

REPORT TO: AUDIT AND PERFORMANCE REVIEW COMMITTEE ON 3 MARCH 2010

SUBJECT: PRESSURES ON HOMELESSNESS BUDGET

BY: DIRECTOR OF COMMUNITY SERVICES

1. REASON FOR REPORT

- 1.1 This report presents information for scrutiny by the Audit and Performance Review Committee, as requested by the Chairman at the Committee's meeting in December 2009.
- 1.2 This report is submitted to Committee in terms of the Council's Administrative Scheme relating to the scrutiny of Council performance.

2. RECOMMENDATION

- 2.1 It is recommended that the Audit and Performance Review Committee scrutinises this report.**

3. BACKGROUND

- 3.1 At its meeting on 16 December 2009, the Chairman of the Audit and Performance Review Committee sought a report to the Committee on homelessness, specifically in relation to the areas of budgetary overspend and corrective actions.
- 3.2 This report therefore considers –
- (i) the areas of the homelessness budget under pressure;
 - (ii) the causes of these pressures;
 - (iii) the impact of these pressures for the budget;
 - (iv) actions being taken; and
 - (iv) future priorities
- 3.3 There are several references in this report to earlier reports presented to Council Committees on the pressures on the Council arising from homelessness. All reports previously presented to the Council which relate to these pressures are listed in **APPENDIX I**.

4. HOMELESSNESS BUDGET PRESSURES

- 4.1 Budget monitoring reports are presented to each cycle of Committees. For the Communities Committee, the budgets monitored are the Housing Revenue Account (HRA) and Other Housing in the General Services Budget. Pressures

have been noted in homelessness budgets in the General Services Budget for some time.

- 4.2 In the report to Communities Committee on 16 February 2010 a net overspend of £0.299m was projected for the Homelessness/Allocations budget. Within this heading an overspend of £0.438m for Temporary Accommodation was forecast, offset in part by a non-recurring projected underspend of £0.139m within the remaining Homelessness budget headings. Projections will continue to be closely monitored and updated for the next report to Communities Committee on 13 April 2010.
- 4.3 The key pressure on the Council's temporary accommodation budget is the level of and cost of provision of bed and breakfast accommodation. The Council is not unique in having these pressures. Neighbouring local authorities at Aberdeen, Aberdeenshire and Highland are all currently projecting significantly higher temporary accommodation costs for 2009/10 due to their need for bed and breakfast accommodation to discharge their statutory homeless duties.
- 4.4 There is evidence from the Housing Needs Assessment 2007 and the modelling work carried out in relation to the Government's homelessness targets to suggest that Moray faces more acute pressures than many others in tackling homelessness. A recognition of these pressures led the Communities Committee on 11 August 2009 to agree that a meeting be sought with the Housing Minister (paragraph 11 of the Minute refers). This meeting was held on 11 November 2009. A report on the range of discussion was provided to the Communities Committee on 1 December 2009 (paragraph 8 of the Minute refers).

5. CAUSES OF PRESSURES

- 5.1 The duties of the Council in relation to the provision of temporary accommodation are set out in statute. In broad terms, these require the Council to provide temporary accommodation:-
- (i) to all homeless applicants whilst their homelessness application is being assessed;
 - (ii) to applicants found not to be in priority need or for those found to be in priority need but intentionally homeless for a reasonable period to enable the applicant to find alternative accommodation;
 - (iii) to applicants found to be in priority need and not intentionally homeless until permanent accommodation can be secured for that applicant.
- 5.2 The requirement for temporary accommodation will therefore be particularly influenced by the level of homeless presentations, the time taken to assess applications, the Council's ability to secure permanent accommodation for those in priority need and the time taken to discharge its legal obligations to those without a priority need.

Level of homeless presentations

- 5.3 Annual reports on the level of homelessness in Moray have been presented to the Communities Committee over the past two years. The last of these reports was considered by the Committee at its meeting on 11 August 2009 (paragraph 10 of the Minute refers).
- 5.4 That report indicated that for the first time in some years the number of homeless presentations had decreased in 2008/09, but nevertheless, the Council received 738 homeless applications in that year. Figures for the current year show that the number of applications are likely to increase from the 2008/09 level and as a consequence people are spending longer periods in temporary accommodation. In Quarter 3, 562 applications were received in comparison to 529 for the comparable period in 2008/09

Time taken to assess applications

- 5.5 This influences the requirement for temporary accommodation primarily for those applicants found not to be in priority need, or intentionally homeless, which would result in the Council not having a duty to provide permanent accommodation. However, over the next two years, the Scottish Government's expectation is that all homeless applicants will be deemed to be in priority need.
- 5.6 The Council has been aware of the challenges in meeting its target for 70% of homeless applications to be assessed within a 28 day period. Performance on this aspect of homelessness is reported quarterly to the Communities Committee as part of the wider service performance monitoring report. Over a period of time, improvements have been effected to reduce the assessment period and to achieve the targets set. This has involved new approaches to appointments and case management which are now beginning to yield results. As an example, the most recent quarterly performance report presented to the Communities Committee on 16 February 2010 indicates that in Quarter 3, the target was achieved.

Length of time to secure permanent accommodation

- 5.7 The Scottish Government has set a target that by 2012 all unintentionally homeless applicants will be entitled to permanent accommodation. An interim target to measure progress towards 2012 was set for 2009. For Moray Council, this assumed that 80% of homeless applicants would be entitled to permanent accommodation. The Council has made progress in moving towards 2012 but did not achieve the 2009 interim target. Scottish Government data for 2008/09 indicates that the Council is one of 18 Councils who did not achieve the target. The Scottish Government has also acknowledged that Moray is one of 7 Councils who will face particular difficulties in meeting the 2012 abolition of priority need.
- 5.8 Annual reports on allocations activity are presented to the Communities Committee, with the last of these reports being considered by the Committee at its meeting on 11 August 2009 (paragraph 9 of the Minute refers). That report indicated that the level of allocations in the Council's housing stock fell from 336 in 2007/08 to 297 in 2008/09. This continued a consistent reduction in the level of vacancies over a number of years. The vacancy rate in Council housing in Moray for 2008/09 was 5% - this is well below the Scottish average, which for 2007/08 was 7.9%. The report also indicates the number of applicants housed by

Registered Social Landlords (RSLs) through the agreed nomination arrangements had reduced.

- 5.9 The Council also sets targets annually in relation to the percentage of allocations to homeless, waiting list and transfer list applicants. For 2009/10, these targets are:-

	%
Homeless priority	60% (+/- 5%)
Waiting List	30% (+/- 5%)
Transfer List	10% (+/- 5%)

- 5.10 The percentage of homeless priority applicants housed by the Council has increased steadily over a number of years. For 2008/09, 52.2% were housed, in comparison with 48.2% in 2007/08.
- 5.11 The Committee will be aware of the significant housing pressures in Moray. At the time of writing this report, there were 223 homeless priority applicants on the Housing List waiting for a permanent offer of accommodation. A further analysis of the list reveals that many of those whom the Council has a legal duty to house are young single people and the existing shortfall in one bedroom properties is having an impact on the length of time that people are spending in temporary accommodation. Another factor that extends the length of time that people remain in temporary accommodation is the applicant's own ability to sustain a tenancy due to age or vulnerability. For example; many young people who find themselves in a homeless position require more enhanced support services over a period of time to prepare them for independent living.
- 5.12 The Council seeks where possible to offer homeless households permanent accommodation in the areas of their choice but this is becoming more of a challenge as the number of relets fall and the availability of some types of properties becomes fewer. Officers are now widening the areas of choice for most homeless applicants but when doing so, they still must have regard to the proximity of where an applicant would wish to live. The ability to widen areas of choice can also be restricted especially where there are known health, support or education needs.

6. IMPACT ON TEMPORARY ACCOMMODATION COSTS

- 6.1 The resources available to the Council to provide temporary accommodation include its own housing stock, hostel accommodation, stock leased from RSLs, the Defence Housing Executive (DHE), the private rented sector, and supported accommodation provided through Moray Women's Aid, Turning Point and Moray Youth Action. When this temporary accommodation is full or inappropriate, the only alternative is the use of bed and breakfast accommodation.
- 6.2 The impact of the housing pressures identified within the report is that the Council has to provide temporary accommodation for a greater number of applicants than was the case previously. This is due to the progressive changes in statutory duties and to the shortage of affordable housing in Moray. The result is that applicants are having to remain in temporary accommodation for longer periods of time.
- 6.3 At the time of this report the Council had 70 households in bed and breakfast accommodation. Of these, 60 were single, 5 were couples without children, 4 were single parents and 1 was a couple with a child. A further breakdown reveals that:
- 22 were in the category of being accommodated whilst their homeless application is being assessed;
 - 18 were either found not to be in priority need, or were in priority need but intentionally homeless; and
 - 30 were in priority need and unintentionally homeless and were waiting for an offer of permanent accommodation.
- 6.4 The cost of bed and breakfast accommodation can range from £210 to £455 per week but due to housing benefit regulations, only £125.76 of this is recoverable through housing benefit. The difference between the cost and the housing benefit received is borne by the Council.
- 6.5 The Council has also been recently advised of further changes to housing benefit regulations which will become effective from 1 April 2010 and are designed to:-
- (i) encourage more Local authorities to charge customers a fair market rent for the type and location of the property occupied;
 - (ii) make a reasonable contribution to local authorities' costs of leasing and managing temporary accommodation; and
 - (iii) control the overall level of housing benefit expenditure on customers living in temporary accommodation.
- 6.6 The effect of these changes will have both a positive and negative impact on the costs of temporary accommodation depending on the type of temporary accommodation that is used.

Bed and Breakfast

- 6.7 The maximum level of housing benefit payable for bed and breakfast will reduce from £125.76 to £99.23 per week from 1 April 2010. This will have a significant impact on the future income that the Council can expect to receive towards the cost of this accommodation. Should occupancy and length of stay remain at current levels, then further pressures in the region of £50,000 are anticipated for 2010/11.

Other Temporary Accommodation

- 6.8 The current restriction applied to other temporary accommodation of £125.76 per week will change from 1 April 2010. This means that the Council will receive more Housing Benefit when compared to actual cost and therefore any shortfall will be less. The level of rent arrears should also reduce as a consequence of this change.
- 6.9 From April 2010, the cap of £99.23 will apply to accommodation which is licensed and shared with other households. This would apply to the HMO property utilised by the Council.

7. ACTIONS BEING TAKEN TO ADDRESS THE ISSUES

- 7.1 A number of actions have been identified through the Council's Homelessness Strategy, the Service Improvement Plan and the Improvement Plan developed in response to the Scottish Housing Regulator's inspection of the Council's homelessness services. These are considered below.

Reduce the Council's reliance on bed and breakfast accommodation

- 7.2 It is clear that the extent to which the Council relies on bed and breakfast to provide temporary accommodation contributes significantly to the budget pressures. The Council increased the number of temporary accommodation units from 78 in 2004 to 130 units in October 2008. By March 2009, this had further increased to 138 units. The Temporary Accommodation Strategy agreed by the Communities Committee on 24 March 2009 (paragraph 6 of the Minute refers) sought a further increase of 49 in the number of units during 2009/10.
- 7.3 Analysis of the use of bed and breakfast from April to December 2009 indicates that the Council purchased a total of 16,445 nights of accommodation. On average, the Council requires 421 nights per week to meet current demand.
- 7.4 The flooding in Moray in September 2009 placed further pressures on the Council in that households displaced by flooding had to be accommodated. This was largely achieved through the commissioning of Bishopmill House, the use of council stock and leasing of properties from DHE and RSLs in Moray. As at December 2009, the number of temporary accommodation units utilised by the Council totalled 196 (this did not include Bishopmill House).
- 7.5 With the completion of work to repair properties damaged by flooding, the Communities Committee has been advised that there is an opportunity to add to the Council's stock of temporary accommodation available for homeless households through the retention of these properties for temporary accommodation. In addition, there will be a number of vacant properties in the

flood affected area as a result of some tenants being re-housed elsewhere. Officers are reviewing the potential to utilise some of these properties as temporary accommodation.

- 7.6 Actions taken during 2009 have also sought to reduce the use of bed and breakfast accommodation for families with children. There is now some evidence that this is proving successful, with the number of new breaches of the Unsuitable Accommodation Order (which seeks to limit the use of bed and breakfast accommodation for families to no more than 14 days) now in single figures each month. This action seeks to address the concerns expressed by the Regulator in its inspection report on the Council's homelessness services.

Increase the opportunities to secure permanent accommodation

- 7.7 Increasing the range and number of temporary accommodation units will not in itself decrease the requirement to utilise bed and breakfast accommodation if those accommodated in temporary accommodation units remain there for long periods of time. The Council therefore changed its approach to homeless priority households within its Allocations Policy from September 2008. This resulted in homeless priority applicants being considered on a date order basis, rather than points. The Allocations Policy Review report presented to the Communities Committee on 11 August 2009 (paragraph 9 of the Minute refers) indicated that there was some evidence that this had achieved the objective of moving homeless households from temporary accommodation to permanent accommodation more quickly.
- 7.8 The Communities Committee also agreed changes to the way in which certain ground floor accommodation is allocated. The previous practice had been to utilise this type of accommodation for applicants requiring ground floor. In some areas, this meant that applicants requiring a ground floor property on relatively low points levels were being housed. Due to the priority to re-house flood affected households, the full impact of this change will not be realised until 2010/11.
- 7.9 A key element of the approach is also to increase the opportunities to secure permanent accommodation for homeless households and seek investment in new housing provision in Moray. Phase 1 of the Moray Volume Procurement Initiative 3 will deliver 135 houses in 2010/11. In addition, the Council has embarked on a council house new build programme of 48 properties, due for completion by March 2011.

Develop alternative temporary accommodation options for single people

- 7.10 A significant number of homeless applicants are single people, often young single people. Over a period of time, the Council has developed specific temporary accommodation options for single people through the development of Covesea Road to provide accommodation for up to 10 young single people with support needs, the use of furnished accommodation through RSLs, and the development of a Service Level Agreement in 2006 with a private sector landlord to provide 35 places within a large House in Multiple Occupation (HMO). The

Council also provides a Rent Deposit Guarantee scheme for homeless applicants.

- 7.11 More recently, the Council has leased 13 flats from Langstane Housing Association in Buckie to provide accommodation largely for single people. The Temporary Accommodation Strategy recognises the need to develop further accommodation options for single people. Discussions were held during 2009 with a private organisation to provide single person accommodation but these have not been progressed due to the difficulties in identifying suitable property that might be utilised for this purpose.
- 7.12 Based on the figures at 7.3 of this report, the Council would need in the region of 60 additional units (mainly single persons) if it is going to significantly reduce its dependency on bed & breakfast accommodation.
- 7.13 The Council also accepts that some applicants can be 'homeless from home'. This usually happens when friends and relatives are only prepared to keep the applicant for a limited period only. The rationale for accepting applications in these circumstances is that it avoids people being placed in temporary accommodation unnecessarily. The Council is thus able to prioritise the available options for those who have no other alternative. 'Homeless from home' also reduces the cost that would have been incurred by the Council if this were not in place. Currently there are 52 households in this category on the homeless priority list (23.3%).
- 7.14 With the utilisation of Bishopmill House for flood affected households likely to cease from March 2010, the long term options for its use are being reviewed by officers. This work is still at an early stage and would have implications for the Council's response in the event of further flooding occurring before the Flood Alleviation Scheme works become effective in protecting flood risk areas.

Continued improvement in the management of accommodation

- 7.15 Temporary accommodation and the placement of homeless applicants in temporary accommodation is currently managed within the Supported Accommodation Team located in the Housing Needs Team within the Housing Service. This team has worked within a challenging environment for some time. These challenges have been exacerbated by the impact of flooding in September 2009 and the additional workload that this has placed on the Team.
- 7.16 Steps are underway to strengthen the Team within the existing staffing budget. The impact of these steps will be to provide additional resources to manage the increasing number of temporary accommodation units in use in Moray. In addition, there is a need to facilitate and develop the resources and ability of the Team to provide and analyse the complex data underpinning the use of temporary accommodation. Officers are currently developing an enhanced database to support this requirement. It is expected that this will be implemented no later than April 2010.

Prevention

7.17 The Council and its partners within the Homelessness Strategy group have worked to develop prevention measures. These measures could be described under the following headings:

i) Access to Services

Information Leaflets

The Housing Service has developed and published a range of leaflets to prevent and alleviate homelessness. These leaflets are available free of charge in local area offices, places where homeless people might see them and can be downloaded from the Moray Council website.

Referrals

The Housing Service can refer people to other services which can provide detailed advice and information which will assist with homelessness prevention. For example, the Money Advice Service (Trading Standards), Citizens Advice Bureau,

Protocols

The Council has agreed discharge protocols with the Prison Service, the Royal Air Force and NHS Grampian in order to identify those who may be threatened with homelessness.

ii) Advice and Information

A Guide to Housing Options

The Housing Options Guide details the housing solutions available in Moray to assist potentially homeless people and is updated annually.

Citizens Advice Bureau

The Council has a Service Level Agreement with the Citizens Advice Bureau for the delivery of independent information and advice relating to homelessness or the threat of homelessness. The Council provides funding for this service.

Section 11 of the Homelessness etc (Scotland) Act 2003

Section 11 allows the Council to work closely with private landlords, registered social landlords, mortgage lenders and other creditors to identify those at risk of homelessness.

iii) Tenancy Sustainment

Evictions Policy

The Council's Evictions Policy ensures that evictions are only ever carried out after all other options have been exhausted. The Policy also allows for early intervention by the Housing Needs Team and Social Work to prevent homelessness.

Settling In Visits

The Housing Service introduced settling in visits to all new tenants with the specific aim of providing information and advice relating to their property and also to identify any potential problems at an early stage in their tenure.

Furniture with Rent Scheme

The Furniture with Rent Scheme provides furniture, floor coverings and white goods to homeless households. This is achieved by negotiating a different rental agreement with the tenant.

iv) Private Sector Housing Options

Moray Keyfund

The Moray Keyfund assists homeless people with a 'no priority need' homeless decision to access the private rented sector by offering a deposit guarantee to the landlord.

- 7.18 At a meeting with Council Officials and the Scottish Housing Minister on 11 November 2009, the Minister indicated that he was impressed with some of the measures that had been used by North Ayrshire to prevent homelessness. Arrangements have been made for Officers to visit North Ayrshire on 11 March 2010 to investigate whether some of the approaches utilised there could be applied in Moray.

Housing Support

- 7.19 The Council currently funds housing support projects which are aimed at providing housing support to young single people and to those who may have difficulties in sustaining secure tenancies. A Housing Support Review is currently in progress with a report anticipated to the Communities Committee on 13 April 2010.
- 7.20 This review will consider options on how the service could be structured in the future not only to deliver best value but also to reflect more closely the priorities identified in the Homelessness Strategy.

8. PRIORITIES FOR FUTURE ACTIONS

- 8.1 Arising from the above, there are some clear priorities to be pursued. These are largely reflected in the draft Homelessness Strategy for 2010 – 2015 which is currently the subject of consultation with partners involved in its development and implementation. The Communities Committee will be asked to agree the finalised Strategy and supporting Action Plan at its meeting on 13 April 2010.

Prevention of homelessness

- 8.2 As described above, prevention has always been a key element of the Council's Homelessness Strategy but arguably, the focus of this must increase in the future. The emphasis within this area of the strategy is on reducing the number of households who present as homeless through preventative action and through the provision of information and advice. The key areas of prevention identified include:

- Family mediation

- Intensive Housing Support for those at risk of homelessness
- Education on homelessness issues within Schools
- Continuing to work with the private sector to create opportunities for those at risk of homelessness
- Provide awareness training to agencies throughout Moray assisting them to identify not only potential homelessness but also possible sources of assistance.

Provision of appropriate accommodation

- 8.3 This will remain a key priority within the Homelessness Strategy and Temporary Accommodation Strategy. The reduction of the Council's reliance on bed and breakfast accommodation will become an increasing priority, given the adverse impact of the housing benefit changes in 2010/11.
- 8.4 Steps are currently underway to increase the supply of temporary accommodation by utilising up to 8 empty properties within the flood affected area in Elgin. These properties have become available following the transfer of the original households who did not wish to return.
- 8.5 Officers are looking at the feasibility of using Bishopmill House as long term temporary accommodation. This would increase the current options available for single people. Work progressed to date would indicate that this property could provide up to an 22 additional units for single people and could also offer the Supported Accommodation Team some additional office space which is currently required.
- 8.6 The private sector leasing scheme also offers the Council with a viable, cost effective alternative to bed and breakfast. It is intended to further increase this provision in 2010/11.

Support Services and sustaining solutions

- 8.7 Support services will be essential to enabling longer term solutions to homelessness. The potential for support services to address prevention work is being considered within the Housing Support Review referred to in paragraph 7.19.

9. SUMMARY OF IMPLICATIONS

(a) Single Outcome Agreement/Service Improvement Plan

Tackling homelessness is identified as a priority in the Council's Single Outcome Agreement, the Moray Community Plan, the Local Housing Strategy and the Community Services Development and Improvement Plan.

(b) Policy and Legal

The Council has specific statutory responsibilities in relation to homeless persons.

(c) Resources (Financial, Risks, Staffing and Property)

The financial implications are considered in Section 4 and 6 of this report. The cost pressures for Homelessness have been recognised by the Council and additional budget provision of £0.400m has been agreed for 2010/11.

(d) Consultations

Consultations on this report have been carried out with the Chief Executive, Director of Community Services, Deborah Bosworth, Principal Accountant and the Supported Accommodation Manager.

10. CONCLUSION

10.1 This report has presented details of the pressures currently being experienced in the Homelessness Temporary Accommodation budget and has considered the causes of pressure. It has also presented details of work in progress and identified future priorities to address the issues.

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Background Papers: Held by authors
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