**The implications of the Homelessness Reduction Act for the Local Authority**

**Report to Cabinet or Head of Service, Portfolio Holder, Corporate Management Team, Budget Holders, and Senior Finance Staff *(these are examples as to who it could be sent to)***

***Put into standard cabinet format if Cabinet or member report***

**Background**

The Homelessness Reduction Bill received Royal Ascent on 27th April 2017 and is now an Act. The date of enactment, based on public statements, would appear to be likely to be sometime between 1st January 2018 and 1st April 2018.

The Homelessness Reduction Act (abbreviated in this report to the HRA) amends Part 7 of the Housing Act 1996. There are 13 clauses that amend many of the existing duties and bring in a substantial number of new duties. The Housing Options Service will need to get to grips with the new duties in a relatively short time frame.

There are many implications arising out of the new legislation for the local authority. The most important issues relate to the need to retain existing funding levels and ensure that new Government funding to implement the new legislation is fully passed down to the Housing Options Service.

Homelessness applications are likely to rise by up to 50% and the service needs t be ‘geared up’ to manage such a large increase. Appendix 1 sets out our estimate of the rise in demand for our local authority. Under the new legislation each homelessness application will require extensive casework to either prevent a household from becoming homeless or, if they are homeless, to relieve their homelessness.

This report:

Sets out the current and new funding sources available to tackle homelessness and to successfully implement the new legislation and flags up the risk to the authority resulting from any possible reduction in the amount of funding passed down to the service

Sets out the likely impact of the HRA for the local authority

Sets out the actions that are being proposed to implement the Act including the number of new staff that will be required.

Failure to take action early to prepare for these extensive new duties will put the authority at risk through:

1. The risk of legal challenge to the authority if resources are reduced and we are unable to meet new legal duties arising from the Homelessness Reduction Act.
2. Failure of the local authority to deliver the new duties.

**The financial risk to the Council of reducing resources for the Homelessness Service if there are insufficient resources to manage homeless demand.**

There is a need to protect the current levels of funding for homelessness both now and going forward into 2017/18 and beyond due to the far greater financial risk posed to the authority through higher numbers of homelessness approaches.

**Recommendations arising out of this report and in particular the need to ensure there is sufficient funding to successfully implement and meet the challenge of the new legislation**

There are severe funding constraints within the authority with savings targets for all services. However, it is important that:

1. Decisions on funding and any savings targets are taken in full awareness of the financial implications of implementing the Homelessness Reduction Act with demand (reflected by homelessness applications) likely to rise by at least a third and possibly up to 50% more homeless applications.
2. There will be several new funding streams coming into the service from Central Government aimed at tackling homelessness and implementing the new legislation. Several of these funding sources are or are likely to be ring fenced for tackling homelessness. The recommendation is that this funding is protected and that these separate funding ‘pots’ be combined to providing more funding for targeted prevention work and greater commissioning power
3. Corporate managers and members need to be alerted as soon as possible to the extensive new duties the HRA will place on the Council and that some new funding will be allocated to implement the new duties. Members should be asked to make an early decision to internally ring fence all sources of funding from the Government provided to tackle homelessness for the next 3 years to enable the new legislation to be successfully implemented.

There are 5 sources of funding for preventing and tackling homelessness. These are:

1. The authority’s Homeless Prevention Grant received as a named amount in the Council’s Revenue Support Grant. This is currently £xxxx
2. A new annual Government grant provided to replace the Temporary Accommodation Management Fund and starting from April 2017. This has been confirmed as:

£xxx,000 for 2017/18

£xxx,000 for 2018/19

The newly named Flexible Homelessness Support Grant (FHSG) is an increase in funding compared to the previous TA management fee system. The Department of Communities and Local Government published the funding allocations for the grant over two years so councils will know with more certainty how much they will receive under the new system.   They have made a commitment to announce allocations for 2019/20 during 2017/18.  The funding has been allocated according to a formula which reflects relative homeless pressures, while at the same time aiming to protect local authorities which currently have high levels of Temporary Accommodation where their management costs were part funded by grant. The grant is ring fenced for an initial period of two years and during that time may be used only to prevent or deal with homelessness.

1. Further Transitional Funding from DCLG for a 2-year period after enactment to recognise the new burden the HRA places on local authorities. This is estimated to be £50K to £70K a year over 2 years starting in 2018/19 but the exact figure will not be confirmed until later in 2017
2. The Council’s Discretionary Housing Payment Fund. This is for 2017/18 £xxx,000 and is an increase in fundng.
3. Funding from Council tax and general funding from the Councils Revenue Support Grant allocation from Central Government

Funding stream b) is ring fenced for homelessness and funding stream c) above is likely to be ring-fenced and must be used to prevent or deal with homelessness. The DHP grant (d) above must be spent on housing related costs.

It is recommended that the Council:

1. Ring fence the funding from all 3 funding sources (a-c) for implementing the Homelessness Reduction Act and meeting the new statutory duties arising out of the Act (b is ring fenced and c is likely to be ring fenced). Bringing the 3 funding streams together will provide a considerable boost to the resources available to fund homelessness prevention initiatives and temporary accommodation.
2. From 2017/18 and for the 2 years that follow not to reduce the award of homelessness prevention funding grant which is a named line in the Revenue Support Grant Settlement General Fund contribution to providing the statutory homelessness service (a) above
3. Not to reduce the general fund contribution to providing the statutory homelessness service (e) above
4. Agree the implementation action plan and increase in resources set out in appendix 3
5. Allocate a significant proportion of the Councils DHP grant to preventing homelessness. The recommendation is for £xk of this grant to be transferred and administered by the Housing Options Team. DHPs can be used to provide:
   1. Rent deposits to access a private rented property
   2. Rent in Advance to access a private rented property
   3. To save a household from becoming homeless whilst they are helped to secure alternative accommodation

The regulations relating to the use of Discretionary Housing Payments Grant were revised in December 2016 and confirm that a primary objective of DHP is to support a local authority’s prevention of homelessness work. The recommendations for using the DHP grant above as well as the ability to administer all or a proportion of the budget allocation through a named service within the Council is confirmed in the December 2016 guidance manual for local authorities.

**Current and Predicted Trends**

We have to be mindful of the current and likely future homelessness trends and their likely impact on our Homeless and Housing Options Service. Our demand model is impacted by a number of factors including:

1. Further cuts to welfare from the new Government with the benefit cap reduced to £20k from November 2016. Given the high level of private sector rents in our area this will have a significant impact on families with 2 children or more who are in accommodation or seeking accommodation and are not exempted from the cap.
2. Our demand has increased significantly in 2016/17. We are seeing a *rise of x per cent* in people approaching for housing help and specifically an increase of x in homelessness application and this is likely to increase again in this financial year 2017/18.
3. The Government is pressing ahead with implementing Universal Credit including direct payments with the risk that more landlords will refuse to take households on benefits. Our date for full roll out of UC is x
4. It is becoming more difficult nationally and locally to house accepted homeless households into Housing Association properties. Housing Associations are becoming risk averse due to risk of UC and welfare reform. More and more Housing Associations setting restrictions on non-working households. Many family size affordable rent properties may not be affordable to people on benefits when the benefit cap is reduced.

The biggest impact is likely to come from further cuts to housing benefit through welfare reform. Accepted homeless cases due to the loss of rented accommodation nationally has now risen to 40% nationally of all cases owed a full homelessness duty by local authorities. In our authority the loss of an assured shorthold tenancy accounts for *x%* of all homeless approaches. This figure is likely to increase further as the impact of welfare reform is felt. More households will become homeless as a result of landlords refusing to accept a lower rent. In addition our most successful homeless prevention initiative is accessing the private rented sector through our *BOND (describe your scheme)* scheme*.* Locally we achieved *x preventions* *(put in your figure)* through accessing the PRS in 2016.

We are going to have to work considerably harder to reduce the inevitable impact on our PRS supply to prevent homelessness and our Homeless Grant is critical to achieving this.

The supply of Social Housing continues to cause concern. In 2015/16 there were only x general needs lettings available and our Housing Register has x thousand households registered. This problem is compounded by the likely future delivery of new affordable Housing. Last year we delivered only x new affordable social rented housing units. We have a significant shortfall of – *put in your position e.g. shortfall of all social housing or a shortfall of 1 beds non-older person accommodation/ 2 bed family housing/ etc*

**Impact of cutting in 2017/18 funding for 1) Revenue Funding for the Homelessness Service and 2) The current level of Homeless Prevention Grant set out in the Revenue Support Grant and allocated for tackling homelessness**

The impact of not retaining the full funding will be considerable. Through our prevention work we have reduced homelessness considerably in this authority over the last 5 years. The table below demonstrates our success here:

*Put in table here of prevention figures taken from DCLG national tables*

A national research paper by Shelter and Acclaim published in October 2010 *‘Vale for Money in Housing options and Homelessness Services’* records that the minimum unit cost saving per prevention for a local authority compared to a household being accepted as being owed the main homelessness duty is in the range of £1,300 to £7,700:

There is a real risk that the homeless pressures we face and the rise in applications due to the implementation of the HRA in 2018 could lead to a substantial increase in temporary accommodation and a risk of having to use costly bed and breakfast accommodation*.* The cost of bed and breakfast and increased temporary accommodation usage will be considerable and will be far in excess of any savings made if we do not retain the full resources allocated to tackling homelessness.

**Appendix 1: The Homelessness Reduction Act and what we are doing to prepare for its introduction**

***The Homelessness Reduction Act in brief and the additional legal duties it will place on the authority***

The Act is made up of 13 clauses. It introduces requirements for local housing authorities to carry out homelessness prevention work with all those who are eligible for help and threatened with homelessness. TheAct changes the point at which a person is classed as being threatened with homelessness from 28 days before a person is likely to be homeless, to 56 days. It also makes changes to the way local housing authorities assess the point at which a person becomes homeless or threatened with homelessness. The Act requires local housing authorities to carry out an assessment of the applicant’s needs, and that the steps agreed between the local housing authority and the applicant are set out in writing – in the form of a personalised plan. A new duty is placed on local housing authorities to take steps for 56 days to relieve homelessness by helping any eligible homeless applicant to secure accommodation. A new duty is introduced which will be owed to certain applicants who deliberately and unreasonably refuse to co-operate with local housing authorities. The Act specifies that local agencies should refer those who are either homeless or at risk of being homeless to local housing authority housing teams. Provision is also made for certain care leavers, to make it easier for them to show they have a local connection with both the area of the local authority responsible for them and the area in which they lived while in care if that was different.

**Appendix 2: An estimate for our Council of the number of additional homelessness applications due to the HRA and the methodology used to calculate this figure.**

***Here below I have set out a worked example so you can set out the likely impact and justify the need for the additional resources***

The methodology used to calculate the projected increase in Homelessness demand is to:

1. Take the learning from Wales where there has been a 26% increase in homelessness applications based on similar new duties. The Welsh legislation was introduced in April 2015 so the percentage increase is robust, based on 18 months data.
2. To add on the estimated increase in applications due to a new duty on specified public authorities to refer households to the local authority housing service, if that public body believes that the household may be homeless or at risk of homelessness. This duty is not replicated in Wales therefore the impact needs to be added to the figures. Specified public bodies are likely to be The Police, Prisons, GPs, Hospitals, Schools and Colleges

Taken together, it is estimated that the increase in homelessness applications for *your council* *name* will be up to 50%. Tables 1 and 2 below set out the detail for how the projected increase has been calculated

*Below is a worked example of how you could look to calculate the increase in demand. You may want to use to help you to evidence the likely increase and the need for resources*

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| --- | --- |
| **Table 1: Additional Homelessness Demand as a result of the Homelessness Reduction Act** | **Numbers/Calculation** |
| Estimated outturn figure for 2017/18 based on the number of homelessness applications in 2016/17 | 180 |
| Estimated increase in homelessness applications for 2018/19 based on the evidence from Welsh local authorities | 26% = 47 extra homelessness applications |
| Estimated increase in homelessness applications due to the new duty on specified public authorities to refer | 25% = 45 extra homelessness applications |
| Estimated increase due to the rise in homelessness applications across England and our region based on the rise for 2015/16 | 10% = 18 extra homelessness applications |
| Total additional homelessness applications | 290 |
| Minus 23% which is the average number of households found to be not homeless following the assessment of their homelessness application in Your council | 290 – 66 = 224 households owed either a new prevention duty or new relief of homelessness duty |
| Estimated Prevention duty caseload at 51% | 114 |
| Estimated Relief of homelessness duty at 49% | 110 |
| Prevention duty successful outcome cases (based on Welsh figures) is 65% with 23 % helped to remain and 77% helped through alternative accommodation | 88 require alternative accommodation to be sourced by the Council |
| Relief of homelessness successful outcome cases (based on the Welsh figures) is 45% all helped through alternative accommodation | 50 require alternative accommodation to be sourced by the Council |
| Total requiring alternative accommodation to be sourced by the Council | 133 – 34% where that accommodation is provided by social housing (based on Welsh figures) = 88 households will require private rented accommodation |

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| --- | --- | --- |
| **Table 2: Estimate of the additional Officer time required to implement the new duties** | **Detail** | **Additional hours/costs** |
| Section 189A assessment and Housing Plans | 226 households requiring an additional 2 hours interview | 452 hours extra |
| Prevention and Relief casework | 226 households requiring 5 hours casework per case | 1130 extra hours |
| Additional Legal Notification letters required under the new legislation | 4 letters per case and 1 hour per letter | 904 hours |
| Number of weekly PRS lettings required | 88 per year | 6 a week = cost of £105,600 based on an average 1 months rent in advance and 1 months rent deposit of £1,200 |
| Additional resources required:  2 x Housing Options Assistants  2 x PRS Lettings and Procurement Officers  2 x Temporary Accommodation Officers  1 x Review/Projects Officer |  |  |
| Total additional resources required 7 FTE posts |  |  |

**Appendix 3: What we are doing to prepare for the HRA’s introduction**

***Put in what you are doing here***