

# **Report to the Communities Select Committee**

**Date of meeting: 17 January 2017**

**Portfolio: Housing – Councillor Syd Stavrou**

**Subject: Homelessness Initiatives**

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**Committee Secretary:  
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## **Recommendations/Decisions Required:**

**(1) That, in accordance with its Work Programme, the Communities Select Committee undertakes a review of the homelessness loans and tenancy deposits scheme (funded under “Invest to Save”); considers the homelessness situation generally in the District and mitigation strategies, and recommends to the Finance and Performance Management Cabinet Committee that the following bids are made for CSB Growth from April 2017/18:**

**(a) £32,000 per annum for the appointment of 1 FTE additional Grade 6 Homelessness Prevention Officer in order to deal with the requirements of the expected Homelessness Reduction Act and the additional workload generally due to increasing homelessness pressures;**

**(b) £9,000 per annum to fund an external company to undertake Homelessness Reviews; and**

**(c) £2,500 per annum to fund an external company to provide specialist services to rough sleepers;**

**(2) That the Communities Select Committee recommends to the Finance and Performance Management Cabinet Committee that the existing Invest to Save Funding of £90,000 over a 3 year period now be used for providing applicants with a rental loan of up to the equivalent of 4 weeks rent to meet the costs of rent in advance when securing accommodation in the private rented sector and /or a landlord deposit in accordance with LHA rates (lodged with a third party by the landlord) with applicants being required to repay loans on an interest free basis over an increased period of 36 months, thereby re-cycling the budget to enable others to benefit from the Scheme in the future; and**

**(3) That a report be submitted to a future meeting of the Cabinet on the feasibility of the use of “modular units” to provide temporary accommodation for homeless applicants.**

## **Report:**

### **Background**

1. The Communities Select Committee is asked as part of their Work Programme to consider various mitigation strategies in order to deal with the current and future increasing pressures due to the rise in homelessness. The latest figures on homelessness in England reveal that nationally the total number of households in temporary accommodation has increased by 53% from 48,010 in December 2010 to 73,120 in June 2016, with 14,930 households being accepted as homeless between 1 July and 30 September 2016, Local Authorities took action to prevent a further 52,920 households becoming homeless in the same period which increased by over 2,000 compared to the previous quarter.

### **Homelessness Prevention Service**

2. The Council has a very effective Homelessness Prevention Service, comprising 6 FTE Homelessness Prevention Officers. In 2015/2016 the service prevented homelessness in 625 cases. The number of cases being prevented during in the first six months of this year is 264 which may result in a lesser number being prevented in 2016/2017. This is due to the difficulties being experienced by the Team in being able to place applicants in the private rented sector which has resulted in the number of homelessness acceptances increasing from 52 in 2014/2015 to 71 in 2016/2016 and the numbers placed in temporary accommodation increasing from 74 in 2014/2015 to 111 in the second quarter of 2016/2017.

3. Homelessness Prevention Officers now provide a comprehensive service with a range of initiatives at their disposal to assist them with resolving the housing difficulties of clients they are seeking to serve including:

- Meeting the Council's Statutory Duty to provide Housing Advice and Assistance
- Mediation (in particular resolving parental exclusions)
- Referral to the two CAB Debt Advisors
- Resolving housing benefit problems
- Rental Loans
- Epping Forest Housing Aid Scheme (EFHAS) Deposit guarantees
- Sanctuary Schemes for victims of domestic violence
- Negotiation with private sector landlords to enable tenants to remain
- Negotiation with mortgage lenders on debt
- Housing Association Leasing Direct Scheme
- Private Lease Agreements Converting Empty Properties (PLACE)
- Placements at young parents' scheme
- Single Accommodation for Epping Forest (SAFE) Project
- Making referrals to Essex County Council's Social Care in cases where young children are homeless
- Making referrals to the Benefits Division for discretionary housing payments (DHPs)
- Rough sleeping initiatives
- Liaising with the Housing Benefits Division on Discretionary Housing Payments (DHPs)

4. The various issues being faced by homeless applicants and the resultant problems being experienced by officers in preventing homelessness has previously been reported in the Council Bulletin and is set out below. Under each appropriate section suggested recommendations are made which the Committee is asked to consider.

## Interim and Temporary Accommodation

5. The Council provides **interim** accommodation to homeless applicants whilst enquiries are undertaken and **temporary** accommodation where a full homelessness duty has been accepted and the applicant is awaiting a direct offer of permanent accommodation.

6. As at 30 September 2016 (date of the last Government statistical return) there were 111 applicants placed in both temporary and interim accommodation which has resulted in the homeless persons' hostel at Norway House, North Weald and Hemnall House, Epping being full most of the time. In order to increase the number of applicants being able to be accommodated at Norway House, officers are investigating the possibility of dividing up some of the larger rooms at the hostel to provide greater flexibility of use. Furthermore, as the chalets in the grounds of the Hostel are falling into disrepair, the option of replacing the chalets with "modular units" is being investigated which may enable the Council to increase the number of units in a more cost effective way. It may also be possible to use such accommodation in other areas.

7. In addition, the Council works with Genesis Housing Association who, under the Housing Association Leasing Direct Scheme (HALD), originally provided 20 units of accommodation for our homeless applicants. However, as private landlords are becoming increasingly reluctant to lease their properties in this way, Genesis now only has 15 units of accommodation, all of which are now occupied.

8. The Council also provides bed and breakfast (B&B) accommodation for predominantly single homeless applicants and has a contract with a number of Hotels who are selected following a 3 yearly competitive tendering exercise which has taken place now on 2 occasions. The numbers placed in B&B has increased from single figures to around 20-25 applicants. Under Government Regulations, the Council should not place families in such accommodation for more than 6 weeks. Historically, families are only accommodated in this way in rare circumstances. However, in recent months due to the lack of temporary and interim accommodation, up to 5 families have been placed in B&B which is very costly.

9. The General Fund expenditure in the last 3 years on Bed and Breakfast accommodation is set out in the following table:

Year	Total B&B Expenditure (£)	Subsidy Received (£)	Net Cost to the General Fund (£)
2013/14	113,135	50,574	62,561
2014/15	126,982	73,184	53,798
2015/16	236,890	122,617	114,273

10. As at November 2016 the total expenditure for 2016/2017 to date is £120,540 representing a net cost to the General Fund of £57,860.

11. It is important to note that over recent months the Hotels used have been full due to placements being made at the Hotels by other Councils. This has left officers with no option other than to use other Hotels in accordance with the delegated authority granted to the Director of Communities.

12. Furthermore, due to the increasing pressure on homelessness, the Council currently has 14 homeless families placed in its own housing stock (very often without the applicant meeting the 5 years residency criteria under the Council's Housing Allocations Scheme) on non-secure tenancies until their cases are resolved. Although this figure is likely to increase, it is important to balance between the needs of the homeless and the needs of those on the Housing Register. This is at a time when the numbers of properties becoming available for let in each choice based lettings cycle are reducing to around between 9 and 13 properties approximately half of which are in sheltered housing and only available to older people.

### **Recommendations**

***That a report be submitted to a future meeting of the Cabinet on the feasibility of the use of "modular units" to provide temporary accommodation for homeless applicants; and***

***That the further option of exploring the installation of collapsible partitions in some of the larger rooms at the Hostel to enable families with older children to be accommodated in one room, thereby increasing occupation levels, be noted.***

### **Invest to Save Funding**

13. At its meeting on 12 November 2015 (Minute 31 refers) the Finance and Performance Management Cabinet Committee considered a Business Case Application for "Invest to Save Funding" in order to provide funds for the following two initiatives:

#### **Rental Loans**

14. The Rental Loan Scheme was set up in 2008/2009 following the Council receiving a grant of £10,000 from the CLG in recognition of its excellent performance in preventing homelessness. Further CLG grants of £111,000 were received with contributions of £27,000 being made from the General Fund, making a total budget of £148,000.

15. The scheme provides applicants with a rental loan to meet the costs of (or contribute towards) the first month's rent in advance when securing accommodation in the private rented sector. Applicants are required to repay the loan on an interest free basis over 24 months, thereby re-cycling the budget to enable others to benefit from the Scheme in the future.

16. The Scheme has been essential in assisting the Council to prevent homelessness for 615 applicants in 2014/2015 representing 87% of all those who presented as homeless (710) and avoided the use by some of bed and breakfast accommodation (B&B), and in other cases providing permanent Council accommodation, leaving more properties available for existing home Seekers on the Housing Register.

17. Since the Scheme commenced in 2008, when taking into account monies repaid by applicants and recycled, approximately 190 loans have been allocated. When the Council was awarded the grant funding, the Government were encouraging councils to pass on the payments to homeless applicants by way of a "gift". However, although it was accepted that recovering any debts may be difficult, the Cabinet agreed that payments would be made as a loan (repayable over 2 years) with any amounts recovered assisting more applicants. The Council has recovered around £16,000 which has enabled approximately 20 further loans to be made. This figure could well increase as further payments are made by applicants on loans granted in the last 2 years.

18. At the time of writing, 37 loans have been made in this financial year. There are sufficient funds available to provide only 5 further rental loans to homeless applicants.

19. Making more funds available for rental loans through the already agreed Invest to Save funding would result in further keeping down the numbers in B&B resulting in a saving to the Council. It would also assist in reducing the number of homeless applicants being placed in other interim and temporary accommodation including Norway House and Hemnall House which are currently both full. It would also reduce the amount of the Council's own housing stock being used for homeless applicants who very often do not meet the residency criteria under the Council's Housing Allocations Scheme. In order to make the repayments more affordable for applicants it is suggested that the repayment period is increased from 24 to 36 months.

### ***Landlord Deposits***

20. In addition to meeting the cost of the first month's rent, applicants also must pay a landlord's deposit. The cost of the deposit is in accordance with Housing Benefit Local Housing Allowance rates (being the maximum housing benefit a person can claim towards their rent), which ranges from £296 to £1,359 per month depending upon the rent, size and location of the property. It should be noted that the LHA has been frozen between 2015/16 and 2019/20 resulting in the allowance not bearing a relation to market rents with many people now struggling to find affordable accommodation.

21. It was suggested to the Finance and Performance Management Cabinet Committee that £30,000 per annum for three years be allocated from Invest to Save funding for further rental loans and landlord deposits to homeless applicants to assist the Council in trying to secure private rented accommodation in these cases.

22. However, on the recommendation of the Committee, the Cabinet agreed at its meeting on 3 December 2015 that the Invest to Save funding would be provided, but only for landlord deposits held by a third party as these were more likely to be recovered and that the Scheme be reviewed within three years.

23. The Cabinet further agreed at its meeting on 4 February 2016 (Minute 135 refers) that:

- the use of the agreed budget should also be allowed for the provision of both landlord deposits and rental loans in appropriate cases for potentially homeless families with dependent children;
- both rental loans and landlord deposit loans be granted in appropriate cases to disabled people and applicants with extreme medical needs;
- that amounts repaid by applicants should be re-cycled to provide further landlord deposit and rental loans (or both to families with dependent children) to further potentially homeless households; and
- the Communities Select Committee be requested to undertake a review of the Scheme

24. Officers have investigated how the use of landlord deposits held by a third party would have to operate. If the Council agrees to provide a deposit a three-way agreement would need to be signed between the Tenant, the landlord and the Council. The landlord must also state on their Tenancy Agreement that the deposit is being provided by the Council. The Council must then “lodge” the deposit, pay an insurance fee of £10 and set aside a budget of £1,000. The tenant then pays the Council by installments an amount over a 2 or 3 year period until they reach £1,000 which the Council would retain and at the end of the tenancy hands back to the tenant or the landlord depending upon whether the tenant is in arrears or has caused any damage to the property. If the amount is provided back in full to the tenant, then this could be used for a deposit on a further property. Therefore, having investigated this approach in detail, it is clear that managing such a scheme would be a huge burden on an already busy Homelessness Prevention Team and therefore would be unachievable. Moreover, it is likely that landlords would not be interested in entering into such an arrangement. As a result the Invest to Save budget has not been spent.

25. It is therefore considered that the funding should now be made available for rental loans equivalent to 4 weeks rent and/or landlord deposits (lodged with a third party by the landlord) in appropriate cases with repayments being made for both loans over an increased period of 36 months in order to make it more affordable to the applicant. Although it is accepted that there is a low collection rate, it should be noted that following the appointment of a dedicated Debt Recovery Officer within the Communities Directorate it is expected that this should improve. In any event, it is considered that the Council would make huge savings placing homeless applicants in private rented accommodation with the assistance of such loans avoiding provision of costly B&B, Hostel accommodation and placements in its own stock. This would by far outweigh any potential losses through unpaid rental loans. Furthermore, this would avoid in many cases having to accept full homelessness duties.

### ***Placements of homeless households by London Boroughs outside of London***

26. Following representations from Essex councils, figures for placements across Essex have now, for the first time, been provided by around 24 of the 32 London Boroughs. It should be noted that as not all London Boroughs have provided this information, the true figures are likely to be much higher. The table below provides details of the placements in Essex, from the 24 London Boroughs who have provided this information for the last four quarters which is as follows:

	<b>Q1 2016</b>	<b>Q4 2015</b>	<b>Q3 2015</b>	<b>Q2 2015</b>	<b>Totals</b>
Thurrock	64	85	71	67	<b>287</b>
Harlow	27	30	2	8	<b>67</b>
Basildon	15	11	12	18	<b>56</b>
<b>Epping Forest</b>	<b>12</b>	<b>12</b>	<b>10</b>	<b>13</b>	<b>47</b>
Southend	8	6	3	3	<b>20</b>
Chelmsford	6	4	3	2	<b>15</b>
Tendring	4	2	2	1	<b>9</b>
Brentwood	8	0	0	0	<b>8</b>
Castle Point	2	0	1	1	<b>4</b>
Colchester	0	2	0	1	<b>3</b>
Braintree	1	0	0	0	<b>1</b>
<b>Totals</b>	<b>147</b>	<b>152</b>	<b>104</b>	<b>114</b>	<b>517</b>

27. We are advised that the majority of these placements include nightly paid bed and breakfast accommodation, self-contained annexes, leased accommodation and, “homelessness prevention moves”. However, some are in order for London boroughs to discharge their homelessness duties through placements in private rented accommodation, which can lead to the Council taking responsibility for such households should homelessness re-occur.

28. One of the problems that these placements cause the Council is that it makes it very difficult for our own Homelessness Prevention Service to secure accommodation in the private rented sector for homeless and potentially homeless households. This is one of the main reasons why the numbers of homeless households in EFDC’s own temporary accommodation is increasing. It should also be noted that due to reductions in housing benefit such accommodation can prove to be unaffordable.

29. Furthermore, landlords are reluctant to accept applicants from the Council due to London Boroughs paying landlords in the District generous incentives ranging between £2,500 and £6,000, in addition to rental loans and landlord deposits. Some Boroughs pay a fee to district councils to inspect private rented accommodation on their behalf with some having an officer working in other areas for this purpose. The activity by London boroughs further underlines the need for the Council to take positive action to enable us to compete and assist our own homeless applicants to be placed into private rented accommodation with the provision of a rental loan under the Invest to Save funding explained earlier in the report.

### **Recommendation**

***That the Communities Select Committee recommends to the Finance and Performance Management Cabinet Committee that the existing Invest to Save Funding of £90,000 now be used for providing applicants with a rental loan of the equivalent of 4 weeks rent to meet the costs of rent in advance when securing accommodation in the private rented sector and/or a landlord deposit in accordance with LHA rates (lodged with a third party by the landlord) with applicants being required to repay the loan on an interest free basis over 36 months, thereby re-cycling the budget to enable others to benefit from the Scheme in the future.***

### **Rough Sleeping**

30. In August 2016, the two year Government funded Essex-wide Rough Sleeping Outreach service ended. This service provided visits to rough sleepers late at night and in the early hours 24/7 to offer assistance and case management until the person was able to move off the streets. When the funding ended, the Council approached the service provider to provide a stand-alone service to the council. But they were not able to assist. Although the Council only receives around one report each month of rough sleeping, there is a risk of a person becoming at risk due to rough sleeping without specialist help.

31. Officers are having discussions with other providers of specialist rough sleeping support and expect the cost of such services to be around £200 per case. This would result in a budget of £2,500 per annum funded by the General Fund to provide specialist services to rough sleepers.

## **Recommendation**

***That the Communities Select Committee makes a recommendation to the Finance and Performance Management Cabinet Committee that a CSB Growth Bid is submitted of £2,500 per annum from 2017/2018 to fund an external company to provide specialist services to rough sleepers.***

## **Homelessness Reduction Bill**

32. The Homelessness Reduction Bill is proceeding through Parliament, and at the time of writing passed its second reading and is expected to become law later this year. Under the Bill there will be considerable additional duties placed upon authorities nationally to prevent and reduce homelessness.

33. The Government recognises that the provisions in the Bill will make a significant call on the resources of local authorities. The Government is considering providing financial support to help meet with the consequences of the new duties and say they should ensure that the costs of the new burdens are fully taken into account in future funding and in arrangements for the 100% retention of business rates by local authorities.

34. The main proposed additional duties are (in summary) as follows:

- The period that a person can be considered to be threatened with homelessness and if it is likely that they will become homeless (when the Council's new duties start) is extended from 28 days to 56 days
- An applicant seeking homeless support would automatically be judged to be homeless once the period specified in a Section 21 Notice expired (which is the standard notice period provided by private landlords to tenants and is recognised as the single biggest cause of homelessness), preventing councils to advise applicants to remain in occupation beyond expiry
- Placing an emphasis on services preventing homelessness from occurring strengthening the duties on local authorities to provide advice, securing accommodation and other help available
- Ensuring services meet the needs of groups at particular risk to reflect their complex needs and vulnerabilities
- Complying with a new Code of Practice (not yet published) that specifies how homelessness services should be run and desired outcomes
- A duty to carry out an assessment of an applicant's case notifying the applicant of the assessment and the provision of a personal housing plan, including a summary of the applicant's case in order to provide effective support
- The applicant's right to a Review of their assessment (referred to above)
- The ending of the homelessness duty if the applicant "is unreasonably refusing to co-operate" and is working against and not with the authority and their expectations are realistic
- The requirement to secure accommodation for at least 12 months for all applicants who the authority is satisfied are eligible for assistance regardless of priority need

35. When the Homelessness Reduction Bill comes into force, this will therefore place substantial additional work on an already stretched Homelessness Prevention Team.



## **Recommendation**

***That the Communities Select Committee makes a recommendation to the Finance and Performance Management Cabinet Committee that a CSB growth bid is made for funding of £32,000 for the appointment of 1 FTE additional Grade 6 Homelessness Prevention Officer in order to deal with the requirements of the expected Homelessness Reduction Act and the additional workload generally due to the increasing homelessness pressures.***

## **Statutory Homelessness Reviews**

36. At its meeting on 26 April 2016 (Minute 12 (6) refers), Council agreed, on the recommendation of the Constitution and Member Services Panel, that the Housing Appeals and Reviews Panel (HARP) be discontinued with immediate effect. This was mainly due to the amount of time being spent by both Members and officers on the process. During 2015/2016 the Panel considered 7 cases, 6 of which were whether a homeless applicant was intentionally homeless in accordance with the legislation and the associated Code of Guidance. All of the 6 homeless cases were dismissed.

37. Officers advised the Constitution and Member Services Panel at the time that a report would be submitted to the Housing Portfolio Holder in due course for consideration to be given to the appointment of an external company specialising in statutory Homelessness Reviews to undertake Reviews currently undertaken by officers.

38 The Housing Options Manager has undertaken 30 Reviews in this calendar year with a further 15 being undertaken by the Assistant Director (Housing Operations). Reviews include intentionality, priority need and suitability of accommodation.

39. Soft market testing has established that the average cost per review by an external company would be around £200. Based on the number of reviews undertaken in the last 12 months an annual budget of £9,000 funded from the General Fund would be required.

40. The Communities Select Committee is asked to note in view of the increasing pressures on the homelessness service, if a company was employed to undertake this work this would free up more time for senior homelessness staff to concentrate on the increasing demands of front-line homelessness prevention services.

## **Recommendation**

***That the Communities Select Committee makes a recommendation to the Finance and Performance Management Cabinet Committee that a CSB growth bid is made for £9,000 per annum from 2017/2018 to fund an external company to undertake Homelessness Reviews***

## **Review of the Council's Housing Allocations Scheme**

41. The Council's Housing Allocations Scheme is due for review towards the end of next year with the revised Scheme coming into force in July 2018. When the Scheme is reviewed consideration can be given to providing homeless applicants with Flexible (fixed-term) Tenancies for a term of 2 years in order to discharge the Council duty. However, there are some uncertainties around whether the Council's duties can be discharged in this way including the changes to the rules on Flexible Tenancies under the Housing and Planning Act 2016. It is expected that the Government will issue its Statutory Guidance on the new rules on Flexible (fixed-term) Tenancies around autumn 2017. When the Council's revised Scheme is drafted advice will be sought from an external legal advisor on the Scheme generally and the Council's ability to discharge its statutory duty in this way.

42. Furthermore, when the Scheme is reviewed consideration can be given at that time to the Council providing placements to homeless households in private rented accommodation out of the District.

**Reason for decision:**

For the Communities Select Committee to give consideration to the current state of homelessness in the District and make recommendations on ways that the matter can be mitigated.

**Options considered and rejected:**

Not to give consideration to the current state of homelessness in the District and make recommendations on ways that the matter can be mitigated.

**Consultation undertaken:**

No consultation necessary.