

PART 1 - PUBLIC

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Decision Maker: **Executive**

Date: **8<sup>th</sup> December 2010**

Decision Type: Non-Urgent Executive Key

**TITLE: Homelessness Prevention Grant**

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Chief Officer: Terry Rich, Director of Adult & Community Services

Ward: BOROUGHWIDE

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1. Reason for report

The Council has received notification of an additional £150k Homelessness Grant from the distribution of an additional £10m to London local authorities to support their plans to mitigate the impact on households that may be affected by the proposed Housing Benefit reforms to Local Housing Allowance. This report is to request the allocation of this additional funding to the ACS Portfolio budget.

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**2. RECOMMENDATIONS**

2.1 The Executive are asked to agree :-

- a) the allocation of the additional grant to the ACS Portfolio Budget for the purposes detailed in the report,
- b) that the outcomes from and use of the grant be included in the 6 monthly performance reports to the ACS PDS Committee

## Corporate Policy

Existing policy: The service has a number of initiatives to advise, support and assist households to prevent homelessness and the use of these funds will build on this.

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## Financial

1. Estimated cost                      £150k to be funded from additional government grant
  2. Non-recurring cost
  3. Budget head                      Housing Needs - Homelessness Grant & New Housing Initiatives
  4. Total budget for this head    £170k net controllable budget
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## Staff

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

1. Statutory requirement: The work of the Housing Needs Service is governed by a strict legislative framework in relation to homelessness and allocations (The Housing Act 1996 & Homelessness Act 2002) which sets out the key duties of the Local Housing Authority. This is accompanied by a Statutory Code of Guidance to which all Authorities must have regard in discharging their functions.
  2. Call-in is applicable
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## Customer Impact

Estimated number of users/beneficiaries (current and projected) - 4000+ households per year approach Housing Options & Assessment service of whom 1900 face imminent homelessness.

## 1. COMMENTARY

- 1.1 The Council has a statutory responsibility to offer advice & assistance to prevent homelessness, or assist in securing alternative accommodation wherever possible.
- 1.2 Changes to the amount of Housing Benefit payable were announced in the June Emergency Budget and the Comprehensive Spending Review. Due to the specific impact on London, as part of this change the Government – through the Housing Minister Grant Shapps – announced the distribution of an additional £10m to London local authorities to help manage the effects of the Housing Benefit/Local Housing Allowance changes. Through this the Council has received an additional £150k.
- 1.3 The covering letter states the grant is to support London local authorities to support their plans to mitigate the impact on households that may be affected by the proposed Housing Benefit reforms to Local Housing Allowances (LHA). This includes proactive early intervention and prevention of homelessness and unnecessary financial hardship for those most affected by the changes. The letter further states that “Although the grant is not ring fenced, it is being paid to support the actions that London local authorities are developing to keep as many households affected by the LHA proposals in their homes and to provide practical support to those that may have to move.”
- 1.4 There are a number of changes to the Housing Benefit system over the next couple of years. These and the numbers affected are as follows :-

April 2011 new maximum caps on HB per property size.	Only 13 households affected who have their HB reduced by up to £2.74 per week
April 2011 increasing the Non Dependant Deductions – which have been static for 10 years.	Affects social housing as well as private sector tenants. Considerable numbers affected and includes Rent Allowance cases as well
April 2011 cessation of the excess payment – where a household can keep up to the first £15 of the amount they can rent a property for below the LHA caps.	Currently there are 76 households in receipt of the Excess payment
October 2011 reducing the caps to the 30 <sup>th</sup> percentile of claims (currently at 50 <sup>th</sup> percentile).	There are currently 2,822 households who will receive less HB with reductions being up to c£34.52 pw with one being £54.79. For the vast majority the reduction will be up to £11.51pw.
April 2012 for a single person aged 25 to 34 reducing the HB maximum to that of the reduced single room rate (currently only for those under age 25)	There are 407 currently in single rooms whose HB will reduce by up to £9.87pw. There are a further 210 aged 25-34 in 1 bed accom who will have their HB reduced by up to £95 pw

Above numbers are based on caseload as at 4<sup>th</sup> November 2010 = 3,459 LHA cases  
 Note – there are c 1,700 Rent Allowance cases who are not affected by the LHA changes UNLESS they have a change in circumstances or in tenancy when they become LHA cases – of which quite a number will (since the change in April 2008 when all were RA cases there are now only c 1,700 left but there are now 3,459 LHA cases). The old RA cases can be on higher rents so stand to lose more £pw.

In addition there will be newly emerging cases between now and when the caps go live. Each year the service assists over 700 households to access or sustain PRS accommodation and increasingly the ones newly accessing require rental deposits – because of changing HB the service is already seeing an increased reluctance to take bonds etc and cash deposits upfront is fast becoming one of the only ways to secure accommodation.

- 1.5 For households with non dependants there will be a combination of changes where their HB reduces and their non dependent deduction to their amount of HB increases.
- 1.6 Like all London Boroughs, Bromley continues to experience high and increasing levels of housing need, with significant increases being experienced as a result of the recession.

- 1.7 Despite the proactive work being undertaken with private landlords, Bromley, like most London Boroughs is now starting to see a marked slowing up of supply as landlords are increasingly reluctant to let to prospective tenants dependant upon Housing Benefit to pay their rent. This is mainly due to their uncertainty and concerns relating to the changes in LHA/HB. To date this year the supply of private rented housing made available to the Council is down 30% on last year and of those expressing an interest in the private rented sector the service is currently only able to assist 1 in 4 households obtain it – and this decrease is reflected across the whole of SE London.
- 1.8 Recent London Councils research on the impact of the new LHA subsidy levels has shown that some 60% of London landlords say they cannot afford to lower rents, with 42% currently letting to LHA recipients advising they intend to scale back their operations.
- 1.9 Meanwhile, general increases in homelessness across London have seen increasing competition amongst local authorities for accommodation. This has resulted in some authorities entering in to block booking arrangements and increasing the rates they will pay. Some landlords have responded by pushing up rents. Whilst the new LHA/HB changes will initially have the most significant impact within central London, the risk is that those boroughs will seek to procure accommodation in outer London – something we are already starting to see – thus reducing an already scarce supply of accommodation locally and impacting upon the Council’s ability to meet its statutory duties. We need to be able act quickly to work with Bromley landlords and seeing what will keep them working with the Council and Bromley residents rather than being attracted by large cash payments, etc being offered by some Boroughs.
- 1.10 In order to prevent people becoming homeless a lot of work is needed, for example to reassure landlords and tenants, seek to renegotiate rents, provide advice and help to tenants with budgeting, offer support to landlords to retain tenants and in certain cases to step in and provide financial assistance as a transition to either lower rents, improved financial situation of the household or to buy time to rehouse the household.
- 1.11 Work is also needed with landlords to encourage them to continue to work with the Council and to focus on housing Bromley residents rather than enter in to arrangements with inner London Boroughs to house their households. In this respect the Council also needs to ascertain what more it could offer by way of support, HB service, etc., to build and maintain the relationship with landlords.
- 1.12 In terms of those aged 25 to 34 there will be quite a number who are vulnerable singles who might also be clients of Adult & community Services and other partner agencies. They will have a range of problems including mental health, learning disabilities, drug, alcohol, ex offenders. Whilst any reduction in HB will be difficult for them to manage there are some whom will see a significant reduction. These client groups can have a propensity to be less able to cope with such changes and this can trigger repeat episodes of their problems. Work needs to be done in particular with this group to identify them and work with them and their landlords on how their situation can be addressed and, if necessary, seek to help them move and to buy time whilst attempts are made to find alternative accommodation for them.

**Proposed use of funding:**

- 1.13 There are a range of initiatives that Officers can pursue through utilisation of these funds. It is proposed to utilise the grant across the following initiatives :-
  - £15K – Maintaining and extending the money & debt advice surgeries with the Council’s contracted Money Advice specialist which is already oversubscribed and for which currently no funding is available from next year. This will assist in money management to assist households to negate the potential impact of small shortfalls in LHA/HB payments to avoid rent arrears. Outcome – secure one additional weekly surgery dedicated to this client group – would increase capacity for 104 additional households, plus production of self help advice guidance.
  - £10K – Inspections of properties and working with owners where changing their property to Houses in Multiple Occupation – research shows more of this is happening and it needs careful regulation and advice due to the serious risks associated if conversion does not comply with regulations. Outcome – 10 more HMOs which will help the Council to house the single vulnerable

under 35's affected by HB changes and 10 more inspected and regulated and prepared to accept referrals from the Council.

- £40K tenancy Sustainment/negotiator: to enter in to more flexible negotiations with private landlords to attract them to work with the council to place those in receipt of benefits within the new LHA/HB caps and to assist with those needing to be rehoused and also to work through negotiating rents down to sustain existing tenancies. The work would identify those at risk under the new regulations and prioritise against potential shortfalls and level of vulnerability to offer early intervention and solutions prior to shortfalls and potential eviction occurring. The work would also include liaison with housing benefit for payment direct, fast track assessment and timely payment of claims, short term targeted support to prevent homelessness or help to find alternative accommodation in areas of lower rents for those at risk or newly emerging demand and working with landlords to develop a range of initiatives which continue to attract them to letting to this client group in the future. Outcome assisting in preventing homelessness for at least 100 cases and accessing a further 250 lettings for the year to help the Council meet its statutory duties.
- £40K - The provision of incentives/deposits to landlords rather than bonds to both attract more landlords to assist the Council meeting its needs and duties as well as prevent them being attracted by similar offers from other Councils. Research with Bromley landlords shows that this will attract more and retain existing. However, the existing funds are barely sufficient for current cases let alone additional expected from the LHA changes. Outcome to assist in achieving above target on preventions and access to accommodation where a cash payment is required in at least 75 of these cases.
- £45K – Introduce incentive schemes such as attracting bulk/cheaper insurance and safety certificates, etc., also negotiating temporary top ups as Officers work to negotiate reductions in rent or move on the less expensive areas and underwriting temporary delays. Outcome - 100 households prevented from homelessness/assisted to access accommodation.

NB the 2 bottom figures could be moved between schemes dependant upon demand and success rates.

## 2. FINANCIAL IMPLICATIONS

2.1 The 2010/11 budget for the homelessness grant and new housing initiatives is £305k partly funded by £135k specific grant from the Department for Communities and Local Government. This additional funding represents additional Homelessness Grant and is paid under Section 31 of the Local Government Act 2003. Although the grant is not ring fenced, it is a specific grant allocated to support the actions that London local authorities are developing to keep as many households affected by the LHA proposals in their homes and to provide practical support to those that may have to move.

2.2 A summary of the proposals detailed in this report is shown in the table below:

<i>Expenditure Proposals:</i>	£'000
Maintenance and Extension of Money & Debt Advice Surgeries	15
Houses in Multiple Occupation - Inspection & Regulation	10
Tenancy Sustainment/Negotiator	40
Incentives and Deposits to Landlords	40
Introduction/Development of Incentive Schemes	45
	<b>150</b>
<i>Funded by:</i>	
Specific Grant Income	<b>150</b>
Net Cost	<b>0</b>

- 2.3 The additional funding is a one-off payment and, as such, there are no ongoing commitments arising from these expenditure proposals. However, if the grant is not fully utilised in the current financial year, underspends can be carried forward into 2011/12.
- 2.4 Utilisation of any new or additional government grant requires the approval of the Executive. The Executive are requested to approve the allocation of £150k additional homelessness grant to the Adult & Community Services Portfolio budgets for the purposes detailed in this report.
- 2.5 Progress on the outcomes from the initiatives and use of the grant will be included as part of the 6 monthly service performance report to the Adult & Community Services PDS Committee.

### **3. POLICY IMPLICATIONS**

- 3.1 The Adult & Community Portfolio Plan contains statements of Council policies and objectives in relation to housing and associated matters along with progress that members expect to make during the financial year and beyond. These are compliant with the statutory framework, within which the service must operate.
- 3.2 The proposals in this report assist in achieving targets in Building a Better Bromley as well as the achievement of other corporate priorities and targets e.g. budgetary control and efficiencies.

### **4. LEGAL IMPLICATIONS**

- 4.1 The Council has a number of statutory obligations in relation to housing as listed on page 2 of this report.
- 4.2 These include the provision of housing advice and assistance to prevent homelessness or divert from homelessness, assessment of homeless applications, to make temporary and permanent housing provision for those applicants to whom the Council has a statutory rehousing duty and supporting such households to sustain accommodation.

<b>Non-Applicable Sections:</b>	Personnel
Background Documents: (Access via Contact Officer)	Homelessness Strategy – Sara Bowrey. Housing & Residential Services Division Half Year Performance report to November 2010 ACS PDS Committee – Committee Services.