

Name of meeting: Cabinet
Date: 19th January 2022
Title of report: Enhanced Lettable Standard Review, the Lettable Standard and the Home Starter Fund

Purpose of report

To report the outcome of the review of the Enhanced Lettable Standard pilot and propose a new universal lettable standard for all empty homes to better meet tenant needs

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	Key Decision- Yes published 03/12/21
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by Strategic Director & name	Dave Shepherd (23/12/21)
Is it also signed off by the Service Director for Finance IT and Transactional Services?	Eamonn Croston (24/12/21)
Is it also signed off by the Service Director for Legal Governance and Commissioning Support?	Julie Muscroft (23/12/21)
Cabinet member portfolio	Cllr Cathy Scott

Ward councillors consulted: None

Public or private: Public

GDPR has been considered when preparing this report and there are no implications.

1. Summary

The Lettable Standard

1.1 As part of the ambition to enable some of our most vulnerable tenants to have the best possible start to their tenancies, the Council asked KNH to pilot the Enhanced Lettable Standard (ELS) which started in January 2020.

1.2 The ELS provides full decoration, new carpets, and new blinds to applicants meeting specific criteria. Prospective tenants at the point of being matched to a property also had a choice of colour schemes for the fittings.

1.3 Households applying for housing who fell into the following groups could benefit from the enhanced standard:

- Care leavers,
- Existing tenants who are downsizing,
- People moving into a Retirement Living Scheme,
- People moving from a Domestic Violence Refuge,
- People moving from KC temporary accommodation.

1.4 In addition, any applicant moving into a council tenancy for the first time can apply to access to the Home Starter Fund (HSF). This is a package of standard items of furniture and appliances which are provided as one-off items to the tenants that are unable to access furniture from other provision up to the value of £2000. It will support those applicants that meet one of the following criteria:

- Care leavers
- Moving from KC provided Temporary Accommodation with no furniture,
- Fleeing domestic abuse,
- New tenants in receipt of a means tested benefit – Job Seekers Allowance, Income support, Employment Support and Support Allowance, Universal Credit, Guarantee Pension Credit.
- New tenants on the maximum rate of Council Tax support.

1.5 The learning from the ELS Pilot has provided the opportunity to evaluate the impact of an improved standard for new tenants and how this impacted on their satisfaction at viewing as well as within the early months of settling into their new home.

1.6 The implementation of the ELS pilot has also meant that clearer comparisons can be made with the existing Lettable Standard that applies to all other properties where the tenant does not meet the ELS criteria outlined in paragraphs 1.4 and 1.5 above.

1.7 Prior to the ELS scheme, all new tenants were allocated £37.50 per room where decorating was of a poor standard. Whilst the Tenancy Agreement does require the outgoing tenant to leave the property in good decorative order, this is not always the case. Ageing plasterwork, layers of wallpaper and woodwork paint can often make a full

redcoration a daunting task. The feedback from many customers is that this allowance is often well below the cost incurred by a new tenant when decorating.

- 1.8 The tenant is only able to decorate their home after the start of the tenancy which for many is after they have moved in. Many find this difficult and awkward since they have to do this to work around furniture and normal family life at a time when they are still settling in.
- 1.9 Also, many have found the cost of doing so can add to the financial pressures on being a new tenant when they are balancing the costs of moving, paying rent, new household expenses, as well as decorating their new home.
- 1.10 One of the learning points has been the agreed ELS criteria does not include customers that have an assessed medical need, and, therefore, doesn't include customers that are least likely to be able to decorate independently.
- 1.11 In delivering the ELS there was additional work to undertake given the condition of some of the properties. This meant applicants having to wait longer to be rehoused, and at times, there were also complications in aligning the works where a property was not originally offered to a household who met the criteria for ELS but then subsequently being offered it after another applicant refusing the offer after viewing.
- 1.12 As the awareness of the scheme has increased over the last 2 years, the feedback from applicants and tenants that have not met the criteria is they feel they have received a lesser quality of home from the Council.
- 1.13 The review of the pilot has taken into account:
- The existing stock condition and the under-investment since the decent homes funding ended
 - The satisfaction from those who were in receipt of the ELS as well as the feedback from those who didn't receive the enhanced standard
 - The impact on waiting times of the time taken to complete the additional work and the variability based on individual circumstances.
 - The impact on those in the most need of being rehoused having to wait longer due to additional work applying.
- 1.14 These factors have led to the consideration of an improved standard for all new lets. It is therefore proposed that all new lettings be fully redecorated enabling many more households to benefit from an improved standard, whilst those who are most vulnerable can access additional support from the continuation of the Home Starter Fund.
- 1.15 Not only does it improve the experience for new tenants, but it also improves the condition of the council's assets as any failing plaster or layers of old paintwork will be picked up as part of the repair work before letting to a new tenant. For the current standard no decorating is completed, failing plaster often comes to light when the customer moves into the property and begins stripping paper from wall to start decorating resulting in a high volume of plastering works for new customers in the early part of their tenancy. This change therefore reduces the need for additional repair work once let and will improve the customer's experience as well as improving the potential for new tenants to successfully sustain their tenancy.

- 1.16 Ensuring all new tenants receive the improved standard will enable new streamlined ways of working by putting tenants and communities first and as the experience grows the council will be able to improve the experience of applicants by reducing waiting times.
- 1.17 The review of the ELS also led to the council reviewing its approach to capital replacements across all new lettings and not just those that were let to those in priority need. Where a property needs a large replacement, like kitchens or a bathroom, these works will be carried out once the new tenant has moved in. This will enable tenants to settle into their new home and have a choice about how they wish it to look by enabling the tenant to move in, settle and familiarise themselves with their space and have choice around design, layout and colour schemes. This has not been offered to date as works have been carried out during the void period.
- 1.18 This will be based on a firm commitment to the new tenants that work will be completed within 3 months of them moving in. The only exceptions to this are where these items do not need renewing or where there is a planned programme of replacements scheduled for within 12 months of the start of the tenancy.
- 1.19 The proposed new Lettable Standard will ensure that every new tenant will benefit from a newly decorated home where decoration is needed and that those applicants who are more vulnerable receive additional support through the Home Starter Fund. This will enable them to have a smooth start to their tenancy and help them to feel proud, settle into their home and neighbourhood and manage a successful tenancy.

Home Starter Fund (Provision of furniture, White Goods and Carpets)

- 1.20 The Home Starter Fund benefitted 385 households (30% of new tenants) with an average spend per household of £1,168 since the start of the pilot to March 2021 helping some of the most vulnerable tenants in setting up their home. It removed a significant financial burden for those that would otherwise have been without basic furniture provision for long periods whilst they saved or struggled to access items from elsewhere. This has supported people to have furniture and equipment so they can live comfortably in their new home and make it their own.
- 1.21 It is proposed that where the tenant meets the eligibility criteria for the HSF, carpets and blinds may be accessed as part of this scheme, where needed.
- 1.22 The proposed amended criterion for the HSF is:
- Care leavers,
 - Moving from council provided Temporary Accommodation with no furniture,
 - Moving from Domestic Violence Refuge/Supported Housing.
- 1.23 Households will also be able to access the following items:
- Bed with mattress – single or double
 - Cot including mattress
 - Table and chairs
 - Sofa

- Electric Cooker including fitting
- Washing machine
- Fridge/Fridge Freezer
- Single wardrobes with drawer
- Carpets, Curtains or Blinds

Conclusion

This proposal ensures that tenants moving into a Kirklees council property get a consistent standard of home through a universal Lettable Standard and that additional support is provided to the most vulnerable households through the HSF.

It should be noted that whilst the lettable standard applies to all council properties, including those under the 'Excellent Homes for Life' PFI contract, these homes are generally of a better decorating standard due to their age. The Contractor makes good any damage to decorating before they are relet.

2. Implications for the Council

Working with People

Throughout the ELS pilot consideration has been given to the feedback from customers. There are many examples of the positive impact that the enhanced standard has had on the households at the start of their tenancy. However, there has also been feedback of some dissatisfaction with the variances in standards and the impact that has on individuals who are not eligible under the current criteria.

This had led to the proposal to improve the offer for all new tenancies, whilst still having an additional tailored offer to the most vulnerable customers through the provision of the Home Starter Fund.

Working with Partners

Collaborative work with partners continues in order to support the most vulnerable tenants to improve outcomes. The new standard will offer opportunities to local businesses and the supply chain and once procured will enable a strong partnership to develop with the successful contractor.

Place Based Working

Kirklees as a place is made up of different communities and the diversity of its communities is one of its key strengths. Place based working recognises that the needs of Kirklees residents and communities vary widely and that by improving the standard of our homes we prioritise the needs of communities to have good quality housing. This proposal benefits those who are most likely to have lower incomes and live in some of Kirklees' most deprived neighbourhoods and estates. In addition, the home starter fund provides additional support for those who need it.

Climate Change and Air Quality

We will work with contractors to ensure the materials and modes of travel mitigate the worst impacts on the climate and that waste is managed well.

Improving outcomes for children

Families with children moving into Kirklees Council Homes will benefit from moving into attractive homes and contribute to well-being. In addition, those young people leaving care will be able to apply for the Home Starter Fund which will complement other financial support they may get to settle into their first independent home and create the conditions to have a better chance of sustaining their tenancy successfully.

Other (e.g., Legal/Financial or Human Resource)

Procurement for the new Lettable Standard and the Home Starter Package will comply with the Council's Contract Procedure Rules and duty of Best Value.

The costs associated with the proposed enhanced lettable standards and Starter Homes Fund are budgeted for within the Housing Revenue Account (HRA), subject to Cabinet approval.

Integrated Impact Assessment (IIA) - An Integrated Impact Assessment has been carried out - see Appendix A.

In taking this decision, the Council's public sector equality duty must be taken into account under the Equality Act 2010. It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Relevant legislation is as follows:

The Landlord and Tenant Act 1985, section 11

Implies a term into tenancy agreements for less than seven years that the landlord shall keep in repair:

- the structure and exterior of the dwelling
- the installations for the supply of water, gas, electricity and sanitation
- the installations for the supply of space heating and water heating and
- the communal areas and installations associated with the dwelling (section 11 as amended by section 116 of the Housing Act 1988), where these are controlled by the landlord.

The Act also provides that the standard of repair necessary will vary depending on the 'age, character, and prospective life of the property and its location']

The Homes (Fitness for Human Habitation) Act 2018

The Homes (Fitness for Human Habitation) Act 2018 (HFHHA 2018) adds sections 9A-9C to the Landlord and Tenant Act 1985. These impose a statutory obligation and an implied covenant on the landlord of a property in England to ensure that it is fit for human habitation on the grant of the tenancy and remains so for the duration.

Defective Premises Act 1972, Section 4

A landlord may have an implied statutory obligation to repair under section 4. The landlord has a duty to take such care as is reasonable in all the circumstances to see that the tenant and anyone else who may be affected are reasonably safe from personal injury or damage to property caused by a relevant defect which has arisen or continues due to the landlord's failure to carry out its obligations to maintain and repair the premises.

Financial Implications.

Enhanced Lettable Standard

The existing enhanced lettable standard was first set up in February 2020 to run as a pilot for 12 months costing £2.1m, providing decorations, carpets and blinds and was intended to support 423 tenancies from priority groups. A budget of £1.1m was also provided for issuing furniture packs, which was to be awarded based on an assessment criteria, where the aim was to support vulnerable tenants to sustain their tenancies. Due to the pandemic and lockdown, the pilot was extended and supported by a revenue budget totalling £10m over five years reducing at 2% per annum over the five-year period to 2024-25. An additional revenue budget resource of £54m over the life of the business plan will be required, but can be supported by the additional income from the increase in rents approved by Cabinet on 14th December and from additional borrowing.

Estimated cost for new Lettable Standard, decorating to all void properties.

Average number of homes relet per year	Average cost per property to decorate only	Estimated rent loss per property of time to decorate	Total cost to deliver decoration as a standard for <u>all</u> voids/re-lets
1658	£1310	£71.18	£2,289,969
Less savings from decoration Allowance currently provided			£203,400
			£2,086,569*

Estimated cost to deliver the ELS to all voids (Decoration, Carpets and Blinds)

Total Voids	Total cost to decorate all voids	Total cost to provide carpets to all voids	Total cost to blinds to all voids	Estimated rent loss per property	Total cost to Dec, carpets and blinds to all voids
1658	£2,171,980	£1,085,386	£790,702	£362,985	£4,411,053*

Costs associated are plastering during void repair is expected to increase for the Empty Homes Repair teams but decrease for Responsive repairs with this work being moved to being completed whilst the property is empty.

There is already budget provision for elements of plastering associated capital works and following asbestos surveys that are complete for every void.

Home Starter Fund

Total Spend of providing the Home Starter Fund was £449,645 for 2020/21. This provided furniture to 30% of new tenants (385 households) with an average spend per household of £1,168. The HSF is provided once the tenant moves in so there is no rent loss associated with delivering this scheme.

Please note, for 20/21 we saw a reduction of 30% in the number properties becoming void. Based on 'normal' pre covid volumes this is likely to be higher.

The proposed criterion for the HSF targets our most vulnerable tenants with a wider offer including the provision of carpets and blinds.

**Please note all costs are based on estimated costs associated with current contract for delivery in 2021, contracts will be procured February 2022 and may be subject to change.*

4. Consultees and their opinions

4.1 The most frequent feedback from new tenants is that the existing lettable standard is too basic and needs reconsidering to be more aligned to the enhanced standard.

4.2 The Enhanced Lettable Standard pilot has found that this standard in general was positive for new tenant households who qualified for the Standard. However, as this was not universally applied it led to complaints from other new tenants who struggled to decorate their (or their relatives) new home.

4.3 The most common and disruptive repair for new customers is the requirement for replastering works, after they have moved in and start to redecorate themselves. The new standard will remove this inconvenience and support tenants to get a good start.

4.4 The most frequent request for new customer improvements are adjustments and changes to a new kitchen that do not accommodate their existing white goods and choice for design. The new standard will enable a kitchen design to take into account the tenant's requirements.

5. Next steps and timelines

5.1 Carry out appropriate procurement exercise for decoration, carpets, and blinds in conjunction with Corporate Procurement and award contract late January 2022.

5.2 Apply the new Lettable Standard (full version Appendix B), that includes new decoration to all empty properties being vacated from the beginning of February 2022.

5.3 Implement new Home Starter Fund Criteria for all applicants moving into a Kirklees Tenancy from the beginning of February 2022.

6. Officer recommendations and reasons

Cabinet is recommended to:

6.1 To approve amendments to the Lettable Standard Policy to reflect the proposed new standard to support an improved experience for all of the Council's new lets from the beginning of February 2022. A copy of the proposed amended Lettable Standard is attached as Appendix B. [This includes the new approach to capital replacements set out in paragraph 1.18 and 1.19 of the report.] This will ensure that each household moving into a council home will have a good standard of decoration in their new home.

6.2 Approve the continuation of the Home Starter Fund for the most vulnerable in Kirklees from the beginning of February 2022 in accordance with the criteria outlined in paragraph 1.23. This will ensure that the most vulnerable people are supported to start their new tenancy with quality furniture and fittings to enable them to have the best start.

7. Cabinet Portfolio Holder's recommendations

7.1 Portfolio Holder Cllr Cathy Scott agrees with the Officer recommendations outlined in paras 6.1 and 6.2.

7.2 Portfolio Holder Cllr Cathy Scott would like a review to be done in the next 6-12 months to measure if the changes have had a positive impact on the sustainability of tenancies.

8. Contact officers

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9. Background Papers and History of Decisions

10. Service Director responsible

Naz Parkar Service Director Homes and Neighbourhoods

Appendices

Appendix A – Integrated Impact Assessment
Appendix B – Revised Lettable Standard