

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - COMMUNITY
7 JUNE 2011

TEMPORARY ACCOMMODATION REVIEW & STRATEGY UPDATE 2010/11

1. PURPOSE OF THE REPORT

- 1.1 This report informs Members of the Council's plan to continue the reduction in the use of Temporary Accommodation (TA) for homeless people. It was developed in 2009 as a working document for officers but following a request made at the Housing Performance Review Committee it is being submitted for Members' consideration. To assist Members with the report a glossary of terms can be found at Appendix I.
- 1.2 This review sets out how TA procurement and its subsequent use will help to meet increased demand, improve value for money and continue to control costs to the Council.

2. BACKGROUND

- 2.1 Providing temporary accommodation is a significant cost to the Council. In 2010/11 the net cost to the Council was nearly £400k. The demand for such housing is difficult both to predict and to control so this presents us with a significant financial risk.
- 2.2 During 2010/11 the Housing Advice Service has experienced the following trends in comparison to 2009/10:
- New approaches to Housing Advice have increased by over 20%
 - Homeless preventions have increased by over 50%
 - Homeless acceptances have increased by 20%
 - Home Choice applications have increased by nearly 40%
 - The number of households on the housing register has increased by 28%
- 2.3 TA is used to house those households to whom the Council owes a statutory duty to provide accommodation under both Section 188 (an interim duty) and Section 193 (a permanent duty) of Part VII of the Housing Act 1996. The government is currently considering proposals to allow councils to discharge this duty by housing people in the private sector.
- 2.4 This duty is unavoidable. The requirement to house homeless applicants in 'priority need' is a legal requirement. Those in priority need are as follows:
- 16 or 17 years-olds, unless they are owed an accommodation duty by social services
 - 18, 19, or 20 years olds who have been in care at some point after their 16th birthday, unless they are a 'relevant student'
 - Pregnant mothers
 - Anyone with a dependant child
 - Anyone who has lost their home as a result of fire, flood, or other disaster
 - Anyone who is vulnerable as a result of their mental or physical health.

2.5 Various plans have existed which have resulted in the Council meeting the government set TA target to reduce to 150 households, a year early. In December 2005 there were 300 households in TA.

3. HOW HAS THE INITIAL REDUCTION IN NUMBERS BEEN ACHIEVED?

- 3.1 The shift in emphasis nationally from managing homelessness to preventing homelessness has been the main drive in reducing numbers in TA. The numbers approaching the Housing Advice Service for general advice on a range of housing needs have remained reasonably constant over the last 5 years or so. However this year's predicted out-turn demonstrates an increase in levels of demand.
- 3.2 After a household approaches the Council, internal and external (provided through signposting) homelessness prevention options can be offered.
- 3.3 Last year (10/11) 593 households had their homelessness prevented; an increase from 368 households in 2007/08.
- 3.4 Households approaching for advice are firstly offered the opportunity to be supported to remain in their own homes. The Council's Housing Advice Officers support those in housing need by negotiating for them to remain in their home even when threatened previously with eviction from their landlord or family/friends. This can cause some tension with landlords.
- 3.5 As an example of this work, the 'Sanctuary Scheme' assisted 18 victims of domestic violence to remain safely in their homes by improving home security, making referrals to support agencies and offering legal advice.
- 3.6 Since April 2008 the Council have funded money and mortgage advice posts provided by Homemaker Southwest which has resulted in 34 owner occupier households supported to remain in their homes. This has been achieved by increasing incomes by an average of £1,300 per household through better budgeting and also negotiating with lenders and other creditors.
- 3.7 The Council's EXtraLet scheme, which is a social lettings agency model, currently accommodates 59 households who otherwise would have been placed in TA. Unfortunately a number of landlords have withdrawn from the scheme to sell their properties; at one point we had 76 such homes.
- 3.8 The Council's LetStart scheme, which is a more traditional rent deposit scheme where applicants source their own accommodation, has assisted 95 households since May 2008. These households would normally have gone into TA.
- 3.9 The Council also provides additional priority through the Housing Needs Register (Devon Home Choice) to those in TA. This increased priority and the increased availability of family sized accommodation freed up through downsizing have assisted in moving more families out of TA than those moving in.
- 3.10 The creation of the Exeter Homeless Prevention Panel and the Family Forum has provided a Council-administered route into supported housing. This has maximised availability of supported housing units (not defined as TA) and avoided cherry-picking of the least challenging households by accommodation providers. These routes into supported housing involve all providers in the City being present for referral discussions where allocations are made under the guidance of the Council's Move on

Officer. However the provision of supported accommodation is greatly reduced this year following the County Council's reduction in Supporting People funding.

- 3.11 It is evident that these prevention initiatives have reduced our need for TA and helped meet the target a year early. However, these resources have not been able to fully cover the increased demand experienced in 2010/11. In many cases we have to temporarily house people while we investigate the cause of their homelessness. This group has put pressure on our TA.

4. FUTURE PRESSURES

- 4.1 The following pressures have contributed to the Council seeing an increase in demand and indicate why the prediction is for future increases in demand on the service:

- **Changes to Local Housing Allowance which determines Housing Benefit levels are currently estimated to be on average 17% lower next year.**

This change is intended to drive down rents, however an unintended consequence may be to increase arrears among private sector tenants resulting in higher eviction rates. More landlords may be discouraged from taking tenants who rely on benefits in the future. There is also a danger that lower rents will result in fewer EXtralet and Private Sector Leasing properties being offered. This will result in the Council having to use more expensive TA.

- **Cuts to Supporting People (SP) contracts by Devon County Council are estimated to be at least 30% next year.**

This will limit a considerable number of current homelessness prevention and support options and could lead to an increase in the use of TA. For example, SP cuts will see a reduction in the floating support available through Homemaker South West to provide financial support to vulnerable households and will also limit the number of bed-spaces available for roughsleepers.

- **CLG Homelessness Grant is currently £350k.**

There is uncertainty at what will happen to this grant. Any cuts to this grant will directly impact on a range of homelessness support and prevention options leading to more people being housed in TA. This is currently used to fund many of the services described in section 3 of this report.

- **Changes to Housing Benefit Subsidy for TA.**

This is currently generous and helps some accommodation schemes to break even. The Council will have to decide whether it carries a loss on some properties to retain a landlord as the alternative would be more expensive emergency accommodation.

- **Increase in presentations and acceptances.**

These have increased over the past two quarters meaning all TA is now full. This is due to an increase in mortgage repossessions and higher levels of family evictions, usually of young people.

5. ACTION PLAN

- 5.1 Clearly we are entering an extremely challenging period which has the potential to see more homeless people including street homeless, together with a shortage of TA. This will have a significant impact both in terms of human welfare and also financially on the Council's budgets.
- 5.2 The Council is able to claim some proportion of Housing Benefit from the Department for Work & Pensions (DWP) for those claims made from properties provided as part of the statutory duties to house homeless applicants. The following additional actions are proposed in the coming year:

Action 1 – To continue EXtraLet and LetStart schemes

- To be managing 50 new PSL and EXtraLet properties by April 2012
- To use the Discretionary Housing Payment fund to improve access to private rented accommodation for low income households.

Action 2 – To strengthen prevention provision within the Housing Advice Team

- To combine the Home Choice and Housing Advice Services to create a larger Housing Options Service. This was implemented from April 2011.
- To expect Prevention Officers to retain cases in TA where prevention is still an option eg hostel referrals. To amend procedures to guarantee that any applicant placed in TA is still case managed to enable either a return to home where possible or to pursue an alternative housing option (eg EXtraLet) in parallel with their formal homeless application.

Action 3 – To improve percentage of lettings to homeless households under Devon Home Choice by protecting lettings in Exeter until a balance is found across Devon.

- Currently, there is a greater demand on properties in Exeter than any other authority in Devon therefore it is imperative that we only allocate properties to Exeter residents until we reach the point where no more than 2% of our lettings are to those from outside the City. Applicants in Exeter are still able to access properties in the rest of Devon and this is proving popular and is helping redress the balance.

Action 4 – To prioritise two bedroom and four bedroom properties in the procurement of PSL and EXtraLet properties

Action 5 – To provide an evidence base to the Housing Enabling Service showing demand for two and four bedroom properties

- Relatively (when set against supply) the most pressing need for homelessness households is for 2 and 4 bedroom properties as, in the case of two bedroom properties the majority of families approaching us have either one child or two younger children and in the case of 4 bedroom properties we do not currently have sufficient numbers to enable us to bypass the use of emergency accommodation for larger families.

- 5.3 Proposed changes to the Housing Benefit system, which began in April 2011, have had clear effects on the amount of subsidy the Council is entitled to claim. The new subsidy rules make certain types of accommodation more financially attractive to the Council.
- 5.4 The Valuation Office intends to produce LHA figures in January 2012 to assist with TA rent negotiations. The LHA values that they produce will be a flat rate for the whole year. This means that a fluctuating market may not affect us until the next year's review. It will, however, mean that the fluctuation in rates may be greater from year to year. The Council will therefore need to make difficult judgements about the length of contracts with landlords and tenants.
- 5.5 If the Housing Benefit entitlement is less than the subsidy equation, the Council will only get subsidy based on the Benefit entitlement. For example, if the LHA, minus 10%, plus £60 is £300 but the actual Benefit entitlement is only £200, the subsidy the Council receives will be based on the £200 Benefit entitlement. The Council cannot claim back more subsidy than the Benefit being paid. This means that where a homeless household only receives partial Housing Benefit we can only claim that amount in subsidy.
- 5.6 Prior to April 2011, the Council's Housing Advisory Services budget has always been supported by Housing Benefit funding as the rent charged for TA has not been linked to the subsidy level. In order to show the true cost of the Homelessness Service all TA rents will be at the subsidy level from April 2011.
- 5.7 This will show the Advisory Services Budget to have a large decrease in income for 2011/12 however; this additional expenditure will be matched by the relevant saving within the Housing Benefit Budget. Our aim is always to minimise the costs to the Council as a whole.
- 5.8 Procurement of Private Sector Leased (PSL) properties will be even more financially viable under the new subsidy arrangements than continued reliance on contracted short term accommodation.
- 5.9 For example, if the Council moved to replace a large contracted bed & breakfast with 10 two bedroom PSLs, the Council would see an annual financial benefit of at least £143,000. This would be made up of the additional subsidy of £39,000 from 10 two bedroom PSLs (based on existing two beds at a weekly lease cost of £120 and subsidy of £195 a week). Also, the annual cost of this establishment in additional Housing Benefit outside the subsidy cap is £104,000.
- 5.10 It is also important to note that the £123,000 a year received by the Council from the SP money which comes via Devon County Council towards the cost of providing Supported Temporary Accommodation (STA) has been reduced by 25% for 2011/12. Currently, support is given to 26 units within a 24 unit contract to ensure capacity is always being met or, at best, being reported as over-performance. We will continue to provide this additional support as it greatly limits repeat homelessness and prepares clients for moving on into more independent accommodation.
- 5.11 The STAR project (Short Term Accommodation and Resettlement) is a project set up as a result of the success of the winter pressures fund from SP across the winter of 2008/09. This additional money enhanced existing floating support contracts to enable crisis work to be carried out. This increase in support meant the Housing Needs Service could place higher support clients straight into self-contained accommodation, usually at Shauls Court or in PSLs.

- 5.12 The clients housed are referred from the Street Homeless Outreach Team (SHOT) and the 33 successful tenancies to date (January 2011) have helped towards meeting the rough-sleeping targets. The scheme also provides a use for hard-to-let one person accommodation and minimises void costs. Full Housing Benefit subsidy can therefore be claimed for this.
- 5.13 The Council owned property at Weirfield House will remain as TA pending an upturn in the property market. Our ultimate aim is to sell this property as it does need major investment. The communal areas have recently been improved.
- 5.14 Shauls Court is on lease until June 2014. The property overall is very useful to the Council as it provides secure easy to monitor accommodation. However, outstanding repairs work needs to be completed by the owners before renegotiation is considered.
- 5.15 The Council also currently has 10 permanent Council properties used as TA. The aim of this is to convert these into permanent tenancies once the temporary tenant is considered ready.

Action 6 – To ensure TA stock is financially viable

- To charge all TA rents at subsidy level or below
- To take on at least 10 further two bedroom PSLs
- Maximise use of PSLs by replacing contracted B&B with equivalent numbers of two bedroom PSLs
- To move towards all STA being self contained
- To report to SP on all units within STA to highlight Exeter's performance and commitment to continue providing STA to maximise our income from the SP contract.

6. CONCLUSIONS

- 6.1 By continuing to achieve targets for TA and implementing the actions outlined in this report the Council ensures that it is seen as effective by government, fewer households experience upheaval in TA and the Council save costs across overall budgets when the Housing Benefit Service and Housing Service budgets are considered together.
- 6.2 However, by meeting the target and reducing the numbers in TA and therefore needing to hand-back forms of TA, the Council is reducing revenue made from TA and incurring additional cost by increased voids and in preparing properties for hand-back.
- 6.3 It is vital therefore that the Council closely monitors whether a continued reduction of TA is appropriate and the financial implications of any adjustments we make.
- 6.4 Following the recent increase in demand for the service, we also need to keep under review whether the Council needs to invest further in preventative measures to reduce the financial impact of providing TA to meet the need of applicants facing crisis homelessness and how the Council refocuses procurement of new TA to maximise value for money

10. RECOMMENDED

Members note the report and support the actions proposed.

ACTING HEAD OF HOUSING SERVICES

S:PA/LP/ Committee/611SCC6 v4
Date 12.5.11

COMMUNITY & ENVIRONMENT DIRECTORATE

**Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report:**

GLOSSARY OF TERMS

Devon Home Choice – The system for allocating permanent social housing in Devon. Void properties are advertised weekly and are allocated to those in greatest need who have been waiting longest and who have expressed an interest in a specific property.

ExtraLet - EXtraLet properties are designed to give households threatened with homelessness better access to the private rented sector. The Council takes on properties in the private sector, brings them up to the Decent Homes Standard and manages them in exchange for a management fee of 10%. Owners are involved with the management of the property throughout the term of the licence (usually 1-3 years), including signing off repairs over an agreed amount. An EXtraLet tenant signs an Assured Short hold Tenancy with the property owner and not the Council; they become the owner's tenant.

Homeless Acceptance – Where no prevention work is possible and the Council is required to accommodate the household permanently or until such time as the households loses their accommodation through their own actions.

Homeless Prevention – Where the work of the Housing Options Team or an agency funded by the council results in a household's homelessness being prevented for at least 6 months.

Local Housing Allowance (LHA) – The figure set for each property size in the City giving the upper limit of Housing Benefit payable on that size of property.

Private Sector Leasing (PSL) – Self contained flats or houses taken on by the Council from private landlords for a period of 3 to 5 years and used as temporary accommodation. The Council becomes the tenant and the property is sublet to households who have been accepted as homeless or are waiting for their homelessness decision. Properties are managed exclusively by the Council with no management fee and owners have no contact with the tenant.

Supporting People (SP) – Funding programme designed to provide housing related support to vulnerable people. This is provided by central government to upper tier authorities, in our case Devon County Council, but this year there is no ring-fence placed on this funding and it is entirely up to the County Council to decide how to spend it.

Temporary Accommodation (TA) – Accommodation provided to homeless households either pending a decision on the Council's duties to them or pending a move into permanent housing.

Supported Temporary Accommodation (STA) – Accommodation provided through the Supporting People contract to homeless households either pending a decision on the Council's duties to them or pending a move into permanent housing. STA provides housing-related support such as helping with benefit claims and housing options.

Floating Support - housing related support provided to a vulnerable person regardless of where they are living. The vulnerable person does not need to move into supported housing in order to receive this as the support worker will visit them at an agreed frequency and time. This support will take the form of helping with claiming benefits, paying rent and utilities and linking the client into health and other support services.