

SUBJECT:	Homeless Prevention Reserve Fund
MEETING:	Adult Select Committee
DATE:	14th February 2017
DIVISION/WARDS AFFECTED:	All

1.0 PURPOSE

- 1.1 The purpose of this report is to propose to establish a budget account to enable the Council to offer rent guarantees and 'paper' deposit bonds to further strengthen the homeless prevention toolkit through improving access to private rented accommodation.

2. RECOMMENDATIONS

- 2.1 To consider how the Homeless Prevention Reserve Fund will support the Council's statutory duty to prevent homelessness and provide the foundations for a future income generation opportunity and make recommendations as appropriate.
- 2.2 To recommend to Cabinet to agree to establish a Homeless Prevention Reserve Fund.

3. KEY ISSUES

- 3.1 Under the Housing (Wales) Act 2014, the Council has a legal duty to both respond to homelessness and to prevent homelessness. The Act also provided local authorities with the power to discharge the associated duties through the private rented sector. The Committee will be aware that it has been a priority for the Council to expand and strengthen homeless prevention activity. The Committee will also be aware that in seeking to improve homeless prevention, focus has been given to enabling access to the private rented sector as an alternative to over reliance on social housing and the need to utilise bed & breakfast.
- 3.2 Although the Council is increasingly accessing the private rented sector to prevent homelessness, this continues to be a challenge for a range of reasons. This includes:
- Homeless applicants are often 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 upfront payments and costs associated with securing private sector accommodation. These are routinely agency fees, bonds/deposits and rent in advance.
 - Vulnerable and low income households are often perceived as a risk to landlords with regards to potential damage and non-payment of rent.
 - Some households with complex needs are difficult to accommodate in any sector
 - Some landlords refuse to work with certain external preventative agencies
- 3.3 In this context, there is often a reluctance of landlords to support the Council with rehousing applicants. There is a need, therefore, for the Council to try and strengthen the support provided to private landlords to help overcome fears and perceived risks
- 3.4 Established practice already exists through the Housing Options Team to provide support to tenants that benefits landlords through an existing Prevention budget. This regularly includes making payments for letting agency fees, bonds/deposits and rent in advance. It is considered though there is scope to further both strengthen this level of support and improve procedures to minimise the financial risk and cost to the Council.
- 3.5 It is, therefore, considered appropriate and prudent to establish a ring-fenced Homeless Prevention Budget Reserve to operate alongside the Housing Options Team's Prevention

Fund. The intention is that when appropriate, the Council will seek to make under-written financial commitments/promises to landlords as an alternative to making a cash payment. For example, a landlord may require a bond of £500. This would be transferred into the Reserve rather than being paid directly to the landlord. Should the landlord need to claim on the bond, this can still be easily paid out. However, in the event of the landlord not needing to claim, the sum would still be available to be used for a similar purpose to prevent homelessness for another applicant. It's also proposed, subject to availability, 5% of the Prevention Budget is paid into the Reserve to help build up resilience and flexibility.

3.6 Homeless prevention activity would continue to be implemented as per current procedures and relevant payments from the Prevention Fund (for example to underwrite a bond) would be made into the reserve. There would be no net cost to the Council.

3.7 The Reserve is a more sustainable approach to budgeting. Advantages include:

- Being able to issue 'Promises' to landlords as an alternative to making cash payments
- The ability to carry funding forward into subsequent financial years increasing flexibility
- The Reserve would help to smooth annual volatility through enhanced resilience.
- The Reserve would facilitate the increase of practical support to landlords.
- The Reserve supports the Future Monmouthshire policy and the development of the Monmouthshire Letting Service, the aim of which is to become a fee charging service
- The Reserve helps mitigate against B & B use and expenditure.

4. REASONS:

4.1 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.

4.2 The proposal also helps to mitigate against a new funding risk relating to the use of private leasing to prevent homelessness, following the Welfare Reform change relating to the ceasing of the Temporary Accommodation subsidy from April 2017. This is to be replaced by additional Revenue Support Grant. On the basis of existing leasing units, this, however, equates effectively to a reduction in funding for Monmouthshire. **See Appendix 1**

5. RESOURCE IMPLICATIONS:

5.1 There will be no net costs to the Council arising from this proposal. The Housing Options Team has an annual budget of approximately £30,000 to fund homeless prevention activity. Payments into the Reserve would be from this budget.

6. SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:

6.1 No negative impacts have been identified. **See Appendix 2**

7. SAFEGUARDING & CORPORATE PARENTING IMPLICATIONS:

7.1 Homeless prevention supports both safeguarding and corporate parenting

7. **CONSULTEES:** Chief Officer Enterprise; Housing Management Team; Head of Planning, Housing & Place-Shaping; Assistant Head of Finance

8. **BACKGROUND PAPERS:** How to Plan, Develop, Launch & Sustain a Social Letting Agency; Crisis; 2015

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

10. **CONTACT DETAILS:** E-mail: ianbakewell@monmouthshire.gov.uk Telephone: 01633 644479

Appendix 1

Private Leasing – MCC Shared Housing & Melin Private Leasing Scheme

Change of Subsidy Arrangements

Introduction

Private leasing has been an integral and important part of the Council's strategy for responding to homelessness for a number of years now. In this context, private leasing is highly relevant in Monmouthshire for two key reasons. Firstly the number of social housing properties is low in terms of both actual stock and annual vacancies. Secondly, private sector housing is difficult for both low income/vulnerable households and the Council to access. Key traits of Monmouthshire's private rented sector is that market rents are typically higher than Local Housing Allowance rates. Market demand is sufficient for private landlords to not only charge market rents but also to focus on higher income professionals and commuters (to the likes of Bristol and Cardiff). From regular landlord feedback, the Council is aware that there is a general reluctance to accommodate low income and vulnerable households because of the perceived associated risks.

The above nature of Monmouthshire's housing market has been a major factor behind the Council's decision to invest in private leasing. Through strategic health-check arrangements, the Council's approach has been positively supported by Andy Gale, Housing Consultant.

The current profile of the Monmouthshire homeless related stock is:

- 58 single person private leased shared housing units – MCC managed
- 1 family private leased unit – MCC managed
- 72 family private leased units – Melin Homes managed
- 5 hostel units – MCC owned and managed

The actual subsidy arrangement is for every property where housing benefit is payable, the subsidy is payable at the local housing allowance less 10% + £60 per week. From 1st April 2017 this will be replaced by Additional Revenue Support Grant of £148,000

The current subsidy arrangements have been critical to the Council achieving and maintaining the above portfolio. The value of the accommodation subsidy for 2015/16 was approximately £300,000. However, the total stock has increased in size over 2016/17 due to the Council's policy to expand the Shared Housing scheme. The subsidy for 2016/17 is, therefore, estimated at around £350,000.

The following provides an overview of Monmouthshire's recent homeless related demand.

	2015/16	2016/17 to Q3
• No. of contacts	623 (155/qtr)	477 (159/qtr)
• Total social h'g lets	298 (GN only)	266 (GN only)
• S.66 determined	248	131
• Successful S.66	182	71
• S.73 determined	95	108
• Relieved S.73	38	51

• S.75 determined	38	7
• B & B non-family	11	13
• B & B families	0	12

The role and availability of private leasing as part of the Council's homeless and prevention strategy, has been key with regards to delivering the above. The homeless demand alone, compared to the number of social housing lets (which the Housing Act 1996 requires to be available for other priority groups), highlights the relevance of leasing in Monmouthshire. Without the said leasing provision, the level of prevention would be lower and the extent of B & B use would be higher.

Furthermore, the provision of the Shared Housing scheme by the Council has in effect created an additional housing option in Monmouthshire for single, under 35's. In the climate of welfare reform, the Council regards this as a key success and a notable area of good practice.

On the basis of the award of the additional £148,000 RSG, the Council considers that this allocation will be inadequate to maintain the current portfolio on the basis of the existing costs. In light of this funding allocation, the Council acknowledges there is a need consider the options going forward with regards to leasing.

It is, therefore, believed the situation creates the following risks to the Council:

- Housing & Communities will be unable to deliver budgeted income associated with private leasing. This loss of income cannot be offset from elsewhere within Housing.
- In broad terms the level of additional RSG is inadequate for both the Council and Melin Homes to continue on the basis of the current stock. In simplistic terms, the number of units will need to be reduced and there is a need to renegotiate with private landlords.
- The Melin Homes element of the stock is delivered under contract to the Council. This includes the Council paying Melin Homes at the rate of the current subsidy arrangements.
- In the event of Melin Homes not being willing to remodel in order to accept a reduced management fee, it's likely that the Council will need to close the majority if not all of the 58 units of shared housing.
- There will be a need to close units which will create re-housing implications for the current residents. This will have a knock on for the Council in terms of new applications and administration. It is anticipated that this would result in a significant decline in short-term performance, including a need to use bed & breakfast to overcome the situation.
- It is anticipated that long-term performance will decline, including an increased use in bed & breakfast. (Accessing bed & breakfast is a challenge in Monmouthshire as there are very few establishments interested in working with the Council. Establishments can rely on the buoyant Monmouthshire tourism trade. So it would be expected there would be an increasing need to access establishments out of the area and further impacting upon residents.
- There will be an impact on wider costs including bed & breakfast and prevention related expenditure
- There would be reputational damage from residents, applicants and landlords.

- The loss of leasing will undermine the Council's proposals to develop Monmouthshire Lettings, a concept that the Council is developing in order to improve engagement with private landlords and hopefully increase access. The Council previously considered the availability of leasing as an attractive option for engaging private landlords and securing their support. This is due to go live in the Spring.

In the short-term the Council has both spoken and written to Welsh Government highlighting the above concerns and risks and requesting financial assistance. A response is currently awaited. At the same time officers are considering the options to maintain private leasing and leasing with Melin Homes.

Ian Bakewell
Housing & Communities Manager
30th January 2017



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Future Generations Evaluation (includes Equalities and Sustainability Impact Assessments)

<p>Name of the Officer Ian Bakewell</p> <p>Phone no: 01633 644455 E-mail: ianbakewell@monmouthshire.gov.uk</p>	<p>Please give a brief description of the aims of the proposal</p> <p>Homeless Prevention – Establish a Homeless Prevention Budget Reserve</p>
<p>Name of Service</p> <p>Housing & Communities</p>	<p>Date Future Generations Evaluation</p> <p>3rd January 2017</p>

1. Does your proposal deliver any of the well-being goals below? Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p>A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>By creating sustainable and affordable housing accommodation.</p>	<p>A prevention fund already exists, but has limitations due to annualised budget cycle</p>

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p>A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)</p>	<p>Helps create a more resilient homeless service and more resilient community</p>	<p>Prevention fund already exists</p>
<p>A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood</p>	<p>The service supports people to access and remain in good quality accommodation or access alternative accommodation which contributes to health and well-being.</p>	<p>The Council already takes on accommodation, which needs to meet minimum standards eg no Category 1 hazards</p>
<p>A Wales of cohesive communities Communities are attractive, viable, safe and well connected</p>	<p>The service support this by creating sustainable long term affordable accommodation.</p>	<p>Financial assessments of household income is assessed to determine affordability. Accommodation is already secured at or about Local Housing Allowance.</p>
<p>A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing</p>	<p>N/A</p>	<p>N/A</p>
<p>A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People</p>	<p>N/A</p>	<p>N/A</p>

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
are encouraged to do sport, art and recreation		
A more equal Wales People can fulfil their potential no matter what their background or circumstances	The scheme will create settled households in which they are better able to fulfil their potential.	Many of the services are already currently available from the Housing Options Team.

2. How has your proposal embedded and prioritised the sustainable governance principles in its development?

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
 <p>Long-term</p> <p>Balancing short term need with long term and planning for the future</p>	The service supports the Council to discharge its legal duty to prevent homelessness as per the Housing (Wales) Act 2014 and aims to reduce the use of short-term measures eg B & B	Approach already exists
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	Private landlords will be a key partner	Private landlords are already key partners

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
 <p data-bbox="159 379 315 411">Involvement</p> <p data-bbox="125 416 517 448">Involving those with an interest and seeking their views</p>	<p data-bbox="546 245 707 277">None done</p>	
 <p data-bbox="159 624 315 655">Prevention</p> <p data-bbox="125 660 517 730">Putting resources into preventing problems occurring or getting worse</p>	<p data-bbox="546 489 1312 603">The service is a preventative service and accesses and utilises external resources to facilitate people to remain at home or secure alternative accommodation.</p>	<p data-bbox="1352 489 2056 555">The proposal helps to extend current preventative services</p>
 <p data-bbox="159 906 315 938">Integration</p> <p data-bbox="125 943 517 1013">Positively impacting on people, economy and environment and trying to benefit all three</p>	<p data-bbox="546 772 1312 885">The services positively impacts upon the local economy by facilitating / creating a of long term tenure security of accommodation.</p>	<p data-bbox="1352 772 1413 804">N/A</p>

3. Are your proposals going to affect any people or groups of people with protected characteristics? Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	The service is available to this and all groups	The service is targeted at preventing homelessness and, therefore, can't necessarily assist other non-related referrals.	Non homeless prevention cases will be provided with advice and assistance and may be referred to other services
Disability	Ditto	Ditto	Ditto
Gender reassignment	Ditto	Ditto	Ditto
Marriage or civil partnership	Ditto	Ditto	Ditto
Race	Ditto	Ditto	Ditto
Religion or Belief	Ditto	Ditto	Ditto
Sex	Ditto	Ditto	Ditto
Sexual Orientation	Ditto	Ditto	Ditto
Welsh Language	Ditto	None	Bi-lingual information will be available

4. Council has agreed the need to consider the impact its decisions has on important responsibilities of Corporate Parenting and safeguarding. Are your proposals going to affect either of these responsibilities? For more information please see the guidance note <http://hub/corporatedocs/Democratic%20Services/Equality%20impact%20assessment%20and%20safeguarding.docx> and for more on Monmouthshire's Corporate Parenting Strategy see <http://hub/corporatedocs/SitePages/Corporate%20Parenting%20Strategy.aspx>

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	Describe any negative impacts your proposal has on safeguarding and corporate parenting	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	The service will help to identify issues and refer accordingly.	None	Level 1 Training
Corporate Parenting	Ditto	None	The service can potentially be used to support cases identified Social Care

5. What evidence and data has informed the development of your proposal?

<p>Homeless prevention related statistics</p> <p>Housing (Wales) Act 2014</p> <p>Welsh Government Code of Guidance for Local Authorities for the Allocation of Accommodation & Homelessness</p> <p>Good practice information</p> <p>Landlord feedback</p>

6. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?

- The lettings agency service will help reduce the need to identify alternative or temporary accommodation, such as B & B and the associated costs.
- The service at the initial outset will not have the capacity to support non-homeless prevention households requiring accommodation, however it is expected that as the service grows and more properties are taken on all households looking for accommodation will be able to access the service.
- As the service grows so will it help to facilitate a small income for the Council.

7. Actions. As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.

What are you going to do	When are you going to do it?	Who is responsible	Progress
N/A	N/A	N/A	N/A

8. Monitoring: The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.

The impacts of this proposal will be evaluated on:	<p>Will be reviewed on an on-going basis through quarterly monitoring reports and Team Meeting</p> <p>The service will be considered during periodic analysis of failed homeless prevention, undertaken to identify possible improvements and understand potential service flaws.</p>
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