



Business Plan 2017 – 2022

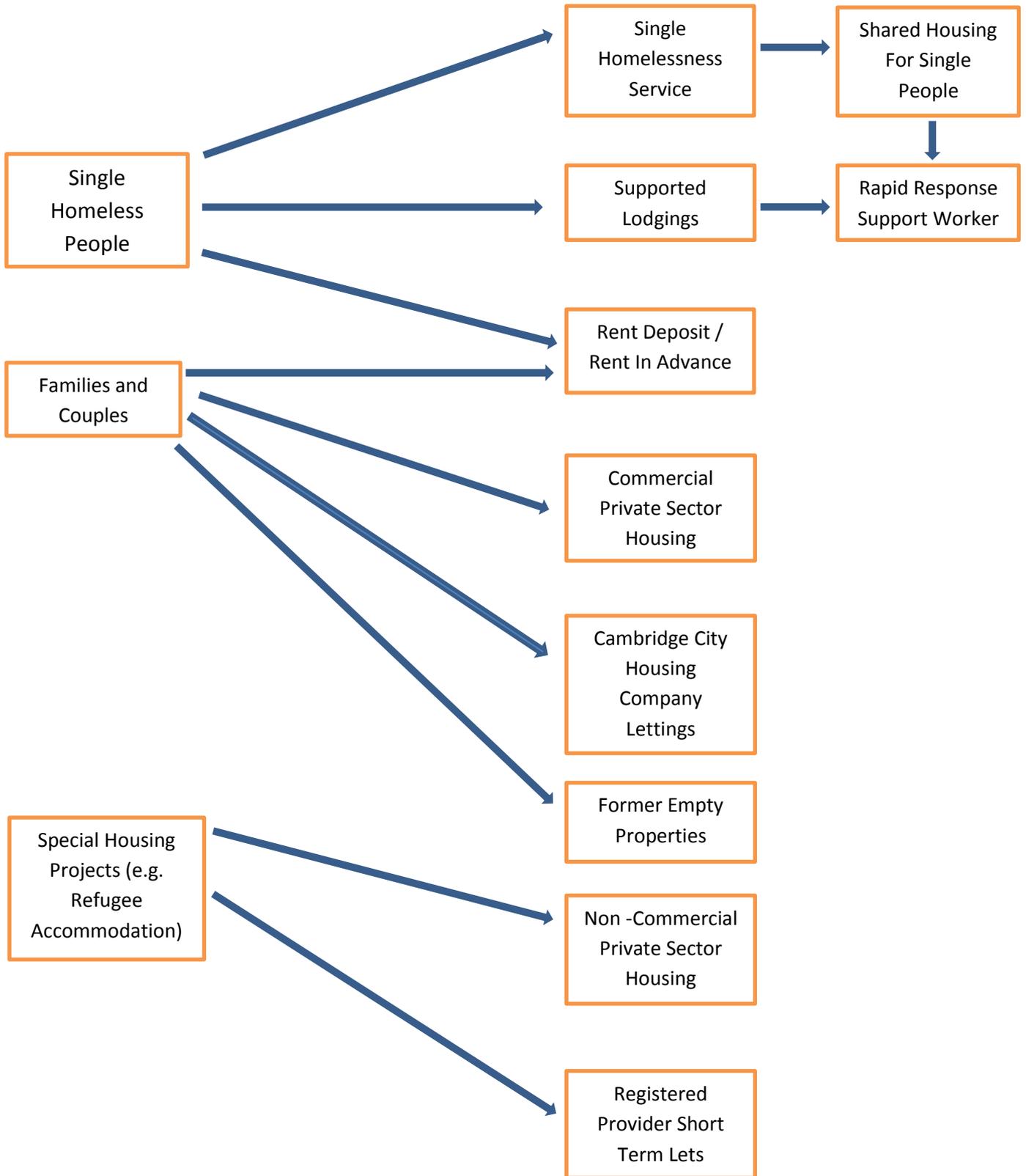
1. Background.

- 1.1 Town Hall Lettings (THL) is Cambridge City Council's in-house social lettings agency. It was established in January 2014 as part of a major re-envisioning of the Council's private rented sector (PRS) housing activities in a market becoming increasingly unaffordable. This initiative included the establishment of the single homelessness service (SHS) which introduced a new approach to helping to house single homeless people not in [priority need](#).
- 1.2 THL and the SHS have proven highly-successful. The SHS has helped to house over 300 single people across the sub-region, of which 215 are Cambridge people. THL's primary brief has been to procure and manage private sector properties to be used as shared accommodation by SHS clients, and at the time of writing, THL has 10 such properties, capable of housing 30 people. As an inducement to landlords to rent to people they would not normally consider, THL pays the owner a guaranteed sum each month and undertakes the management of the property for no fee. THL has housed 56 SHS tenants since its inception, many of whom have successfully moved on into their own accommodation.

Additional work.

- 1.3 THL also entered into an agreement with Huntingdonshire and South Cambridgeshire District Councils to source, respectively, 10 and 24 units of accommodation for single people during 2016-17 for which a fee of £518.00 a unit is paid by the authorities to THL.
- 1.4 At the end of 2015 THL's original brief was extended further to include the management of an initial group of 23 properties owned by Cambridge City Housing Company (CCHC). (CCHC is a private not-for-profit housing provider wholly owned by Cambridge City Council but independent of it. It has a brief to provide accommodation at sub-market rents to households earning too much to have a realistic chance of obtaining socially-rented accommodation but too little to afford to buy a home in Cambridge). THL's net management fee for 2016-17 has been set at £375 per CCHC unit per full year.
- 1.5 In early 2016 THL's brief was extended still further when it was charged with the management of accommodation being offered by local (Cambridge and district) owners in support of the national programme to resettle Syrian refugees. THL's role has been to assist the home owner to bring the accommodation up to a safe lettable standard and to provide thereafter a full management service for which a fee of 5 percent of rent is charged. Two homes are presently under management with a further two in prospect.
- 1.6 THL has recently taken over the management of two general needs private sector properties to be used to accommodate local homeless families, and it is anticipated that additional general needs properties will be acquired through the revived empty homes initiative. It has also built a small but growing portfolio of five 'supported lodgings', under which scheme a person lets a room in their home to a homeless person for a reasonable rent on a long or short term, also offering low level support if required. Finally, THL administers the rent in advance / rent deposit loan scheme which assisted some 39 households to enter private sector accommodation in 2015-16.

THL activities



2. Securing THL's future

2.1 It can be seen that THL, working in tandem with the SHS, has established itself as a key part of the Council's housing service. It is highly likely that demand for THL's services will grow over the coming period across all the fronts it currently covers as a result of:

- the continuing decline in private rented sector affordability;
- the rising ratio of house prices to local wage rates;
- growing demand for accommodation as a result of population growth;
- prospective further acquisitions by CCHC;
- 'opportunistic' private rented sector acquisitions as a result of the empty property strategy, registered provider short-term let offers, market-sector lettings and 'socially-minded' sub-market offers (e.g. accommodation offered to refugees and local homeless people);
- a strategic (potentially legislative) reemphasis on homelessness prevention.

2.2 THL has been managed and monitored closely in order to ensure that the services it provides are effective and represent good value for money. THL's main cost is staff, and accordingly we have taken a cautious approach to recruitment. THL's present staffing structure is as follows:

Job	Status
Landlord Liaison Officer / Lettings Officer	Band 5 Full Time Permanent
Single Homelessness Service Coordinator / Letting Officer	Band 5 Full Time Fixed Term to April 2017
Letting Agency Coordinator / Finance Officer	Band 4 25 Hours Fixed Term to April 2017

In January 2016 income and expenditure for 2016-17 was projected to be as follows:

Expenditure	2016-17 (Projected)
Landlord Liaison Officer / Lettings Officer	Permanent post; no direct charge to THL
Single Homelessness Service Coordinator / Letting Officer (Band 5)	£37,138
Letting Agency Coordinator / Finance Officer (Band 4 - 25 hours)	£20,168
Direct operating costs, office running costs, overheads	£8,625
Total expenditure	£65,931
Income	
Management Fee Income (Cambridge City Housing Company)	£17,250
Set-Up Fee (Tenants)	£4,600
South Cambridgeshire DC	£12,434
Huntingdonshire DC	£5,180
Anti-Poverty Strategy Fund	£36,360
Total income	£75,824
Total estimated subsidy requirement	-£9,893

Due to delays in the handover of CCHC properties, the management and tenancy set-up fees will not equal the projected figure. This shortfall will, however, be offset from fee income from managing the refugee and general needs properties and a small year-end surplus in operating costs is still anticipated.

2.3 A large proportion (81 percent) of the current year's running costs is accounted for by a one-off payment from the spreading prosperity (anti-poverty strategy) budget. In order to put THL's activities on a secure footing and retain staff who have acquired specialist skills, the service needs to move away from annual to longer-term funding.

2.4 THL's projected running cost for the next five years is as follows:

Town Hall Lettings - Income / Expenditure / Subsidy 2017-18 - 2021-22					
Expenditure	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022
Procurement, letting management and access scheme officer (Band 5)	£37,881	£38,638	£39,411	£40,199	£41,003
Procurement, letting management and SHS officer (Band 5)	£37,881	£38,638	£39,411	£40,199	£41,003
Letting Agency Coordinator (Band 4)	£30,445	£31,054	£31,675	£32,308	£32,955
Direct operating costs, office running costs, overheads	£8,798	£8,973	£9,153	£9,336	£9,523
THL Payments to Landlords (guaranteed rental sum; building maintenance; council tax; cleaning)	£112,404	£114,652	£116,945	£119,284	£121,670
Total expenditure	£227,408	£231,956	£236,595	£241,327	£246,154
Income					
Salary for Band 5 Officer (Permanent Post)	£37,881	£38,638	£39,411	£40,199	£41,003
Rental Income (THL single homelessness service properties)	£113,200	£115,464	£117,773	£120,129	£122,531
Reimbursement of landlord building maintenance outlay	£6,000	£6,120	£6,242	£6,367	£6,495
Management Fee Income (Cambridge Property Company)	£17,250	£17,595	£17,947	£18,306	£18,672
Set-Up Fee (Tenants)	£4,600	£1,000	£3,300	£1,000	£1,000
Management Fee Income (Empty Homes Initiative and Private Landlords)	£3,600	£7,344	£11,016	£14,688	£18,360
Management Fee Income (Refugee and other 'Social' Lettings)	£1,560	£1,989	£2,029	£2,069	£2,111
Residual DCLG grant CCC	£4,197	£4,197	£4,197	£4,197	£4,197
Residual DCLG grant SCDC	£12,434	£8,551	£0	£0	£0
SCDC contribution to service	£0	£3,883	£12,434	£12,434	£12,434
Residual DCLG grant HDC	£5,180	£5,180	£5,180	£5,180	£265
HDC contribution to service	£0	£0	£0	£0	£4,915
Total income	£205,902	£209,961	£219,530	£224,570	£231,983
Total estimated subsidy requirement	£21,506	£21,995	£17,066	£16,758	£14,171

The above table makes the following assumptions:

1. Salaries include on-costs calculated at plus one-third.
2. All fees, salaries and income, except the tenant set up fee, increase at a rate of 2 percent gross per annum.
3. For CCHC properties only, THL charges a tenant set-up fee of £150 for a first tenant and £50 for a second tenant and that all properties are let to two-tenant households.
4. That half of CCHC properties have a change of tenant in the first three years, attracting further set-up fees (shown here in nominal terms as all accruing in Year 3).
5. THL takes on the management of a further 5 properties a year from the property company from Year 2.
6. From Year 2 THL acquires 4 properties per year to manage for private landlords either directly or through the empty property initiative and that management fee income per property is £720 per annum based on 5 percent of a £1,200 per month rental.
7. That THL achieves 4 'socially-rented ' private sector properties in 2017-18 rising to 5 in 2018-19 and remaining at 5 thereafter.

2.5 The assumptions informing the table at 2.4 are cautious, and a higher rate of property acquisition and management would be possible within the staffing levels proposed, up to a point. Looking to the future, provision should be made to bring additional resources bear in a ratio of one officer per additional 25 properties. Based on actual or notional fee income of 10 percent per property let at an average rental of £1200 per month, income is calculated as follows:

$$£1200 \times 12 \times 10\% \times 25 = £36,000$$

It can be seen that this 25:1 ratio allows for any new post to be (actually or notionally) self-financing.