

<b>SUBJECT:</b>	<b>Re-Designation of Shared Housing to Hostel Accommodation</b>
<b>MEETING:</b>	<b>Single Member Cabinet Decision</b>
<b>DATE:</b>	<b>28<sup>th</sup> February 2018</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>All</b>

## **1.0 PURPOSE**

- 1.1 The purpose of this report is to seek agreement to re-designate the Council's Shared Housing accommodation to hostel designation to better reflect how the shared housing is currently operated and managed. This will facilitate shared housing accommodation to fall under an alternative definition of the housing benefit regulations. This would omit 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 23<sup>rd</sup> January 2018.

## **2. RECOMMENDATIONS**

- 2.1 To agree to current units (and any possible future units) of shared housing being re-designated to hostel accommodation from 1<sup>st</sup> April 2018.
- 2.2 To seek to negotiate ten year leases with appropriate break clauses with applicable landlords.

## **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 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 In order to meet the housing benefit regulations the Council will need to enter into a ten year leasing arrangement with property owners. The risk associated with this is considered to be low as current *one year* leases contain two months break clauses. A suitable and similar 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 would place 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 £42,000. Again, the credit budget of £72,000 will be 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 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
11. **AUTHOR:** Ian Bakewell, Housing & Communities Manager
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## Appendix 1

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

<b>Title of Report:</b>	<b>Re-Designation of Shared Housing to Hostel Accommodation</b>
<b>Date decision was made:</b>	<b>28.02.18</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 re-designate the shared housing scheme to hostel accommodation for the following reasons:

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*

