

Report of Chief Officer, Housing Management

Report to Scrutiny Board (Housing and Regeneration)

Date: 20 January 2015

Subject: Tenant Home Contents Insurance scheme

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

Leeds City Council currently offers its tenants a Tenant Home Content Insurance Scheme (THCIS). The scheme which is commissioned by Northern Housing Consortium (NHC) provides low cost contents insurance to its tenants and is specifically tailored towards social housing tenants.

Currently 5.6% of Leeds City Council tenants utilise the insurance and while this is typical of other landlords, Housing Leeds is keen to increase the take up of the scheme due to the financial benefits it offers both to tenants and Housing Leeds.

Housing Leeds aims to increase take up of this scheme through a targeted marketing scheme, to be delivered during 2015/16.

Recommendations

Scrutiny Board note the contents of the report and the benefits of the Tenant Home Content Insurance Scheme to the Council and its tenants.

That Housing Management design a marketing package to increase the take up of the Tenant Home Content Insurance Scheme.

1 **Purpose of this report**

- 1.1 The purpose of this report is to provide Scrutiny Board with an overview of the Tenant Home Content Insurance Scheme and the benefits it provides to the Council and our tenants.
- 1.2 The report considers the current situation of the Council's scheme including its level of take up and the income it provides the Council.
- 1.3 The report seeks approval to implement a marketing package to increase take up of the insurance scheme.

2 **Background information**

- 2.1 The Tenant Home Contents Insurance scheme (THCIS) that is offered by Leeds City Council to its tenants is commissioned through the Northern Housing Consortium (NHC), a membership organisation that supports housing providers across the country. The NHC members represent 90% of housing providers in the North and Leeds City Council is represented on the NHC board.

The need to provide a contents insurance scheme was raised by various social landlords who approached the NHC who procured a framework for a low cost insurance scheme. The NHC procure the product every four years to ensure that it provides best value for money and is market tested; NHC members are invited to be part of the tender process. The scheme is designed to spread the risk between multiple landlords to minimise the effects of a large number of claims in an individual area e.g. due to a freak weather event.

This had led to stable premiums – in 2013 they fell and in 2014 they remained the same.

- 2.2 Marsh and McLennan Companies currently provide the insurance scheme and act as the insurance broker, the insurance underwriters are Royal Sun Alliance and the claims are assessed by Direct Group.

The key benefits of the scheme include:

- No discrimination between high and low risk postcodes (no 'blighted' postcodes)
- Low cost of insurance
- No annual contract
- Zero excess
- New for old cover
- No bank account required
- Increased financial inclusion for tenants on low income

- 2.3 In Leeds the scheme is fully delegated to the landlord; i.e. Leeds City Council. This means that all of the customer-facing and the administration functions of the scheme including income collection are carried out by Leeds City Council. In

return for the full delegation, Leeds receives an administration fee of 11% of gross premiums (net of insurance premium tax).

In Leeds we offer two forms of insurance, Simple and Simple Plus. Both schemes cover household contents, and with Simple Plus covering accidental damage. Applicants can choose the level of their cover, between £6,000 and £40,000, and pay the premiums on a weekly basis.

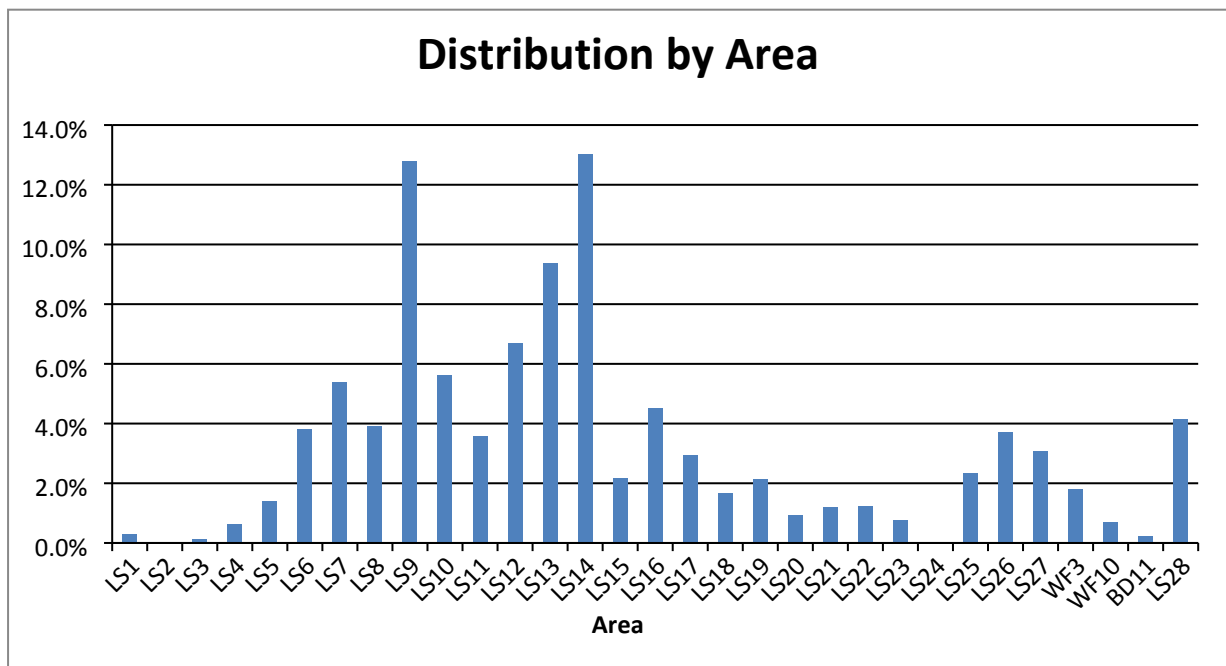
The premium charges are consistent across all LS and BD postcodes, with premiums starting from £0.81 per week. There are lower premiums for WF postcodes, starting at £0.58 per week. This means that tenants are not charged higher premiums for living within higher risk postcodes in Leeds.

3 Main Issues

3.1 At present, 3,200 (5.6%) Leeds City Council tenants utilise the tenant home contents insurance scheme. This take up rate is fairly typical of landlords who run this scheme. In 2013-14 Leeds City Council received £36k administration fee for administering the scheme.

3.2 Area Take up

The distribution of tenants on the scheme varies across the city (please see below graph). Certain areas, such as LS14 and LS9 are heavily represented, whereas other areas have a very low numbers of tenants on the scheme. This may be due to a number of factors, including inconsistent approaches in different housing offices/areas to promoting the scheme in the past. This will be addressed with the ongoing programme of training and increased awareness amongst both staff and tenants.



3.3 Amount Insured

The average amount insured in Leeds is £12,730, and the five most common amounts selected by tenants (representing 70% of all applications) are:

- £10,000
- £9,000
- £6,000 (the minimum amount allowed)
- £15,000
- £20,000

3.4 Cover Type

75% of tenants on the scheme opt for the basic “Simple” scheme – this provides comprehensive cover but does not provide accidental cover. The popularity of the Simple Scheme may be due to the lower cost (it is approximately half the cost of the Simple Plus scheme).

3.5 Next Steps to Increase Take Up

It is a priority for Housing Leeds to increase the take up of the Tenant Home Insurance Scheme, as it supports the best Council priority to support communities and tackle poverty. It also represents good value for both tenants and LCC.

Over the past twelve months the scheme has been marketed and promoted in a variety of ways including:

- Tenant’s newsletters
- Leeds Homes Flyer
- Posters in sheltered schemes
- Leaflets provided at signup

This general marketing will continue during 2015, but making greater use of social media to also promote the scheme. In addition to this general marketing, analysis will be undertaken to identify area and demographic trends in take up, in order to inform more targeted campaigns. Housing Leeds will also explore potential incentives to tenants who take out the insurance product.

Housing Leeds has already begun a training programme for front line housing staff and staff from the Contact Centre on the insurance scheme. This training will continue during early 2015 in order to ensure that staff are consistently promoting the benefits of the scheme to tenants as part of their day to day work, but particularly at sign up and as part of Annual Tenancy Visits.

Take up will continue to be monitored on a monthly basis throughout 2015 to identify changes in take up levels, and where possible identify whether there are particular marketing campaigns which are more successful than others.

4 **Corporate Considerations**

4.1 **Consultation and Engagement**

- 4.1.1 The THCIS is offered to tenants as an additional benefit of being a Council tenant. Tenants are under no obligation to take up insurance, but are encouraged to do so to benefit from the scheme.
- 4.1.2 Landlord members are involved at periodic intervals in the procurement of the scheme through the Northern Housing Consortium, and tenant and resident groups will be involved as appropriate in this process.

4.2 **Equality and Diversity / Cohesion and Integration**

- 4.2.1 The flexibility of the scheme's terms specifically benefits tenants on low incomes who may otherwise be unable to take up contents insurance.
- 4.2.2 The Council will undertake a full equality impact assessment of the marketing plan to ensure all equality groups are aware of the benefits of the insurance scheme.

4.3 **Council policies and City Priorities**

- 4.3.1 The Tenant Home Contents Insurance Scheme supports the Council's ambition of being the best city in the UK, which is fair, open and welcoming to all. The links to the best Council outcomes of:
- Improving the quality of life for residents, particularly those who are vulnerable or in poverty.
 - Supporting communities and tackling poverty.

4.4 **Resources and value for money**

The Tenant Home Contents Insurance Scheme provides the Council an income of approximately £36,000 per annum at present and is not resource intensive.

4.5 **Legal Implications, Access to Information and Call In**

- 4.5.1 Royal Sun Alliance are authorised and regulated by the Prudential Regulation Authority and regulated by the Financial Conduct Authority.

4.6 **Risk Management**

- 4.6.1 All claims for the insurance are the responsibility of the assessors, Direct Group.
- 4.6.2 If Leeds City Council do not follow the correct procedures when administering an application and this leads to a claim that would otherwise not be accepted, then the Council may be responsible for the payment of the claim. In order to minimise this risk, Housing Leeds has clear procedures for officers to follow when administering claim and an ongoing training programme for officers responsible for administering the scheme.

- 4.6.3 The insurance offered can also help mitigate the impact of risks such as extreme weather or flooding.

5 **Conclusions**

- 5.7 The Tenant Home Contents Insurance Scheme represents good value for money both to the Council and our tenants.
- 5.8 At present the take up in Leeds of the scheme is typical of the other landlords running this scheme, however Housing Leeds is making it a priority to increase the take up of the scheme.
- 5.9 This will be realised through further training of Housing Leeds staff and an increased focus on marketing the scheme to tenants.

6 **Recommendations**

- 6.1 Scrutiny Board note the contents of the report and the benefits of the Tenant Home Content Insurance Scheme to the Council and its tenants.
- 6.2 That Housing Management design a marketing package to increase the take up of the Tenant Home Content Insurance Scheme outlined in section 3.