

## **Report to the Cabinet**

**Report reference:** C-057-2010/11

**Date of meeting:** 31 January 2011



**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).

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### **Recommendations/Decisions Required:**

(1) That, in accordance with Option One in the report, and the spirit of the recommendation of the Housing Scrutiny Panel, in addition to the Council's current expenditure of £30,000 per annum, £60,000 per annum of the (£113,000) grant received as part of the Council's Local Government Grant settlement specifically for homeless prevention measures for the next 2 years, be used to continue to fund the full cost of staffing the existing Homelessness Prevention Service in 2011/2012 & 2012/2013;

(2) That the remaining £53,000 per annum be used each year in 2011/2012 & 2012/2013 to further fund in equal amounts the Rental Loan Scheme and the Epping Forest Housing Aid (EFHAS) Rent Guarantee Scheme to help further to prevent homelessness;

(3) That the comments of both the Housing and Finance & Performance Management Scrutiny Panels be noted; and

(4) That a progress report on the Homelessness Prevention Service be considered by the Housing Scrutiny Panel at its first meeting in 2012/2013.

### **Executive Summary:**

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 and has also led to a high number of people being able to remain in their own homes.

The service has also brought significant 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 as a result. Currently, only 4 people are being accommodated in this way. In addition, less people are being placed in the Council's Homeless Persons' Hostel and only 2 homeless applicants are living temporarily in the Council's housing stock (for management reasons), which was not the case prior to the Homelessness Prevention Service being introduced.

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

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.

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.

In previous years, in order to fund the service, the Government have provided "Preventing Homelessness Grant" funding of £60,000 per annum, with the Council meeting the remaining cost of £30,000 per annum. As part of this year's Local Government Grant settlement, the Council has been awarded an increased amount of £113,000 per annum for the next 2 years for this purpose. However, as the Government is now giving councils much greater control over how grants are spent with "no strings attached to the money in the form of grant conditions" the grant has not been specifically "ring-fenced." for homelessness prevention. The Cabinet is therefore being asked to agree under Option One in the report that, in addition to the General Fund's current contribution of £30,000 per annum, £60,000 of the grant is used both in 2011/2012 and 2012/2013 to fund the continuation of the staffing for the Homelessness Prevention Service, and the remaining £53,000 be used each year in 2011/2012 & 2012/2013, in equal amounts, to further fund the Rental Loan Scheme and the Epping Forest Housing Aid (EFHAS) Rent Guarantee Scheme to help further prevent homelessness.

When taking into account the additional expenditure that would arise through the increase in the numbers being placed in bed and breakfast accommodation if there is any reduction in the Homelessness Prevention Service, it is considered that this "spend to save" approach is the most appropriate course of action. Furthermore, as the Government's Specialist Advisor on Homelessness has stated that the Government's expressed commitment to protect homelessness grant reflects the priority placed by Government on the preventative work we undertake. Not continuing to fund the service and other prevention measures would not be in the Council's interest, particularly as its performance in this area would undoubtedly reduce.

**Reasons for Proposed Decision:**

If, in accordance with Option One in the report, the service continues at its current staffing levels and additional funding is made available for the Rental Loan Scheme and EFHAS, the prevention of homelessness will continue. However, if the Preventing Homelessness Grant is not used for its purpose and the service was discontinued or reduced, it would result in higher costs in providing increasing numbers of bed and breakfast and Hostel placements, and the possibility of the need to accommodate applicants in existing Council properties.

**Other Options for Action:**

As set out in the report.

**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 since homelessness prevention work drastically reduces the number of single homeless applicants having to be placed in bed and breakfast accommodation. Indeed, at the time of writing this report, there are only 4 applicants being accommodated in bed and breakfast, compared to 35 applicants at any one time in 2002/2003, just prior to the service being introduced. In addition, only 2 homeless applicants are now temporarily 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 being 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. A table setting statistical information demonstrating the success of homelessness prevention work over the years showing, for each year, the number of cases that presented to the Homelessness Prevention Service and the reason, together with the numbers of cases prevented is attached at Appendix 1.

6. As can be seen, during the period set out in the table, the Prevention Service dealt with a total of 2,999 homelessness 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 Homelessness 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, all 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. As part of this year's Local Government Grant settlement, the Council has been awarded an increased amount of £113,000 per annum for the next 2 years specifically for the purpose of preventing homelessness. However, as the Government is now giving Councils much greater control over how grants are spent with "no strings attached to the money in the form of grant conditions", the grant has not been specifically "ring-fenced." Therefore, the Cabinet is being asked to consider how the grant should be used.

12. There appear to be four options.

#### Option One – Use all of the Preventing Homelessness Grant for homelessness prevention measures

13. The Government's Specialist Advisor on Homelessness, when advising the Council of its increased award, stated that:

*"It is the Government's expressed commitment to protect homelessness grant and increasing the grant reflects the priority placed by Government on the preventative work you undertake.*

*"Your Council has been achieving demonstrably positive outcomes within the local area and increased grant allocation has been provided to support and ensure the continuation of this important work. I hope that leadership within the Council will recognise that it makes sense to continue and tackle homelessness."*

14. Not continuing to fund the existing service and other prevention measures would not be in the Council's interest, particularly as its performance in this area would undoubtedly reduce. If the full grant allocation was used only for homelessness prevention measures in the next 2 years, it would enable the service itself to continue at the same level.

15. In addition, it would also enable further funding for both the Rental Loan Scheme and the EFHAS Rent Guarantee Scheme which would allow Homelessness Prevention Officers to place more homeless applicants in private sector accommodation. The current position with both schemes are as follows:

#### Rental Loan Scheme

16. The Rental Loan Scheme has available funding of £47,000, comprising £20,000 received by the Council from Government, in recognition of good performance on homelessness prevention, and £27,000 funded by the General Fund on a one-off basis. The Scheme provides

interest free loans of up to a maximum of £670 being awarded to a single homeless applicant, and up to a maximum of £1,000 to a family household, to whom the Council owes a full homelessness duty, to assist them in securing accommodation in the private sector, repayable by the applicant on an interest free basis over a 24 month period. The Rental Loan Scheme enables applicants to pay (or contribute towards) the required one-month advance rent. This scheme removes the need, in some cases, for the Council to provide permanent accommodation itself, leaving more properties available for existing Housing Register applicants.

17. Since the Scheme commenced in 2008, when taking into account monies repaid by applicants, 81 loans have been allocated to the value of around £60,000. The Council is not in a position to assist applicants further in this way, unless further funding is made available.

#### Epping Forest Housing Aid Scheme (EFHAS)

18. The Council works in partnership with the Epping Forest Housing Aid Scheme (EFHAS) who assist homeless and other housing applicants who have difficulty accessing the private rented sector because of the requirement for them to provide a rent deposit in advance. It was set up in 1995 by a specially-created voluntary organisation as a registered charity, with financial support from the National Lottery Charities Board and the District Council, the respective contributions being £20,000 and £5,000. In early 2005, additional Lottery Funding of £20,000 was secured, which increased their funds to around £40,000 at that time. Between 1995 & 2009, EFHAS helped over 200 homeless families referred by the Council to access the private rented sector, by providing rent guarantees to landlords against tenants' misconduct to the value of one months rent. Many of these would have had to seek accommodation from the Council direct.

19. In order to ensure that the guarantees do not over-commit EFHAS's available resources, the Council currently underwrites £60,000 of rent guarantees at any one time, representing any potential short-fall between the value of the rent guarantees and the funds held by EFHAS. Since the scheme was introduced, only 14% of the value of guarantees has been paid out to date, therefore the Council has never been called upon to pay out any of the underwritten guarantees and is unlikely to do so in the foreseeable future.

20. As at September 2010, EFHAS were committed to 94 rent deposit guarantees with a financial liability of £73,500 and had funds to meet these liabilities of just £23,000. During the last calendar year, around £8,000 was paid to landlords in settlement of claims. Therefore, EFHAS is only now able to assist 12 more applicants at this time.

21. If this Option was agreed, the Homelessness Prevention Service could continue at its current levels. Furthermore, £26,500 of the Preventing Homelessness Grant could be used to enable around a further 32 rental loans to be allocated to applicants to assist them with securing accommodation in the private rented sector and £26,500 could be provided to EFHAS, which would enable them to assist a further 33 applicants, (making a total of 45 additional rent guarantees) to assist homeless applicants in the same way.

#### Option Two – Use part of the Preventing Homelessness Grant for homelessness prevention measures

22. Under this Option, £90,000 of the Preventing Homelessness funding would be used to fund the continuation of the Homelessness Prevention Service at its current levels. This would also allow the balance of the grant to provide an equal (but lesser amount) of additional funding of £11,500 each to the Rental Loan Scheme and EFHAS, details of these schemes are set out in Option One. This would provide around 14 rental loans and 14 rent guarantees. However, it would represent a saving to the General Fund of £30,000 per annum, being its current contribution towards the funding of the Homelessness Prevention Service, which would no longer be required. It should be noted however, that this could be a risky strategy, since the CLG could see this as an

inappropriate use of additional funding, allocated by the CLG to prevent homelessness, and withdraw prevention funding for the last two years of the Comprehensive Spending Review period.

#### Option Three – Use part of the Preventing Homelessness Grant only for the Homelessness Prevention Service

23. Under this Option, £90,000 of the Preventing Homelessness Grant would be used to continue the Homelessness Prevention Service at its current levels, and no further funding would be provided for either the Rental Loan Scheme or EFHAS. As explained in Option One, it would not be possible to provide any further rental loans and EFHAS would only be able to provide a further 12 rental guarantees within their current resources. The amount of help available to assist applicants to secure accommodation in the private rented sector would therefore be limited. However, this Option would represent a total saving to the General Fund of £53,000 per annum being its current contribution to the funding of the Homelessness Prevention Service (£30,000), and the balance of the grant of £23,000 could be used for other reasons. However, this would be an even riskier strategy for the Council for the reasons set out in Option Two since even less CLG funding would be used for homelessness prevention.

#### Option Four – Discontinue the Homelessness Prevention Service

24. Under this Option, the Council would have the full £113,000 of Preventing Homelessness Grant available for other reasons, but its costs would increase drastically in other areas of homelessness.

25. In 2009/2010, the Council placed 42 single homeless applicants (an average of 7 at any one time) in bed and breakfast accommodation as they could not be placed elsewhere for sound management reasons. 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%.

26. If the service was discontinued, there is no doubt that the numbers placed in bed and breakfast would substantially increase. The average length of stay in bed and breakfast accommodation is around 2 months, at a net cost of approximately £667 per applicant inclusive of management charges (being the applicants travel expenses, accountancy, legal and audit costs) based on 2009/2010 costs. Therefore, the Council would only need to accommodate a further 127 applicants each year in bed and breakfast accommodation for it to be more costly to the General Fund than the full homelessness prevention funding received. **This is equivalent to around (only) 21 additional homeless applicants in bed and breakfast at any one time, which would be likely to happen, bearing in mind 35 applicants were accommodated at any one time in this way prior to the homelessness prevention service being introduced in 2002/2003 when a lesser number of applicants were presenting as homeless.**

#### Effect on the Service

27. The Council has a responsibility to meet all of its statutory functions in respect of homelessness. With the removal of the Homelessness Prevention Service there would be only 3 FTE staff remaining who would have to undertake both investigative and a little prevention work. Bearing in the mind the complexity and time-consuming nature of prevention with, 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.

28. 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 Homelessness 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.

29. When taking into account the case-load last year, already referred to in Paragraph 6 of this report, (and the potential for the numbers of cases to increase), it is considered that if this Option is 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. In addition, any reduction in the service would have a serious impact on the Council's performance on a range of indicators.

30. As with Option Two & Three, since none of the CLG's grant would be used on homelessness prevention, it is unlikely that the CLG would provide further funding in 2013/2014 & 2014/2015.

### Conclusion

31. The Cabinet is therefore being asked to agree Option One in the report that, in addition to the General Funds current contribution of £30,000 per annum, £60,000 of the grant is used both in 2011/2012 and 2012/2013 to fund the continuation of the Homelessness Prevention Service, and the remaining £53,000 be used each year in 2011/2012 & 2012/2013 in equal amounts to further fund the Rental Loan Scheme and the Epping Forest Housing Aid (EFHAS) Rent Guarantee Scheme.

### Value for Money Audit

32. At the request of the Director of Housing, the Council's Chief Internal Auditor has undertaken a Value for Money Audit on the Homelessness Prevention Service. The report concluded 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 would 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. The report draws attention to the social costs of homelessness, including psychological upset for the household, health problems and the effect on children etc, and that 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 the recommendations are agreed:

- Use of the Government's Preventing Homelessness Grant funding of £113,000 per annum for 2011/2012 & 2012/2013; and
- 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:**

At a time when the future funding of the service was uncertain, Members of both the Finance and Performance Management Scrutiny Panel and the Housing Scrutiny Panel shared the concern of officers that performance on homelessness may go down if CLG funding was not forthcoming and the Homelessness Prevention Service was discontinued. Both Panels 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 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.

A consultation exercise has been undertaken with all other interested partners. The results are attached at Appendix 2.

All Homelessness Prevention staff and the Staff Side 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:

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 for Option One in the report from the Epping Forest branch in the continued (and in some ways the enhanced) 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 Homelessness Prevention Service. 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?* No

*Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?* No

*What equality implications were identified through the Equality Impact Assessment process?*  
N/A.

*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?*

N/A



**APPENDIX ONE**

**STATISTICAL INFORMATION ON THE HOMELESSNESS PREVENTION SERVICE**

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

\* The reasons set out in the table are those required by the Government in their statistical returns. The majority of those in the category "other" failed to make any further contact with the Council.

**APPENDIX TWO**

**RESULTS OF CONSULTATION EXERCISE WITH PARTNER AGENCIES**

<b>Organisation</b>	<b>Benefits of service</b>	<b>Effects and implications of withdrawal of service</b>
<p><b>Manager, MOAT Housing Ltd</b></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, older 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><b>Secretary, EFHAS</b></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><b>Family Mediation Officer, RELATE</b></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>

**RESULTS OF CONSULTATION EXERCISE WITH PARTNER AGENCIES  
(CONTINUED)**

<p><b>Manager, SAFE project</b></p>	<p>“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”.</p>	<p>“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”.</p>
<p><b>CLG Homelessness Specialist Advisor, East &amp; Midlands Regions</b></p>	<p>“Epping Forest DC provides a good homelessness prevention service and actively work to prevent clients from becoming homeless. This has assisted Epping Forest to reduce the number of households applying as homeless and being placed in temporary accommodation”.</p>	<p>“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”.</p>