive packages to landlords, loans, and fees for the credit union. The net cost reflects the cost with a repayment rate of 60% of Great Western credit union loans, which will be the minimum recovery rate accepted under the new agreement. There is work underway to improve debt recovery which includes enhancing contractual oversight within Housing Options service and updating contracts to clarify requirements. It also involves establishing clearer and more frequent reporting, strengthening

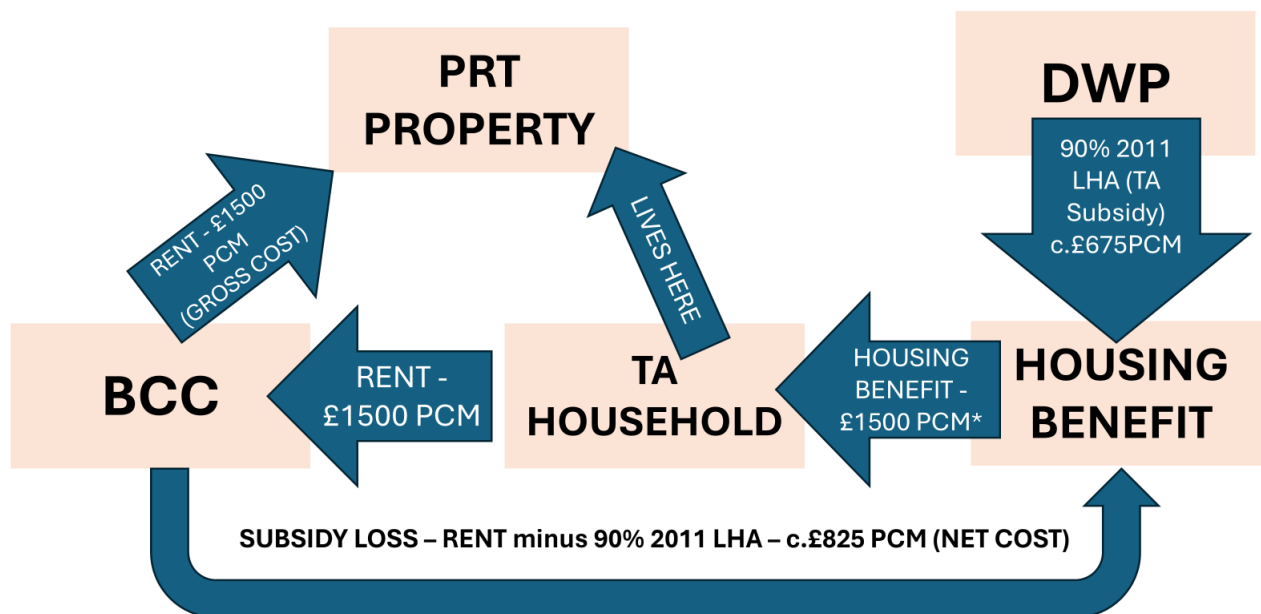
partnership working with GWCU, and increasing the frequency of notifications when households fall into arrears. Identified additional resource within Housing Options to support those with arrears, improving the arrears process, and outlining a process for recovering historic debt owed to the council.

40. The PRT team have factored in an increased internal incentive structure and financial ceiling on rent top ups on previous years, which allows them to negotiate with landlords to improve outcomes. The costs for the landlord incentives have been calculated with an assumed maximum top up to each landlord, and maximum available loan to a client, therefore the true cost is expected to be lower than this as we negotiate costs with landlords, and not all households will receive maximum loans.

41. The savings associated have been calculated assuming that placements in the PRS avoid the need for expensive TA, and each of these placements will be targeted at those that would have entered or are in temporary accommodation.

**42. Leased Temporary accommodation – costs and assumptions**

43. The flow of funds for this work is complex. The below image gives an overview of an indicative household in TA placed in a property secured by the PRT in the leased property portfolio.



\*Housing Benefit doesn't always cover the full rental cost due to the household in TA's circumstances (ie if they are working). This can lead to a budget shortfall to BCC which is covered by existing budget and Homelessness Prevention Grant (HPG), as outlined in the HPG paper.

44. Revenue and Benefits receive some of the housing benefit they pay to the TA household from DWP; however this is limited to 90% of 2011 LHA. The shortfall between what Revenue & Benefits pay the TA household and what they receive from DWP, is the net cost (subsidy loss) of these placements.

45. The net cost of spending £2.4m on leases for TA is £1.6m, which is the difference between what DWP provides to Revenue and Benefits and what Revenue and Benefits pay to the TA household. However, the saving of placing these households in TA through properties we lease directly ourselves, as opposed to in expensive nightly paid accommodation or hotels, is £2.16m.

46. This means there will be a net cost in the Private Rented Team budget of £1.6m in 25/26, but a saving in the subsidy loss budget of £2.16m. To realise these savings, approval to spend up to £2.4m in private leases is needed.

#### 47. Placements and Targets

48. The table below outlines the expected number of placements into the PRS, and leased properties for 2025/2026.

Category	2023 Actuals	2024/2025 Predicted	2025/2026 Targets	Increase
Placements in ASTs	33	46	86	+40
Self-Serves	63	62	94	+32
Leased properties (TA)	90	90	110*	+20

\*The target is to maintain the existing portfolio at the current 90 properties that are already being utilised as TA and increasing the portfolio by 20.

#### **49. Links to wider Tackling Homelessness work and Homelessness Strategy**

50. This work is directly linked into the wider Demand and Supply workstreams of the Tackling Homelessness programme, that was brought to board and directly links into key prevention workstreams underway as part of this programme. The Private Rented Team have formed a key part of a service redesign, that focuses on more early intervention, effective triage, and tenancy sustainment to ensure that where possible, homelessness can be prevented.

#### **51. PRS changes on the horizon**

52. We are aware of future changing landscape within the PRS and that we are on the cusp of legislation changes around renters' rights, including the Renters Rights Bill which proposes to abolish section 21 notices, among other reforms aimed to strengthen rights of renters.

53. There are opportunities with this work such as an improved willingness for people to enter the private rented sector and a potential reduction in homelessness, as well as risks such as pre-emptive evictions, increased rents and landlords leaving the sector. We are also aware of the work of the Bristol Living Rent commission as part of the Bristol One City recommendations which proposes changes to the sector. The changes and discussions around the future of the PRS within Bristol poses risks and opportunities as people enter for this work and we will be keeping abreast of any changes in legislation over the coming years to ensure that we are anticipating any impacts of this on this work, such as potential for landlords to exit the rental market and rent increases.

54. However, this proposal is looking at meeting current challenges in the housing and homelessness sector as it stands, to achieve necessary cost avoidance for the council and better outcomes for households across Bristol.

55. We will be closely monitoring trends and shifts within the market to pivot to respond to these as they arise.



### **Officer Recommendations:**

That the Committee for **Homes and Housing Delivery Committee**

1. Approves the proposal to spend up to **£3,493,365 (gross), at an estimated net cost of £2,388,380** on the expansion of PRS activities as cost-effective TA and to support homeless households into the Private Rented Sector as outlined in this report.
2. Approve the procurement of Great Western Credit Union to deliver the financial support and recovery for up to 4 years.
3. Authorises the Executive Director Growth and Regeneration in consultation with the Committee Member Homes and Housing Delivery Committee to take all steps required to procure and award the contract with Great Western Union as outlined in this report.

### **Corporate Strategy alignment:**

HC1 – Housing Supply – the proposal will increase access to housing by addressing affordability of privately rented homes.

HC3 - Homelessness: Preventing more homelessness by supporting more people into their own tenancies.

SD3 – Good Health and Wellbeing – we know that experiencing homelessness and living in temporary accommodation has a negative impact on people’s physical and mental health, so reducing the number of people experiencing this will contribute to better health and wellbeing for citizens.

ED05 – Good Governance – this programme contributes to making sure that the council is financially resilient

### **City Benefits:**

1. By placing more people into the Private Rented sector, we will contribute to a X budget pressure reduction. Reduction in subsidy loss will contribute to a balanced budget, increasing the financial sustainability of the council.
2. An increase in placements into the private rented sector will mean less people going into, and more people exiting, Temporary Accommodation.
3. More suitable accommodation for those who need it, with less reliance on the use of non-self-contained, and hotels as Temporary Accommodation.

### **Consultation Details:**

Not applicable.

**Background Documents:**

[5-Year Homelessness and Rough Sleeping Strategy Report.pdf](#)

[Tackling Homelessness Transformation Programme Report.pdf](#) The purpose of this report is to provide an update on the progress of the Tackling Homelessness Transformation Programme.

[HPG 2324 and AFEO cabinet paper LB track changes 23 FebHC.pdf](#)– Homelessness Prevention Grant 2023-2025 and accommodation for ex-offenders (AFEO bid – this includes detail of PRS

<b>Revenue Cost</b>	<b>£3,559,365</b>	<b>Source of Revenue Funding</b>	Property Leases 2025/26 Budget (10506)
<b>Capital Cost</b>	n/a	<b>Source of Capital Funding</b>	n/a
<b>One off cost</b> <input type="checkbox"/> <b>Ongoing cost</b> <input checked="" type="checkbox"/>		<b>Saving Proposal</b> <input checked="" type="checkbox"/> <b>If yes - existing or new saving?</b> <input type="checkbox"/> <b>New</b> <b>OR Income generation proposal</b> <input type="checkbox"/>	

**1. Finance Advice:** This report seeks approval to increase incentives to Private Landlords and also increase deposits with the Great Western Credit Union to be utilised as loans for deposits and rent in advance within the private rental sector. This is with the aim of enabling more individuals and families to access private rent thereby reducing potential of presenting as homeless. Additional budgetary provision and associated savings have been included as part the 2025/26 budget setting exercise.

**Finance Business Partner:** Martin Johnson – Interim Finance Manager – Housing & Landlord Services 14 January 2025

## 2. Legal Advice:

Private rented accommodation can be used by a local authority to prevent or relieve homelessness or bring the main housing duty to an end (s.193 Housing Act 1996). A general consent under section 25 of the Local Government Act 1988 (The general consent under section 25 of the Local Government Act 1988 for financial assistance to registered social landlords or to private landlords to relieve or prevent homelessness 2010) allows housing authorities to provide private registered providers with financial assistance in connection with such arrangements.

The procurement process must be conducted in line with the 2015 Procurement Regulations/Procurement Act 2023 and the Councils own procurement rules. Legal services will advise and assist officers with regard to the conduct of the procurement process and the resulting contractual arrangements.

The Council's power to acquire leases by agreement and at market value falls within the Local Government Act 1972 for the purpose of any of its operational functions. The detailed terms for any leases should be approved and agreed by Legal Services.

**Legal Team Leader:** Kate Meller, Team Manager 4 October 2024; Husinara Jones, Team Manager 3 January 2025; Andrew Jones – Team Manager 10 January 2025

**3. Implications on IT:** I can see no implications on IT regarding this activity

**IT Team Leader:** Alex Simpson – Lead Enterprise Architect 6 January 2025

**4. HR Advice:** There are no HR implications evident

**HR Partner:** Celia Williams, HR Business Partner, 14 October 2024

## APPENDICES

<b>Appendix A – Further essential background / detail on the proposal</b>	<b>YES</b>
<b>Appendix B – Equality Impact Assessment (EqIA)</b>	<b>YES</b>
<b>Appendix C – Environmental Impact Assessment</b>	<b>NO</b>
<b>Appendix D – Decision Risk Assessment</b>	<b>NO</b>
<b>Appendix E – Exempt Information</b>	<b>YES</b>
<b>Appendix F – Details of consultation carried out - internal and external</b>	<b>NO</b>

**Appendix G – Options appraisal matrix**

**NO**

**Appendix H – Business case / financial analysis**

**YES**