

HOUSING SELECT COMMITTEE			
Report Title	Homeless and Temporary Accommodation Pressures		
Key Decision	No	Item No.	5
Ward	All		
Contributors	Executive Director for Customer Services		
Class	Part 1	Date:	14 th December 2017

1. Reasons for Lateness and Urgency

- 1.1 This report is late as officers wanted to ensure that the most accurate, up to date information was available for the committee to consider.
- 1.2 The report is urgent and cannot wait until the next meeting of the Housing Select Committee as it provides detail as to imminent and substantial legislative changes to which the committee require an update, and provides detail on the current and anticipated pressures faced by the Council in an area of corporate significance and rapid change.
- 1.3 Where a report is received less than 5 clear days before the date of the meeting at which the matter is being considered, then under the Local Government Act 1972 Section 100(b)(4) the Chair of the Committee can take the matter as a matter of urgency if he is satisfied that there are special circumstances requiring it to be treated as a matter of urgency. These special circumstances have to be specified in the minutes of the meeting.

2. Summary

- 2.1 This report outlines the current homelessness and temporary accommodation pressures in Lewisham.
- 2.2 The report updates the committee on current numbers of homeless households in TA, placing these in the context of London-wide and Lewisham trends;
- 2.3 The report outlines future legislative changes, in particular the Homelessness Reduction Act, and details further pressures currently being faced by Lewisham Council. Also outlined is the steps Lewisham Council is taking to tackle these pressures.

3. Recommendations

- 3.1 It is recommended that the Housing Select Committee:

- Note the content of the report.
- Note the steps being taken by Lewisham Council in relation to the legislative changes.

4. Policy Context

4.1 The contents of this report are consistent with the Council's policy framework. It supports the achievements of the Sustainable Community Strategy policy objectives:

- Ambitious and achieving: where people are inspired and supported to fulfil their potential.
- Empowered and responsible: where people can be actively involved in their local area and contribute to tolerant, caring and supportive local communities.
- Healthy, active and enjoyable: where people can actively participate in maintaining and improving their health and well-being, supported by high quality health and care services, leisure, culture and recreational activities.

4.2 The proposed recommendations are also in line with the Council policy priorities:

- Decent homes for all - Investment in social and affordable housing, improve housing conditions and tackle homelessness

4.3 It will also help meet the Council's Housing Strategy 2015-2020 in which the Council commits to the following key objectives:

- Helping residents at times of severe and urgent housing need
- Building the homes our residents need
- Greater security and quality for private renters
- Promoting health and wellbeing by improving our residents' homes

5. Background

5.1 Over the past 7 years there has been a significant increase in the number of households in temporary accommodation across London, Lewisham and England, most significantly as a consequence of an increase in nightly paid accommodation over this period.

5.2 This increase has a number of drivers, including:

- A shortage of new supply of affordable homes and available social rented properties available for letting
- The increasing cost of housing in London coupled with the increasing reliance on the private rented sector (PRS)

- Welfare reform including a freezing of Local Housing Allowance (LHA) at the level set in 2015. LHA is the housing benefit rate provided to claimants in the private rented sector.

5.3 As a result of the rising reliance on temporary accommodation and nightly paid accommodation, costs associated with temporary accommodation have increased. In 2011/12 the net expenditure on Nightly Paid accommodation was £574k, rising to a high point of almost £3.5m in 2014/15. This has since been reduced to a net expenditure of under £2.5m in 2016/17 as a consequence of a number of measures aimed at reducing costs and minimising the use of Nightly Paid accommodation.

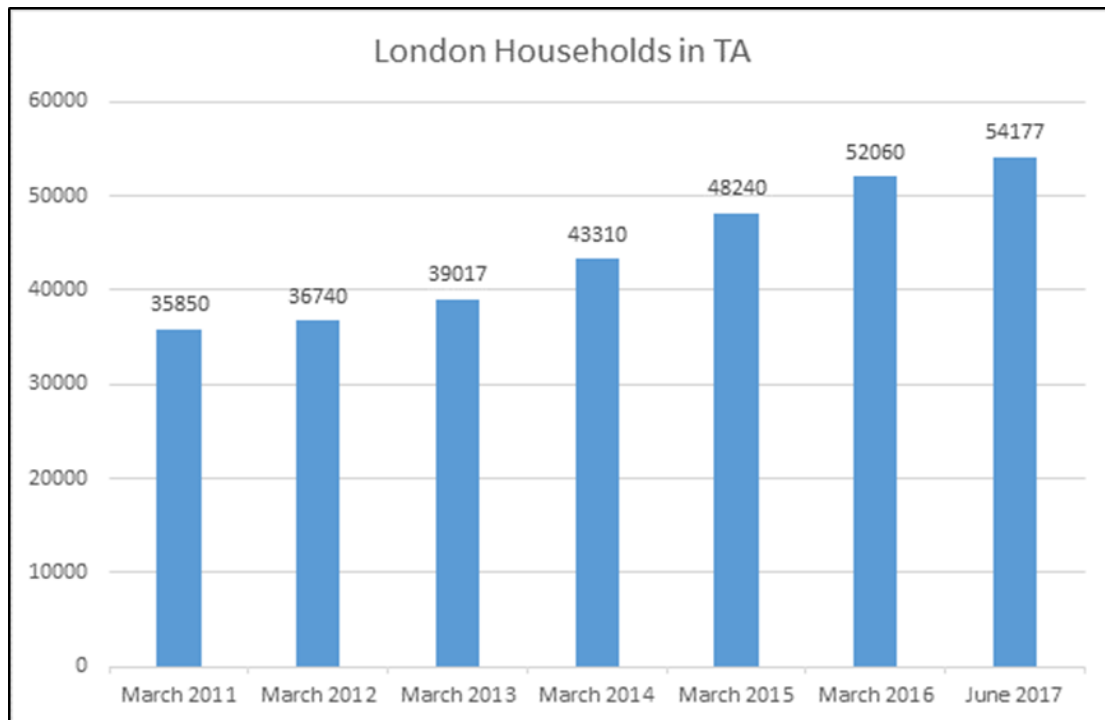
5.4 London Boroughs developed the Inter-Borough Temporary Accommodation Agreement (IBTAA) in 2004, updated in 2011, to assist in reducing costs of nightly paid accommodation.

5.5 The IBTAA outlines the process boroughs should follow when placing a family in TA outside the host borough. The agreement includes a commitment for boroughs not to 'outbid' each other by paying a higher rent than the 'host' borough would pay

5.6 **Wider London Context**

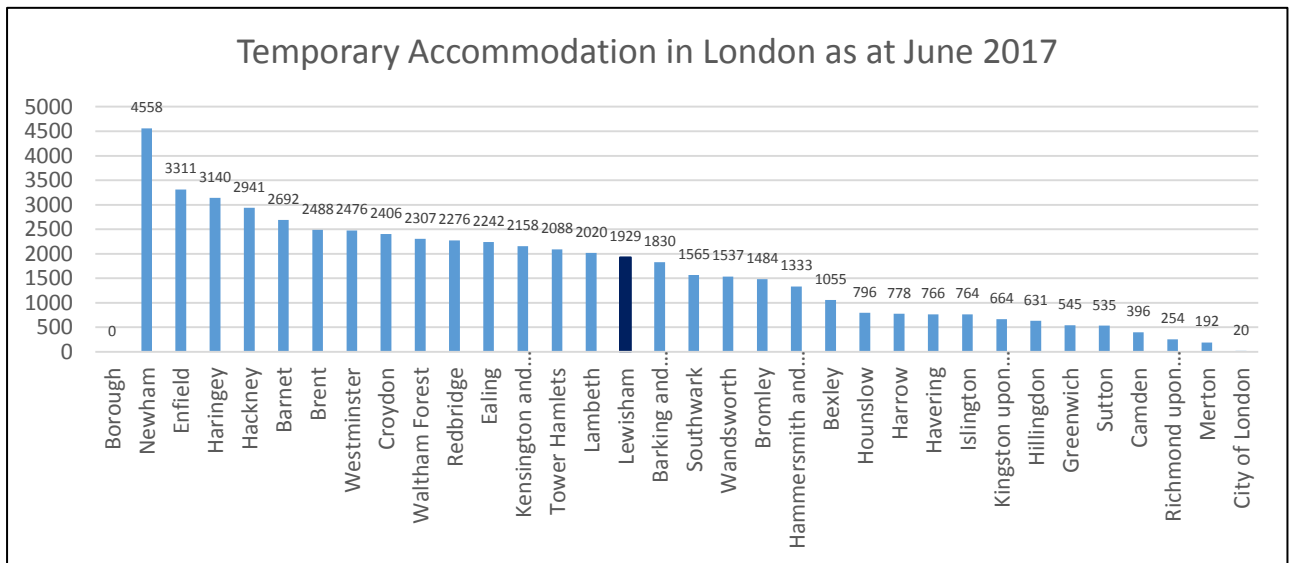
5.7 The latest published figures from DCLG show that at the end of June 2017 over 54,000 households were housed in temporary accommodation by London Boroughs. Almost 20,000 of these households were in Nightly Paid accommodation.

5.8 As shown in figure 1 below, this has risen from 35,830 at the end of March 2011 to 54,180 at the end of June 2017. This represents a 51% increase in the number of households in TA between these two dates



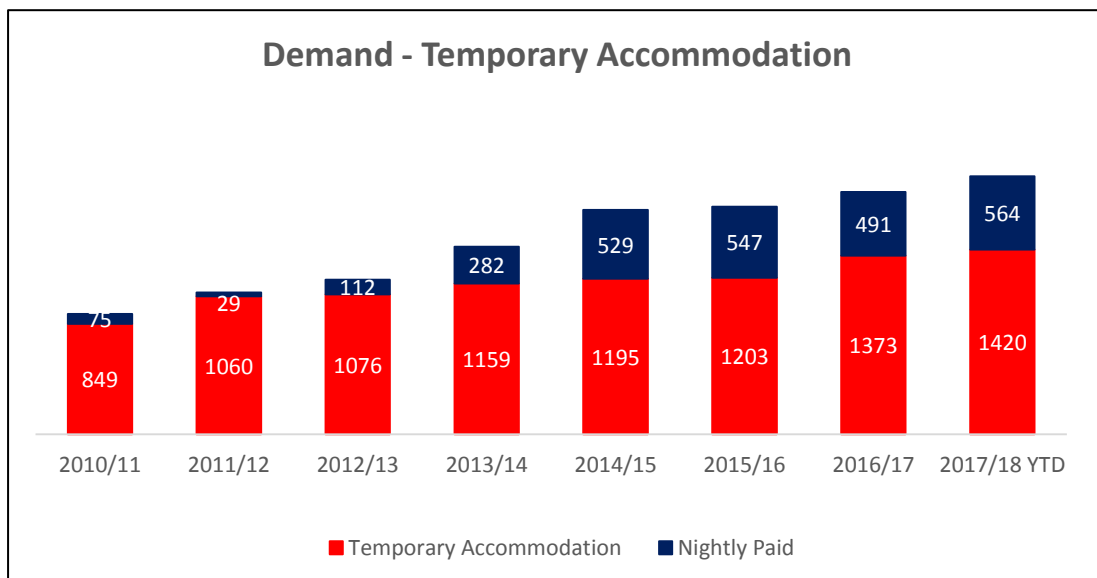
5.9 The increase in households in temporary accommodation arranged by London boroughs was mainly as a consequence of the increased use of Nightly Paid over this period. Between 2010/11 and 2016/17 the number in Nightly Paid arranged by London boroughs increased by 454%.

5.10 Figure two places Lewisham's TA figures in the context of other London boroughs.

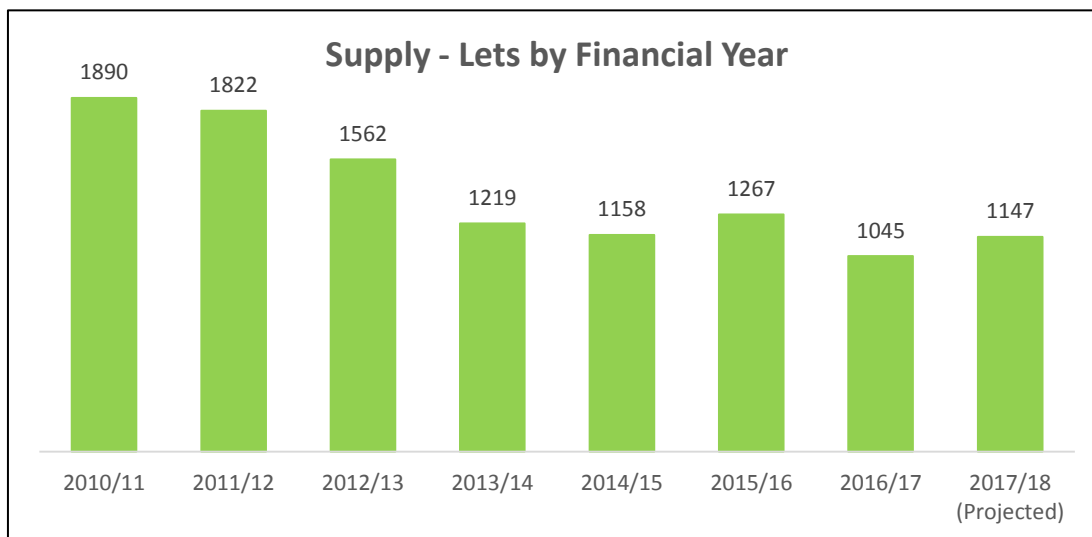


6. Lewisham Context

6.1 At the end of October 2017 there were over 1,984 households in temporary accommodation arranged by Lewisham, of which over 564 were in Nightly Paid accommodation. This is a 102% increase in the number of households in temporary accommodation between 2010/11 and 2016/17.

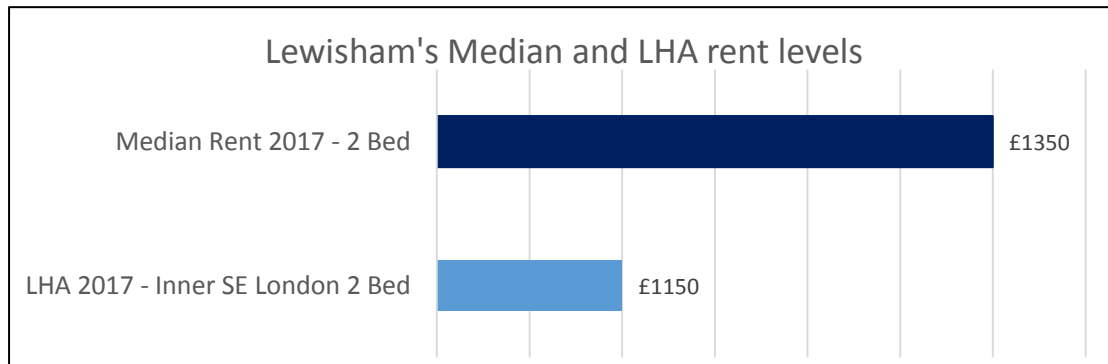


- 6.2 These figures should be contextualised with year on year decrease in the number of permanent affordable lets in Lewisham, as per figure 3. Between 2010/11 and 2016/17 the number of affordable properties to let has decreased by 45%. In 2016/17 over 40% of all lets were for studio and one bed properties



- 6.3 Without an increasing supply of permanent affordable properties to move into, the number in TA will continue to rise as the 'outflow' from TA is not matching the numbers being moved into TA.
- 6.4 On average the Council has accepted over 740 homelessness applications between 2013/14 and 2016/17, although there has been a slight drop in the current financial year to date, for which it is projected that approximately 610 households will be accepted as homeless.
- 6.5 Lewisham Council has over 9,900 individuals and families on the Housing Register and this figure is increasing annually.
- 6.6 In addition to the reducing number of affordable properties in the social rented sector, there is also a decreasing number of affordable properties in the private rented sector (PRS). The shortage of supply of both social housing and affordable private rented accommodation in Lewisham continues to lead to high demand on the Housing Needs Service.

6.7 The median rent in 2017 for an average 2 bed in Lewisham is £1350 per month. The maximum amount payable by LHA for those in the PRS who claim Housing Benefit (HB) is £1150, representing a £2400 yearly difference between the average 2 bed rent and the amount claimable by a HB recipient.



6.8 The challenges of unaffordability in the PRS in the context of temporary accommodation and homelessness are multiple:

- Low income Lewisham residents are increasingly unable to afford to privately rent in Lewisham. In 13/14 the median 2 bed rent was £1100, is now £1350, a 23% increase over that period.
- It is also becoming increasingly challenging for Lewisham Council to find properties for use as TA in the PRS that are affordable.
- As a result, out of borough placements are increasing, where outer boroughs are more affordable. There are currently just over 540 households in temporary accommodation placements out of the borough as opposed to 420 as at 31st March 2015.

6.9 House price increases in Lewisham have been higher than increases across London for the past year, providing landlords with an incentive to seek higher rents than the council can afford or to sell their property whilst prices remain high. As a result of this, current tenants are either forced to pay more rent, seek alternative affordable properties or the landlord brings the tenancy to an end to sell the property.

6.10 This is reflected in our statistics. The most common reason for being accepted as homeless in Lewisham is the ending of an Assured Shorthold Tenancy (AST), likely due to the rising rents and unaffordability of the PRS.

- 6.11 Between 2013/14 and 2016/17 over 50% of all homeless acceptances have been for households that have lost an AST. A further 33% of households accepted as homeless had approached due to exclusion from their home by family or friends.

7. Lewisham Council response to tackling homelessness

- 7.1 A wide range of approaches have been deployed to manage demand for accommodation by preventing homelessness wherever possible, where prevention means working with the resident and landlord to ensure that the tenant can remain in their current property.
- 7.2 Increasing the supply of permanent housing and more sustainable forms of temporary accommodation is crucial. This has enabled officers to reduce the use of nightly paid accommodation and to increase the quality of the accommodation that is available to the Council.
- 7.3 Lewisham Council has adopted a multi-faceted approach to reducing the number of households in Nightly Paid accommodation. Working with Lewisham Homes (LH) and the Housing Needs Procurement Service a successful strategy has been deployed to increase the provision of temporary accommodation in-borough by over 170 properties.
- 7.4 Property acquisition has included over 100 properties on the open market, converting a former care home in Hamilton Lodge into 21 units of TA, converting a loan term empty office block in Kelvin House into 27 units of TA and constructing 24 new two bed units as TA in PLACE Ladywell. These methods of increasing our supply of TA are more cost effective and sustainable than the previously available alternatives.
- 7.5 Through this approach Lewisham Council was been able to reduce and stabilise the number of households in Nightly Paid accommodation, although this has started to increase recently as a consequence of external pressures, particularly the decanting of Heathside and Lethbridge.
- 7.6 Policy changes have also enabled the council to provide more affordable homes for homeless families out of the borough and out of London where this is appropriate and meets the needs of the family.
- 7.7 The Council's lettings policy is also assisting in reducing the numbers of homeless families in high cost nightly paid accommodation. 80% of two bedroom properties and 70% of three bedroom properties which become available through the council's allocations scheme are being prioritised for homeless families in accordance with the council's Annual Lettings Plan.

- 7.8 The Council has redesigned its Housing Options service and has renewed its focus on increasing Homelessness Prevention
- 7.9 The Council was also successful in bidding for Rough Sleeper funding as part of a partnership with Bexley, Bromley and Greenwich. This is being used to develop a No First Night Out scheme aimed at identifying individuals at risk of rough sleeping and providing a route into supported accommodation and into shared accommodation in the private rented sector for these individuals.

8. The Homelessness Reduction Act and Homelessness Trailblazer Initiative

- 8.1 The Homelessness Reduction Act gained royal assent on the 27th April 2017, and will be enforced from April 2018. The act places increased responsibility on local authorities to provide assistance at an earlier stage than under current legislation, and with a wider range of individuals. Local Authorities will have a 'prevention and relief' duty and must carry out an assessment in all cases where an eligible applicant is homeless, or threatened with homelessness, regardless of whether there is priority need or possible intentional homelessness.
- 8.2 It is anticipated that Lewisham Council will experience a substantial increase in the number of households to whom it owes a 'prevention and relief' duty when the act takes force.
- 8.3 Modelling indicates that there could be an increase of up to 90% in the volume of cases that the service will need to engage more intensively with. It is important to note that much of this increased volume will be single homeless applicants who would not be owed any housing duty, but will be worked with via the housing needs service.
- 8.4 Further to this, the data return specified by the Department for Communities & Local Government and the requirement to complete and regularly update a Personal Housing Plan (PHP) for all eligible applicants will likely extend the length of time that applicant interviews will take. Colleagues in Southwark, who have been piloting the new approach, have indicated that the average time taken to perform an initial housing interview has doubled.
- 8.5 To prepare for the Homelessness reduction act the Housing Needs team is preparing to increase the volume of staff working with clients, in recognition of the rise in the anticipated number of cases, assessments and the introduction of the PHPs.
- 8.6 DCLG has allocated £1.2m of funding to Lewisham Council as part of almost £73m allocated nationally to cover the costs of the new legislation. This allocation covers the period 2017/18 to 2019/20, by

which point the government believe that the additional requirements contained in the legislation should be cost neutral.

8.7 London Councils modelling undertaken in 2017 estimated that £77m would be required by London authorities in one year alone to comply with the requirements of the act, with ongoing costs following this. As part of the Homelessness Reduction Act funding package, authorities across London are receiving £11m in 2017/18, £10m in 2018/19 and over £9m in 2019/20. This totals over £30m for all London authorities over the funding period and represents an approximate £47m shortfall compared to the modelling of a single year of provision that was undertaken by London Councils.

8.8 Lewisham Council were successful in bidding for central government funding to become a Homelessness Prevention Trailblazer with £1million allocated.

8.9 The Trailblazer is focussing on two key streams of work:

- Predictive analytics, developing data-driven identification of households at risk of homelessness. This stream focusses on merging a number of key data-sets to enable detailed analysis to be undertaken to help understand where early intervention might be possible for those at risk of homelessness.
- Targeted upstream intervention and prevention work, including a focus on collaborative conversations and consistent messaging. This stream has a strong focus on culture change to prepare for the change in working that the 'prevention and relief' duty will demand.

8.10 Two new change managers and a Programme Manager are in post to drive forward this work.

9. Costs of Homelessness

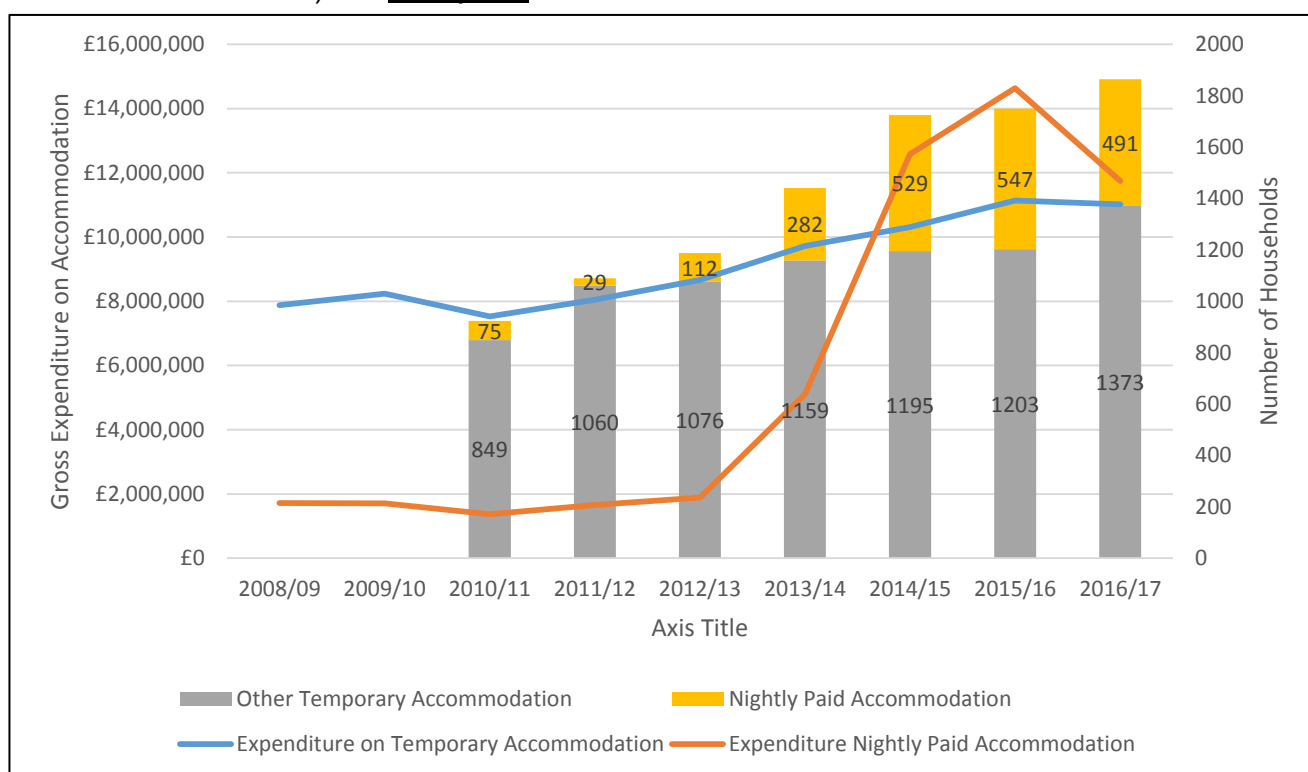
9.1 The Homelessness service provided by the Council is funded via General Fund. Bids are submitted to DCLG when additional funding is made available for particular projects or initiatives. This forms the basis of the total General Fund resources from which the Council provides its services.

9.2 Temporary accommodation costs were previously supplemented with a £40 weekly management fee which London boroughs were able to charge in addition to the eligible Local Housing Allowance rate when placing a household. The Temporary Accommodation Management Fee was replaced as of April 2017 with the Flexible Homelessness Support Grant, a grant paid directly to the Council to cover the removal of the Temporary Accommodation Management Fee.

9.3 Where the Council places a household into temporary accommodation where the rent is in excess of the housing benefit that the applicant is eligible to receive, and where the household are entitled to housing benefit that is in excess of the local housing allowance eligible, the Council is required to pay the shortfall. This is most often the case with Nightly Paid accommodation, which frequently exceeds the applicable local housing allowance rate.

9.4 Chart x shows the gross expenditure on TA and Nightly Paid accommodation alongside the numbers of units in use.

9.5 In the 2016-17 financial year, the Local Authority spent £11.7m on Bed and Breakfast type accommodation before income. After rental charge income was received (which is predominantly Housing Benefit) the net spend to the Council was £1.8m.



9.6 Additionally, in the 2015-16 financial year, gross expenditure on PSL/PMA was £8.3m and £1.9m on hostels, before income (total £10.2m). For the past 3 financial years, the PSL & Hostel services have aimed to operate at no net cost to the council. However, as demand for temporary accommodation has consistently outstripped supply and continues to do so, it has not been possible to place all households into these forms of temporary accommodation.

9.7 Nightly Paid Accommodation is currently forecast to come within budget in 2017/18 due to the aforementioned work to reduce the numbers in Nightly Paid from its peak in 2015/16 as well as the refreshed IBAA rates which have helped to reduce costs.

- 9.8 It is becoming increasingly challenging to keep the Private Sector Leasing scheme within budget. Properties which have been leased are being handed back at a quicker rate than new properties can be signed up for this scheme, as rising house prices and a shift in the market reduce the appeal of this particular offer.
- 9.9 Landlords are increasingly opting to sign up to a Privately Managed Accommodation agreement, in which the Council pays the maximum rate possible and the landlord or their agent provide a housing management service. This may have financial implications for the Council as it results in the management fee being paid to the landlord or agent rather than being held by the authority, and as it is increasingly becoming the model for leasing properties from the private sector.
- 9.10 The IBTAA is one of a number of measures that have been implemented to assist in driving down the cost of temporary accommodation. By ensuring that rates cannot exceed an appropriate amount and continuing to drive down the number of households in Nightly Paid accommodation, and thus enabling the Council to reduce the usage of less affordable units, the Council has been able to reduce the annual Housing Benefit recharge caused by the gap between rental rates and the LHA that can be claimed.
- 9.11 Since April 2015, 5% of all placements made by London Boroughs have breached the terms agreed in the IBTAA. This suggests that compliance with the IBTAA is generally high, and breaches are usually only due to the unavailability of any other accommodation at the time that emergency accommodation was required.

10. Financial Implications

- 10.1 The purpose of this report is to update members on the current Homelessness and Temporary Accommodation pressures with the main financial implications contained within the body of the report particularly section 7.
- 10.2 The majority of the Homelessness function and TA costs for Bed & Breakfast and leased accommodation are accounted for within the councils General Fund accounts. Current projections are for a balanced account for 2017/18 due to reduced B&B costs relating to lower average numbers being accommodated (from its peak in the later parts of 2015/16) and reduced rental costs following updated IBAA rates.

10.3 The authority continues to apply for specific funding from DCLG and other organisations, where appropriate, to support the functions of the Homelessness service such as trailblazer and rough sleeping funding.

10.4 To support the authority in implementing the Homelessness Reduction Act (HRA) from April 2018, DCLG have provided Lewisham with a grant of £1.2m spread over 3 years. The allocation for 2017/18 @ £453k will be paid to the authority in December 2017

11. Legal Implications

11.1 There are no specific legal implications to this report.

12. Equality Implications

12.1 There are no specific equalities implications to this report.

13. Human Rights Implications

13.1 There are no specific human rights implications to this report.

14. Environmental Implications

14.1 12.1 There are no specific environmental implications to this report.

15. Background Documents and Report Author

15.1 If you require further information about this report please contact Rachel Dunn, rachel.dunn@lewisham.gov.uk