



CABINET REPORT

Report Title	Reducing the use and cost of temporary accommodation
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	3 April 2019
Key Decision:	Yes
Within Policy:	Yes
Policy Document:	Yes
Directorate:	Housing and Wellbeing
Accountable Cabinet Member:	Councillor Stephen Hibbert
Ward(s)	All

1. Purpose

- 1.1 In Northampton, the number of homeless households living in temporary accommodation has risen sharply during the past three years and, in order to meet the growing demand for temporary accommodation, the Council has become increasingly reliant on private sector housing suppliers.
- 1.2 The purpose of this report is to ask Cabinet to approve a Temporary Accommodation Action Plan that will reduce the use and cost of temporary accommodation.

2. Recommendations

- 2.1 It is **recommended** that Cabinet:
 - (a) Approves the Temporary Accommodation Action Plan (attached to this report as **Appendix 1**) in full, in part or as it sees fit;
 - (b) Approves the submission to Full Council of a request for supplementary funding in respect of the Housing Revenue Account (HRA) to extend HRA borrowing by up to £25m in order to enable the acquisition of affordable housing under s106 / development agreements via developers;

- (c) Receives a further report in October 2019, providing details of the progress that the Council and Northampton Partnership Homes have made in implementing the Action Plan and what impact this has had on the use and cost of temporary accommodation; and
- (d) Notes that, although the implementation of the Action Plan should result in costs being controlled, reduced and avoided, an unforeseen increase in demand may create a further cost pressure.

3. Issues and Choices

3.1 Report Background

Homelessness in Northampton

- 3.1.1 During the last three years, the number of households applying to the Council for assistance under the homelessness legislation has more than doubled and, between March 2016 and February 2019, the number of households living in temporary accommodation more than quadrupled from 66 to 324.
- 3.1.2 One of the main reasons for this increase is the severe shortage of affordable / social rented housing and the impact that this shortage has had on the amount of time that homeless households spend in temporary accommodation before they are able to move on into suitable, settled accommodation. This is being addressed through planned investment in an ambitious Housing Revenue Account (HRA) housebuilding programme that is designed to deliver at least 150 new HRA council homes a year.
- 3.1.3 The Council's use of temporary accommodation has increased further as a result of the Homelessness Reduction Act 2017 which came into effect in April 2018 and has given local authorities new duties to relieve homelessness for all eligible people.

Duty to provide temporary accommodation

- 3.1.4 When an applicant has become homeless, the Council is required (under the Homelessness Reduction Act 2017) to try to relieve their homelessness within a period of 56 days; this is called the 'relief duty'.
- 3.1.5 During this 56 day period, the applicant and the Council must both do everything they can to help resolve the applicant's housing situation by finding somewhere suitable for the applicant to live for a period of no less than six months.
- 3.1.6 Although all applicants are actively encouraged and supported to make their own temporary accommodation arrangements – especially if they have friends and family who are able to help and support them – the Council must provide temporary accommodation if it has reason to believe that the applicant may be homeless, eligible for assistance and in priority need.
- 3.1.7 If homelessness cannot be relieved within the 56 days, the Council will need to decide whether or not it owes the applicant the 'main housing duty':

- Where it decides that it owes the applicant the main housing duty, it will normally continue to provide them with temporary accommodation until they are offered suitable, settled accommodation by the council, a housing association / registered provider or a private landlord
- Where it decides that it does not owe the applicant the main housing duty, it must still accommodate vulnerable people, pregnant women and families with dependent children for at least the full 56 day period of the relief duty and then allow them enough time to make alternative arrangements for when the relief duty (and their temporary accommodation) comes to an end.

3.1.8 When an applicant disagrees with any of the Council's decisions – including the suitability of any accommodation they are offered – and requests a review of a decision or challenges a decision in the County Court, the Council may decide (on the basis of an assessment that is prescribed in law) to extend the provision of temporary accommodation pending the outcome of the review or appeal.

The Council's use of temporary accommodation

3.1.9 Although the Council's stock of temporary accommodation includes 68 Housing Revenue Account (HRA) council homes that are let short-term to homeless households, more than three quarters of the temporary accommodation the Council uses is purchased, on a nightly basis, from private sector housing suppliers.

3.1.10 As at 25 February 2019, there were 324 homeless households living in three types of temporary accommodation:

- 56 homeless households were living in HRA council homes;
- 244 homeless households were living in self-contained, nightly purchased accommodation in Northampton; and
- 24 homeless households (22 single people and 2 families) were living in bed and breakfast accommodation.

3.1.11 Of the 268 households living in nightly-purchased temporary accommodation:

- 79 (29%) were living in one-bedroom accommodation
- 122 (46%) were living in two-bedroom accommodation
- 62 (23%) were living in three-bedroom accommodation
- 5 (2%) were living in four-bedroom accommodation

The net cost of temporary accommodation

3.1.12 Unlike the council homes that are let to homeless households at a social rent, the amount that the Council is paying housing suppliers for nightly purchased temporary accommodation (including bed and breakfast) is much higher than the amount it is able to recover from the households living in it.

- 3.1.13 Although Officers successfully negotiated standard, reduced nightly rates with most of the Council's housing suppliers in 2018, the difference between the amount the Council is charged for self-contained nightly purchased accommodation and the amount that it charges the homeless households that are living in the accommodation is as follows:

SIZE OF PROPERTY	NIGHTLY RATE	NET COST OF NIGHTLY-PURCHASED HOUSING TO NORTHAMPTON BOROUGH COUNCIL *		
1-bedroom	£38.00	£111 per week	£481 per month	£5,772 per annum
2-bedroom	£45.00	£120 per week	£520 per month	£6,240 per annum
3-bedroom	£52.00	£154 per week	£667 per month	£8,008 per annum
4-bedroom	£57.00	£132 per week	£572 per month	£6,864 per annum
5-bedroom	£64.00	£181 per week	£784 per month	£9,412 per annum

* This assumes that the Council is able to collect 100% of what it charges the households

- 3.1.14 The true net cost to the Council of providing homeless households with self-contained, nightly purchased temporary accommodation is even higher than the amounts set out in the table. This is because they do not take into account bad debts (resulting from households' failure to pay all of their rent) or the amount of Housing Benefit that the Council pays to homeless households but is unable to recover from Government through the Housing Benefit subsidy system.

The impact of temporary accommodation on the Council's budget

- 3.1.15 When calculating the net cost of providing temporary accommodation, the Council needs to consider not just how much it pays and charges for the accommodation but also how much of the Housing Benefit that it pays to homeless households will be reimbursed, by the Government, through Housing Benefit Subsidy.
- 3.1.16 Not all of the Housing Benefit that is paid to homeless households is covered by Central Government subsidy. The maximum amount of Housing Benefit Subsidy that the Council can claim towards the cost of temporary accommodation is based on the size and type of the accommodation, the Broad Rental Market Area in which the accommodation is situated, the January 2011 Local Housing Allowance (LHA) rates and the amount of Housing Benefit that the household is paid.
- 3.1.17 In July 2018, the Council reduced the amount it charges for temporary accommodation. This has reduced the amount of Housing Benefit paid, but increased the net cost to the Housing and Wellbeing Service.
- 3.1.18 During the past three years (2016/17 - 2018/19), the amount of money that the Council has spent on temporary accommodation has increased by 364%:

Year	Net Housing Expenditure (000's)	Net Housing Benefit Expenditure (000's)	Total Net Expenditure (000's)
2016/17	74	599	673
2017/18	10	1,406	1,416
2018/19	1,588*	934*	2,522*

Please note: The figures for 2018/19 are based on the first 9 months of 2018/19.

Proposed reorganisation of the Housing Options and Advice Service

- 3.1.19 In the Council's 2019/20 Budget, the Housing Options and Advice Service has been provided with additional funding of £533,000 to enable it to appoint an extra 12 staff, prevent more homelessness and improve households' access to suitable, good quality, well-managed private rented accommodation.
- 3.1.20 The reorganisation, planned for the early part of 2019/20, will provide the Housing Options & Advice Team with the extra management capacity it needs in relation to homelessness prevention, temporary accommodation and single homelessness.
- 3.1.21 By establishing a dedicated Temporary Accommodation Team, the reorganisation will enable the Social Lettings Agency staff to revert back to their primary role of procuring a plentiful supply of affordable private rented housing that can be offered to households that are threatened with homelessness or, when households are already homeless, to discharge the Council's rehousing duty quickly and efficiently.
- 3.1.22 With its focus on early intervention, the reorganisation will create specialist advisory roles that will work proactively and effectively with other services and organisations to prevent and reduce homelessness, minimise the amount of time that households spend in temporary accommodation and ensure that, when someone is leaving prison, hospital or care, they do so in a planned way.
- 3.1.23 When it is implemented and the additional staff are in place, the reorganisation will contribute positively to the proposed reduction in the use and cost of temporary accommodation and, in doing so, relieve the strain on the Council's budget.

Opportunities to acquire new affordable housing

- 3.1.24 Homes England schemes and developer-led schemes require the provision of affordable housing. Developers often invite Registered Providers to bid for the affordable housing and, typically, this will sell for 50% - 60% of the market value.
- 3.1.25 As Northampton Borough Council is a Registered Provider, Northampton Partnership Homes (NPH) is actively monitoring such opportunities. However, the timescales are often very short and Registered Providers are usually required to provide confirmation, when they submit their expression of interest, that funds are available (or will be) to complete the purchase.
- 3.1.26 Although each scheme will require its own business case to demonstrate due diligence and value for money, there is a need to obtain Council approval to increase the HRA borrowing and expenditure envelope in order to make the most of these opportunities to acquire new affordable housing.

3.2 Issues

The need for immediate action

- 3.2.1 During the past six months, the number of homeless households living in temporary accommodation has fluctuated between 300 and 325.

- 3.2.2 Unfortunately, 80% of the temporary accommodation that the Council currently uses is procured, at a high cost, from private sector housing suppliers. When the Council was accommodating the 268 homeless households in nightly-purchased accommodation on 25 February 2019, the net cost (excluding lost Housing Benefit Subsidy and bad debts) was more than £33,500 per week (£1.74m per annum).
- 3.2.3 Although the reorganisation of the Housing Options and Advice Team will increase the Council's capacity to prevent homelessness in the long term, immediate action is required in order to reduce the Council's use of temporary accommodation and find less expensive alternatives to nightly-purchased accommodation.

The need for a flexible, sustainable solution

- 3.2.4 One of the essential requirements of any plan to reduce the use and cost of temporary accommodation is that it offers a solution that is flexible enough to meet future fluctuations in the overall demand for temporary accommodation.
- 3.2.5 The temporary accommodation that is provided must be affordable for the people living in it and careful consideration must be given to its financial impact on the Council, taking into account what it costs the Council to provide the accommodation, how much it charges for the accommodation and what it loses in terms of Housing Benefit Subsidy and bad debts.
- 3.2.6 For homeless families and the Council, the Benefit Cap (£384.62 per week) has a significant impact on what families can afford to pay for their accommodation.

Reducing the use of temporary accommodation

- 3.2.7 In order to reduce its use of temporary accommodation, the Council needs to slow down the rate at which homeless households move into temporary accommodation and minimise the amount of time that they spend in temporary accommodation.
- 3.2.8 To reduce the number of households moving into temporary accommodation, there needs to be an even greater emphasis on the prevention of homelessness.
- 3.2.9 To minimise the amount of time that homeless households spend in temporary accommodation, there needs to be an even greater emphasis on:
- Delaying the placement of households in temporary accommodation;
 - Improving the flow of households through temporary accommodation by ensuring that all homelessness decisions (including homelessness review decisions) are accurate and issued as soon as practicable, and all temporary accommodation is withdrawn as soon as the Council's duty to accommodate comes to an end;
 - Converting into permanent accommodation any HRA council homes that are used as temporary accommodation and are suitable to offer to current occupants as a discharge of the Council's homelessness duty;
 - Maximising the amount of suitable private rented accommodation that is offered to homeless households living in temporary accommodation as a discharge of the Council's homelessness duty;

- Maximising the number of HRA council homes and housing association homes that are let to homeless households; and
- Ensuring that unexpected delays in the construction, repair or refurbishment of HRA council homes and housing association homes do not result in homeless households spending an unreasonable amount of extra time in temporary accommodation.

Reducing the cost of temporary accommodation

- 3.2.10 In order to reduce the cost of temporary accommodation, the Council needs to reduce its use of temporary accommodation and, at the same time, find less expensive alternatives to nightly-purchased accommodation.
- 3.2.11 To reduce the cost of temporary accommodation, there needs to be an even greater emphasis on:
- Making optimum use of the Council's HRA housing stock;
 - Improving the flow of households through temporary accommodation by increasing the number of HRA council homes that are used as temporary accommodation for homeless households; and
 - Purchasing or building a stock of temporary accommodation that will be owned by the Council (within the General Fund and/or the Housing Revenue Account) and reduce the net cost to the Council.

3.3 Choices (Options)

- 3.3.1 The Temporary Accommodation Action Plan (see **Appendix 1**) lists 14 actions that Cabinet may want the Council and Northampton Partnership Homes to take to reduce the use and cost of temporary accommodation.
- 3.3.2 For each element of the Action Plan, Cabinet may decide to approve the proposed action, amend the proposed action or reject the proposed action.
- 3.3.3 Cabinet may also decide that other actions (not included in the Action Plan) are required in order to reduce the use and cost of temporary accommodation.

OBJECTIVE ONE: REDUCING THE NUMBER OF HOUSEHOLDS MOVING INTO TEMPORARY ACCOMMODATION

- 3.3.4 The ending of an Assured Shorthold Tenancy (AST) and the withdrawal of accommodation by family members and friends are the main causes of homelessness in Northampton and, between them, account for more than two thirds of the households that become homeless in the borough.

ACTION 1: Prevent private tenants from becoming homeless by negotiating with landlords and letting agents to persuade them to renew the tenancies.

ACTION 2: Prevent private tenants from becoming homeless by negotiating with landlords and letting agents to persuade them to allow their tenants enough time to find somewhere else to live, with the Council's help, before they are homeless.

3.3.5 As part of the proposed reorganisation of the Housing Options & Advice Service, two specialist Private Sector Housing Advisers will actively engage with every private landlord and letting agent who has served notice on their tenants with a view to persuading them to renew the tenancy for 12 months or allow their tenants enough time to find somewhere else suitable to live.

3.3.6 In the meantime, an assertive AST Sustainment Team (comprising a Housing Options Adviser and a Lettings Negotiator) will work with landlords and letting agents to prevent homelessness. They will also work closely with the Tenancy Relations Officer to prevent harassment, unlawful eviction and retaliatory eviction.

ACTION 3: Prevent homelessness by persuading applicants' families and friends to continue accommodating them (as part of the 'Homeless at Home' scheme) and, in doing so, avoid the need to provide temporary accommodation.

3.3.7 During 2018, the temporary Home Visiting Officer successfully persuaded family and friends to continue accommodating a total of 73 households on the understanding that, as 'Homeless at Home', those households would receive the same priority for rehousing as other homeless households. This has avoided the need for the Council to provide them with temporary accommodation.

3.3.8 The proposed reorganisation of the Housing Options & Advice Service includes provision for a permanent Home Visiting Officer.

OBJECTIVE TWO: MINIMISING THE AMOUNT OF TIME HOUSEHOLDS SPEND IN TEMPORARY ACCOMMODATION

ACTION 4: Delay the eviction of private tenants through negotiation with private landlords and letting agents

ACTION 5: Delay the eviction of council tenants

3.3.9 It is anticipated that, even when homelessness cannot be prevented, it will be possible to delay the eviction of private tenants and council tenants for a period of at least 8 weeks.

3.3.10 Officers have agreed with NPH that, when council tenants are being evicted, the eviction will be postponed for 8 weeks to enable the tenants to continue living in the property during the period in which the 'relief' duty applies.

ACTION 6: Improve the flow of households through temporary accommodation by ensuring that all homelessness decisions (including homelessness review decisions) are accurate and issued as soon as practicable

- 3.3.11 By making decisions quickly and ensuring that all temporary accommodation is withdrawn when its housing duty ends, the Council will be able to reduce the number of homeless households living in temporary accommodation.
- 3.3.12 The reorganisation of the Housing Options & Advice Service will provide the Homelessness Team with the extra staffing capacity it needs to ensure that all homelessness decisions are accurate and issued as soon as practicable. In the meantime, additional capacity will be provided through a specialist contractor.

ACTION 7: Convert into permanent accommodation any HRA council homes that are being used as temporary accommodation and are suitable to offer the current occupants as a discharge of the Council's homelessness duty

- 3.3.13 As at 25 February 2019, a total of 68 council homes were set aside for use as temporary accommodation.
- 3.3.14 A desktop review of the circumstances of the households currently living in this temporary accommodation suggests that 25 of these homes are suitable to offer to the households living in them as a discharge of the Council's homelessness duty.
- 3.3.15 Although this will not significantly reduce the cost of temporary accommodation, it will avoid the void costs that would otherwise be incurred if the households had moved to alternative accommodation and the homes needed to be re-let.

ACTION 8: Maximise the amount of suitable private rented accommodation that is offered to homeless households living in temporary accommodation in order to discharge the Council's homelessness duty.

- 3.3.16 One of the key objectives of the proposed reorganisation of the Housing Options & Advice Service is to establish a dedicated Temporary Accommodation Team and enable the Social Lettings Agency staff to revert back to their primary role of securing affordable private rented accommodation to prevent homelessness.
- 3.3.17 During 2019/20, the primary focus of the Social Lettings Agency will be to meet the housing needs of private tenants who are threatened with homelessness due to the termination of their AST. However, as soon as it is able to increase the supply of suitable private rented accommodation, it will offer tenancies to homeless households living in temporary accommodation.

ACTION 9: Maximise the number of HRA council homes and housing association homes that are let to homeless households

3.3.18 Between January and December 2018, a total of 881 affordable rented general needs properties were let to households on Northampton's Housing Register:

- 285 (32%) were let to homeless households in the Emergency Band for whom the Council had accepted a rehousing duty under the homelessness legislation
- 177 (20%) were let to non-homeless households in the Emergency Band
- 302 (34%) were let to households in Band 'A'
- 117 (13%) were let to households in Band 'B'

3.3.19 As NPH is planning to build 150 new council homes in 2019/20 and it is receiving nomination rights to the affordable rented housing that is being built in the Strategic Urban Extensions of the Northampton Related Development Area (NRDA), it is reasonable to assume that the number of homes available for letting in 2019/20 will increase by at least 100 in 2019/20.

3.3.20 It is proposed that, for a period of 12 months, the proportion of general needs properties that are let to homeless households in the Emergency Band – excluding the HRA temporary accommodation that will be let to occupants as permanent accommodation (see Paragraph 3.3.14) – is increased by 57 (one fifth).

3.3.21 If the net increase in the number of affordable rented homes that become available for letting in 2019/20, compared to 2018, matches the 77 additional homes that are set aside for use as temporary accommodation (see Paragraph 3.3.34), 881 affordable rented homes will be available for letting in 2019/20.

3.3.22 As an additional 57 homes will be offered to homeless households in the Emergency Band and the number of homes let to non-homeless households in the Emergency Band will remain unchanged, the lettings in 2019/20 will be as follows:

- 342 (39%) will be let to homeless households in the Emergency Band
- 177 (20%) will be let to non-homeless households in the Emergency Band
- 362 (41%) will be let to households in Band 'A' and Band 'B'

ACTION 10: Ensure that unexpected delays in the construction, repair or refurbishment of council and housing association homes do not result in homeless households spending an unreasonable amount of extra time in temporary accommodation, unable to be considered for other homes.

3.3.23 When homeless households are offered a permanent HRA council home or their nomination to a housing association has been accepted, they cannot bid for – or be considered for – any other affordable rented accommodation that is available.

- 3.3.24 Unexpected delays in the construction, repair or refurbishment of HRA council homes and housing association homes can result in some households spending months longer in temporary accommodation than they should have done.
- 3.3.25 It is proposed that, where it is anticipated that a household's 'moving in' date is going to be delayed by at least four weeks, their situation will be reviewed by NPH and the Council and a decision will be made on whether or not the offer or nomination should be withdrawn and the household offered another home instead.
- 3.3.26 To ensure that homeless households are actively considered for all suitable accommodation, a member of the Housing Options & Advice Team is co-located with NPH's Rehousing Team, one day a week. This has improved communication between NPH and the Council and between NPH and homeless households.

OBJECTIVE THREE: REDUCING THE COST OF TEMPORARY ACCOMMODATION

ACTION 11: Make optimum use of the Council's temporary accommodation.

- 3.3.27 Given the high cost of the temporary accommodation that the Council procures from private sector housing suppliers and the fact that any HRA council homes that are used as temporary accommodation are not available to let (as permanent homes) to households on Northampton's Housing Register, careful consideration has been given to the way in which the Council's stock of temporary accommodation is used.
- 3.3.28 It is proposed, therefore, that all households (single people and couples) that contain a pregnancy but no children should routinely be offered suitable one-bedroom temporary accommodation – preferably one of the council homes that are let on a temporary basis – and continue to reside in that accommodation until the baby is born and they are offered a two-bedroom affordable rented home or the tenancy of suitable private rented housing.
- 3.3.29 It is proposed, also, that all households (single people and couples) that contain only one child and that child is under the age of 12 months, should routinely be offered suitable one-bedroom temporary accommodation – preferably one of the council homes that are let on a temporary basis – and continue to reside in that accommodation until they are offered a two-bedroom affordable rented home or the tenancy of suitable private rented housing.
- 3.3.30 These arrangements will make optimum use of the one-bedroom HRA council homes that are used as temporary accommodation and ensure as few households as possible are accommodated in two-bedroom nightly purchased accommodation.

ACTION 12: Increase the number of permanent HRA council homes that are used as temporary accommodation for homeless households.

- 3.3.31 As the HRA council homes that are used as temporary accommodation are let at social rents, the impact that this type of accommodation has on the Council's General Fund finances is minimal.

- 3.3.32 Although careful consideration needs to be given to the impact that any increase in the number of HRA council homes used as temporary accommodation will have on other applicants on Northampton's Housing Register, substantial costs can be avoided if more council homes are set aside for use as temporary accommodation.
- 3.3.33 The Temporary Accommodation Action Plan proposes that the number of HRA council homes used as temporary accommodation is increased to 120.
- 3.3.34 As one-bedroom homes account for the largest proportion of all affordable rented general needs housing that becomes available for letting, it is proposed that the stock of 120 HRA council homes that are used as temporary accommodation should comprise 60 one-bedroom homes, 35 two-bedroom homes, 21 three-bedroom homes, 3 four-bedroom homes and 1 five-bedroom home.
- 3.3.35 If 25 of the 68 HRA council homes that are currently used as temporary accommodation are converted into permanent lettings (see Paragraph 3.3.14) NPH will need to set aside another 77 council homes for use as temporary accommodation: 34 one-bedroom homes, 26 two-bedroom homes, 13 three-bedroom homes, 3 four-bedroom homes and 1 five-bedroom home.
- 3.3.36 Although it is likely to take NPH around nine months to increase to 120 the number of HRA council homes used as temporary accommodation, this action will enable the Council to avoid substantial temporary accommodation costs.

ACTION 13: Reduce the nightly rates that the Council pays to housing suppliers for the self-contained, nightly-purchased accommodation it uses.

- 3.3.37 It is proposed that the Council issues a fresh invitation to housing suppliers (through the Dynamic Purchasing System) to provide self-contained temporary accommodation at nightly rates that are lower than it is paying at the moment.
- 3.3.38 Although the Council will still need to pay the existing nightly rates for the temporary accommodation that is currently occupied, the reduced nightly rates will apply to any vacant properties that are offered to the Council after the date specified in the Dynamic Purchasing scheme.
- 3.3.39 As the Council is not able to recover (in Housing Benefit and household contributions) the full cost of what it pays to the housing supplier, it will derive the full benefit of the proposed price reduction.

ACTION 14: Purchase or build a stock of temporary accommodation that will be owned by the Council (within the General Fund and/or the Housing Revenue Account) and reduce the net cost to the Council.

- 3.3.40 Although the primary aim of the Action Plan is to reduce the number of households living in temporary accommodation to 200 by the end of March 2020, increasing the number of HRA council homes that are used as temporary accommodation will significantly reduce the Council's use of nightly-purchased accommodation.

- 3.3.41 If Actions 1-12 in the Temporary Accommodation Action Plan are implemented, the number of households living in nightly-purchased accommodation should reduce by 70% (from 268 to 80) between 25 February 2019 and 31 March 2020.
- 3.3.42 Based on the mix of property sizes set out in the Action Plan, the net cost of those 80 households in nightly-purchased accommodation will be £523,000 per annum.
- 3.3.43 Although consideration will need to be given to the size, type and number of homes purchased or built for use as temporary accommodation, the Action Plan provides an illustration of how the Council can achieve substantial revenue savings by setting aside additional HRA council homes for use as temporary accommodation and/or creating a sizeable stock of council-owned, non-HRA temporary accommodation.
- 3.3.44 As well as reducing the net cost of temporary accommodation in the immediate term, the creation of a stock of council-owned, non-HRA temporary accommodation will provide the Council with the flexibility to respond to any future reduction in the demand for temporary accommodation and:
- Let the properties at market rents or sub-market rents to prevent homelessness and/or generate extra income for the General Fund; or
 - Sell the properties on the open market, or to the HRA, at market value.
- 3.3.45 Consideration is still being given to the role that private sector leasing can play in meeting the Council's need for low-cost temporary accommodation. However, most landlords and investors are seeking much higher rental yields than the Council is offering and, of the properties that have been offered to date, most do not meet the standards specified by the Council.
- 3.3.46 One of the other options available to the Council is to lease or purchase modular homes that can be erected on one or more sites and, perhaps, moved around the borough. This is being actively considered and, if it offers a cost-effective solution, a comprehensive business case will be produced and submitted to Cabinet.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 The action that the Council is proposing to take is in line with Council policy and reflects the priorities in the Corporate Plan 2018-20.

4.2 Resources and Risk

- 4.2.1 Finance Officers have been working closely with the Housing and Wellbeing Service to identify the various options available to the Council.
- 4.2.2 Financial modelling has been carried out in relation to each of these options but, given the large number of variables, it is extremely difficult to accurately forecast the likely impact that each measure will have on the number of homeless households living in temporary accommodation.

4.2.3 Assuming, however, that the number of households moving into, and out of, temporary accommodation in 2019/20 will be about the same as it has been in 2018/19, it is possible to estimate the likely impact that each measure will have on the use and cost of temporary accommodation. Appendix 1 Section 7 “Assumptions and Financial Modelling” provides further details.

4.2.4 The tables below summarises the estimated costs and savings on Housing Service accounts over the next two years:

2019/20	2019/20	2020/21
Estimated Cost Pre-Action Plan (000)	Estimated Cost Post Action Plan (000)	Estimated Cost Post Action Plan (000)
1,759	1,318	531

2019/20	2019/20	2020/21
Cost Avoidance / Savings Pre-Action Plan (000)	Cost Avoidance / Savings Post Action Plan (000)	Cost Avoidance / Savings Post Action Plan (000)
0	441	1,111

4.2.5 It should be noted that the costs / impact of each option is based on modelling. Whilst this will give an indication of the financial impact on the Council, there are many variables that can affect the impact.

4.2.6 The following risks could impact upon the financial position of the new arrangements:

- Volumes (the number of households requiring temporary accommodation) vary significantly from the financial modelling
- The rate the Council pays for temporary accommodation is not in line with what is described in this report
- Debt (income recovery) is not actively managed
- Actual income recovery rates vary from the financial modelling.

4.2.7 Further modelling work will be continued and informed through this process and, with improved data when collected, will be used to inform the Council's future budget requirements. Given the number of variables, this must be accepted as a demand-led budget with multiple variables, so will always be at risk of over or underspending against the 'annual budget'.

4.2.8 One of the ways to reduce the pressure of homelessness and temporary accommodation is to increase the supply of affordable housing. The Council is already supporting and financing increases in the HRA stock through a programme of NPH developments. However, there are opportunities to acquire a significant number of new HRA council homes by purchasing properties 'off plan' through developer / Homes England schemes.

4.2.9 As such acquisitions are likely to be of a large scale and require substantial investment, there is a need to gain Council approval to increase the HRA borrowing envelope to progress such schemes. The proposal is to submit a supplementary budget request to Council in April 2019 to increase the permitted HRA borrowing and expenditure by up to £25m should such opportunities arise.

4.2.10 Cabinet will receive a full and formal business case before the Council commits any actual funds to the purchase of the affordable housing.

4.3 Legal

4.3.1 The Housing Act 1996 (as amended) imposes duties on the Council in relation to those who are homeless or threatened with homelessness. The duties are referred to in the body of the report and can be summarised as follows:

- To take reasonable steps to help an applicant who is threatened with homelessness to secure that accommodation does not cease to be available to occupy ('the prevention duty');
- To secure that accommodation is available for an applicant who it believes is homeless, eligible for assistance and in priority need ('the interim duty');
- To take reasonable steps to help an applicant to secure that suitable accommodation becomes available for their occupation for at least 6 months ('the relief duty') and, if the applicant is also in priority need, to provide interim accommodation whilst fulfilling that duty; and
- To secure that accommodation is available for those who are homeless and eligible for assistance and are not intentionally homeless ('the main housing duty').

4.3.2 In fulfilling these duties, the Council must have regard to the Code of Practice issued by the Secretary of State.

4.3.3 The 1996 Act requires the Council to discharge its housing duty (4.3.1.4) by providing accommodation itself, securing that accommodation is available from other persons or giving such advice and assistance as will secure that suitable accommodation is provided by some other person. The Council may require a person to whom it provides or secures accommodation to pay reasonable charges for their occupation however, the amount charged often does not represent the cost of providing such accommodation.

4.3.4 The proposals in the Action Plan are compatible with the current version of the Code of Practice issued under the Act. Any payments towards topping up rent or payment of arrears may however, only be made in accordance with the legislation relating to Housing Benefit and / or Discretionary Housing Payments.

4.3.5 Case law makes clear that if the Council intends to make any payments of the types set out in the Action Plan, by way of incentive, assistance with deposits or otherwise, it will need to establish clear criteria as to the circumstances in which such payments are to be made. Any criteria must however, be flexible enough to allow proper exercise of discretion on a case by case basis.

4.4 Equality and Health

- 4.4.2 A full Community Impact Assessment has been completed.
- 4.4.3 The changes proposed in this report – including the temporary changes to the Annual Lettings Plan – will have an overwhelmingly positive impact on people with different protected characteristics and will help the Council to address and mitigate the problems caused by homelessness.
- 4.4.4 The changes will contribute to a reduction in the health inequalities and social and economic exclusion of people with any combination of protected characteristics who are disproportionately affected by homelessness. They will also promote the advancement of equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- 4.4.5 These changes are part of the Borough Council's commitment to improving communities and our town as a place to live. In implementing them, the Council will have due regard to its Public Sector Duty and will continue to work to tackle discrimination and inequality and contribute to the development of a fairer society.

4.5 Consultees (Internal and External)

- 4.5.1 The changes proposed in this report have been developed in consultation with the Housing Options & Advice Service, the Revenues & Benefits Service, the Finance Team, the Procurement Team and NPH.
- 4.5.2 The proposed changes to the Annual Lettings Plan will be posted on the Council's website and will be provided to everyone who requests temporary accommodation.

4.6 How the Proposals deliver Priority Outcomes

- 4.6.1 The Temporary Accommodation Action Plan will help the Council to deliver the following priority outcomes in the Corporate Plan 2018 – 2020:
- Provide value for money services
 - Review and reduce homelessness through early intervention
 - Reduce the overall cost of temporary accommodation
 - Investigate potential benefits of increasing the council stock of lower-cost temporary accommodation
 - Increase the number of council homes that are used as temporary accommodation

5. Next steps

- 5.1 For each of the 14 measures in the Temporary Accommodation Action Plan, overall responsibility for delivering it will rest with a named Officer.
- 5.2 A multi-disciplinary Implementation Group (comprising representatives from Housing, Finance, Northampton Partnership Homes and the Revenue & Benefits Service will meet regularly to oversee the successful implementation of Action Plan.

Appendices

Appendix 1 – Temporary Accommodation Action Plan

Background Papers

Community Impact Assessment

Phil Harris
Head of Housing and Wellbeing
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Temporary Accommodation Action Plan

April 2019

1. Introduction

- 1.1 During the last three years, the number of households applying to the Council for assistance under the homelessness legislation has more than doubled and, between March 2016 and February 2019, the number of households living in temporary accommodation more than quadrupled from 66 to 324.
- 1.2 One of the main reasons for this increase is the severe shortage of affordable and social rented housing and the impact that this shortage has had on the amount of time that homeless households spend in temporary accommodation before they are able to move on into suitable, settled accommodation. This is being addressed through investment in an ambitious Housing Revenue Account (HRA) housebuilding programme that is designed to deliver at least 150 new HRA council homes a year.
- 1.3 The Council's use of temporary accommodation has increased further as a result of the Homelessness Reduction Act 2017 which came into effect on 3 April 2018 and has given local authorities new duties to relieve homelessness.
- 1.4 Although the Council's stock of temporary accommodation includes some HRA council homes that are let to homeless households on a short-term basis, more than three quarters of the temporary accommodation that the Council uses is purchased, on a nightly basis, from private sector housing suppliers.
- 1.5 The large number of homeless households living in temporary accommodation, and the over-reliance on expensive, nightly purchased accommodation, have resulted in considerable cost pressures within the Council's annual budget.
- 1.6 Later this year, the Housing Options & Advice Service will be reorganised and expanded in order to prevent more homelessness and improve people's access to suitable private rented accommodation. In the meantime, however, urgent action is required to reduce the use and cost of temporary accommodation.

2. Temporary Accommodation Action Plan

- 2.1 The purpose of this 12 months Action Plan is to reduce, to 200, the number of homeless households living in temporary accommodation and to reduce, to 80, the number of households living in nightly-purchased accommodation.
- 2.2 This Action Plan comprises a total of 14 measures which, if implemented, will have a huge impact on the use and cost of temporary accommodation in Northampton between now and 31 March 2020.
- 2.3 Progress will be monitored by a multi-disciplinary Implementation Group that includes representatives from Housing, Finance, Northampton Partnership Homes (NPH) and the Revenue & Benefits Service.

3. Use and cost of temporary accommodation

3.1 As at 25 February 2019, there were 324 homeless households living in three types of temporary accommodation:

- 56 homeless households were living in HRA council homes
- 244 homeless households were living in self-contained, nightly purchased accommodation in Northampton
- 24 homeless households (22 single people and 2 families) were living in bed and breakfast accommodation

3.2 Of the 268 households that were living in nightly-purchased temporary accommodation (including bed and breakfast):

- 79 (29%) were living in one-bedroom accommodation
- 122 (46%) were living in two-bedroom accommodation
- 62 (23%) were living in three-bedroom accommodation
- 5 (2%) were living in four-bedroom accommodation

3.3 Unlike the council homes that are let to homeless households at social rents, the amount that the Council is paying housing suppliers for nightly purchased temporary accommodation (including bed and breakfast) is much higher than what it is able to recover from the households living in it.

3.4 Although Officers successfully negotiated standard, reduced nightly rates with most of the Council's housing suppliers in 2018, the difference between the amount the Council is charged for self-contained nightly purchased accommodation and the amount that it charges the homeless households living in it is as follows:

SIZE OF PROPERTY	NIGHTLY RATE	NET COST OF NIGHTLY-PURCHASED HOUSING TO NORTHAMPTON BOROUGH COUNCIL *		
1-bedroom	£38.00	£111 per week	£481 per month	£5,772 per annum
2-bedroom	£45.00	£120 per week	£520 per month	£6,240 per annum
3-bedroom	£52.00	£154 per week	£667 per month	£8,008 per annum
4-bedroom	£57.00	£132 per week	£572 per month	£6,864 per annum
5-bedroom	£64.00	£181 per week	£784 per month	£9,412 per annum

* This assumes that the Council is able to collect 100% of what it charges. It does not take into account bad debts (resulting from households' non-payment of rent) or the amount of Housing Benefit that the Council pays to homeless households but is unable to recover from Government through the Housing Benefit subsidy system.

4. Reorganisation and expansion of the Council's Housing Options & Advice Service

- 4.1 In its 2019/20 Budget, the Council has provided extra funding to enable the Housing Options and Advice Service to be reorganised and expanded to include an additional 12 staff, prevent more homelessness and improve households' access to good quality, well-managed private rented housing.
- 4.2 The reorganisation, due to be completed in Summer 2019, will provide the extra management capacity the Service requires in relation to homelessness prevention, temporary accommodation and single homelessness.
- 4.3 By establishing a dedicated Temporary Accommodation Team, the reorganisation will enable the Social Lettings Agency staff to revert back to their primary role of procuring a plentiful supply of affordable private rented housing that can be offered to households that are threatened with homelessness or, when households are already homeless, to discharge the Council's rehousing duty quickly and efficiently.
- 4.4 With its focus on early intervention, the reorganisation will create specialist advisory roles that will work proactively and effectively with other services and organisations to prevent and reduce homelessness, minimise the amount of time that households spend in temporary accommodation and ensure that, when someone is leaving prison, hospital or care, they do so in a planned way.
- 4.5 When it is implemented and the additional staff are in place, the reorganisation will help to reduce the use and cost of temporary accommodation and, in doing so, relieve the strain on the Council's budget.

5. Reducing the use of temporary accommodation

- 5.1 In order to reduce its use of temporary accommodation, the Council needs to slow down the rate at which homeless households move into temporary accommodation and minimise the amount of time they spend in it.
- 5.2 To reduce the number of households moving into temporary accommodation, there needs to be an even greater emphasis on:
 - Preventing private tenants from becoming homeless by negotiating with private landlords and letting agents to persuade them to renew their tenancies or, where this is not possible, allow the tenants to stay for long enough to find somewhere else to live, with the Council's help, before they become homeless; and
 - Preventing households from becoming homeless by persuading their families and friends to continue accommodating them (as 'Homeless at Home') until they can be rehoused.
- 5.3 To minimise the amount of time that homeless households spend in temporary accommodation, there needs to be an even greater emphasis on:
 - Delaying the eviction of private tenants through negotiation with landlords and letting agents;
 - Delaying the eviction of council tenants;

- Delaying the placement of households in temporary accommodation through negotiation with their families and friends;
- Improving the flow of households through temporary accommodation by ensuring that all homelessness decisions (including homelessness review decisions) are accurate and issued as soon as practicable, and there is an adequate supply of suitable homes available when needed;
- Ensuring that all temporary accommodation is withdrawn as soon as the Council's duty to accommodate comes to an end;
- Converting into permanent accommodation any HRA council homes that are being used as temporary accommodation and are suitable to offer to current occupants as a discharge of the Council's homelessness duty;
- Maximising the amount of suitable private rented accommodation offered to homeless households living in temporary accommodation as a discharge of the Council's homelessness duty;
- Maximising the number of HRA council homes and housing association homes that are let to homeless households; and
- Ensuring that unexpected delays in the construction, repair or refurbishment of council and housing association homes do not result in homeless households spending an unreasonable amount of extra time in temporary accommodation.

6. Reducing the cost of temporary accommodation

- 6.1 In order to reduce the cost of temporary accommodation, the Council needs to reduce its use of temporary accommodation and, at the same time, minimise the amount of accommodation it procures from private housing suppliers.
- 6.2 To reduce the cost of temporary accommodation, there needs to be an even greater emphasis on:
- Making optimum use of the Council's HRA housing stock;
 - Improving the flow of homeless households through temporary accommodation by increasing the number of HRA council homes that are used as temporary accommodation; and
 - Purchasing or building a stock of temporary accommodation that is owned by the Council (in the General Fund and/or the Housing Revenue Account) and reduces the net cost to the Council.

7. Assumptions and financial modelling

- 7.1 Given the large number of variables, it is extremely difficult to accurately forecast the likely impact that each measure will have on the number of homeless households living in temporary accommodation.
- 7.2 Assuming, however, that the number of households moving into, and out of, temporary accommodation in 2019/20 will be about the same as it has been in 2018/19, it is possible to estimate the likely impact that each measure will have on the use and cost of temporary accommodation.
- 7.3 For the purpose of this Action Plan:
- Realistic targets have been set for the increase in homelessness prevention activity (Actions 1, 2 and 3) and only 75% of this total number of homelessness preventions has been taken into account when forecasting the future, quarterly reduction in the use of temporary accommodation;
 - Quarterly targets have been set for the number of households living in temporary accommodation at the end of each Quarter (taking into account the increase in homelessness prevention activity and the amount of temporary accommodation that is converted into permanent accommodation) and these figures have been used as the basis for the assumptions about tenure type and the mix of property sizes;
 - Forecasts of expenditure on temporary accommodation are based on the end-of-quarter temporary accommodation targets, so do not take into account any reductions in expenditure that occurs as a result of the reduction in numbers during the Quarter.
- 7.4 The Action Plan differentiates between 'cost avoidance' and 'cost reduction', and takes into account any additional expenditure that is likely to be needed in order to achieve the desired outcomes.
- 7.5 Although the financial impact of each measure is expressed as a 'full year' figure, the extent to which costs are reduced or avoided will be expressed as a 'part year' figure in the financial modelling for 2019/20.

8. OBJECTIVE 1 – Reducing the number of households moving into temporary accommodation

- 8.1 The ending of an Assured Shorthold Tenancy (AST) and the withdrawal of accommodation by family members and friends are the main causes of homelessness in Northampton and, between them, account for more than two thirds of the households that become homeless in the borough.
- 8.2 As part of the reorganisation of the Housing Options & Advice Service, two specialist Private Sector Housing Advisers will actively engage with every private landlord and letting agent to prevent homelessness. They will also work closely with the Tenancy Relations Officer to prevent harassment, unlawful eviction and retaliatory eviction.

- 8.3 The reorganisation of the Housing Options & Advice Service also includes provision for a full-time Home Visiting Officer. This is an agile and highly proactive role that has been piloted during the past year and has proved particularly effective in persuading families and friends to avoid making households homeless, with little or no notice, in an unplanned way.

ACTION 1: Prevent private tenants from becoming homeless by negotiating with landlords and letting agents to persuade them to renew the tenancies
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- 8.4 Until the reorganisation is implemented, an assertive **AST Sustainment Team** (comprising a Housing Options Adviser and a Lettings Negotiator) will work proactively with private landlords and letting agents to secure the renewal of the tenancy for a period of at least 12 months.
- 8.5 To support its negotiations, the AST Sustainment Team will be able to access 'spend to save' funding that enables tenancies to be renewed at a comparatively low cost.
- 8.6 Although it is difficult to forecast the impact that ACTION 1 is likely to have on the number of tenants that become homeless – because some of this work is already being undertaken by the Housing Options & Advice Team – it is known that, in 2016/17 and 2017/18, the Council accepted a duty to rehouse an average of 249 households per annum that were living in private rented accommodation and became homeless when their AST was terminated.
- 8.7 If the AST Sustainment Team is able to successfully negotiate the renewal of just 15% of these 249 tenancies, ACTION 1 will reduce, by an extra 37 tenants per annum, the number of private tenants who become homeless and move into temporary accommodation as a result of the termination of their AST.

Financial impact of ACTION 1

Taking into account the 'spend to save' expenditure, it is estimated that Action 1 will result in 'full year' cost avoidance of around £194,000.
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- 8.8 More homelessness will be prevented when the Housing Options & Advice Service is reorganised and two specialist Private Sector Housing Advisers will actively engage with every landlord and letting agent to prevent homelessness.

ACTION 2: Prevent private tenants from becoming homeless by negotiating with landlords and letting agents to persuade them to allow their tenants enough time to find somewhere else to live, with the Council's help, before they become homeless

- 8.9 Until the reorganisation is implemented, an assertive **AST Sustainment Team** (comprising a Housing Options Adviser and a Lettings Negotiator) will work proactively with private landlords and letting agents to persuade them to allow their tenants enough time to find somewhere else to live.
- 8.10 To support its negotiations, the AST Sustainment Team will work with landlords and letting agents to access a supply of suitable private rented housing that can be let to private tenants that are unable to renew their existing tenancies.

- 8.11 In order to encourage letting agents to offer private rented accommodation to prospective tenants nominated by the Council, the AST Sustainment Team will use all means available to support the signing of the tenancy agreement.
- 8.12 The Team will be able to access 'spend to save' funding that enables tenancies to be secured at a comparatively low cost.
- 8.13 Although it is difficult to forecast the impact that ACTION 2 is likely to have on the number of tenants that become homeless – because some of this work is already being done by the Housing Options & Advice Team – it is known that, in 2016/17 and 2017/18, the Council accepted a duty to rehouse an average of 249 households per annum that were living in private rented accommodation and became homeless when their AST was terminated.
- 8.14 If the AST Sustainment Team is able to secure the renewal of 15% of those tenancies (see ACTION 1) and source suitable alternative private rented accommodation for 15% of the remaining 212 households before they become homeless, ACTION 2 will reduce, by an extra 32 tenants per annum, the number of private tenants who become homeless and move into temporary accommodation.

Financial impact of ACTION 2

Taking into account the 'spend to save' expenditure, it is estimated that Action 2 will result in 'full year' cost avoidance of around £120,000.

- 8.15 More homelessness will be prevented when the Housing Options & Advice Service is reorganised and the Social Lettings Agency staff can focus on maximising the supply of private rented housing to prevent homelessness.

ACTION 3: Prevent homelessness by persuading applicants' families and friends to continue accommodating them (as part of the 'Homeless at Home' scheme) and, in doing so, avoid the need to provide temporary accommodation

- 8.16 Being asked to leave by family or friends (family licence terminations) is one of the main reasons for homelessness in Northampton and accounts for about one third of the Council's annual homelessness acceptances.
- 8.17 During 2018, the Home Visiting Officer successfully persuaded family and friends to continue accommodating a total of 73 households on the understanding that, as 'Homeless at Home', those households will receive the same priority for rehousing as other homeless households. This has avoided the need for the Council to provide them with temporary accommodation.
- 8.18 As the Home Visiting Officer role is included in the proposed restructure of the Housing Options & Advice Service, this service will continue to be provided.
- 8.19 Although it is difficult to estimate the extent to which the Council may be able to increase the take-up of the 'Homeless at Home' scheme – because the Home Visiting Officer is already working to full capacity – it is known that, in 2017/18, the Council accepted a duty to rehouse 183 households that became homeless when they were asked to leave by their families or friends.

- 8.20 If the Housing Options & Advice Team is able to increase, by 20%, the number of households that become 'Homeless at Home', ACTION 3 will reduce, by an extra 15 households per annum, the number of households that move into temporary accommodation when asked to leave by their families and friends.

Financial impact of ACTION 3

It is estimated that Action 3 will result in 'full year' cost avoidance of around £87,000.

9. OBJECTIVE 2 – Minimising the amount of time households spend in temporary accommodation

ACTION 4: Delay the eviction of private tenants through negotiation with private landlords and letting agents

- 9.1 Until the reorganisation is implemented, an assertive **AST Sustainment Team** (comprising a Housing Options Adviser and a Lettings Negotiator) will work with private landlords and letting agents to persuade them to renew their tenancies or allow their tenants enough time to find somewhere else to live.
- 9.2 It is hoped that, even when homelessness cannot be prevented, it will be possible for the AST Sustainment Team to negotiate with private landlords and letting agents to achieve at least an 8 week delay in homelessness, compared to when they would otherwise have become homeless.
- 9.3 Although it is difficult to forecast the impact that ACTION 4 is likely to have on the number of private tenants that become homeless – because some of this work is already being done by the Housing Options & Advice Team – it is known that, in 2016/17 and 2017/18, the Council accepted a duty to rehouse an average of 249 households per annum that were living in private rented accommodation and became homeless when their AST was terminated.
- 9.4 If the AST Sustainment Team is able to prevent an additional 69 private tenants from becoming homeless (see ACTION 1 and ACTION 2) and negotiate an 8 week delay in homelessness in 10% of the instances in which private tenants move into temporary accommodation, ACTION 4 will reduce, by 8 weeks, the amount of time that 18 tenants spend in temporary accommodation.

Financial impact of ACTION 4

It is estimated that Action 4 will result in 'full year' cost avoidance of around £17,000.

ACTION 5: Delay the eviction of council tenants

- 9.5 Each year, Northampton Partnership Homes (NPH) evicts approximately 30 council tenants. Most of those who are in 'priority need' (usually families with children) subsequently apply to the Council for assistance under the homelessness legislation on the day that the bailiffs carry out the eviction.

- 9.6 As the Council will owe those households a 'relief' duty (under the Homelessness Reduction Act 2017), it will be required to provide them with temporary accommodation for 56 days. If it then decides that the household is 'intentionally' homeless, it will normally be required to provide temporary accommodation for at least another 28 days.
- 9.7 Officers have agreed with NPH that, when council tenants are being evicted, the eviction will be postponed for 8 weeks to enable the tenants to continue living in the property during the period in which the 'relief' duty applies.
- 9.8 Assuming that two thirds of the tenants who are evicted are in 'priority need', ACTION 5 will reduce the amount of time that 20 tenants spend in temporary accommodation.

Financial impact of ACTION 5

It is estimated that Action 5 will result in 'full year' cost avoidance of around £19,000.

ACTION 6: **Improve the flow of households through temporary accommodation by ensuring that all homelessness decisions (including homelessness review decisions) are accurate and issued as soon as practicable**

- 9.9 By making decisions quickly and ensuring that all temporary accommodation is withdrawn when its housing duty ends, the Council will be able to reduce the number of homeless households living in temporary accommodation.
- 9.10 It will do this by ensuring that the Homelessness Officers' caseloads are manageable, all decisions are made as soon as practicable, and all review requests and appeals are dealt with promptly.
- 9.11 The reorganisation of the Housing Options & Advice Service will provide the Homelessness Team with the extra staffing capacity it needs to ensure that all homelessness decisions are accurate and issued as soon as practicable. In the meantime, additional capacity will be provided through a specialist contractor to make up to 75 homelessness decisions in 2019/20.

Financial impact of ACTION 6

Taking into account the expenditure on the specialist contractor (which can be funded from the projected underspend in the Housing Options & Advice budget for the first Quarter of 2019/20), it is estimated that Action 6 will result in 'full year' cost avoidance of around £20,000.

- 9.12 The reorganisation will provide the Homelessness Team with the extra staffing it requires to ensure that all homelessness decisions (including homelessness review decisions) are accurate and issued as soon as practicable.

ACTION 7:	Convert into permanent accommodation any HRA council homes that are being used as temporary accommodation and are suitable to offer the current tenants as a discharge of the Council's homelessness duty
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- 9.13 As at 25 February 2019, a total of 68 council homes were set aside for use as temporary accommodation. These comprised 30 one-bedroom homes, 21 two-bedroom homes, 16 three-bedroom homes and one five-bedroom home.
- 9.14 A desktop review of the circumstances of the households currently living in this temporary accommodation suggests that 25 of these homes are suitable to offer to the households living in them as a discharge of the Council's homelessness duty.
- 9.15 If these 25 units of temporary accommodation (4 one-bedroom homes, 12 two-bedroom homes, 8 three-bedroom homes and 1 five-bedroom home) are converted to permanent accommodation, this will reduce the number of homeless households living in temporary accommodation.

Financial impact of ACTION 7

The primary purpose of Action 7 is to reduce the number of homeless households living in temporary accommodation. However, this action will avoid the void costs that would otherwise have been incurred if the households had moved to alternative accommodation and the homes had needed to be re-let.

ACTION 8:	Maximise the amount of suitable private rented accommodation that is offered to homeless households living in temporary accommodation in order to discharge the Council's homelessness duty
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- 9.16 One of the key objectives of the proposed restructure of the Housing Options & Advice Service is to establish a dedicated Temporary Accommodation Team that will enable the Social Lettings Agency staff to revert back to their primary role of securing affordable private rented accommodation that can be used to prevent households from becoming homeless.
- 9.17 During 2019/20, the primary focus of the Social Lettings Agency will be to meet the housing needs of private tenants who are threatened with homelessness due to the termination of their AST. However, as soon as it is able to increase the supply of suitable private rented accommodation, it will offer tenancies to homeless households living in temporary accommodation.
- 9.18 The Homelessness Reduction Act 2017 enables local authorities to discharge their homelessness duty by making a 'suitable' offer of a six months AST. However, it is proposed that the Council offers households a 12 months tenancy when it is discharging its duty to households that are living in temporary accommodation.

Financial impact of ACTION 8

It is assumed that the Social Lettings Agency will start offering private rented accommodation to homeless households in temporary accommodation, as a matter of routine, from 2020/21 onwards. No financial benefits have been assumed, therefore, for Action 8 in 2019/20.

ACTION 9:	Maximise the number of council and housing association homes that are let to homeless households
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- 9.19 Between January and December 2018, a total of 881 affordable rented general needs properties were let to households on Northampton's Housing Register.
- 9.20 Of these 881 homes, 285 (32%) were let to homeless households (in the Emergency Band) for whom the Council had accepted a rehousing duty under the homelessness legislation, 177 (20%) were let to non-homeless households in the Emergency Band, 302 (34%) were let to households in Band 'A' and 117 (13%) were let to households in Band 'B'.
- 9.21 It is proposed that, for a period of 12 months, the proportion of general needs properties that are let to homeless households in the Emergency Band – excluding the 25 units of HRA temporary accommodation that will be let to occupants as permanent accommodation (see ACTION 6) – is increased by 57 (20%).
- 9.22 If the number of homes available for letting during 2019/20 remains at the level it was in 2018, the number of homes let to homeless households in the Emergency Band is increased by 57 and the number of homes let to non-homeless households in the Emergency Band remains unchanged, the situation will be as follows:
- 342 (39%) will be let to homeless households in the Emergency Band
 - 177 (20%) will be let to non-homeless households in the Emergency Band
 - 362 (41%) will be let to households in Band 'A' and Band 'B'
- 9.23 If the Annual Lettings Plan is amended in this way, ACTION 9 will reduce, by 57, the number of households living in temporary accommodation.
- 9.24 In order to ensure that homeless households are actively considered for all suitable properties, a member of the Housing Options & Advice Team is now co-located with NPH's Rehousing Team, one day a week. This has improved communication between NPH and the Council and between NPH and homeless households.

Financial impact of ACTION 9

It is estimated that Action 9 will result in 'full year' cost avoidance of around £355,000.

ACTION 10:	Ensure that unexpected delays in the construction, repair or refurbishment of council and housing association homes do not result in homeless households spending an unreasonable amount of extra time in temporary accommodation, unable to be considered for other homes
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- 9.25 One of the reasons why the use and cost of temporary accommodation in Northampton is higher than it needs to be is the fact that, when homeless households are offered a permanent HRA council home or their nomination to a housing association has been accepted, they cannot bid for – or be considered for – any other affordable rented accommodation that becomes available.

- 9.26 Although there are good reasons for doing this, one of the unintended consequences is that the homeless household can end up staying for an extended period in temporary accommodation – weeks, or even months, after they were due to move into their permanent home – due to unexpected delays in its construction, repair or refurbishment.
- 9.27 It is proposed that, where it is expected that the household's 'moving in' date will be delayed by 4 weeks or longer, NPH and the Council will review the situation and decide whether or not the offer / nomination should be withdrawn and the household offered, or nominated to, another home that is available.
- 9.28 Although the cumulative impact that these unexpected delays are having on the use and cost of temporary accommodation has not been monitored, it is known that the delays in the construction, repair or refurbishment of council and housing association homes are resulting in some households spending months longer in temporary accommodation than they should have done.

Financial impact of ACTION 10

It is estimated that Action 10 will result in 'full year' cost avoidance of around £9,600.

10. OBJECTIVE 3 – Reducing the cost of temporary accommodation

ACTION 11: Make optimum use of the Council's temporary accommodation

- 10.1 Given the high cost of the temporary accommodation that the Council procures from private sector housing suppliers and the fact that any HRA council homes that are used as temporary accommodation are not available to let (as permanent homes) to households on Northampton's Housing Register, careful consideration has been given to the way in which the Council's stock of temporary accommodation is used.
- 10.2 It is proposed that all households (single people and couples) that contain a pregnancy but not a child should be offered, as a matter of routine, suitable one-bedroom temporary accommodation – preferably one of the council homes that is let on a temporary basis – and continue to reside in that accommodation until the baby is born and they are then offered a two-bedroom affordable rented home or the tenancy of suitable private rented housing.
- 10.3 It is proposed, also, that all households (single people and couples) that contain only one child and that child is under the age of 12 months, should be offered, as a matter of routine, suitable one-bedroom temporary accommodation – preferably one of the council homes that is let on a temporary basis – and continue to reside in that accommodation until they are offered a two-bedroom affordable rented home or the tenancy of suitable private rented housing.
- 10.4 As at 25 February 2019, a total of 9 households (single people and couples) containing a pregnancy were living in nightly-purchased temporary accommodation at a net cost to the Council of around £4,300 per month. At the same time, a total of 11 households (single people and couples) containing a child under the age of 12 months were living in nightly-purchased temporary accommodation at a net cost to the Council of around £5,200 per month.

- 10.5 These arrangements will make optimum use of the one-bedroom HRA council homes that are used as temporary accommodation and ensure as few households as possible are accommodated in two-bedroom nightly purchased accommodation.

Financial impact of ACTION 11

It is estimated that Action 11 will result in 'full year' cost avoidance of around £114,000.

ACTION 12: Increase the number of HRA council homes that are used as temporary accommodation for homeless households

- 10.6 As the rents charged for the council homes that are let as temporary accommodation are affordable for the households living in them, the impact that this type of accommodation has on the Council's General Fund finances is minimal.
- 10.7 Although careful consideration needs to be given to the impact that any increase in the number of HRA council homes used as temporary accommodation will have on other applicants on the Housing Register, substantial costs can be avoided if more HRA council homes are used as temporary accommodation.
- 10.8 It is proposed that the number of permanent council homes used as temporary accommodation is increased to 120. If ACTION 6 is agreed, the number of council homes being used as temporary accommodation will be reduced to 43, so it will be necessary for NPH to set aside another 77 council homes to provide temporary accommodation for homeless households.
- 10.9 Acknowledging the high demand for family homes in the borough and the fact that one-bedroom homes accounted for 50% of all affordable rented general needs housing that became available for letting in 2018, it is proposed that the stock of 120 HRA council homes used as temporary accommodation should comprise 60 one-bedroom homes, 35 two-bedroom homes, 21 three-bedroom homes, 3 four-bedroom homes and 1 five-bedroom home.
- 10.10 If ACTION 6 and ACTION 12 are agreed and the property mix described in Paragraph 10.8 is agreed, Northampton Partnership Homes will need to set aside another 77 HRA council homes for use as temporary accommodation: 34 one-bedroom homes, 26 two-bedroom homes, 13 three-bedroom homes, 3 four-bedroom homes and 1 five-bedroom home.
- 10.11 Although it is likely to take NPH around nine months to increase to 120 the number of HRA council homes used as temporary accommodation, this will enable the Council to avoid temporary accommodation costs of almost £490,000 per annum.

Financial impact of ACTION 12

It is estimated that Action 12 will result in 'full year' cost avoidance of around £490,000.

ACTION 13:	Reduce the nightly rates that the Council pays to housing suppliers for the self-contained, nightly-purchased temporary accommodation it uses
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- 10.12 It is proposed that the Council issues a fresh invitation to housing suppliers (through the Dynamic Purchasing System) to provide self-contained, nightly-purchased temporary accommodation at nightly rates that are lower than the nightly rates that the Council is paying at the moment.
- 10.13 The new nightly rates will be £34 for a one-bedroom home, £40 for a two-bedroom home, £46 for a three-bedroom home, £52 for a four-bedroom home and £58 for a five-bedroom home.
- 10.14 Although the Council will continue to pay the housing suppliers the existing nightly rates for temporary accommodation that is currently occupied, the reduced nightly rates will apply to any vacant properties that are offered to the Council after the date specified in the Dynamic Purchasing System scheme.
- 10.15 As the Council is currently unable to recover (in Housing Benefit and household contributions) the full cost of what it pays to the housing supplier, it will derive the full benefit of the proposed reduction in the nightly rates.

Financial impact of ACTION 13

Based on a portfolio of 60 newly-acquired nightly-purchased accommodation and an equal mix of two-bedroom homes and three-bedroom homes, Action 13 will result in 'full year' savings of around £80,000.
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ACTION 14:	Purchase or build a stock of temporary accommodation that will be owned by the Council (in the General Fund and/or the Housing Revenue Account) and reduce the net cost to the Council
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- 10.16 Although the primary aim of the Action Plan is to reduce the number of households living in temporary accommodation to 200 by the end of March 2020, increasing the number of HRA council homes that are used as temporary accommodation will significantly reduce the Council's use of nightly-purchased accommodation.
- 10.17 If Actions 1-12 in this Action Plan are implemented, the number of households living in nightly-purchased accommodation should reduce by 70% (from 268 to 80) between 25 February 2019 and 31 March 2020.
- 10.18 Based on the mix of property sizes set out in the Action Plan, the net cost of those 80 households in nightly-purchased accommodation will be £531,000 per annum.

- 10.19 Consideration is still being given to the role that private sector leasing can play in meeting the Council's need for low-cost temporary accommodation. However, most landlords and investors are seeking much higher rental yields than the Council is offering and, of the properties that have been submitted to date, most do not meet the standards specified by the Council.
- 10.20 One of the other options available to the Council is to lease or purchase modular homes that can be erected on one or more sites and, perhaps, moved around the borough. This is being actively considered and, if it offers a cost-effective solution, a comprehensive business case will be produced and submitted to Cabinet.
- 10.21 Although consideration will need to be given to the size, type and number of homes purchased or built for use as temporary accommodation, it is clear that the Council will achieve substantial revenue savings from the creation of a sizeable stock of council-owned, non-HRA temporary accommodation.
- 10.22 For the purpose of illustration – a comprehensive business case would need to be prepared before such a scheme could proceed – it is assumed that the Council obtains a loan of between £5m and £10m from the Public Works Loan Board (PWLB) to purchase a total of 30 or 60 two and three-bedroom homes (with a ratio of 2:1 in favour of the two-bedroom homes) at an average cost of £150,000 for a two-bedroom home and £180,000 for a three-bedroom home. It is also assumed that:
- The costs of purchasing, acquiring, refurbishing and/or converting the homes will be funded by a loan from the Public Works Loan Board;
 - The PWLB loan will be repayable over a period of 25 years;
 - The rental income received from the households in temporary accommodation will be used to fund the loan repayments and the cost of housing management, repairs and maintenance. This is based on Local Authority Housing Allowance Rates for Northampton;
 - No assumptions have been built into the modelling for any benefit the Council may receive through reduced Housing Benefit subsidy loss;
 - Stamp Duty Land Tax (SDLT) would be payable on completion of any purchases but has not been factored into the high-level modelling (approximately £5k - £7k per dwelling);
 - Major repairs to dwellings over their life has not been factored into the modelling and will need to be considered as part of the final business case for purchase; and
 - Allowances for marginal increase to Management costs and Repairs and Maintenance costs has been included.

10.24 Based on the current PWLB loan rate of 3% (over 25 years), the appraisal model currently used by the Council and NPH and taking into account the assumptions listed above, the Council could reduce its net expenditure by:

Description of temporary accommodation	Annual net cost (council-owned)	Annual net cost (private suppliers)	Potential annual savings
<ul style="list-style-type: none"> 20 x two-bedroom homes 10 x three-bedroom homes 	£106k per annum	£205k per annum	£99k per annum
<ul style="list-style-type: none"> 40 x two-bedroom homes 20 x three-bedroom homes 	£212k per annum	£410k per annum	£198k per annum

10.25 As well as reducing the net cost of temporary accommodation in the immediate term, the creation of a stock of council-owned, non-HRA temporary accommodation will provide the Council with the flexibility to respond to any future reduction in the demand for temporary accommodation and:

- Let the properties at market rents or sub-market rents to prevent homelessness and/or generate extra income for the General Fund; or
- Sell the properties on the open market, or to the HRA, at market value.

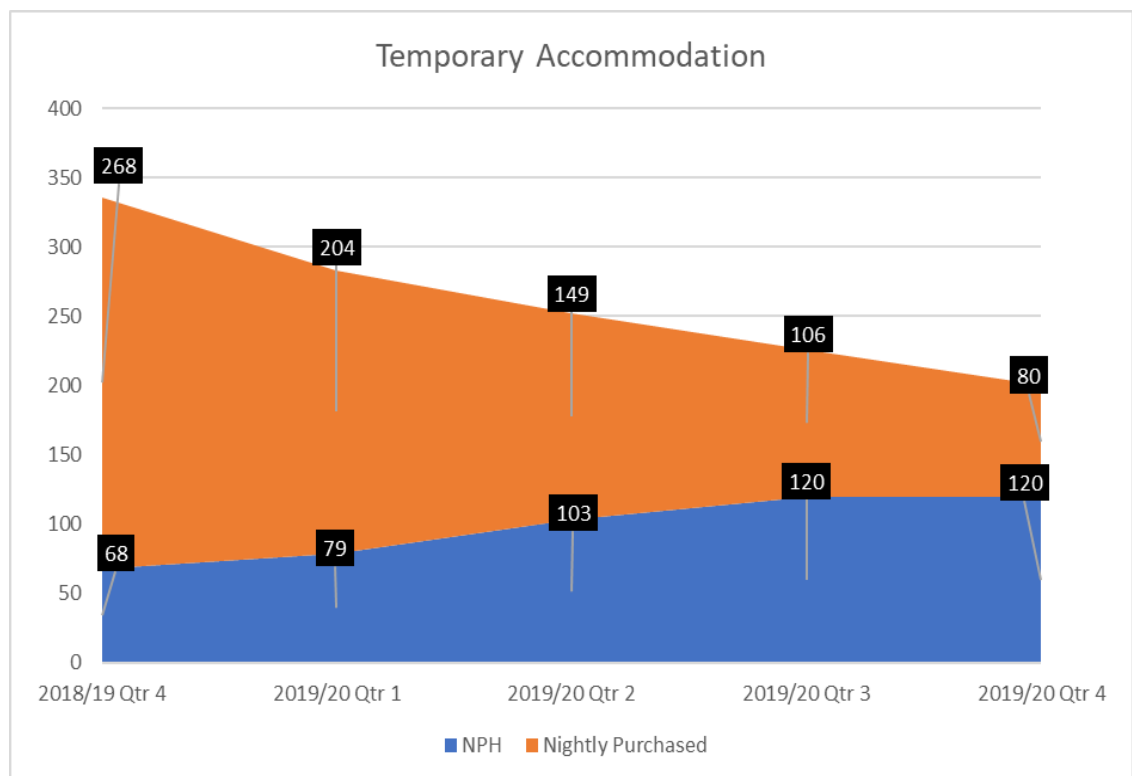
11. Impact on the future use of temporary accommodation

11.1 Although the huge number of variables make it extremely difficult to forecast the impact that the measures in this Action Plan are likely to have on the number of homeless households living in temporary accommodation and the way in which the size and type of accommodation changes over time, it is assumed (for modelling purposes) that the Council's portfolio of temporary accommodation will be as follows at the end of each Quarter in 2019/20:

	Amount and type of TA	Size of TA in use
End of Quarter 1 (30 June 2019) Total: 283 (reduced by 41 since 25/2/19)	NPH – 79 homes	43 x 1 bedroom homes 20 x 2-bedroom homes 15 x 3-bedroom homes 1 x 4-bedroom homes
	Nightly-purchased – 204	56 x 1 bedroom homes 96 x 2-bedroom homes 48 x 3-bedroom homes 4 x 4-bedroom home
End of Quarter 2 (30 Sept 2019) Total: 252 (reduced by 31 since 30/6/19)	NPH – 103 homes	60 x 1 bedroom homes 25 x 2-bedroom homes 15 x 3-bedroom homes 2 x 4-bedroom homes 1 x 5-bed home
	Nightly-purchased – 149	33 x 1 bedroom homes 75 x 2-bedroom homes 38 x 3-bedroom homes 3 x 4-bedroom homes

	Amount and type of TA	Size of TA in use
End of Quarter 3 (31 Dec 2019) Total: 226 (reduced by 26 since 30/9/19)	NPH – 120 homes	60 x 1 bedroom homes 35 x 2-bedroom homes 21 x 3-bedroom homes 4 x 4-bedroom homes 1 x 5-bed home
	Nightly-purchased – 106	27 x 1 bedroom homes 55 x 2-bedroom homes 22 x 3-bedroom homes 2 x 4-bedroom homes
End of Quarter 4 (31 March 2020) Total: 200 (reduced by 26 since 31/12/19)	NPH – 120 homes	60 x 1 bedroom homes 35 x 2-bedroom homes 21 x 3-bedroom homes 3 x 4-bedroom homes 1 x 5-bed home
	Nightly-purchased – 80	16 x 1 bedroom homes 45 x 2-bedroom homes 17 x 3-bedroom homes 2 x 4-bedroom homes

- 11.2 The graph below reflects the way in which the Council is seeking to reduce the overall number of households in temporary accommodation whilst, at the same time, increasing the number and proportion of HRA council homes that are used as temporary accommodation.



12. Impact on the future cost of temporary accommodation

- 12.1 As explained in Section 7 of this Action Plan, realistic targets have been set for the increase in homelessness prevention activity, and any reductions in the number of households in temporary accommodation are taken into account (in the financial modelling) from the next Quarter rather than when they occur.
- 12.2 Realistic assumptions are also made about the timescales within which NPH will be able to convert 25 of its temporary homes into permanent homes (six months) and increase, to 120, the number of HRA council homes that are used as temporary accommodation (nine months). The cost reductions resulting from this – and from any reduction in the use of temporary accommodation – will not be reflected in the financial modelling until the next Quarter.
- 12.3 No allowance has been made for the impact that the reorganisation and expansion of the Housing Options & Advice Service is likely to have on the use and cost of temporary accommodation. Although the reorganisation and recruitment of the additional Officers will take time, its focus on homelessness prevention and early intervention will accelerate the rate at which the Council is able to reduce the use and cost of temporary accommodation.
- 12.4 Detailed financial modelling has been undertaken by the Finance Team, based on the assumptions made in this Action Plan including the tables in Paragraphs 3.4 and 11.1 and the Actions described in Sections 8, 9 and 10:

2019/20	2019/20	2020/21
Estimated Cost Pre-Action Plan (000)	Estimated Cost Post Action Plan (000)	Estimated Cost Post Action Plan (000)
1,759	1,318	531

Notes

1. The 2019/20 Pre-Action Plan figures are based on the volumes as at 25 February 2019
 2. The 2019/20 Post-Action Plan figures are based on quarterly reductions in the volumes as set out in the Action Plan
 3. The 2020/21 Post-Action Plan reflects the full year effect of the Action Plan
- 12.5 The cost avoidance / savings resulting from this Plan are reflected in the above figures and amount to £0.441m in 2019/20 and £1.228m in 2020/21.
- 12.6 The above figures do not reflect the positive impact that reductions in the use and cost of temporary accommodation will have on housing benefit subsidy loss (around £176k in 2019/20 and £384k in 2020/21) and bad debt provision.
- 12.7 The figures do not reflect, either, the significant cost reductions that are likely to be achieved by the Council if it reduces the nightly rates it pays to housing suppliers for nightly-purchased (Action 13) and purchasing or building additional homes for use as temporary accommodation (Action 14).