

DECISION-MAKER:	CABINET		
SUBJECT:	Southampton Tenancy Strategy 2020 – 2025 and Southampton City Council Landlord Tenancy Policy		
DATE OF DECISION:	15 September 2020		
REPORT OF:	Cabinet Member for Culture and Homes		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY	
N/A	
BRIEF SUMMARY	
The Localism Act 2011 places a duty on local authorities to develop and publish a Tenancy Strategy setting out how social housing in its area is let and how long tenancies should be granted for.	
The associated Landlord Tenancy Policy sets out in more detail how Southampton City Council, as the largest landlord in the city, will manage tenancies within our own housing stock in line with this strategy.	
The Localism Act 2011 states that “A local housing authority must keep its tenancy strategy under review, and may modify or replace it from time to time”. Since the publication of the previous strategy a range of new relevant legislation has been introduced and the local strategy and linked policy have therefore been reviewed and revised.	
RECOMMENDATIONS:	
	(i) To approve and adopt the Southampton Tenancy Strategy 2020 – 2025.
	(ii) Subject to the approval of recommendation (i), to approve and adopt the Southampton City Council Landlord Tenancy Policy.
REASONS FOR REPORT RECOMMENDATIONS	
1.	The Localism Act 2011 requires the council to publish a Tenancy Strategy, keep the strategy under review and modify the strategy as required.
2.	It is important for Southampton City Council to provide a clear strategy which sets out how social housing should be managed in the local area.
3.	As the largest social landlord in the city, it is important for Southampton City Council to also demonstrate how we will manage tenancies and ensure a clear policy is in place which is aligned to the Tenancy Strategy.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	

	To not review the Tenancy Strategy and Landlord Tenancy Policy. This option was rejected because the current strategy has not been updated since 2013.
DETAIL (Including consultation carried out)	
4.	The Localism Act places a duty on local authorities to develop and publish a strategy (“Tenancy Strategy”) setting out how social housing in its district is let and how long tenancies should be granted for. Southampton’s existing Tenancy Strategy was published in 2013 and therefore requires updating, to reflect latest legislation and local processes.
5.	The Tenancy Strategy reflects Southampton City Council’s role both as a strategic leader for the city, demonstrating how we expect Registered Providers to work with the council to deliver social housing for our residents, and as a major landlord with around 16,000 council tenancies in the city. The Tenancy Strategy is supported by the Southampton City Council Landlord Tenancy Policy which confirms how the council will respond to the Tenancy Strategy as a landlord. The strategy sets out a clear framework for housing providers to manage stock in line with social obligations and regulatory requirements to support our tenants and help to build successful, stable neighbourhoods and communities.
6.	The draft updated Tenancy Strategy has been carefully reviewed, and the following amendments are recommended: <ul style="list-style-type: none"> • The purpose and aims have been updated to clarify the aims of the strategy, reflecting the Southampton Housing Strategy 2015 – 2025. • The legal context has been added to reflect relevant legislation. • The tenancy types have been updated to reflect all options available to registered providers that are supported within the city, and the minimum recommended tenancy length revised in line with legislation. • The strategy has been updated to provide additional information on affordable rent and alternative rent models.
7.	The amendments to the strategy ensure that the document is up to date, and reflects local practice and all new relevant legislation. Changes have been made to ensure that the document is easier to understand than previous versions, and provides the relevant information for tenants and Registered Providers. The changes do not reflect a change to policy, processes or practice and will not change any existing tenancies.
8.	The draft updated Tenancy Strategy was shared with Registered Providers operating within the city in August 2020 and providers were invited to comment on the proposed amendments. No providers raised any concerns about the Strategy. Positive responses were received by three providers: <ul style="list-style-type: none"> • “The Strategy looks strong and is simple to understand and provides the most secure tenancy for applicants in the City”. • “There are no concerns to be raised.... The new strategy complements our own tenancy strategy”. • “we have no additional comments to what is a well written document”.
	Tenancies
9.	As in the 2013 strategy, Southampton City Council will continue to use mainly secure, lifetime tenancies. As a council, we believe that the stability of a

	lifetime tenancy will provide the best environment for families to thrive and become part of a sustainable community, benefiting our city as a whole. The strategy encourages other Registered Providers also to use the most secure form of tenancy available to them wherever possible in order to create settled homes for families to live in.
10.	The 2018 'New Deal for Social Housing' Green Paper confirmed that the government were not planning to implement the provisions in the Housing and Planning Act 2016 to end lifetime tenancies at this time. The Green paper recognised a "growing recognition of the importance of housing stability" and noted that feedback from residents said that lifetime tenancies created "strong, supportive communities and particularly enabled people with vulnerabilities to thrive. Some felt that residents were more likely to look after their property, their neighbours, and the community if they had a lifetime tenancy".
11.	The draft updated strategy outlines the types of tenancies that Southampton City Council will use and sets out our expectations for how the following tenancy options should be used by Registered Providers operating in the city: <ul style="list-style-type: none"> • Introductory/probationary/starter tenancies • Secure/Assured tenancies (Lifetime Tenancies) • Secure Flexible tenancies (fixed term tenancies) • Assured Shorthold tenancies (fixed term tenancies) • Shared ownership tenancies • Other tenancy types as allowed by law
12.	It is important to protect the tenure rights of victims of domestic abuse. Therefore, the draft updated strategy encourages Registered Providers to ensure that, when re-housing a tenant with an existing secure tenure who needs to move, or who has recently moved from their social home to escape domestic abuse, an equivalent tenancy is granted for their new home.
13.	In line with the Localism Act 2011, the updated draft strategy advises that where fixed term tenancies are used the tenancy must be granted for a minimum of two years.
	Affordable Rent and other affordable housing options
14.	Under the Affordable Rent model, registered providers can offer tenancies at rents of 'up to' 80% of market rate levels in a local area (inclusive of service charges). Affordable Rent is designed to maximise the delivery of new affordable housing by making the best possible use of public subsidy and the existing social housing stock, due to greater rent collection. The extra money raised from affordable rent tenants should then be invested back into building more social homes.
15.	The 2013 Tenancy Strategy stated: "We see alternative rent models as possible tools to protect community stability and to encourage tenants to improve their situation. We support the use of affordable rents and shared ownership options and see a valuable role for these as social housing options to help create balanced communities and meet housing need. We will expect providers to consider the level at which local housing allowances are set when deciding their rent policy for affordable rent tenancies."

16.	The draft updated strategy reaffirms that Southampton City Council encourages Social Rent as a default position, but the council will also make use of Affordable Rent and other Affordable Housing options including Shared Ownership to ensure that housing applicants and existing social housing tenants have access to a wider range of models and tenures to meet a range of needs.																									
17.	Analysis has been undertaken to understand what proportion of our tenants would be able to afford Affordable Rent at 80% market rates. Around 41% of our tenants are on Housing Benefit, which will cover the costs of an Affordable Rent property. Tenants in receipt of Universal Credit will be paid a housing element aligned with Local Housing Allowance.																									
18.	<p>In Southampton, Local Housing Allowance is above 80% of average market rent for all but four bedroom properties:</p> <table border="1" data-bbox="331 719 1430 1048"> <thead> <tr> <th data-bbox="331 719 767 824">Description</th> <th data-bbox="767 719 927 824">One bedroom</th> <th data-bbox="927 719 1086 824">Two bedrooms</th> <th data-bbox="1086 719 1246 824">Three bedrooms</th> <th data-bbox="1246 719 1430 824">Four bedrooms</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 824 767 875">Market rent</td> <td data-bbox="767 824 927 875">£162.50</td> <td data-bbox="927 824 1086 875">£200.00</td> <td data-bbox="1086 824 1246 875">£262.50</td> <td data-bbox="1246 824 1430 875">£346.75</td> </tr> <tr> <td data-bbox="331 875 767 936">Affordable rent (80% market)</td> <td data-bbox="767 875 927 936">£130.00</td> <td data-bbox="927 875 1086 936">£160.00</td> <td data-bbox="1086 875 1246 936">£210.00</td> <td data-bbox="1246 875 1430 936">£277.40</td> </tr> <tr> <td data-bbox="331 936 767 996">Social rent</td> <td data-bbox="767 936 927 996">£92</td> <td data-bbox="927 936 1086 996">£97</td> <td data-bbox="1086 936 1246 996">£111</td> <td data-bbox="1246 936 1430 996">£118</td> </tr> <tr> <td data-bbox="331 996 767 1048">LHA</td> <td data-bbox="767 996 927 1048">£136.93</td> <td data-bbox="927 996 1086 1048">£178.36</td> <td data-bbox="1086 996 1246 1048">£212.88</td> <td data-bbox="1246 996 1430 1048">£276.16</td> </tr> </tbody> </table>	Description	One bedroom	Two bedrooms	Three bedrooms	Four bedrooms	Market rent	£162.50	£200.00	£262.50	£346.75	Affordable rent (80% market)	£130.00	£160.00	£210.00	£277.40	Social rent	£92	£97	£111	£118	LHA	£136.93	£178.36	£212.88	£276.16
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19.	Some tenants will not be in receipt of Housing Benefit or Universal Credit. Local information is not available on the number of tenants whose financial circumstances have changed during the lifetime their tenancies, as the council does not routinely collect income data during a lifetime tenancy. National data collected to support the development of the Housing and Planning Act 2016 indicated that across the UK nationally there are approximately 350,000 social rented tenants with household incomes over £30,000 per annum, representing around 9% of tenants.																									
20.	Analysis therefore indicates that with 41% tenants in receipt of Housing Benefit, around 10% potentially having a household income of over £30,000 per annum (if national data is assumed to apply to Southampton) per annum and an unknown % in receipt of a Universal Credit housing allowance in line with Local Housing Allowance, a significant proportion of tenants in Southampton could potentially afford to live in properties let under Affordable Rent terms. The draft updated Tenancy Strategy therefore continues to support the use of Affordable Rent as an alternative to the default Social Rent after careful consideration, on a scheme by scheme basis, of the impact on the Housing Register as well as Local housing Allowance rates and affordability. The use and numbers of Affordable Rent and shared ownership properties should be made in alignment with the council's Local Plan.																									
Southampton City Council Landlord Tenancy Policy																										
21.	The draft updated Landlord Tenancy Policy sets out Southampton City Council's approach to granting and managing tenancies within its own housing stock. The policy has been reviewed and updated to ensure alignment with the proposed amendments to the Tenancy Strategy 2020 – 2025. The following amendments to the previous policy are proposed:																									

	<ul style="list-style-type: none"> • The previous policy included a large amount of contextual demographic data within the policy. This information has been removed as it was no longer correct and the most up to date data on city demographics can now be access at data.southampton.gov.uk • The legal context has been added to reflect relevant legislation. • A full list of tenancies types which are used by the council has been included to ensure clarity for tenants and applicants. • The policy has been updated to align with the draft updated Tenancy Strategy 2020-2025 in relation to the use of Affordable Rent and other types of affordable housing. • The policy includes additional information on tenancy management and sustainment, having regard for the Homelessness Prevention Strategy 2018-2023. • The policy information about how to complain or appeal a decision has been updated to align with the council's agreed complaints policy.
22.	These changes ensure that the policy is up to date, in line with latest legislation, and reflects the updated draft Tenancy Strategy. These amendments will not change the terms of any tenancy agreements and therefore will not have impacts on existing tenancies.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
23.	The proposed changes to the Tenancy Strategy and Landlord Tenancy Policy are not expected to have financial implications in themselves. The policy and strategy will be applied to future decisions regarding housing on a case by case basis, for example in relation to identifying appropriate tenancy types or rent models for a housing scheme.
24.	The Tenancy Strategy and Landlord Tenancy Policy include a range of options for tenancies and sets out how and when these can be used appropriately. Where alternatives to the default social rent position are being considered, the council will consider the financial viability of a scheme alongside the affordability of the proposed tenancy and impact on the housing register.
<u>Property/Other</u>	
25.	The delivery of the updated policy will have a direct impact on the council's management of its housing stock. However, the proposed amendments in this update do not represent any fundamental changes to existing processes and therefore will not result in changes to the way that property is current managed by Southampton City Council.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
26.	<p>Localism Act 2011 (s150)</p> <p>1. A local housing authority in England must prepare and publish a strategy (a “tenancy strategy”) setting out the matters to which the registered providers of social housing for its district are to have regard in formulating policies relating to–</p>

	<p>(a) the kinds of tenancies they grant,</p> <p>(b) the circumstances in which they will grant a tenancy of a particular kind,</p> <p>(c) where they grant tenancies for a term certain, the lengths of the terms, and</p> <p>(d) the circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy.</p> <p>2. The tenancy strategy must summarise those policies or explain where they may be found.</p> <p>3. A local housing authority must have regard to its tenancy strategy in exercising its housing management functions.</p> <p>4. A local housing authority must publish its tenancy strategy before the end of the period of 12 months beginning with the day on which this section comes into force.</p> <p>5. A local housing authority must keep its tenancy strategy under review, and may modify or replace it from time to time.</p> <p>6. If a local housing authority modifies its tenancy strategy, it must publish the modifications or the strategy as modified (as it considers appropriate).</p>
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Other Legal Implications:

27.	Localism Act 2011 (s151) states that before adopting a tenancy strategy, or making a modification to it reflecting a major change of policy, the authority must send a copy of the draft strategy to every private registered provider of social housing for its district, and give the private registered provider a reasonable opportunity to comment on those proposals.
28.	The draft strategy was sent to all Registered Providers operating in the city in August 2020 and comments were received from three providers in support of the document.

RISK MANAGEMENT IMPLICATIONS

29.	The updating of the policy in line with legislation reduces potential risks to the council of having an outdated policy in place in relation to the management of tenancies.
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POLICY FRAMEWORK IMPLICATIONS

30.	The proposed updates to the Tenancy Strategy and Landlord Tenancy Policy will support the council's vision of Southampton as a city of opportunity, and ambition to be a greener, fairer, healthier city as set out in the Corporate Plan 2020-2025 .
31.	We are focused on helping communities develop into thriving neighbourhoods that reflect Southampton as a vibrant and diverse city. Our aim is to build a safe, inclusive and friendly environment, where everyone can access the opportunities the city has to offer. The Tenancy Strategy supports this aim, providing a range of tenancy options to support social housing tenants in our communities.

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	ALL
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	

1.	Draft Tenancy Strategy 2020-2025
2.	Draft Landlord Tenancy Policy
3.	Equality and Safety Impact Assessment

Documents In Members' Rooms

1.	
2.	

Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
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Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
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Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	
2.	