



**Housing Scrutiny Committee**  
6 February 2019

**Report from the Strategic Director  
of Community Wellbeing**

**Welfare Reform and Homelessness**

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Non-key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	None
<b>Background Papers:</b>	None
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## **1.0 Purpose of the Report**

- 1.1 This report provides information about the impact of Welfare Reform on housing services and homelessness in the borough. It also provides feedback on the impact of the Homelessness Reduction Act 2017, and provides an overview of how challenges have been managed as well as outstanding risk.

## **2.0 Recommendations**

- 2.1 That the committee note the information provided on the impact of both Welfare Reform and the Homelessness Reduction Act 2017 on housing services and homelessness in the borough, and how the Council has worked in partnership with other agencies to deliver these changes.

## **3.0 Impact of Welfare Reform**

- 3.1 Since 2010, the UK welfare system has experienced far-reaching changes and major welfare reforms have been introduced. These reforms have significantly impacted the housing market and homelessness in Brent, specifically the changes to Local Housing Allowance (LHA), the introduction of the Overall Benefit Cap (OBC), and most recently the replacement of six key benefits with Universal Credit (UC).

## Local Housing Allowance (LHA)

- 3.2 There are over 36,000 private renters in Brent who have to claim housing benefit in order to help cover the cost of their rent. Many of these households are working, but their income is not sufficient to afford the rents in the borough.

Local Housing Allowance (LHA) is the name given to housing benefit for private renters. LHA rates are calculated based on local rents, and are capped at five different rates per area:

- Shared Accommodation rate
- One bedroom rate
- Two bedroom rate
- Three bedroom rate
- Four bedroom rate

The four bedroom rate is the maximum, even if a household requires more bedrooms. The maximum amount of housing benefit support a household can claim will depend on where they live, the minimum number of bedrooms they need and their income. If a person is younger than 35, single with no children, they are restricted to the shared accommodation rate of LHA, even if they live in a self-contained property. There are exemptions, for example, severely disabled people, care leavers under 22 years of age or those with a bedroom used by care workers providing overnight care.

- 3.3 LHA rates are set at the cost of renting a home in the bottom third of the private rental market. Since 2010 LHA have not risen in line with rising rents, and have been frozen since 2016 for four years. This means that they will remain frozen at the 2016 levels until 2020, regardless of how much private rents go up by in Brent.
- 3.4 Table 1 below illustrates the number of households living in the private rented sector in Brent, who claim housing benefit, and who face a shortfall between the actual cost of their rent, and the housing benefit support available.

*Table 1: Households who have to make a monthly contribution towards their rent.*

Contribution Bands	Number of HB Claims
£0 to £49.99	16065
£50 to £99.99	5323
£100 to £149.99	2278
£150 to £199.99	788
£200 to £249.99	307
£250 to £299.99	133
£300 to £349.99	46
£350 to £399.99	27
£400 to £449.99	10
£450 to £499.99	12
£500 to £1000	38
£1000+	16
No Contribution	11653

- 3.5 Due to the gap between the LHA rate and the Market Rate for private sector accommodation in Brent (see Table 2 below), the majority of private sector accommodation in Brent is unaffordable for households on low income or those dependent on benefits.

*Table 2 – LHA rates and Private Rented Sector Market Rates\* in Brent.*

Property Size	South Brent LHA Rates p/w	North Brent LHA Rates p/w	Market Rent* p/w
Shared Accommodation	£104	£90	£147
1 Bed	£268	£197	£293
2 Bed	£311	£250	£346
3 Bed	£365	£312	£426
4 Bed	£430	£386	£531

\*source - Valuation Office Agency

### **The Overall Benefit Cap (OBC)**

- 3.6 The Overall Benefit Cap (OBC) was first introduced nationally in 2013 and in Brent during August 2013 and refers to the maximum amount of specified Government welfare benefits that can be received by a household on a weekly basis unless they are exempt. It originally equated to £500 per week for working age couples and single parents and £350 per week for single persons. Where a household received more in weekly benefits than the cap permits, their Housing Benefit was reduced by the excess.
- 3.7 Since 7 November 2016 these limits had been reduced to £442.31 per week for working age couples and single parents and £296.35 per week for single persons resident in the London area. Unlike previously, there is now a separate lower Benefit Cap limit for residents of properties outside of the London area.
- 3.8 The cap is applicable to all working age benefit claimants unless they, their partner or any children that live with them, qualify for any of the following benefits:-
- Working tax credit
  - Attendance allowance
  - Disability living allowance
  - Personal independence payment
  - Employment and support allowance (support component)
  - Industrial injuries benefits
  - War widow or war widower's pension
- 3.9 In practice therefore, unless a person is exempt through disability, they can only avoid the cap through working sufficient hours to be eligible to receive Working Tax Credit. (16 hours per week for a lone parent; 24 hours per week for a couple; 30 hours per week for a single person.)

## Universal Credit (UC)

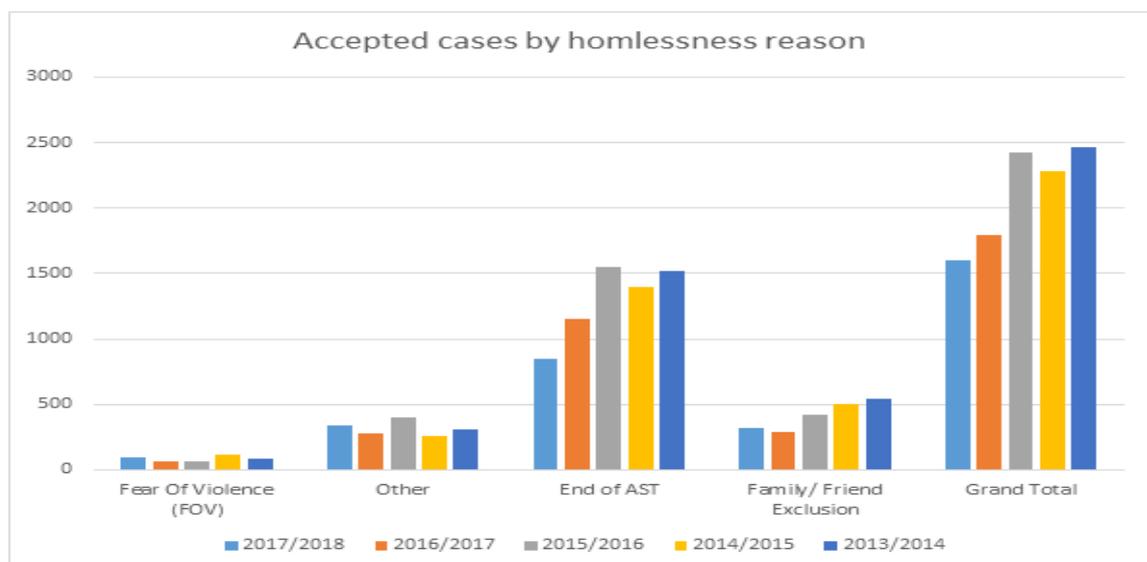
3.10 Universal Credit replaces a range of benefits and tax credits for working-age residents who are on low income. Universal Credit is administered by the Department for Work & Pensions (DWP) and was rolled out in Brent on 21 November 2018 at Harlesden Job Centre, and on 5 December 2018 at Wembley Job Centre.

3.11 Universal Credit is a single monthly benefit payment which will eventually replace:

- Income Support
- Income related Job Seeker's Allowance
- Income related Employment Support Allowance
- Housing Benefit
- Working Tax Credit/Child Tax Credit

3.12 A project team to ensure that the roll out of Universal Credit goes smoothly commenced work in September 2018. Representatives from all departments going to be affected by Universal Credit are represented and actions and relevant preparations completed to ensure the smooth delivery of the full service roll out.

3.13 Prior to the implementation of Local Housing Allowance and the Overall Benefit Cap, the main cause of homelessness in Brent was family/friends excluding a household. However the main cause of homelessness in Brent is now households being evicted from the private rented sector, through no fault of their own as landlords evict their tenants who claim Housing Benefit, as they are either exiting the rental market to sell their property, or want to charge a higher rent, significantly above the LHA rate.



#### 4.0 Community engagement and Welfare Reform Mitigation.

- 4.1 A Welfare Reform Mitigation strategy was developed in February 2016 via a coordinated cross-Council approach, and with external partners, to provide a joined-up response in response to the challenge of the reduced cap (and other welfare reforms, notably Universal Credit).
- 4.2 With regard to OBC, the strategy has specifically targeted vulnerable residents for assistance, including those residents in the following cohorts:
- Working With Families
  - Mental health
  - Substance abuse
  - Children with disabilities
  - Children with a child protection plan
  - Families in Temporary Accommodation or at risk of statutory homelessness
  - Claimants with learning difficulties or physical disabilities
- 4.3 General and specific advice is available to all claimants via a central information hub (on the Council's website) and in 2016/17 there was an associated publicity and engagement campaign across various media. An electronic Partner Toolkit is also located on the Council's website, with a Benefit calculator which provides claimants and caseworkers with a tool for calculating potential entitlement to welfare benefits (including Universal Credit), "better off" calculations and a household budgeting tool.
- 4.4 More specifically, those claimants vulnerable through Mental Health, Troubled Families and addiction issues etc. and / or likely to present a future statutory demand on the Council are prioritised for more dedicated support. The greatest impacts of the Cap also coincide broadly with the Council's priority neighbourhoods and officers have targeted support through place-based initiatives such as the Living Room and the Harlesden Hub.

#### Discretionary spending

- 4.5 The Benefits Service administers two discretionary funds which are for the alleviation of hardship for benefit claimants, not exclusively aimed at those affected by welfare reforms, but heavily utilised by those claimants:
- The **Local Welfare Assistance (LWA) scheme** provides emergency payments to vulnerable residents in crisis situations or for large one-off costs (e.g. white goods).
  - The **Discretionary Housing Payment (DHP)** fund has an annual government grant (which authorities may supplement with their own funds) to assist Benefit claimants (on HB or UC) who are experiencing hardship through housing-related costs. Payments may be one-off (e.g. costs associated with moving to a more affordable property) or ongoing

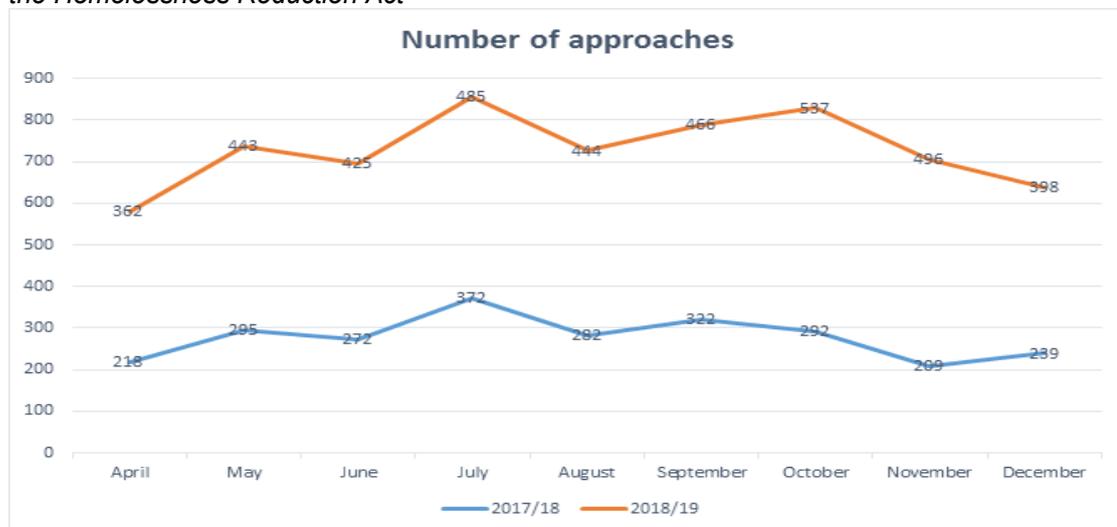
for prescribed periods (e.g. paying the shortfall in rent while the claimant undertakes a job brokerage course)

## 5.0 Impact of the Homelessness Reduction Act 2017

5.1 The Homelessness Reduction Act 2017 (the Act) significantly reformed England's homelessness legislation by placing duties on local authorities to intervene at earlier stages to prevent homelessness in their areas. It also requires housing authorities to provide homelessness services to all those affected, irrespective of whether or not a service user has priority need or may be intentionally homeless, both as defined by the Housing Act 1996 Pt VII.

5.2 The introduction of the Act on 3 April 2018 has resulted in a 62% increase in the number of homelessness presentations received during the period of April to December 2018, compared to the same period in the previous financial year. The Act introduces a number of amendments to the existing legislation and imposes a statutory duty to prevent homelessness to all eligible households who are threatened with homelessness, irrespective of whether they meet the Priority Need test or not. This has had a significant impact on the number of approaches from single homeless households, many of whom are meeting the statutory threshold to be placed into suitable accommodation during the relief/assessment duty stage of their application.

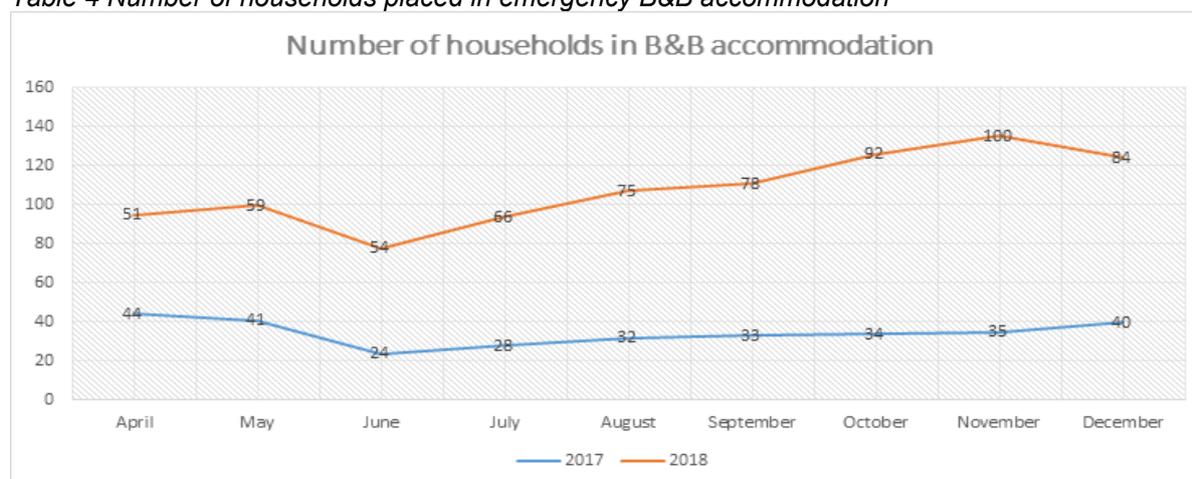
Table 3: Increase in the number of approaches from households since the implementation of the Homelessness Reduction Act



5.3 The combination of an increase in demand and reduction in supply of affordable PRS accommodation to prevent homelessness or to end the main homelessness duty has resulted in an increased use of emergency bed and breakfast accommodation.

5.4 Since the implementation of the Act, the number of homelessness households being placed in B&B accommodation has more than doubled (an increase of 110%) for the period April to December 2018, compared to the same period in the previous financial year

*Table 4 Number of households placed in emergency B&B accommodation*



5.5 As stated above, some of this increase in demand is due to ongoing Welfare Reform. However, some households are accessing the service on the misunderstanding that the Act will result in an allocation of Social Housing, or at the very least, an allocation of accommodation in the Private Rented Sector. The Housing Needs Team are therefore working to prevent or relieve homelessness for a new cohort of households, who have historically not accessed the service.

## 6.0 Preparation for the Implementation of the Act

6.1 The Housing Needs service restructured in preparation for the implementation of the Act to create separate teams to deal with demand from families and single households. This is because single homeless people who approach the Council tend to have a degree of vulnerability, above and beyond the fact that they are homeless or threatened with homelessness. These vulnerabilities range from issues with mental health, drug and alcohol abuse or being ex-offenders. Dealing with single homeless households therefore requires a different, more tailored response than homeless families, the majority of whom are in housing need due to issues of affordability.

6.2 The SHPS (Single Homeless Prevention Service), a consortium of the voluntary sector organisations Thames Reach and Crisis, working in partnership with a social investor, Bridges Fund Management was also established. Referrals are made to SHPS from the Single Homeless Team, of households who are homeless or threatened with homelessness, eligible for assistance, but who would not meet the vulnerability threshold in homelessness legislation. The SHPS team develop and agree a Personal Housing Plan with the household on how they will work together to prevent or relieve their homelessness. The SHPS team then receive payment for outcomes achieved.

## 7.0 Housing Related Support Budget (formally known as Supporting People)

- 7.1 The annual Housing Related Support (HRS) budget is £3.9M, and delivers 536 units of Supported Accommodation, 750 Generic Floating Support hours per week and 480 Older Persons Floating Support hours per week. A full break down of the services and budget is outlined in Table 5 below.

*Table 5 Current Provision of services provided by the HRS Budget*

Client Group	Number of accommodation based Units	Annual Budget
Mental Health	155	£998, 670
Multiple Needs	229	£989,675.
LD/PD/SI	57	£369,999.
Young People DA/Women and Family	95 (19 DA, 19 Teenage Parents, 6 complex needs and 51 YP (includes 3 crash pads)	£432,592.
Generic Floating Support	NA	£637,541
Older Persons Floating Support	NA	£474,750
<b>TOTAL</b>	<b>536</b>	<b>£3,903,228</b>

- 7.2 The Single Homeless Team make referrals to accommodation based support services and floating support services, of vulnerable homeless households who require additional support. SHPS also have access to make referrals to floating support services of homeless households who require additional support to help sustain a tenancy.
- 7.3 However there are issues with move on of households from supported accommodation, due to the lack of affordable accommodation that is available, resulting in these services becoming silted up. A review of HRS services commenced in September 2018 and is due to finish in April 2019, which will make recommendations about possible changes to service provision to address this issue.

## 8.0 Risks

- 8.1 The implementation of the Homelessness Reduction Act 2017 has led to both an increase in the number of households seeking the Council's assistance for housing and the length of time they spending in Temporary Accommodation (TA). This is a combination that is putting pressure on the use of TA and is likely to continue for the foreseeable future.
- 8.2 With demand from homeless households increasing, the pressure to secure suitable settled accommodation has also increased. The Council has been using the power under the Localism Act 2011 to end the main duty to homeless households with an offer of suitable accommodation in the private sector, called a Private Rented Sector Offer (PRSO). However, there is an insufficient supply of PRS accommodation that is affordable in Brent to meet this demand. Therefore, some accepted homeless households are still placed into TA.

## **9.0 Risk Management**

9.1 To mitigate the risk of increased demand from homeless households, the Housing Needs service manages demand through the effective use of homelessness prevention services, and works to increase the supply of affordable accommodation options that are available.

9.2 The service has developed a number of key initiatives to manage demand and increase affordable accommodation options including the following:

### **Find Your Home Scheme.**

Work with households at risk of homelessness to resolve their housing needs by securing alternative accommodation in the Private Rented Sector (PRS) before they actually become homeless.

### **SHPS**

Specialist team who work with single homeless and childless couples to agree a Personal Housing Plan on how they will work together to prevent or relieve their homelessness

### **Invest 4 Brent (i4B)**

A wholly owned investment company to acquire properties on the private market to let at the LHA rate.

9.3 Future initiatives planned to be implemented in 2019 include

### **Reasonable Rents**

Convert the status of HALS Temporary Accommodation properties when they are vacated by the existing tenant, and re-let to newly accepted homeless households as RP excluded tenancies (i.e. excluded from Local Housing Allowance limits) at higher "Reasonable Rents" by way of an offer of accommodation under the Council's Allocations Scheme. This is subject to approval by the Cabinet following the outcome of the review of the Council's Allocations Scheme. This will enable the RP to pay landlords a more attractive lease rent, which would allow the properties to be retained, and the portfolio to be expanded, with additional cost to the tenant.

### **Capital Letters**

The Cabinet agreed in October 2018 to join "Capital Letters", a joint endeavour between a group of London boroughs to jointly procure affordable Private Rented Sector accommodation across London, delivering at least the same level or potentially more PRS accommodation. The aim is to reduce costs and increase the supply of accommodation to use for the prevention and relief of homelessness or to end a main homelessness duty.

### **Modular Housing**

The Council's housing's development team has met with modular build suppliers to discuss the merits of this construction type, as part of the Council's ambitions to self-develop 1000 new homes, which has been backed by the GLA with £65m in Grant from the Mayors Building Homes for Londoners Programme. Modular housing could be used to provide a Council owned

hostel/TA in the short term, while the redevelopment of Knowles House takes place. IT could also be used to develop more settled accommodation.

## 10.0 Financial Implications

10.1 The current Single Homelessness Prevention Service (SHPS) is funded via a £0.9m grant from the Ministry for Housing Communities and Local Government (MHCLG) and £0.9m match funded by the Council. The grant conditions require the use of voluntary sector organisations to provide the service.

10.2 The overall costs of posts within the Housing department to comply with the new duties under the Act, as well as deal with the anticipated increase in

Section	of	Purpose	Amendment to Housing Act 1996
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demand is estimated at £1.3m per annum. A number of these additional posts have been created on 12 month fixed term contracts, to allow a degree of flexibility to reduce staffing levels should demand reduce.

10.3 The government has provided one off funding to local authorities to meet the 'new burdens' costs associated with the additional duties contained within the Act. Brent has been allocated on average £0.4m pa up to 2019/20. There has been no indication of this funding being extended after this point.

10.4 In addition, the council has been awarded £1.168m for 2017/18 and £0.832m as part of the package of support within the Flexible Homelessness Support Grant (FHSG) to be utilised to support the prevention of Homelessness. As per the new burdens funding, there is no certainty of the funding continuing after 2018/19.

10.5 So in summary, in the short term, the current funding streams available to the council are sufficient to cope with the anticipated increase in demands. However, in the medium to long term the funding for these new duties is less certain. If the Council is not successful in preventing more households from becoming homeless, and meeting the demand for affordable housing from homeless households in the Private Rented Sector, then the use of Temporary Accommodation will grow. With no certainty of the future funding arrangements through the Flexible Homelessness Support Grant (FHSG), this will lead to significant pressures on the General Fund.

## 11.0 Legal Implications

11.1 The legal implications regarding the introduction of the Overall Benefit Cap and Universal Credit and changes to the Local Housing Allowance are covered in the body of this report.

11.2 The main focus of the Housing Reduction Act 2017 ("the 2017 Act") is on 'prevention' and 'relief' of homelessness. In respect of non-vulnerable single persons, priority need is no longer the threshold. The s179 duty under the 2017 Act is to provide a more substantial advisory service. The Table below summarises the changes the Act makes to the Housing Act 1996.

<b>Homeless Reduction Act 2017</b>		
1	Extends definition of “threatened with homelessness” to 56 days	Amends existing s.175
2	Amends existing duty to provide advisory services	Substitutes a new s.179
3	Imposes a new duty to assess every eligible applicant’s case and agree a plan	Inserts a new s.189A
4	Amends existing duty in case of threatened with homelessness to take reasonable steps to help the applicant to secure that accommodation does not cease to be available.	Substitutes a new s.195.
5	Creates a new “relief” duty for anyone who is homeless and eligible and makes new referral provisions. Unless refer (local connection), must take reasonable steps to secure suitable accommodation becomes available for at least 6 months. Must have regard to s189A plan.	Inserts new s.189B and s.199A
6	Imposes new duties to help to secure accommodation	Inserts a new s.205(3)
7	Makes new provisions for failure to cooperate by an applicant for assistance	Inserts new ss193(A-C)
8	Makes new provision for local connection of a care leaver	Inserts a new s.199(8)-(11)
9	Extends existing statutory review duties	Amends s.202
10	Imposes a new duty on “public authorities” to refer cases to LHA	Inserts a new s.213B
11	Provides for a Code of Practice	Inserts a new s.214A
12	Further defines suitability of private rented accommodation sector	Amends Art. 3 of the Homelessness (Suitability of Accommodation)(England) Order 2012

11.3 The s189B relief duty ends for those eligible, homeless, in priority need and not intentionally homeless at the end of 56 days from when the authority is satisfied

that the appellant is homeless and eligible. Otherwise: when the authority secures accommodation for the Appellant for at least 6 months; the appellant refused an offer of accommodation; the appellant becomes intentionally homeless from s189B accommodation; the appellant is no longer eligible; the applicant withdraws his/her homelessness application; the applicant refuses a final Part 6 (Housing Act 1996) or final accommodation offer; the applicant deliberately and unreasonably fails to co-operate.

11.4 The s195 duty may be ended if: the applicant has suitable accommodation for at least 6 months; the authority has helped to secure accommodation and 56 days has elapsed since duty crystallised; the applicant becomes homeless; the applicant refused an offer of accommodation; the applicant becomes intentionally homeless from s195 accommodation; the applicant is no longer eligible; the applicant withdraws her application; the applicant deliberately and unreasonably fails to co-operate.

11.5 The range of s.202 statutory reviews has been extended to encompass reviews:

- of the steps the authority are to take in their personalised housing plan at the prevention duty
- to give notice to bring the prevention duty to an end
- of the steps the authority are to take in their personalised housing plan at the relief duty
- to give notice to bring the relief duty to an end
- to give notice under s.193B(2) in cases of deliberate and unreasonable refusal to co-operate.

## 12.0 Diversity Implications

12.1 The current legislation does not assist a substantial proportion of those seeking accommodation who are homeless. Currently the legislation owes a housing duty to those in priority need i.e. applicants with dependent children, applicants who are vulnerable as a result of medical/mental health issues, being in the armed forces, leaving institutional prison and who are elderly. The Homelessness Reduction Act excludes the priority need limitation to homeless applicants in relation to the relief and prevention duties as set out above and opens the prevention duty to all members of the public who are eligible and threatened with homelessness. It is therefore anticipated that this change will have a **positive or neutral impact** on service users across all age group, particularly the single working age homeless group.

**Report sign off:**

**Phil Porter**

Strategic Director of Community Wellbeing