



Executive
16th January 2006

**Report from the Director of
Housing & Community Care**

For Action

Wards Affected:
ALL

Temporary Accommodation Update

Forward Plan Ref: HSG&CC-05/06-15

1.0 Summary

1.1 This report seeks Members' approval for the following proposals:

- (i) plans to reduce temporary accommodation usage by 50% by 2010, in line with Government targets,
- (ii) a change to the Locata banding scheme for households in temporary accommodation who accept a qualifying offer of private sector accommodation,
- (iii) changes to the policy for setting rent charges in some types of temporary accommodation,
- (iv) changes to the policy on the provision of furniture storage for homeless households.

1.2 This report provides Members with an update on trends in homelessness and current numbers in temporary accommodation.

2.0 Recommendations

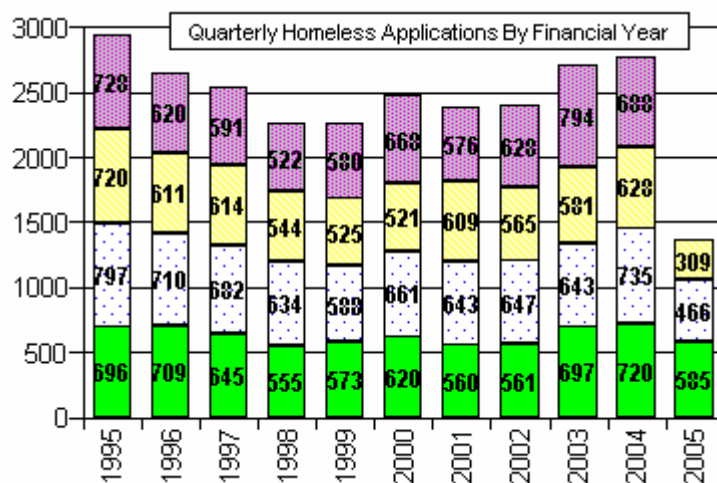
2.1 That Members approve the plans to reduce temporary accommodation usage for homeless households by 50% by 2010, in line with Government targets, as detailed in paragraph 3.2.3 and Appendix A.

- 2.2 That Members approve the change to the conditions of giving an Empty Property Grant which will require landlords to cover the cost of any remaining disrepair and bring the dwelling up to Decent Homes Standard, as detailed in paragraph 3.2.12.
- 2.3 That Members approve the change to the Locata banding scheme for households in temporary accommodation who accept a qualifying offer of private sector accommodation, to be implemented from 01/02/06, as detailed in paragraph 3.4.
- 2.4 That Members approve the changes to the policy for setting rent charges in some types of temporary accommodation, as detailed in 3.5, to be implemented from 01/04/06.
- 2.5 That Members approve the changes to the policy on the provision of furniture storage for homeless households, as detailed in 3.6.
- 2.6 That Members note the update on trends in homelessness and current numbers in temporary accommodation.

3.0 Detail

3.1 Homeless Applications and Decisions

3.1.1 The table below shows homeless applications received per quarter by financial year, and includes applications up to the end of November 2005.



3.1.2 As the table shows, there has been a significant decrease in the number of homeless applications received from quarter two of 2005/06 onwards. Brent's in-house Housing Advice Service was launched in the second quarter of this financial year, and had an immediate effect on homeless approaches - there was a reduction in new homeless applications of 40% in comparison to the same quarter in the previous year.

3.1.3 The new Housing Advice Service provides advice for all applicants with a housing need, including those who are threatened with homelessness. Much of the team's work is centred on homeless prevention, including early intervention in cases of potential homelessness, landlord and tenant mediation, detailed housing options

advice, assistance to secure accommodation in the private rented sector, and use of our family mediation and Sanctuary schemes.

- 3.1.4 Since the launch of the service in July, over 1,500 applicants have been provided with advice. In comparison, the Homeless Prevention Team, whose function has now been absorbed within the new Advice Service, dealt with around 1,000 cases per year. These figures demonstrate the high level of demand for the Advice Service, and resources have been reviewed to ensure that demand is met.
- 3.1.5 The Housing Advice Service is relatively new, and officers continue to implement further changes to improve the service. The actual number of homeless acceptances has been on a downwards trend for a number of years, and the introduction of the Advice Service is expected to result in further decreases in 2006/07 and onwards.

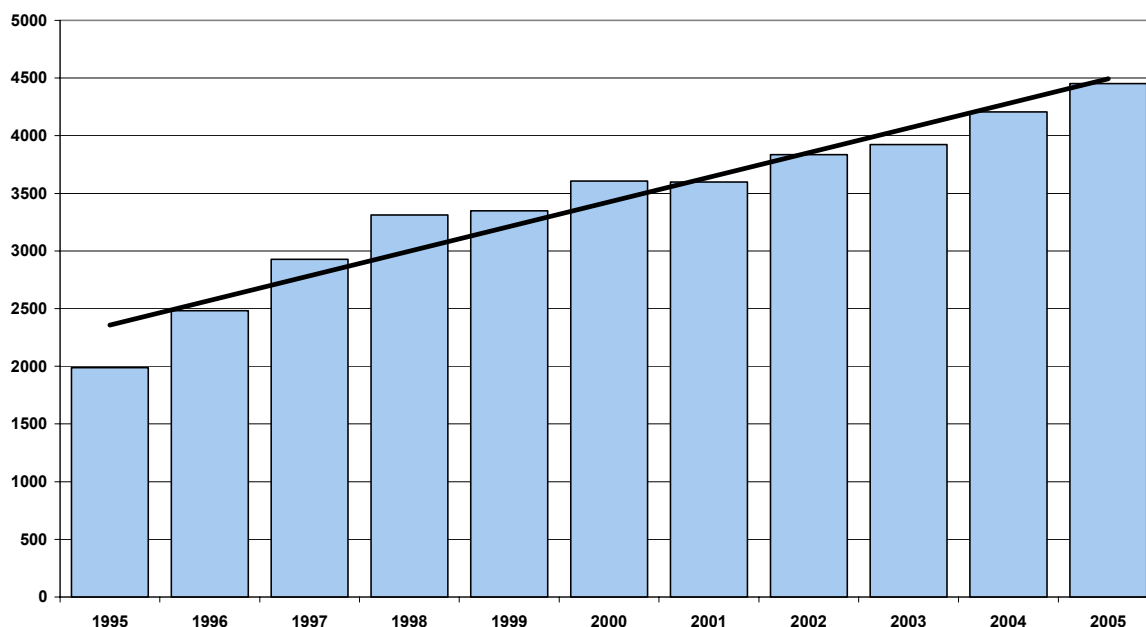
3.2 Temporary Accommodation

3.2.1 Temporary Accommodation Numbers

The number of households in temporary accommodation (hotels, hostels and properties in the private sector managed by housing associations or suppliers) in any year is dependent on both supply and demand factors, including the number of approaches and acceptances as homeless and the number of permanent lettings made to the homeless.

- 3.2.2 Temporary accommodation usage in Brent has been rising steadily over the last ten years, as the next graph demonstrates. This trend has been the same in many other London boroughs, and is the result of many factors affecting the demand for housing assistance and the supply of permanent solutions.

Households in Temporary Accommodation 1995 to 2005



3.2.3 Temporary Accommodation Reduction

The Government published its five year strategy, "Sustainable Communities: Homes for All", in January 2005. This included a commitment to reduce the overall numbers in temporary accommodation by half by 2010. This is to be

achieved by offering a wider range of homeless prevention measures and increasing access to settled homes.

- 3.2.4 As at 01/01/05 Brent was accommodating 4,466 homeless households in temporary accommodation. Our target reduction figures per annum are summarised in the table below, and a full breakdown of the annual targets, including details of how the targets will be achieved, is provided in Appendix 1. These targets have been agreed with the Office of the Deputy Prime Minister.

	Baseline figure	Current figure	Target Figures				
Date	01/01/05	30/11/05	31/03/06	31/03/07	31/03/08	31/03/09	31/03/10
No in TA	4,466	4,400	4,342	3,923	3,476	2,780	2,243
Target Reduction per annum	-	-	124	419	447	696	537
Cumulative Reduction	-	66	124	543	990	1,686	2,223
%age Reduction	-	1.5%	3%	12%	22%	38%	50%

- 3.2.5 As outlined previously temporary accommodation usage has been on an upwards trend for many years. However as the table demonstrates, a 1.5% reduction in temporary accommodation usage has been achieved since January 2005. Although this is a small reduction, it is significant when put in the context of the trend over the last ten years.
- 3.2.6 The model in Appendix 1 shows how key projects will contribute to our overall reduction plan. More detailed action plans are in place to support each of these initiatives.
- 3.2.7 Conversion of temporary accommodation to settled accommodation
Currently Brent has just under 3,000 households in temporary accommodation managed by RSLs under our HALS scheme. In order to achieve a significant reduction in our TA usage we are therefore exploring ways of converting these tenancies into settled accommodation at the end of the existing leases. A conversion of the lease would enable us to secure good quality accommodation in the private rented sector and the authority's homeless duty to the household would be ended. Options to achieve this are being explored at both a local level and on a sub-regional basis with our colleagues in the West London Alliance.
- 3.2.8 The change to the Locata scheme banding outlined in paragraph 3.4 below would make this initiative more attractive to homeless households. However preliminary discussions with RSLs indicate that there is much further work needed to develop a viable scheme.
- 3.2.9 Making best use of the private rented sector
Brent already has a well-established rent deposit / guarantee scheme. However plans are in place to ensure that best use is made of the private rented sector, particularly when exploring preventative options with homeless households.
- 3.2.10 As part of the work to ensure best use is made of the private rented sector officers are also reviewing the current Empty Properties grant arrangements, whereby funding is provided to bring properties back in to use, provided the property is then let to the Council under one of our temporary accommodation schemes.

3.2.11 Officers are currently exploring the possibility of changing the conditions of the grant payments to enable use of these properties to assist households who would be referred by the Housing Advice Service. The property would be let under a tenancy agreement for an agreed period. Under an arrangement such as this, the property would not be used as temporary accommodation, but would be used for a household where a housing need had been identified.

3.2.12 It is important to ensure that the physical condition of properties which are grant aided and housing families should meet the Decent Homes Standard. It is proposed therefore, that it is a condition of the Empty Property Grant (given to rectify unfit/fitness/category 1 Housing Health & Safety Rating System (HHSRS) hazards that the owner must:-

- a) carry out all other works necessary to bring the dwelling up to the Decent Homes Standard at his own expense and
- b) carry out all other works to eliminate any band D and band E HHSRS hazards, at his own expense.

3.2.13 Temporary to Permanent (TTP) schemes

In addition, temporary to permanent schemes are being developed at a local and sub-regional level. Brent will be delivering affordable accommodation through its PFI scheme. In addition the feasibility of a sub-regional approach to TTP schemes is currently being explored with our colleagues in West and North London.

3.3 TA Reduction Plan Funding

3.3.1 Officers met with the ODPM in November of this year to discuss our TA action plan and targets. During this meeting officers raised concerns that the current ODPM grant funding arrangements for delivery of the Homeless Strategy would not be sufficient to fund the various TA reduction initiatives proposed.

3.3.2 However in December the ODPM notified us that Brent's grant allocation for 2006/07 would remain at £740k, the same level as 2005/06. An indicative figure of £740k for 2007/08 was also provided. Much of this funding will be used to sustain projects which are currently funded by the Homelessness Grant. Officers therefore propose to use some of the additional income generated by the proposals to change rent setting policy for temporary accommodation properties to fund some TA reduction initiatives.

3.4 Changes to Locata Banding

3.4.1 Officers are exploring the possibility of converting temporary accommodation let under HALS type arrangements into settled accommodation at the end of the existing leases. Clearly this would need to be done with the agreement of the Housing Association who had managed the property during its use as TA.

3.4.2 Many households remain in this type of accommodation for many years, and may wish to continue to stay in the property. However an arrangement under this type of proposal would result in the Council formally discharging its homeless duty to the household. In summary this would mean that the household would forgo their right to permanent accommodation under the homeless legislation, as they would be accepting a "qualifying offer" of accommodation. Under the existing allocations

scheme, their Locata banding would therefore change from a Band C to a Band D.

- 3.4.3 In order that homeless households preserve their Band C status when accepting an offer of accommodation under this scheme, it is therefore proposed that an amendment is made to the Locata scheme. This would require the addition of the following definition under Band C of the scheme – “Other ex-homeless households occupying accommodation secured under Part VII section 193 (2)”. The criteria for this would be “Households who were owed a homeless duty and have occupied temporary accommodation secured under Housing Act 1996, Part VII section 193 (2) and who have subsequently accepted a qualifying offer allowing them to remain in private sector accommodation after the duty has ceased.”
- 3.4.4 This change will make the proposed scheme more attractive to homeless households, as their Housing Register application will not in any way be disadvantaged by them accepting a qualifying offer. It will therefore support the plans to reduce temporary accommodation reduction. Without this amendment it is unlikely that many households will agree to accept an offer of this type, and this will impact on the Council’s ability to meet the ODPM targets. As demonstrated in Appendix A, officers hope to facilitate nearly 1,500 lettings under this scheme – this is a major proportion of the overall reduction targets.
- 3.4.5 The wording of this amendment would also mean that those homeless households accepting an offer of a different property in the private rented sector, under our existing Breaking the Chain scheme, would also retain their Band C status.
- 3.4.6 If agreed, this amendment will be implemented with effect from 01/02/06 onwards. It will not be applied retrospectively, but to all households accepting a qualifying offer of accommodation after this date.

3.5 Temporary Accommodation Rent Charges

- 3.5.1 Currently the Housing Resource Centre manages rent accounts and collects income for hotel placements and properties let under the Private Licencing Agreement (PLA) scheme. In addition, Brent Housing Partnership, who manage the Brent Direct Leasing (BDL) scheme under a contract with HRC, collect rent for these tenancies.
- 3.5.2 Temporary accommodation rents for other temporary accommodation schemes are collected by either the RSL, for properties let under the HALS scheme, or by the landlord, where there is a direct letting arrangement in place.
- 3.5.3 The proposals in this report therefore relate to the PLA and BDL schemes and hotel accommodation only.
- 3.5.4 PLA and BDL Charging
There is no lower Housing Benefit subsidy threshold for temporary accommodation let under these schemes. The Council therefore receives 100% subsidy on rents up to the maximum subsidy threshold, which will be £376 per week in 2006/07.
- 3.5.5 All current PLA and BDL rents are below the threshold. Officers have considered a number of options for increasing rent levels and therefore increasing subsidy,

and propose that a policy of setting rents for all properties in these schemes at the maximum subsidy threshold, irrespective of the number of bedrooms, is adopted.

- 3.5.6 Assuming that the policy was implemented from 01/04/06 onwards, additional income generated in 2006/07 would be £1.8 million.
- 3.5.7 These figures assume that the revised rent charging policy is applied to both new and existing tenancies, and that a total of 730 BDL and PLA properties are in management by the end of 2008/09. Expansion of the BDL scheme will require an increase in management costs, bad debt provision and repairs allowance – these costs have been taken into account in the figures in paragraph 3.5.6 above.
- 3.5.8 Plans to achieve our TA Reduction targets have been outlined in the previous section. However our plans include an assumption that we will continue to use PLA and BDL properties as Temporary Accommodation, and that these schemes will not be significantly reduced.
- 3.5.9 There are a number of advantages in implementing these changes to rent setting policies. They include increased income, which can be used to fund the full costs of delivering the schemes, including all temporary accommodation staff, as well as to fund temporary accommodation reduction initiatives. In addition, implementation would bring expenditure on homelessness into line with other boroughs. The Value for Money self-assessment carried out earlier this year indicated a much higher level of spend on homelessness in Brent than in other boroughs. This was because the boroughs we were compared with, including Haringey and Newham, already charge rents at the maximum subsidy level.
- 3.5.10 In addition officers are currently exploring the possibility of developing temporary to permanent schemes, at a sub-regional level. Rent setting for any TTP schemes would follow the same policy as these proposals.
- 3.5.11 Some authorities are already charging rents to the maximum subsidy threshold for Housing Benefit. In spring 2005, the Department of Work & Pensions (DWP) raised concerns about authorities who had adopted this type of rent setting policy, and announced that a review of this area would be carried out. There is therefore a risk that Brent could adopt a policy of maximising rents only for the DWP to put an end to this practice. This risk is increasingly likely as more boroughs increase their rents to the maximum allowed.
- 3.5.12 Where a homeless household is in employment, and their rental contribution would be above an agreed level, procedures are in place to refer these cases to the Allocations Panel for consideration as to whether their banding should be increased to a Band A. in these cases officers assess their ability to afford the rent against an average social housing rent for their household size.
- 3.5.13 If a household is already accommodated in temporary accommodation and subsequently gains employment, their application will again be referred to the Allocations Panel for the same consideration.

3.5.14 Hotel rents

In 2006/07 the Council will receive 100% Housing Benefit subsidy up to the lower threshold of £224 for hotel accommodation, and 10% between the lower threshold and a £376 cap.

3.5.15 Current weekly rents paid for single and double rooms are below the lower subsidy threshold. If charges for single and double rooms were increased to the lower subsidy threshold, an additional £345k of subsidy could be generated. This projection assumes that the majority of households in hotel accommodation continue to be single people, and also allows for an increase in bad debt provision.

3.5.16 A number of other boroughs currently charge hotel rents at the lower subsidy threshold. However, as outlined in paragraph 3.5.11 there is a possibility that the DWP may change policy in this area.

3.6 Furniture Removals and Storage

3.6.1 Officers have been exploring ways in which costs for the removals and storage service for homeless households' belongings could be reduced. Members will be aware that the Council has a legal obligation under the homelessness legislation to ensure the safe-keeping of homeless households' goods.

3.6.2 The Council's duty and powers have always been interpreted in a generous way, both in terms of the availability of the service to homeless applicants and by the fact that the service has always been broadly free of charge, with limited charges made for part delivery of items out of storage, and when a customer fails to attend an appointment with the contractor.

3.6.3 Earlier this year, the Furniture Removals & Storage contract was awarded to a new contractor, Robinsons International Removals, with effect from 1st June 2005. The instructions to Tenderers stated that the Council did not guarantee the volume of removals and storage work and that no claim could be made by the contractor against the Council due to a lower volume of work. The Council is therefore in a position where we can take steps to reduce the volume of work without breaching the terms of the contract.

3.6.4 Despite the more favourable terms of the new contract, expenditure on the service is significant – the next table shows expenditure over the last three years.

YEAR	REMOVALS	STORAGE	TOTAL
2003/04	£94,662	£268,874	£363,536
2004/05	£60,769	£256,758	£317,527
2005/06* <i>Estimate</i>	£92,177	£192,534	£284,711

3.6.5 Members will note that the expenditure in 2004/5 fell by some £46,000 from the previous year. We have therefore already made some inroads into reducing costs for this service. This has mainly been achieved through preventing small jobs going into store and by effective reconciliation work to ensure that abandoned goods are promptly identified and sent for disposal. We are expecting to make further savings under the new contract, irrespective of whether or not we continue to run the service without further restrictions or charges.

3.6.6 However officers have reviewed various options for further reducing the costs of this service. This has included consideration of introducing charging policies, restricting the use of the service, the use of vouchers and storing furniture for a time limited period only.

3.6.7 As a result of this review, officers consider that the most appropriate option is to introduce a combination of charges and restricted access to the service. In summary, the key points of the proposed scheme are –

- (i) Customers who are assessed as being unable to deal with their property themselves being required to make their own arrangements, either with friends or relatives, or by using a private contractor.
- (ii) Provision of a list of contractors and prices combined with only offering the service to customers who have been assessed as being assessed as being unable to afford the costs of using a private contractor (A list of private self-drive van hire and self-storage companies could also be provided. It would be made clear that none of the companies on either list would be guaranteed or recommended by the Council).
- (iii) Where the customer can afford to use a private contractor, and has selected a contractor, assisting them with the arrangements where they are vulnerable.
- (iv) Where the customer cannot afford to use a private contractor, and cannot store property with friends or relatives, charging the customer for the service at the rates in the table below (new customers only).

Charges	Removals	Monthly Storage
Working Customers	Full Cost up to a maximum of £120 <i>(approx 90% of jobs are within this price range)</i>	£15 per container up to a maximum of £30
Non-working Customers	£50	£10

- (v) Asking customers to take account of the storage period whilst they are in furnished temporary accommodation (frequently upwards of 3 years) and to consider whether it makes financial sense to sell or otherwise dispose of their goods.
- (vi) Where customers cannot afford to pay a private contractor's costs but need their property moved for delivery to friends or relatives, or for disposal, provide the service at the costs in the table above.

3.6.8 Officers believe that this proposal has the following advantages –

- Compliance with s.211 of the Housing Act 1996 and the Code of Guidance.
- A reduction in usage through the promotion of customer use of private contractors and / or storage of property with friends or relatives.
- A reduction in usage through the introduction of storage charges.

3.6.9 There will be some additional administrative and other staffing costs involved in introducing and maintaining this policy. In addition we would expect to see legal challenges to the policy and an increase in complaints as a result of this change. However, net of these additional costs, officers forecast that savings of £65k could be made in 2006/07, £43k in 2007/08 and £7k in 2008/09.

3.6.10 Officers propose to implement these changes from 01/04/06 onwards. The new policy will apply to new furniture requests only, and will not be applied retrospectively to households whose belongings are already in store.

4.0 Financial Implications

4.1 Temporary Accommodation and Homelessness

The total draft budget for expenditure on Temporary Accommodation for 2006/07 at this stage is £5,997,000. This figure comprises the Temporary Accommodation budget of £5,497,000 and the Housing Benefit subsidy loss budget of £500,000. Based on current forecasts officers expect expenditure to be contained within the allocated budget.

4.2 If the recommendations to amend rent charging policy for the Brent Direct Leasing and Private Licencing Agreement schemes are agreed by Members, officers forecast that the additional income generated over three years will be as follows :

Additional Income Generated		
2006/07	2007/08	2008/09
1,797,282	2,067,474	2,301,294

4.3 If the recommendation to amend charges for hotel accommodation is agreed by members, an additional £345k of subsidy would be received in 2006/07.

4.4 If Members agree the recommendation to introduce a policy of restricting access to the furniture storage and delivery service for homeless households, and the policy of introducing charges for the service, a saving of £65k could be made in 2006/07, £43k in 2007/08 and £7k in 2008/09.

4.5 Plans to meet the Government's TA reduction plans have been outlined in the main body of the report. However Members are asked to note that no additional funding has been provided by the ODPM to support the Council in meeting this target. Although the ODPM has provided grant funding to support implementation of the Homeless Strategy over the last two years, the funding allocation for 2006/07 and 2007/08 has remained at the same level as 2005/06, at £740k. This is a cut in real terms.

- 4.6 In contrast, significant grant funding was attached to the B&B reduction initiatives. Authorities were also able to use savings made by the reduction in use of hotel accommodation to fund spend to save schemes to provide more appropriate forms of temporary accommodation. However given that the TA currently being used by Brent is extremely cost-effective, reducing the use of it will not deliver savings to the Council which can be used to fund access to the private rented sector and other preventative options. Officers therefore propose to use some of the additional income generated by the change in rent charging to fund further TA reduction initiatives.
- 4.7 There are no financial implications arising directly from the proposed change to the allocations scheme. However, if this change is not agreed, it will be very difficult to meet the Government's TA reduction targets, and this could affect future allocation of Homelessness Grant funding from the ODPM.

5.0 Legal Implications

5.1 Homelessness

The requirement to provide accommodation to homeless households arises under Part VII of the Housing Act 1996 as amended by the Homelessness Act 2002 and the Homelessness (Priority Need for Accommodation) (England and Wales) Order 2002, which introduced extensions to the priority need categories and came into force in August 2002.

- 5.2 The Council has a statutory duty under the Housing Act 1996, s211 to take reasonable steps to deal with homeless persons' goods where there is a danger of loss or damage to those goods because of the persons' inability to deal with them themselves and in the absence of other suitable arrangements being made. Under s211 (4) (a), the Council is entitled to make a reasonable charge for providing a removal and storage service to enable it to discharge this statutory duty.

5.3 Allocations

The primary legislation that governs the allocation of new secure tenancies is given in Part VI of the 1996 Act, as amended by the 2002 Act. As enacted, the 1996 Act introduced a single route into council housing, the Housing Register, with the intention that the homeless have no greater priority than other applicants for housing. Councils were required to adopt an allocations policy that gave certain categories of applicants (set out in section 167) a "reasonable preference", and to allocate strictly in accordance with that policy.

- 5.4 Brent has adopted Locata, a choice-based Allocations Scheme, working in partnership with other local authorities and RSLs in the West London Alliance. Initially piloted on one-bed cases, the scheme was extended to all bed-sizes in December 2002. Establishing priority under Locata is accomplished by placing applicants in one of 4 broad bands of priority; within each band, priority is established by time in that band (or a higher one). In effect, the highest priority bidder gets the property. The proposed change to the Locata banding scheme for households in temporary accommodation who accept a qualifying offer of private sector accommodation (see paragraphs 2.3 and 3.4), is lawful.

6.0 Diversity Implications

- 6.1 The most recent census data shows that Brent has the second highest ethnic minority population in London. The lettings targets, which are set annually, could potentially have a disproportionate impact on a particular ethnic group or groups. It is important therefore that this area is closely monitored.
- 6.2 An Equality Impact Assessment (EIA) looking at assessment for housing was carried out in March 2004. This document provided a statistical analysis of homeless applications, homeless decisions and lettings made in terms of applicants' ethnic origin. The data was also compared to census data on Brent's population. This document also includes information on age, gender and disability. Overall the EIA concluded that there was strong statistical evidence that there is no discrimination during the process of assessment of housing applications, or in lettings made.
- 6.3 The proposals in this report will affect applicants who have made a homeless application, however officers believe that there are no specific diversity implications arising from this report. However as the recommendations regarding furniture charging will require a change in policy and procedure an Impact Needs Requirement Assessment will be carried out before the changes are implemented.

7.0 Staffing/Accommodation Implications (if appropriate)

- 7.1 None specific.

Background Papers

Executive

Temporary Accommodation Update (01/05)

Supply & Demand and Temporary Accommodation (04/05)

Contact Officers

Helen Clitheroe
Head of Housing Resource Centre,
2nd Floor, Mahatma Gandhi House
34 Wembley Hill Road,
Wembley, Middlesex, HA9 8AD
Tel: 020 8937 2027
Fax: 020 8937 2023
E-mail: helen.clitheroe@brent.gov.uk

Martin Cheeseman
Director of Housing & Community Care

Appendix A – Temporary Accommodation Reduction Plan

	2005/06	2006/07	2007/08	2008/09	2009/10
Homelessness Demand					
In Temporary Accommodation at beginning of year	4,466	4,342	3,923	3,476	2,780
New Homeless Approaches	2,800	2,800	2,800	2,800	2,800
Homeless Preventions	700	750	800	850	850
Cases Accepted	735	718	700	683	683
Total Homeless Demand (less fall-out rate)	5,097	4,958	4,531	4,075	3,393
Lettings to Homeless Households					
Permanent Lettings	600	580	500	500	600
Conversion of TA to settled accommodation	50	350	350	350	350
Direct Lettings in Private Sector	70	70	70	70	70
Temp to Permanent Scheme	0	0	50	50	50
PFI Permanent Accommodation	0	0	50	250	0
Other (low cost home ownership; out of borough schemes)	35	35	35	75	80
Total Lettings to Homeless Households	755	1035	1055	1295	1150
Number in Temporary Accommodation at year end					
Reduction in TA	124	419	447	696	537
Cumulative Reduction in TA	124	543	990	1,686	2,223
%age Reduction	3%	12%	22%	38%	50%