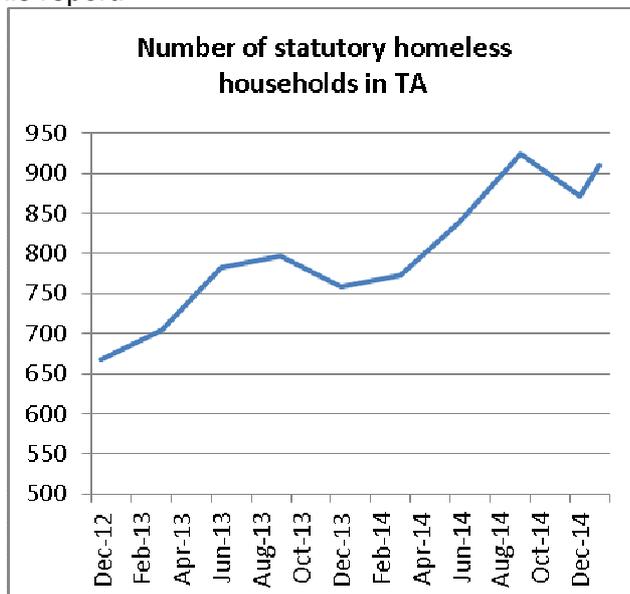


<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 9 February 2015	<b>Meeting Name:</b> Housing and Community Safety Scrutiny Sub-committee
<b>Report title:</b>		Temporary Accommodation and Homelessness	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Leigh Richman, Service Group Manager – Temporary Accommodation, Procurement and New Initiatives	

## Background

1. This briefing note is designed to update the Housing and Community Safety Scrutiny sub-committee of the acute issues facing the borough in delivering its statutory responsibilities for providing temporary accommodation (TA) for homeless households and specifically the budget pressures into 2015-16.
2. London's housing crisis is well-known. Like other local authorities, there are overwhelming cost pressures facing the Council, with huge challenges in accommodating homeless households who require temporary accommodation.
3. Each year Temporary Accommodation, Procurement and New Initiatives (TAPNI) devise a model around supply and demand for temporary accommodation. The model looks at a number of assumptions including economic factors which may affect **demand** as well as market and internal issues which affect **supply**.
4. The number of households in TA to whom the Council owes a housing duty has increased over the last two years from 668 in December 2012 to 910 in January 2015, a rise of 36%. Issues around demand i.e. the Council's approach to dealing with increasing numbers of homeless applications are dealt with later in this report.



5. The current figure of 910 does not include the following numbers of non-homeless households to whom we have an obligation to temporarily house:
  - 71 households who applied to the Council as homeless but the Council has decided it does not owe a housing duty. They will be given notice of eviction;
  - 83 single people with support needs awaiting supported housing;
  - 65 households who have No Recourse to Public Funds (NRPF) but to whom the Council owes obligations under the 1989 Children Act.
6. There are four principal types of temporary accommodation which the Council uses. The first two are accounted for within the Housing Revenue Account, the latter two fall within the Council's General Fund.
  - Council hostels. There are 16 hostels which the Council owns and manages, providing temporary accommodation to around 240 households at any one time.
  - Estates pending regeneration. The Council currently uses around 280 properties, primarily on the Aylesbury Estate but also on the Elmington Estate and Maydew House, pending vacant possession being required.
  - Private Sector Leasing (PSL) or Housing Association Leasing arrangements. This is where the Council or another Registered Provider leases accommodation from landlords to accommodate homeless households (currently around 165 properties used for this). There are also 290 private sector leased properties being used to divert people from applying to the Council as homeless.
  - Bed and Breakfast (B&B). This nightly-paid accommodation is used when we have nowhere else to place homeless households. It is a mix of shared accommodation and self-contained accommodation. As at 30 January, there were 414 households in B&B (331 homeless households and 83 single people awaiting supported housing) in addition to NRPF households and those whose homelessness applications have been rejected. Some 80% of B&B is now out of borough.

### **Costs of temporary accommodation**

7. As mentioned above, hostels and estate properties are accounted for within the Housing Revenue Account (HRA) and are a highly effective form of temporary accommodation. They are managed efficiently. Rent collection rates at 97.5% is very high for short-term accommodation and void turnaround times (void to let) are 11 calendar days for estate properties and 3.6 calendar days for hostels. Occupancy checks are carried out four times a year and customer satisfaction is at nearly 90%. Hostels and estate TA generate surpluses for the HRA.
8. PSLs and B&B are accounted for within the Council's General Fund. Whilst PSLs are designed to be cost neutral (helped by income collection and void achievements) B&B is extremely costly for the authority's general fund.
9. The strategy for the authority must be to place the cost burden and risk of supplying temporary accommodation away from the general fund and into the HRA.

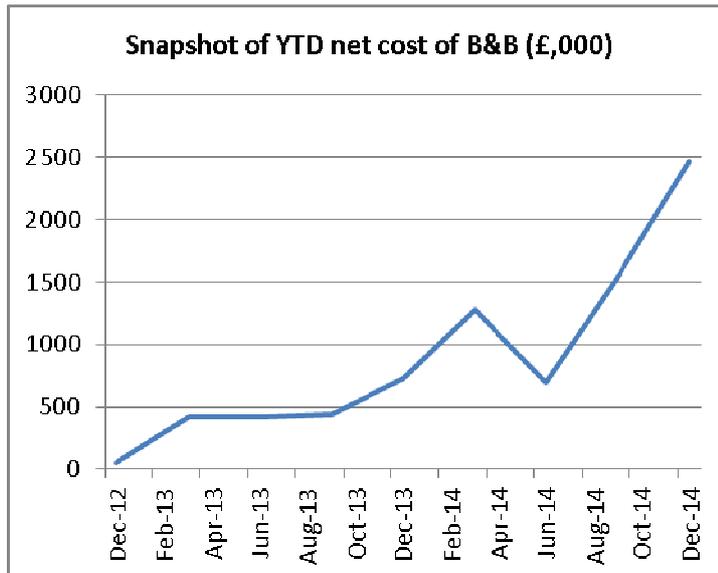
Cost of temporary accommodation by type, per property based on income/ expenditure figures (December 2014- month 9).

		Month 9	Projection p.a.
In house hostels	HRA	£3500 surplus	£3,500 surplus
In house managed estate TA	HRA	£5300 surplus	£6,500 surplus
In house leased accommodation	General Fund	0	0
Bed and Breakfast	General Fund	£6400 loss	£6400 loss

Hostel figures include £2800pa recharged from GF to HRA as part of accounting realignment. If the stress of TA was on the HRA then surpluses in hostel provision would be greater.

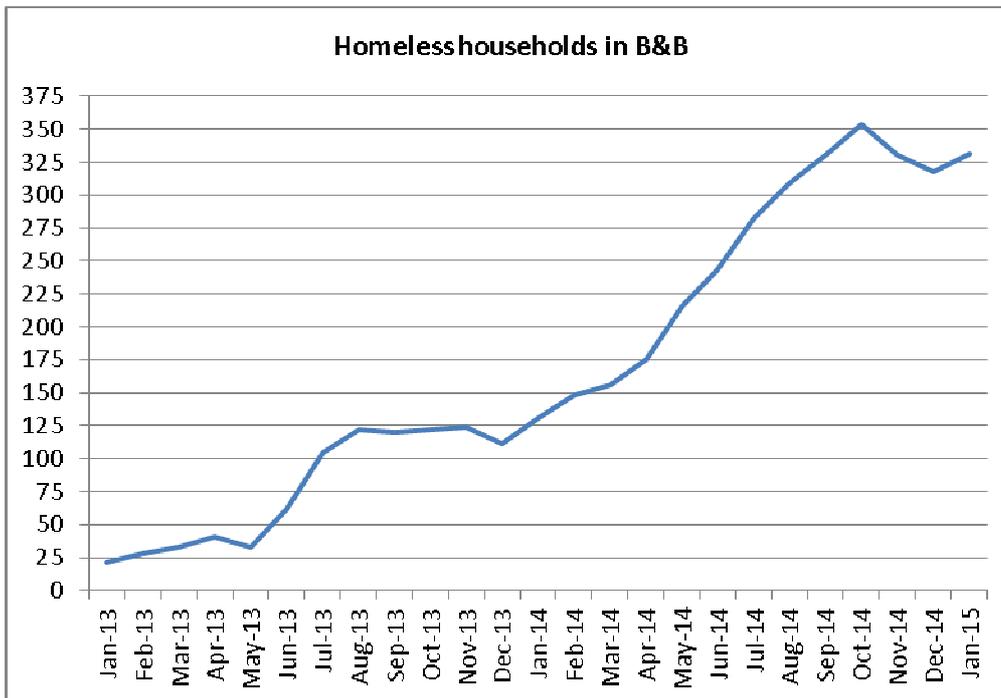
### Bed and breakfast

10. The above table highlights the acute cost pressures of providing B&B accommodation.
11. In terms of net expenditure on B&B (ie cost of the accommodation after rent and charges have been collected), the deficit has increased from £52K in December 2012, £727K in December 2013 to nearly £2.5m in December 2014.



12. Spend was within the budget provision for 2012-13 and 2013-14. There will be a significant overspend in 2014-15 of an estimated £1.3m, even after mitigation from paying lower prices to hoteliers.
13. We have a proud record of ensuring that no family remains in B&B with shared facilities for over 6 weeks. However, with so many households in B&B and a lack of alternative provision, we are anticipating breaching this achievement which has both a reputational and cost impact for us in terms of penalties from the Ombudsman which other boroughs have incurred.
14. The Authority has sought to reduce B&B costs in a number of ways:

- The Strategic Director of Housing and Community Services has signed up to the London Councils agreement not to breach locally agreed ceilings for nightly paid accommodation.
  - Southwark has led discussions which placed the ceiling on the rates local authorities are prepared to pay within our sub-region.
  - We will not be asking providers to supply breakfast for new residents moving into B&B. This is designed to contain costs and reduce charges to residents. In addition, breakfasts are not especially popular with residents.
15. The increased reliance on B&B provision over the last two years is stark. Excluding those awaiting a supported housing project, the number of statutory homeless households in bed and breakfast has increased by 1500%, rising from 21 in January 2013, to 331 in January 2015.



16. This reliance on B&B and the associated cost pressures have been made more acute for a number of reasons including increasing demand, which is dealt with later in this briefing.
17. Even if rising demand can be curtailed and TA numbers stabilised, there is the challenge of dealing with providing accommodation for existing households to whom the Authority has a statutory duty. This is because of on-going supply-side pressures.

### Supply

18. Since April 2012, the numbers of available properties on regeneration estates used as temporary accommodation has fallen from 386 to 282. However, in the last few months the number has stabilised. This is due to the recent increase in the number of properties on the Aylesbury Estate. The new properties have made up for the losses in Maydeu House (currently being emptied) as the Elmington Estate is decanted.

19. Further, the number of properties the Council and Registered Providers lease for temporary accommodation has collapsed. Owners are able to obtain much higher rents by letting their properties to the professional market, letting them on higher nightly rates back to Councils or selling their asset. Since April 2013, our leased supply has reduced from over 600 properties to 455. Two Registered Providers are ending their schemes and a third appears to be increasingly unviable. As leases come to an end, we are only able to renew 20% of them through our in-house scheme.
20. Because of this contraction in supply, the number of households in B&B accommodation has risen to levels not recorded in 15 years.

### **Bridging the supply gap**

21. With B&B numbers rising and alternative TA supply continuing to contract, the Authority is exploring some innovative measures to alleviate the cost pressures. We intend to maximise opportunities within the Council's Housing Revenue Account for self-funding TA and whilst doing this, minimise costs to the General Fund. We are seeking to:
  - Supply new hostel accommodation, through acquisition and new-build;
  - Establish a joint procurement vehicle with investors to purchase properties which LBS will lease to use as TA.
22. Specifically, the following will come into effect in 2015-16:
  - New Willow Walk hostel on old hostel site, providing 54 new units (April 2015 – artist's impression below);
  - Good Neighbours House conversion to hostel – 37 new units (June 2015);
  - Northcott House leasing of hostel – providing step down accommodation for 42 single people (March 2015);
  - Joint procurement vehicle – 50 properties.



23. This totals a new supply of around 180 units, potentially reducing the B&B population (homeless and vulnerable single people) to 280 but this is still based on a standstill position and will be partially negated if PSL supply continues to reduce in the way anticipated. Further, it does not allow for placing NRPF households.
24. The service has also set up further plans to mitigate the losses to the general fund although many of these will not be experienced before March 2016:
  - Continue joint procurement vehicle in 2016-17 – 50 further properties;

- New hostel at Sedgmoor Place to replace existing – 40 new units and similar amount on an Old Kent Road site;
- Seeking to acquire former LBS care homes/ buildings;
- Building moveable modular/ container-type accommodation to use on temporary available sites which are pending redevelopment.

Several other London authorities are taking similar measures in their areas.

25. Our further aim is to keep our housing solutions as local as we can for Southwark residents when sourcing new temporary accommodation and also when discharging our housing duty into the private sector. This is in contrast to other London Authorities who are sourcing accommodation in large towns and cities.
26. The overall focus is to contain the burden within the revenue-generating HRA. There will also be a clear exit strategy should the accommodation no longer be needed. For example, older hostels can be disposed of, new hostels can be converted into general needs accommodation and modular housing can be moved/ re-used or sold. Further, the authority may seek to use this form of hostel accommodation for households who have no recourse to public funds, thus saving costs for other Council departments.
27. TAPNI and Supported Housing Services work in close partnership with the CAB and Council departments and have held two major tenant events. These events include workshops on paying rent, managing money, being a good neighbour, getting involved in the community, joining libraries and leisure centres and recycling. These events are designed to prepare temporary accommodation tenants for their Council tenancies; participating residents are given certificates and have been a notable success. The last of these events was held on 4 February 2015 and 89 households in temporary accommodation successfully completed the training, with attendance figures estimated at over 250 people.

## **Comments from Housing Options and Homelessness**

### **Housing Solutions and homelessness prevention**

28. The homelessness prevention and housing advice work helps keep people in their homes and responds to those in the greatest need. The Housing Solutions service adopts a fair and manageable approach to homelessness prevention and aims to deliver improved services to customers seeking assistance. The approach of the Housing Solutions service is to ensure from the first point of contact the Housing Solutions service will seek to maintain applicants in their existing accommodation where appropriate. This will reduce the demand for temporary accommodation, going forward and help facilitate planned, rather than emergency moves.
29. The purpose of Southwark Council's homelessness service provision is to provide housing in emergency situations. It should be viewed as a safety net and not, as some may see it, as a way of speeding up the process of obtaining council or housing association accommodation. The Localism Act 2011, provided powers that local authorities may discharge their homelessness duties by housing applicants in private rented sector accommodation, and the Housing

solutions service fully supports this approach due to the declining availability of affordable housing in Southwark.

30. The route for accessing service provision will be via the on line homelessness application. All applicants will need to complete the on line assessment that will route them to homelessness prevention, housing solutions, mutual exchange, the housing register, discretionary housing payment/financial inclusion etc. The web site will also be improved to offer advice on housing solutions, provide self-help tools and explain service standards and the application process through a service delivery model accessible 24 hours a day. For those who are unable to access services on line, help will be available via the telephone advice service.
31. All homelessness customers receive a formal interview, explaining a broad range of options and suggested solutions to each customer which always includes ways the customer can be helped to remain in their current home, delaying their move out of their current home so alternative accommodation can be arranged, or helping them to find alternative accommodation. More specifically this can include family mediation and help accessing accommodation in the private rented sector.
32. The service from September 2014, provides written confirmation of the advice and assistance that has been given to the customer at the formal interview. This letter will provide the applicant with a clear written record of the officer's understanding of his/her circumstances from the first contact with the service to outcome of the homelessness decision.
33. The Housing Solutions service is working in partnership with the Job Centre Plus, Southwark Works, the Citizens Advice Bureau, the London Mutual Credit Union, Health Agencies, the Services Points across Southwark, MASH, the monthly Money Savvy workshops. Maximus to provide employment and training opportunities for customers, and other local partners to address support, education, employment, financial inclusion and training needs. Therefore, tackling worklessness will be an important focus of the services, as this work will help to prevent homelessness going forward. The financial inclusion work to help to maintain tenancies within the Private Rented sector due to the recently introduced Welfare Reforms and Benefit Caps, is a key element of the council's work to prevent homelessness. This work also aims to increase life opportunities for customers, alongside housing and educational skills classes within schools in Southwark, being developed to help to provide a holistic approach to homelessness prevention. This Welfare Reform work has helped Southwark Council reduce the number of customers affected by the Benefit Cap by 52% within the last 12 months and this performance is the recognised by the Department for Works and Pensions as being the second highest performance in London.
34. The service is now working to clear measurable targets. These targets and outputs will seek to limit the use of temporary accommodation, monitor all homelessness prevention output work streams, increase homelessness preventions, reduce homelessness acceptances and deliver accountable officer performance standards.
35. The Discretionary Housing Payment service is administered by the service and contributes to the efforts to prevent homelessness, reduce financial exclusion and reduce the rent arrears. The Housing Solutions service is currently the 8<sup>th</sup> highest performing service in England for homelessness preventions.

36. Prior to being interviewed through the homelessness framework, or placed on the housing register, or offered alternative accommodation, applicant's identity will be verified through the corporate fraud 360 IT fraud system to ensure only legitimate applicants are accessing our services. All applicants will be asked to provide their passports which will be electronically scanned at reception to confirm identity and eligibility for service provision. This work has helped to prevent fraud within the service and has led to a reduction of fraudulent applications from people who do not qualify or are eligible to receive a service provided by Southwark Council.

37. The current reasons for homelessness acceptances are recorded as follows:

- 38% - loss of assured shorthold accommodation (Private Rented Sector)
- 17% - evicted from parents home
- 13% - evicted from non family and friends accommodation
- 11% - relationship breakdown violence related
- 5% - relationship breakdown but non violence related
- 6% - evicted from Council, Housing Association or non private rented accommodation
- 2% - mortgage arrears
- 8% - combination of other reasons

38. The Housing Solutions service recently introduced new procedure manuals, new scripts for all Officers, a new homelessness application, and a best practice guidance for the service and these documents have been produced in partnership with Shelter. Please note this approach to dealing with homelessness applications will be tailored to the needs of each individual customer.

- 30% of homeless acceptances are due to evictions from family, friends or other lodging arrangements. The parent, relative or other party will be contacted by the officer to encourage the family to allow the homeless customer to remain in their home until the council can assist with alternative accommodation. Also at this first contact it will be explained to the parent the consequences of the child being placed into inappropriate and expensive temporary accommodation. This will then ensure the customer is not placed into bed and breakfast accommodation and our homeless duty can be discharged via section 148 and 149 of the Localism Act 2011 and in accordance with the new housing allocations scheme.
- Eligible homeless customers approaching the council may be offered a private rented property. Customers will be advised to take up the offer and that bed and breakfast accommodation will only be provided in emergencies.
- A leaflet explaining the new framework is being produced and this leaflet will explain that the service will attempt to fulfil its duties in accordance with the housing allocations scheme and section 148 and 149 of the Localism Act. The leaflet will be handed to the customer at the first appointment and will also be placed on the council's web site. In addition to this, the website application will also explain at each stage that the council will aim to place the homeless customer into a private rented sector property.
- The applicant will be advised that if the offer of private rented accommodation is refused, they may be placed in emergency bed and breakfast accommodation. A homelessness decision will be made on the day or within 27 days and it is likely that a further offer of private rented accommodation will be made. If this is refused, the council will discharge its homeless duty towards the customer.

- Homeless customers who accept the offer of private rented accommodation will be given band 3 priority.
  - Customers who are processed through the statutory homeless framework will be assessed through the same day decision making team, which will reduce the time spent in emergency bed and breakfast accommodation.
  - 27% of homeless acceptances are the result of private sector landlord evictions. The service provides information and advice to landlords as well as tenants. This advice will be available by e-mail or telephone. The relationship between Southwark and the local private rented sector landlords is absolutely critical to the aims of reducing homelessness in the borough, and a new 24 hour a day 365 day a year housing service will be provided to Private Landlords from March 2015.
  - 6% of homelessness acceptances are due to evictions taking place from the council's own stock or partner housing association stock. The Housing Solutions service produced a homelessness prevention and eviction protocol for Southwark Council and Housing Associations to adopt, and this protocol is helping to reduce evictions.
  - In an attempt to reduce the 2% of homelessness acceptances caused by mortgage repossessions the service will be promoting a Rent a Room initiative. Home owners who have a spare room/s may earn up to £4,250 that can be earned tax free through renting a room.
  - Regular outreach services are now being conducted across Southwark to prevent homelessness through our Welfare Reform and homelessness prevention work. These outreach surgeries are taking place in
39. A new framework of monthly quality and audit checks is being undertaken on all homeless case files. These audits will be undertaken by senior offices within the service and an annual appraisal of 10% of case files will also be undertaken to evaluate our work in this area. The annual audit will be undertaken by an external organisation to promote transparency and excellence.
40. The homelessness applicant's journey through the service framework will be as follows:
- The customer approaches with a housing need.
  - The customer is given clear advice on their options and informed that being accepted as homeless may result in a Private Rented Sector accommodation offer. They are advised that due to competing demands and low supply of social housing, their approach is unlikely to result in an offer of council or housing association accommodation.
  - The customer is advised that the council will seek to prevent them from becoming homeless and help them to remain in their home
  - Where homelessness cannot be prevented and a homelessness application is lawfully triggered the household will be made aware that two routes may be explored simultaneously by Southwark. These are -
  - i) A private rented sector accommodation offer – homelessness prevention route option, and
  - ii) the homelessness application route that will result in a private rented sector offer.
  - The customer will be encouraged to find the private rented sector accommodation for themselves. They may be assisted by the deposit/bond scheme.

41. The council needs to be aware of the supply and demand factors relating to the provision of private rented accommodation with rents out performing the Housing Benefit Local Housing Allowance thresholds locally, demand for the private rented sector increasing and a reduction in the private rented market for the council's historic client groups, due to the high value of properties locally in Southwark.

### **Homelessness demand**

42. The number of homeless applications to Southwark Council has markedly increased in the 2014/2015 financial year by 64% from 927 homelessness applications in the 2013/2014 financial year to 1,521 applications in the 2014/2015 financial year. This homelessness increase is also being repeated across London, with 75% of all homelessness customers living in Temporary Accommodation across England being placed into the Temporary Accommodation by one of the thirty three council's in London.
43. The numbers of households approaching as homelessness across London due to evictions from the Private Rented sector has increased to 38%, an increase of 4% in the last 12 months, and the largest group of households approaching as homeless. Another key group of homelessness presentations is family and friends evicting the customer. Homelessness is increasing in inner London at a higher rate than anywhere else in the country. However, in Southwark the percentage of homelessness acceptances is lower when compared to the London average. Therefore, the percentage acceptance rate in Southwark for the 2014/2015 financial year is currently 48% compared to the current London average of 59%.
44. The total number of customers accepted as homelessness in the 2014/2015 financial year is currently 724 households compared to 501 households in the same period in the 2013/2014 financial year a 44% increase.
45. Southwark currently have the 3<sup>rd</sup> lowest number of homelessness acceptances when compared to the 12 other inner London Council's, with the City of London and Camden Council having lower numbers of homelessness acceptances. However, the trend is one of increasing numbers of homelessness acceptances across London.
46. Unfortunately, homelessness acceptances regionally and nationally are currently at the highest totals since the Department for Communities and Local Government commenced recording this information using the current homelessness framework.
47. Slightly more positive is the fact that Southwark Council is currently preventing more homelessness customers from becoming homeless when compared to other council's in London, and also has the 8<sup>th</sup> highest homelessness prevention totals when compared with the 326 council's across England. However, this has to be referenced alongside an environment of increased homelessness locally, and regionally.
48. Central Government and the thirty three London council's expect homelessness to increase during the 2015/2016 financial year, and this increase is expected to be similar or even greater than the increases that have taken place in the current financial year.

## **Our approach to homelessness prevention and decisions**

49. Considerable financial and human resources have been committed over the last 12 months developing the officers within the service. This includes extensive training from Shelter, and the Gold Standard team on best practice examples from across the country. This has resulted in the production of a best practice procedure guide for the homelessness and options service to follow, and developing officers through daily mentoring and coaching techniques to improve performance. In addition to this, extensive development training has been provided for all officers on motivational techniques, Safeguarding, and change management.
50. The service introduced new scripts for officers to follow at both the front line reception, and subsequently, at the homelessness interview. These scripts have been produced in partnership with Shelter to prevent homelessness at all times, and to adopt a robust framework for the homelessness decisions made.
51. The best practice manual for officers within the homelessness and housing options service, also compliments a new homelessness application that was introduced in January 2015, and again this homelessness application aims to prevent homelessness from the initial contact with the council. Once again this new homelessness application draws on best practice from across England and was produced in partnership with Shelter.
52. The restructure for the service implemented on the 1<sup>st</sup> May 2014, resulted in the service following national best practice examples, reducing the handovers of the customers case from three officers to one single officer, who now has complete responsibility for the customers homelessness application from start to finish. Quality audit checks are now built into the new structure to ensure all homelessness acceptances are closely scrutinised.
53. The service was the subject of a quality and mystery shopping exercise by Shelter during 2014, and this will be repeated again during 2015, to drive forward further service improvements for the benefit of the customer and council.
54. The 20 Homelessness and Housing Options officers have been advised of their financial responsibilities for homelessness customers placed into temporary accommodation. Officers are aware that for every 6 customers placed into Bed and Breakfast accommodation equates to the salary of one officer employed within the council, and the expensive nature of placing customers into expensive and inappropriate Bed and Breakfast accommodation has on the educational attainment, impacts on health and well-being of customers.
55. From the 4<sup>th</sup> September 2014, the council is now in a position to discharge its homelessness duty into the Private Rented Sector both inside and outside of Southwark. This new framework operates in accordance with and compliance with sections 148 and 149 of the Localism Act, and will hopefully help to reduce the numbers of homelessness customers living in temporary accommodation going forward.
56. The new homelessness letters issued to every homelessness customer that receives a homelessness decision now includes reference to the customer being offered private rented accommodation to discharge the council's homelessness duty. This initiative will further show the council's robust approach towards homelessness.

57. The service needs to make continuous improvement, especially in the area of preventing the use of temporary accommodation for homeless customers. The service's main target is to reduce the expenditure in the area of temporary accommodation, with other targets used to support this target. However, the Homelessness and Housing Options service recently received critical appraisal within Inside Housing for "Gatekeeping". The reporting behind this article was factually inaccurate; however, the message of stricter homelessness decision making contained within the article is accurate, and this article is now used as a constant reference point from legal representatives.
58. The service is also receiving increased numbers of legal challenges from legal representatives of the customers relating to the homelessness decisions made. However, the council during the 2014/2015 financial year was successful at court and won 80% of these legal challenges, ensuring a robust homelessness decision making framework is in place.
59. The new structure within the Homelessness and Housing Options will deliver and drive further performance and financial improvements during 2015/2016 financial year, and going forward. However, at a time of a reduction in the supply of available accommodation within Southwark, and an increase in demand this will obviously impact on the council's ability to reduce the numbers of homelessness customers living in temporary accommodation in the future. This can be adequately explained by highlighting an increase of 64% in homelessness presentations due to welfare reforms, growing homelessness numbers in Inner London due to the considerable changes in the housing market, there has been a corresponding 22% reduction in the supply of affordable housing over the last five financial years and an 8% reduction in the last 12 months alone.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact

## APPENDICES

No.	Title
n/a	

## AUDIT TRAIL

<b>Lead Officer</b>	Martin Green, Head of Specialist Housing Services
<b>Report Author</b>	Leigh Richman, Service Group Manager – Temporary Accommodation, Procurement and New Initiatives
<b>Version</b>	Final
<b>Key Decision?</b>	No
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>	

<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Legal Services	N/a	n/a
Strategic Director of Finance and Corporate Services	N/a	n/a
List other officers here	N/a	n/a
<b>Cabinet Member</b>		N/A
<b>Date final report sent to Constitutional Team/Community Council/Scrutiny Team</b>		TBC