

<b>SUBJECT:</b>	<b>Homelessness &amp; Prevention - Future of Private Leasing Scheme</b>
<b>MEETING:</b>	<b>Single Cabinet Member Decision</b>
<b>DATE:</b>	<b>14<sup>th</sup> March 2018</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>All</b>

## 1.0 PURPOSE

- 1.1 The purpose of this report is to advise that the Council's contract with Melin Homes in respect of the management of the Private Leasing Scheme (PLS) is due to end in June 2018 and to agree to scheme being transferred back to the Council. The report also provides an update on Welsh Government temporary accommodation funding and its relevance to the PLS. **See Appendix 1.**

## 2. RECOMMENDATIONS

- 2.1 To agree **Option 1** and the Private Leased Scheme be transferred back to the Council in June 2018 (including the TUPE transfer of 1.6 wte Melin staff) and to continue to work with Melin Homes to prepare for the ending of the private leased contract in June 2018.
- 2.2 Continue to seek to reduce or eliminate costs wherever possible and reduce the current pressure to the Council.
- 2.2 To continue to identify alternative options for The Council to meet its responsibilities to further strengthen homeless prevention and for the on-going provision of temporary accommodation, as per the Housing (Wales) Act 2014. **See Appendix 2.**
- 2.3 To continue implementing the process of due diligence include giving particular regard to rent arrears and property condition.

## 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 homeless duties and minimise over reliance on social housing and the need to utilise bed & breakfast.
- 3.2 A PLS has operated for over ten years. It was initially established due to the lack of social housing and to support the Council to discharge its statutory homeless duties whilst helping to minimise bed & breakfast use. The PLS was transferred to Melin Homes in 2009 under contract, which ends in June 2018. A decision now needs to be made about the future of the PLS. The Council is actively preparing for the end of the contract and undertaking a process of due diligence. **See Appendix 1.** Melin no longer wish to manage the scheme, in part, due to Welfare Reform changes. Of relevance is the Department of Work & Pensions decision from April 2017 to remove the ability to claim a £60 pw per property temporary accommodation management fee subsidy, through housing benefit. Welsh Government have replaced with additional Rate Support Grant.
- 3.4 Although the Council continually seeks to access private rented opportunities, the ability to deliver the required number of properties is limited for a number of reasons including:

- Homeless applicants typically are low income households and in receipt of benefit. Lettings agencies and landlords are often reluctant to accept households on benefit.
- Many households cannot afford to meet local rents and upfront private sector costs.
- Vulnerable households are often perceived, often incorrectly, as a risk to landlords
- Some households with complex needs are difficult to accommodate in any sector

#### 4. OPTIONS APPRAISAL

4.1 The following options, which are further evaluated in **Appendix 1**, are available:

- **Option 1** – Transfer back to the Council and continue to operate alongside the Shared Housing, whilst seeking to retain, but re-negotiate with landlords. Option 1 is considered the most appropriate in order to most effectively meet statutory duties. It also supports the development of Monmouthshire Lettings.
- **Option 2** – Transfer back to the Council and phase out the scheme. This would impact negatively on preventing homelessness due to the lack of social housing and other housing options. It would also be detrimental to applicants and other costs would be incurred, such as bed & breakfast and Prevention related expenditure.
- **Option 3** - Identify a new provider, although it is believed there will be little interest due to the unique nature of the service. It is anticipated that the costs to the Council would be higher under this Option. Equally, it is considered that the Housing Options Team is best placed to manage the PLS directly due to the need for maximum £

#### 5. EVALUATION CRITERIA

5.1 Additional evaluation over and above that listed above is detailed in **Appendix 1**. See also **Appendix 3**.

#### 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 A decision by the Department of Works and Pensions to remove the temporary accommodation management subsidy from April 2017 (value approximately £383,230) and the 'replacement' funding by Welsh Government of additional Rate Support Grant (£148,000) has created the following budget pressures:

- An over-spend of £98,000 is projected for 2017/18, a reduction from £127,000 as reported at Month 7. This pressure was expected and has previously been factored into the Council's Medium Term Financial Plan.
- The projection for 2018/19 is a £150,000 overspend and is a reduction from £228,870 previously reported to the Committee in the previous report. **See Appendix 4**

7.2 However, the Council has since been advised a one-off non-recurring payment of £228,000 from Welsh Government is due to be received, subject to ministerial approval, to reimburse the Council for the loss of funding that arose. It is proposed, subject to Welsh Government and terms and conditions, that this funding be used to mitigate against the 2018/19 pressure. The £228,000 combined with the already approved £148,000 RSG funding very closely equates to the overall level of funding being received under the previous funding arrangement.

7.3 The costs associated with the TUPE transfer of 1.6 wte Melin staff equates to £45,962. This has been factored into the projected £150,000 overspend for 2018/19.

7.4 Due to the capacity of Legal Services, there may be a need to incur legal costs associated with additional staffing in relation to the need to draft agreements with property owners, agreements with tenants and any arising litigation, although the latter is considered unlikely.

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

8.1 Should the Council need to reduce the level of private leasing or phase out the PLS, this negatively impacts on homeless applicants in Monmouthshire, which may include those with protected characteristics. **See Appendix 5.**

8.21 Homeless prevention and the private leasing scheme 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

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## Appendix 2

### **Overview of Key Actions to Strengthen Homeless Prevention & Develop Alternative Housing Options to Private Leasing**

The following actions will help to mitigate against budget pressures created by the loss of the temporary accommodation management fee and help to provide alternatives to using private leasing to meet statutory duties:

- Scope to re-designate shared housing to hostel status is being investigated to attract different treatment by housing benefit.
- 'Lodgings based' Supported housing models are being investigated. A presentation by Nightstop was provided to officers on 7<sup>th</sup> December 2017. Other models have been acquired for consideration in relation to the Supporting People programme.
- Discussions are on-going about scope to strengthen homeless prevention utilising the Supporting People programme, as expected by Welsh Government. Need and a number of options are currently being considered.
- Acquire family 'hostel' type premises for the South of the County.
- Funding has been acquired from WG grant to temporarily offer 'Golden Hellos' for the Monmouthshire Lettings service.
- Again through securing another WG grant, the Council has appointed a Young Person Accommodation Officer from January 2018 to provide a dedicated resource in respect of young people hopefully increase prevention for young people. The proposal is that this post will be funded from Supporting People after April 18. This will also support Social Services and Childrens Services.
- Two part-time benefits staff have transferred from Social Care. This has enabled the Housing Options Function of Financial Inclusion to be strengthened.
- A small Homeless Prevention Reserve has been created to offer private landlords rent guarantees.
- The monitoring of the Housing Register is an on-going priority to ensure the Register works for the Council in respect of homelessness and prevention.
- Housing Options staff have met with Tai Calon Housing Association in Torfaen County Borough Council. Tai Calon from time to time, such as in locations close to Monmouthshire, may have vacancies that the Council may be able to utilise for homeless households.
- Discussions are on-going with a group of Monmouth Churches who are interested in providing a night-shelter for rough sleepers during the winter. Discussions about the churches supporting a possible lodgings based supported housing model are also being discussed.
- Development of a joint Regional Homeless Strategy with other Gwent Council's which it is anticipated. It is hoped that regional solutions will emerge.
- On-going development and promotion of Monmouthshire Lettings. 12 properties acquired to date.



## Appendix 3

### Evaluation Criteria – Cabinet, Individual Cabinet Member Decisions & Council

<b>Title of Report:</b>	<b>Homeless Prevention – Future of Private Leasing Scheme</b>
<b>Date decision was made:</b>	
<b>Report Author:</b>	<b>Ian Bakewell</b>

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

The proposed outcome is that the Council agrees to maintain the private leasing scheme after it is transferred back to the Council from Melin Homes.

Maintaining the private leasing scheme is of relevance for a number of reasons:

- The scheme enables the Council to discharge it's homeless related duties under the Housing (Wales) Act 2014
- It provides good quality temporary accommodation
- It supports applicants to remain within or near their own communities, albeit that isn't always possible
- The loss of the scheme will mean that the current 58 households will need to be accommodated. In reality this will create added pressure for the social housing stock. Furthermore, the loss will mean there are 58 less units of temporary accommodation for homeless households.
- The loss of the scheme will make it harder to prevent homelessness and/or provide accommodation to applicants
- The loss of the scheme may create knock on costs, such as the use of bed & breakfast
- There is a focus on developing other initiatives to strengthen homeless prevention and create new housing options. This will take time. It's unlikely that any one solution will be sufficient to replace the private leasing scheme.

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?**

No budget savings will be achieved by implementing this decision. Equally it's difficult to estimate the financial cost of phasing out the scheme. However, it is known that the current projected financial pressure is £150,000 for 2018/19. However, should these costs change it is more likely that the costs will fall rather than increase.

It is anticipated there would be social costs if the scheme was phased out in the short-term for homeless households in the knowledge that there is a lack of alternatives to private leasing to whom the Council has a duty to under Housing (Wales) Act 2014

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

## Appendix 4

### Resource Implications

As at the end of December 2017, Housing & Communities had an on-going pressure in relation to the provision of temporary accommodation for homeless purposes due to the removal by the Department of Works & Pensions of the temporary accommodation management fee subsidy from April 2017. At the end of December 2017, the projection for 2017/18 is estimated overspend of £98,000, which is a reduction from £127,000 as reported at Month 7.

For 2018/19 this is projected at £150,000 and is a reduction from £228,870 previously reported through steps taken to mitigate against the situation.

At 31<sup>st</sup> March 2017, the Council and Melin Homes had claimed approximately £383,230 in respect of 2016/17, through housing benefit arrangements, temporary accommodation management subsidy. The actual management fee subsidy arrangement (for both Melin and the Council) was for every property where housing benefit is payable, the subsidy is payable at the local housing allowance (which rents are aligned with) less 10% + £60 per property per week.

The subsidy supported the management of the Melin PLS, the Council's Shared Housing Scheme and the Council's hostel. This subsidy was withdrawn from April 2017 by the Department of Works and Pensions.

To help local authorities mitigate against the change, Welsh Government agreed provided local authorities with additional Rate Support Grant. The value of the Council's additional RSG is £148,000. This created a shortfall of £235,230 for the Council on the basis of maintaining the same portfolio of accommodation into 2017/18. The loss of funding can't be offset from anywhere within Housing & Communities

Although an option was to reduce the level of temporary accommodation, it was and continues to be considered that in order to meet statutory homeless duties and maintain the existing level of performance, this wasn't an appropriate course of action. The focus, therefore, was to seek to reduce the reliance on the subsidy arrangements. The following steps have been taken to mitigate against the reduction in funding and to reduce the reliance and associated liabilities:

- Additional support funding was been requested from Welsh Government at the start of the Financial Year. The Council was advised on 16th February 2018 that a one-off non-recurring payment, subject to ministerial approval, of £228,000 will be paid to reimburse the Council for the loss of the Temporary Accommodation Management Fee. Subject to terms and conditions, the Council it is proposed to use this to mitigate against the £150,000 projected pressure for 2018/19.
- Melin Homes was requested to reduce their management fee as much as possible and agreed to reduce it to £50 pw.
- MCC renegotiated rent payments to Shared Housing landlords enabling the Council to achieve the following reductions:
  - £38.81 pw for 47 units in MCC
  - £47.10 pw for 12 units in TCBC
- The Melin stock has reduced from 68 to 57 and will reduce further to 56 by April 2018 (through landlords voluntarily leaving the scheme). 65 was reported in the previous report.
- In liaison with Housing Benefit, the Council's hostel has been re-designated as Specified Housing. This means that the hostel currently attracts an alternative subsidy.



- The loss of the management fee has been defined as a pressure for the Council and an additional £27,000 has been made available for 17/18 through the Medium Term Financial Plan.
- As part of the development of Monmouthshire Lettings to encourage private landlords to work with the Council, a full management model is now on offer to private landlords. This in effect has introduced an expanded Monmouthshire offer to private landlords and presents an alternative approach to leasing, but is subject to landlords considering this to be an attractive alternative. One property has been taken on under the full management option and a further three are currently being negotiated.

Subsequent to the above steps, the projected and revised 'management fee' requirements for 2017/18 are as below:

<b>Accommodation</b>	<b>Units</b>	<b>Weekly Fee</b>	<b>Full Value</b>	<b>Est Void</b>	<b>Est Liability</b>
MCC Houseshare	60	40.50	126,360	9%	114,987.60*
MCC PLS	1	60.00	3,120.00	5%	2,964.00
MCC Hostel	5	Nil	Nil	N/A	Nil
Melin PLS	<b>58<sup>1</sup></b>	50.00	169,000.00	5%	155,592.86 <sup>2</sup>
<b>Total</b>					<b>273,544.46</b>
<b>RSG Grant</b>					<b>148,000</b>
<b>MCC Pressure</b>					<b>27,000</b>
<b>Projected Shortfall 17/18</b>					<b>98,544.46<sup>3</sup></b>

<sup>1</sup> As at 2<sup>nd</sup> January 2018. At September 17 this was 65.

<sup>2</sup> Includes actual expenditure from April 17 to November 17.

<sup>3</sup> This is a projected reduction in liability from the last report of £3,040

\*Includes budgeted income targets eg a deficit budget

As previously stated, Shared Housing provides the Council with an income. As part of the Council's annual budget saving (Cabinet Mandate) procedures, there is a £72,000 income target built into Shared Housing budget:

Housing & Communities, therefore, has a budget pressure for 2017/18 and beyond, although efforts to reduce this combined with arising circumstances, may help to further reduce the budget shortfall as below:

- It is a priority to engage with landlords who participate in the Melin PLS. The Council will seek to re-negotiate with landlords and reduce the lease costs currently paid and review terms of the leases. This, however, is obviously subject to landlords agreeing to accept a low lease charge and won't start until at least June 2018. It is anticipated that few landlords will want to opt to accept a reduced fee.
- It is expected some existing Melin landlords may withdraw from the scheme and not want to work with the Council going forwards. Although this will reduce the management fee reliance it will also reduce the availability of accommodation to prevent homelessness or respond to homelessness which is likely to result in costs being incurred elsewhere eg bed & breakfast.