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**Folkestone**

Hythe & Romney Marsh  
Shepway District Council



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Report No: **OS/17/04**

**To:** Overview and Scrutiny Committee  
**Date:** 12 September 2017  
**Status:** Non-Key Decision  
**Head of service:** Sarah Robson, Head of Communities  
**Cabinet Member:** Councillor Alan Ewart-James, Cabinet Member for Housing

**SUBJECT:** HOMELESSNESS REDUCTION ACT OVERVIEW

**SUMMARY:** This report details the proposed changes to homelessness legislation and includes an overview of the implications and risks of these proposed changes to the Council.

**RECOMMENDATIONS:**

1. To receive and note Report OS/17/04.

**REASON FOR RECOMMENDATIONS:**

CMT considered an update on the Homelessness Reduction Act on 8 August 2017 and recommended that a report be presented to OSC for information and background.

## 1. BACKGROUND

- 1.1 The Homelessness Reduction Act (HRA) sets out a framework for the biggest changes to homelessness legislation since the enactment of the Housing (Homeless Persons) Act 1977 was introduced, proposing several new duties, many of which will require a change in working practices and additional resources.
- 1.2 A matrix detailing the proposed changes compared against current practice, including implications and associated risks of these proposals, is set out in Appendix 1.
- 1.3 As both Houses (House of Commons and House of Lords) have agreed on the text of the Bill it has now received Royal Assent and became an Act of Parliament on 27 April 2017, but is not likely to be enacted until 1 April 2018.
- 1.4 The HRA amends Part 7 of the Housing Act 1996. There are 13 clauses that amend many of the existing duties and bring in a substantial number of new duties.
- 1.5 Homelessness applications are likely to rise by up to 50%. Appendix 2 sets out an estimate of the rise in demand for the Council.
- 1.6 However, the government is making funds available for local authorities to be able to introduce the new act, which are detailed in this report.

## 2. THE HOMELESSNESS REDUCTION ACT IN BRIEF

- 2.1 The HRA introduces requirements for local housing authorities to carry out homelessness prevention work with all those who are eligible for help and threatened with homelessness.
- 2.2 **Definition of homelessness and threatened with homelessness:** this clause extends the period during which a local housing authority (LHA) should treat someone as threatened with homelessness from 28 to 56 days, and sets out the action LHAs should take when someone applies for housing assistance, having been served with a notice to end an assured shorthold tenancy.
- 2.3 **Duty of Local Housing Authority to provide advice:** this clause strengthens and extends the general advice duty, requiring the LHA to design a service that meets the needs of certain groups at risk of homelessness. These include;
  - Persons released from prison or youth detention
  - Care leavers
  - 16/17 year old homeless cases
  - Former members of the regular armed forces
  - Persons leaving hospital
  - Victims of domestic abuse
  - Persons suffering mental illness
  - And any other groups identified as a particular risk of homelessness within the district.

- 2.4 **Mandatory code of practice:** this clause stipulates that the Secretary of State *must* provide a code of practice for LHAs, to be approved by a resolution by each House of Parliament, on the services they provide which are aimed at reducing homelessness.
- 2.5 **Homelessness prevention duties:** this clause includes new duties to those who are homeless or threatened with homelessness, to:
- carry out an assessment;
  - agree a personal housing plan;
  - help prevent homelessness; and
  - help to secure accommodation for all eligible applicants, regardless of priority need.
- 2.6 **Duty owed to those who are homeless:** this clause further amends the 1996 Act), placing a duty on LHAs to relieve homeless for 56 days by helping applicants to secure accommodation regardless of priority need. LHAs will be required to take reasonable steps that are likely to help the applicant to secure accommodation. Reasonable steps could include, for example, providing a rent deposit or access to mediation to keep households together
- 2.7 **Deliberate and unreasonable refusal to cooperate:** this clause also amends the 1996 Act to introduce the provision for the LHA to serve a notice on the applicant where it is considered they have deliberately and unreasonably refused to cooperate with the authority to help prevent their homelessness.
- 2.8 **Local connection of a care leaver:** this clause amends the 1996 act to clarify the circumstances under which care leavers should be treated as having a local connection with the LHA.
- 2.9 **Review of decisions:** this clause proposes additional rights of review in relation to new duties in the HRA.
- 2.10 **Co-operation between authorities and others:** this new duty applies to all public authorities specified in the regulations to refer cases to the LHA if they consider that a person in England, to whom they exercise functions, may be homeless or is at risk of homelessness.

### 3. GENERAL RISKS

- 3.1 The following general risks will impact all LHAs to a greater or lesser extent. Specific risks relating to each new duty are detailed at Appendix 1.
- (i) New Burdens - funding is not adequate to meet the burdens associated with the new duties.
  - (ii) Upcoming welfare reforms - exacerbating the difficulties associated with homelessness and housing advice provision.
  - (iii) Predicted national shortage of experienced, qualified Housing Advice/ Options officers at every level.
  - (iv) Potentially onerous requirement for Housing Options officers to be qualified, with training updated annually.
  - (v) Comprehensive changes required to Housing ICT systems.
  - (vi) Potential additional usage requirements for ground floor and other front line provision.

(vii) Housing Allocations Policy will require amendment to accommodate any new provisions.

#### **4. LOCAL IMPACT**

- 4.1 As a Council we have a good track record in preventing homelessness. However, there will be a significant impact on service delivery arising from the proposed HRA.
- 4.2 The Housing Options team current receives around 1,109 housing advice approaches each year. In 2016/17 309 homelessness applications were determined, with 444 cases being prevented.
- 4.3 Indications suggest that once in force the changes will increase the workload of the Housing Options team by at least 50%, which is unachievable with the current staffing resource. This is due to the additional steps to be undertaken, including more detailed discussions, personalised housing plans, case management and reviews that will need to take place with each customer.
- 4.4 As a result, there will be an increase in the use and cost of temporary accommodation as the length of time customers stay in temporary accommodation is likely to be longer, for example, the length of time which intentionally homeless households, but in priority need will have to be accommodated will double.
- 4.5 There is already a shortage of temporary accommodation available in the area due to the rising numbers of households who are in temporary accommodation and the lack of move on accommodation available.
- 4.6 With the levels of homelessness continuing to rise the number of cases owed the new duties will increase. The district is already faced with a critical shortage of affordable housing options in the private rented sector and social housing.
- 4.7 As at 31 March 2017, the Council had 70 households in temporary accommodation, 7 of these were in self-contained (paid nightly), 57 in bed and breakfast and 6 in council owned stock. A high proportion of these households require 1 and 2 bedroom accommodation. Officers are also seeing a rise in families that require 3 and 4 bedroom approaching.
- 4.8 The current waiting time for the varying types of accommodation are set out as follows;

<b>Type of Accommodation</b>	<b>Current average waiting time</b>
1 bedroom	15 months
2 bedroom flat or maisonette	13 months
2 bedroom house	20 months
3 bedroom flat or maisonette	15 months
3 bedroom house	14 months
4 bedroom house	6 years

#### **Out of London Placements**

- 4.9 A growing issue for Kent authorities is the increase in the placement of homeless families in Kent by London Boroughs. Out of area placements are increasing: national research by Shelter shows that almost half (49%) of all homeless households placed in temporary accommodation by a London borough in the last 12

months were sent out of area. The Council does not have access to precise data on the number of families placed in Kent, because London Boroughs do not always notify the relevant Authority when they place families, but it is clear that numbers are rising fast.

- 4.10 The transfer of homeless households from London into Kent impacts the local accommodation market (in terms of cost) and the availability of housing for local district and boroughs. With much higher temporary housing budgets, London Boroughs are able to significantly outbid local areas, raising local temporary accommodation prices and causing a ripple effect as local homeless families then also have to be housed further afield.
- 4.11 A briefing note setting out the issues was produced by Kent Housing Group and Kent County Council on behalf of the Kent Leaders. This was presented to Kent MPs at a meeting in January 2017. At the meeting it was agreed that Helen Grant MP would meet with the then Housing & Planning Minister, Gavin Barwell, on behalf of Kent MPs, to make representations and raise the highlighted concerns. (Please refer to Appendix 3)

## **5. OTHER IMPACTS ON HOMELESSNESS IN THE DISTRICT**

- 5.1 Further cuts to welfare are being imposed by Government, which will see the benefit cap reduced to £20,000 from November 2017. Given the high level of private sector rents in the district this will have a significant impact on families with 2 or more children who are in accommodation or seeking accommodation and are not exempted from the cap.
- 5.2 The Council has seen a year on year increase of 10% in the number of homeless approaches between 2015/16 and 2016/17. This will increase further when the HRA is implemented.
- 5.3 The Government is pressing ahead with implementing Universal Credit (UC) including direct payments for housing costs. This increases the risk that more landlords will refuse to take households on benefits due to the housing element of UC being paid directly to the tenant. The tenant will now be responsible for ensuring their rent is paid.
- 5.4 It is becoming increasingly difficult both nationally and locally to house accepted homeless households into Housing Association properties. Housing Associations are becoming risk adverse setting restrictions on non-working households due to the impact and risks associated with UC and welfare reform. Many family size affordable rent properties will not be affordable to people on benefits once the benefit cap is reduced. The Housing Strategy team is working with Housing Association partners to ensure that wherever possible, rents for new affordable homes fall within the local housing allowance (LHA) rate. It should be noted that the current LHA in Shepway is £500.01 per month for accommodation with two bedrooms and this has been frozen by government until 2020.
- 5.5 The biggest impact is likely to come from further cuts to housing benefit through welfare reform. Accepted homeless cases due to the loss of rented accommodation has now risen nationally to 40% of all cases owed a full homelessness duty by local authorities. Locally the loss of an assured shorthold tenancy accounts for 33% of accepted homeless cases.

- 5.6 This figure is likely to increase further as the impact of welfare reform is felt. More households will become homeless as a result of landlords refusing to accept a lower rent. In addition, a large number of households have been prevented from being homeless by accessing the private rented sector through the Housing Options team and Discretionary Housing Payment (DHP)
- 5.7 A DHP payment is an extra payment customers may be able to get on top of their housing benefit. Customers can only apply for DHP if they are already in receipt of Housing Benefit or Universal Credit with a housing element.
- 5.8 DHP's can be made to cover immediate housing costs that the customer is unable to meet for example; a shortfall in rent, a deposit or moving costs. Customers who are not eligible for DHP may be assisted by the Housing Options team with a Rent Deposit Bond or Rent in Advance. Locally, more than 200 cases have accessed the DHP fund to secure accommodation in the private rented sector in 2016/17 at a cost of £148,100.
- 5.9 In 2016/17 there were only 211 general needs lettings (which does not include sheltered and semi sheltered accommodation). The Council's Housing List has approximately 1500 households, of which 1232 were registered as requiring general needs properties. Given the level of resources available for the delivery of new affordable housing, the Council and its partners are at most able to deliver on average 50 – 60 new affordable homes for rent each year.

## **6. OUR APPROACH AND RECOMMENDATIONS**

### **Preparation**

- 6.1 The homelessness demand on the Council's housing options team is already increasing year on year. The introduction of the HRA will only increase this demand further.
- 6.2 Officers have been exploring options to prepare for the Act and enhance our homelessness advice and prevention offer.
- 6.3 It is essential for the Housing Options team to be in a strong position by the time the Act goes live. Preparation will be key. Two temporary agency staff have recently been recruited over to clear a backlog of housing cases, but have been hindered by staff member sickness absence and performance issues, the latter is currently being dealt with via the capability process.
- 6.4 Joint working will be another essential element of the HRA. External funding has recently been secured to pilot new ways of working within the team alongside partner organisations. This includes the recruitment of a Prevention Plus Officer, a 12 month post funded by DCLG. The post holder will develop personalised housing and support plans to an identified cohort of complex housing customers and will aim to address homelessness, encourage employment, training and/ or volunteering and to promote good physical and mental health, healthy relationships and lifestyles.
- 6.5 A Family Housing Solutions Officer has also been funded for 12 months by the Kent Troubled Families programme and will address housing and other needs amongst complex families facing a host of social issues. The post will provide an early intervention/prevention service to support families in housing need including a full family assessment promoting holistic intervention planning, linking to Early Help teams and voluntary and community sector partners. The officer will help reduce

duplicate assessments, ensuring 'every contact contacts' where there is a need for additional agency involvement.

- 6.6 In partnership with Kent Housing Group, housing staff training days have been organised outlining the impact and requirements of the HRA. A further internal training day has been scheduled to include staff from Customer Services, Customer Contact and Business Support. The Shepway Homeless Forum and Shepway Voluntary agency forum have been informed and a more detailed briefing and training is planned for Autumn 2017.

### **Funding**

- 6.7 From April 2017, additional funding has also been allocated from Government to local housing authorities to support the emerging new legislation,

- 6.8 The Flexible Homelessness Support Grant (FHSG) replaces the Temporary Accommodation Management Fee (TAMF), providing local councils with an increase in funding compared to the previous TAMF. The Department of Communities and Local Government (DCLG) published the funding allocations for the grant over two years. In Shepway, this has been confirmed as:

£128,068.50 for 2017/18

£147,355.24 for 2018/19

- 6.9 DCLG has made a commitment to announce future allocations for the FHSG 2019/20 during 2017/18. The FHSG funding has been allocated according to a formula which reflects homeless pressures, whilst at the same time aiming to protect local authorities which currently have high levels of temporary accommodation where their management costs were part funded by the TAMF.

- 6.10 The FHSG empower councils with the freedom to support a full range of homelessness prevention services, including projects and additional staffing. It is suggested that any unspent FHSG monies are carried forward year on year.

- 6.11 Transitional Funding from DCLG will also be awarded to recognise the new burden the HRA places on local authorities. It is estimated to be between £50,000 to £70,000 per annum over 2 years, commencing 2018/19. The exact figure will not be confirmed until later in 2017.

### **Housing Benefit**

- 6.12 In terms of the Housing Benefit subsidy, officers estimate a total claim (for short-term lease or self-contained licensed accommodation where the local authority is landlord) of £28,000 for 2016/17. From this, a manual calculation has been carried out. Based on each individual case the administration element of this is approximately £6,480. This is the amount that the Council would lose from Housing benefit subsidy if this was scenario is repeated next year.

- 6.13 It is recommended to retain £10,000 from the FHSG to cover any loss of the Housing benefit subsidy to cover the gap between Housing Benefit (HB) paid and subsidy received. For example:

<b>HB paid:</b>	£324.73 per week
<b>Subsidy paid:</b>	£115.46 per week (made up of 90% LHA rate (£55.46) and admin costs (£60.00) – the admin costs will not be covered next year).

For this example, there is a gap of £209.27 per week between HB spend and subsidy. Using current estimates for 2016/17:

<b>HB paid for (short term leased or self-contained licensed accommodation where the Local Authority is the landlord):</b>	£27,100
<b>Subsidy claimed on these cases:</b>	£22,500 (including the administration costs)

6.14 It is recommended a further £7,000 is held aside to help bridge the gap in HB spend and subsidy received. Overall, a total amount of £17,000 should be allocated from the FHSG to support £10,000 for the loss of subsidy and £7,000 to cover the gap in HB spend and subsidy. Although an additional contingency has been considered (in case of unknown variances. The remainder of the FHSG will be allocated towards additional homelessness advice and prevention resource within the Housing Options team.

## 9. CONCLUSION

9.1 The HRA will bring in significant changes to the way the Council's homelessness service is administered and preparation is key. Our recommended approach and allocation of the FHSG funding should enable the council to prepare and implement the necessary service changes to meet the demands of the HRA. However, this will need to be reviewed very closely to assess the effectiveness of our approach.

9.2 The key areas of focus for the Housing Options team are and will remain to:

- Ensure robust strategies, policies and procedures are in place
- Ensure staff are given the tools and training to be able to deliver their job effectively
- Strengthen the protection given to homeless households
- Consider the wider publicity of the Council's homelessness policies
- Plan for the demand and supply of accommodation more effectively
- Improve transparency and accountability
- Further enhance the customer experience of homeless applicants
- Clarify the service's approach to how it will deliver its objectives
- Work with partners to tackle the issues raised
- Consider commercial opportunities to reduce homelessness.

9.3 Officers have engaged with Kent Housing Group and other district partners to discuss their approach to supporting the HRA. In preparation for the requirements of the HRA, districts are strengthening their local housing options service by increasing their staffing structures to support the identified demand for early intervention and prevention.

9.4 From these conversations, it is clear that Shepway District Council is a leader in responding to the shifting needs of a local housing authority, introducing permanent Preventions Officers and securing temporary posts for a Family Housing Solutions Officer and Preventions Plus Officer to testbed new approaches towards early intervention and prevention, which can then be embedded into the service going forward.



9.5 The Housing Options service demands are changing and the Council needs to be in a position to respond swiftly and robustly.

## 10. CONTACT OFFICER AND BACKGROUND DOCUMENTS

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**The following background documents have been relied upon in the preparation of this report:**

None.

### **Appendices:**

Appendix 1: Homelessness Reduction Bill: Impact and Risk Matrix

Appendix 2: HRA impact and homelessness demands

Appendix 3: Briefing note for Out of London Placements