

CABINET

13 April 2011

PREVENTING HOMELESSNESS FUND - FUTURE FUNDING OPTIONS

REPORT OF HEAD OF STRATEGIC HOUSING

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RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

This report highlights existing Preventing Homelessness Funding and sets out the budget and funding options for the period 2011/12. As part of the funding options the report also recommends the establishment of "Winchester Lets" a one stop shop for landlords and tenants wanting to rent or move into private rented accommodation.

RECOMMENDATIONS:

- 1 That an Earmarked Reserve be created to ensure that the funding received specifically for Homelessness is applied for these purposes, across the financial years.
- 2 That the Preventing Homelessness Fund current expenditure and programme for 2011/12 be approved, including the transfers to Reserves as set out in the Table at paragraph 6.1 .
- 3 That the Head of Strategic Housing, in consultation with the Portfolio Holder for Communities, be authorised to establish "Winchester Lets".
- 4 That the Head of Strategic Housing, in consultation with Head of Estates, be authorised to lease or licence properties from private landlords for the purpose of meeting the needs of homeless households.

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REPORT OF HEAD OF STRATEGIC HOUSING

DETAIL:

1 Introduction

- 1.1 The number of households accepted as homeless by local authorities in England has fallen since the end of 2004-05. This has reflected the success of the 'Prevention and Options' approach to homelessness adopted by all local authorities. At its 'highest point' 139,000 households were accepted nationally as being owed the full homelessness duty in 2004-05. This fell to just 41,000 households in 2009-10. In Winchester's case, there has been a fall from 178 applications made in 2003-04 to 34 in 2009-10. In recognition of the Councils' efforts, and the money and resources saved by preventing homelessness, all local housing authorities are given a Preventing Homelessness Grant.
- 1.2 There are strong signs that this trend is about to be reversed, due to the reality of the economic position and the expected increase in unemployment and repossessions following the Comprehensive Spending Review (October 2010). In Winchester, the first increase in homeless acceptances has occurred, following 7 consecutive years where numbers fell, and although the numbers are much lower than the peak in 2003-04, it could be the beginning of a new trend.
- 1.3 The changes to Local Housing Allowances for Housing Benefit claimants will start from April 2011. It is important not to underestimate the impact of these changes on landlords' willingness to rent to households directly on benefits and the further impact on landlord confidence to let to this client group. In addition, new landlords are being dissuaded to come into the market due to the cuts, and their general inability to borrow to buy properties for investment.

2 Detail

- 2.1 On 13 December 2010, the Local Government Finance Settlement was announced by the Government which included the Preventing Homelessness Grant figure for the Council. This figure is £190,000, which is a significant increase on the Council's previous Homelessness Grant for 2009/10. This level of grant is guaranteed for each of the years 2011/12 and 2012/13 and is likely to be set at a similar level for 2013/14 and 2014/15, therefore covering the full four years of the settlement. The grant will be paid to all local housing authorities (including Districts) as an Area Based Grant, entitled 'Homelessness Prevention. It should be noted that the Council's settlement

figure also includes the salary and on-costs for the Regional Homelessness Adviser which the Council agreed to host on behalf of the Department for Communities and Local Government (CLG) ([PHD 318](#) refers). The net effect is that the Preventing Homelessness Grant has increased from a basic £30,000 to £115,000 per annum.

- 2.2 In addition to this funding, the Council has also received a further £170,000 in a one-off payment from the CLG to cover exceptional costs for hosting the specialist adviser (£50,000) and funding for a Hampshire-wide homeless single persons pilot project (£120,000). The previous hosting Authority, West Berkshire Council has recently forwarded a payment of £10,000 to the Council in respect of unspent employment and expenses payments. It is recommended that this is added to the £50,000 to cover exceptional costs.
- 2.3 In previous years the Council has used the Preventing Homelessness Fund for a number of measures. Primarily, the Council has re-launched the Rent Deposit Scheme whereby households to whom the Council owes a homeless duty are given a deposit and occasionally rent in advance to secure private rented accommodation. To date, 60 families have been assisted in this way and have secured accommodation both inside and outside the District. The funding has also been used to support a Court Desk service for households facing eviction, debt advice funding through the Citizens' Advice Bureau (CAB), Severe Weather Emergency Protocol (SWEP) funding for the Night Shelter to purchase beds / bedding and grants for reconnecting families to areas where they wish to return to.

3 PROPOSED EXPENDITURE FOR 2011-12

- 3.1 The proposed Preventing Homelessness budget for 2011-12 will be the base amount of £115,000 from the CLG with an underspend of £10,000 from the current financial year to be carried forward. It is suggested that the total of £125,000 will be used to support the following prevention initiatives:
- a) £40,000 for Rent Deposits / Guarantees – payments or bonds to landlords to secure private rented accommodation, repayable by applicants to Council who get all of their money back if or when the tenancy is ended there are no liabilities;
 - b) £30,000 “Winchester Lets” – establishment of a one-stop-shop for landlords including, if required, a programme of leasing properties direct from landlords (details below);
 - c) £20,000 for staff costs in relation to enabling additional affordable housing. This will permit a six month initial secondment from Planning Management and allow a more integrated approach to planning and the delivery of affordable housing;
 - d) £20,000 for remedial works to privately owned properties to prevent homelessness;

- e) £10,000 for works in default to private rented property where landlords have neglected or refused to do essential works. The money will be reclaimed from the property owner;
- f) £3,000 for Reconnections policy to pay the expenses of homeless applicants to allow them to move to other areas;
- g) £2,000 for Severe Weather Emergency Payments payments.

4 Winchester Lets

- 4.1 With the falling numbers of housing being constructed and the difficulties faced by many people in finding affordable housing either to purchase or rent, private rented accommodation will provide an important alternative. National research has shown that landlords are increasingly looking to work more closely with Councils who offer a range of incentives to take applicants from their lists.
- 4.2 Winchester Lets will be a Council initiative to provide an attractive one-stop service for landlords who wish to let to waiting list and homeless applicants seeking housing. Its aim will be offer a good quality, well managed alternative to traditional affordable housing which will increasingly be in short supply. Initially the scheme will be run by existing staff within the Homeless and Private Sector Team and the only fees payable by landlords using the service will be for letting properties on the Council's Choice Based Letting system.
- 4.3 There is also the option provided by changes in Housing Benefit (HB) subsidy rules, which come into force after April 2011. The Government is worried about possible increases in homelessness, and therefore they have extended the scope of the current HB regulations and subsidy rules. The rules will allow the Council to licence properties directly from private landlords for homeless households and reclaim management expenses through a charge to the homeless household, which will be eligible for HB (payment of which can be included in the Council's claim to the Government for a subsidy payment to offset the costs incurred in paying out HB claims). The regulation changes are set out in the Income-Related Benefits (Subsidy to Authorities) (Temporary Accommodation) Amendment Order 2010 SI 2509. The amended regulations present opportunities for Councils by allowing Councils to license properties from private landlords not only to discharge their duties where an applicant has been accepted but to prevent homelessness as well. In effect, the Council lease the property from the landlord for an agreed amount, house an applicant who is eligible for HB and can then receive 90% of the Local Housing Allowance (LHA) rate set as at January 2011 plus a maximum of £60 per week towards associated management costs.
- 4.4 Benefits for Landlords – Winchester Lets will be able to offer benefits to landlords who are concerned by changes in HB regulations.
 - If the Council licences properties direct from landlords, the rents payable will be significantly higher than LHA rates which will be set at

30th percentile (reducing from current 50%) from April 2011. The rent offered by the Council will be between the 30th percentile rate and the 90% of LHA rate to allow a margin for the Council's work.

- A management service of tenants placed by the Council which will not be achieved through Letting and Estate Agents.
- A lettings service including advertising properties, providing a selection of potential tenants, help with HB paperwork etc.
- Rent direct to the landlord from the Council.
- Long term lets that minimise void periods and Letting Agency fees for new tenancies.
- A repair service could be offered at a later stage through existing Council contractors.
- A named Officer acting as an account manager for the tenant placed by the Council to resolve any difficulties around payment of rent or behaviour.

- 4.5 Benefits to the Council – if the scheme is attractive to Winchester landlords, the Council will be able to ensure a steady supply of good quality accommodation as an alternative to bed and breakfast or other forms of temporary accommodation to meet the expected rise in homelessness. Applicants would still be eligible for Hampshire Home Choice and their Banding would be dependent on the size of the property and rent levels charged of the accommodation they occupy. An added benefit would be that the Council would ensure all of the properties that went through Winchester Lets passed its accreditation test to ensure only good quality accommodation was advertised or taken on.
- 4.6 The Council has powers under the Housing Act 1985 to provide housing, and acquire houses for such purposes. Under Section 206 of the Housing Act 1996, it can discharge its duties to homeless persons by providing accommodation in housing which the Council itself leases from a third party landlord.
- 4.7 Under the Local Government Act 2000 Section 2, the Council has a general power to do anything they consider likely to promote the economic, social and environmental well-being of their area unless explicitly prohibited elsewhere in legislation. There is no legislation which would prevent the operation of the scheme described in this section of the report. In exercising such powers, the Council must have regard to its Sustainable Community Strategy, and the implications of this scheme are set out in Section 5 below.
- 4.8 Section 93 of the Local Government Act 2003 permits a local authority to charge for services which are discretionary, provided the charge is set so that, taking one year with another, the income received does not exceed the costs

of provision, and provided also that the authority has the power (but not a duty) to provide the service and there is no statutory prohibition on such charging.

OTHER CONSIDERATIONS:

5 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLAN
(RELEVANCE TO):

- 5.1 The Active Communities outcome in the Sustainable Community Strategy includes supporting local people in accessing affordable housing which meets their needs. The Active Communities Change Plan includes the establishment of the lettings scheme (AC/002.5).

6 RESOURCE IMPLICATIONS:

- 6.1 There will be costs involved in the establishment of the scheme and these have been budgeted at £30,000, using funding which has been set aside from the 2011-12 Preventing Homelessness Fund. The budget has been set to cover staff costs, publicity, set up, potentially landlord deposits and bad debt. The Income and Expenditure implications are summarised below:

Homelessness Prevention	2010/11	2011/12	Future
<u>Income</u>	£	£	£
Annual Homelessness Grant (unapplied)	(10,000)	(190,000)	
National Homelessness Advisor	(170,000)		
Berkshire Council contribution to Advisor post	(10,000)		
<i>Income</i>	<i>(190,000)</i>	<i>(190,000)</i>	<i>0</i>
<u>Expenditure</u>			
Rent Deposits / Guarantees		40,000	
Winchester Lets		30,000	
Staff costs		20,000	
Remedial works		20,000	
Works in default		10,000	
Reconnections		3,000	
SWEP		2,000	
National Homeless Advisor post		75,000	
Hampshire-wide homeless single persons pilot project		120,000	
Exceptional costs re Homelessness Advisor			60,000
<i>Expenditure</i>		<i>320,000</i>	<i>60,000</i>
Forecast (Surplus)/Deficit	(190,000)	130,000	60,000
Proposed Transfer to /(from) Reserves	190,000	(130,000)	(60,000)
NET	0	0	0

<u>Homelessness Prevention</u>	2010/11	2011/12	Future
<u>Proposed Earmarked Reserve</u>			
Transfer (to) / from Reserve	(190,000)	130,000	60,000
<u>Closing Reserve Balance</u>	(190,000)	(60,000)	0

- 6.2 It is proposed to set up an Earmarked Reserve for the purposes of ensuring that the funding received specifically for Homelessness is applied for these purposes, across the financial years.
- 6.3 If Winchester Lets becomes successful and there is a demand from landlords for increased management services, then charges may be applied (other LA schemes have introduced various charges that mirror private letting agencies but at a lower rate to remain attractive).

7 RISK MANAGEMENT IMPLICATIONS:

- 7.1 The risk of not responding to the threat of increasing homelessness is that the Council will struggle to meet demand and will have to use inappropriate (and expensive) alternative forms of accommodation. If Winchester Lets is established and rents directly from landlords using the changes in HB regulations to charge management costs there is a risk that HB regulations may change. At present the current benefits regulations, through which the rent and management levels are claimed, is guaranteed until March 2013 (when it will be reviewed). The Council will also have to ensure that void periods are minimised as rent is guaranteed to landlords as part of the scheme. The current level of Preventing Homelessness Fund has been notified for 2011/12 and 2012/13.

BACKGROUND DOCUMENTS:

Winchester City Council Homelessness Strategy 2008 -2013

APPENDICES:

None