
REPORT TO THE MEETING OF THE EXECUTIVE 11 JANUARY 2012

**PORTFOLIO: COUNCIL TAX COLLECTION, BENEFITS AND
STRATEGIC HOUSING FUNCTIONS**

REPORT FROM HEAD OF COMMUNITY SERVICES

SUBJECT: HOMELESSNESS PREVENTION AND RECHARGES

1 DECISION BEING RECOMMENDED

- 1.1 To agree to the use of the homelessness reserve budget for the development and implementation of a range of initiatives aimed at increasing homelessness prevention and therefore reducing the use of bed and breakfast accommodation.
- 1.2 To agree proposals for recovering charges associated with the provision of bed and breakfast accommodation and the protection of property, as detailed in section 4 of the report.

2 REASONS FOR RECOMMENDATION

- 2.1 Over recent times the Council has incurred an increased demand for housing and homelessness advice/assistance, resulting in a significantly larger number of households being housed in temporary accommodation/bed and breakfast and also a steep rise in the expenditure on securing this accommodation.
- 2.2 Reducing the number of homelessness applications received by helping people stay in their home or find a new home will bring a number of benefits. Apart from reducing budget expenditure, clients will benefit from having accommodation in a location where schooling, work and family relationships can be better sustained. In addition there will be less risk of the Council breaching the legal restriction on the length of time households should remain in bed and breakfast.
- 2.3 Where it is necessary to provide bed and breakfast and/or remove and store property, an applicant should make a realistic contribution based on their financial circumstances to the costs that the Council incurs.
- 2.4 The harmful effects of homelessness are well documented and it is every Authority's aim not only to prevent homelessness wherever it can, but to deal with it effectively and efficiently where prevention is not possible. In order to achieve this, it is necessary to have a range of tools available to assist people to either remain in their home or secure suitable alternative accommodation.
- 2.5 A development programme delivering significant numbers of new social housing units is a key element but remains a significant challenge and consequently many people have to rely on private rented accommodation.

- 2.6 There is, however, currently a significant problem accessing the private rented sector, particularly for many of the clients seeking help from the Council who rely on benefits and have a poor credit history. The ongoing issue of high rent levels relative to Local Housing Allowance (LHA) rates, particularly in some areas, has been made worse by recent changes to Housing Benefit (HB) entitlement and the way LHA is determined. Furthermore, landlords frequently require a guarantor who in turn must have a minimum income of approximately £30,000 p.a.

3 HOMELESSNESS PREVENTION MEASURES

- 3.1 For some years the Council has operated a scheme whereby certain applicants are entitled to assistance amounting to a deposit equivalent to one month's rent and/or one month's rent in advance. A guarantee (bond) may be given in lieu of a cash deposit. Assistance may also be given with any agent administration fees that may be levied. Any monies advanced are now increasingly being given by way of a loan which is then repayable on terms that are considered sustainable. In a few cases, a loan has been provided to pay off rent arrears to prevent repossession. Whilst these measures have had some success, they now need updating and enhancing.
- 3.2 It is proposed that a range of initiatives are developed and implemented. The following list gives examples of measures that could be used. However, this is not exhaustive and there may be others that are considered appropriate having regard to the circumstances of a particular case:-
- Paying a finder's fee to a landlord/agent for identifying a suitable property. The amount would be subject to negotiation in each case.
 - The Council agreeing to act as guarantor to secure private rented accommodation where the applicant cannot provide one themselves. The amount covered would obviously depend on the rent level and term of the tenancy.
 - Enhancing the existing deposit/rent in advance scheme by increasing the number of months' rent covered or the level of deposit paid. Whilst this would be considered on a case by case basis, it would take into account factors such as if the Council was likely to have a long term housing duty and also an evaluation of the applicant's personal financial circumstances.
 - Payment of a one-off grant in lieu of a deposit, in order to secure a 12-month tenancy.
 - Payment of the 'top-up' on the rent if an application for Discretionary Housing Payment (DHP) is unsuccessful. This would be for a set period of time and would then be reviewed to evaluate whether it should be withdrawn or extended further.

- Payment of the rent in advance for the term of a tenancy (normally 6 months) with subsequent recovery from the tenant.

4 ACCOMMODATION, REMOVALS AND STORAGE CHARGES

- 4.1 However successful any new initiatives prove to be, there is still likely to be a need to use some bed and breakfast as temporary accommodation. Such accommodation is expensive with costs currently ranging from £25 to £75 per night per room with some larger families requiring two rooms. Although Housing Benefit is claimed to offset the costs, the amount recoverable is limited. Firstly, some elements of the room charges are not eligible for Housing Benefit (relating to heat and light etc) and secondly the subsidy rules effectively limit the maximum amount of Housing Benefit (HB) to the one bedroom LHA rate.
- 4.2 For some time working families have been charged a contribution to the accommodation costs. This is currently set at £2.00 per night per adult and children over 10 years old and £1.00 per night for every child between one and ten. Consequently, for some working families who are entitled to limited or no HB, the cost to the Council will be greater than for other clients. This is not considered to be sustainable and requires to be reviewed.
- 4.3 In order to have a more consistent and fair approach to recharges, it is proposed that all applicants are required to pay those elements not eligible for housing benefit and that in addition the amount recovered in all cases is not less than the housing benefit subsidy rate.
- 4.4 The Council also has a duty to protect a homeless applicant's property if they are unable to protect it themselves and there is a risk of loss or damage. Increased homeless prevention will of course reduce the need for such protection, however, there are always likely to be applicants who need help in arranging removals and storage.
- 4.5 For many years the full cost of removals and storage was met by the Council. Recently, however, a limit has been imposed on the amount of storage the Council will pay for, by way of a set number of containers in relation to their level of bedroom need (current storage cost is £11 per week per container). In addition, applicants are being asked to contribute up to 50% of the cost of removals by way of a loan.
- 4.6 Consideration is currently being given to placing the onus on the applicant to identify a suitable storage and removal company, with the Council contributing to the costs by way of a grant.

5 RISK IMPLICATIONS

- 5.1 There are undoubtedly financial risks in relation to the Council not being able to recover all of its expenditure on loans, bonds or guarantees and these risks are hard to quantify. Close monitoring of cases will be required to minimise risks but it will not be possible to eliminate them altogether. An assessment

will be made in conjunction with Head of Finance to placing a cap on the number of guarantees in place at one time.

- 5.2 Even allowing for some failures, it is still likely to be cost effective to implement these measures to prevent homelessness rather than having to house families/individuals in bed and breakfast at a significant cost to the Council. Research carried out by various bodies in 2010 estimated that the costs of rent deposit scheme for instance are 8.5 times less than providing accommodation, based on a 25% repayment of deposits awarded.

6 RESOURCE IMPLICATIONS

- 6.1 The initial costs in implementing measures to increase homelessness prevention would be funded from homelessness reserves that currently exist. The initiatives would, however, be on a 'spend to save' basis with the potential for a proportion of any savings made on reduced expenditure on bed and breakfast and protecting applicants' possessions to be used to regenerate the funds available and a further percentage to be used to directly offset the overall cost of bed and breakfast and therefore contribute to reducing the Council's budget gap. The Head of Finance will decide the split of savings between the General Fund and the Homelessness Reserve and this will be reported to Council as part of the 2013/14 Budget Process.
- 6.2 Net expenditure on bed and breakfast would also be reduced as a result of the additional income generated from the recharging proposals.

7 EQUALITY AND DIVERSITY IMPLICATIONS

- 7.1 The homelessness/housing advice service is often used by 'vulnerable' people within the community and therefore it is important that the service is provided in a way that takes into account people's range of needs,

I confirm that the above recommendation does not depart from Council policy and that appropriate consideration has been given to any budgetary and legal implications.

SMT Lead Officer Signature: _____

Head of Community Services

Background Papers:

None.

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