

Decision Maker: EXECUTIVE

Date: For Pre-Decision Scrutiny by the Care Services Policy Development and Scrutiny Committee on Tuesday 9th January 2018

Decision Type: Non-Urgent Executive Non-Key

Title: CONTINGENCY DRAWDOWN: HOMELESSNESS AND TEMPORARY ACCOMMODATION PRESSURES

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Chief Officer: Executive Director of Education, Care and Health Services

Ward: Borough-wide

1. Reason for report

- 1.1 To update members on homeless pressures during 2017/18 and the range of initiatives undertaken to try and reduce the rising budget pressures wherever possible and forthcoming challenges arising from the introduction of the Homelessness Reduction Act 2017 and roll out of universal credit in Bromley.
- 1.2 To request drawdown of £844K from the central contingency for homelessness and welfare reform pressures, together with the Homeless Reduction Act New Burdens funding and flexible homelessness support grant introduced in 2017/18 to replace the management fee element for temporary accommodation previously claimed through housing benefit.

2. **RECOMMENDATION(S)**

2.1 **The Care Services PDS Committee is asked to note and comment on the contents of this report prior to Council's Executive being requested to:**

i) **Release £844K for 2017/18 from central contingency set aside to offset the current homelessness and temporary accommodation budget pressures; and,**

ii) **Agree drawdown of the ring fenced grants as set out below:**

	2017/18 £	2018/19 £	2019/20 £
Homeless Reduction Act New Burdens	254,713	233,317	220,697
Homelessness Reduction ACT IT upgrade for new reporting requirements	9,022		
Homelessness flexible support grant	2,106,890	2,359,717	

- iii) Note the forecast pressures going forward in relation to homelessness, welfare reform, temporary accommodation and the new duties arising from the Homelessness Reduction Act 2017.**
- iv) Approve the release of the additional resources required for implementation and administration of the new statutory duties contained within the Homelessness Reduction Act**

Impact on Vulnerable Adults and Children

1. Summary of Impact: The initiatives set out in this report seek to ensure the provision of support to vulnerable adults and young people to prevent homelessness wherever possible or to assist in securing alternative accommodation suitable for their needs
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Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Children and Young People Supporting Independence:
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Financial

1. Cost of proposal: £844K :
 2. Ongoing costs: £844K in 2017/18:
 3. Budget head/performance centre: Various housing needs cost centres
 4. Total current budget for this head: £6,609k
 5. Source of funding: EC&HS approved 2017/18 revenue budget. Contingency budget set aside for homelessness and welfare reform pressures.
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Personnel

1. Number of staff (current and additional):
 2. If from existing staff resources, number of staff hours:
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Legal

1. Legal Requirement: Statutory Requirement:
 2. Call-in: Applicable:
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Procurement

1. Summary of Procurement Implications:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): More than 5,500 households approach the council for assistance each year facing housing difficulties which threaten to render them homeless. There are currently 1,558 households in temporary accommodation, of which 845 are in costly forms of nightly paid accommodation. Early impact analysis of the extended duties contained within the Homeless Reduction Act suggests a potential overall caseload increase in the region of 40%.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 Previous reports have detailed the increasing pressures relating to homelessness and the provision of temporary accommodation resulting from the current market situation and the impact of welfare reform.
- 3.2 The Council has achieved significant results in preventing homelessness, particularly through assisting households into private rented accommodation. However the rise in rents against restricted housing benefit levels, together with the loss of direct housing benefit payments to landlords means that the private rented sector across London is out of reach for an increasing number of households. The table below shows the gap between average private rents and the maximum that can be claimed in benefit to cover housing costs. This is having a significant impact both upon the numbers presenting at risk of homelessness and the number of households that can be assisted into private rented accommodation to discharge the Council's housing duties

Property size	Current Average rent in Bromley pcm**	Total Benefit able to be claimed through Housing Benefit or universal credit to cover housing costs pcm	Shortfall between total benefit that can be claimed and average rental prices
Room Only	£576	£365	-£211
1 bed	£988	£698	-£290
2 Bed	£1,334	£858	-£476.
3 Bed	£1,646	£1,050	-£596
4 Bed	£2,116	£1,360	-£756
5 Bed	£2,448	£1,360	-£1,088

** taken from www.home.co.uk 23rd October 2017

- 3.3 In recent years there has been a marked reduction in the number of housing association units becoming available both from re-lets and new build developments. The current lack of permanent housing supply to address this demand has necessitated the increased use of TA. This also means that households are remaining in TA for longer periods of time before move on accommodation can be secured.
- 3.4 Like many authorities, a large proportion of TA , including nightly-paid accommodation is procured within the private rented sector. There is a complex subsidy regime to assist with the cost of TA, however the subsidy arrangements have also become more restricted, and this alongside steep price rises has made it more difficult to secure TA, particularly within the borough
- 3.5 Across London the demand for TA has increased dramatically with all London authorities effectively chasing the same limited supply. In response the TA market has moved to nightly paid models of accommodation (essentially private rented accommodation offered on a less secure nightly rate basis) rather the more traditional longer term lease opportunities. This has essentially been driven by providers as nightly paid arrangements prove more lucrative
- 3.6 In accordance with the law, The Council seeks to accommodate people within their area as far as is reasonably practicable. However, there is a serious shortfall of accommodation that can be secured in borough to meet statutory housing need meaning that it is not reasonably practicable to provide accommodation within Bromley to every household to whom the Council owes a rehousing duty and there is an increasing need to secure accommodation that may be at some distance from the borough. In addition welfare reform has impacted upon the location of

placements for some families on the grounds of sustained affordability in relation to the benefits they are now entitled to receive towards their housing costs.

- 3.7 The above factors mean that the number of homeless households accommodated in temporary accommodation has continued to increase, rising from 1,439 in April 2017 to 1,558 at the beginning of November 2017. Of these 879 placements are in private rented sector accommodation secured on a nightly rate basis. In addition a wider geographical area across London and the South East is being utilised to secure a sufficient supply of accommodation to meet statutory homelessness duties. The map contained in appendix 1 shows the current location of temporary accommodation placements.

Mitigating Actions:

- 3.8 The acute pressures being faced means that, like all boroughs in London, Bromley is implementing new strategies to tackle growing demand and look to more innovative schemes and also further afield in London and beyond to provide sustainable and suitable housing solutions.
- 3.9 The new Homelessness Strategy is currently being developed, this provides a full analysis of current and predicted needs and seeks to build upon existing measures and implement new initiatives to maximise the effectiveness of homeless prevention wherever possible. Work is also underway on developing a longer term overarching Housing Strategy seeking to increase the available supply and range of accommodation that is affordable to our residents and ensure the best use and condition of existing stock.
- 3.10 Detailed below are the key actions undertaken during the current year to assist in containing the current pressures being experienced:
- During the first half of 2017/18 homeless prevention initiatives have assisted in preventing or relieving homelessness for 850 households. The comparative costs of placing these households in temporary accommodation would be £600,000 per month based on current average nightly paid accommodation charges.
 - Piloting and early intervention model to identify those at risk of homelessness, tackle the underlying causes of homelessness to prevent homelessness occurring and assist households in developing resilience to sustain accommodation in the longer term. In May 2017 the Executive approved £230K to be drawdown from central contingency to pilot this new approach. To date the early intervention pilot has prevented or delayed homelessness for 236 households saving £825K against the comparative cost of placing into temporary accommodation.
 - Redesigning the offer to private landlords to encourage greater take up of block booking, leasing scheme and private rented sector opportunities. 4 block booking arrangements have been secured saving £53K against the current average nightly paid cost.
 - Completion of the refurbishment of Benedict House, a former residential home to create xx units of temporary accommodation. Feasibility studies are undertaken at all potential vacant sites to consider their potential use for additional accommodation supply.
 - Acquiring 400 properties in Bromley and the South East through the More Homes Bromley Initiative. To date approximately 171 properties have been purchased or are under offer. Whilst the level of acquisition is slightly below the monthly target leaving a shortfall against predicted savings for 2017/18 of £382K, the pipeline has increased and is on track to achieve the total 400 within the agreed timescale.
 - Site appraisal is underway for the pilot of a modular homes site offering good quality accommodation which can be assembled in a relatively short timescale. A supplier day has been arranged for December to help inform the tender process for a development and management partner in the New Year.

- During 2017/18 payment in lieu funding has provided £3.5m towards schemes being developed by Clarion Housing Group to assist in an overall programme of in excess of 128 units.

3.11 Overall these initiatives have successfully slowed the rate of growth in temporary accommodation placements and most significantly have started to reduce the proportion of placements being made into expensive nightly rate accommodation.

Current Budget and Future Pressures

3.12 The above factors mean that the total number of households in temporary accommodation is now 1,558 (excluding those placed in supported accommodation as part of a rehousing pathway).

3.13 Although pan-London arrangements have been made to try and control nightly paid rates, demand is still outstripping supply, which is forcing up prices, particularly outside of London. Even with the growth in the sector difficulty is experienced in securing places and the Council is increasingly forced to rely on expensive commercial hotels to meet our legal duty.

3.14 The current average cost of nightly let accommodation including the new flexible support grant allocation to offset the previous management fee payable under housing benefit is as follows:

Accommodation Types	Average of Rental Charge	Average of Client Income	Average of HB Subsidy Claimed by LBB	Average of UC Received by LBB	Average of Client contribution	Average of Full Year Cost to LBB	Management Fee	Full year Cost less Mgmt Fee
	£	£	£	£	£	£	£	£
Single Room	9,420	3,744	4,593	0	840	243	0	243
Studio	12,472	3,214	4,638	383	0	4,236	2,080	2,156
Self Contained (1 Bed)	13,323	3,107	3,818	310	0	6,088	2,080	4,008
Self Contained (2 Bed)	16,516	3,499	5,052	246	0	7,720	2,080	5,640
Self Contained (3 Bed)	19,626	4,126	6,102	0	0	9,398	2,080	7,318
Self Contained (4 Bed)	24,808	6,163	9,215	1,181	0	8,249	2,080	6,169

3.15 Overall this brings the anticipated full year spend on temporary accommodation for 2017/18 to £13.8m Taking account of the maximum amount able to be charged to those households placed to offset against the cost of this provision this still leaves the Council with a net cost of £5.8m.

It must also be noted that there are additional resource pressures for both the Council (Housing and Legal Services) and Liberata (for accommodation charge collection) arising from increased casework for homeless approaches, volume of temporary accommodation use and increased complaints and legal challenges that have to be dealt with. Increase in litigation in this area means more and more in-house legal time is used do deal with the cases as well incurring the cost of counsel and paying the other sides legal costs.

3.16 The quality of accommodation also needs to be monitored as an increasing number of landlords appear to be trying to cash in with sub-standard and shared facility accommodation leaving the Council at increased risk of legal challenge and financial claims

3.17 All of the above, together with research undertaken at both regional and national level reinforces the certainty that current rises in the use and cost of temporary accommodation are set to continue.

3.18 The following trends appear set to continue into the foreseeable futures:

- Continuing property and rental price increases against frozen benefit and temporary accommodation subsidy levels reducing access/supply of private rented and temporary accommodation unit thus increasing the number of households accommodated by the Council and funding gap needing to be subsidised and reducing access
- Increased homeless approaches, particularly from the lowering of the benefit cap.
- Increased concern from housing associations regarding affordability and increased refusals for nominations and/or requests for rental guarantees to take statutory homeless households.
- Increased rent arrears resulting from universal credit roll out in the new year
- Increased pressure on out of London accommodation
- Increasing legal challenges around temporary accommodation including the type, location and length of stay

3.19 There are also a number of legislative and financial changes being implemented which will impact significantly, creating greater resource and budgetary pressures. Most importantly:

Temporary accommodation subsidy. Temporary Accommodation Management Fee' (TAMF) was distributed to local authorities by the Department for Work and Pensions until the end of March 2017. The fee made £40 available per week per eligible temporary accommodation unit operated by authorities in London. TAMF has been replaced by the Flexible Homelessness Support Grant (FHSG).

The new grant will empower councils with the freedom to support the full range of homelessness services. This could include employing a homelessness prevention or tenancy support officer to work closely with people who are at risk of losing their homes. However this flexibility is limited due to the level of commitment to offset the loss of the TAMF on existing TA schemes.

For 2017/18 the loss of the TAMF and the introduction of the FHSG is predicted to be broadly cost neutral. However this may become a pressure in 2018/19 as increases in homelessness outstrip the increase in grant allocation.

The Homelessness Reduction Act 2017: The Homelessness Reduction Act makes significant changes to the current homelessness legislation by placing duties on local authorities to intervene earlier and prevent a homelessness crisis for all households. In brief the legislation will require far more intensive statutory casework at an earlier stage, increase the number of households to whom assistance must be provided and the minimum level of assistance that must be provided, increase the units of accommodation that must be secured to meet these wider statutory duties, extend the requirement on visiting accommodation and completion of suitability assessments and extend the range of decisions and casework subject to statutory review – an overall increase of around 40% in decisions, casework and reviews. Whilst the principles of early intervention are welcomed and it is hoped may in the longer term may assist in reducing levels of homelessness and TA use it does not in itself provide additional units of accommodation to meet rising housing need and will, at least in the short to medium term place significant cost pressures on the Council to resources the additional work and temporary accommodation placements required to meet the new statutory duties. This legislation comes into force on the 1st April 2018. In response to the new burdens government have introduced a new grant to support this; £254,713 (plus £9,022 for IT updates) in 2017/18, £233,317 in 2018/19 and £220,697 in 2019/20. Extensive work has been undertaken locally and at pan London level to assess the costs of resourcing the new statutory duties, a summary of which is set out in the table at paragraph 6.1. This demonstrates the significant shortfall between new burdens funding and the actual cost of implementing the new duties.

It must further be noted that the live roll out of universal credit is scheduled to commence during summer 2018 for Bromley. Whilst some recent measures have reduced the risk on temporary accommodation rent arrears by removing these from universal credit in favour of the existing housing benefit payment regime, it is none the less likely to increase the risk of homelessness for a number of vulnerable families and adults. A provision has been allowed in the forecast to account for this increase and work is already underway to support households to minimise the potential impact. However the impact of UC roll out will be closely monitored and updated accordingly.

Contingency and grant funding drawdown

- 3.20 Based on the above the table set out in section 6 sets out the budgets pressures faced for 2017 – 2021:
- 3.21 In light of the above Members are therefore asked to
- 3.22 Approve release of £844K from the central contingency for 2017/18 in respect of the current temporary accommodation and also to note the projected pressures for 2018 and beyond. The drawdown has been assumed on the budget monitoring report.
- 3.23 Agree to the drawdown of the grant allocation for the Flexible Homelessness Support Grant from contingency of £2,106,890 in 2017/18 and £2,359,717 in 2018/19
- 3.24 Agree to the drawdown of the grant allocation for the Homelessness Reduction Act Grant from contingency of £254,713 in 2017/18, £233,317 in 2018/19 and £220,697 in 2019/20., together with the one off grant of £9,022 to upgrade the IT system to meet new statutory reporting requirements.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 There is no direct impact on vulnerable adults and children arising from the contents of this report. Current policy holds safeguarding as a core element within the homeless assessment process and ensures the specific needs of vulnerable adults and children are considered within the suitability assessment of all accommodation provided in discharge of the homelessness duty.

5. POLICY IMPLICATIONS

- 5.1 The housing objectives are set out in the relevant business plans. These objectives are compliant with the statutory framework within which the council's housing function must operate and incorporate both national targets and local policies identified from the next practice guidance, audits and stakeholder consultation.
- 5.2 The council has an approved homelessness prevention strategy and temporary accommodation placement policies to ensure compliance with the statutory framework for the provision of housing advice, homeless and temporary accommodation provision. This meets the requirements of the law whilst seeking best value for money in all placements and prevention initiatives.

6. FINANCIAL IMPLICATIONS

- 6.1 The provision of temporary accommodation is a high-risk budget area. As previously reported currently predictions show cost rising as per the table below.

Housing Contingency Drawdown 2017/18

	<u>Draw</u> <u>Down</u> <u>17/18</u>	<u>Draw</u> <u>Down</u> <u>18/19</u>	<u>Draw</u> <u>Down</u> <u>19/20</u>	<u>Draw</u> <u>Down</u> <u>20/21</u>	<u>Draw</u> <u>Down</u> <u>21/22</u>
Housing B&B Pressure	736	824	824	824	824
Growth 18/19	0	720	1,444	1,444	1,444
Growth 19/20	0	0	720	1,444	1,444
Growth 20/21	0	0	0	720	1,444
Growth 21/22	0	0	0	0	720
Increase in Rents	0	200	204	208	212
Visiting and Fraud Prevention	310	310	310	310	310
Cost of Flexible Support Grant changes	2,107	2,360	2,360	2,360	2,360
Homelessness flexible support grant	-2,107	-2,360	-2,360	-2,360	-2,360
Additional cost of homelessness Reduction Act	50	983	971	971	971
Homelessness Reduction Act Grant	-254	-233	-221	0	0
Overhauling statutory Homelessness data grant	-9	0	0	0	0
Universal Credit Spike	93	93	93	93	93
Legal costs	68	108	108	108	108
Finance costs	50	50	50	50	50
Additional posts	110	110	110	110	110
Contingency already drawn down in 2017/18	-310	0	0	0	0
	844	3,165	4,613	6,282	7,730

6.2 As in previous reports, there is growth assumed in B&B nightly paid pressures. There are also considerable additional burdens arising from the introduction of the Homelessness Reduction Act although management are exploring ways of mitigating the impact of this. Any effects of the mitigation will be reported to Members in future updates.

7. LEGAL IMPLICATIONS

- 7.1 All local authorities as a statutory duty under part VII (as amended by the Homeless Act 2002) to provide housing advice and preventative services, the assessment of homelessness duties, and to secure suitable temporary accommodation for priority homeless households.
- 7.2 The Homeless Reduction Act places an increased number of duties upon local authorities, particularly in relation to the level of advice and support given to prevent homelessness. The new act extends the provision to all households, includes far greater prescription in terms of the nature of advice and support, and also rolls back the point at which intervention must be provided.
- 7.3 Whilst in the longer term these measures seek to increase the success of homeless prevention initiatives, it will nonetheless increase the number of duties faced by local authorities and the volume of casework which must be undertaken.

8. PROCUREMENT IMPLICATIONS

- 8.1 There are no direct procurement implications arising from this report. All procurement activities in relation to homelessness and temporary accommodation are reported in line with procurements requirements.

Non-Applicable Sections:	Personnel
Background Documents: (Access via Contact Officer)	Homelessness Strategy Supply and demand Homeless Contingency drawdown 16/17