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| Meeting: | Cabinet | Date: | 9th May 2018 |
| Subject: | Planned Improvements to Manage Demand for Temporary Accommodation | | |
| Report Of: | Cabinet Member for Housing & Planning | | |
| Wards Affected: | All | | |
| Key Decision: | No | Budget/Policy Framework: | No |
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| Appendices: | None | | |

FOR GENERAL RELEASE

1.0 Purpose of Report

1.1 To outline to Cabinet plans to manage the demand for temporary accommodation that include operational service improvements, the development of incentives to access the private rented sector, more flexible use of Discretionary Housing Payment (DHP) and the acquisition of property for temporary housing.

2.0 Recommendations

2.1 Cabinet is asked to **RESOLVE** that:

- (1) the high level of demand for temporary housing and the challenge posed in securing a necessary level of supply be noted
- (2) a more flexible use of DHP having regard to relevant legislation be welcomed
- (3) authority be delegated to the Head of Communities, in conjunction with the Head of Policy and Resources (S151 Officer), Cabinet Member for Housing and Planning and One Legal to approve: –
 - i. Any feasible options to acquire, either independently or with partners, more suitable temporary accommodation, and
 - ii. The development and implementation of an incentive scheme that will provide better access to the private rented sector
- (4) current service improvement measures to assist in reducing our use of temporary accommodation be noted.

3.0 Background and Key Issues

- 3.1 Depending on the level of household income considered to be appropriate for housing costs (i.e. 25-40%), Gloucester's Strategic Housing Market Assessment (SHMA) indicates that we have an **annual need** of between 528 and 119 respectively for units of all 'tenure types' within the definition of affordable housing. In addition, our housing register currently shows that we have a total of 3,914 households actively seeking housing. Of these 3,914 households, 57 are in emergency band, 298 in gold band, 1,659 in silver band and 1,900 in bronze band. Only households placed in bronze band have no recognised housing need but express a desire to move.
- 3.2 Housing supply to meet this demand is very limited. Last year there were 307 social lets that occurred. 96 new units of accommodation were made available, although, just 54 of these were for rent to those on the housing register.
- 3.3 Due to increased demand by those who present as homeless, our numbers in temporary accommodation increased to 149 individuals in quarter 4 2017/18 from 102 individuals in the same quarter the year before. (These people will be included in the housing register figures above).
- 3.4 We know that as a result of increases in private sector housing costs, there has been a significant increase on number of people placed into temporary accommodation nationally, and Gloucester is no different. According to Ministry of Housing Communities and Local Government (MHCLG) (Stat Homeless Table 774), there has been an increase in the use of temporary accommodation in England (excluding London) by thirteen point 9 per cent (13.9%) at the end of December 17.
- 3.5 One of the main issues affecting our use of temporary accommodation relates to difficulties in sourcing other accommodation options to move households on to, including relets from existing stock, new supply and properties to discharge our homelessness duties into within the private sector. In addition there are improvements that can be delivered within the housing service, for example to improve the speed with which we assess homeless applications.
- 3.6 Housing legislation states that in order for a household to be eligible for temporary accommodation they must be (I) homeless, (II) eligible for assistance and (III) have a priority need. An example of this would be a household with dependent children or some other type of vulnerability.
- 3.7 Government guidance suggests a number of criteria to be considered for the suitability of temporary accommodation, such as location and proximity to services accessed by the household, standards of accommodation etc. Currently, the Council uses bed and breakfast establishments as part of its emergency response to homelessness, and competes with other organisations for the use of such placements.
- 3.8 The Council makes use of a mixture of its own stock at Caritas House and Priory Place (19 units) which are managed by Gloucester City Homes (GCH); further dispersed provision owned by Gloucester City Homes (31 units, with a recent commitment to increase by 10) and a further 22 properties managed by Riverside.

Therefore, we have 72 units (increasing to 82), and the remaining placements are made through the use of bed and breakfast type provision.

3.9 The use of our own temporary accommodation or via RPs is important in financial terms, as we are able to charge higher rents to cover the increased cost of managing emergency provision with high turnover. These higher rents are covered by Housing Benefit unlike emergency hotel/B&B provision, where regardless of the cost; the Council is typically only able to recover the local housing allowance (LHA) 1 room rate of £92.05 a week.

3.10 Based on the above, our bed and breakfast requirement fluctuates between 30 and 77 at any point in time over the last year. Although we have good relationships with our RPs, we also need to be mindful that RPs can also move away from wishing to offer or manage this type of provision. It is therefore suggested that the Council mitigates some of this risk by incorporating a further element of Council owned/controlled provision, involve other RPs, to ensure we have a ready supply of such provision; facilitate a better experience for homeless households; secure improved control and access to such provision; avoid exposure to cost; and drive up standards in the use of interim provision.

4.0 **Service Related Improvements**

4.1 We are currently working on a number of service improvements some of which will include elements that are intended to alleviate the use of temporary accommodation in other ways.

4.2 **New Burdens Funding and staff changes.** The service has had the benefit of new burdens funding to support additional requirements of the Homelessness Reduction Act (HRA), which will be available over the next three years; this year's allocation was £49,434. The new funding has so far supported the creation of a new Homeless and Temporary Accommodation Benefit Officer whose role it is to ensure that all benefit forms for those using B & B are completed to maximise recovery of Housing Benefit and to off-set the Council's cost in providing temporary accommodation.

4.3 This officer will also focus on increasing the take up of '**Discretionary Housing Payments**' (DHP) to sustain existing tenancies or support moves from temporary accommodation.

4.4 After a period of transition following restructuring and preparation for the new HRA, officers are now preparing for further service improvement, with initial external support, thereafter being embedded and rippled out through the service to secure a number of improvements.

4.5 Officers are now focusing on the spirit of the new HRA legislation i.e. the greater emphasis on early intervention and tenancy sustainment and to support that, this requires other changes to the service offer, some of which are outlined below. Applicants will now be required to cooperate with tasks to prevent their homelessness, as will the local authority by means of 'Personalised Housing Plans'.

4.6 **Incentives to Access the Private Rented Sector** It is our intention to re-invigorate the local authority offer to landlords to either assist in the prevention or relief of

homelessness. Proposals are being finalised with a view to being approved and rolled out in early Summer 2018. This will expand on options such as ‘finders fees’ for landlords willing to enter into agreements with the Council, consider the use of ‘bond’s to minimise risks to landlords; assistance with rent deposits or rent in advance, including some flexibility to assist beyond the Local Housing Allowance (LHA) threshold, given the limited availability of accommodation at this level.

- 4.7 **Tenancy Rescue** In addition to the offers to landlords to secure accommodation, a further project is planned to re-evaluate our options to landlords for tenancy rescue. In our preventative work with tenants or owner occupiers, we will review practice elsewhere to ensure we are making sensible financial offers to landlords to minimise evictions.
- 4.8 **Bed and Breakfast Taskforce.** Given the focus on the matter of temporary accommodation, we have now set in place fortnightly meetings where senior housing officers will focus on the throughput of hostel/B & B accommodation. The purpose of the meetings is to thoroughly understand total levels of occupation, cost, duration of stays of households; barriers to exit, and identify routes or other measures to minimise stays (particularly for families) that avoids the use of nightly paid accommodation.
- 4.9 **Online Improvements** – a comprehensive review is proposed to review all our web content, in particular to reflect changes related to the introduction of the HRA. In terms of channel shift, we wish to create web content that allows a greater degree of early self-help that may prevent homelessness occurring, along with the ability to take up appointments or possibly make available ‘chat’ options to assist customers.
- 5.0 **Assess the feasibility and cost benefits of acquiring more temporary accommodation either independently or with partners.**
- 5.1 Further to the points made between Paras 3.9 to 3.11, there are a variety of approaches whereby the Council could facilitate further temporary accommodation; it is the intention for officers to bring about more detailed proposals for approval. Options could include some of the following: -

* A= Advantage D= Disadvantage

| Proposal Type | Basis of Proposal | | Advantages/Disadvantages |
|------------------------------|---|---|--|
| Leasing and licensing | Council leases directly from property owner. A Private Rented Sector (PRS) agent or RP leases the property from a landlord and the council sub-leases the property from the agent in order to be the landlord. The Council collects rent and nominates to properties. Management and maintenance responsibilities are divided between the council, the | A | Supply is normally safeguarded for the duration of the lease & usually at an agreed price LA may set standards Attractive long-term interest to property owners Price often negotiable as consequence of management responsibility and voids being absolved. Temp Accommodation (TA) not subject to property size caps, just £500pw. LA control over access |

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| | agent or the property owner). | | |
| | | D | If LA landlord, hard to classify as anything other than (TA) Clarity of repairing obligations |
| Housing Association Leasing Schemes | HA leases from property owner instead of the council leasing from a private owner, a HA leases properties from the owner and is the tenant's landlord, issuing an assured shorthold tenancy. HA collects rent & manages the property. The council makes nominations & agreement to fill voids, but does not have a housing management responsibility. The council has an agreement with the housing association specifying the fee to be charged per property (if any). | A | An HA as well as LA can attract temporary accommodation subsidy. HB rules permit RPs to have TA for leased accommodation for homelessness prevention; a duty does not need to have been accepted. Unlike LAs RPs can issue PRS tenancies in leased accommodation at 100% LHA rate for PRS offers to discharge LA duties (typically more in many areas). |
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| Local Authority purchases properties directly | This .is the simplest option | A | It is possible to take advantage of historically very low Public Works Loan Board (PWLB) rates to do so |
| | | D | As a LA with transferred stock, arrangements would need to be made for the assets to be managed, people management and rent collection |
| Set up a LA owned company to purchase properties | | A | Distances the council from the property ownership and allows the properties to be let as PRS properties at LHA rents (another positive addition to prevent homelessness, rather than just provide hostel accommodation). Also the ability to let at market rents which may assist in cross subsidising LHA rented properties. |
| | | D | There may be state aid implications looking to purchase for market rent at subsidised rates, but wouldn't apply at LHA or sub market rent levels. Some council's legal advice |

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| | | | supports the SSEI exemption to state aid rules. |
| Joint Venture | Purchase properties in conjunction with another organisation. | A | Shares risk. The partner may be willing to undertake much of the set up for the JV and manage the properties operationally. |
| Enter a nominations agreement with partner organisation | Partner purchases and manages properties | A | Doesn't need Council investment |
| | | D | Council may be required to guarantee long term rental income and may not benefit from capital growth |

5.2 Each of these options contains pros and cons to the Council. It will be a matter for future reports and consultation with the Cabinet Member to evaluate those considerations in making recommendations for investment.

5.3 Council Officers are currently in detailed discussions with a number of providers, including the YMCA and Gloucester City Homes concerning possible joint ventures, although it is suggested we consider acquiring independently also, or through a privately owned company or joint vehicle. One proposal would see a property acquisition with a joint interest and its associated refurbishment (subject to grant approvals). Whilst detailed designs are yet to be agreed, it could provide twenty one units for the authority to have direct nominations to over a period of 30 years and the premises could be ready for occupation by January 19. Discussions are continuing to find suitable accommodation for family provision to avoid families with children staying in non-self-contained temporary accommodation.

6.0 Asset Based Community Development (ABCD) Considerations

6.1 More recently some new smaller housing providers are bringing options forward, with community and volunteer based support. In relation to the provision of emergency accommodation, a procurement exercise may be likely which could see smaller community based providers participate. One key element to ascertain will be the ability to draw down enhanced levels of Housing Benefit to ensure the higher cost of sustaining such accommodation and appropriate management can be achieved.

7.0 Alternative Options Considered

7.1 This report outlines the various options that are being considered

8.0 Reasons for Recommendations

8.1 These are: -

- To improve the quality and location of accommodation made available to homeless families.

- To secure cost savings related to the use of temporary accommodation as required by housing legislation.
- To ensure we provide the most efficient service possible to improve the experience for customers
- To enable better control and access over placements into temporary accommodation.

9.0 Future Work and Conclusions

- 9.1 It is the intention to build on current work and pursue the proposals outlined in sections 4 and 5 with immediate effect; this would include bringing back to Cabinet or consulting with the Cabinet Member regarding specific proposals relating to initiatives outlined in Section 5.
- 9.2 It is important that the Council is able to demonstrate that it has sound arrangements in place to manage demand for temporary accommodation and that measureable improvement in our performance is secured, alongside national trends relating to homelessness.
- 9.3 The desired impact would be to accommodate households in temporary accommodation that is self-contained, which provides better provision for homeless households, and meeting the requirements of the Suitability of Accommodation Order. In addition, expenditure occurs in a more planned way, with rents being fully recoverable and minimises cost exposure to the Council.

10.0 Financial Implications

- 10.1 Upon determining any future option the costs of implementing a scheme will be measured against the ongoing revenue savings which can be expected to be generated from reduction in expenditure on emergency temporary accommodation. This will form the basis for the business cases appraising the suggested options.
- 10.2 The Council Receives Flexible Homelessness Grant which can be used to support the implementation of new arrangements. This grant is currently fully used on the provision of temporary accommodation.
- 10.3 Any investment opportunities will be subject to a full business appraisal to include the identification of revenue savings and the payback period.

(Financial Services have been consulted in the preparation this report.)

11.0 Legal Implications

- 11.1 Until specific sites and projects are identified, only outline legal implications can be given. There will be numerous legal implications arising from the options set out in this report and detailed advice will be given to officers and will be set out in future cabinet reports. The legal implications to be considered will include the most appropriate powers to acquire and dispose of land and any restrictions imposed by legislation; the state aid position on the giving of any grants, loans or the disposal of land at an undervalue; the application of the Public Contracts Regulations 2015 to the selection of a joint venture partner; there are also numerous other issues to be addressed when considering the option of establishing a housing company or joint

venture such as tax (VAT and corporation tax), state aid, staffing (TUPE and pensions), compliance with Companies Act legislation and regulations relating to 'local authority controlled companies', procurement of the JV partner, financing the company and risk share so it is important to consider whether the City Council's aims and objectives can be achieved through any other means.

(One Legal have been consulted in the preparation this report.)

12.0 Risk & Opportunity Management Implications

12.1 **Risks:** these include closer scrutiny by Government Departments; unsustainable increases in expenditure by the Council.

12.2 **Opportunities:** to improve the quality of service and accommodation to those households who are homeless; for the council to invest in new premises and have greater control and access.

13.0 People Impact Assessment (PIA) and Safeguarding:

13.1 Safeguarding: The proposals contained within the report, in particular for the Council to secure further hostel provision of its own controlling access to such provision should enable improved oversight of homeless clients many of whom are vulnerable due to the loss of their home and enable improved arrangements to minimise safeguarding risks.

13.2 As more detailed proposals come before Cabinet, PIAs will be addressed at that time.

14.0 Other Corporate Implications

Community Safety

14.1 Securing alternative temporary accommodation that is in the control of the Council will assist in ensuring that households can be placed as safely and securely as possible.

14.2 Without adequate management and supervision, such establishments can be the source of anti-social behaviour or where vulnerable people can be identified or exploited in criminal behaviours.

Sustainability

14.3 N/A

Background Documents: None