

SUBJECT:	Re-Designation of Shared Housing to Hostel Accommodation
MEETING:	Adult Select Committee
DATE:	8th February 2018
DIVISION/WARDS AFFECTED:	All

1.0 PURPOSE

1.1 This report is to consider re-designating the Council's Shared Housing accommodation to hostel designation. This will facilitate shared housing accommodation to fall under an alternative definition of the housing benefit regulations. This would eliminate the need for the Council to rely on subsidy funding, subsequent to the loss of the Temporary Accommodation Management Fee from April 2017. This is a follow up to the report received by the Adult Select Committee on 23rd January 2018.

2. RECOMMENDATIONS

2.1 To consider the benefits of the Shared Housing for homeless applicants and those threatened with homelessness in the context of the financial sustainability of the service.

2.2 To recommend to Cabinet that current units (and any possible future units) of shared housing should be re-designated to hostel accommodation from 1st April 2018 and to seek to negotiate ten year leases with appropriate break clauses with applicable landlords in order to facilitate the re-designation.

3. KEY ISSUES

3.1 Under the Housing (Wales) Act 2014, the Council has a duty to both respond to homelessness and to prevent homelessness. The Act also provides the power to discharge the associated duties into the private rented sector. Strengthening prevention activity is an on-going priority, including engaging with private landlords to enable access to private accommodation as a key option for the Council to discharge its duties and minimise over reliance on social housing and utilising bed & breakfast.

3.2 In this context the Council has developed a portfolio of 60 rooms, largely leased from private landlords, providing shared accommodation for single people. The scheme has created an additional housing option for single people, particularly males who wouldn't be considered to be vulnerable under the Housing (Wales) Act 2014. The scheme will have provided an alternative option for some applicants, to rough sleeping.

3.3 Prior to April 2017, the Council was able to base the weekly rental charge on the local housing allowance less 10%, plus £60 temporary accommodation management fee, paid via Housing Benefit. Welfare reform changes by UK Government removed this management fee. Welsh Government has attempted to support the Council with this loss of revenue through additional rate support grant. This, however, is insufficient to cover the shared housing scheme as well as the Melin private leasing scheme and has resulted in a significant financial pressure for the Council, which the Council has supported through the Medium Term Financial Plan.

3.4 It has been identified that the management of the shared housing is consistent with the Council's homeless hostel accommodation. The hostel is classed as Specified Accommodation under the housing benefit regulations. A change in designation to hostel and designated accommodation will mean that will mean the properties meet the definition of specified accommodation. This allow the Council to charge a rent that aligns with the local housing allowance and, subject to the financial circumstances of individual applicants, therefore, will payments will be made via housing benefit. This will avoid the need for the Council to seek a subsidy payment.

- 3.5 This arrangement will also support applicants in receipt of Universal Credit as housing costs for such applicants won't be included in their Universal Credit payment.
- 3.6 To meet the housing benefit regulations the Council will need to enter into ten year leases with property owners. The risk associated with this is considered to be low as current six month leases contain two month break clauses. A suitable break clause would be applied to any new leases.

4. OPTIONS APPRAISAL

4.1 The following options are available:

- **Option 1** – Continue to charge a rent that doesn't cover the costs of operating the shared housing and rely on cross funding from the Medium term Financial Plan or another internal budget. This isn't considered to be sustainable and places a risk on the future of the scheme.
- **Option 2** – Cease providing the shared housing scheme and hand back properties to landlords. There would be a need to re-house approximately sixty single people and equally would significantly reduce the homeless accommodation in Monmouthshire. This would make it very difficult for the Council to meet its duties under the Housing (Wales) Act 2014.
- **Option 3** - Re-designate the shared housing scheme to hostel accommodation. This will support the short to medium term future of the service and significantly reduce the 2018/19 funding shortfall compared to the projected shortfall for 2017/18. **Please see Paragraph 7.**

5. EVALUATION CRITERIA

5.1 Additional evaluation over and above that listed above is detailed in **Appendix 1.**

6. REASONS:

6.1 The Council has a legal duty to prevent and respond to homelessness under the Housing (Wales) Act 2014 and the power to discharge this duty into the private rented sector.

7. RESOURCE IMPLICATIONS:

7.1 The 2017/18 projected outturn for Shared Housing is an over-spend of £140,000. Please note this this is based on a credit budget of £72,000.

7.2 The 2018/19 projected outturn for Shared Housing, assuming the re-designation is agreed, will reduce to an over-spend of £42,000. Again, the credit budget of £72,000 is applicable.

8. WELLBEING OF FUTURE GENERATIONS IMPLICATIONS (INCORPORATING EQUALITIES, SUSTAINABILITY, SAFEGUARDING AND CORPORATE PARENTING):

8.1 Should the Council need to reduce or terminate the shared housing scheme, this negatively impacts on homeless applicants in Monmouthshire, which may include those with protected characteristics. **See Appendix 2.**

8.2 Homeless prevention and shared housing supports both Safeguarding and Corporate Parenting.

9. **CONSULTEES:** Chief Officer Enterprise; Cabinet Member for Enterprise; Head of Planning, Housing & Place-Shaping; Assistant Head of Finance

10. **BACKGROUND PAPERS:** None

11. **AUTHOR:** Ian Bakewell, Housing & Communities Manager

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Appendix 1

Evaluation Criteria – Cabinet, Individual Cabinet Member Decisions & Council

Title of Report:	Re-Designation of Shared Housing to Hostel Accommodation
Date decision was made:	
Report Author:	Ian Bakewell

What will happen as a result of this decision being approved by Cabinet or Council?

The financial viability of the Shared Housing scheme previously relied on the temporary accommodation management fee (local housing allowance less 10% + £60), which was payable through housing benefit. In April 17 this was withdrawn through Welfare Reform changes. This funding was replaced by additional Rate Support Grant payable to the Council. The level of additional Rate Support Grant was and continues to be insufficient to cover the management fee of both the Shared Housing Scheme and the Melin Private Leasing Scheme. Although costs have been reduced and there is a slightly reduced reliance on the management fee, this has created a pressure for the Council which is reflected in the Medium Term Financial Plan.

The change in designation of the shared housing scheme to hostel accommodation will mean that the shared housing accommodation, the use of which is consistent with the Council's Cinderhill Street hostel in Monmouth, will fall under the Specified Housing Housing Benefit Regulations. This will allow the Council to charge a rent in line with the local housing allowance. Applicants/residents, subject to their financial circumstances, could be eligible for full housing benefit.

This proposal reduces the pressure to the Council and the Medium Term Financial Plan for 2018/19.

The proposal helps to reduce the need for the Council to reduce the level of temporary accommodation for homelessness and preventing homelessness.

12 month appraisal

What benchmarks and/or criteria will you use to determine whether the decision has been successfully implemented?

The following benchmarks will be used to assess whether the decision has had a positive or negative effect:

- Requests/demand for homeless assistance
- Level of successful homeless prevention
- Client satisfaction and complaints
- Budget monitoring information
- Successful introduction of alternative options

12 month appraisal

What is the estimate cost of implementing this decision or, if the decision is designed to save money, what is the proposed saving that the decision will achieve?

There is no direct cost to implementing this decision.

The benefit of the decision is that it will reduce the projected overspend for 2018/19 from £140,000 to £42,000.

It will be a priority though to investigate new initiatives to strengthen homeless prevention and to create new housing options to mitigate against this cost and seek to reduce this financial pressure.

12 month appraisal

Any other comments