



Finance Sub-Committee 26 June 2017

Homelessness Prevention Funding and the Homelessness Reduction Act 2017

Purpose of report

This report

- a) outlines the work undertaken by the Homelessness Prevention Grants Panel and puts forward the Panel's recommendations in respect of the future level and use of Homelessness Prevention Grant funding
- b) Advises of the increased duties which will arise as a result of the Homelessness Reduction Act 2017
- c) Advises of additional funding being made available by the Government for these additional duties together with recommendations for its use.

1.0 Background

- 1.1 The Homelessness Statistics report to the June meeting of this Committee provided details of the increasing homelessness pressures in the district over the last 3 years, together with associated temporary accommodation costs.
- 1.2 Homelessness is predicted to continue to rise nationally as a result of a number of issues such as rising house prices and private rents, increasing pressures on available affordable housing, new legislation and the effects of welfare reform changes.

2.0 Homelessness Prevention Grants 2017-18

- 2.1 On 9 January 2017, the Policy and Resources Committee agreed to appoint a Homelessness Prevention Grants Panel to consider
 - a) The Homelessness Prevention Grant funding bids for 2017/18
 - b) The evidence of increasing homelessness and the implications of impending legislation in respect of future requirements for Homelessness Prevention Grant funding.
- 2.2 The grant funding available for 2017/18 is £48,994. The allocation of £43,994 of the available funding was approved by the Policy and Resources Committee on 24th April 2017 as follows:

Homelessness Prevention Grant Funding allocations 2017/18	
Project	£
Midland Heart, Shoemaker Court	11,247
Midland Heart, High Street South	11,247
Night Shelter	10,000
Recovery House	5,000
Internal Homelessness Support Services including Severe Weather Emergency Protocol (SWEP)	6,500
Total	43,994

- 2.3 The Homelessness Prevention Grants Panel considered that the work undertaken by

Midland Heart and East Northants Community Services represented good value for money, and that they delivered some services which the council would otherwise have to provide, most likely at greater cost.

- 2.4 However, the Panel made some stipulations in respect of potential future payments to East Northants Community Services (ENCS), in particular that
- a) ENCS should improve their accounting procedures
 - b) The Night Shelter should put in place a plan to improve the standard of accommodation
 - c) The Recovery House should become financially self sufficient.

A meeting has been held with ENCS to discuss the way forward following which their proposals for improvements will be considered by the Panel and a further report will be submitted to Policy and Resources Committee.

3.0 The Homelessness Reduction Act 2017

- 3.1 The Homelessness Reduction Act 2017, due to be implemented early in 2018, will place significant new duties on local authorities. In summary, we will have increased duties to all applicants, irrespective of whether they have a local connection, including:

- increased duties to prevent and alleviate homelessness for 'non-priority' applicants
- a duty to ensure services are designed to meet the needs of groups at increased risk of becoming homeless
- a requirement to provide all applicants with Personal Housing Plans, setting out the actions to be taken to prevent and alleviate their homelessness
- a duty to prevent homelessness once a household is threatened with homelessness within 56 days (currently 28 days)
- provision of temporary accommodation for intentionally homeless households for 56 days (currently 28 days).

- 3.2 We are currently exploring with Midland Heart exactly what will be required in order to fulfil our new statutory duties. An initial consideration of the additional burdens indicates the changes could mean:

- A substantial increase in homelessness applications (50%)
- An increase in the time taken for each homelessness application interview and the preparation of the personal housing plans
- A commensurate increase in bed and breakfast costs
- Potential changes to IT systems to meet the new reporting and monitoring requirements
- Additional administrative and on-going work with applicants.

It is considered at least one additional Homelessness Prevention Officer will be required to be employed by Midland Hart to meet these workloads.

- 3.3 These changes will have a significant impact on the operation of the council's Housing Options Contract. The contract, with Midland Heart Housing Association, was initially approved in 2013 and extended for 3 years in 2016. It does not have any provision to cover the additional duties as they were not anticipated at either stage.. The Homelessness Reduction Act was a Private Members Bill but it received all party support and had a relatively rapid passage through Parliament.

- 3.4 There will also be likely increases in temporary accommodation costs where households have to be accommodated at an earlier stage and/or for longer as a result of the new duties, although it is hoped that homelessness prevention measures

will continue to keep the need for temporary accommodation to a minimum.

4.0 Flexible Homelessness Support Grant and Additional Burdens Funding

4.1 The Government has recognised that the additional burdens as a result of the Homelessness Reduction Act will have cost implications for local authorities and is therefore making funding available as follows:

- a) **Flexible Homelessness Support Grant** will replace the Temporary Accommodation Management Fund (TAMF). Whilst ENC did not receive TAMF, the allocation formula for FHSG means the council has received £45,521 in 2017/18 and will receive £48,403 in 2018/19. This funding is ring-fenced for homelessness prevention and relief. It will be available initially for 2 years but it is uncertain if it will continue thereafter.
- b) **Additional Burdens Funding** will also be available for 2018/19 and 2019/20. Although it is not yet known how much ENC will receive, if it is an equivalent allocation in line with the level of Flexible Homelessness Support Grant, it is only likely to be approximately £7,000 per annum. Again, this funding will be ring-fenced, will be available initially for 2 years, and funding arrangements after the initial 2 years are uncertain.

5.0 Future Homelessness Prevention Funding Requirements

5.1 a) Homelessness Prevention Grants

5.1.1 At its meeting on 4 May 2017, the Homelessness Prevention Grants Panel considered that subject to the projects continuing to provide good quality and value for money services, the council should seek to continue to support a future similar level of funding for Shoemaker Court, High Street South and the Night Shelter. In addition, there are internal calls on the funding, to support the officers to deliver the homelessness service, including the statutory provision of the Severe Weather Emergency Protocol (SWEP) accommodation during particularly cold or severe weather.

5.1.2 For this level of funding to continue, a minimum of £38,994 is required per annum. However, the Panel is of the opinion that consideration also needs to be given to the increases in homeless applications and duties due to welfare reform and the new Homelessness Reduction Act.

5.1.3 Due to current revenue funding uncertainties for supported housing as reported to the Policy and Resources Committee on 13 February 2017, it would be unwise at this time for the council to commit revenue support to any new schemes. However, the council could provide set up support for new schemes e.g. staffing and running cost deficits before schemes are fully operational, furniture and fittings etc. Any schemes supported would be expected to become self-financing within 2 years.

5.1.4 The Panel considers that bids for funding should continue to be received through the Council's Housing Forum and that the council should be open to the consideration of any new projects which can be shown to benefit homelessness prevention and alleviation in the district. It is therefore recommended that a contingency of £10,000 should be set aside to enable consideration of bids for the development of new projects to assist the council with the prevention and alleviation of homelessness. Any unspent balances would be reported as an underspend through the normal budget monitoring procedures.

5.1.5 Homelessness Prevention Grant requirements would therefore be as follows:

Future annual funding requirements for existing projects	
Project	£
Midland Heart, Shoemaker Court	11,247
Midland Heart, High Street South	11,247
Night Shelter	10,000
Internal Homelessness Support Services including SWEP provision	6,500
Contingency fund for new projects	10,000
Total	48,994

5.1.6 The Panel therefore recommends that Homelessness Prevention Grants should continue to be provided for in the council's base budget for the 4 year period of the Medium Term Financial Strategy (MTFS) at the existing 2017/18 level of £48,994.

5.2 **b) Additional Homelessness Duties**

5.2.1 It should be noted that both the new funding pots (Flexible Homelessness Support Grant and Additional Burdens Funding) are separate from the funding allocated in the council's budget as Homelessness Prevention Grants and future levels of funding beyond the next two years are unclear. Therefore, it is not recommended that this funding be used to substitute for the Homelessness Prevention Grants funding currently made available to other organisations.

5.2.2 It is also considered the Additional Burdens Funding (not available until April 2018) will be too little too late in order for the council to be able to adequately prepare for the new duties imposed by the Homelessness Reduction Act by the likely implementation date of April 2018 (although it could be as early as January 2018). In addition, the Government's new homelessness monitoring and reporting requirements will mean some IT changes are necessary. Midland Heart currently anticipate they will be able to absorb any costs necessary to make any changes to the ICT system to accommodate the significant changes in the reporting regimen within the contract but as the extent of the required changes is as yet unknown, it is considered prudent to reserve the Additional Burdens Funding in case it is needed for these costs. Once further detail is known on the level of Additional Burdens Funding, and of the IT implications of the new reporting and monitoring requirements, a further report will be brought to this Sub-Committee. It is therefore considered that the new Flexible Homelessness Support Grant should be used to ensure that the council has the necessary procedures and resources in place to meet the new duties.

5.2.3 It is proposed that the existing housing options contract which runs until 31 March 2019 could be amended to provide an additional staff member initially for 18 months from October 2017. The post could be funded from the Flexible Homelessness Support Grant. This would both enable preparations to be put in place for the implementation of the new legislation and for the new duties to be undertaken once the Act is implemented. Future requirements from April 2019 would be reconsidered as part of the re-tendering process.

5.2.4 Discussions are on-going with Midland Heart but it is estimated that an additional £34,000 per annum would be required to provide an additional member of staff (including on-costs). There are also office accommodation costs as the current Homes Direct provision is inadequate both for any extra staff and the additional interview space requirements. Midland Heart has received an estimate of £6,000 for the required works to their building to provide the additional space. This would be a

one-off cost and any further costs for IT, additional electricity, heating etc. would be borne by Midland Heart.

5.2.5 Costs would therefore be as follows:

Additional requirement	2017-18	2018-19
Homelessness Prevention Officer including on-costs	£17,000	£34,000
Works to provide extra office and interview space	£6,000	-
Total	£23,000	£34,000

This would leave government funding of approximately £22,000 during 2017/18 and £15,000 during 2018/19.

5.2.6 It is anticipated that the costs to the council of Bed and Breakfast and other temporary accommodation could double. There is currently £2,000 per annum within the homelessness budget for this cost and it is considered that the Flexible Homelessness Support Grant should be used to increase the budget to £5,000 per annum. This would require an additional £6,000 over the 2 years. Any unspent funds would be rolled forward to future years.

5.2.7 It is recommended that the remainder of the Flexible Homelessness Support Grant of approximately £31,000 should be used to provide an Invest to Save Homelessness Prevention Loan Fund. This fund would be used by the Housing Services and Housing Options Teams as a homelessness prevention tool in line with the new duty to prevent homelessness and minimise the need to use Bed and Breakfast accommodation. Uses of this funding could include:

- Loans for payment of rent in advance to secure accommodation from Registered Providers and in the private rented sector
- Loans for payment of deposits to secure private rented accommodation
- Loans for payments towards rent or mortgage arrears to prevent evictions*
- Loans for payment towards past tenant arrears which may be preventing permanent accommodation being offered by Registered Providers*

* Loans for repayment of current and past rent and mortgage arrears would only be made in exceptional circumstances, for example where arrears had accrued due to illness or loss of employment making the property unaffordable, or through relationship breakdown where the applicant did not control the finances. It would not include cases of wilful non-payment of rent. If this approach is approved in principle, a further report with the loans policy would be brought to a future meeting.

6.0 Equality and Diversity Implications

6.1 An initial Equality Impact Assessment has been carried out and only neutral or positive impacts have been identified. There are positive impacts of preventing and alleviating homelessness and in particular for those

- who are young or older
- with children, or who have just had a baby or are pregnant
- with poor physical and mental health
- suffering social exclusion.

The Equality Impact Assessment can be accessed as a background document.

7.0 Legal Implications

7.1 The council currently has a statutory duty under the housing and homelessness

legislation to prevent homelessness and to accommodate households found to be homeless and in priority need. Those homeless but not in priority need are due a lesser duty but it still includes the provision of advice and assistance to find accommodation. The council's duties will be increased when the Homelessness Reduction Act 2017 is implemented, as detailed in 3.1 above.

8.0 Risk Management

- 8.1 There is a risk that homelessness will increase in the district and that the council will have to pay the additional costs associated with the risk. The council's risk register includes RM PLN 014 – 'Increase in homelessness applications'. The risk score has recently increased to 8 in recognition of the 'very high' likelihood of an increase as a result of the new legislation. Its effects include:
- an increase in the need for emergency accommodation
 - increased costs of providing B&B and other temporary accommodation
 - an increase in homeless households given priority for rehousing, leading to longer waiting times for others.
- 8.2 There is no capacity within the Housing Services Team to undertake this front-line work with applicants, as it has been outsourced to Midland Heart under the Housing Options Contract. The contract does not have any provision to cover the additional duties. Therefore, if additional resources are not allocated to the Housing Options Contract, the council risks not being able to meet its statutory duties under the Homelessness Prevention Act 2017.
- 8.3 If there is no Invest to Save Homelessness Prevention Loan Fund, the council's ability to prevent and alleviate homelessness will be extremely limited, and B&B and temporary accommodation costs are likely to increase.

9.0 Resource and Financial Implications

- 9.1 Homelessness Prevention Grant Funding allowed for in the council's budget for 2017/18 was £48,994. The Homelessness Prevention Grants Panel recommends that the same amount should continue to be included in the MTFS to allow the council to continue to support existing projects and to enable the development of new projects to assist in the discharge of our increasing duties, whilst helping to reduce temporary accommodation costs. If this level of funding is not included in the base budget the Homelessness Prevention Grant Funding would default to the dwindling levels available under the Revenue Support Grant. The budget would still be subject to the usual process of review and consideration as part of the budget setting process each year.
- 9.2 Future increases in homelessness in the district and changes to legislation will incur additional costs for our Housing Options Contractor to process the increased level of applications, together with increased temporary accommodation costs. The Flexible Homelessness Support Grant and the Additional Burdens Funding from the Government will assist with meeting these costs.
- 9.3 The Flexible Homelessness Support Grant and Additional Burdens Funding are ring-fenced to use for the prevention and relief of homelessness. The proposals at 5.2 will therefore be cost neutral in terms of the council's MTFS. It is anticipated that both the additional Homelessness Prevention Officer (employed by Homes Direct) and the Invest to Save Homelessness Prevention Loans Fund will assist the council to meet its new statutory responsibilities and to keep B&B and temporary accommodation

costs to a minimum.

10.0 Constitutional Implications

10.1 There are no constitutional implications arising from this report.

11.0 Customer Service Implications

11.1 Any increase in homelessness applications will have an impact on calls and visits to both the council's and the contractor's offices. The council will need to ensure that adequate services are provided to meet our statutory duties towards people who are experiencing, or are at risk of, homelessness.

12.0 Corporate Outcomes

12.1 The provision of the council's homelessness and homelessness prevention services contribute to the following corporate outcomes:

- Good Quality of Life – the services provide assistance that help reduce homelessness in the district, together with the consequent health and social problems associated with homelessness
- Good Value for Money – homelessness prevention saves the council money in the longer term by limiting the costs of temporary accommodation
- Effective Partnership Working – by working in partnership with Midland Heart Housing Association available funding can be used to best effect and deliver better outcomes for homeless people
- Effective Management – the proposals demonstrate effective management of the council's new statutory duties
- High Quality Service Delivery – current service delivery will be maintained with the proposed additional resources.

13.0 Recommendation

The Sub-Committee is requested to:

1. Recommend that Policy and Resources Committee
 - a) considers the Equality Implications relating to this report (see section 4)
 - b) notes the increasing pressures as a result of the Homelessness Reduction Act 2017
 - c) approves the Homelessness Grants Panel recommendation that bids for funding should continue to be invited through the Housing Forum
2. Recommend that Policy and Resources Committee **resolves to recommend** to Full Council:
 - a) to support the Homelessness Prevention Grants Panel recommendation and approve that Homelessness Prevention Grants Funding is retained at £48,994 and be subject to the usual process of review and consideration as part of the budget setting process each year.
 - b) that the additional resources required to enable Midland Heart Housing Association to employ an additional Homelessness Prevention Officer for the remainder of the existing contract are allocated, together with the additional one-off office accommodation costs.

- c) the establishment of an Invest to Save Homelessness Prevention Loan Fund to be used to prevent and alleviate homelessness as outlined at 5.2.7.

(Reason – to ensure the fair and transparent allocation of the available funding and ensure appropriate funding of statutory duties)

Legal	Power: Localism Act				
	Other considerations: Housing Act 1996 as amended by the Homelessness Act 2002, Homelessness Reduction Act 2017 and the Homelessness Code of Guidance				
Background Papers: Policy and Resources Committee 5 June 2017 Item 6 Homelessness Monitoring Statistics and Temporary Accommodation Costs Report Policy and Resources Committee 13 February 2017 Item 9 Supported Housing Funding Report					
Person Originating Report: Carol Conway, Housing Strategy and Delivery Manager ☎ 01832 742078 ✉ cconway@east-northamptonshire.gov.uk					
Date: 12 June 2017					
CFO		MO		CX	