

## CABINET

15 November 2016

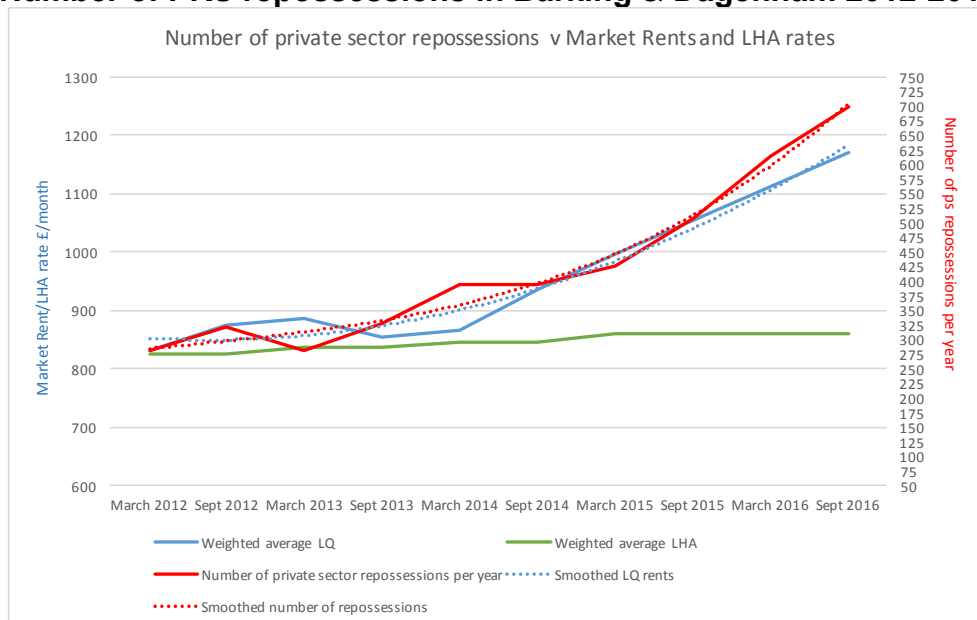
<b>Title:</b> Strategic Approach to Homelessness	
<b>Report of the Cabinet Member for Economic and Social Development</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
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<b>Summary</b>  The purpose of this report is make Members aware of the current situation regarding the demand, supply and costs of homelessness in the borough, and to invite Members to endorse the strategic approach being adopted to reducing homelessness demand, increasing the supply of affordable temporary accommodation and managing the needs of those accepted as homeless in an efficient and effective fashion.	
<b>Recommendation(s)</b>  The Cabinet is recommended to:  (i) Note the severity of the current position regarding demand, supply and costs of dealing with the Council's statutory duties regarding homelessness in the Borough;  (ii) Approve the strategic approach and corresponding actions outlined in the report, aimed both at reducing homelessness demand in the Borough and at improving the Council's capacity and capability to manage the needs of those who are accepted as homeless; and  (iii) Approve the proposal to remove the current one-hour travel time limit on temporary accommodation placements and for officers to further develop the criteria, the consultation framework and equality impact assessment of an amended placements policy.	
<b>Reason(s)</b>  The statement acknowledges the current service challenges in tackling homelessness as a result of government policy and aims to meet the corporate priorities of enabling social responsibility. This essentially means supporting residents to take responsibility for themselves, their homes and their community. The Council will continue to protect the most vulnerable, while keeping adults and children healthy and safe.	

## **1. Introduction and Background**

- 1.1 The Council has a statutory duty (Housing Act 1996, amended by the Homelessness Act 2002) to assist households presenting as homeless where they are eligible for assistance and in priority need. The primary objective is to prevent homelessness wherever possible. If this is not possible the Council has a duty to provide temporary accommodation.
- 1.2 Over the past 5 years the Council has increasingly met this statutory duty by using private rented sector (PRS) accommodation in the borough. This was until recently a rational and economic approach which reflected the previous availability and relative low cost of such accommodation. However, this strategy has become increasingly uneconomic in recent years due to an increase in local market rents that has been driven by the chronic shortage of affordable housing in London. This has been compounded by changes in the welfare system imposed by the current and previous governments and the freezing of Local Housing Allowance (LHA) rates, on which Housing Benefit payments are based.
- 1.3 It is likely that there will be further upward pressure on market rents in the borough for a number of years since by London standards rents in the borough are still relatively low. Rising rents in the private rented sector will continue to generate upward pressure on the domestic budgets of many of the poorest in the borough, leading to an increased incidence of homelessness.
- 1.4 Welfare reforms, imposed by this and the previous coalition government, are already having an increasing impact on the finances of those in the borough on benefits, and more reforms are in the pipeline, including:
- Reduction in level of benefit cap, from £26,000 pa to £23,000 in London and £20,000 outside London – affects over 900 households in the borough;
  - Limit of child tax credit to first 2 children in a family – applies to new claims made from April 2017;
  - Pay to stay – additional cost to a further 7,000 households from April 2017, plus administration costs to the Council;
  - Enforced sale of higher value voids – will further reduce council housing stock;
  - Duty to promote starter homes – will restrict the council's flexibility to reflect housing needs in the borough, and dilute the provision of social rented and genuinely affordable homes;
  - 1% pa rent cut on council properties will reduce the council's ability to invest in new homes.
- 1.5 In addition, successive governments have placed increasingly stringent controls over council expenditure and borrowing, including new constraints imposed by the Housing and Planning Act 2016, which are making it difficult for all councils to fund further developments of affordable housing.

- 1.6 The working age welfare benefit budget is very large - about £70bn per annum - and it is therefore unlikely that there will be an early reversal of the current government's policy of limiting such benefits. It is therefore unrealistic to expect that external factors will change in the foreseeable future in a way that will alleviate the current pressures on homelessness.
- 1.7 Emerging changes in government policy could further increase the pressures on the Housing Advice service. In particular:
- A private member's bill tabled by Bob Blackman, MP for Harrow East has won the sponsorship of the Government and if successful will impose new duties on local authorities to prevent homelessness, including an increased obligation to demonstrate they have offered meaningful advice, thereby adding to costs.
  - Details of the government's 'pay to stay' proposals are emerging which would require Barking & Dagenham to increase rents to up to 7,600 social and council house tenants. This could impose a substantial administrative burden on all local authorities which is unlikely to be covered fully by any new grant support.
- 1.8 Young people are also disproportionately affected by the relative unaffordability of housing in London as a whole, with the affordability gap between average incomes and average housing costs being amongst the highest in London. Limited supply also means that families have higher priority than single young people in the allocation of council/social housing.
- 1.9 The Council is therefore suffering a 'perfect storm' of pressures outside its control that are causing real hardship and distress to the borough's citizens, who are increasingly falling into debt and are at risk of eviction. The number of families in the borough facing homelessness has been increasing over the past 3 years and is likely to continue rising. At present, over 1800 families per year are presenting as homeless and this has increased by 340% since 2012 when welfare reforms started to take effect. This is being driven at least in part by the increasing gap between market rents and LHA rates as shown in Figure 1:

**Figure 1: Number of PRS repossessions in Barking & Dagenham 2012-2016**



## **2. Issues and Proposals**

### **2.1 Causes of homelessness**

- 2.1.1 The recent increase in homelessness demand has occurred mainly amongst those in private rented accommodation and has been driven predominantly by a combination of increasing market rents and welfare reforms, in particular constraints on increases in LHA rates and therefore Housing Benefit payments.
- 2.1.2 Market rents in the borough have been rising much faster than household incomes. Private rents have increased by 25% over the last two years, substantially outstripping both inflation and LHA rates, and landlords are exploiting this market opportunity by refusing to renew assured short-term tenancies at the same rent as previously – loss of assured shorthold tenancy (AST) is the largest factor that is currently driving homeless acceptances. The opportunity for landlords in the borough has become so attractive that according to local surveys 92% of them are currently refusing to take on benefits claimants at all.
- 2.1.3 The second largest factor in homeless acceptances is parental/household ejection, with overcrowding and non-violent relationship breakdown the most significant underlying causes. This is partly driven by pressures on household finances but is also indicative of a cultural attitude in the borough that the Council will supply housing when it is considered the applicant is old enough to be given a property. There is significant evidence that parents have unrealistic expectations with regard to the council's ability to provide social housing for their children. In other cases of household ejection, the reasoning is more transparent, such as breakdowns of relationship caused by mental stress giving rise to domestic violence, but many of these issues may have their roots in the pressures on household finances outlined above.

### **2.2 Future demand**

- 2.2.1 Welfare reforms have already applied additional pressures on the ability of households to live within their means and therefore to sustain their tenancy, and will continue to do so as new reforms (including the revised benefit cap and reductions in child tax credit) are introduced over the coming months against a background of steadily rising market rents.
- 2.2.2 Cuts in the real value of benefits, including LHA rates, introduced progressively since 2013/14, have already generated an affordability gap between housing benefits payments and market rents. That gap currently stands at £465 per month for the average two-bed property. Real increases in market rents, and frozen benefits, could see even those in work who live in private rented accommodation a further 18% worse off by 2020, with those wholly dependent on benefits seeing larger real-terms cuts in their income. This threatens tenancy sustainability in both the social and private sectors and risks a new wave of evictions.
- 2.2.3 The reduction in the Benefit Cap to £20,000 a year outside London will also make traditional temporary placement areas like Essex unaffordable for many on benefits. Most capped families will only be able to afford private rented accommodation north of the Midlands or in Wales.

- 2.2.4 Changing market dynamics - the lack of local affordable private rented housing and the progressive erosion of the purchasing power of those on benefits will increase the number of households needing assistance by an estimated 78% in 2020. On the basis of these forecasts, the current Housing Advice Service expenditure of £22m pa is estimated to rise to £37m pa if no action is taken to reduce demand.
- 2.2.5 Further cost pressures on local authorities are likely now that the Government has agreed to sponsor a private member's bill tabled by Bob Blackman, MP for Harrow East, intended to reduce homelessness in England, becomes law. The bill will draw on similar legislation already enacted in Wales, on a recent report by Crisis and other housing groups, and on the Communities and Local Government Select Committee's recent report into homelessness.
- 2.2.6 The bill will codify new local authority homelessness prevention duties, such as making councils more strongly demonstrate they have offered meaningful advice. It will also provide "clear guidance" for local authorities to intervene with private landlords to prevent evictions. Whilst it is intended to prevent homelessness, the bill will increase the burden of bureaucracy at a time when resources are stretched to the limit and some of its provisions are unlikely to be effective in the local market conditions in London, where there is a plentiful supply of solvent tenants from which landlords can draw. Alternative approaches to prevention that recognise the local market situation are being developed as part of Community Solutions and are detailed later in this paper. The bill also seeks to introduce a 56-day period before someone is made homeless, during which they are entitled to homelessness assistance.
- 2.2.7 The 'pay to stay' policy proposed in the 2015 summer budget could affect over 7,600 households in Barking and Dagenham. It is not yet clear how the government intends local authorities to implement this proposal, particularly since it will require some form of means test on all relevant council households to determine whether they should be subject to the proposed increased rent. This will impose a considerable administrative burden on the Housing Advice service, with no compensating income from the increased rents since the government's proposal provides for any additional rent to flow back to central government.

## 2.3 Budget pressures

### Short term budget pressures

- 2.3.1 As a result of these factors the current forecast outturn for the Housing Advice Service shows an estimated net £3.1m overspend on a budget of £0.97m. Of this, £2.6m is accounted for by real increases in temporary accommodation costs, driven by a combination of increased demand volume and higher unit costs in the PRS, reflecting the increases in market rates and the need to provide incentives to landlords to secure an adequate volume of private sector units for TA.
- 2.3.2 Another £0.3m is accounted for by an increase in the provision made for bad debts in TA, again driven by the inability of homeless households to afford their contribution to rents. The remaining £0.2m overspend is accounted for by an increase in security costs following disturbances in council-owned properties last year.

- 2.3.3 Hostel accommodation is now one of the most cost-effective ways of fulfilling the Council's statutory homelessness duties, but there have been delays in the acquisition of new hostels that have necessitated the use of other, less cost-effective stock.
- 2.3.4 A new hostel at Grays Court that was due to open in December 2016 has now been deferred until July 2017 as a result of a delay in its release from the NHS resulting from a longer than expected consultation by the CCG to move the stroke rehabilitation service. A further reduction of £600k was made in the base budget for 2016/17 reflecting the planned opening of Grays Court in year.
- 2.3.5 During 2015/16 a number of serious incidents in hostels occurred which led to a revised risk assessment being carried out across all sites. The risk assessment showed a need to increase security across the board to protect life and reduce the risks associated with antisocial behaviour and fire.
- 2.3.6 The base budget for security in 2016/17 was set at £305k, before the recommendations of the risk assessment were known. The resulting total cost of security across all sites is £547k, leading to a budget variance for the year of £243k.

### **Long term budget pressures**

- 2.3.7 A number of structural, long-term forces are increasingly driving expansion in the numbers presenting as homeless. A combination of changing market dynamics, the lack of local affordable private rented housing and the progressive erosion of the purchasing power of those on benefits is expected to increase the number of households needing assistance by an estimated 78% by 2020. On the basis of these forecasts, the current Housing Advice Service expenditure of £22m pa is estimated to rise to £37m pa if no action is taken to reduce demand or to mitigate increases in the costs of temporary accommodation.
- 2.3.8 In addition, new policies originating from central government may push up the costs of fulfilling the Council's statutory homelessness duties - a close watch is being kept on developments in this area.

### **2.4 Actions being taken in 2016/17**

- 2.4.1 Given the expected overspend in 2016/17 and continuing external pressures on the numbers presenting as homelessness and their associated costs, a number of actions are being taken and are planned to address the currently expected budget pressure. These are summarised in Appendix 1 and outlined below.

#### **Demand reduction:**

- 2.4.2 **Staff training:** All staff have been retrained in order to enable them to make consistent, robust and faster decisions on homelessness cases. This has already reduced the rate of homelessness acceptances per 1,000 households from 4.1 in September 2015 to 2.7 in July 2016.

- 2.4.3 **Reducing TA demand pending reviews:** Accommodation is not now being provided pending review of the original homeless decision if the review is considered unlikely to change the authority's decision.
- 2.4.4 **Reducing the time spent in TA:** More resources are being targeted to move households out of TA and into more permanent private sector accommodation, with an audit under way to detect fraud and changes of circumstance.
- 2.4.5 **Benefits claims process:** The Housing Benefits service has streamlined the process of HB claims and now processes the majority of TA claims within 10 working days. This has enabled the rent collection figure to remain above 95% and has helped keep rent arrears down.
- 2.4.6 **Customer interface:** The service has reconfigured its front line triage service in John Smith House in order to focus on providing housing advice and preventing homeless approaches making applications into the service.
- 2.4.7 **Welfare Reform Team/Community Solutions:** In order to help families impacted by welfare reform and reduce the chances of them becoming homeless a Welfare Reform Team was set up in April 2016. The team has identified all those in the borough who are currently subject to the Benefit Cap, together with those who will be subject to the cap from autumn 2016, and is providing relevant and proactive advice/guidance to them to prevent them being made homeless. The main objective is to get capped claimants into sufficient work to avoid the cap, but those who cannot or will not work are also being given appropriate support.

The Welfare Reform Team is a trial of a new approach which forms the basis for Community Solutions, which will introduce a more proactive, preventative model by making early interventions to ensure that people are encouraged and supported into work, including building their skills to align with those that employers need. The aim is to allow people to live independently.

- 2.4.8 **Use of Discretionary Housing Payments (DHPs):** DHPs are already being used to help those who are at risk of falling into rent arrears and subsequently being evicted as a result of the impact of welfare reforms. They are also being used to provide rent deposits for those who have found alternative accommodation but cannot find the necessary deposit, and are used to support travel and relocation expenses for those looking for accommodation outside the borough. Whilst a balance needs to be struck between using DHPs to minimise the Council's costs and the avoidance of a dependency culture, the opportunities to use them further to prevent or mitigate the impacts of homelessness will continue to be pursued.
- 2.4.9 **Other:** Other key demand reduction initiatives that have already been approved or are under active consideration include:
- Tenancy sustainment training for all new tenants
  - Personal Housing Plans pilot
  - Mandatory mediation service for non-violent parental eviction cases
  - Improved liaison/relationship with PRS landlords:

## **Increasing supply:**

**2.4.10 Accommodation supply:** Within the above framework, the council has been using its best endeavours to build its stock of social housing, and has one of the highest delivery rates in the UK, including a specific product, 'Right to Invest', which will support aspirations and address some welfare reform issues. However, the council, in common with all others, is unable to embark on building new large-scale council estates because of government funding and borrowing constraints.

The council is also using the receipts from Right to Buy to build its own stock of rented housing (although at a slower rate than its stock is being depleted), and is investing in further social housing through Reside. The growth agenda will deliver over 35,000 new homes over the next 20 years, a large proportion of which will be affordable/social housing units.

The service continues to manage its TA portfolio carefully and monitors the available properties on a weekly basis. However, the pressure on meeting TA demand will only be relieved by shifting the emphasis from in-borough private sector units to council-owned accommodation, including an expansion of the hostel portfolio.

A number of back-land sites have been identified within the borough that could be suitable for developing modular and containerised housing for the provision of temporary accommodation. The first tranche of these sites is currently going through the procurement process and this will yield 40-50 units. Further sites are being identified.

**2.4.11 Out of Borough placement:** Barking and Dagenham has sought for many years to accommodate vulnerable local residents within the borough, and is one of the few London boroughs that still has a travel time limit on placements outside the borough. This has led to over 150 families currently successfully placed in neighbouring boroughs in East London and Essex. However, given the pressures placed on the availability of affordable housing by the factors outlined earlier in this report, the Council's response needs to incorporate:

- a relaxation of the one hour travelling restriction;
- a commitment to discharge its homelessness duty with a housing offer in the private rented sector;
- a policy of much further afield placements coupled with a bespoke support package and comprehensive directory of services in the new location

The Council has made links with a number of London authorities in relation to the eligibility criteria, support packages, landlord incentives and challenges of their out of borough placements policy. In light of court judgments in 2015 (including the Supreme Court ruling *Nzolameso vs Westminster City Council 2015*) many have had to tighten up the criteria and processes behind their policies to prevent legal challenge about the suitability of placements.



Conversations with Newham, Barnet, Wandsworth and Waltham Forest have revealed a relaxation of their existing travelling restrictions to allow them the freedom to source accommodation in more affordable areas.

LBBB has followed the same approach by mapping out each and every Local Housing Allowance district in England and Wales for affordability for those likely to be accepted as homeless. The model concentrates on areas out of London and works on the assumptions that a large proportion of our clients will be affected by the Total Benefit Cap, will be larger sized households and not expected to be spending more than 35% of their total income on household costs.

The next step will be to undertake further detailed research into suitable available properties in the most affordable localities. This includes making contact with local letting agencies, inquiring about availability of supply, fees and charges, rental prices, management arrangements and landlord views on housing benefit clients. This is expected to be completed in December 2016.

In tandem with testing the lettings market, we will put together a comprehensive directory of each area covering transport networks, a summary of public transport commuting costs, health and care services, school availability, listing faith and community centres and gauging work and training opportunities in the local labour market.

Ensuring placements are suitable and that appropriate support is on offer is key in preventing legal challenges. Supplementary work has begun on reviewing the suitability assessments currently used for out of borough placements and guaranteeing that each assessment and the support package behind it is bespoke and tailored to the needs of each household.

None of the local authorities contacted by LBBB have an 'off-the-shelf' package but have made significant links with their relocation areas to ensure that clients are provided with the advice and support their individual household requires.

We are currently exploring:

- Provision of tenancy sustainment training for each client household ensuring they have the tools to maintain their AST and provide landlord confidence
- Making connections through JobShop in the relocation areas, enabling the household access and advice to training courses and work opportunities; where appropriate job exchange possibilities could be possible, especially around shop working
- Relocation incentives for the client including accompanied viewings to the prospective areas, a reasonable furniture allowance and covering removal fees
- Signing-up households to local income maximisation and citizen's advice centres to support the relocation to the new area and carrying out the appropriate checks with the resettlement authority around Local Council Tax Support

- Where appropriate, making the supported links with district, unitary, county council services and primary care authorities for clients with health and social care needs to ensure a smooth transition for the households into the areas

This is an area of work that will take longer to develop and the guidance from other local authorities has indicated that support needs to be offered with caution and linked with a rigorous, robust and suitability assessment. The package needs to be a bespoke and tailored offer with multi-agency co-operation.

A formal first draft of an amended out of borough placement policy will be available in January 2017 with an anticipated implementation, subject to consultation timescales, by April 2017.

It is expected that the revised out of borough policy will make some modest savings in the costs of temporary accommodation but as importantly will provide additional flexibility to the council in discharging its duties towards homeless and potentially homeless families, many of whom may welcome the opportunity to relocate to an area of the country in which they can sustainably afford to live.

**2.4.12 Young people:** Barking and Dagenham already has a number of initiatives focused on helping young people, and are developing more including house sharing for children leaving care and council-run employment and skills programmes to supplement those provided by DWP/ Job Centre Plus. The new deals with Coventry University and Capel Manor also show a commitment to support young people to enhance their skills.

**2.4.13 Other:** Other measures to increase supply that are under active consideration are:

- Enhanced Rent Deposit Scheme and rent guarantees
- Establish a Local Lettings Agency inside My Place

#### **Reducing costs/increasing income:**

**2.4.14 Operational improvements:** Further improvements in the processes and organisation for applicants and others presenting to John Smith House are under consideration and will be progressed during this financial year. These include:

- Provision of better information on the Council's web site and by the corporate contact centre
- Appointments-only process in John Smith House, supported by an online/contact centre pre-screening stage
- Use of other sites in the borough to provide housing advice
- Organisational restructure to reflect the above

## **2.5 Medium term actions**

**2.5.1** A number of actions have been identified and in some cases implemented that will not deliver tangible benefits until 2017/18 or later years. These are outlined below:

#### **Demand reduction:**

**2.5.2 Customer interface:** Further reductions in the numbers presenting at John Smith House could be made if it was made an appointment-only destination. This would

require pre-screening via the council's website or contact centre to eliminate the large number of people who present face-to-face seeking straightforward information. The relevant web pages will need to be rewritten and restructured, with the address and contact details for John Smith House being less prominent.

- 2.5.3 **Welfare Reform Team:** Once the Welfare Reform Team has worked through the cohort of capped residents and provided as much support and advice as possible to get such households into work, it may be appropriate to continue with the early intervention approach with a further cohort of residents. The most relevant one from the point of homelessness prevention is those who live in private sector rented accommodation and are just starting to fall into arrears, eg they have missed a single rent payment or have under-paid on one occasion. This will clearly need close liaison and engagement with private sector landlords but could be well worthwhile since it is these households who are most affected by the market forces and welfare reform pressures outlined in section 3 above.
- 2.5.4 **Prevention:** The intention of new prevention-focused legislation referred to above aligns well with the Community Solutions early intervention model that will be implemented as part of Ambition 2020 and suggests that it will be appropriate to increase the level of resources in mediation services and specific preventative measures for private sector tenants, based on the Welfare Reform Team approach.
- 2.5.5 **Jobs:** The growth agenda plans a net increase of 10,000 new jobs in the borough as part of a long-term regeneration agenda that will be driven through a new regeneration organisation, Be First. The regeneration programme is already under way, but will be given additional investment and impetus when Be First is established in 2017.

#### **Increasing supply:**

- 2.5.6 **Council-owned accommodation:** In the longer term, a further increase in the number of council-owned hostels is planned to reduce reliance on the PRS as a source of temporary accommodation. A range of actions have been identified and are being evaluated. They include:
- Purchase of further TA accommodation in borough, eg hotels, buying back right to buy properties
  - Build of further TA accommodation in the borough (including modular build)
  - Purchase land/buildings out of borough for TA and PRSOs
  - Convert council-owned vacant/redundant stock
  - Include provision for TA in Growth Agenda/Be First

It is proposed to establish a multi-discipline Task Force to progress these opportunities.

#### **Reducing costs/increasing income:**

- 2.5.7 **Government funding:** A package of measures was announced by government in December 2015 to help tackle homelessness, including a new £5 million fund that will help 25 councils facing the greatest pressure in temporary accommodation – Barking & Dagenham is one of these 25 authorities. Further increases in funding to

meet homelessness need were also announced, so it will be important to ensure that our policies are aligned with the maximisation of funding under this new regime.

In addition, DCLG announced that homelessness prevention funding for local authorities will be protected through the local government finance settlement to 2020. Increasing the number of preventions will therefore be even more important for future funding, and these opportunities will be exploited.

## 2.6 Conclusions

- 2.6.1 A combination of changes in the welfare benefits system and large real-terms increases in private sector market rents has already driven a substantial increase in the demand for temporary accommodation in the borough over the past 3 years.
- 2.6.2 It is clear that the policy of progressively increasing the use of PRS properties to meet the demand for temporary accommodation from those living in the borough is no longer viable, and alternative approaches are needed.
- 2.6.3 A wide range of measures aimed at mitigating the underlying increase in TA demand and costs have either been implemented or will be implemented during this financial year. However, these will be insufficient to fully mitigate the combined impacts of market rent increases and government welfare reforms
- 2.6.4 In order to provide additional cost-neutral accommodation capacity and greater flexibility in allocating homeless people to temporary accommodation, it is reluctantly proposed to remove the current one-hour travel time limit on TA placements. This will be supported by a property and locality database that will be used to assess the suitability of specific properties to meet the needs of specific cases, and by a comprehensive support package (including information on local facilities and employment opportunities, and potentially funds to cover the costs of moving) for those who are placed outside the borough.
- 2.6.5 A programme of medium-term initiatives has been developed and has started to be implemented but will not deliver significant tangible results until 2017/18 at the earliest.
- 2.6.6 In the longer term, a fundamental shift away from the use of local PRS properties to meet the demand for temporary accommodation is needed. This will include an increase in the number of Council-owned hostels and purpose-built TA properties and a multi-discipline Task Force is being set up to explore options and secure additional capacity. The approach will be extended to cover out of borough purchases of property or land where it is considered cost effective to do so.
- 2.6.7 At current rates the Council makes a small average loss of £4.50 per night on the PRS properties it rents from landlords for TA. It is currently assumed that that 10% of existing homeless households living in these properties could be provided with a cost-neutral alternative out of borough accommodation suggesting an average annual saving of £197,000 a year.

### **3. Options Appraisal**

- 3.1 Under the Homelessness Act 2002 local authorities are statutorily bound to review their homelessness services and set out a comprehensive assessment of emerging trends. Subsequently the borough is required to prepare strategic activities to tackle and mitigate against homelessness over the next five years.
- 3.2 The approach of this strategic paper sets out the options available based on current operational best practice, failure to review those trends, budget pressures and the impact of new guidance and policy interventions which would leave the local authority exposed to the adverse effects of increased homelessness.

### **4. Consultation**

- 4.1 The contents of the strategic approach have been compiled with a significant input from a number of council services and organisations involved in delivering services including Housing Advice Services, Housing Strategy, environmental health, NELFT, mental health services, adult commissioning, children's services, private sector housing, regeneration, Elevate, the East London Housing Partnership and the community voluntary sector.
- 4.2 Public consultation on the main themes proposed in the paper were gathered over the course of the year and presented to various management teams within the Council and is tabled for discussion at the Health and Wellbeing Board, Community Safety Partnership, Landlords and Letting Agents Forum and Corporate Strategy Group.
- 4.3 The consultation to date has been largely positive, particularly with internal stakeholders who have helped to develop its strategic direction.
- 4.4 Further consultation will commence once the amended policies relating to out of borough placements and discharging our homelessness duty into the private rented sector has been scoped further.
- 4.5 An amended policy is expected to be presented to Cabinet in January/February 2017

### **5. Financial Implications**

Implications completed by: Tulsi Mukherjee, Financial Accountant

- 5.1 Homelessness is currently forecasting a pressure of £3.1m at the year end. This is due to the net cost of placing people in accommodation provided by private sector landlords, which is the largest source of temporary accommodation. The income that the Council can collect from tenants is constrained by the level of Housing Benefit payable which has been frozen for a number of years and is now below the cost of most accommodation in the borough and neighbouring areas.
- 5.2 Around two thirds of the properties used for temporary accommodation produce a net cost to the Council and this is likely to increase over time. Unbudgeted performance bonuses are also paid to agents for providing seven or more properties. Although the total pressure resulting from increased rates above the

recoverable amount being paid to landlords, particularly private sector landlord (PSL) properties is forecast at approximately £2.6m, the cost to the Council would be even greater if these properties are not secured because of increased use of B&B accommodation.

- 5.3 The proposal to remove the current one-hour travel time limit on TA placements will help to alleviate some of this pressure if a proportion of existing homeless households living in these properties could be provided with a cost-neutral alternative out of borough accommodation. However in the longer term, a fundamental shift away from the use of local PRS properties to meet the demand for temporary accommodation is needed, to mitigate the pressure altogether.
- 5.4 There are other pressures also emerging which will impact on the pressure reported above. The impact of welfare reform continues to be monitored but is expected to result in increased levels of homelessness unless preventative measures are effective.

## 6. Legal Implications

Implications completed by: Martin Hall, Housing Solicitor / Team Leader

- 6.1 There are no immediate legal implications arising from this report, which recognises the challenges and pressures placed upon the Council in respect of fulfilling its statutory duties and sets out a strategic approach as to how to address the same.
- 6.2 Furthermore, the report recognises the recent changes in legislation affecting homelessness (including changes as part of welfare reform) and also has regards to other potential changes in legislation, which may be implemented in the next five years.

## 7. Other Implications

- 7.1 **Risk Management** - The main purpose of this paper is to note the strategic approach being adopted to tackle homelessness and therefore no immediate risk management implications. However, there is a concern that failing in principle to relax the one hour restriction of the placements policy will diminish the Council's ability to fulfil its statutory homelessness duties under Part VII Housing Act 1996.
- 7.2 **Contractual Issues**- Where the approach indicates a procurement or contractual solution this will be delivered with best practice and in consultation with corporate procurement services.
- 7.3 **Staffing Issues** - Any staffing related implications arising from this approach will be dealt with through the policies, procedures and consultative processes agreed between the Council and the trade unions.
- 7.4 **Corporate Policy and Customer Impact** - Homelessness is a key indicator in the JSNA's annual assessment of current and future health and social needs of the population and includes recommendations for public policy commissioners on strategic outcomes in reducing homelessness. This is reflected in the paper.

The paper links with the health and wellbeing pledges to close the gap in life expectancy and to improve health and social care outcomes through integrated services as well as meeting the corporate priorities of enabling social responsibility. This essentially means supporting residents to take responsibility for themselves, their homes and their community as well as protecting the most vulnerable, keeping adults and children healthy and safe.

The impact on clients and user groups has been highlighted in the report. A full equality impact assessment will be carried out in parallel with the final amendments to the borough's placements policy.

- 7.5 **Safeguarding Children and Health Issues** - Recommendations in the approach look to improve the outcomes for vulnerable persons at risk of homelessness. The themes of this paper were developed in consultation with adult community services, NELFT, children's services and teams dealing with mental health, people without recourse to public funds, looked after children and leaving care teams.
- 7.6 **Crime and Disorder Issues** - There are no immediate crime and disorder issues.
- 7.7 **Property / Asset Issues** - The paper looks at the Council's use of accommodation, stock and assets and suggests ways to rationalise and utilise it more effectively as part of a more innovative approach to relieving homelessness.

**Public Background Papers Used in the Preparation of the Report:** None

**List of appendices:**

- **Appendix 1 – Action Plan**