A meeting of the Fixed-term Tenancies Task Group will be held at 5.30pm on Wednesday 2 October 2013 in Committee Room 1 at the Town Hall, Rugby.

Andrew Gabbitas
Executive Director

A G E N D A

PART 1 – PUBLIC BUSINESS

1. Appointment of Chairman – to appoint a Chairman of the Task Group for the 2013/14 municipal year.

2. Apologies - to receive apologies for absence form the meeting.

3. Declarations of Interest

To receive declarations of:

(a) non-pecuniary interests as defined by the Council’s Code of Conduct for Councillors;

(b) pecuniary interests as defined by the Council’s Code of Conduct for Councillors; and

(c) notice under Section 106 Local Government Finance Act 1992 – non-payment of Community Charge or Council Tax.

Note: Members are reminded that they should declare the existence and nature of their non-pecuniary interests at the commencement of the meeting (or as soon as the interest becomes apparent). If that interest is a pecuniary interest the Member must withdraw from the room unless one of the exceptions applies.

Membership of Warwickshire County Council or any Parish Council is classed as a non-pecuniary interest under the Code of Conduct. A Member does not need to declare this interest unless the Member chooses to speak on a matter relating to their membership. If the Member does not wish to speak on the matter, the Member may still vote on the matter without making a declaration.
4. Introductory presentation/background information (briefing paper attached).
5. Review of the one page strategy (attached).
6. Programme of work.
7. Dates of future meetings – please bring your diaries to the meeting.

PART 2 – EXEMPT INFORMATION

There is no business involving exempt information to be transacted.

Membership of the Task Group:

Councillors Coles, Mrs Garcia, Hazelton, Mahoney, Mrs Parker, Ms Robbins and Helen Walton

Ms Tracey Nuttall (nominee from Tenant Representative Panel).

If you have any general queries with regard to this agenda please contact Linn Ashmore, Democratic and Scrutiny Services Officer (01788 533522 or e-mail linn.ashmore@rugby.gov.uk). Any specific queries concerning reports should be directed to the listed contact officer.

If you wish to attend the meeting and have any special requirements for access please contact the Democratic and Scrutiny Services Officer named above.
1. Introduction

The Localism Act 2011 introduced new flexibilities for councils and other social housing providers to offer new tenants ‘flexible tenancies’. The purpose of this review is to investigate the merits and implications of Rugby Borough Council introducing fixed term tenancies for its council homes and to make a recommendation to Cabinet as to whether or not the council should take advantage of these new powers.

If the task group decides in favour of this approach, further work may be carried out on the details of how this would be implemented, following an in-principle decision from Cabinet.

2. Purpose of the meeting

Apart from the election of the chairman, the key tasks for this first meeting of the task group will be to:

- receive an introductory briefing from officers providing key background information and identifying issues for consideration by the task group
- review the one-page strategy in the light of what is learnt from the briefing and presentation
- agree a provisional programme of work for the task group.

The aim of this first meeting is to set the scene for task group members and provide a clear understanding of the policy context. At the meeting members will be briefed by officers on:

- National policy context
- Local tenancy policy
- Statistics on the council’s housing stock, local housing needs, and tenant profile
- How we are currently managing housing needs in the borough
- Void management – including current levels of turnover, and costs of repair and maintenance of void properties
- Current housing market in Rugby and likely future trends
- Wider considerations

This briefing paper provides background information for prior consideration by task group members.
3. Policy context

The Localism Act 2011 enables councils and other social housing providers to offer ‘flexible tenancies’ to new tenants, for all types of new let, from April 2012. This does not affect existing secure tenants.

The Localism Act also required local authorities, working with other providers such as housing associations, to develop a tenancy strategy for their area.

2.1 What is a Flexible Tenancy?

A flexible tenancy is a fixed-term tenancy which would normally last for a minimum term of 5 years, although in some exceptional circumstances (for example, young people seeking work and likely to move on) they may last for a minimum term of no less than two years, in addition to any probationary tenancy. There is no limit on the maximum length of a fixed term tenancy.

Tenants are made aware from the outset that the tenancy will expire after a stated period and may not necessarily be renewed. Six months before the end of the flexible tenancy the landlord assesses the household’s circumstances and decides whether to:

- issue a new flexible tenancy at the same address
- issue a new flexible tenancy at a different address (for example if the property is now too big for the household’s needs)
- issue no new tenancy: if the landlord considers that the tenant no longer needs affordable housing

Where registered providers choose to let homes on fixed term tenancies, they are required to offer reasonable advice and assistance to tenants whose tenancy ends.

Housing providers have considerable discretion in setting the criteria and framework for their own tenancy agreements, and if the council were to pursue this approach, there would be a number of practical questions to address, which are detailed under the potential ‘key lines of enquiry’ in the one page strategy for the review.

2.2 Why has the Government introduced these new powers?

The Government set out its overarching policy aim as being “to ensure that social landlords grant tenancies which are compatible with the purpose of the housing, the needs of individual households, the sustainability of the community and the efficient use of their housing stock”.2

According to the CIH (Chartered Institute of Housing) the Government has three main aims in its housing reforms:

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1. The regulatory framework for social housing in England from April 2012, Homes and Communities Agency, March 2012
2. Local decisions: next steps towards a fairer future for social housing – Summary of responses to consultation, DCLG, February 2011
• Power will be devolved to social landlords so they can make decisions on the basis of local need and circumstances
• The system will be better focused on need: social housing should provide protection and support for those who need it most for the period they are in need
• There will be a change in the public perception of social housing; it should be seen as a springboard into work and self-sufficiency.

The CIH states that it is the government’s explicit belief that “social housing is welfare and should be a step on to other types of housing”\(^3\).

Following reports of a poor take-up of the new powers by local authorities, the housing minister urged councils to use the new flexibilities “to ensure homes go to those in greatest need in their area, better meet the needs of current and future tenants and cut waiting lists”\(^4\).

2.3 **How are local authorities and other social housing providers using the new powers?**

It has not been possible to find any authoritative national data on the number of local authorities or social housing providers that have introduced fixed-term tenancies since the new flexibilities became available.

In Warwickshire, all of those local authorities with housing stock are continuing to offer secure tenancies and, like Rugby, offer 12-month introductory tenancies to new tenants. However, in the wider area, both Northampton Borough Council and Solihull Metropolitan Borough Council (whose housing service is run by arms-length management organisation Solihull Community Housing) have decided to introduce fixed term tenancies.

When this council carried out a small consultation exercise with other registered social landlords with stock in the borough on the Localism Act provisions, it found that:

- Midland Heart is using 5-year fixed term tenancies, preceded by a 1-year starter tenancy
- Waterloo have introduced fixed term tenancies on Affordable Rents homes
- WRHA do not use fixed term tenancies and have no plans to do so.

An article published by *Inside Housing* magazine in January 2013 reported the outcomes of a survey which found that 29 out of 50 English councils who responded were rejecting the use of flexible tenancies.

Similarly, a report by the Housing Quality Network published in May 2012 stated that “to date, there is no evidence that social landlords are rushing head first into using FTTs” but that “many associations and councils are still discussing whether to use them”\(^5\).

\(^3\) Managing the impact of housing reforms in your area, CIH, June 2011
\(^4\) (Citing Mark Prisk MP) Minister urges councils to set fixed-term tenancies, Inside Housing, 11 January 2013
2.4 Rugby Borough Council Tenancy Policy

Rugby Borough Council is party to a Joint Tenancy Strategy which has been agreed on a county-wide basis. All registered providers of affordable housing in the area (including the council itself) must have regard to this tenancy strategy when formulating their policies relating to the:

- type and length of tenancies that they grant
- circumstances in which they will grant a tenancy of a particular type
- circumstances in which they will grant a further tenancy at the end of an existing tenancy.

The Warwickshire Joint Tenancy Strategy sets out the aims that registered providers are expected to support through the use of social housing tenancies. These are to:

- help local households to meet their current and future housing needs
- make the best use of social housing stock by promoting social mobility, financial inclusion issues and reducing under occupation and overcrowding
- invest in Warwickshire and provide affordable housing, as well as the associated economic benefits
- create, encourage and maintain sustainable communities and protect vulnerable households
- ensure appropriate use of tenancies and tenancy options
- support and incentivise employment and training opportunities for existing and prospective tenants

The Strategy enables the council to continue to offer qualifying tenants ‘secure tenancies’ or to introduce flexible tenancies if it wishes.

Currently, most new tenants of Rugby Borough Council are awarded an introductory tenancy for the first year. As long as the introductory tenancy is conducted in a satisfactory way, it automatically becomes a secure tenancy, with additional rights (such as the right to buy and the right to exchange) at the end of the first year.

3. Understanding the local housing market

As well as understanding how well the council currently satisfies demand for social housing in the borough (to be presented at the meeting), another key consideration for the task group is the availability of alternative housing options for those whose tenancy might not be renewed.

The key source of data in this regard is the Strategic Housing Market Assessment. The 2013 SHMA is currently in draft, and the data below are taken from this early version and so it should be noted that these are not final figures. More work is being done, particularly in respect of calculating the backlog of housing need.

The figures presented below are for Rugby only.
### Cost of Affordable Rented Housing by Size (per month)

<table>
<thead>
<tr>
<th>Size</th>
<th>1 bedroom</th>
<th>2 bedrooms</th>
<th>3 bedrooms</th>
<th>4 bedrooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£320</td>
<td>£440</td>
<td>£520</td>
<td>£620</td>
</tr>
</tbody>
</table>

Source: Derived from Online Estate and Letting Agents Survey (May 2013)

### Indicative Income required to Purchase/Rent without Additional Subsidy

<table>
<thead>
<tr>
<th>Income type</th>
<th>Lower quartile purchase price</th>
<th>Lower quartile private rent</th>
<th>Affordable rent</th>
<th>Lower quartile social rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>£26,400</td>
<td>£21,120</td>
<td>£16,368</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Online Estate and Letting Agents Survey (May 2013) and CORE

### Income levels

<table>
<thead>
<tr>
<th>Income band</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under £10k</td>
<td>4.0%</td>
</tr>
<tr>
<td>£10k to £20k</td>
<td>26.8%</td>
</tr>
<tr>
<td>£20k to £30k</td>
<td>18.5%</td>
</tr>
<tr>
<td>£30k to £40k</td>
<td>13.9%</td>
</tr>
<tr>
<td>£40k to £50k</td>
<td>10.9%</td>
</tr>
<tr>
<td>£50k to £60k</td>
<td>7.3%</td>
</tr>
<tr>
<td>£60k to £80k</td>
<td>7.6%</td>
</tr>
<tr>
<td>£80k to £100k</td>
<td>4.2%</td>
</tr>
<tr>
<td>Over £100k</td>
<td>6.8%</td>
</tr>
<tr>
<td>Mean</td>
<td>£40,000</td>
</tr>
<tr>
<td>Median</td>
<td>£30,400</td>
</tr>
</tbody>
</table>

Source: Derived from ASHE, Experian, SHE, CACI and ONS data

### Estimated Proportion of Households Unable to Afford Market Housing without Subsidy

<table>
<thead>
<tr>
<th>Income required to access market</th>
<th>Number unable to afford</th>
<th>Estimated households (2013)</th>
<th>% of households unable to afford</th>
</tr>
</thead>
<tbody>
<tr>
<td>£26,400</td>
<td>18,589</td>
<td>43,179</td>
<td>43.0%</td>
</tr>
</tbody>
</table>

Source: Online Estate and Letting Agents Survey (May 2013) and Income modelling
Estimated number of Households in Unsuitable Housing

<table>
<thead>
<tr>
<th>In unsuitable housing</th>
<th>Total number of households</th>
<th>% in unsuitable housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>875</td>
<td>43,179</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

Source: Census (2011) and data modelling

Estimated Level of Housing Need from Newly Forming Households (Five Year Period)

<table>
<thead>
<tr>
<th>Number of new households</th>
<th>% unable to afford</th>
<th>Total in need</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,445</td>
<td>51.7%</td>
<td>2,300</td>
</tr>
</tbody>
</table>

Source: Projection Modelling/Income analysis

Estimated Future Housing Need (2013-18)

<table>
<thead>
<tr>
<th>Newly-forming Households in Need</th>
<th>Existing Households falling into Need</th>
<th>Total Newly-Arising Need 2013-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,300</td>
<td>753</td>
<td>3,054</td>
</tr>
</tbody>
</table>

Supply of Affordable Housing

<table>
<thead>
<tr>
<th>Social rented relets</th>
<th>Intermediate housing ‘relets’</th>
<th>Total supply (2013-2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,424</td>
<td>96</td>
<td>1,520</td>
</tr>
</tbody>
</table>

Analysis of past Social Rented Housing Supply (past 5 years)

<table>
<thead>
<tr>
<th>General needs</th>
<th>Total lettings</th>
<th>% as non-newbuild</th>
<th>Lettings in existing stock</th>
<th>% non-transfers</th>
<th>Total lettings to new tenants</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,316</td>
<td>84.4%</td>
<td>1,955</td>
<td>63.3%</td>
<td>1,237</td>
</tr>
<tr>
<td>Supported</td>
<td>308</td>
<td>90.1%</td>
<td>278</td>
<td>67.2%</td>
<td>186</td>
</tr>
<tr>
<td>Total lettings to new tenants</td>
<td>1,424</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: CORE
4. **Further information and wider considerations**

At the meeting officers will provide further data and information for the task group on:
- Rugby Borough Council housing stock
- how we are managing housing needs in Rugby
- voids management and related costs.

Officers will also briefly introduce some of the wider, political considerations for task group members, including:
- what does the council see as the purpose of the social housing it provides?
- how might community sustainability be affected by flexible tenancies?
- what could be the implications for social cohesion and social mobility?

5. **Next steps**

Following this initial briefing, the task group needs to review its one page strategy to confirm that it remains relevant and achievable.

Consideration will then be given to what further evidence is required in order to make a robust recommendation to Cabinet about the potential introduction of fixed term tenancies by the Council. On the basis of this, the task group will draw up a programme of work to deliver the intended outcomes for the review.

Debbie Dawson, Scrutiny Officer, September 2013
What is the broad topic area?
The Council’s tenancy policy

What is the specific topic area?
The Localism Act introduced new flexibilities for housing providers to offer new tenants a tenancy for a fixed term. The council needs to take a view as to whether it wishes to take advantage of this new flexibility.

The review will explore the benefits and risks of introducing fixed-term tenancies for council homes and, if appropriate, consider the detail of how this would be implemented. It will include consideration of the potential impact of fixed-term tenancies on community sustainability.

What is the ambition of the review?
The council’s tenancy policy supports best use of its housing stock to meet local housing needs and ensures sustainable local communities.

How well do we perform at the moment?
The Council is party to a Joint Tenancy Strategy agreed on a county-wide basis. This is scheduled to be reviewed in January 2014. The strategy allows the council to continue to offer qualifying tenants ‘secure tenancies’. The Council currently offers introductory tenancies for the first 12 months to new tenants, and then tenants normally transfer to secure tenancy after that period.

Key considerations for the task group include how well the council currently satisfies demand for social housing and the availability of alternative housing options for those whose tenancy might not be renewed. The task group will draw on the evidence collated for the previous review of housing stock and housing need, and the ensuing actions taken to redesignate properties to better meet local need.

In terms of current council housing provision:
- The council owns just over 3,900 properties, 37% of which is sheltered housing
- Over the last three years we have let on average 315 properties per year and roughly 20% of these were let to existing RBC tenants. Around 44% of lettings were of sheltered housing.
- As at 1 April 2013 there were 2,068 applicants on the housing register of which 425 (21%) had a high or medium level of need. This was a significant increase on the previous year when there were 1,655 applicants including 282 (17%) in high or medium need.

The task group will also need to understand the housing market in Rugby now and likely future trends (eg. average house prices and market rents, and availability of affordable housing) as well as the profile of income levels of council tenants and borough residents.

Who shall we consult about the current service and about how we can improve it?
- Tenant Representative Panel (to be co-opted to the task group)
- Current housing applicants (survey through Housing Options Team?)
- Rugby Homelessness Forum
The group is also able to draw on existing findings of RSL and housing staff consultation carried out by the housing team (autumn 2012). If introduction of fixed term tenancies is proposed, fuller consultation with tenants and residents may be required.

What other help do we need?
- The task group could learn from the experiences of other housing providers and local authorities who have decided to introduce fixed-term tenancies, about their reasons for choosing this approach and the potential benefits, eg. Midland Heart, Waterloo, Solihull Community Housing (introducing FTTs from 2013/14), St Edmundsbury Borough Council (introduced them in 2012).
- The task group may also want to hear from Warwickshire Rural Housing Association about their rationale for not adopting this approach
- Officer support from Housing Service and Legal Services Team
- Briefings, research and guidance produced by external organisations such as HQN and CIH

How long should it take?
Maximum of 6 months, aiming to report to Customer and Partnerships Committee on 3 April 2014.

What will be the outcome?
An informed and evidence-based view about whether to offer fixed-term tenancies in Rugby. If the review supports the introduction of fixed-term tenancies, there should also be robust recommendations to inform the revised tenancy policy.

Potential key lines of enquiry

Key considerations the task group may wish to explore in determining the merits of introducing fixed term tenancies in Rugby include:
- Impact on social mobility – would fixed term tenancies encourage tenants to move when appropriate, to release accommodation for others in housing need?
- Opportunity to make better use of council housing stock
- Potential to encourage people to access employment or risk of disincentivising work?
- Availability and affordability of alternative housing options
- Cost (to the council) of administering fixed term tenancies (including undertaking tenancy reviews) and higher rates of tenant turnover
- Defining the purpose of council housing
- Impact (positive or negative) on community sustainability, including access to education and health services
- Implications of welfare reforms (including under-occupancy rules)
- Impact on mutual exchanges
- Opportunity to adapt to changing needs of tenants

If fixed term tenancies are proposed, considerations regarding the tenancy policy include:
- FTT for all lettings, new lettings or certain groups? Decisions based on property type or applicant group?
- Duration of fixed-term tenancies. Should there be one term (5 years) or exceptions that would be offered shorter terms
- Equality and diversity – should certain groups be exempted from fixed term tenancies?
- What factors determine decisions about review or termination of tenancy?
- Fairness – what appeals process would be put in place?