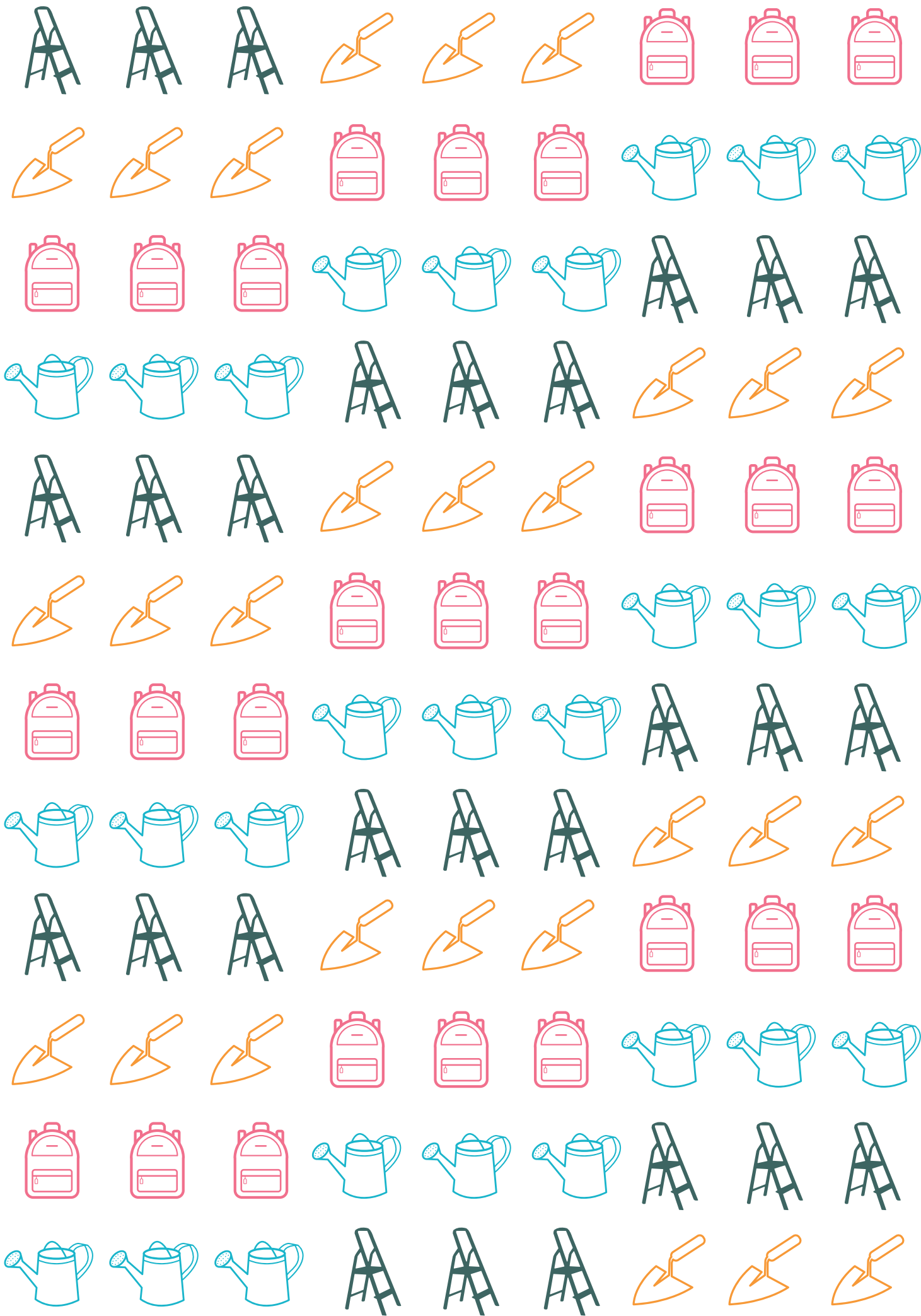


COUNCIL INNOVATION AND LEARNING IN

HOUSING OUR HOMELESS HOUSEHOLDS



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FOREWORD

Councils want to end homelessness by preventing it happening in the first place.

The number of households approaching councils as homeless has been increasing as housing costs rise above incomes. For those priority need households that have nowhere else to go, councils have duties to provide accommodation.

Latest figures show councils are currently housing 77, 240 homelessness households in temporary accommodation, including 120, 540 children. This is a 10 per cent rise on the previous year, with use of temporary accommodation outside London now rising fastest.

Mirroring the experience of families themselves, the increasing unavailability of affordable housing further limits the options for councils trying to find settled and temporary accommodation for those that need it.

As a result councils are increasingly using the most expensive, least desirable forms of emergency temporary accommodation, such as bed and breakfast (B&B) and nightly rated accommodation, and having to house families for longer periods of time.

As a country, local and national government spends significant levels of funding on temporary accommodation overall, and the net cost for councils has tripled in the last three years. This is unsustainable for councils, and disruptive for families.

We are pleased that the new government has committed to enabling councils to build more homes and will do everything we can to support this effort. But new affordable homes will not appear overnight, and the demand is immediate.

There is, however, some truly tremendous, innovative and inspiring work underway around the country from councils that are securing temporary accommodation or preventing the need for it.



Local innovation is the focus of this report, which draws together practice from some councils that are working with their local partners to provide good quality temporary accommodation options for homeless households, and in ways that are financially more sustainable.

The study focuses on councils that have innovated in: developing leasing and licensing schemes; working with landlords; working with households; reducing B&B use; converting buildings; acquiring properties; building temporary accommodation; using modular construction; working with other councils, and much, much more.

There will be plenty of impressive activity that we haven't captured; but this is a comprehensive report, it is accompanied by a range of supporting documentation, and it provides links and contacts to connect people and share further learning supporting new approaches to house homeless households.

From our conversations with the sector and its partners, we know that this will be a useful resource for councils, and will support our work with the new government for helping prevent homelessness, and to sustainably house families for whom it cannot be prevented.

We will continue to share and promote the learning and experiences and look forward to working with the Government, councils and our housing partners on our shared ambition to build homes, reduce homelessness, and create prosperous places.

Councillor Martin Tett

Chair

Economy, Environment, Housing and Transport Board

EXECUTIVE SUMMARY

CURRENT CHALLENGES FOR COUNCILS IN ACCOMMODATING HOMELESS HOUSEHOLDS

This report responds to rising concern amongst local authorities about the increasing homelessness pressures being faced across the country. Many councils are finding it difficult to provide suitable accommodation for families facing homelessness at a cost that is sustainable.

Councils want to end homelessness by preventing it happening in the first place. The number of households in temporary accommodation has been rising consistently since the economic crisis.

There are around 77, 240 households in temporary accommodation, including 120, 540 children.

This is a 25 per cent increase in London (now 54,280 families), and 52 per cent increase outside of London (now 22,950) since 2014.¹

The picture for local government is difficult and changing fast. Some councils are losing millions of pounds per year on temporary accommodation, many others are facing challenges in needing to find more accommodation to meet rising homelessness demand.

Concurrently, homelessness prevention by local authorities into the private rented sector has dropped by 40%, whilst the number of homelessness acceptances caused by the loss of an assured shorthold tenancy in the private rented sector has quadrupled from 4,580 in 2009 to 18,750 in 2016.

This position is likely to become more challenging if the current freeze on Local Housing Allowance levels is maintained, and will be exacerbated by the lowering of the Overall Benefit Cap, and the introduction of the shared accommodation rate to social and affordable housing.

¹ DCLG homelessness statistics

POSITIVE TRENDS

Homelessness funding has been sustained and increased over the last several years, and this has received a further boost from the introduction of the new flexible homelessness support grant, which replaces the former management fee included in housing benefit for temporary accommodation.

Flexible homelessness support grant is both more flexible and more generous than the previous arrangement, and presents a real opportunity for councils to innovate and to reduce reliance on temporary accommodation within the serious constraints provided by the fundamental lack of affordability of accommodation in many areas.

The Homelessness Reduction Act, which is expected to be implemented from 2018, will also drive councils to intervene earlier to prevent homelessness and should mean that single people in particular will get more help than previously. However, this will not address affordability either, and there is therefore a risk in some areas that it will add to councils' administrative burden without actually leading to many more homes for the people who need them.

The Government's Homelessness Prevention Trailblazer fund, and associated funds supporting interventions around rough sleeping, to the value of £50 million in total over two years, are also positive developments and should drive innovation in future homelessness practice.

LOCAL AUTHORITY PRACTICE

We talked to 11 local authorities in some detail about their work in the area as well as to some of the London sub-regions and a number of other organisations including the Department for Communities and Local Government (DCLG), London Councils, Greater London Authority (GLA), National Housing Federation (NHF), Shelter and others.

The result is a rich and wide ranging journey through local authority practice, which is supported wherever possible by documentary information in order to help other councils who may wish to replicate or adapt some of the work in their own areas.

After detailing the overall approach taken by a number of councils doing interesting work, the report then moves on to a series of topic guides, covering areas as diverse as drawing up a private sector lease to setting up a multi-million pound local authority property company.

We worked with a range of different councils including London boroughs with very high homelessness demand but also with some more rural authorities with much smaller operational scale, but who are nevertheless doing great things that similar authorities, and some cases much larger authorities, could learn from.

RECOMMENDATIONS

There is much that local authorities can do and are doing which can make a real difference. There are several examples in this report of councils reducing temporary accommodation against the rising trend, massively reducing the use of B&B accommodation and saving themselves millions of pounds in the process.

Some of the areas of work where councils may find they have scope to do more, and which are explored in some detail, include:

- working better and smarter with private sector landlords and agents, with a developing and responsive service offer
- working with households at risk of homelessness at an earlier stage to prevent homelessness and to address the other issues like debt and barriers to employment which reduce resilience against a housing crisis
- providing effective resettlement and tenancy sustainment services to homeless households placed in the private rented sector (PRS)
- making effective use of the Localism Act powers to end a homelessness duty in the private rented sector
- working with other authorities to maximise the market power of councils to procure accommodation at a reasonable price
- working with a micro focus to avoid B&B placements and end them quickly when they occur
- converting buildings to temporary accommodation and developing new build hostels and LHA rent PRS accommodation

- investing in the purchase of accommodation by the council or their partners to benefit from housing capital growth and long term controlled rents
- planning ahead to understand medium term supply and demand trends and making provision to meet those demands
- making creative use of allocations policies to maximise homelessness prevention
- investigating innovative construction techniques such as re-deployable modular housing
- working creatively with partners inside and outside the local authority.

It is important to note, however, that whilst these activities may make a real difference, they can only help up to a point if the fundamental position continues to worsen. The long term affordability of accommodation for households on low incomes is a fundamental problem which must be addressed at a national level if we are not to see more homelessness and an increasing polarisation between areas where households on low incomes can no longer afford to live, and the areas where they are concentrated.

The challenges faced in accommodating homelessness households have reached a point where a concerted effort by both national and local government is needed if a serious impact is to be made.

In order to create a climate where local authorities have a better chance to succeed, there are important measures that government could take without fundamentally compromising its reform agenda, and without a massive increase in spending.

We recommend the following measures, which government could take relatively quickly and relatively inexpensively compared to the scale of the challenge:

Central government could consider:

- Using its balance sheet to make cheaper finance available to local authorities and their partners seeking to acquire homes for the use of homeless households at scale.
- Exempting temporary accommodation from the overall benefit cap so that there is at least somewhere that families who are unable to work can live while councils work with them to get into employment without costing councils large amounts of money. The alternative is to send these families to areas where their employment prospects are going to be much lower, against the stated aims of the overall benefit cap policy.
- Adapt Universal Credit to ensure that housing related benefits are paid promptly for households in temporary accommodation and for households placed in the PRS by local authorities, and to reduce the likelihood that homeless households be placed in overcrowded accommodation.
- Providing financial incentives to private sector landlords willing to let to households nominated by a local authority.
- Ensuring that LHA does not fall further behind rental inflation by ending the current LHA freeze, and as a minimum pegging LHA to consumer price inflation (CPI) in the future.
- Overturning the decision to apply the shared accommodation rate of LHA to single people under 35 in social housing and temporary accommodation, so that those in greatest need can be accommodated.
- Ensuring that supported accommodation to accommodate homeless households is protected as a priority in the current DCLG and DWP Supported Accommodation Review. Twenty thousand homelessness preventions and reliefs per year are made into supported housing, and it is crucial that this is able to continue.
- Making it clear that minimum revenue provision requirements should not apply when councils are purchasing residential property which will appreciate in value over time.
- Working with mortgage lenders to end the prohibition in many Buy-to-let mortgages of letting properties to households in receipt of housing benefit or Universal Credit, as this currently actually prohibits those landlords from working with local authorities to prevent homelessness.

INTRODUCTION

The research for this report was commissioned by the LGA as a result of the concerns of local authorities across England about both the increasing homelessness pressures many are facing, and about the difficulty and cost of securing appropriate accommodation for homeless households. This includes temporary accommodation, but also accommodation used to prevent homelessness in the private rented sector, or to end a homelessness duty in the private rented sector using the powers available to councils under the Localism Act since November 2012.

Expenditure on temporary accommodation has been placing increasing demands on local authority general funds for some time, especially in London, but increasingly across the country as the unaffordability of private sector accommodation for people on low to median incomes, in receipt of housing benefit, has spread to more areas. In addition the use of unsuitable B&B accommodation and hotel annex accommodation – in which whole families have to share a room, sometimes for extended periods – has been increasing across the country as a whole.

This report has no easy solution to the unaffordability of accommodation. If unchecked, in addition to the well documented impacts on those well enough off to contemplate buying their own home, this threatens to continue to increase homelessness and overcrowding, and lead to increasing displacement of poorer families

from wealthy areas with jobs to less wealthy areas where there are less jobs, and where they may add to the pressures on already hard pressed public services.

However, there are clearly things local authorities can do and are doing to respond better to the pressures they are currently facing, and to plan for the future. This research shows that local authorities are innovating, investing and working hard to improve their ability to prevent and tackle homelessness, and to provide sustainable accommodation to their residents who have fallen into a housing crisis.

In many cases they have achieved and will achieve considerable success. This applies in different ways, across urban and rural councils in different regions, who face different challenges and opportunities, but often with common themes.

The aim of this report is to explore and highlight some of that good practice and to make it easier for other councils to learn from it and to replicate or adapt it where this is relevant to their circumstances.

We have deliberately concentrated on so called 'statutory' homelessness in which local authorities, subject to various legal tests, are legally obliged to accommodate the households concerned, in temporary accommodation, or otherwise.

This applies mostly, but not exclusively, to households with at least one child under the age of 18. We have therefore not addressed non-statutory single homelessness, youth homelessness, rough sleeping services or supported housing, except in passing.

WHAT IS TEMPORARY ACCOMMODATION AND WHY IS IT USED?

The arguments about the appropriate nature and extent of public sector support for people in housing need are not new. Local councils have had some sort of statutory duty to help the homeless at least since the introduction of the poor laws at the beginning of the 17th century in the reign of Elizabeth I. Arguably, the concepts of local connection, priority need and intentionality go back even further, and can be seen in the statute of Cambridge in 1388².

The legal position in England for the last few decades has essentially been that if a household is unintentionally homeless or under imminent threat of homelessness; is eligible for assistance; is sufficiently vulnerable because of children, age, disability or ill health; and has a local connection to the area, then the local housing authority must provide them with suitable accommodation. All this is defined in much more detail in statute, in the homelessness code of guidance, and in case law. Local authority officers have thus often found themselves needing to be experts in the law in order to successfully assist people in housing need.

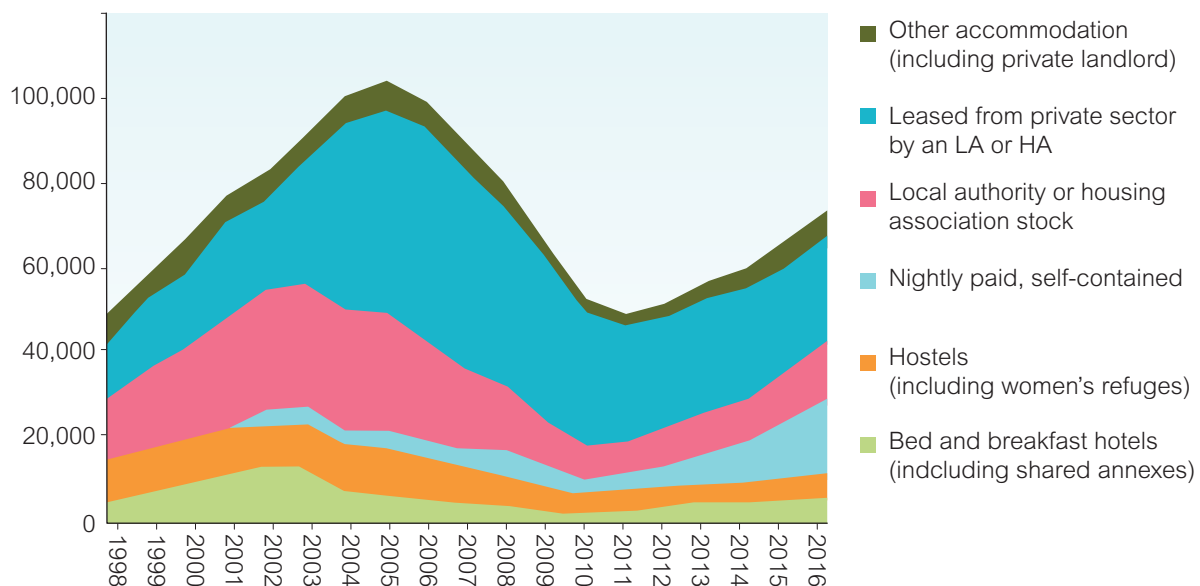


Chart 1 Breakdown of temporary accommodation by type – England 1998 to 2016

Source: DCLG Homelessness live Tables. Number of households in temporary accommodation at the end of June in each year

2 www.gethoused.co.uk/history

Arguably, this legal focus will begin to change under the new Homelessness Reduction Act, currently awaiting royal assent and expected to come into force in 2018, which will introduce a statutory duty on councils to take reasonable steps to prevent homelessness for a much wider and less tightly defined group of people, at risk of homelessness within 56 days.

Temporary accommodation is needed when a council has a statutory duty to accommodate a household (usually a family) but does not have access to, or is unable to make immediately available³, settled accommodation in which it can end that homelessness duty. Because a homelessness duty is not ended by provision of temporary accommodation, households living in it are still considered legally homeless, even though, in some cases, the accommodation may be perfectly adequate for their needs. In some cases, people can actually spend 15 to 20 years or more in temporary accommodation, especially larger families in some parts of London, due to the lack of available larger social and affordable housing units.

For anyone accepted as statutorily homeless before November 2012, a local authority can only compulsorily end their duty to a household in social housing let by a council or housing association, which for a number of reasons has become increasingly scarce in many areas, particularly for larger households.

³ For example, because of other demand for the settled accommodation that is available, such as from those who have been in temporary accommodation for longer or from households in housing need for other reasons

TRENDS IN TEMPORARY ACCOMMODATION USE

Chart 1 shows the recorded levels of temporary accommodation use in England since 1998, when data is first available. This demonstrates that the use of temporary accommodation has risen markedly since its low point in 2010/11, which followed a sustained drive by government to reduce temporary accommodation use by half from its peak at the beginning of 2005.

However, use of temporary accommodation is still well below that peak, and use of the least desirable type of temporary accommodation – B&B, is still well below its peak level in 2002. Similarly, homelessness acceptances have risen by 50 per cent since 2010 but are well below peak levels, so it might appear that temporary accommodation use, whilst significantly higher than in 2010/11, is not outside normal bounds.

Unfortunately, however, this is a simplification of the true picture. It is important to also consider the following factors:

- a. The number of households in temporary accommodation in 2004/5 was considered a significant problem, warranting an important effort to halve those numbers, because of the costs to the public purse and the unsatisfactory situation for the families living in temporary accommodation. The progress made by local authorities at that time is at serious risk of being lost entirely.
- b. Local authorities have become more effective at preventing homelessness and tougher at interpreting the

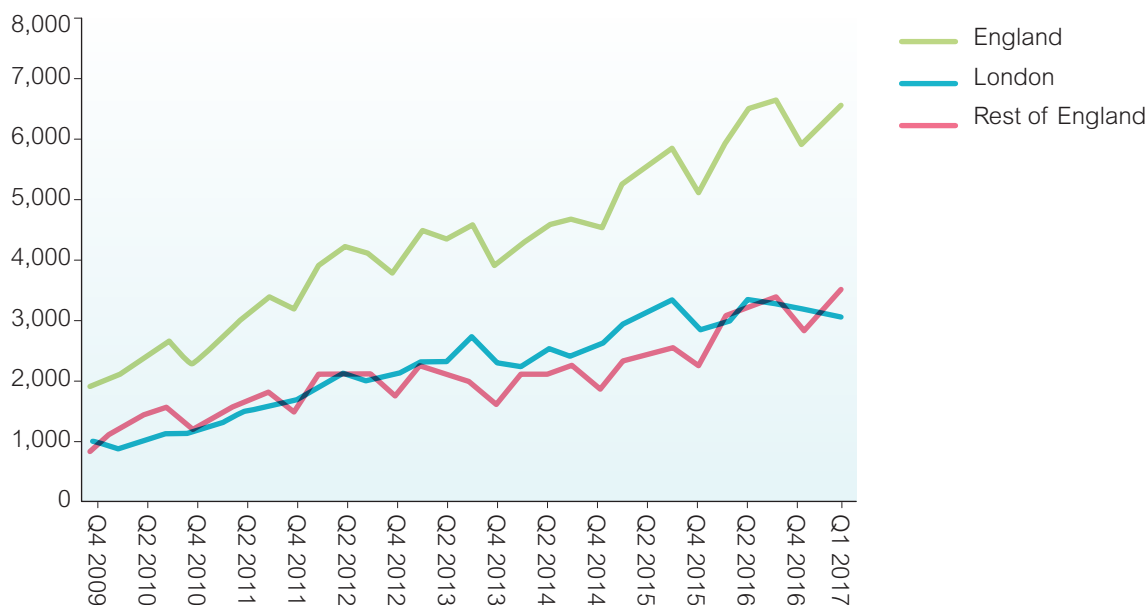


Chart 2 B&B use in England since 2009
Source: DCLG Homelessness Live Tables

homelessness legislation⁴, so it is a lot less likely that someone in the same set of circumstances would be accepted as homeless and placed in temporary accommodation by a local authority now compared to the position in say 2002.

- c. The high numbers in B&Bs in 2002 were similarly targeted for reduction by government, because of the particular problems caused to families with children having to share a room and to share cooking and washing facilities with strangers, often in unpleasant conditions. As a result use of B&Bs for homeless families was made illegal in 2004 except in an emergency, and even then for no

longer than six weeks. The recent rise in B&B use is in that legal context, and is shown in Chart 2.

The use of B&Bs has risen by a factor of 3.5 since December 2009. It is interesting to note that despite 71.5 per cent of all temporary accommodation being in London, only 50 per cent of B&B use is in London, so that proportionally temporary accommodation used by local authorities outside London is more than 2.5 times more likely to be B&B than in London. Put another way, around 6.2 per cent of London's temporary accommodation is B&B and 15.9 per cent of non-London temporary accommodation is B&B.

⁴ The numbers of homelessness acceptances for all causes other than loss of rented accommodation are still at record lows, as illustrated in Chart 7

AN OVERVIEW OF THE ISSUES

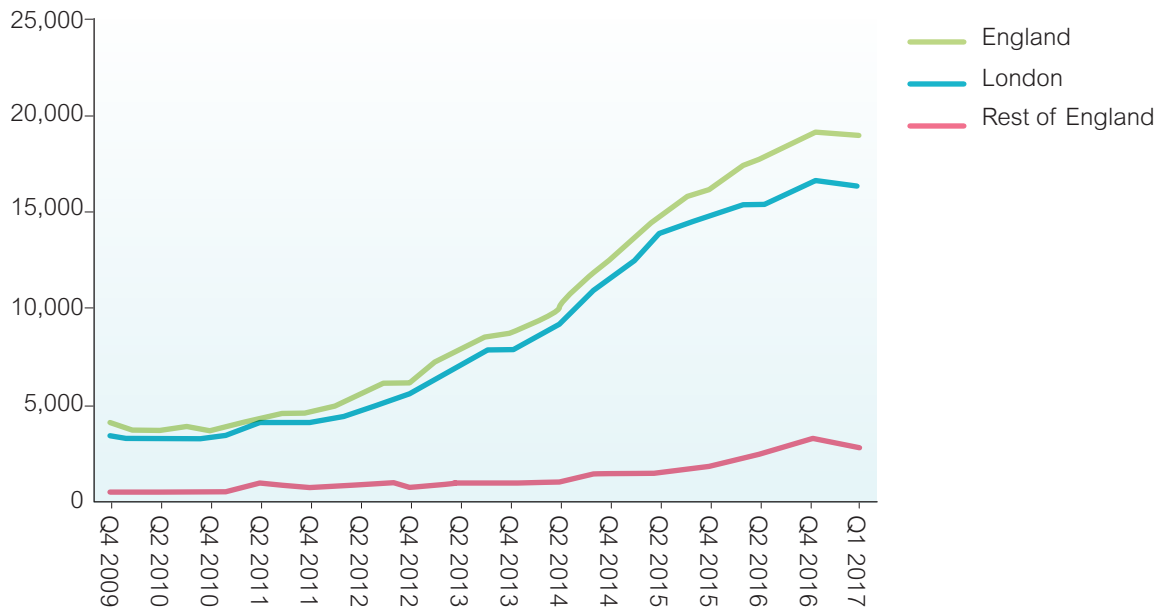


Chart 3 Use of self-contained nightly paid accommodation since 2009

Source: DCLG Homelessness Live Tables

Local authorities have strong disincentives to use B&B unless they can find no alternative. Apart from the fact that use of B&B for families over six weeks is unlawful, B&Bs for families is currently⁵ very expensive for councils. This is due to housing benefit funding changes deliberately brought in to discourage its use alongside the B&B order⁶ making prolonged or non-emergency use for families unlawful, which came into force in 2004.

For example Brent Council has calculated that it loses around £170 per week on average for each family in B&Bs, due to payments it has to make which cannot be recovered from housing benefit. At that rate, a council

with 120 families in B&Bs would lose over £1 million per year. This was not the case in 2002, when funding arrangements for B&Bs were more generous.

- d. The biggest rise in temporary accommodation use since 2010 has been the number of households in self-contained nightly paid accommodation, which has risen to a startling 500 per cent of its 2009/10 value, as can be seen in Chart 3. Rising from 4.4 per cent of all temporary accommodation in 2002, it now accounts for almost 24 per cent.

Self-contained nightly paid accommodation as recorded by DCLG unfortunately makes no distinction between self-contained hotel annexes (essentially a B&B room with its own

⁵ This may change under Universal Credit, as discussed below

⁶ The Homelessness (Suitability of Accommodation) (England) Order 2003

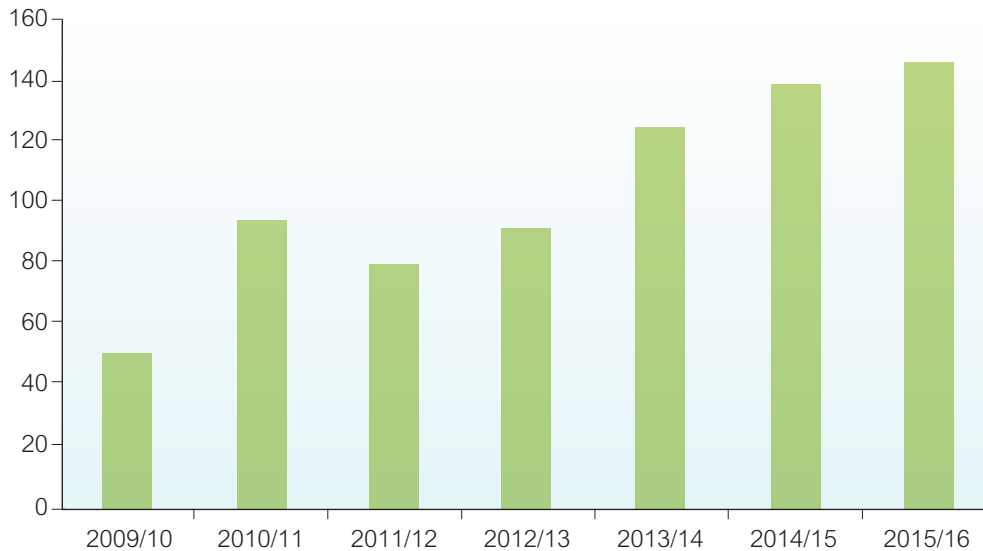


Chart 4 Net local authority expenditure on temporary accommodation 2009/10 to 2015/16 (£millions)

Source: DCLG Revenue Outturn (RO4) Data

basic washing and cooking facilities), and accommodation of a suitable size for a family to stay longer term. What they have in common is that rather than entering into a long term lease, the contracts for the accommodation last only as long as both parties require and can be terminated by councils at short notice. The price paid for this flexibility however is significantly higher rental charges than would otherwise apply. Although there is considerable variation, it is not uncommon for councils to lose £100 per week on self-contained nightly paid accommodation.

The Government's Local Authority Revenue return data (RO4 data) shows a near tripling of net local authority expenditure on temporary accommodation by local councils between 2009/10 and 2015/16 from £50.9

million to £146.5 million. Even this is likely to be an underestimate. Detailed research by York University for London Councils showed that the cost of temporary accommodation to local authorities in London alone was at least £170.4 million⁷ in 2014/15 compared to £138.7 million for the whole of England in the official data⁸. The rise in expenditure is shown in Chart 4, and more information from the RO4 data is available in supporting information.

The increase in displacement of homeless households to more affordable locations can be seen in Chart 5, which shows the dramatic rise

⁷ See temporary accommodation in London, London Councils 2016

⁸ The large majority of net temporary accommodation expenditure is in London, which means the total £146.5 million loss to councils in 2015/16 derived from the RO4 data, is in fact concentrated in a relatively small number of mostly London authorities

AN OVERVIEW OF THE ISSUES

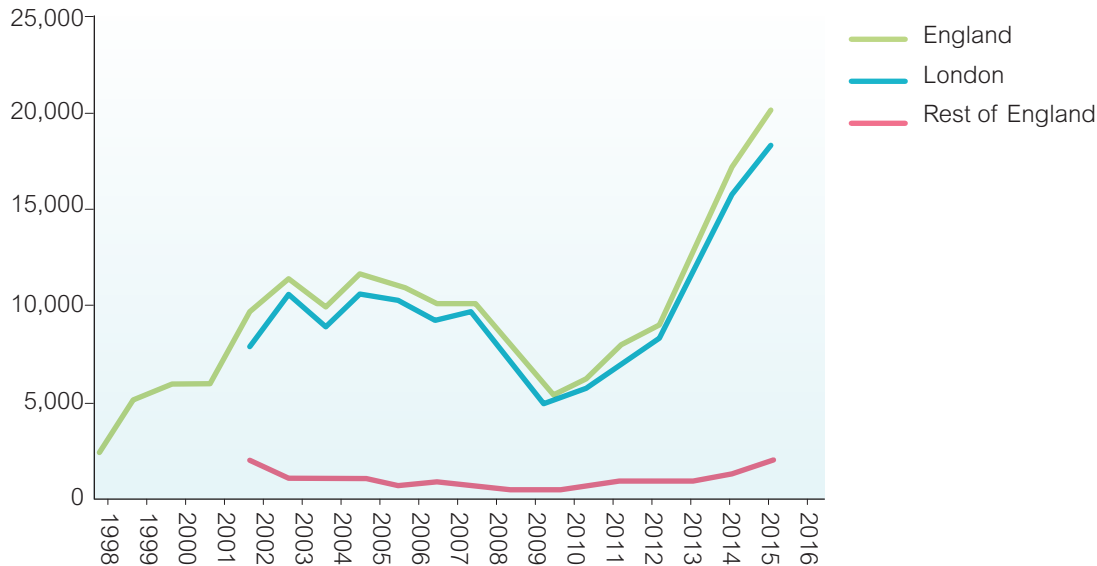


Chart 5 Number of households in temporary accommodation outside the placing local authority

Source: DCLG Homelessness Live Tables

in out of area placements by local authorities since 2010, which are now easily at an all-time record. It is, however, important to qualify this by noting that this is almost entirely a London phenomenon, and that the vast majority of out of borough placements by London boroughs are in fact elsewhere in London, as will be explored in further detail later.

Detailed analysis of why this has happened, or a weighing up of the pros and cons of controlling public expenditure versus reduced housing affordability and associated increased homelessness, is beyond the scope of this report. It is clear, however, that reduced numbers of social housing lettings, and the impact of welfare reforms on the affordability of private rented sector accommodation to tenants relying on housing benefit, have played a role in adding to the pressures on local authorities in this area.

As a further indicator of the increased unaffordability of the private rented sector for people on low incomes, the proportion of households becoming homeless as a result of the loss of an assured shorthold tenancy has risen from 11 per cent of statutory homelessness in 2009 to 32 per cent in 2016 in England. There has in fact been a quadrupling of homelessness acceptances due to loss of an assured shorthold tenancy from 4,580 in 2009 to 18,750 in 2016. In London the proportion has risen from 10 per cent to 40 per cent of homelessness caused by loss of an assured shorthold tenancy over the same period ie as a result of losing private rented sector accommodation. As shown in Chart 6, these levels are unprecedented since DCLG's published records began in 1998. There has also been a 40 per cent decrease in homelessness prevention and

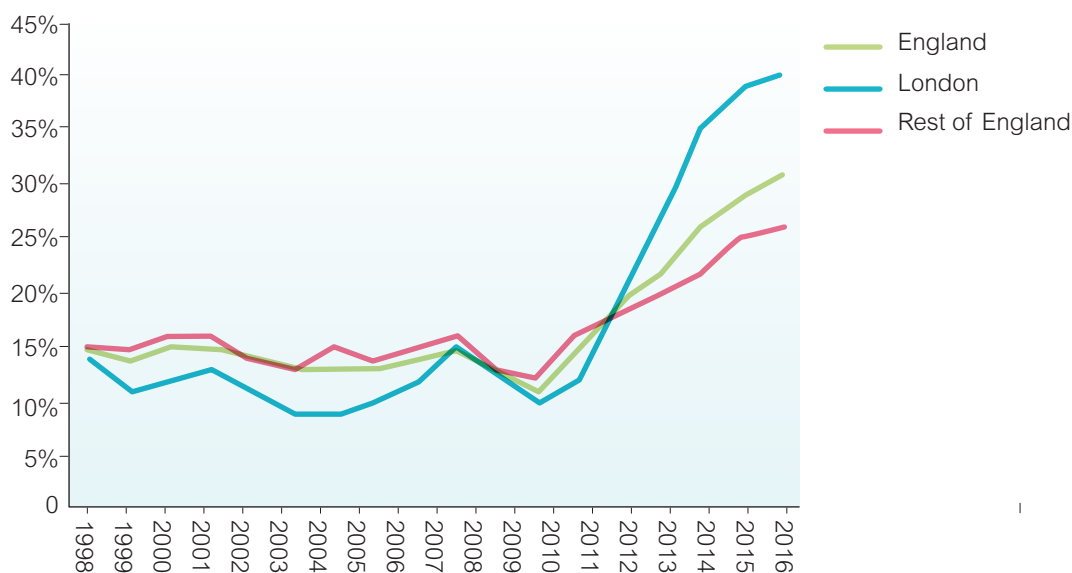


Chart 6 Percentage of homelessness acceptances caused by the loss of an assured shorthold tenancy 1998/99 to 2015/16

Source: DCLG Homelessness Live Tables

relief into the private rented sector by local authorities across England over the same period⁹, reflecting local authorities' difficulties in securing access to that accommodation.

It is also interesting to note that homelessness acceptances from causes other than loss of rented accommodation have remained flat since 2009/10, suggesting that the increase in statutory homelessness during that period is almost entirely due to the reduction in availability and affordability of rented accommodation for low income households, and not for other reasons. The factors which led to a reduction in homelessness between 2004 and 2010 that is increased prevention and stricter interpretation of the homelessness legislation by local authorities, are still in place.

The problem can be squarely identified as lack of rented accommodation affordable to families on low incomes. This is illustrated in Chart 7, which shows the reasons for loss of last settled home between 2008 and 2016 and Chart 8, which shows the number of successful homelessness prevention and relief cases into the private rented sector between 2010 and 2016.

There is also objective evidence that any buy-to-let landlord currently acquiring properties in London and its environs will struggle to let properties at LHA rents. Chart 9 shows the distribution of gross rental yields available at LHA rents for properties currently on the market within 20 miles of central London,

⁹ As shown in Chart 8

AN OVERVIEW OF THE ISSUES

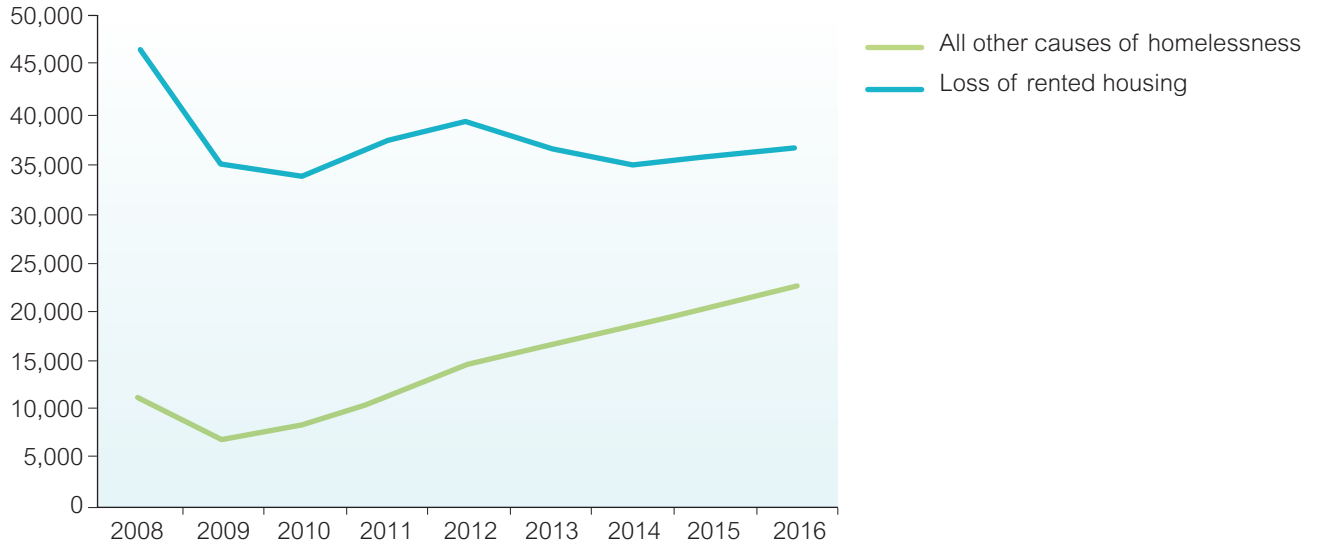


Chart 7 Annual homelessness acceptances by reason for loss of last settled accommodation 2008 to 2016

Source: DCLG Homelessness Live Tables

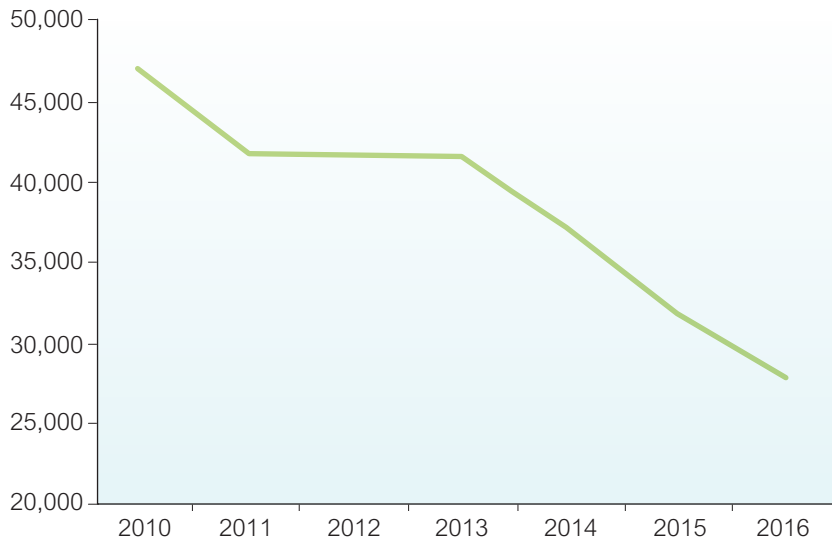


Chart 8 Homelessness prevention and relief into PRS 2010 to 2016 (no. of households per year)

Source: DCLG Homelessness Live Tables

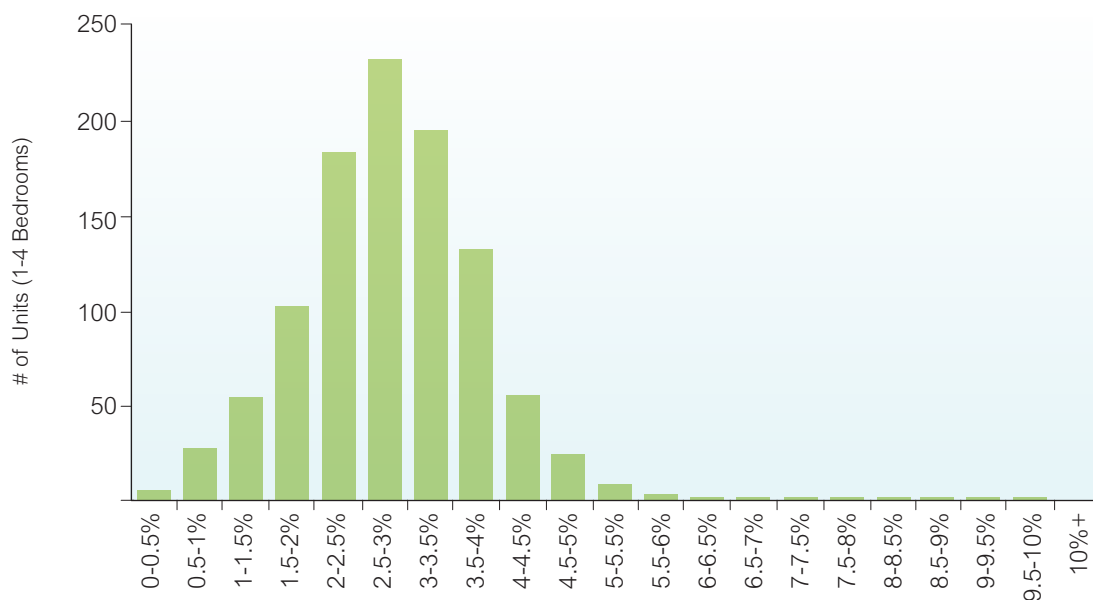


Chart 9 Unit count by gross yield (per day) at LHA rents for properties advertised for sale within 20 miles of central London in the period up to April 2017
Source: 31ten Consulting¹⁰

using data supplied by 31ten Consulting, who are assisting Brent Council with their current acquisition scheme. This clearly shows that the number of properties with gross yield of more than 4 per cent is very limited, which makes it unlikely that rental yields at LHA rents are enough for landlords to meet their costs in the large majority of cases. This constraint does not, of course,

necessarily apply to landlords who bought properties more cheaply in the past.

However, against this backdrop of increasing difficulty, expense and worsening trends, some councils have achieved significant, impressive results.

Between March 2010 and September 2016 there was a net increase across England of 3,910 households in B&Bs. However, although 133 councils saw an increase in B&B use over that period, 95 councils actually reduced their use of B&B during that time.

Over the same period, there was a net increase of 23,272 households in temporary accommodation of all types. However, whilst 217 councils saw an increase in temporary accommodation, 98 saw a decrease.


¹⁰ 31ten's Residential Property Database (31-RPD) is an automated programme that collects web-based residential flat and house information and matches them with relevant local area-based information and historical data extracted from a variety of web sources. The RPD collates information on a unit by unit basis ranging from bedroom numbers, unit type, specific LHA rate, local historical house price pattern, unit size, key features (balcony, garden, etc), rental yield, and others. The database created by the tool serves a variety of functions ranging from identifying high LHA yield units for sale to sales values and PRS yields for any location within an 80 mile radius of London.

AN OVERVIEW OF THE ISSUES

Whilst there are serious challenges on the horizon for local authorities, including further reductions in welfare benefits to pay for housing over the next few years, and the potential difficulties arising from the rollout of Universal Credit, there are also opportunities.

These include the increased total funding, and the increased flexibility in the use of that funding, arising from the devolution of the temporary accommodation management fee to flexible homelessness support grant. They also include the lower borrowing costs which are enabling councils and other organisations to invest in the provision of longer term, better accommodation for homeless households in the future.


It is also encouraging to see a number of councils looking to intervene earlier to support people at risk of homelessness and prevent more households facing a homelessness crisis.



TOPIC GUIDES

In this section we explain in brief some of the issues and approaches highlighted in the council case study examples.

The aim is to stimulate ideas and to give practical help to councils interested in implementing some of the suggestions, and the project has been fortunate enough to receive a number of example documents from a number of councils, which are referred to in the supporting information sections for each topic.

A woman is shown in profile, looking out of a window. Her hand is pressed against the glass. The window is covered in condensation or smudges. A large red circle is overlaid on the image, containing white text. The background is a warm, golden light from the window.

There has been a
quadrupling of homelessness
acceptances due to loss
of an assured shorthold
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EFFECTIVE PRACTICAL DELIVERY



LEASING AND LICENSING SCHEMES

Private sector leasing (PSL) schemes have been a mainstay of temporary accommodation provision for some years. Ordinarily, councils leasing and letting accommodation would have to count that accommodation within the housing revenue account (HRA), but there is a specific exemption granted for temporary accommodation leases of less than 10 years by the Secretary of State for Communities and Local Government.

PSL schemes have typically had the council as the tenants' landlord under a non-secure tenancy, partly in order to gain access to the higher rate of housing benefit permitted for temporary accommodation under the housing benefit subsidy rules where a council or a registered provider is the landlord.

However, please note that from April 2017, there is actually no housing benefit advantage to councils being the landlord, and in fact there is often likely to be a disadvantage (see below for further details in the flexible homelessness support grant section).

PSL schemes used for temporary accommodation are basically of two types.

1. The council leases property directly from a private owner and manages the accommodation.
2. A private sector agent or a registered provider leases the property from a landlord and the council sub-leases the property from the agent in order to be the landlord.

In both cases the agreement is typically for a few years (perhaps three, but it varies) and the council collects the rent and nominates to the properties. It is important to ensure that there are suitable break clauses in case the council needs to end the lease, typically with a month's notice.

Management and maintenance responsibilities are divided between the council, the agent (where applicable) and the property owner.

Advantages of private sector leasing:

- supply is normally safeguarded for the duration of the lease and is usually at an agreed price
- the local authority is the landlord and can control quite tightly who goes into the property, specify maximum void times etc
- the local authority can set physical standards for the accommodation and expect to see them upheld



- PSL can be attractive to property owners who want a guaranteed income over a longish period and who do not want to manage their own property
- a reasonable price can sometimes be negotiated with property owners on the basis that the council is taking on management responsibility and guaranteeing voids
- from April 2017 in inner London, this type of property will continue to generate more housing benefit income (if the council is the landlord) than PRS accommodation, especially for larger properties, because temporary accommodation subsidy is not subject to individual property size caps, just a £500 per week maximum for all property sizes. For tenants claiming Universal Credit, however, this advantage is lost

Disadvantages of private sector leasing:

- although there should be break clauses, generally the council is tied in for a few years, reducing flexibility, for instance a council will still have to pay for the property even if unoccupied
- at the lease end, the owner may not renew the lease
- some owners and agents have switched properties from PSL to nightly paid in an attempt to get more income, so it may be hard to secure PSL accommodation in the current market
- in the current market PSL may not be available other than at a loss to the council
- if the council is the landlord, it is hard to class PSL accommodation as anything other than temporary accommodation

under the homelessness legislation that means it is not PRS accommodation in which a homelessness duty can be ended

- unlike in nightly paid accommodation, the council has the responsibility for eviction proceedings
- from April 2017 in everywhere except inner London this type of property will generate less housing benefit income (if the council is the landlord) than accommodation with a private landlord (this can include a registered provider) as it will only attract 90 per cent of January 2011 local housing allowance (LHA) rather than 100 per cent of current LHA. For tenants on Universal Credit, 100 per cent current LHA can be claimed, however.

Private licensed accommodation (PLA) is similar to PSL but instead of having a fixed term lease, typically has a one month rolling license agreement. Maintenance responsibilities for the council may also be less than in PSL, reflecting the potentially shorter term use, though this depends on the terms of the agreement. As in PSL, the council has historically been the tenant's landlord, partly because of the increased housing benefit income which has hitherto been available, and partly because of the advantages to landlords who do not want to manage their properties directly.

PLA is easier to get out of quickly for both the council and the owner/agent. This flexibility can be good if a particular property is no longer needed, but can be dangerous if landlords want to pull out, due to changes in the market for example, because of the reduced notice needed.



Examples of PSL and PLA agreements are shown in the supporting information.

Housing association leasing schemes

There used to be many more housing association leasing schemes (HALS) schemes in temporary accommodation than there are today, as the tightening levels of housing benefit have made HALS less financially attractive to registered providers than it once was. Nevertheless there is a group of housing associations still in the market, and there are some potential advantages to HALS in areas where it can be made to stack up financially. Most of Brent's temporary accommodation is still HALS for example, although the numbers have been reducing.

In a HALS scheme, instead of the council leasing from a private owner, a housing association leases properties from the owner and is the tenant's landlord, typically issuing an assured shorthold tenancy.

The housing association collects the rent and manages the property. The council makes nominations and has an agreement to fill voids, but does not otherwise have a housing management responsibility. The council has an agreement with the housing association specifying the fee to be charged per property (if any).

Under the temporary accommodation housing benefit subsidy rules, housing associations, as well as councils, can be the landlord of leased properties and attract the temporary accommodation subsidy rate.

Housing associations are also specifically allowed under the housing benefit subsidy rules for temporary accommodation to provide leased accommodation for homelessness prevention; for instance a homelessness duty does not need to have been accepted. This is also true for councils, but it is unlikely that this would fall outside the HRA, as it is not covered by the Secretary of State's exemption.

Perhaps the most interesting possibility for housing association leased accommodation though is that housing associations can issue PRS tenancies in leased accommodation at 100 per cent of the current LHA rate, for private rented sector offers (PRSOs). This is now significantly more housing benefit in many areas than if the accommodation is classed as temporary accommodation.

In areas outside central London, this provides a boost to the housing benefit which has been available to HALS accommodation until now, and may make HALS viable again in some areas. The same possibility is open to other managing agents in the private sector as is available to housing associations.

A copy of Brent's HALS agreement is shown in the supporting information. This type of agreement could also be entered into with private sector managing agents as an alternative to PSL and PLA agreements in which the council is the landlord.

Supporting information available at

<https://www.local.gov.uk/housing-our-homeless-households-additional-resources-leasing-and-licensing>

WORKING WITH PRIVATE LANDLORDS AND LETTING AGENTS

Attracting sufficient private sector properties at an affordable price to accommodate homeless households is one of the key issues in the management of homelessness, whether the properties are used for homelessness prevention, for temporary accommodation or for private rented sector offers (PRSOs).

This has been getting more and more difficult for councils as housing benefit rates have increasingly diverged from market rents in many areas, and as landlords worried by changes in the way in which housing benefit is paid – and an increase in regulation – very often prefer to let their properties to tenants who are not claiming benefits.

There are also issues with lettings agents who may have a vested interest in tenancies being relatively short term, rather than the longer term lettings typically associated with homeless households. In addition, many buy-to-let mortgages prohibit landlords from letting to people on benefits.

The barriers to achieving private sector lets for homeless households are explored in Shelter's Survey of private landlords, 2016.¹¹

On the other hand, some of the factors required to get more private sector landlords on board are quite well understood. The Association of Housing Advice Services (AHAS) Guide to giving landlords what they want, although produced in 2010, remains relevant.¹²

¹¹ Survey of private landlords, Shelter 2016

¹² Guide to giving landlords what they want, Association of Housing Advice Services 2010

Broadly speaking, the following areas of activity can help local authorities to attract landlords and are being operated by the councils who are most successful in this area:

Pay enough money to make things work for the landlord

Financial returns are what most landlords are in business for, so this is clearly important, yet it can be very difficult for councils to achieve.

However, local authorities and their partners do have some advantages. Whilst new buy-to-let landlords will generally struggle to finance loans at local housing allowance (LHA) rents in many areas of the country, landlords who have had their properties for some time may be less tightly constrained and be prepared to forgo some potential income in return for longer term tenancies, cheaper management services, the option to lease properties, short void turnaround times, support and advice about landlord issues, a responsive service and a partnership arrangement.

Make it easy for the landlord to get access to officers and respond promptly and well when requested

Named contacts, properly manned phonelines, friendly, helpful and knowledgeable officers are really important. Become a trusted partner and build relationships with landlords and agents. Do whatever you can to make sure the rent gets paid, by helping to set up direct payment arrangements to the landlord, monitoring housing benefit payments, advising tenants on their obligations and making use of discretionary housing payments (DHP) when needed.

Pay landlords and agents on time

Some property suppliers actively avoid working with local authorities where they



have experienced delays and other problems in receiving the funds owed to them. This is an important part of the reputation of local authorities. One solution to ensuring prompt payment of landlord incentives or deposits is to make use of a council credit card.

Help out when tenancies are in difficulties

Many local authorities now provide a tenancy sustainment service which will step in quickly if there are problems with a tenancy, and work to resolve the issues on both sides. If a tenancy is going to fail, then it is better for the relationship with the landlord to find an alternative for the tenant and re-let the property to another local authority nominee, rather than making the landlord go through an eviction process.

Prepare tenants properly and provide a resettlement service

Time spent assessing the readiness of a potential tenant to cope in the private sector and providing effective information and training to them as necessary before they move can be invaluable and is a selling point with landlords. Similarly, providing support when someone has moved in, to ensure they claim benefits properly, register to pay utility bills, furnish the property adequately, get children into new schools (where applicable) promptly and settle into the area, can be invaluable and cost effective.

Provide a range of offers to landlords

Different landlords may require different types of service. If you are able to set up a guaranteed rent scheme, this is likely to be attractive, but deposit and damage insurance, legal and technical advice to landlords on regulatory changes, and a varied offer from just providing tenants without charging a

fee to a full management and maintenance service will appeal to different landlords.

Leasing and licensing arrangements as described above can be attractive

Be proactive in seeking out landlords and agents. Different methods of engaging with landlords can work if done well, for example landlord fairs, posters, advertisements or telephone calls.

Employ the right kind of people to engage with landlords. Some councils have employed staff with commercial experience in the private lettings market to good effect. Performance related pay may also help.

Make creative use of grant funding

Making grants to bring empty properties back into use, or to improve property standards conditional on the property being available for use by council nominees for an agreed amount of time can sometimes be an effective strategy.

Supporting information available at

<https://www.local.gov.uk/housing-our-homeless-households-additional-resources-working-private-landlords-and-letting-agents>

WORKING WELL WITH HOMELESS HOUSEHOLDS

There has sometimes been a school of thought that once homelessness has been prevented, and a household has moved into the private rented sector (PRS), the council's responsibility is over.

Technically and legally, this might be the case, but the most successful councils do significantly more than this to help ensure

homelessness prevention, private rented sector offers (PRSOs) and temporary accommodation tenancies start well and continue successfully.

Councils are under severe pressure, and sometimes intervene in finding accommodation at a point where a household is issued a bailiff's warrant. This is likely to be counter-productive, because it often increases the need to provide emergency accommodation, and requires the household to go through the trauma of a homelessness crisis. This will become unlawful under the Homelessness Reduction Act, and many councils already intervene much earlier to prevent homelessness and try to tackle the range of issues a household may face as well as their immediate housing problem.

Providing a timely and more holistic service

More councils are intervening earlier in the progress towards homelessness, and trying to address the range of issues that a homeless household might face.

As well as directly trying to prevent homelessness through negotiating with landlords, preventing illegal eviction, home visits, mediation, use of discretionary housing payments (DHP) etc, some councils are using the opportunity to also deal with debt and rent arrears, maximise income, gain employment and skills and deal with health issues.

Where households are at risk of not sustaining private rented sector accommodation, provision of pre-tenancy training around budgeting, claiming housing benefit, tenants' rights and responsibilities, utilities, changing children's schools etc can make it much more likely that a tenant will avoid arrears and potential eviction, and enhance the council's reputation with PRS landlords.

There are also considerable advantages to working with households well before they become homeless, and involving them in the process of finding a solution to the problem, for example in looking for a property in the PRS. In areas where there is a severe shortage of affordable rented accommodation a household may be more ready to accept a compromise in taking accommodation which is further away than they ideally want to live, or is smaller than they would like, if they have themselves seen that the accommodation they would prefer is genuinely not available.

Further to this, if a council works with a household well before they become roofless, then if prevention does not succeed, at least the council has some warning in advance that they need to provide accommodation for that household, and may be able to avoid the use of B&Bs or other expensive nightly paid accommodation. On the other hand, if a council were to insist that a household becomes roofless before they will accommodate them, then B&B may be more likely to be the only option.

A number of councils are also working hard to prevent intentional homelessness. Households found intentionally homeless do not have access to the homelessness duty, however, often the issue is then passed on to children's services that may be less well equipped than housing services to deal with the issues effectively.

Providing a tenancy sustainment service

Providing a service to help tenants establish themselves in temporary accommodation or PRS accommodation and to deal with problems when they occur, makes sense from the point of view of avoiding repeat homelessness, of improving tenant wellbeing,



and of creating better relationships with landlords. A number of successful tenancy sustainment schemes are in operation in councils such as Tower Hamlets, Camden and Teignbridge.

When used in temporary accommodation, this kind of role may well pay for itself solely through reductions in rent arrears, and when used in PRS accommodation it is likely to boost the reputation of councils with landlords and lead to increased future lettings.

Croydon's People's Gateway Service

The London Borough of Croydon's People's Gateway Service has involved a significant shift of approach towards working across the range of needs of residents.

The People's Gateway concept originated in response to the welfare reforms introduced in 2013, affecting 16,000 local households. The council needed to find a way to prevent financial crisis, reliance on statutory services and subsequent negative impacts on health and wellbeing.

The service was established in April 2015 and aims to provide an innovative, holistic, multidisciplinary, and preventative response to households heading towards crisis, rather than acting in an adhoc or piecemeal manner.

Initially, People's Gateway brought together housing needs assessment, emergency accommodation, welfare rights, financial support, and employment and training services. The approach sought to provide an integrated 'end-to-end' journey through council services

for households at risk of homelessness or impacted by the welfare reforms. Customers are considered holistically and a joined up financial, training/work and housing action plan is co-produced with the resident, who takes responsibility, supported by a multidisciplinary team.

Building on data showing customer demand and use of services and establishing a single front door, via a wide-ranging initial assessment of the resident's situation and needs, the People's Gateway service breaks down traditional barriers between services, both statutory and voluntary.

Gateway 'phase 2' expands this model, seeking to broaden the 'gateway' to a range of customer journeys within adult social care, supported housing and children's services. The inclusion of mainstream services within the People's Gateway model marks a significant development of the approach. By providing a single point of contact for vulnerable adults and families requiring multiple interventions, the service is able to strengthen prevention and early intervention across the customer journey, increase independence, divert demand and reduce statutory need.

The key first step in developing the service was the use of data sets to analyse customer demand. This focused on identifying crossover of customers (over 50,000 households) across 10 different services and multiple touch points. It found two thirds of customers appeared across two or more services and 15 per cent across four or more service areas.

For example, where a household faces eviction from a private landlord, traditional approaches focus on homelessness assessment, temporary accommodation and housing application. The new approach considers more; including finances, links to other areas in social care, support to get into employment, and negotiates to retain existing accommodation.

OUTCOMES

Since October 2015, over 14,000 households have been engaged creating over £3.25 million savings to the council.

2,800 residents at risk of crisis have been supported to become financially stable. Four hundred and twenty eight' fewer households and 752 residents helped into employment.

Debt to the council has been reduced and over £18 million has been claimed in additional welfare entitlements.

Contact: Mark Fowler
London Borough of Croydon
mark.fowler@croydon.gov.uk

Supporting information available at
<https://www.local.gov.uk/housing-our-homeless-households-additional-resources-working-well-homeless-households>

HOW TO GET OUT OF B&B

Reducing the use of B&B accommodation for families is perhaps the most important single goal that many councils face in their homelessness provision.

Not only is B&B for families illegal, except in an emergency for up to six weeks, but it usually provides poor quality, overcrowded accommodation with shared facilities, which are likely to have a real impact on the mental and physical health of both children and their parents who stay in the accommodation for any length of time.

B&B for families is also currently very expensive to councils, who cannot recoup the full costs of B&B from housing benefit.

Brent Council estimates that it loses £178 per week on average for each family in B&B

There is no easy answer to keeping out of B&B in the current climate, as shown by the rising figures in Chart 2, but there seem to be some common elements amongst councils who have succeeded in doing this, which are:

Make a plan

It's easy for local authorities to feel that they are out of control of the situation when they have no accommodation available and have to house homeless families in an emergency. However, having a contingency of alternative available supply can really help. This could be some hostel spaces or some spare (private sector leased) PSL accommodation for example. It may sometimes make sense to carry a small number of voids in such



accommodation in order to avoid having to use B&B in emergencies.

More generally it is worth analysing supply and demand trends over a period in order to be able to predict likely future demand and try to ensure that accommodation is available or demand is reduced. The elements of this plan might include any or all the areas discussed above, such as better homelessness prevention, increase in the supply of leased accommodation, increase in the supply of private rented sector (PRS) accommodation from landlords, development of extra hostel spaces, purchase of accommodation etc.

Change the culture of booking people into B&B

Booking a family into B&B should be a last resort, and this should be understood by the officers involved in the process. It is important that staff who are aware of potential cases where B&B may be needed have close working relationships with procurement staff, for example so that properties can be found for families who would otherwise be in B&B and filled promptly when they become available.

Intervene earlier to prevent homelessness

If a council works with a family to prevent their homelessness well in advance of them actually becoming roofless, then there is more chance of preventing homelessness but this should also give officers enough warning to find alternative accommodation for that family if it becomes clear that a homelessness acceptance is inevitable.

Focus on moving people out of B&B quickly


Any family in B&B should be the focus of intense intention to move them out as quickly as possible. Sometimes families can be left in B&B because they are in rent arrears, when

keeping them in B&B guarantees significant financial losses every week, whether the family pays their rent or not. A weekly case conference can be a good idea, where all the staff involved can go through each B&B case and work out a plan to end the placement. A profile of all B&B cases, and the circumstances affecting where they can move to is important in order to make most efficient use of the properties that become available for move on.

Develop other sources of accommodation

One way or another almost any other type of accommodation is better than B&B and likely to be more cost effective, even if a council is paying over the odds for it. This may sometimes be necessary in the short term, whilst a longer term solution to increasing accommodation supply is implemented.

It may be that none of these approaches will solve the problem quickly, especially if the imbalance of supply and demand is very acute, but they should help and have been shown to work in councils like Tower Hamlets and Brent, which have achieved dramatic reductions in the number of families in B&B.



Councils are currently housing 77, 240 homelessness households in temporary accommodation, including 120, 540 children

INNOVATION IN ACCOMMODATION SUPPLY



EXISTING BUILDINGS AND DEVELOPMENT OF NEW HOSTELS

A growing number of councils have been working to reduce or eliminate their need to use B&B by developing their own hostel accommodation either by adapting an existing building for use as temporary accommodation or by building a hostel as a completely new development.

As well as providing better quality accommodation than most B&B, where support for tenants can more easily be provided, there are financial reasons for councils to develop their own hostels.

As opposed to B&Bs, where housing benefit is capped at the one-bed January 2011 local housing allowance (LHA) rate, and councils typically have to top up payments substantially from their own funds if accommodating families, there is currently no limit to the amount of housing benefit local authority owned hostels outside the housing revenue account (HRA) can claim, up to the level of whatever rent is charged.

This position will change under Universal Credit. Under current Universal Credit rules, the maximum benefit that can be claimed for housing costs in either B&B or a council

hostel is 100 per cent of the current LHA rate for the household size regardless of the size of the accommodation or whether the property is self-contained or only provides shared facilities. For a large family, this is very much higher than the one-bed LHA rate.

However, housing related benefits for short term temporary accommodation are being considered under the current supported housing review¹³ and it is possible that this 'loophole' allowing councils to claim high rates of benefits for B&B and hostel rooms may be closed. If not, Universal Credit will completely change the economics of using B&B.

Under the current system at least, it is therefore usually much more cost effective to house a family in a council owned hostel than B&B or a self-contained hotel annex, and may well also be more cost effective than private sector leasing (PSL). Although there may be quite substantial capital outlay to convert buildings such as redundant residential homes for the elderly or commercial premises to temporary accommodation, there may be grant available from Homes and Community Agency (HCA) or Greater London Authority (GLA) to contribute to those capital works.

¹³ Government Supported Accommodation Review information



INNOVATION IN ACCOMMODATION SUPPLY

We will briefly consider two different examples of hostel development in Teignbridge and in Brent.

Albany House, Teignbridge

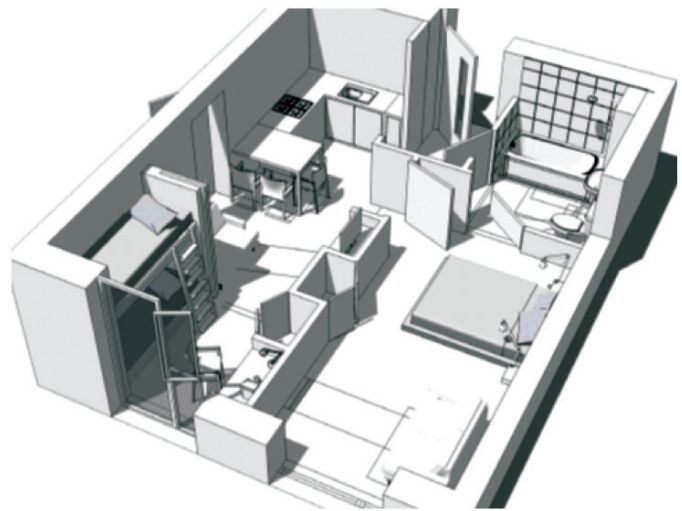
A set of documents relating to the conversion and use of the new Albany House hostel in Newton Abbott is shown in supporting information.

A GP's surgery in the centre of the town had come onto the market, and whilst well located for access to the council and a range of other facilities, had not been sold to other purchasers.

The council conducted a financial appraisal of the property for it to be converted into a hostel, including purchase costs, capital conversion costs, rental income, staffing costs etc, as well as avoided costs by not using B&B which showed the project would be viable. The project is expected to pay for itself within 12 years.

Once their offer had been accepted, and the property acquired, they then put out a brief to competitive tender, specifying the necessary works and activities, including obtaining planning permission for the conversion.

The property was in use within 22 months of approval to purchase being granted and is operating very successfully.



Sketch of proposed 40m² two bed stage 1 temporary accommodation unit at Knowles House



Knowles House, Brent

Brent Council converted a council owned elderly person's home that was no longer in use to temporary accommodation in 2014 using an arrangement where it employed a private sector managing agent to do the necessary conversion works to a 40 room hostel, and recoup the funds spent on conversion from the management fee paid for the property by the council over two years.

This was financially more advantageous to the council than using B&B and the accommodation was of a better standard, but most of the rooms still shared facilities, and only temporary planning permission was obtained for the change of use.

The council has now embarked on a much more ambitious redevelopment of the site to provide 90 small self-contained units of temporary accommodation, a community café, and a children's play area. The site will also provide a separate block of units for people with extra care needs, who are currently living in expensive and relatively outdated accommodation.

The temporary accommodation units will be a mix of two and three beds, with some wheelchair access units included, and will be much better quality than self-contained hotel annexes which are typically studios with no separate sleeping or kitchen area. However the new two and three bed units do have a

small footprint ie 40m² for a two bed, and the accommodation is intended for short term use. The design of the units allows for connecting doors between the units to be locked or unlocked depending on the size of families living there at any one time, thus making it possible to house a large family in their own fully self-contained large unit, by temporarily combining a two and three bed.

Whilst the future funding arrangements for short term temporary accommodation under Universal Credit are yet to be fully determined, providing self-contained units with the correct number of bedrooms should serve to future proof the council against any possible future restrictions on benefit payments for undersized accommodation, as well as providing a better environment for the families with children who will be living there.

It is anticipated that there will be a long term need for this hostel accommodation, but the design also envisages the possibility of low cost conversion to full sized accommodation in the future by converting a two bed to a one bed, a three bed to a two bed etc.

Supporting information available at

<https://www.local.gov.uk/housing-our-homeless-households-additional-resources-conversion-existing-buildings-and-development>

PROPERTY ACQUISITION

A growing number of councils are beginning to acquire properties on the open market for the use of homeless families.

The basic reason for this is the increasing inability to get access to private rented sector (PRS) properties at local housing allowance (LHA) rates, combined with the reduction in social lettings in many areas.

In a long term climate of increasing rents and increasing property prices, with LHA rates increasing at a slower rate, this is likely to get more difficult over the medium term.

By limiting their activities to leasing privately owned accommodation and securing lettings from PRS landlords by paying incentives, councils not only miss out on capital growth in the value of properties, but also face a choice between making increasingly expensive general fund top up payments, overcrowding families to increase the LHA rate payable, moving families to increasingly distant locations with reduced employment prospects, or all three.

One potential solution to this increasing challenge is for councils to invest directly in property, either using their own funds or by working in partnership.

By this means, it is possible to prevent a long term rise in rents beyond what housing benefit or Universal Credit will cover, and to acquire an asset which is likely to increase in value in line with the housing market.

Over the medium term, if enough properties are acquired, then it should be possible to reduce reliance on providers of nightly paid accommodation, and to provide a hedge against increasing private sector rents.

There are a number of ways councils have approached this, which may be summarised as follows:

Buy properties directly as the council

This is the simplest option and it is possible to take advantage of historically very low Public Works Loan Board (PWLB) rates to do so. However such properties cannot be let as PRS properties if the council is the landlord and instead have to be let as temporary accommodation or as affordable housing.

Set up a local authority owned company to purchase properties

This distances the council from the property ownership and allows the properties to be let as PRS properties at LHA rents, whilst still retaining a high degree of control. It is also possible for local authority owned companies to enter into more commercially orientated activities, such as letting properties at market rents, which may be able to cross subsidise LHA rent properties or generate revenue income for the council.

There are state aid implications for councils lending to a company to purchase market rent property at subsidised rates, but this should not apply to letting property to homeless families at LHA level submarket rent, which a number of councils have had legal advice benefits from the SSEI exemption to the state aid rules.

Council run services such as property acquisition, maintenance and rent collection can still be made use of if desired, under a Service Level Agreement.

Enter into a joint venture with another organisation to purchase properties

This may have the advantage that risk is shared between the council and its partner,



and that the partner may be willing to undertake or organise much of the activity in setting up the joint venture (JV) vehicle, and in managing the projects operationally.

Finance may be marginally more expensive than PWLB rates, but investment may be available without the council showing any borrowing on its balance sheet, depending on the constitution of the JV.

Invest in a property purchase fund

A number of councils have invested in property purchase funds. The way these work is broadly:

1. A fund is set up to acquire property, managed by an agent.
2. Councils and other investors may invest in the fund over a predetermined period, which may have the possibility of extension.
3. Investors receive a revenue income from the fund derived from rents from the acquired properties.
4. At the end of the funding period, properties may be sold or refinanced.
5. Management of the properties is carried out by an agent working with the fund.
6. Councils acquire nomination rights to acquired properties in proportion to their investment, but do not acquire individual properties.

The advantages here are that all the investment purchase and management of the properties are carried out externally, and that because of typically shorter investment periods than in other schemes, it may be possible to benefit from the lower short term PWLB rates which are currently available.

On the other hand, councils have less individual control over some aspects of the operation, and have to pay fees covering the operational and set up costs, and for the property management.

Enter into a nominations agreement with a partner organisation, who will purchase and manage properties

This has the advantage that it does not need investment or significant involvement from the council. However, the council may be required to guarantee long term rental income in some form, and may not fully benefit from capital growth. In fact there is a trade-off between these two factors, as more long term rent risk is likely to lead to a greater share in capital growth, and vice versa.

There are pros and cons to these various solutions, and councils considering whether to enter into any of them should consider the following questions:

- Is the council happy to make a substantial long term investment either using assets or using PWLB borrowing or potentially setting up a bond?
- How much control does the council want and is it prepared to accept the level of risk that usually comes with increased control?
- How long does the council want to tie up its money for, and what options does it want to be able to exit early?
- How much does the council want to be operationally involved in running the programme?
- What is the council's risk appetite in terms of exposure to the rises and falls in the property market?

INNOVATION IN ACCOMMODATION SUPPLY

- Are there other potential benefits, such as being able to gift assets to the council pension fund?
- Is the council being asked to guarantee long term rent inflation without control of long term variations in LHA levels?
- Are there adequate risk mitigation options, such as early sale of properties or letting properties at market rent if the viability of the project decreases in future years?
- If the source of finance is not PWLB borrowing, how does it compare to PWLB borrowing, and what impact does this have on the long term returns and risks?

The answers to these questions may help to determine which type of investment scheme may be appropriate for any given council, and may help councils to appraise different schemes they may be presented with.

One of the issues councils have to consider is Minimum Revenue Provision (MRP), in which councils are expected to pay off the principal of capital investment funded through borrowing to cover notional depreciation. Although there may be accounting devices which can be used to mitigate this requirement, it does seem strange that councils feel they have to use a proportion of their income to meet MRP requirements, when the residential property they buy is very unlikely to depreciate. This can have a significant impact on the viability of these tight margin schemes if not carefully handled, and may make some programmes unviable.

Regardless of which option is taken, the fundamental issues to consider are:

- Does the net yield on the properties service the interest payments? Putting this another way, does the necessary net yield required to service the interest payments make it viable to buy properties on the market at the scale required in the areas desired?
- If the net yield does not fully service the interest payments in all years of the project's operation, is it sensible to cover this revenue loss (in the years where it occurs) on the basis of savings on the avoided use of more expensive temporary accommodation, anticipated capital growth, or revenue surpluses in other years?

Three examples of such investment schemes considered here are:

- London Borough of Brent's property company Invest 4 Brent (I4B)
- London Borough of Croydon's possible joint venture with Mears Ltd
- London Borough of Croydon and Bristol City Council's investment in variants of the RealLettings Property Fund with Resonance and St Mungo's.

Supporting information available at
<https://www.local.gov.uk/housing-our-homeless-households-additional-resources-property-acquisition>



London Borough of Brent's property company Invest 4 Brent (I4B)

As a consequence of the review of temporary accommodation and PRS provision in the council's temporary accommodation reform plan, Brent has decided to make a capital investment of up to £170 million over three years to purchase and develop accommodation for homeless households, of which £100 million is available to purchase 300 properties over two years which will be held by the council's new company I4B.

The properties are being acquired by a team of employees brought into the council who are looking mainly for two and three bed properties within Brent or within 90 minutes travel distance by public transport. Management and maintenance are being contracted out to external providers.

In other councils this is set up differently with management and maintenance carried out by the council under a service level agreement (SLA) and acquisition being contracted out.

The council wishes to make a long term investment over 30 to 40 years in order to reduce the risk of property market fluctuations, but has control of when to sell or whether to let any properties at market rent if necessary.

The cabinet paper to set up the company along with memoranda, articles of association etc are shown in the supporting information section.

London Borough of Croydon's possible joint venture with Mears Ltd

Croydon Council are currently considering going in to a joint venture with Mears Ltd to purchase 400 properties in or near the borough.

The purpose of venture is for Croydon to increase its access to affordable private rented sector accommodation and gain access to units which offer 12 month assured shorthold tenancies to enable the council to discharge its homelessness duty. The council would have the use of the units for over 40 years and flexibility of use based on market conditions (including market rates if Croydon chooses).

If the venture were to be approved, Croydon Council would enter into a joint venture with Mears Ltd with the aim to acquire 400 properties in or near to Croydon. This would be a limited liability partnership (LLP). Mears Housing Management sources housing stock and transfers them to the LLP including arranging the necessary acquisition / refurbishment finance from the acquisition Fund which has been established. The LLP will be the long term asset owning entity (with no right to buy attached).

Croydon Council would sign up to a nomination agreement for 40 years underwriting occupancy and rent increases at an agreed rate. In return for acquisition finance, the fund takes security over the properties. Interest and principal repayments are made during the term of the loan until final repayment when the properties are owned by the

INNOVATION IN ACCOMMODATION SUPPLY

LLP. Upon completion of the finance, a 20 year management/lease contract is granted to Plexus (a registered provider owned by Mears) which will be repeated if all management targets are met.

Separately, 12 month assured shorthold tenancies are signed with tenants (with no rights to buy). Rent increases annually at an agreed rate. Plexus organises reactive and cyclical maintenance, rent collection and general management for duration of operating lease. All costs are underwritten by Mears Ltd. Agreed rents are set at levels which are not anticipated to exceed LHA levels in the future, but arrangements are in place to mitigate the potential impact of this if it were to occur.



**20,000 homelessness
preventions and reliefs
per year are made into
supported housing, and
it is crucial that this
is able to continue**



London Borough of Croydon and Bristol City Council's investment in variants of the Real Lettings Property Fund with Resonance and St Mungo's

Resonance Ltd and St Mungo's have launched a number of property funds over the past several years in which councils and other investors invest over, for example, a seven year period. The fund acquires properties capable of delivering an adequate yield at LHA level rents and as properties are let it pays a revenue return to investors. At the end of the funding period, properties may be sold or refinanced and capital gains after paying the scheme fees are crystallised by investors.

St Mungo's provides a sensitive management service for tenants and prepares them to move on, ideally after a period of two to three years, so that the properties can be recycled for other council nominees.

Investing councils such as Croydon and Bristol can nominate tenants to properties in proportion to their investment in the fund. In addition to the councils' investment, St Mungo's charge a placement fee for each new tenancy.

All such investment schemes can only function if the net yield on properties balances investment costs, and as such the required rate of return is absolutely critical to whether schemes are viable. Low borrowing costs, and the need to reduce losses on temporary accommodation are important drivers of current investment programmes, but in

most cases they only just work at LHA level rents.

If LHA rents continue to fall behind the rate of property price inflation, and borrowing costs for councils do not reduce further (for example by use of the Government's balance sheet to support lower interest rates) then the longer term viability of such investment schemes is seriously in question.

It is also worth noting that any central government move to introduce a discounted Right to Buy (RTB) obligation for tenants of these PRS properties would be likely to make them unviable in the future, unless the costs of such an RTB obligation were reimbursed by government.

There is a good case for councils purchasing properties to cooperate with each other in order to avoid pushing up purchase prices, as competition is already beginning to occur.

.....
Supporting information available at
<https://www.local.gov.uk/housing-our-homeless-household-case-study-resources-london-borough-croydon-and-bristol-city-council>

NEW DEVELOPMENT

As well as buying existing properties on the open market, it is also perfectly possible for investment schemes as described above to purchase new properties off plan.

This may have important advantages for developers, in areas where the price to be paid is close to full market value, as it provides guaranteed sales and can reduce advertising, and potential void costs.

However some councils are also actively seeking to develop new local housing allowance (LHA) rent private rented sector properties and temporary accommodation outside the housing revenue account (HRA), either on their own, or working with partners. This can be on council land or purchased land where this makes financial sense.

For example, Brighton & Hove City Council is setting up a wholly owned company and a joint venture (JV) with Hyde Housing Association and intends to develop new homes on council owned sites outside the HRA, and Brent Council has identified council owned sites where it intends to develop new build private rented sector (PRS) accommodation at LHA rents, and is thus not constrained by HRA borrowing caps.

Teignbridge is also establishing a joint venture vehicle with the objectives to:

- increase the supply of sub-market rented housing in its area
- have a delivery mechanism for self-build
- have a delivery mechanism for new products developed off-site

- have a route for engaging with local builders
- increase the standard of housing supply
- provide a return to the council's general fund.

Supporting information available at

<https://www.local.gov.uk/housing-our-homeless-households-additional-resources-new-development>



MODULAR CONSTRUCTION

There is a lot of current interest in so called 'modular homes' as a way of making timely and cost effective use of sites which might not otherwise be developed, or might sit vacant for years before permanent development takes place.

There is some potential confusion here, as offsite manufactured accommodation is also increasingly a viable option for permanent developments. In this case it should be considered on its merits alongside more conventional construction, but may have advantages because of speed of construction for example, and the associated reduced disruption to neighbours during development of sites.

However the particular proposition for temporary accommodation is the possibility to use prefabricated demountable accommodation, which can be delivered onsite from a lorry, constructed rapidly, and then moved to another site when the original site is needed for permanent development.

This type of accommodation can range from shipping containers to high specification developments such as the Ladywell scheme in Lewisham.

Considerations for councils in planning modular developments of this kind should include:

- The cost and speed of construction.
- Finding available sites which are available for long enough for viability, but cannot be developed permanently at present.
- The costs of putting in services such as electricity and water, and the costs of site preparation need to be considered as well as the costs of the units.

- Balance of quality, size, appearance and length of life of units against the price needed to achieve viability on any given site.
- Cost of moving units between sites and the number of times they can be moved.
- Likelihood of planning permission being obtained. This can be influenced by the size of units, the length of time they will be up and how long each household will be living in them, as well as local considerations, and any objections received.

A number of manufacturers of this type of accommodation are now in business, and the range of sites is growing, including car parks, roof tops etc.

East London Housing Partnership have produced an independent report, which highlights some of the opportunities and constraints of modular housing developments, and which is included in the supporting information section as an executive summary.

INNOVATION IN ACCOMMODATION SUPPLY

London Borough of Lewisham's Ladywell development

CONCEPT

During 2014 Lewisham Council undertook a feasibility study to investigate temporary housing solutions on the Ladywell Leisure Centre site. This was in response to the rising homelessness and in particular the increasing costs of placing families in temporary accommodation outside the borough. The council decided that this was not cost effective or socially acceptable and therefore wanted to provide high quality temporary accommodation within Lewisham that met the needs of the community and the council.

The feasibility study demonstrated the viability of using modern methods of construction to build offsite using modern construction technologies. It also outlined that the product costs had the potential to be significantly lower than the traditional design and build contracts. Furthermore, these new technologies enabled homes to be constructed and used then deconstructed and moved elsewhere and used again. This is known as re-deployable housing.

Planning for the temporary development was granted in April 2015 which would be valid until March 2020. The design was deliberately bold and striking to animate a prominent site and to drive interest and footfall ahead of long term development.

The site PLACE/Ladywell provides 24 two bed residential units at 77m² with all rents being set at LHA levels.



Ladywell development, exterior



Ladywell development, floorplan



Eight commercial units on the ground floor have also been provided, delivering a genuinely exciting place that promotes not only wellbeing amongst the tenants but also promotes employment and upskilling of local residents. In addition, it also generates support from local business and contributes to the future regeneration of the area.

Total construction and fit out costs came to £5.4 million. The council used Right to Buy (RTB) receipts to subsidise and invested from its general fund on a spend to save basis. The council expects to redeem costs with the revenue of rents after about 10 years. The council's current view is that the accommodation on the current site will be taken down and erected at another appropriate site in the borough with more offsite constructed accommodation being erected on the current site on a permanent basis.

COSTS AND FUNDING BREAKDOWN

1. PLACE/Ladywell costs:

Construction costs	£5 million
Ground floor fit-out costs	£400,000
Total construction and fit-out costs	£5.4 million

2. PLACE/Ladywell funding breakdown:

Greater London Authority (GLA) High Street Fund for ground floor fit-out	£430,000
Recycled RTB receipts	£1.5 million
Council capital funding	£3.47 million
Total	£5.4 million

3. PLACE/Ladywell savings generated:

Net rent amount from 24 units (after Lewisham Homes Management costs)	£220,000
Saving compared to average self-contained nightly paid accommodation	£136,000
Total generated per year:	£356,000

The council's capital funding is repaid in 9.75 years, and it will take an additional four years to pay back the RTB receipts.

The cost of relocating PLACE/Ladywell was included in the original tender, with the cost included at around £800,000.

OPERATIONAL INFORMATION

The start on site date was September 2015 with the first units being delivered in December 2015 and practical completion in August 2016.

Whilst the council led on procurement and project management, the operational management is being managed by Lewisham Homes, the council's lead housing partner for affordable housing.

Contact: Jeff Endean
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Supporting information available at

<https://www.local.gov.uk/housing-our-homeless-households-additional-resources-modular-construction>



**Local and national
government now spends
£2 million a day
on temporary
accommodation**

ALTERNATIVES TO TEMPORARY ACCOMMODATION



MAKING SUCCESSFUL PRIVATE RENTED SECTOR OFFERS

If preventing homelessness cannot be achieved, and social housing is scarce in an area, then making a successful private rented sector offer (PRSO) can be a better alternative to temporary accommodation, both financially and for the settlement of tenants.

For households accepted as homeless since November 2012 who are not likely to be offered social housing, it may also be more honest than placing people in temporary accommodation which in reality will not lead to a social tenancy. Use of PRSOs can also be fairer in areas where there is adequate social housing, if used in combination with an effective homelessness prevention service, as it removes the incentive for a household to refuse to participate in attempts to prevent homelessness in an attempt to secure a social tenancy.

However, few councils have achieved more than a handful of successful PRSOs.

The London Borough of Brent have achieved more PRSOs than anyone, averaging around 250 to 300 per year, and the full suite of their documents is included in the supporting information.

The key elements to successful PRSOs are:

- a dedicated PRSO team
- a clear understanding of and adherence to what is permissible under the law in terms of location and standard of property
- clear communication with homeless households about the alternatives
- a good working relationship between the PRS procurement service and the PRSO team matching properties to households
- a sensitive resettlement service for out of area PRSO moves.

It is important to keep an excellent record of each case from the point the household approaches the council, so that there is clarity on the full circumstances of each household in case of legal challenge.

Cases should be personalised so that the offer made takes into account legitimate restrictions on where the household can live.

Enquiries should be made to establish needs for schooling, medical support needs etc following the guidance and supplementary guidance associated with PRSOs issued after the Localism Act.



ALTERNATIVES TO TEMPORARY ACCOMMODATION

In the case of PRSOs made out of area, it is helpful to provide a local information pack and to liaise with the landlord/agent of the property being offered to assist with familiarisation with the local area and making timely claims for benefits. Having said this, the majority of Brent's PRSOs are in Brent.

Supporting information available at
<https://www.local.gov.uk/housing-our-homeless-households-additional-resources-making-successful-private-rented-sector-offers>

USE OF SUPPORTED HOUSING

It may well make sense in many cases, and especially for single homelessness, to place homeless households in 'specified' supported accommodation, rather than temporary accommodation, where such accommodation is available.

Some local authorities routinely place homeless households in specified accommodation, rather than temporary accommodation, especially in lower demand areas.

A Part VI offer under the Housing Act 1996 into supported accommodation can be used to end a homelessness duty, and most single homeless people who are vulnerable enough to meet the priority need threshold will benefit from housing related support.

**It is also the case that
nearly 20,000¹⁴ homelessness
preventions and reliefs
were into supported
accommodation in 2016**

Moreover, the previous Government has stated that the shared accommodation rate for under 35s will not come into effect for supported accommodation from 2019, as it will for other social housing or for temporary accommodation under Universal Credit.

For single homeless people in priority need, who by definition are vulnerable, it therefore seems increasingly sensible to end a homelessness duty in supported accommodation, rather than place them in temporary accommodation for any length of time – especially those under 35.

There is also a case for classing family sized accommodation as specified accommodation, where support is provided, and this case may become stronger under Universal Credit. Advantages include:

- Payment of rent can easily be made direct to the landlord.
- Currently, housing benefit can be claimed above LHA levels to cover the costs associated with intensive management. Arrangements after 2019 are not yet clear, but it seems unlikely that rents would drop below LHA levels without a compensatory payment to local authorities in another form.
- The delays in Universal Credit payments that currently create problems in short

¹⁴ DCLG Homelessness Live Tables



term temporary accommodation should not apply, as the housing element of Universal Credit is not payable in specified accommodation, where housing costs are still paid through housing benefit.

It is worth noting that the funding arrangements for supported accommodation are likely to change significantly. A review of supported housing was carried out by DWP and DCLG in 2015, which was followed by consultation on how funding arrangements should change, which closed in February 2017.

Proposals are expected soon from government following the consultation. It is not yet known exactly what those proposals will look like, but some form of devolution of funding from housing benefit to local authorities would seem likely.

ALLOCATIONS POLICIES

Social housing allocations policies can be central to dealing with homelessness. There is no single answer to what a correct allocations policy should be in this respect.

It may make sense in some circumstances to allot a high proportion of allocations to homeless households in temporary accommodation, if that is a way to relieve pressure, reduce reliance on B&Bs, or for councils who have adopted the Localism Act power to make private rented sector offers (PRSOs) to clear a backlog of households placed in temporary accommodation before November 2012.

However, a high proportion of allocations to statutorily homeless households in temporary accommodation does potentially create a perverse incentive for households moving from one house to another to declare themselves statutorily homeless in order to get access to social housing, and of course it also means less social housing is available for other priority groups, such as those with a medical need, or suffering severe overcrowding.

Reducing priority in the allocations system for statutorily homeless households compared to those who have accepted a homelessness prevention offer certainly seems to have been successful in Camden over many years.

However, an alternative approach which makes use of PRSOs in combination with homelessness prevention to avoid incentivising homelessness applications, may be equally effective.

In any case, purposeful use of a council's allocations policy to tackle homelessness and temporary accommodation can form an important part of a council's strategy to reduce demand for expensive and unsuitable temporary accommodation.

It is also important to have a properly developed policy for allocating temporary accommodation and private rented sector (PRS) accommodation, which is compliant with the DCLG Suitability of Accommodation Order.

Supporting information available at

<https://www.local.gov.uk/housing-our-homeless-households-additional-resources-allocation-policies>

**The net cost for
councils providing
temporary
accommodation has
tripled in the
last three years**



COLLABORATION ACROSS AREAS



WORKING WITH OTHER COUNCILS

There can be significant advantages to neighbouring councils cooperating with each other in procuring accommodation for temporary accommodation and private rented sector (PRS). These include:

Reduced competition between councils, which can push prices of accommodation up

In areas where neighbouring councils are procuring accommodation in each other's local area, then it is often easy for accommodation suppliers to take advantage of this market position by using this potential competition to increase prices.

It is also sometimes the case that councils procuring accommodation in areas which are less expensive than their own area, may not know the local market well enough to get the best price, but buy because they are still saving money compared to prices in their own area. When this happens it can push up prices for the 'host' council.

In some cases there can even be a ripple effect where an exporting council can price a host council out of its own area so that that council then itself exports to an even cheaper area.

None of this is good for the public purse, and it likely to have negative impacts on residents, who end up living in less good quality accommodation, further from their home area than might otherwise be the case.

By cooperating on keeping accommodation prices down, these effects can be minimised.

Joint procurement can avoid duplication of effort

If councils are able to work together to procure accommodation, this can avoid several officers all going after the same property, and also rationalise the position for landlords and agents.

A more rational allocation of properties may be achieved

If, as sometimes happens, a number of councils are all looking for properties across the whole combined territory of those councils, this can lead to residents of 'Council A' having to move to 'Council B', often having to change schools and move further from their support networks. At the same time residents of 'Council B' have to move to the territory of 'Council A.' A more cooperative approach which rationalised the allocation of properties so that people could stay closer to home would clearly have some advantages.



It may be possible to be more attractive to landlords with portfolios across several local authority areas

It can be much more convenient for landlords to have a single contact who can take properties across a wide geographical area.

The London Inter Borough Accommodation Agreement

The London Inter Borough Accommodation Agreement (IBAA) is an interesting example of local authorities being able to act powerfully together in the temporary accommodation market place. The IBAA has existed since 2011, to record and monitor out of borough placements in London, and is a development of earlier agreements.

Building on this arrangement and faced with rapidly rising costs of nightly paid accommodation across London, and a drop in the supply of leased accommodation, the London boroughs acted collectively to set the maximum prices they would pay for nightly paid accommodation in each of the London sub-regions.

The IBAA monitoring was extended in 2014 to include rates paid for nightly accommodation. It was gradually extended to cover in and out of borough placements, as well as leased placements, so that now all placements and rates are monitored at a pan-London level. The London boroughs have jointly commissioned and developed the CarePlace – IBAA monitoring system to record and report on all placements and help them manage costs, in an impressive

display of collaborative working, supported primarily by the London sub regional housing officers.

A copy of the IBAA agreement is shown in the supporting information section.

Despite significant pressure to breach the agreement, when providers refused to supply accommodation at the agreed price, it has been adhered to remarkably well, and has stemmed the rise of both the price of nightly paid accommodation and the proportion of nightly paid accommodation being used, almost certainly saving London boroughs several million pounds.

Between June 2015 and September 2016, the number of Tower Hamlets families in B&Bs for over six weeks reduced from 174 to zero



WREN

The WREN Dynamic Procurement System being piloted by the London boroughs of Waltham Forest, Redbridge, Enfield and Newham seeks to streamline procurement of temporary accommodation through use of an online portal for landlords and agents to register properties. This is in compliance with the Public Contract Regulations 2015.

It is too early to measure the impact of the WREN system on the supply of properties at the time of writing, but some potential advantages are that it:

- allows providers working across several of the boroughs to use one system instead of four
- increases the chance that many given property will be made use of, because four boroughs can take it
- streamlines and increases the robustness of systems to record gas and electricity safety certificates, and automatically flags when they are due for renewal
- a dynamic procurement system has the advantage over a framework agreement that it allows new suppliers to register and leave at any time and is Official Journal of the European Union (OJEU) compliant (in accordance with the Public Contract Regulations 2015)
- the standards of accommodation required are common across the four boroughs

- providers can choose which borough they want to work with, but if they are neutral then properties can be divided on a rational basis
- the system also incorporates a payment system for suppliers, which is an advantage to local authorities with a slow or unwieldy internal payment process
- the process reduces competition amongst boroughs and increases transparency
- whilst there is no bar to boroughs contacting landlords by phone or by other means outside of the online portal to get new supply, to ensure that quality control and compliance are adhered to this is subject to the properties being entered onto the online system.

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West London dynamic procurement system agreement

The London boroughs of Brent, Barnet, Ealing, Hammersmith & Fulham, Hillingdon, Hounslow, Lewisham, the City of Westminster and the Royal Borough of Kensington and Chelsea have come together to establish a dynamic procurement system (DPS) for leased temporary accommodation, which is offered in two lots at different prices inside and outside the M25.

Although this arrangement makes it straightforward for any of the participating boroughs to take properties from any of the providers on the system, and makes it easy for new providers to enter without a new procurement, the system is not as sophisticated in IT terms as the WREN system.

The agreement has not been as successful as hoped for, to date, in accessing new properties, as the suppliers who are signed up have struggled to make properties available at the tender price. This shows that although a streamlined procurement system may be helpful, it can only work if the market fundamentals make the procurement viable. Having said that, 160 leased properties have been procured to date through the agreement (March 2017).

London Councils project to support joint work on temporary accommodation and PRS procurement

London Councils, working in partnership with the Greater London Authority (GLA) and Department for Communities and Local Government (DCLG), has recently commissioned a feasibility study to look at more radical options for more collaborative work between the London boroughs on accessing more accommodation for homeless households, which will report by the end of the summer in 2017. Up to £25 million DCLG funding is potentially available across 2017/18 and 2018/19 to support joint working by the London boroughs if a viable way forward can be established.



London Ventures programme on temporary accommodation, housing and homelessness

London Ventures is an innovation programme delivered by London Councils working in collaboration with Ernst & Young. It specialises in bringing innovative solutions from the private and third sectors into the public sector in order to transform the delivery of public services. The programme is currently focused on the issues of temporary accommodation, housing and homelessness in London.

Following the research carried out to date into these challenges, London Ventures are now looking to work with a range of solutions, at varying levels of maturity, through development and into implementation. The London Ventures programme offers a range of support options, from providing advice on commercialising ideas to shaping offers to meet the local authority market's requirements. They are a funded resource and dedicated to sourcing and developing solutions to some of London local authorities biggest challenges.

The programme is sponsored and governed by the Capital Ambition Board (CAB), a member led board that is a sub-set of the leaders committee. Projects, solutions and local authorities working with the programme receive CAB sponsorship and endorsement, often removing some of the challenges faced when addressing significant social issues.

Currently London Ventures are accepting idea submissions which could, subject to

approval from CAB, be brought onto the programme as Venture Partners. Solutions considered so far have included pan-London approaches, modular housing design, PRS assistance and increased close working with landlords, but they are open to any and all ideas that have the potential to disrupt and transform this market, and improve outcomes.

This represents an opportunity for local authorities in London to utilise the commercial skills and experience of the programme to enhance their own innovation capability to drive innovation and change on a pan-London basis.

London Ventures is a free-to-use vehicle which you can use to develop or scale solutions and ideas from your local area.

londonventures@uk.ey.com

Supporting information available at

<https://www.local.gov.uk/housing-our-homeless-households-additional-resources-working-other-councils>

GOOD PRACTICE IN OUT OF AREA MOVES

As shown in Chart 4, the number of out of authority area temporary accommodation placements is at record levels with around 20,000 such placements now live at any one time.

Most of these placements are from London boroughs, and many of them are likely to be in a neighbouring local authority, where travel to school and to work may still be perfectly feasible, and disruption to the household may be minimal.

However, in other cases, where the family has to move a relatively long distance to an unknown area at very short notice, this can be extremely difficult for those families, especially in the short term until they settle in a new area.

The relative proportion of in borough, out of borough and out of London placements between February 2016 and January 2017 are shown in Chart 10. In total, during the whole year, 2,321 placements by London boroughs were outside London, out of 34,752 placements in total: 6.6 per cent of placements. Of those, the large majority were into nightly paid accommodation in the counties bordering London. As nightly paid accommodation is on average shorter term than other types of temporary accommodation, the total of active temporary accommodation placements outside of London at any one time is significantly less than 6.6 per cent, and the total number of placements beyond the home counties is still

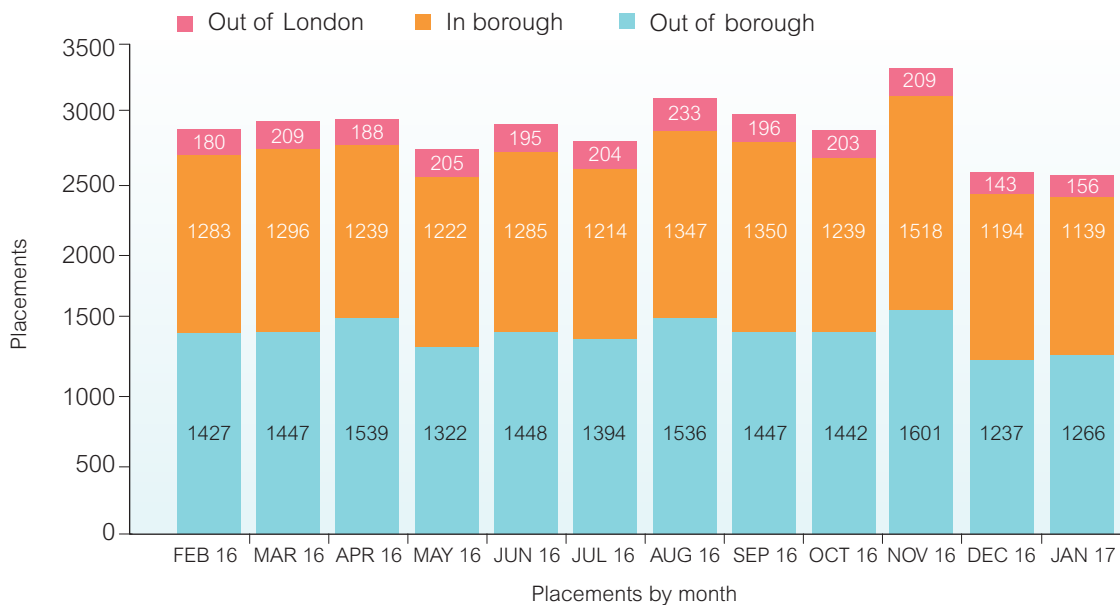


Chart 10 London temporary accommodation placements by month: February 2016 to January 2017 – in borough, out of borough and out of London

Source: Care Place IBAA Data



less than 100 per year¹⁵. This contrasts with 49 per cent of all placements being out of borough but still within London. This would appear to show that, whilst London boroughs are clearly unable to house most households in borough, they have very largely contained their exporting of households to moves within London, so far. More detailed information on the location and type of placements is shown in supporting information below.

However, it is worth noting that this does not include people who move out of London for homelessness prevention or are moved out of London by children's services.

Local authorities have legal duties when they make a placement in another area, which include notifying the receiving local authority, and these should of course be followed as a minimum. Council good practice goes much further.

London Councils advice note

London Councils (the umbrella organisation representing all the London boroughs) has produced an advice note agreed by all of the London borough housing directors which is included in supporting information, below.

In summary, the advice note focuses on three key aspects concerning the placement of homeless households outside of London and states that:

- notification arrangements – the placing authority should, as far as is reasonably possible, advise

the receiving authority of all accommodation placements.

- paying a fair rent – the placing borough should, as far as is practical, ensure that the rent paid on accommodation takes reasonable account of what the receiving authority could pay and is not at a level that is likely to encourage unduly the inflation of local rent levels.
- treatment of vulnerable families – the placing borough will, as far as practically possible, avoid placing families containing vulnerable children outside of London.

In addition, it is good practice for placing and receiving local authorities to cooperate with each other to enable, on the one hand, new residents to have trouble free access to local schools, welfare benefits and other services they might need, and on the other hand for placing authorities to be prepared to listen to receiving authorities and avoid placing people in accommodation which is known to be of a poor standard or to be in very deprived areas, which the receiving authority is trying to regenerate.

¹⁵ Bedfordshire (mainly Luton, which had 75 placements between February 2016 and January 2017) is included in the Home Counties here

National Housing Advisory Service guidance

- The government funded National Housing Advisory Service (NHAS) has produced guidance on out of area placements which goes further.¹⁶ Best practice for local authorities according to the NHAS guidance is summarised as follows:
- notify host local authorities
- maintain contact with households placed out of area
- ensure thorough suitability screening, including across other local authority services
- accommodate in-area while suitability is properly assessed
- give greater flexibility for families on location of out of area accommodation
- employ a housing officer where there is a high concentration of out of area accommodation
- equip families with complete information on their new area
- check the suitability of school and nursery places in new area
- provide support with travel and removal costs
- conduct an equalities impact assessment for each move
- ensure households are aware of their right to review.

Brent Council West Midlands Officer – now shared by all the West London boroughs

Brent Council employs a dedicated officer in the West Midlands to help procure private rented sector (PRS) accommodation and temporary accommodation for the council and also to provide resettlement support.

The council recognised that families may require resettlement support, as they were moving to a new location, a long way away from Brent. The households are relocated under different schemes, dependent on the circumstances of their case:

- **private rented sector offer (PRSO)** – end the homeless duty for post 9 November 2012 acceptances (this accounts for the bulk of placements)
- **prevention** – households who choose to move to the West Midlands under the council's Find Your Home Scheme
- **temporary accommodation** – households who were accepted as homeless pre 9 November 2012, but who are not close to receiving an offer of social housing to end the duty, and who cannot afford to live in temporary accommodation in Brent/London (typically due to the overall benefit cap).

The support service is available to all three cohorts, although is typically less used by those households who have elected to move to the West Midlands under the prevention scheme.

¹⁶ Placing homeless households out of area: local authority guidance and best practice NHAS



There can be significant advantages for neighbouring councils cooperating together in procuring property for use as temporary accommodation

As well as an initial meet and greet service, the households receive assistance with making their housing benefit claim, application for school places, registration with a GP, employment opportunities and a general orientation of the local area and access to local community groups. However, the service is very flexible and will respond to meet individual households' needs wherever possible. Tenancy sustainment has been good. Of the 37 relocated under either PRSO or Find Your Home – only five families made their own arrangements to move back to London.

Nineteen households have secured employment in the West Midlands. Twelve secured their own employment quite quickly after being rehoused, and the resettlement officer assisted the other seven, who had not worked in years and so needed more help.

Brent has found the resettlement service to be invaluable, as it enables a quick response to issues as they arise, for example in managing the relationship between landlords and tenants to avoid misunderstandings and manage expectations on both sides.

Supporting information available at
<https://www.local.gov.uk/housing-our-homeless-households-additional-resources-good-practice-out-area-moves>

Use of B&Bs for homeless families was made illegal in 2004 except in an emergency



LOCAL AUTHORITY CASE STUDIES

LONDON BOROUGH OF BRENT

The London Borough of Brent in North West London is one of the most ethnically diverse local authorities in the country. Like other London boroughs, Brent has seen significant regeneration, but accompanying that, some real decreases in the affordability of local housing to people on low or moderate incomes. Brent has had one of the largest temporary accommodation portfolios in the country for many years. At its peak, Brent had almost 1 in 25 households living in temporary accommodation.

Brent, like other London boroughs, has been hit hard by decreased social housing lettings, increasingly unaffordable private rented accommodation for people on low incomes claiming housing benefit, and the introduction of the overall benefit cap.

This combination of pressures led to an increase in statutory homelessness due the loss of an assured shorthold tenancy – ie due to loss of private rented sector (PRS) accommodation – to 53 per cent of cases in 2016, as the difference between real rents in the market and local housing allowance (LHA) levels has increased.

For related reasons, it has become much harder for the council to secure temporary accommodation or private rented accommodation for homelessness prevention or the ending of a homelessness duty at rents which housing benefit will fund.

This led to a rise in the use of B&B accommodation by Brent to a maximum of 285 households, which alone was costing the council £1.8 million per year.

There had also been a significant increase in the use of self-contained hotel annexes, and self-contained nightly paid accommodation from PRS landlords and agents as temporary accommodation, both of which provided unsatisfactory accommodation at a significant loss to the council.

Brent is now in a much better position than it was and looking forward with more confidence, despite the threats on the horizon of a prolonged freeze in LHA, reduction of the overall benefit cap, and the roll-out of Universal Credit.

The local authority's focus and determination has been key to reducing B&B use from 285 households in October 2014 to just 29 households at the end of March 2017. The council holds a weekly officers meeting looking at all cases in B&Bs, which examines the reasons why a household has been placed in a B&B, what the barriers are to moving people out, and how those barriers can be addressed. The culture of the council has turned decisively away from it being acceptable for a household to be in a B&B if any alternative is available, and officers are held accountable for this.

Brent has benefited from a number of factors and initiatives which have helped to reduce reliance on B&Bs dramatically, to reduce temporary accommodation use against the London trend, and to minimise its financial losses from temporary accommodation and PRS accommodation.

These include:

1. The council has retained one of the highest numbers of housing association leased (HALS) properties of any council in England. These properties are leased and managed by Genesis, Network and Shepherds Bush housing associations, and are more cost effective for the council than most of the rest of its temporary accommodation. The reasons Brent has been able to retain so many HALS properties include:
 - Prudence in previous years, when it was far slower than other boroughs in getting out of HALS and replacing these properties with private sector leased (PSL) properties managed by private sector agents, when the temporary accommodation funding regime made it financially advantageous in the short term to do so. Brent has thus retained a good relationship with housing associations providing temporary accommodation, and by extension, the owners of the properties they lease, some of whom have been leasing their properties as temporary accommodation for many years.
 - Most Brent HALS properties are in the Inner North London Broad Market Rental Area (BRMA¹⁹), where it is still advantageous to some landlords of larger properties to let properties as temporary accommodation, because the property size based LHA caps introduced in 2011 do not apply under

¹⁹ BRMAs are the geographical basis for LHA setting. The LHA is set at a uniform level for each property size across the whole of a BRMA



the temporary accommodation funding regime, which is based on LHA rates in January 2011, before those caps were introduced. This will no longer apply under Universal Credit, however.

2. The council has been one of the most successful in making use of the powers in the Localism Act from November 2012 to compulsorily end a homelessness duty in the PRS, and is currently successfully ending a duty to between 200 and 250 households per year by accommodating households using private rented sector offers (PRSO). This is because of a well organised, thorough, and joined up process in identifying suitable properties and in handling the PRSO process with tenants.
3. Although Brent does not have a very high level of social housing stock compared to similar London boroughs, it has benefited in recent years from one of the highest levels of new affordable housing completions in London, which has provided a temporary boost to the council's ability to move people out of temporary accommodation into social housing. In addition, Brent has agreed that a very high proportion (80 per cent in 2015/16) of social lettings go to homeless households, which has helped ease pressures in temporary accommodation. Although this inevitably produces a knock on effect on other people on the housing waiting list who find it harder to get properties, there is justification arising from the sheer numbers in temporary accommodation who need to be housed. It is not uncommon for people moving from temporary accommodation to social housing in Brent to have been living in

temporary accommodation for over 15 years. There is also little risk of creating a perverse incentive to become homeless in order to access social housing, because only those households accepted as homeless before the Localism Act power was introduced in November 2012 have access to social housing from temporary accommodation.

4. Although, by no means the largest exporter of homeless households to other local authorities, the council has been successful at moving a proportion of households to areas outside London, notably the West Midlands, and has managed this process well. The council employs a dedicated resettlement officer in the West Midlands, who will meet people who arrive from Brent, help them to move into their new accommodation, help them access local schools and other services, and assist them with access to local employment opportunities. This has meant that a high proportion of such moves have been successful, and have not resulted in tenants abandoning their properties and returning to Brent.

In 2016, Brent's cabinet agreed an ambitious Temporary Accommodation Reform Plan, which analyses the range of temporary accommodation the council uses and its cost, makes predictions about future homelessness demand and sets out a number of actions to:

- improve future supply of accommodation
- increase homelessness prevention
- improve the experience of households in temporary or PRS accommodation
- reduce costs to the council.

The main elements of the plan are:

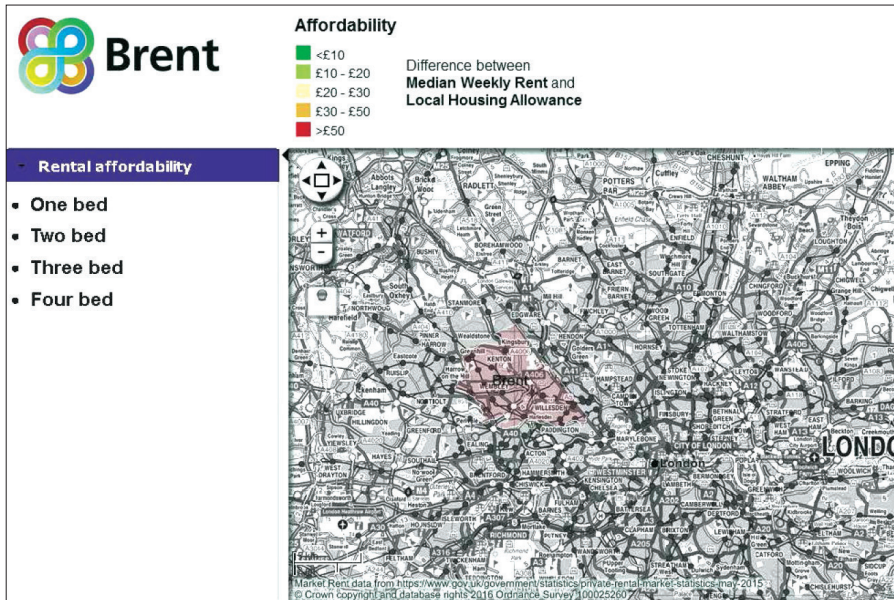
- a. To set up a council owned property acquisition company to purchase and let PRS properties at LHA rents for homelessness prevention or PRSOs. Properties will be let as a settled accommodation using assured shorthold tenancies, and will be in Brent or within London and the home counties north of London. The initial target is 300 family sized properties over two years to be purchased from the market.

The intention behind this is to take advantage of the council's ability to borrow cheaply at Public Works Loan Board (PWLB) rates and acquire assets with the potential to grow in value, as well as to guarantee to be able to let properties at LHA levels into the future if market rents diverge even further from LHA. There are immediate savings due to the reduction in the use of more expensive forms of temporary accommodation, and in the need to pay high landlord incentive payments to secure access to properties for PRSOs or homelessness prevention.

The property acquisition is being carried out by an in-house team at the council, with management and maintenance of properties contracted out following a competitive tender process. The company is being set up to be able also to make more commercial investments, which could generate income for the council or subsidise acquisition of more properties for homeless households in the future if PWLB rates rise or property prices rise faster than LHA rents, which both seem likely over the medium term. There are a

number of possible models for property acquisition, of which Brent's is one example. This is explored further below.

- b. To develop new LHA rent PRS properties on council land. The economics of property development of LHA rent properties in London are difficult if the value of the land has to be fully taken into account, but there are advantages to the council in developing on its own land, limited though this is. More rental income could be achieved using market rent, and so any council contemplating this approach has to weigh up the costs of forgoing higher rents compared to the benefits of housing people in the most need locally, and saving on temporary accommodation costs. PRS accommodation can be developed outside the Housing Revenue Account (HRA), and so is not limited by any caps on HRA borrowing a council may face.
- c. To develop better quality stage 1 temporary accommodation for short term use by homeless households. Brent Council currently owns a temporary accommodation hostel for homeless households, which was converted from an old people's home a few years ago on a temporary basis. This provides superior accommodation to most B&Bs, and is certainly better for the council financially than a B&B, as housing benefit will cover much higher rents for a council owned hostel than for commercially run B&B. However the accommodation has shared facilities, making it less than ideal for stays of more than a few weeks for the families with children who occupy most of it.



The council has worked with architects to develop an ambitious plan to deliver over 90 temporary accommodation units in a brand new building. Each unit is properly self-contained and has the right number of bedrooms for the families who occupy it, albeit each flat has a smaller floor area than would be permissible for long term accommodation. The units will be designed so that connecting doors between the flats can be locked or unlocked depending on occupancy, so that for example a two bed unit and a three bed unit can be easily combined to accommodate a larger family in fully self-contained accommodation. As the accommodation should not overcrowd families according to the bedroom standard, the accommodation should be immune to any future changes to funding which prevent councils claiming full Universal Credit for the family size for hostel accommodation.

- d. To intervene much earlier to prevent homelessness by working with households to help them find their own PRS accommodation using the 'Find Your Home' scheme. The aim here is to move the emphasis (and the amount of staff time) away from part VII assessment under the homelessness legislation included in Housing Act 1996 and to intervene earlier to help more people before their housing need turns into a homelessness crisis.

The council has developed an online tool which shows the difference between LHA rents and market rents for different property sizes all over the country to demonstrate which areas are more affordable, and includes links to available advertised properties to rent in the selected area on a range of websites, including Rightmove, Zoopla and DSS Move. This, along with coaching sessions at the council's office, allows individuals

to be involved in the process of finding their own property and understanding first hand the challenges faced by councils seeking accommodation. When a property is found council officers help where necessary to broker a deal, and if needs be offer a limited incentive payment to landlords.

Interestingly, and in common with what we have heard from other councils, what often happens is that, rather than choosing to move to an area they can afford, which might be some distance away, people will often prefer to overcrowd themselves by one bedroom in local accommodation so that for example a family needing entitled to a two bedroom LHA rate will find that this only allows them to afford to rent a one bedroom flat, but will choose to do this in the absence of better alternatives. In some cases they will also have to pay a top up out of their other benefits in order to afford to pay the rent. This is, of course, uncomfortable territory for the council, who will refuse to be involved in the transaction if the property would be overcrowded by more than one bedroom against the bedroom standard or they deem the rent to be unaffordable for the household or believe that they are likely to get into arrears.

The Find Your Home programme is showing promising signs of success. One of the advantages of working with households early, in this way, is that if it is clear that the attempt to find a property is failing or the household is not willing to take what is available to them, then it is possible to accept a homelessness duty and make a PRSO offer to the household before they become roofless, and avoid the

situation where the household would have to go into B&B or other emergency temporary accommodation.

- e. Employment and skills support. Although less advanced in practice than the other measures at the time of writing, the council is committed by the Temporary Accommodation Reform Plan to provide an integrated employment and skills service to people in temporary accommodation or at risk of homelessness, and in particular to support people who move out of the area to access local services which can help them to find work.

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Supporting information available at
<https://www.local.gov.uk/housing-our-homeless-household-case-study-resources-london-borough-brent>



BRIGHTON & HOVE CITY COUNCIL

Brighton & Hove City Council is a relatively large user of temporary accommodation, partly because they have found this to be more economic in the past than ending a homelessness duty in the private rented sector (PRS).

Private rented accommodation is expensive in the area, partly because of the large student population and local housing allowance (LHA) is less than average rents by around £100 per week.

Until recently, temporary accommodation used to pay for itself, but this is changing, and the borough plans to reduce its temporary accommodation reliance significantly by conversion to PRS accommodation for homelessness prevention, which will be more financially advantageous following temporary accommodation management fee devolution, as well as better aligned to the council's strategy of increasingly preventing homelessness further upstream.

Procurement arrangements

Temporary accommodation is contracted on a corporate basis so that it can also be used by adult social care and children's services. This means that the same accommodation can be used to meet duties under the Care Act, Children Act 1989 (accommodation for families under Section 17), and the National Assistance Act.

The council has developed framework agreements and dynamic purchasing systems (DPS) for the delivery and management of temporary accommodation, but has found DPS to be more effective because it can be more responsive to changes in the market.

The council has its own direct leasing scheme which both leases and manages properties. This is provided on behalf of neighbouring Lewes District Council as well as Brighton & Hove. This benefits both councils as Brighton & Hove has greater negotiation power and systems already in place, whereas Lewes has more affordable accommodation, compared to the local LHA rate. The arrangement is that the first offer of accommodation procured in Lewes goes to Lewes District Council, but if Lewes do not need the property then Brighton & Hove will take it. Brighton & Hove manage all the properties for both councils.

The council currently has a stock of around 1,000 units which were procured at below LHA levels.

Housing Revenue Account assets used as temporary accommodation

Brighton is also combining redevelopment of Housing Revenue Account (HRA) assets with providing temporary accommodation at lower cost. The council has set up a separate investment company to lease HRA properties for use as long term temporary accommodation let at LHA rates.

The revenue generated from LHA rents enables void properties needing major works to be refurbished, and also provides a capital receipt to the HRA to bring the remainder of the HRA stock up to decent homes standard.

The five year anniversary of this venture has just passed and all 499 refurbished properties have now been leased.

Modular housing

Brighton has also established a modular and system build pilot scheme to deliver new affordable rented homes on small, constrained garage sites. The first of these sites was advertised and received seven expressions of interest.

The scheme is now being worked up with the preferred developer, who prefers a leaseback arrangement of the homes once they have developed them.

In addition the council has 50 per cent nomination rights to the YMCA modular housing scheme of 21 units set up as transitional accommodation for under 35 year olds. Council land was leased to the YMCA at a peppercorn rent, which may increase when the YMCA's loan to build the units has been paid off.

Housing market intervention/direct delivery and other housing delivery options through a council wholly owned council special purpose vehicle

The council is looking to purchase and develop property to increase long term supply. Committee approval has been obtained to take forward improving housing supply through the following innovative housing delivery options:

- housing market intervention/direct delivery and other housing delivery options through a council wholly owned special purpose vehicle (SPV)
- Living Wage joint venture (JV) with Hyde to deliver 1,000 new lower cost homes for rental and sale over four years.

The housing market intervention approach arises as a direct result of DCLG funded work around local authority intervention in the housing market to increase supply of accommodation to those to whom they owe a housing duty.

More details on these ventures is shown in supporting information.

Upstream prevention

Finally, Brighton & Hove Council has been awarded funding under the DCLG Homelessness Prevention Trailblazer programme to look much more widely for people who may be at risk of homelessness, working with wide range of partners including GPs, children's and adult social services to reach people at an earlier stage before they reach crisis point. They are hoping that this will lead to a 50 per cent reduction in moves in to temporary accommodation.

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LONDON BOROUGH OF CAMDEN

The London Borough of Camden has been an example of good practice in resolving homelessness for many years. From a position in March 2005 of having 2,172 households in temporary accommodation and accepting 1,148 households as homeless in 2004/5, Camden had reached a position by the start of 2017 of having fewer than 500 families in temporary accommodation and accepting just 71 households as homeless in the previous year. No families are housed in B&Bs, which has been the case for some considerable time.

Many councils were successful in reducing temporary accommodation use between 2004 and 2010 to meet the Government's then target to reduce temporary accommodation use by 50 per cent, but have seen it increase again in recent years. Camden's use of temporary accommodation has continued to fall, and has decreased by over 40 per cent since 2010; this is despite Camden being one of the least affordable boroughs in London to live in the private rented sector (PRS).

Key to the council's success has been the focus on early intervention in cases where residents are at risk of homelessness and the use of professional staff to provide tailored options to households to enable them to prevent homelessness using PRS accommodation. A range of policies work to make the homelessness prevention offer more desirable to households than being accepted by the council as homeless under part VII of the Housing Act 1996 homelessness legislation.

Although not covered in this report, Camden's development of the single homelessness pathway approach and record on tackling rough sleeping are also exemplary and have been widely copied and adapted by other councils.

There are perhaps four key elements to Camden's success in reducing their use of temporary accommodation.

1. The council's allocations policy. For years now, Camden's policy has given more priority to people who accept a homelessness prevention offer in the private rented sector (PRS) than who refuse this and are accepted as homeless under part VII of the 1996 homelessness legislation (although accepting a homelessness prevention offer is by no means a guarantee of getting social housing). Although always scrupulous about offering the option of making a homelessness application to people who would be eligible, the council has been successful in preventing homelessness for a much greater number of people than are accepted as homeless. So statutory homelessness is no longer the fastest route to a council property. Camden's homelessness accommodation strategy agreed in 2013, in which a key element was the adoption of the Localism Act power to end the main homeless duty with a PRS offer, further strengthened the focus on homelessness prevention. The borough has only had to conduct 71 Section 202 reviews of a homelessness decision in the past three years. However this strategy is only successful because prevention offers in the PRS can be made.

2. Working well with landlords. Camden pioneered and hosts the London Landlord Accreditation scheme²⁰, and requires all landlords it works with to be accredited. All new landlords have properties inspected by the council before they are let, but once they have a track record, photographs of the property are accepted. The council provides a responsive service to landlords with any tenancy related issues and vets tenants before they put them forward for a PRS let. Any potential tenants who are not deemed ready to sustain a PRS tenancy are accommodated elsewhere with additional support and are given pre-tenancy training. Where there are problems, the council operates a tenancy sustainment function which will work with tenants they have placed in the PRS to keep their tenancies going. Camden is also proactive in reaching out to new landlords, advertising using a range of media and events. For example they exhibit at landlord events at venues including Olympia and the Barbican, and have run advertisements on the Sky TV Property Channel. The borough offers a range of options to landlords, in which different levels of risk and housing management responsibility are taken on by the borough according to the landlord's preference. Rent guarantee and legal cover insurance is available to landlords, as well as a bond against damages, which in practice has had very few claims against it.
3. Working well with tenants. The borough has been able to give choice to tenants taking a PRS prevention offer, and has historically been able to make up to three offers of accommodation. This is, however, getting harder, as the PRS in London becomes less affordable to people on low to moderate incomes. The borough also provides interim accommodation and pre-tenancy training to any tenant who might be at risk of not sustaining a tenancy in the PRS, as well as follow up support from a council officer for all households who have had homelessness prevented in the PRS to help them settle into the property, claim benefits etc. Every year the council follows up on PRS tenants it had let to in previous years to see whether tenancies have failed. In the very few cases where they have failed, the council attempts to find out why this has happened and learn the lessons needed to try to reduce the incidence of tenancy failure in the future.
4. Focus on early prevention. The focus on preventing homelessness is well embedded in the culture of the housing options service, and the council has a philosophy of working as early as possible to prevent homelessness, rather than waiting for a family to become roofless. This includes preventing homelessness amongst households who would otherwise have been intentionally homeless, but would often have been picked up by children's services if a homelessness application had been rejected. The council typically makes under 10 intentionally homeless decisions each year. Children's services also actively work with the housing options service to try to prevent homelessness among households they are in contact with. The council also place considerable emphasis on

²⁰ London Landlord Accreditation scheme



providing a personal service to homeless households, tailored to their individual needs and although Camden provides a well regarded online housing register application form, they intend to continue to emphasise person to person services for residents at risk of homelessness, rather than drive homelessness demand online.

Homelessness strategy

Despite, all this, like many other London boroughs, Camden is simply not able to accommodate everyone in the PRS in borough due to the affordability issues for tenants dependent on housing benefit, and actively procures accommodation elsewhere. Camden has responded to the Government's suitability order on location of accommodation²¹ by developing a zoning policy which determines where households may be placed in the PRS based on the individual circumstances of the household involved, with most families being accommodated in Camden or surrounding boroughs.

To date, very few households have been placed outside London, but the borough is worried this may change in future.

Empty homes

Camden works hard to bring empty homes back into use for homeless households, and has had some notable successes, including some quite large and complex deals. The borough attempts to trace absentee landlords, visits properties to confirm emptiness, and writes to landlords of empty properties offering to help, including provision of grants to bring properties into use where

applicable in return for access to those properties for homeless households.

Dealing with elderly owners of empty homes is a frequent need but can be challenging due to their age, the funds required, and the complexity involved.

In one example, Camden worked with an elderly owner of a property above a shop that had been empty for 18 years. The property was a shell and derelict, but the owner was very reluctant to do anything due to the amount of necessary work and the costs involved. By being empathetic about the owner's situation, and by being persistent and consistent, the owner was persuaded to submit a planning application for the conversion of the single dwelling into two flats. With the help of grant from Camden, the property was brought back into use to a very high standard, leased to a housing co-operative for 5 years and let through the council's PRS access scheme to two homeless households at local housing allowance (LHA) rent.

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Supporting information available at

<https://www.local.gov.uk/housing-our-homeless-household-case-study-resources-london-borough-camden>

²¹ Homelessness (Suitability of Accommodation) (England) Order 2012

SOUTH NORFOLK DISTRICT COUNCIL

South Norfolk District Council is made up of 119 civil parishes with a population of around 124,000 and approximately 47,000 households. Whilst senior officers quite openly appreciate it may not have the same number of people to deal with as a large urban local authority, it firmly believes that each and every person that approaches the council for help should be given the best possible advice to prevent homelessness. The council believes the earlier it intervenes the better the outcome for any of its residents. Its philosophy is not only to prevent homelessness but also identify other areas that could impact detrimentally on its community – and has set about doing this in a rather unique way.

Over the past few years the council has shifted its whole dynamic in terms of supporting those in housing need by becoming totally prevention focused. In essence, it has moved to a more generic focused approach thus reducing the handovers between prevention work and homelessness work and totally concentrating on the customer's needs. This approach has enabled customers to take ownership of their temporary accommodation journey. This has been done through the 'Support and Move On Contract' providing clear written, and more importantly mutually agreed, actions and timescales ensuring the best possible outcomes. This includes procuring specialist property for singles and families with support needs and therefore reducing the need of B&Bs for singles and ending the use of shared facilities for families.

The council has also implemented a new approach (since 2016) that gets at the very heart of some of the issues that can cause homelessness in the first place. The financial independence, resilience, skills and training (FIRST) approach provides residents with skills and resources to maintain their independence, avoid debt and achieve their potential. It is a holistic support package which seeks to improve the resilience of residents by providing the earliest one to one help. It is part of the council's unique 'Help Hub' (see below) approach which draws together the expertise of a number of partners. Areas that FIRST officers provide support on include:

Money first – achieving independent living and preventing debt or continued financial difficulty. Through early identification of needs, the council's support staff work with residents to improve their budgeting and money management skills, allowing them to achieve financial independence. Long term this will reduce homelessness cases for the council and rent arrears for housing providers.

Home first – provides support to residents from entry into temporary accommodation to ensure they are able to successfully move on into stable and suitable accommodation and have the skills to maintain it. When leaving temporary accommodation support staff will continue to support tenants or link them in to suitable provision, to overcome issues and understand the importance of their tenancies thus avoiding arrears and any breach of their tenancy agreement. This is preventing repeat homelessness cases and ensuring successful relationships between the tenants, private landlords and the council.



Jobs first – FIRST officers work with existing jobs services to support residents to gain skills and access opportunities they need to compete in the job market. This is leading to greater education, skills and training attainment levels and gaining suitable and sustainable employment.

Customers can access FIRST through external services such as advice services or housing providers or directly through the unique 'Help Hub' which is located in the council itself.

The Help Hub

The Help Hub is a collaborative model that focuses on ensuring families and vulnerable people remain on a universal pathway, preventing escalation of need, reducing duplication and inefficiency across sectors, freeing up resource to focus intensely on reducing the number of families and communities in greater need.

To give it its full name 'The Early Help Collaborative Hub' it is located in the former redundant postal room on the ground floor of the council building. It embeds a cross-team working culture where partners disseminate vital information and pull together to provide support for those that need it. The multi-disciplinary team consists of 27 partners which include public health, DWP, Norfolk Constabulary, South Norfolk Youth Advisory Board, Norfolk Youth Offending Team, Homestart, children's services, Norfolk Adult Social Care, drug and alcohol support teams and all local registered providers besides the council's housing team.

The hub ensures that this multi-agency approach provides tailored support to meet the needs of the people at the earliest moment possible. It has a commitment to:

- provide swift access to support for all residents who are experiencing difficulties
- work collaboratively, with a one-culture approach to sharing information and intelligence so residents only have to tell their story once but receive all the support they require
- work with children, families and individuals in their localities as one single team to offer a holistic and tailored support package
- deliver a no wrong door culture, so residents have simpler access to support services
- align resources and remove duplication to maximise the utilisation of resources.

The council believes that this approach has ensured that delivery has not been stifled by any drawn out process and protocols that individual services may impose enabling a culture that provides seamless support there and then for those that need it.

Anyone approaching the hub merely signs a consent form which allows the services to work together and share the person's personal information so they work up the most appropriate package of support.

The council consider that this type of approach slows the initial increasing trajectory of problems by tackling issues at the earliest opportunity and identifying the root cause, preventing escalation and reoccurrence. The council have evidence to show this approach in particular has helped vulnerable families and children into a safe

and secure environment and away from the high need and costly levels provided at crisis stage.

Resourcing the hub

The hub is ultimately about using current resources but more effectively and efficiently. All partners who signed up to the hub were initially not asked to contribute funding but to commit to transferring existing resources, in essence different staff and cultures, to work together.

The ultimate rationale for adopting the hub and developing a series of other localised hubs is all about improving outcomes for families and vulnerable people. However, the long-term savings and resource efficiency realised through this approach can't be overlooked.

By rolling out this approach over 10 years, it is anticipated that a saving of £1.2 billion will be made Norfolk wide.

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Supporting information available at
<https://www.local.gov.uk/housing-our-homeless-household-case-study-resources-south-norfolk>

TEIGNBRIDGE DISTRICT COUNCIL

Teignbridge is a semi-rural district council in Devon of around 57,000 households. The council area includes the towns of Newton Abbot, Ashburton, Dawlish and Teignmouth. Although not an area with a huge homelessness problem, historically a high proportion of households who were accepted as homeless were placed in B&Bs, due to lack of other provision.

Teignbridge has developed a number of strategies to tackle homelessness better, including:

1. Conversion of a former GP's surgery into a well-managed hostel

Albany House is a new purpose converted GP's surgery in the centre of Newton Abbot which houses both homeless families and single people in a calm and well managed environment. The hostel can accommodate up to 10 placements at any one time. It is significantly higher quality than B&B, provides tailored support to the households living there, and is financially advantageous to the council. The success of the project is now leading to consideration of further accommodation developments.

Homeless households typically stay in Albany House for less than three months, where their needs are assessed and help provided. They might for example then move to fully self-contained private sector leased (PSL) accommodation for six to nine months before securing social housing or private rented sector (PRS) accommodation.

The conversion cost a total of around £670,000 (including £311 purchase costs), of



which £200,000 was provided by the Homes and Communities Agency (HCA) empty homes fund, allowing the refurbishment to be carried out to a good standard.

Full consultation was carried out with relevant local stakeholders and permission was gained from the Department of Health (DH) for a change of use.

The property is managed by the council, and a weekly meeting is held with support and other staff to discuss each case in Stage 1 temporary accommodation.

2. Initiatives to access private rented sector property for homelessness prevention

Plymouth Access to Housing (PATH) have been working with Teignbridge for around seven years and have built up a portfolio of 100 properties in the area, which contributes to Teignbridge's annual figure of between 250 and 300 homelessness preventions into the PRS – the rest being obtained by housing options officers and through a self-help scheme, which supports people who find their own properties.

PATH employs a resettlement worker who is co-located at Teignbridge and provides a free lettings agency service for landlords, with support provided for each tenant for up to two years. Discretionary housing payments (DHP) and charitable funding are both used to fund deposits and rent in advance, and tenants are supported to access a credit union.

Pre-tenancy training sessions are held once a quarter covering issues like tenant and landlord responsibilities and budgeting skills.

To date there have only been three claims

on a deposit out of 100 properties, which generate about 50 lettings per year. Very few landlords have dropped out of the scheme to date, but a number are worried about the introduction of Universal Credit and the new rules for landlords introduced by government.

In addition to the PATH scheme, Teignbridge reaches out to landlords directly through well attended landlord evenings, social media, emails etc. Part of the service provided is to keep landlords informed of changes to relevant legislation.

The council also actively seeks to bring empty homes back into use and provides grants where necessary, partly funded from resulting increases to the New Homes Bonus.

3. Work with Young Devon on youth homelessness

Voluntary sector organisation, Young Devon, have worked with Teignbridge Council to provide an enhanced service to young homeless people. They have established a multi-agency Youth Enquiry Service in Newton Abbot, which sees at least 100 young people a year with housing issues and doubles as a crash pad providing accommodation with 24 hour cover to up to five young people. Joint assessments are carried out by Young Devon and children's services, and work is done with young people leaving care to ensure that they do not become homeless.

The service is able to access shared accommodation in the PRS and also makes successful use of around 15 units of supported lodgings to accommodate young people, as a better alternative to conventional temporary accommodation or hostel provision.

Teignbridge has embraced the DCLG/St Basil's youth homelessness positive pathway and have no young people under 18 in B&Bs.

4. Joint working and co-location

Teignbridge's housing needs service is jointly managed with Exeter, which among other things allows pooling of resources, such as temporary accommodation, when needed. A number of different services are co-located with the service, including the PATH PRS access scheme, and Jobcentre Plus in the near future.

- a support worker from Sanctuary Supported Living provides a resettlement service to people housed in temporary accommodation
- the council is developing a new offer for landlords and have shared their thinking to date, and have expanded their PSL scheme
- Teignbridge is also setting up its own housing company to hold property.

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Supporting information available at
<https://www.local.gov.uk/housing-our-homeless-household-case-study-resources-teignbridge>

LONDON BOROUGH OF TOWER HAMLETS

The London Borough of Tower Hamlets has seen one of the steepest falls in use of B&B with an approximately 90 per cent drop in the number of families in B&B between June 2015 and September 2016; from 238 to 21. Over the same period, families in B&Bs for over six weeks reduced from 174 to zero.

This has happened through a sustained effort backed by both officers and elected members of the council, and has been achieved without an extensive move into placing households outside of London, which averages 3 per cent of cases, all of which are within easy travelling distance.

Like other councils, Tower Hamlets was affected severely by welfare reforms from 2011, which in their case was added to by the effect of the 2012 Olympics in pushing up demand for accommodation.

The bulk of Tower Hamlets temporary accommodation was private licensed accommodation (PLA) which is used by a number of local authorities as an alternative to private sector leasing (PSL) accommodation, as it gives more flexibility for both parties to the agreement, as the PLAs were on 28 day rolling licence agreements rather than fixed term leases. Tower Hamlets lost 30 to 40 per cent of their PLA accommodation over an 18 month period, as their supplier agents and landlords could get a better deal elsewhere, and had to move heavily into more expensive nightly paid accommodation and B&B at greatly increased cost.

The borough has been a staunch supporter of the London Inter Borough Accommodation



Agreement (IBAA) in which the London boroughs have agreed maximum prices they will pay for nightly paid accommodation and agreed not to outbid host boroughs when placing in accommodation outside their own area. However at the outset, this also forced the borough to use more B&Bs as they could not readily access nightly paid accommodation at the agreed rates, nor replace the lost PLA stock, especially from one large supplier who they had previously relied on heavily.

The borough's subsequent success has seen the rapid broadening of the supplier base, which has more than doubled in two years, and a more active and responsive engagement with landlords and agents. Even so, the council's losses on temporary accommodation still run to several million pounds per year, because of the disparity between temporary accommodation housing benefit subsidy levels and market rents.

The council faced a particular challenge with the introduction of the overall benefit cap (OBC) in 2012, and literally door knocked 900 households in temporary accommodation estimated to be at risk of being capped. It also undertook extensive prevention work with households identified as at risk of being capped in the private rented sector. The council has a Welfare Reform Taskforce with housing, children's and adult social services, the council's arms length management organisation (ALMO) and registered providers (RPs). Four hundred and seventy-five households in temporary accommodation were helped into work, or to claim disability benefits which exempted them from the OBC, through close working with Jobcentre Plus, Skills Match and other agencies.

The council has made effective use of discretionary housing payments (DHP), which have been helpful, but are now being reduced with the expectation that DHP awards will reduce over the next 12 months as new households are affected by the reduction in the OBC.

An important element in achieving such a dramatic reduction of families in B&Bs over the past 18 months has been a reorganisation of the council's bookings team, with more effective leadership, a more intense focus on avoiding B&B use, and a closer relationship with the temporary accommodation procurement team to match properties with demand from households.

The council has proactively and successfully sought new temporary accommodation suppliers, increasing the total number of managing agents (including for singles) from 19 to about 60. Interestingly, the council has eschewed formal procurement agreements, which it believes to be legally unnecessary, preferring instead to operate a manual dynamic purchasing system within a pricing and standards framework.

It was assisted by a pragmatic decision to raise PLA landlord payments from what had been an unrealistic level. Nightly paid rates have largely stabilised as a result of the IBAA agreement, but market pressures on PLA/PSL rents continue with all London boroughs keeping the rates paid under regular review. There have been at least five amendments to the pan-London temporary accommodation rates since April 2017 with different boroughs applying increases throughout the year.

Like some other councils, Tower Hamlets has taken the step of employing some

procurement officers with a commercial background, having previously worked for, for example, private sector estate agents.

They have modelled the service to landlords to have a central point of contact, to be as responsive as possible, to follow through consistently on what they say they will do, and to pay suppliers promptly. The council will also pay for dilapidations to PLA properties using the national schedule of rates as their main benchmark.

They have also cut delays to landlords by accepting properties prior to inspection, for established providers.

The borough now has plans to purchase more temporary accommodation using Right To Buy (RTB) receipts, converting council buildings, and use of 'meanwhile' sites for demountable modular accommodation.

The borough offers a generic housing management approach for temporary accommodation – providing temporary accommodation residents with a single point of contact on all aspects of their accommodation.

When households are placed in temporary accommodation out of borough, the council assists with resettlement by providing local information including details of the nearest schools etc.

The council provides a tenancy sustainment service for any temporary accommodation tenants deemed to have a vulnerability. These officers provide assistance to housing officers on housing benefit and income maximisation, as well as other areas around health and wellbeing. They have developed a preventing

intentional homelessness protocol, currently being piloted with a RP and the ALMO, with a view to rolling this out to all RPs and offering it to private landlords.

Despite the reductions in families in B&Bs, the number of singles in B&B went up to around 120 people. Unlike most boroughs the council regularly exercises its discretion to accommodate non-priority rough sleepers and people identified as at risk of rough sleeping. The council has developed a hostels pathway designed to improve the throughput of single homeless households, thereby facilitating a reduction in B&B placements and by encouraging the accommodation of single people in the PRS when appropriate. There is a good and improving relationship between the council and hostel providers, with the transparency introduced by the pathway being welcomed by providers and support services.

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Supporting information available at
<https://www.local.gov.uk/housing-our-homeless-household-case-study-resources-tower-hamlets>



TRAFFORD COUNCIL

Contracting arrangements

- The housing options services at both Trafford Council and Salford City Council are contracted out to Salix Homes. Housing Options Service Trafford (HOST) are an arm of Salix Homes and responsible for procuring temporary accommodation for families for Trafford Council. This comprises of 47 units, which are provided by a partner registered provider, are located in Trafford and given its greater homelessness pressures. All referrals come through the service manager who is located at HOST.
- HOST also provide supported accommodation for more vulnerable groups: single parents, single homeless and 16/17 year olds as an appropriate alternative option to B&B (B&B) accommodation. There is a clear political mandate not to deploy B&B accommodation. There are three schemes in Trafford, including an emergency scheme for young people. Salix Homes/HOST manage this accommodation pathway with the revenue funded support being met by Trafford Council. Referrals to all three schemes go via HOST but are managed by registered providers.

Work in the private rented sector

- At present there are 41 units at Quay House, Salford. Salix Living has a five year leasing and management agreement with the owners and the rents are charged at local housing allowance (LHA) rates. Salford Council owned this land and part of the stipulations for the sale were that the new owners would have to allow a Salford based registered provider to have

full management of these properties and be affordable. In return, the developer received some financial assistance from Salford Council towards building work.

- Trafford and the surrounding areas are relatively prosperous and therefore private rented sector (PRS) rents are outside the LHA rate. However, HOST is working closely with Salix Living to utilise the knowledge and experience to replicate the Salford model in Trafford. Salix Living already manage over 150 private tenancies with a further 91 properties secured between now and 31 March 2018 for management under the private leasing scheme. HOST has been allocated a number of properties for Trafford residents who are interested in living in Salford.
- Trafford has also identified that there are currently 1,600 homes that are empty in the area. In order to try and obtain access to these properties the council has prepared bespoke letters, with accompanying leaflets to the owners outlining the benefits of their properties being used to accommodate those threatened with homelessness or who are already homeless and living in temporary accommodation. In terms of those that need capital investment the council will seek funding from various sources. The proposal is a three year lease deal with the landlord.

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Supporting information available at

<https://www.local.gov.uk/housing-our-homeless-household-case-study-resources-trafford-council>



FUTURE IMPACTS

This section covers a number of areas of current or forthcoming change which will impact on councils either positively or negatively, but to which they will need to respond actively.

DEVOLUTION OF THE TEMPORARY ACCOMMODATION MANAGEMENT FEE TO LOCAL AUTHORITIES AS FLEXIBLE HOMELESSNESS SUPPORT GRANT

Amongst the various difficulties for local authorities highlighted in this report, one example of what looks like an important change for the better is the devolution of the temporary accommodation management fee to local authorities as Flexible Homelessness Support Grant from April 2017.

For the period from 2011 up to April 2017, the rate of housing benefit for most self-contained temporary accommodation was set at 90 per cent of the January 2011 local housing allowance (LHA) rate for the property size plus a management fee of £40 per week in London and £60 per week outside of London¹⁷.

The reason for pegging the temporary accommodation housing benefit subsidy rate to the 2011 LHA was that this protected councils using temporary accommodation from the move under the Coalition Government's welfare reforms which reduced LHA levels from median rents to the rent at 30th percentile in an area and imposed property size based caps on LHA which were very much lower than the £500 per week cap on housing benefit paid in temporary accommodation in inner London.

¹⁷ This is something of a simplification. The full rules around housing benefit payments for temporary accommodation can be found in HB/CTB Circular S1/2011

In order to claim these levels of housing benefit, the accommodation had to be let by a local authority or a housing association, and the accommodation had to be used as temporary accommodation under the homelessness legislation or to prevent homelessness.

Because these levels of housing benefit were higher than the 100 per cent of current LHA allowed for private sector lettings, the incentive to class accommodation as temporary accommodation was maintained, even when the Localism Act power to end a homelessness duty compulsorily in the private rented sector was introduced from November 2012.

The removal of the £40 per week or £60 per week management fee from housing benefit payments for temporary accommodation and the introduction of Flexible Homelessness Support Grant (FHSG) from April 2017 changes this position significantly.

From April 2017, local authorities and housing associations letting leased or licensed properties as temporary accommodation will only be able to claim 90 per cent of January 2011 LHA, which in most areas outside central London is now less than the 100 per cent of current LHA available if properties are let as private rented accommodation (or indeed as temporary accommodation making use of private rented accommodation). In outer London in particular the difference is almost £40 per week on average.

The difference between 100 per cent current LHA and 90 per cent January 2011 LHA is set out for all areas in supporting information below.

The implication of this is that where practicable¹⁸ it makes financial sense for local authorities to reduce their use of temporary accommodation where a local authority is the landlord and increase their use of private rented sector (PRS) for homelessness prevention or private rented sector offer (PRSO) into privately owned or leased accommodation, including accommodation leased by a housing association letting the accommodation as a private rented tenancy.

Housing associations could also let leased accommodation as private sector landlords at 100 per cent of LHA levels, if the accommodation is used to end a homelessness duty with a Private Rented Sector Offer (PRSO). Arrangements where a local authority leases property from a private sector managing agent in order to qualify for the temporary accommodation housing benefit subsidy rate may no longer make sense in most areas.

The two major exceptions to this are larger properties in Inner London and five bed properties, where 90 per cent of 2011 LHA is still generally higher than 100 per cent of current LHA.

Moreover, Flexible Homelessness Support Grant itself represents a significant uplift in funding compared to the actual amounts of temporary accommodation management fee being paid. This is more than justified, as the temporary accommodation housing benefit subsidy rate had been frozen at January

2011 LHA rates for six years whilst rental inflation has continued year on year, but is nevertheless welcome.

The Government's intention is to give the necessary funding flexibility, so that, where possible, FHSG will be used to fund measures which will prevent homelessness and therefore reduce the amount of temporary accommodation councils have to use, rather than topping up rental payments for temporary accommodation in the long term.

There are a number of ways this could be done – for example funding earlier intervention for households at risk of homelessness, or funding more work with private sector landlords to facilitate homelessness prevention. Some of these approaches are being trialled in the DCLG Homelessness Prevention Trailblazer programme. The funding allocations for the trailblazer programme and other programmes funding rough sleeping interventions are shown in supporting information.

However in areas with high levels of temporary accommodation, where market rents are most divergent from LHA rates, it is hard to see how to avoid using a large proportion of FHSG funding to continue to subsidise rental payments, at least in the short to medium term.

The FHSG is currently intended to be ringfenced for an initial period of two years and during that time may be used only to prevent or deal with homelessness. The Government has published allocations for each local authority for 2017/18 and 2018/19 (see supporting information for the allocations and methodology used to arrive at them). It has also said that it will

¹⁸ This does not apply in central London, where 90 per cent of the January 2011 LHA rate is still significantly higher than 100 per cent of current LHA for larger properties. However the 2011 LHA rate will no longer be applicable under Universal Credit, regardless of the designation of the accommodation.

publish the grant allocations for 2019/20 in 2017/18. Beyond 2019/20 it is unclear what will happen, but it seems highly likely that actual numbers in temporary accommodation will not be what is considered, and there will be no disadvantage from an FHSG funding perspective in reducing temporary accommodation and increasing PRS homelessness preventions and PRSOs.

IMPACT OF THE HOMELESSNESS REDUCTION ACT

A full analysis of the impact of the forthcoming Homelessness Reduction Act is beyond the scope of this report.

However, in brief, the Homelessness Reduction Act, when implemented will require local authorities to intervene earlier to attempt to prevent homelessness for all households at risk of homelessness within 56 days regardless of their priority need status, with a requirement to produce personal housing plans in partnership with the households concerned.

This risks placing a significant extra workload on councils. The positive aspects are that a greater emphasis on homelessness prevention will be encouraged, which may reduce the need for temporary accommodation for homeless families, even though it may also require more access to PRS accommodation. This shift in emphasis may dovetail quite well with the introduction of the Flexible Homelessness Support Grant (FHSG) as discussed above.

An important consequence of the Act is that local authorities will be required to work much harder to address single homelessness, and this will require a drive to source significantly more private rented sector (PRS) accommodation for single people and childless couples than is currently the case.

This is made harder, however by the restriction on housing benefit and Universal Credit payments to the shared accommodation rate for under 35s, which is being extended to social housing from April 2019 and to temporary accommodation under Universal Credit.

The Department of Communities and Local Government (DCLG) has announced that it will be employing a team of homelessness advisers to assist local authorities to meet the challenges of implementing the act.

Those challenges are likely to be significant in areas where accommodation is unaffordable for people on low incomes. The different elements of the act, and the intentions behind each of them, are described quite clearly in the Government's factsheets, which are included as supporting information.

Supporting information available at

<https://www.local.gov.uk/housing-our-homeless-households-additional-resources-impacts-homelessness-reduction-bill>

OVERALL BENEFIT CAP

The overall benefit cap (OBC) has been reduced from £500 per week across the country for couples and households with dependent children and £350 per week for single people to £384.62 per week for couples and households with dependent children, and £257.69 per week for singles outside London.

Within London, the OBC has reduced to £442.31 per week for couples and households with dependent children and £296.35 per week for singles.

This change has been introduced during the period November 2016 to January 2017 across different local authority areas, and coincides with a reduction in discretionary housing payment allocations in London in particular.

The effect of these changes is to significantly increase the impact of the OBC on housing affordability in London and to turn it into a serious issue across many parts of the country which were previously unaffected. Many more single households are expected to lose the ability pay the rent than was previously the case, especially in high value areas.

The precise numbers affected are difficult to ascertain, as the Department for Work and Pensions (DWP) estimates seem so far to have been less than completely reliable, but the OBC is likely to have a significant effect on homelessness levels over the next year and beyond.

Some councils have previously had considerable success in helping OBC affected households to gain employment,

often working in partnership with Jobcentre Plus. However, resources for this kind of work are more limited than even a few years ago when the OBC was first introduced.

The risk of homelessness is likely to increase, along with pressure on local authorities to top up rents in temporary accommodation for households who cannot be moved under the provisions of the DCLG Suitability of Accommodation Order. For some larger households, there is now almost nowhere in the country they can afford to live in the private rented sector, if they cannot find work.

IMPLICATIONS OF UNIVERSAL CREDIT

The impact of the introduction of Universal Credit in areas where it has already been rolled out are significant.

In Croydon, for example it has proved impossible in many cases to claim the housing element of UC for up to nine weeks after a claim has been submitted. In practice this means that the borough has a choice if it moves a household into B&B in an emergency between forgoing the rent for that accommodation, or keeping the household in B&B for more than six weeks. The same applies to other emergency accommodation the council is obliged to use.

Tower Hamlets reports similar problems when placing in accommodation in areas where Universal Credit has been rolled out.

Croydon's problems with Universal Credit are set out in supporting information but may be summarised as follows:

- If in emergency or temporary accommodation for less than six weeks no housing costs are paid to the council.
- There is also a loss of housing costs due to delays in claiming Universal Credit and backdating is not always awarded. Social Rented Sector (SRS) verification is often not actioned correctly.
- Alternative Payment Arrangements (APAs) are not agreed in all cases and even when agreed rent is sometimes still sent to the customer in error rather than being paid to the council.
- There are difficulties in out of area SRS verification.
- Change of circumstances requires customers to complete forms for both change of address and housing costs. Often customers do one or the other.
- Split rooms: large families placed in two properties causes serious difficulties.

Table 1 shows Croydon Council's estimates of rent collection in temporary accommodation under Universal Credit for 2016/17.

Table 1 London Borough of Croydon estimated Universal Credit figures for 2016/17

Descriptors	Figures
Total no. of Universal Credit cases	1,381
Total arrears	£1,569,562
Average rent arrears per customer	£1,136
Percentage of collection rate	47.25 %
No. of customers in temporary accommodation for less than six weeks	150
No. of customers with Alternative Payment Arrangement	231



CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

The climate for local authorities trying to source good quality accommodation to accommodate homeless families has probably never been more difficult.

In many areas, but especially in London and the South East, the availability of social rented accommodation is much reduced, and private rented sector (PRS) accommodation is increasingly unaffordable to people dependent on housing benefit.

This means that there is more homelessness as the result of private rented tenancies coming to an end and less opportunity for councils to access this accommodation, either as temporary accommodation, or as PRS for homelessness prevention or to end a homelessness duty.

Although affordability of PRS accommodation is most challenging in London and the South East, these problems are growing across much of the country and reaching areas which have previously had an adequate supply of PRS accommodation for households on low incomes. As LHA rates continue to be frozen in the face of rising market rents, some councils, who have not previously had to make much use of temporary accommodation, need to act urgently in order to avoid the use of B&B as a remedy to these increased pressures.

Additionally, the current overall benefit cap reduction is likely to make PRS accommodation for larger families without employment unaffordable almost anywhere in the country.

This is leaving councils and families priced out of the housing market in a very difficult situation, where councils and homeless families are being obliged to top up the rents that housing benefit will cover from their own income and/or for families to move into accommodation which is overcrowded according to the bedroom standard or a considerable distance away from their home area, with all the disruption to children's education and employment opportunities which that entails.

Councils in London alone are estimated to be spending £170 million²² from their hard pressed general funds, in order to meet their statutory obligations to homeless families.

This situation is only likely to deteriorate further, as market rents continue to diverge from local housing allowance (LHA) levels which are not rising with inflation.

Nevertheless, local authorities around the country are making great efforts and showing considerable ingenuity in finding better ways of working which can mitigate these effects. In many, if not all areas, there is scope to find better solutions, and achieve considerable success, as shown by the work of the local authorities we have highlighted in this report and many others around the country.

²² Temporary Accommodation in London: Local Authorities Under Pressure – Julie Rugg, 2016

The introduction of increased and more flexible funding through Flexible Homelessness Support Grant (FHSG) also offers a window of opportunity to act now, and the introduction of the Homelessness Reduction Act will oblige council services to change.

Historically low Public Works Loan Board (PWLB) borrowing costs, and the availability of other types of finance to fund property development and acquisition outside the housing revenue account (HRA) are also helpful.

RECOMMENDATIONS

Homelessness is one of the worst things that can happen to anybody, and can have long lasting negative impacts on individuals, families, and the children in those families, especially if the right support is not given when it is needed.

The problems faced in accommodating homelessness households have reached a point where a concerted effort between national and local government is needed if a serious impact is to be made.

As shown in this report, there is much that councils can do and are doing to plan for the future and make sensible changes with the potential to improve both the outcomes for households facing homelessness and their own financial position.

Central government already actively supports councils in tackling homelessness. It has maintained and increased funding for homelessness in recent years, and has taken the initiative through measures like support for the Homelessness Reduction Bill, the introduction of Flexible Homelessness Support Grant (FHSG), and the recent Homelessness Prevention Funding Grant programme.

However, in order to create a climate where local authorities have a better chance to succeed, there are further important measures that government could take without fundamentally compromising its reform agenda, and without a massive increase in spending.



LOCAL AUTHORITIES

This report highlights some of the good practice local councils are employing, and hopefully does so in a way that enables other councils to adopt and adapt the successful approaches which exist.

These can be summarised as follows:

- working better and smarter with private sector landlords and agents, with a developing and responsive service offer
- working with households at risk of homelessness at an earlier stage to prevent homelessness and to address the other issues like debt and barriers to employment which reduce resilience against a housing crisis
- providing effective resettlement and tenancy sustainment services to homeless households placed in the private rented sector
- making effective use of the Localism Act powers to end a homelessness duty in the private rented sector
- working together to maximise the market power of councils to procure accommodation at a reasonable price
- working with a micro focus to avoid B&B placements and end them quickly when they occur
- converting buildings to temporary accommodation and developing new build hostels and LHA rent PRS accommodation
- developing new accommodation supply in the general fund through establishment of local authority companies and setting up joint ventures
- investing in long term accommodation owned by the council or their partners to benefit from housing capital growth and control rents
- planning ahead to understand medium term supply and demand trends and making provision to meet those demands
- making creative use of allocations policies to maximise homelessness prevention
- investigating innovative construction techniques such as re-deployable modular housing
- working creatively with partners inside and outside the local authority.

The introduction of Flexible Homelessness Support Grant will also provide limited extra funds to further develop these activities and where possible to reduce dependence on temporary accommodation in the future.

It is important to note, however, that whilst these activities may make a real difference, they can only help up to a point if the fundamental position continues to worsen.

The long term affordability of accommodation to households on low incomes is a fundamental problem which must be addressed at a national level if we are not to see more homelessness and an increasing polarisation between areas where households on low incomes can no longer afford to live, and the areas where they are concentrated, where educational and employment opportunities are most limited.

CENTRAL GOVERNMENT

There are some measures government could take relatively quickly and inexpensively to help alleviate this situation:

- Use its balance sheet to make cheaper finance available to local authorities and their partners seeking to acquire homes for the use of homeless households at scale.
- Adapt Universal Credit to ensure that housing related benefits are paid promptly for households in temporary accommodation and for households placed in the PRS by local authorities, and to avoid creating a perverse incentive for homeless households to be placed in overcrowded accommodation by paying for accommodation according to the size or number of bedrooms in the accommodation rather than the size of the household.
- Exempt temporary accommodation from the overall benefit cap (OBC) so that there is at least somewhere that families who are unable to work can live while councils work with them to get into employment without costing councils large amounts of money. The alternative is to send these families to areas where their employment prospects are going to be much lower, against the stated aims of the OBC policy.
- Provide financial incentives to private sector landlords willing to let to households nominated by a local authority.
- Ensure that LHA does not fall further behind rental inflation by ending the current LHA freeze, and as a minimum pegging LHA to consumer price inflation (CPI) in the future.
- Reconsider the decision to apply the shared accommodation rate of LHA to single people under 35 in social housing and temporary accommodation, so that those in greatest need can be accommodated.
- Ensure that supported accommodation to accommodate homeless households is protected as a priority in the current Supported Housing Review. Twenty thousand homelessness preventions and reliefs per year are made into supported housing, and it is crucial that this is able to continue.
- Make it clear that Minimum Revenue Provision requirements should not apply when councils are purchasing residential property which will appreciate in value over time.
- Work with mortgage lenders to end the prohibition in many buy-to-let mortgages of letting properties to households in receipt of housing benefit or Universal Credit, as this currently actually prohibits those landlords from working with local authorities to prevent homelessness.

ACKNOWLEDGEMENTS

This report was prepared based on research carried out by Tim Gray and Gary Messenger between December 2016 and March 2017.

It relies very heavily on the contributions and work of all the councils we contacted as well as invaluable assistance from officers at the LGA, London Councils, GLA, DCLG, NHF, National Homelessness Advice Service (NHAS), Shelter, National Practitioner Support Service (NPSS), and individual contributions from Neil Morland, Gill Leng, Andy Gale, Tim Rothery and others.

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