

Report to	-	Overview and Scrutiny Committee
Date	-	28 January 2019
Report of the	-	Executive Director
Subject	-	Flexible Homelessness Support Grant 2019/20

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**Recommendation:** It be **RESOLVED:** That Cabinet be requested to approve the following measures, funded through the Flexible Homelessness Support Grant during 2019/20, to enable the programme of prevention activity to be delivered:

1. Rent in Advance & Deposit Loans
  2. Social Lettings Agency
  3. Guaranteed Rent Pilot
  4. Work, Live, Thrive (CHART)
  5. Rough Sleeper Outreach
  6. Private Rented Procurement Officer
  7. Private Rented Support Officer
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**Head of Service: Joe Powell**

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## **Introduction**

1. The need for the development of new measures to improve homelessness prevention rates is a priority. The number of homelessness applications received by the Council has risen significantly in recent years. The number of temporary accommodation placements has increased by 280% from 15 to 57 between 2014/15 and 2017/18. As at January 2019 the number of households in Bed and Breakfast (B&B) was 40.
2. The purpose of this report is to recommend a series of measures which will improve rates of homelessness prevention by utilising ring-fenced central government funding in the form of Flexible Homelessness Support Grant (FHSG). It is a well-established principle that targeted investment in prevention activity is a more efficient approach to delivering services across sectors, including the delivery of homelessness services.
3. The FHSG is awarded to local authorities by the Ministry of Housing Communities and Local Government (MHCLG). The Council has been awarded £275,000 of ring fenced grant for a period of one year covering 2019/20. A Government announcement which accompanied the allocation of the FHSG outlines the principle aims and objectives for the funding:

*‘The new grant will empower councils with the freedom to support the full range of homelessness services. This could include employing a homelessness prevention or tenancy support officer to work closely with people who are at risk of losing their homes’*

4. The homelessness prevention measures proposed in this report have been developed following a series of recommendations from the Housing Task and Finish Group, agreed by Cabinet, in particular recommendations 1 and 2 (Cabinet Minute CB18/14 refers) and are designed to:
  - a. Prevent homelessness through improving access to the private rented sector in order to minimise the negative effects of homelessness on households.
  - b. Reduce the rate at which the cost to the Council of accommodating homeless households in B&B is increasing. There is a risk that if the Council continues to use its FHSG funding simply to help meet the growing cost of B&B provision that opportunities to use this resource to prevent homelessness and reduce demand for B&B will be lost.
5. The Housing Task and Finish Group also made recommendations relating to the supply of temporary and emergency accommodation which will be brought forward in a future report. In addition, a range of measures to tackle rough sleeping continues to be developed in partnership with local agencies and voluntary sector groups.

## **Strategic Context**

6. The rise in homelessness nationally, regionally and sub-regionally has led to an increased number of national policy announcements relating to homelessness prevention in recent years, accompanied by an increase in funding opportunities. Recent legislative and policy developments include:
  - Homelessness Reduction Act 2017
  - Housing White Paper 2017: fixing our broken housing market
  - The Rough Sleeping Strategy 2018
  - Social Housing Green Paper 2018: a 'new deal' for social housing
7. If the Council is to successfully meet the complex challenges that homelessness poses it will need to design services which are aligned to these national policy changes. In addition, new service interventions will need to be integrated with related sectors in order to maximise the value of investments. There are a range of forums which coordinate local strategic planning from which the proposals outlined in this report have been developed, including the Local Strategic Partnership, NHS Locality Planning and Delivery Groups and the East Sussex Housing Officers Group.
8. Local housing authorities in East Sussex also want to have more control over the targeting of their resources, to prioritise those households they assess as being at greatest risk of becoming homeless, rather than this being determined by other commissioning bodies. There is also an objective to design initiatives which appeal better to private sector landlords and do not overlook the increasingly central role of this group in accommodating households who are homeless or at risk of homelessness.

## **Impact of Homelessness**

9. Across the South East there is a significant and growing shortfall in the availability of genuinely affordable accommodation for those who are least able to afford it. The key challenges facing those trying to access accommodation are:

- Increased competition for private rented accommodation resulting in higher rents and greater reluctance from landlords to take on higher risk tenants
  - Reduced vacancies and higher rents in Social Housing
  - Lower levels of new Social Housing supply, particularly at affordable rents
  - Lower levels of welfare benefit support
10. Increasingly, households have to be placed in B&B accommodation outside the District. This practice compounds the negative impact of homelessness on the health and wellbeing of adults and children as households are placed further away from their families, support networks, schools and places of work. The targeted and measured investment of resources into homelessness prevention interventions can increase the number of households which can be prevented from becoming homeless and reduce these negative impacts.
11. The investment of resources into activity which improves the rate of homelessness prevention also avoids greater costs to the Council associated with B&B provision. The total cost of commercial B&B is significant. In 2018/19 with the Council forecast to spend £490,000 (net).

#### Average cost and length of stay in B&B – per household

12. The true value of a successful homelessness prevention is complex to quantify as the net benefit of avoiding or foreshortening homelessness to the overall health and wellbeing of an individual is wide ranging. However, there is a net cost to the Council associated with accommodating a household in B&B a cost which the Council avoids if a successful homelessness prevention is achieved, and against which a financial value can be allocated.
13. The table below illustrates the net financial cost to the Council of accommodating different sized households in B&B. Families with children account for approximately two thirds of the total, with single people and childless couples accounting for one third of the total.

	<b>Cost Per Night</b>	<b>Number of Nights Accommodated</b>	<b>Housing Benefit Income</b>	<b>Total Net Cost to RDC</b>
<b>1 Bed Need</b>	37.06	54	-640.90	1,360.34
<b>2 Bed Need</b>	48.63	76	-1,240.19	2,455.69
<b>3 Bed Need</b>	59.96	92	-2,047.29	3,469.03
<b>4 Bed Need</b>	60.30	86	-2,538.94	2,646.86
<b>Average</b>	51.48	77	-1,616.83	2,482.98

14. An average value of £2,500.00 has been attached to every successful homelessness prevention the Council achieves on the basis that the Council would otherwise have to meet the B&B cost if a household were to become homeless. The figure is designed to give an indication of the value for money that each proposal represents to the Council.

#### **Private Rented Sector Toolkit**

15. The proposals in this report are all designed to improve access to the private rented sector. The proposals will form a 'toolkit' of homelessness prevention

measures which offer different packages of support which will enable the Council to be more reactive to the different degrees of need experienced by households.

16. The approach will also allow the Council to appeal to a broader range of landlords, offering them different incentives alongside various levels of support and assistance to increase the number of them willing to rent to households who are benefit dependent or on low incomes.
17. The new toolkit of private rented sector options will be made up of four new proposals to complement the expansion of one existing initiative: to loan rent in advance and deposit funds to households who are homeless or at risk of homelessness. The proposals will each be supported by two new staff posts that will mobilise and implement the delivery of the new proposals.
18. The performance of each proposal will be measured against a target number of homelessness preventions to indicate the value for money of each intervention to the Council and ensure continued investment is directed at the most effective interventions in the future.
19. Below is a brief summary of the five proposals alongside a brief description of the two new staffing elements being proposed.

## **Proposals**

20. **Rent in Advance & Deposit Loans**  
The Council will continue to issue loans to households and enable low income households to afford the fees associated with accessing private sector accommodation. Households will be required to pay the Council back at an affordable rate, without interest.
21. **Social Lettings Agency (SLA)**  
An SLA is designed to appeal to landlords who do not wish to manage their property directly and who wish to secure a guaranteed income, typically below the average market rate. Wealden District Council is embarking on a new SLA initiative and, in its position as a stock holding local authority, has agreed in principle to work in partnership with Rother District Council to develop a SLA management arrangement.
22. **Guaranteed Rent Pilot**  
The pilot rent guarantee scheme provides landlords with guaranteed rent for a fixed six month period but excludes the property management function of a SLA. The scheme will be targeted at low risk households who are unable to access private sector accommodation due to being in receipt of some element of benefit.
23. **Work, Live, Thrive (CHART)**  
Work, Live, Thrive is a multi-agency bid currently before the Connecting Hastings and Rother Together (CHART) Programme. The CHART Programme offers match funding and will provide dedicated employment mentors locally who will work with households to improve routes to employment. Through access to employment households can improve the level of their income and be better placed to access private rented accommodation.

24. **Rough Sleeper Outreach**

Rother District Council has funded for a trial period of six months during 2018/19 an initiative to deliver its Housing Needs Service proactively to rough sleepers via outreach in the community. The trial has provided specialist support to rough sleepers in order to coordinate their support between agencies. The initiative includes a post which is held by Hastings Borough Council with Rother District Council investing 50% of the costs for 0.5 Full Time Equivalent Officer. We propose to extend this intervention into 2019/20.

**Staffing**

25. **Private Rented Procurement Officer (PRPO)**

The PRPO will be the Council's lead in mobilising and implementing the new toolkit of private rented sector options. The officer will proactively engage with local estate agents and landlords in order to promote the benefits of the proposed measures and procure new properties for each respective proposal.

26. **Private Rented Support Officer (PRSO)**

To appeal successfully to prospective landlords the new toolkit of private rented sector options will require a resource to assertively and proactively support tenants to budget effectively and maintain their tenancies. Landlords will be reassured that they have a dedicated single point of contact to support them to manage their tenants according to the terms of each respective new proposal.

27. The table below summarises the cost of the homelessness and rough sleeping prevention measures being proposed against the £275,000.00 Flexible Homelessness Support Grant (FHSG) the Council will receive in 2019/20.

		<b>2019/20</b>
	<b>Income</b>	
	FHSG	<b>-£275,000.00</b>
	<b>Prevention Intervention</b>	
28.	Loans for Rent in Advance & Deposit	£80,000.00
	Social Lettings Management	£20,000.00
	Guaranteed Rent Pilot	£55,000.00
	Work, Live, Thrive (CHART)	£40,000.00
	Rough Sleeper Outreach	£15,000.00
	<b>Staffing</b>	
	Private Rented Procurement Officer	£35,000.00
	Private Rented Support Officer	£30,000.00
	<b>Balance</b>	<b>£0.00</b>

28. Overall it is estimated that the level of investment being proposed **£275,000**, will avoid B&B costs to the Council of **£440,000** in 2019/20.

Level of Investment (2019/20)	£210,000
Staff Cost	£65,000
Number of preventions achieved	175
<b>Cost Avoided</b>	<b>£440,000</b>

## Conclusion

29. The prevention measures proposed will improve housing outcomes for those households who are homeless or at risk of homelessness and prevent them suffering from the negative effects of homelessness on their health and wellbeing. The measures will also reduce the rate at which the cost to the Council of accommodating homeless households in B&B is increasing. It is recommended, therefore, that the measures funded through the FHSG during 2019/20 be recommended to Cabinet for approval to enable this programme of prevention activity to be delivered.

Malcolm Johnston  
Executive Director

## Risk Assessment Statement

As highlighted within this report, if the Council continues to use its FHSG allocation to simply support the cost to the Council of B&B provision, there is a risk that the rate at which demand for B&B is currently rising will continue, as will the costs of this provision.