

## Appendix 1

### Contextual Background Paper on Temporary Accommodation

#### Summary

1. This paper provides contextual information to enable members to make an informed decision about investing an initial £4 m from reserves in acquiring and leasing accommodation to provide temporary accommodation. This investment will enable a significant reduction in the placement of homeless families and vulnerable individuals in guest houses (Bed and Breakfast type accommodation) outside of the district and will also over time significantly reduce the costs to the guest house budget.
2. Information is provided on the Council's current spend on temporary accommodation for those to whom we have duties under the Homelessness Legislation. It sets out the national and local pressures on temporary accommodation budgets as well as the additional pressures that arise from the implementation of the Homelessness Reduction Act 2017 and the impact of welfare reform.
3. If the Council owns and leases its own temporary accommodation in the district then the negative impact of homelessness on families and individuals can be reduced.

#### Current provision of Temporary Accommodation in Mid Sussex

4. Guest houses used by the Council for placing homeless households are out of the area, commonly in Brighton and Hove, Worthing, Crawley, Horley and Eastbourne as there is no guest house provision within Mid Sussex. This adds to the stress and difficulty experienced by households who have already undergone the traumatic experience of losing their homes.

Providing temporary accommodation in the district will enable homeless families to maintain their support networks and to continue to access their current schools and places of work. This should mean that the well-being of these households is not unduly impacted by the location and standard of their temporary accommodation.

Many single person households to whom the Council has a duty are vulnerable because they have mental health needs or other disabilities and placing them away from their GP and other health care and support services can undermine their treatment and recovery. The Council will be better able to address the needs of households, particularly larger families and people with significant physical disabilities who require adapted accommodation.

5. The Council currently has access to 19 units of temporary accommodation within the District provided by Clarion and up to 14 units with other supported housing providers but this is not sufficient to meet the need. In addition the Council is usually unable to place households who are "pending enquiries" into their homelessness application because providers are not willing to incur the costs involved in taking possession action in the event that the duty to provide temporary accommodation ends. This is a

risk that the council will also take on when such a situation arises in MSDC owned temporary accommodation. This risk will be appropriately managed and is considered to not outweigh the advantages of providing in house temporary accommodation.

### **National Temporary Accommodation Pressures**

6. Local housing authorities in England have a duty to secure accommodation for unintentionally homeless households in priority need under Part 7 of the *Housing Act 1996* (as amended) and now under the Homelessness Reduction Act 2017. Households may be placed in temporary accommodation pending the completion of inquiries into an application, or they may spend time waiting in temporary accommodation after an application is accepted until suitable secure accommodation becomes available.
7. The most recent national official statistics, published on 22 March 2018, recorded 78,930 households nationally in temporary accommodation at the end of December 2017. The households include 120,510 children, representing a 75% increase since 2010. Of these households, 54,370 (69%) were placed in temporary accommodation in London. The number of families with dependent children placed in bed and breakfast (B&B) style accommodation increased from 740 at the end of June 2010 to 2,030 at the end of December 2017.
8. There was a 201% increase in the number of households placed in temporary accommodation outside their local authority area between December 2011 and December 2017.
9. Three-quarters of this spending – £638 million – was funded by housing benefit, of which £585 million was recovered from the Department for Work & Pensions.
10. Spending on temporary accommodation has increased by 39% in real terms since 2010/11.
11. The National Audit Office (NAO) published a report on Homelessness in September 2017 in which it observed that of the £1.1bn spent by English local authorities in 2015/16, £845 million was spent on temporary accommodation.
12. The Public Accounts Committee's (PAC) December 2017 report, Homeless Households, observed that temporary accommodation is "often of a poor standard and does not offer value for money". The Committee recommended: The Department should take steps to eliminate the use of non-decent temporary accommodation and to enable local authorities to replace this supply with local alternatives that offer better value for money.

**Source:** [researchbriefings.parliament.uk/ResearchBriefing/Summary/SN02110](https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN02110)

### **Temporary accommodation pressures in Mid Sussex**

13. The information above illustrates that the pressures on temporary accommodation spend in Mid Sussex are a reflection of national trends. At the 1<sup>st</sup> June 2018 there

were 46 households in temporary accommodation 21 of whom were in guest houses located outside of Mid Sussex. There were 19 children in the families that were accommodated in guest houses.

14. The pressure on the Council's temporary accommodation budget continues to increase. This is a demand led budget and is subject to the number of people applying for assistance.
15. Table A shows the number of households and average number of days in guest house accommodation for the past three financial years. It illustrates the increase in placements and the increase in the length of time that households have been accommodated. It also reflects the fact that over the three year period guest house nightly costs have increased.
16. Self-contained accommodation is usually secured for households with children. The Homelessness (Suitability of Accommodation) (England) Order 2003 requires that households with family commitments should not be placed in 'B&B accommodation' for longer than 6 weeks, B&B accommodation means accommodation which is not separate and self-contained premises, such as accommodation which requires amenities to be shared.
17. The Council seeks to ensure that such households are placed in self-contained accommodation. Typical gross costs for a shared accommodation unit are £40.00 to £50.00 per night whilst self-contained units are typically £55.00 to £70.00 per night. The gross costs are reduced by the households own contributions towards their accommodation and by any Housing Benefits entitlement paid to the Council. These costs are not within our control as there is competition between authorities for the available accommodation and the providers can charge accordingly.

Table A

Year	Type of accommodation	Total Households placed in guest house	Net spend on Temporary Accommodation
2015/2016	Shared	49	£130,769
	Self-Contained	32	
2016/17	Shared	65	£254,069
	Self-Contained	39	
2017/18	Shared	55	£346,346
	Self-Contained	45	

18. Table B below shows, where provided, Councils spend on temporary accommodation across West Sussex over the last three years. Spending in Crawley and Horsham has reduced due partly due to the expansion of their temporary accommodation portfolios in their own stock and also new housing association temporary accommodation supply in Crawley's case. In Horsham they took ownership of 17

new temporary accommodation units in 2017/2018 and attribute the reduction in spend this year almost entirely to the provision of these units.

Table B

	Adur	Arun	Chichester	Crawley	Horsham	Mid Sussex	Worthing
Net spend							
2015/2016		£223,409		£695,922	£133,762	£130,769	
2016/2017	Not available	£343,622	Not Available	£777,050	£253,125	£254,070	Not available
2017/2018	Not available	£481,459	Not available	£262,696	£176,762	£346,346	Not available

### Financial Pressures

19. The cost of placements is increasing year on year and this has been exacerbated by the removal of Temporary Accommodation Management Fee (TAMF), which came into effect on 1 April 2017. This subsidy was paid to assist local authorities with the costs of temporary accommodation. The TAMF subsidy provided £60.00 per household in temporary accommodation per week. A further pressure is caused by the fact that the amount of overall Housing Benefit payable for households in temporary accommodation has been frozen since January 2011 whereas guest house charges have increased.

20. To replace TAMF the government has provided specific funding, Flexible Homelessness Support Grant (FHSG). In addition the Government has provided 'New Burdens' funding to mitigate the impact of the implementation of the Homelessness Reduction Act. The funding is provided to assist with the implementation of the new legislation and to enable the Council to have additional financial resources available to prevent and relieve homelessness. The funding is ring fenced for this purpose. Table C below sets out the total amount of funding to be provided to this Council.

Table C

Year	<i>Amount FHSG</i>	<i>Amount HRA New Burdens</i>
2017/2018	£192,927	£28,675
2018/2019	£221,981	£26,266
2019/2020	£280,925	£27,765
Total over 3 years.	£695,833	£82,707

21. This funding has been utilised to date as follows:-

- To provide two temporary posts in the Housing Needs Team on 2 year contracts the Temporary Accommodation and Homelessness Prevention Officer and the Housing Services Assistant, to compensate our temporary accommodation providers in the district for the loss of the Housing Benefit subsidy

- For individual one off intervention payments/loans to families to prevent homelessness.
- In future this funding will be utilised for these purposes as well as other new initiatives to prevent homelessness such as to fund additional support services provided by external agencies to prevent homelessness and support those who are homeless.

22. The Flexible Homelessness Support Grant and New Burdens funding does not provide sufficient resources to offset the ongoing costs of providing temporary accommodation. The TAMF was paid per household accommodated per week and thus reflected actual costs. The FHSG is one off grant funding made available for three financial years and there is no certainty that it will be made available thereafter.

### **Future Pressures**

23. Officers anticipate that if the Council continues to rely on guest house accommodation to meet the Council's temporary accommodation needs then spending on temporary accommodation will continue to increase. The reasons for this are:

- A lack of secure affordable housing to meet the needs of households in the district means that individuals and families will continue to seek assistance from the Council when they have no alternative means of securing housing
- Buying a property in the district is out of reach for most households. Average mean annual earnings in 2017 in Mid Sussex were £32,812. The ratio of house prices to income in Mid Sussex according to Home Truths (National Housing Federation) 2017/2018 is 12.4 and the average income required for an 80% mortgage is £92,854.
- Last year there was a shortfall in our new build affordable housing delivery and our overall delivery of new homes in the district. We delivered 97 new affordable units in 2017/18 and have a target of 90 new units for 2018/19. There are 1116 affordable homes with outline planning permission in the pipeline however these are largely on section 106 sites where delivery is dependent on developers and the housing market and consequently beyond officers' control. On the positive side there are 386 affordable units on site which have yet to be delivered.
- Private rents have increased substantially since 2011 and are expected to continue rising. This means that the majority of private rented housing in the district is not affordable to households on low incomes who are reliant on assistance from the benefits system to pay their rents.

### **Welfare Reform**

24. The Local Housing Allowance rates which apply to the amount of assistance households can receive to assist in paying their rent have been frozen for 4 years from 2016. In April 2018 there was a modest 3% increase on the LHA cap for properties in the Mid Sussex area but this is not generally sufficient to bridge the gap

between actual private rents and the amount of assistance that households can receive.

25. Universal Credit (UC) is being fully rolled out in Mid Sussex from June 2018. In areas where UC is already in place there has been an increase in rent arrears in both the private and public sectors leading more households to apply for assistance because they are threatened with homelessness. Universal Credit makes claimants fully responsible for managing their finances and the housing costs element of their universal credit can no longer in most instances be paid direct to the landlord. The transition to this new system can prove very challenging for those managing on low incomes.

### **The Homelessness Reduction Act 2017 (HRA)**

26. The HRA is a major legislative change that significantly expands the duties and responsibilities of the Council to households who are or are potentially homeless. The key implications are as follows:

- New duties imposed by the Homelessness Reduction Act 2017 (HRA) which came into force on 1 April 2018 are expected to increase expenditure on temporary accommodation
  - There is a new Duty to Prevent Homelessness owed to all households who are threatened with homelessness within 56 days (an extension from the previous 28 days) provided they are eligible, regardless of whether they have a priority need, local connection or are intentionally homeless. This means that there is a duty for the Housing Needs Team to actively work with people for a longer period and to take homelessness applications at an earlier stage.
  - There is also a new Duty to Relieve Homelessness for all eligible households who are homeless. This duty is also owed for 56 days. In such cases there may be a requirement to provide temporary accommodation for the 56 days that the Relief Duty is owed, if the household is in priority need, regardless of whether they are intentionally homeless. It is only once this duty has come to an end on day 57 that the Council can make a decision on whether the applicant is intentionally homeless. Thereafter there will still be a need to provide temporary accommodation for a reasonable period, usually considered to be at least 28 days. This means that such households will have to be provided with temporary accommodation for longer than was previously the case.
  - An additional new Duty to Refer is placed on various public bodies. This comes into effect in October 2018 and requires them to notify the Council if they believe a person is homeless or threatened with homelessness.
27. It is anticipated that the numbers approaching the Council will increase as the new duties are met. Housing Consultants, have evaluated the data and concluded that in Wales (where similar legislation came into force on 27 April 2015) has seen a 26% increase in homeless applications since April 2015. It is projected that applications could rise by up to 50% in England. The London Borough of Southwark is a prominent trail-blazer authority that enacted the majority of the Act during 2017. They have experienced a 29% increase in applications.
28. It is difficult to predict with accuracy what the impact of the HRA and the other aspects of welfare reform will have on the temporary accommodation budget.

29. Despite the fact that the number of applications for the past financial year (2017/18) was slightly lower than for the previous year, net spend on temporary accommodation increased by £92,277. See Table A above. This is due to households spending longer in temporary accommodation for the reasons outlined above as well as the removal of Temporary Accommodation Management Fee. Therefore, even without the impact of the Homelessness Reduction Act, it is anticipated that net spend for the coming year is likely to increase.
30. Table D below provides an indication of these increases. The calculations below projects the potential increase in spend if the number of applications increased based on the temporary accommodation spend for 2017/18 which was £346,346 (net).

Table D

Assumed spend for 2018-2019 Homelessness applications increase by	Resulting anticipated net temporary accommodation spend
An increase of 5%	£363,663
An increase of 10%	££380,980
An increase of 26%	£436,396

31. The Housing Needs Team is already experiencing an increase in their work as a result of meeting the new HRA duties.
32. The HRA has also brought in additional rights for applicants to have decisions made in respect of their homelessness applications reviewed. This will necessitate additional work and during these review periods, officers may have to extend the provision of temporary accommodation for the household challenging the decision.

### **Other temporary accommodation considerations**

33. The Committee needs to be aware that it will not be possible to completely eradicate the use of guest houses. The Housing Needs Service will still need to resort to guest house placements in emergencies whilst initial inquiries into a homelessness application are made and when the council's temporary accommodation is fully occupied. However these placements should be of significantly shorter duration and costs will be minimised as households will be moved on into Mid Sussex's temporary accommodation provision as quickly as possible.