

Report to the Cabinet

Report reference: C-nnn-2010/11
Date of meeting: 6 December 2010



**Epping Forest
District Council**

Portfolio: Housing

Subject: Homelessness Prevention Service – Future Funding

Responsible Officer: Roger Wilson (01992 564419).

Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) That, in addition to the Council's current expenditure of £30,000 per annum, should the current Government grant funding of £60,000 per annum cease or reduce from 2011/2012 onwards, a CSB growth item for the General Fund be agreed, in order to continue to fund the full cost of the existing Homelessness Prevention Service;
- (2) That the eventual amount of CSB growth be set, dependent on the actual resultant shortfall, up to a maximum amount of £60,000 per annum;
- (3) That the existing 3 FTE temporary Homelessness Prevention Officer posts be made permanent; and
- (4) That the comments of the Housing Scrutiny Panel be considered.

Executive Summary:

1. The Homelessness Prevention Service was introduced in January 2003, and has proved to be a great success and has brought a huge reduction in the level of homelessness acceptances and has also led to a high number of people being able to remain in their own homes.

2. The service has also brought significant savings to the General Fund as only a very small number of single homeless applicants had to be placed in bed and breakfast accommodation. Currently, only 5 people are being accommodated in this way with in addition less people being placed in the Council's Homeless Persons' Hostel and only 2 homeless applicants living in the Council's housing stock (for management reasons), which was not the case prior to the Homelessness Prevention Service being introduced.

3. The number of cases being dealt with through homelessness prevention exceeds, by far, the number of resultant cases being dealt with as homeless and requiring accommodation. This ensures that any unnecessary homelessness applications no longer occur.

4. Homelessness Prevention Officers provide a comprehensive service with a range of initiatives at their disposal to assist them with resolving housing difficulties for clients. During the period 2005/2006 to 2009/2010, the Prevention Service dealt with a total of 2,999 cases, of which 2,410 (80%) were prevented.

5. The Council currently employs 1 full time Senior Homelessness Prevention Officer and 2 full time Homelessness Prevention Officers employed on temporary contracts, jointly funded by the General Fund and a Government grant.

6. The Government grant of £60,000 ends on 31 March 2011 and there has been no indication that any further funding will be received after this date. Due to the uncertainty, the Cabinet are being asked to consider the future of the service should the Government not provide any further funding. When taking into account the additional expenditure that will arise through the increase in the numbers being placed in bed and breakfast accommodation, due to any reduction in the Homelessness Prevention Service, it is recommended that should the current Government grant funding of £60,000 per annum cease or reduce from 2011/2012 onwards, a CSB growth item for the General Fund be agreed, in order to fund the full cost of the continuation of the existing Homeless Prevention Service. It is considered that as the additional costs of B&B will exceed the level of the proposed CSB growth (and the possibility of accommodating applicants in existing Council properties); this "spend to save" approach is the most appropriate course of action.

Reasons for Proposed Decision:

If the service continues at its current staffing levels, the prevention of homelessness will continue. However, if the service was discontinued or reduced, the resultant costs in providing increasing numbers of bed and breakfast and Hostel placements, (and the possibility of accommodating applicants in existing Council properties), would far exceed the cost to the General Fund of continuing with the Homeless Prevention Service at its current staffing levels. When taking into account the additional expenditure that will arise due to any reduction in the Homelessness Prevention Service, it is considered that this "spend to save" approach is the most appropriate course of action.

Other Options for Action:

1. Discontinue the Homelessness Prevention Service
2. Continue with the Homelessness Prevention Service with reduced staffing.

Report:

Introduction

1. The Homelessness Prevention Service was introduced in January 2003, and has proved to be a great success, has brought a huge reduction in the level of homelessness acceptances, led to a high number of people being able to remain in their own homes, and resulted in significant savings to the Council's General Fund.

2. The service has brought savings to the General Fund as only a very small number of single homeless applicants have had to be placed in bed and breakfast accommodation. Indeed, at the time of writing this report, there are only 5 applicants being accommodated in bed and breakfast, compared to 35 applicants on average in 2002/2003, just prior to the service being introduced. In addition, only 2 homeless applicants are now living in the Council's housing stock (for management reasons), compared to 202 applicants being accommodated in this way prior to the Homelessness Prevention Service being introduced. Furthermore, less people are being placed in the Council's Homeless Persons' Hostel

3. The number of cases being dealt with through homelessness prevention exceeds by far the resultant number of cases being dealt with as homeless and needing accommodation. This has ensured that any “unnecessary” homeless applications no longer occur. However, despite this “gate keeping” approach, the Council’s statutory duties are still met under the Housing Act 1996 PT VII as amended, with homelessness applications being received from any person who require that safety net, investigated and, where required, resulting in the provision of accommodation.

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

- Epping Forest Housing Aid (EFHAS) Rent Deposit (Bond) Scheme
- Rental Loan Scheme
- Mortgage Rescue Scheme
- Mediation
- Sanctuary Scheme
- Preventing Re-possession Fund
- Discretionary housing benefit payments
- Negotiation with landlords, banks, families and friends

Success of the Homelessness Prevention Service

5. The table below demonstrates the success of homelessness prevention work over the years and shows, for each year the number of cases that presented to the Homelessness Prevention Service and the reason, together with the numbers of cases prevented (set out in the final row):

Reason for initially Presenting as Homeless	Case numbers 2005/06	Case numbers 2006/07	Case numbers 2007/08	Case numbers 2008/09	Case numbers 2009/10
Notice to Quit privately rented accommodation	105	123	149	89	58
Family/friends no longer willing to accommodate	114	175	167	163	93
Domestic violence, harassment	61	59	83	71	57
Relationship breakdown (non violent)	79	37	50	54	74

Reason for initially Presenting as Homeless	Case numbers 2005/06	Case numbers 2006/07	Case numbers 2007/08	Case numbers 2008/09	Case numbers 2009/10
RSL/Council tenancy at risk	55	32	46	30	20
Repossession affordability	143	69	44	92	68
Other	49	71	114	126	179
Total cases	606	566	653	625	549
Total prevented	460 (76%)	516 (91%)	523 (80%)	460 (74%)	451 82%)

6. As can be seen, during the period set out in the above table, the Prevention Service dealt with a total of 2,999 cases, of which 2,410 (80%) have been prevented. This has been a considerable achievement. These results have had a direct impact on not only the homelessness acceptance rate, which has significantly reduced during the same period, but also the quality of life for the applicants involved.

Current Funding of the Homelessness Prevention Service

7. When the Homelessness Prevention Service was first introduced in January 2003, one full-time Homelessness Prevention Officer post was created, fully-funded from a Government grant to assist local authorities in preventing homelessness. In November 2003, the Council received a further Government grant to assist in meeting the Government's target to avoid the use of bed and breakfast accommodation by families. This further grant was invested in an additional full-time Homeless Prevention Officer being employed. In 2004/2005, the Government grant reduced and, as a result, the Cabinet agreed that, due to the success of the service, the shortfall at that time of £8,000 per annum would be funded from the General Fund to enable it to continue.

8. In April 2006, the Government awarded the Council a further grant, making a total of £60,000 per annum. The Cabinet agreed at its meeting on 10 April 2006 (Minute 183 refers) that this further funding would be used to appoint a full time Senior Homelessness Prevention Officer to lead the Team, part funded from the further Government grant, with the General Fund meeting the shortfall at that time of £19,000 per annum.

9. As a result, the Council currently employs 1 full time Senior Homelessness Prevention Officer and 2 full time Homelessness Prevention Officers, employed on temporary contracts. The posts are currently funded as follows:

Government Grant	£60,000 per annum
General Fund	£30,000 per annum
Total	£90,000 per annum

10. In addition to the 3 FTE staff on temporary contracts, as with most other local authorities, it has been possible to shift the emphasis from homelessness investigation case work to prevention. This has resulted in 2 full-time homelessness investigation officers being seconded to the Homelessness Prevention Team, (with the Team now consisting of 5 FTE), leaving the need for only one remaining Investigation Officer.

Future Funding

11. The Government grant of £60,000 per annum ends on 31 March 2011 and there has been no indication that any further funding will be received after this date which will have serious implications for the service. Indeed, the expectation is that the funding will cease from the end of the current financial year. The Cabinet is therefore asked to consider a CSB growth item for the General Fund of up to £60,000 per annum to fund the expected shortfall.

12. In 2009/2010, the Council had an average of 8 single homeless applicants placed in bed and breakfast accommodation as they could not be placed elsewhere for sound management reasons. The cost of bed and breakfast accommodation in 2009/2010 was £87,239 exclusive of management charges, being applicant's travel expenses, accountancy, legal and audit costs. Due to the Council receiving less Housing Benefit subsidy (68%) from the Government (in order to discourage authorities from placing applicants in temporary accommodation) to meet the associated Housing Benefit costs, the net cost to the Council exclusive of management charges was £27,916. However, it is important to note that from 1 April 2010, the amount of subsidy received has reduced to 58%.

13. If funding for the service reduced by £60,000, there is little doubt that the numbers placed in bed and breakfast would increase. The average length of stay in bed and breakfast accommodation is around 2 months, at a net cost of approximately £1,910 per applicant inclusive of management charges based on 2009/2010 costs and 2010/2011 subsidy levels. Therefore, the Council would only need to accommodate a further 32 applicants each year in bed and breakfast accommodation for it to be more costly to the General Fund than funding the entire grant shortfall. **This is equivalent to around (only) 5 additional homeless applicants in bed and breakfast at any one time.**

14. If the Cabinet did not agree CSB growth of up to £60,000, it would result in the numbers of staff fulfilling the homelessness statutory function reducing by 2 FTE which, including the remaining existing Prevention Officer and the Investigation Officer will create a team of 4 staff. Based on last year's figures, a total of 549 cases would need to be managed by only 4 FTE staff which would have a devastating effect on service provision.

Effect on the Service

15. The Council has a responsibility to meet all of its statutory functions in respect of homelessness. The remaining 4 staff would have to undertake both investigative and a little prevention work. Bearing in the mind the complexity and time-consuming nature of prevention work, for example, time being spent on each mortgage rescue case being measured in days, the majority of cases would almost certainly have to be dealt with as homeless investigations. Without the prevention work being undertaken, and based on the fact that, in 2009/2010, 98 investigations led to 48 applicants being accommodated (around 50%), potentially, around half of the 549 applicants initially presenting as homeless (i.e. 275 applicants) could have required accommodation.

16. In 2009/2010, 264 properties were let to new Introductory Tenants. Bearing in mind the number of cases that would be dealt with as homeless investigations by a reduced number of Homeless staff if the service was discontinued, there is every likelihood that this would result in all, or if not most, of the Council's future lettings being made to homeless households, with most other applicants on the Housing Register being overlooked.

17. When taking into account the case-load last year, already referred to in Paragraph 14 of this report, (and the potential for the numbers of cases increasing), it is considered that if the CSB growth of up to £60,000 is not agreed, it would result in huge numbers of homeless applicants being placed in either B&B accommodation or the Council's housing stock, in order for the Council to be able to meet its statutory responsibilities under the homeless legislation.

18. In addition, any reduction in the service would have a serious impact on the Council's performance on a range of indicators including:

- Number (and length of stay) of single homeless households placed in B&B accommodation
- Number of families placed in B&B accommodation
- Number of households (and length of stay) in Hostel accommodation
- Number of households in other temporary accommodation
- Average time to complete homeless enquiries
- Percentage of total lettings made to homeless households
- Finally, and not least, there would be a significant impact on the quality of life of both homeless and non-homeless households

Financial and other Effects of reducing the Homelessness Prevention Service

19. The following table sets out the financial implications compared to numbers of staff employed to carry out the Council's statutory homeless function, and demonstrates the negative impact of having any less than 6 FTE staff carrying out the Council's statutory duties under the Homelessness Legislation. It also includes an indication of the potential numbers of homeless applicants who could be accommodated in the Council's housing stock:

Numbers of Homeless staff (Prevention and Investigation)	Casework Capacity	Additional Cost to the General Fund of staffing (£ per annum)	Average No. of additional people in B&B above which it would be more costly to General Fund than staffing costs	Potential additional numbers of homeless applicants accommodated in the Council's housing stock, B&B and Hostel
3	324	Nil	N/A	202
4	432	Nil	N/A	134
5	540	30,000	3	66
6	648	60,000	5	Nil

20. If no additional funding was made available, it would result in 2 FTE being made redundant. Due to one post being covered by an agency worker and one part-time member of staff joining the Council only recently, redundancy costs are expected fairly low at around £6,000.

Conclusion

21. When taking into account the additional costs of bed and breakfast accommodation, the effect on homeless and other Housing Register applicants and the inevitable negative effect on the Council's performance, it can only be concluded that not meeting the grant shortfall and reducing the Homeless Prevention Service is not a prudent or appropriate option.

22. Therefore, should the current Government grant funding of £60,000 per annum cease or reduce from 2011/2012 onwards, a CSB growth item of up to £60,000 funded from the General Fund is recommended, in order to fund the full cost of the continuation of the existing Homeless Prevention Service. It is further recommended that the 3 FTE temporary Homelessness Prevention Officers be made permanent to ensure that they do not leave due to the uncertainty of their temporary contracts taking with them their experience and skills that they have developed. It is considered that as the additional costs of B&B alone will exceed the level of the proposed CSB growth (and there is a risk that homeless applicants could be placed in much needed Council properties), this "spend to save" approach is considered to be the most appropriate course of action.

23. Consideration has been given to savings being made elsewhere in order to meet the Grant shortfall. However, the only two options within the Housing General Fund would be to reduce the homelessness function which, for the reasons set out in the report would not be appropriate, or to reduce the Private Sector Housing staff establishment by 2 FTE staff, which would be against the Cabinet's recent decision to increase staff in this area.

Value for Money Audit

24. At the request of the Director of Housing, the Council's Chief Internal Auditor has undertaken a Value for Money audit on the Homeless Prevention Service.

25. Although the report has only been drafted, the provisional view concludes that the Homelessness Prevention Service is providing excellent value for money. It further states that the service has developed a pro-active approach to homelessness prevention, which, together with the good working relationships it has with partner agencies, has resulted in a substantial reduction in homeless acceptances in the District. It confirms that an increase in homeless acceptances will have a major impact on Council property lettings with non homeless Housing Register applicants having to wait significantly longer for a Council property as available properties would be allocated mostly to homeless households.

26. The draft report draws attention to the social costs of homelessness including psychological upset for the household, health problems and the effect on children etc. Homelessness prevention can strengthen an individual's social network which can increase resilience against future homelessness as well as enhancing peoples' well-being and quality of life.

Resource Implications:

If recommendations are agreed:
General Fund Growth item of up to £60,000 per annum
Continued General Fund funding of £30,000 per annum

Legal and Governance Implications:

The Council's homelessness duties under the Housing Act 1996 will continue to be met.

Safer, Cleaner and Greener Implications:

None identified

Consultation Undertaken:

1. At its meeting on 9 September 2010, when considering performance on a range of Council services and cost indicators including homelessness, Members of the Finance and Performance Management Scrutiny Panel shared the concern of officers that performance on homelessness may go down if the Homelessness Prevention Service was discontinued. The Panel appreciated that, apart from the “social cost” of either reducing or losing the service, the financial cost to the Council may be greater than the cost of keeping the service. The Panel asked if it could consider (“pre-scrutinise”) this report before it was considered by the Cabinet.

2. However, as due to committee cycles this would not be possible, the Panel asked for the report to be considered instead by the Overview and Scrutiny Committee in the first instance. The Overview and Scrutiny Committee officer Agenda Planning Group agreed that it would be more appropriate for the Housing Scrutiny Panel to “pre scrutinise” the report as it concerns a service within the Housing Directorate. The Panel considered the report at its meeting on 29 October 2010 and the Panel’s comments are as follows:

Add comments here

3. The Citizens Advice Bureau (CAB) has been consulted on the matter at the Housing Directorate’s quarterly Housing and CAB Liaison Meeting. The CAB has stressed the importance of the service and agrees that the Council should continue with the service at existing staffing levels.

4. A consultation exercise has been undertaken with all other interested partners. The results are attached at Appendix One.

5. All Homelessness Prevention staff have been consulted on the report and agree with its content. A copy of the report has been sent to side for comments. The Unison Branch Secretary has responded as follows:

6. From the outset, the branch will always expect the Council to resist from making any compulsory redundancies. However, in this instance it would be very short-sighted to seek to save money which in the long term will end up costing the Council considerably in providing temporary accommodation. Furthermore, and maybe more important than looking at the financial gains or losses involved, the Council has a civil and moral duty to provide this service. The figures set out in the report speak for themselves; clearly showing there is a need to provide this service and that those providing it are doing an excellent job. In the circumstances, Unison are pleased to pledge the support from the Epping Forest branch of Unison in the continued provision of the Council’s Homelessness Prevention Service.

Background Papers:

Homelessness Strategy 2009/10 to 2011/12

Value for Money Audit on the Homeless Prevention Service

Impact Assessments:

A Customer Impact Assessment has been completed on the implications of the Homelessness Prevention Service not being continued at its current levels, as this would be a major change in policy. A copy of the Assessment is available on request.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? Yes

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? Yes

What equality implications were identified through the Equality Impact Assessment process?

To be completed

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

To be completed

APPENDIX ONE

RESULTS OF CONSULTATION EXERCISE WITH PARTNER AGENCIES

Organisation	Benefits of service	Effects and implications of withdrawal of service
<p>Manager, MOAT Housing Ltd</p>	<p>“This service is exceptionally important, especially in the current economic climate. We have a very good relationship with the homelessness prevention team, which improves the effectiveness of the scheme. There are many benefits of the scheme; people are able to remain in their current home so there are no moving costs, no hassle of selling, no need for children to change schools, people remain near family and friends and are still close to their jobs. Many households have told us that it is such a relief that no-one need know that they have had to sell their home”.</p>	<p>“The people we help are families, elderly or disabled. Without the mortgage rescue scheme homes would be repossessed and households become homeless. This would prove more difficult and costly for the Council”.</p>
<p>Secretary, EFHAS</p>	<p>“EFDC has the knowledge and expertise in the areas of housing and benefits issues. EFHAS has found that people often need help to get over the ‘first hurdle’ when seeking accommodation in the private sector, and we are able to do this by providing the rent deposit guarantee”.</p>	<p>“Without the help of EFHAS, I think many households would end up homeless”</p>
<p>Family Mediation Officer, RELATE</p>	<p>“I class this scheme as being successful. Most of our work has been centred on young people, who are particularly vulnerable. Mediation has sometimes helped the young people to resolve the issues themselves”.</p>	<p>“If there was no support for these young people, who knows where they would end up? I think that by not resolving issues now, it would cause them more problems later on”.</p>

APPENDIX ONE

RESULTS OF CONSULTATION EXERCISE WITH PARTNER AGENCIES (CONTINUED)

Manager, SAFE project	“We work very closely with the prevention team, who are in regular communication with the families. This helps to manage the risks to the individual, the families and to our staff”.	“The vast majority of our referrals come through the homelessness prevention team. Without the team, extremely vulnerable young people, often only 16 or 17 years old, would probably become homeless”.
CLG Homelessness Specialist Advisor, East & Midlands Regions	“Epping Forest DC provides a good homelessness prevention service and actively work to prevent clients from becoming homeless. This has assisted Epping to reduce the number of households applying as homeless and being placed in temporary accommodation”.	“The pressures on the service are only likely to increase in the next 6-18 months as changes to benefits and increased austerity measures affect people locally”.