

Decision Maker: EXECUTIVE

**For Pre-Decision Scrutiny by the Renewal and Recreation PDS
Committee on 6th March 2018**

Date:

Decision Type: Non-urgent Executive Key

Title: CONTINGENCY DRAWDOWN: HOMELESSNESS AND
TEMPORARY ACCOMMODATION PRESSURES

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Chief Officer: Gillian Palmer, Executive Director ECH&S

Ward: BOROUGHWIDE

1. Reason for report

- 1.1 To update Members on homeless numbers during 2018/19, the range of initiatives undertaken to wherever possible reduce the associated rising budget pressures, and forthcoming challenges arising from both the introduction of the Homelessness Reduction Act 2017 and the commencement of universal credit roll-out in Bromley.
- 1.2 To request drawdown of £2,489k from the central contingency for homelessness and welfare reform pressures, and the impact of the Homeless Reduction Act.

2. RECOMMENDATION(S)

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

- i) Release a total of £2,489k from the 2018/19 Central Contingency; £1,739k set aside to offset the current homelessness and temporary accommodation budget pressures, and £750k for the impact of the Homeless 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 affordable housing to support vulnerable adults and young people into settled 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:** £2,489k
 2. **Ongoing costs:** Net growth of £3,634k included in the draft 2019/20 housing revenue budget
 3. **Budget head/performance centre:** Housing Needs
 4. **Total current budget for this head:** £6,241k (net controllable budget)
 5. **Source of funding:** Operational Housing approved 2018/19 revenue budget. Contingency budget set aside for homelessness and welfare reform pressures, and the Homeless Reduction Act.
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Personnel

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

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

1. **Summary of Procurement Implications:** There are no procurement implications arising from this report
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Customer Impact

1. **Estimated number of users/beneficiaries (current and projected):** There is an increasing housing need in the borough for affordable housing with approximately 3,500 households on the housing register and in excess of 1,600 households accommodated in temporary accommodation. The current average annual net cost to the Council for households placed into temporary accommodation is **£6,652** per household per annum.
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Ward Councillor Views

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

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, the impact of welfare reform and the new Homelessness Reduction Act duties. Bromley, as with many other councils, continues to experience an inexorable rise in the number of households in acute housing need and faced with homelessness. Alongside that we continue to experience shortages of affordable private rented accommodation and a reduction in the number of housing association properties available either through re-lets or new build development. The significant and growing deficit in temporary accommodation costs the council continues to face is the unavoidable consequence of the imbalance between rising homelessness and affordable supply shortages.
- 3.2 As set out above there are a number of underlying factors leading to the increases in housing need and homelessness. One of the most significant of these is the rise in rents against restricted housing benefit levels, together with the loss of payments direct to landlords - meaning that the private rented sector across London is now 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 upon the number presenting at risk of homelessness and the number of households that can be assisted into the private rented accommodation in discharge of the Council's housing duties. Overall eviction from the private rented sector now accounts for around 40% of homeless approaches. The reality is that affordable private rented accommodation is in very short supply. The vast majority of private rented accommodation locally is unaffordable for temporary accommodation or discharge of duty. Alongside this is the growing trend amongst landlords to change the use of single dwellings into costly nightly paid accommodation to maximise incomes.

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	£600.00	£365.17	-£234.83
1 bed	£1,069.00	£718.68	-£350.32
2 Bed	£1,347.00	£884.21	-£462.79
3 Bed	£1,648.00	£1,081.90	-£566.10
4 Bed	£2,057.00	£1,355.33	-£701.67
5 Bed	£2,141.00	£1,355.33	-£785.67

** taken from www.home.co.uk 10th January 2018

- 3.3 Housing associations have historically been the main source of affordable housing supply in Bromley. In recent years the level of re-lets and new supply has reduced significantly. Overall the level of supply annually has reduced by about 40% in the last five years.
- 3.4 The above factors mean the number of homeless households accommodated in temporary accommodation has continued to rise.

3.5 Market forces have seen a significant amount of temporary accommodation having to be procured on a costly nightly-rate basis. The average cost of nightly-rate accommodation is as follows:

	Annual charge	Rent income	Net cost
	£	£	£
Single Room	9,371	9,138	233
Studio	12,608	8,142	4,467
Self Contained (1 Bed)	13,107	7,264	5,843
Self Contained (2 Bed)	16,178	8,785	7,393
Self Contained (3 Bed)	19,433	10,475	8,957
Self Contained (4 Bed)	23,668	15,989	7,678
Weighted average	15,616	8,965	6,652

3.6 A number of initiatives have been implemented to mitigate against these increasing cost pressures centred on the acquisition of more cost-effective temporary accommodation, homelessness prevention, increasing access to private rented accommodation through a renewed private sector offer to landlords, and working within housing association partners on the acquisition and supply of affordable housing - including purchasing 400 homes from the market and providing section 106 housing contributions towards an affordable homes programme of 128 units. Overall this range of activities assists in mitigating an increased pressure on temporary accommodation costs by more than £6m per annum.

3.7 In spite of the increase in severe housing need and tightening supply base, overall the initiatives undertaken have achieved significant results slowing the rate of growth in temporary accommodation placements from an average of 20 per month to 12 per month. Of these the average net increase in nightly rate placements has reduced from 15 to 6 per month. This work has also reduced the overall annual average net cost to the council for nightly-paid accommodation from £7,400 to £6,652 for 2018/19.

3.8 The above factors mean that the total number in temporary accommodation is now 1,601 (excluding those placed in supported accommodation as part of a rehousing pathway plan), with an anticipated net cost of £6,871k for 2018/19. This is a reduced pressure of £1,739k compared to the £2,415k previously anticipated, and Members are asked to approve the release of this sum from the central contingency for 2018/19.

3.9 It must be noted there are additional resource pressures for both the Council (housing and legal services) and Liberata (for accommodation charge collection). These arise from the Homelessness Reduction Act duties, increased casework and volumes of temporary accommodation use, and reduced benefit and temporary accommodation subsidy levels limiting access/supply of private rented and temporary accommodation (thus increasing the number of households accommodated by the Council and the costs needed to be subsidised). In addition, there are significant extra costs required for homeless prevention work/initiatives.

3.10 Members are requested to also approve the release of £750k from the central contingency for 2018/19 in respect of the impact of the Homeless Reduction Act.

3.11 Based upon current trend analysis and both local and national research, the following trends appear set to continue into the foreseeable future:

- Continuing property and rental price increases against a restrictive benefit and temporary accommodation subsidy limiting access and supply to private rented sector accommodation and temporary accommodation units – thus increasing the number of households accommodated

and average net costs to the Council for this provision

- Increased homeless approaches, particularly from the private rented sector
- Increased concern from housing associations regarding affordability and increased refusals for nominations and/or requests for rental guaranteed to accept statutory homeless households
- Increased rent arrears resulting from universal credit roll-out
- Increased pressure on out of London placements
- Increasing legal challenges around temporary accommodation, including type, location, length of stay and affordability.
- Insufficient supply of affordable housing to meet the level of acute housing need in Bromley.

3.12 Section 6 of this report sets out the predicted additional costs pressures being faced in future years to meet statutory homelessness and temporary accommodation requirements.

3.13 The acute pressures being faced means that Bromley is implementing new strategies to tackle growing demand and provide sustainable and suitable housing solutions. The Homelessness strategy and forthcoming Housing strategy set out a number of additional measures centred on maintaining and extending the focus on early intervention and prevention initiatives, ensuring the most effective use of existing supply and increasing the supply of affordable accommodation through a range of schemes. This work feeds directly into the Housing Transformation work plan, with reports on scheme specific appraisals and progress being reported regularly to Members in future updates.

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 Homelessness 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 priorities 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, homelessness 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 table below provides a summary of the current projection of housing pressures and mitigating actions for 2018/19 and the next four years.

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Temporary Accommodation Pressure	824	824	824	824	824
Growth 18/19	766	1,532	1,532	1,532	1,532
Growth 19/20	0	304	608	608	608
Growth 20/21	0	0	944	1,888	1,888
Growth 21/22	0	0	0	500	1,000
Growth 22/23	0	0	0	0	944
Increase in Rents	0	0	200	204	208
Visiting and Fraud Prevention	106	310	310	310	310
Additional cost of Homelessness Reduction Act	793	750	971	971	971
Overhauling Statutory Homelessness Data Grant	0	9	9	9	9
Legal costs	0	40	40	40	40
Total Growth	2,489	3,769	5,438	6,886	8,334
York Rise Modular Units	0	-90	-216	-216	-216
Additional PRS lettings	0	-45	-75	-90	-90
400 New Builds	0	0	-93	-557	-1,485
Property Purchase Phase 2	0	0	-371	-1,113	-1,485
Total Mitigation	0	-135	-755	-1,976	-3,276
Net Growth	2,489	3,634	4,683	4,910	5,058

6.2 Members are requested to approve the drawdown of a total of £2,489k for 2018/19 from the 2018/19 Central Contingency; £1,739k set aside to offset the current homelessness and temporary accommodation budget pressures, and £750k for the impact of the Homeless Reduction Act.

6.3 The 2019/20 growth and mitigation items in the table above have been included in the 2019/20 draft budget, agreed by the Executive in January 2019.

6.4 These figures will be kept under review and updated to include any further mitigating activities identified by the Housing Transformation Board, and 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) to provide housing advice and preventative services, the assessment of homelessness duties and to secure suitable temporary accommodation for priority homeless households. The requirements on suitability are set out in the housing legislation.

Non-Applicable Sections:	Personnel Implications; Procurement implications
Background Documents: (Access via Contact Officer)	Homelessness Strategy Homelessness Contingency drawdown 17/18