

Slough Borough Council

Report To:	Cabinet
Date:	5 th March 2024
Subject:	Housing Homelessness Residents in Affordable rented Housing widening the housing Choice for Slough Residents
Lead Member:	Cllr P Kelly, Lead Member for Highways, Housing & Transport
Chief Officer:	Pat Hayes, Executive Director, Regeneration, Housing & Environment
Contact Officer:	Chris Stratford, Associate Director, Housing
Ward(s):	All
Key Decision:	NO
Exempt:	NO
Decision Subject to Call In:	YES
Appendices:	<u>Appendix A</u>

1. Summary and Recommendations

- 1.1 This report proposes a revised placement policy to enable increased choice for those impacted by homelessness and which will enable the Council to secure access to affordable rented accommodation in areas outside the borough subject to the necessary criteria outlined in the placement policy. The proposed placement policy for Temporary Accommodation (TA) and Private Rented housing is attached as Appendix A to the report.
- 1.2 The approach will examine some of the core reasons for the substantially increased pressure on accessing temporary accommodation and more generally affordable rented housing within the Slough Borough Council area.

Recommendations:

- 1.3 Cabinet is recommended to:
 - Approve the Placement Policy
 - Note that housing officers in placing clients out of borough will develop the necessary bespoke support arrangements consistent with the needs of residents and the local areas in which placements are made.

- Agree to a report on the progress made in implementing the new placement policy and its operational and financial impacts be submitted within 6 months from the date of implementation.

Reason:

- 1.4 The Council is presently facing a significant challenge in respect of its overall homelessness and TA budget which continues to show a significant deficit on the approved budget for 23/24. The current budget deficit is estimated at £6.7m and whilst action is being taken to achieve additional savings in 24/25 estimated at £1.6m in the full year and a further £1.3m over the next two years, it is not anticipated that these financial objectives will be sustainable over the medium to longer term using the current traditional operational model of service.
- 1.5 The shortage of affordable accommodation means that few households have the financial capacity and opportunity to move out of temporary accommodation once placed into this type of accommodation and are spending increasing periods of time waiting inevitably for social housing to become available as their long-term sustainable housing solution.
- 1.6 The supply of temporary accommodation has also become significantly more expensive, and landlords are now letting more of their available accommodation through agents and applying daily rates which have risen significantly over the last 12 months. These rates have now reached over £70 per day.
- 1.7 The number of households being accommodated in hotels has risen and is currently around 60 plus clients and as the demographics of those requiring TA and emergency accommodation has changed significantly in recent months either larger TA is required, or several hotel rooms need to be secured to accommodate larger families thus increasing expenditure even more.
- 1.8 The impact on families staying for extended periods in hotels is immense and this places extreme pressure on both the families and officers. Whilst this type of accommodation should only be for emergencies the reality is that it is being used more frequently for longer periods of time.
- 1.9 It is imperative therefore that particularly TA costs are brought under control, and overall reliance on hotel accommodation is reduced to ensure expenditure is controlled as the most expensive accommodation usage is reduced. This will initially be achieved by allocating some 60% of ready to let council owned properties for TA clients thus freeing up appropriate TA to remove families from hotel rooms and therefore securing cheaper day rate arrangements.
- 1.10 This however is not a medium to longer term solution to the problem and it is still anticipated that longer term housing choices for those in TA and emergency accommodation remain severely limited due to local housing allowance (LHA) rates falling well short of the private sector rents being charged. This will remain the case in Slough even when the new LHA rates are applied from April 2024.

Commissioner Review

No specific comments to add to the report.

2. Report

Introductory paragraphs

- 2.1 This report identifies reasons for the recommendations identified. The Council is now experiencing very significant pressures from residents who are losing their settled accommodation from within the private sector due to arrears and landlords using Section 21 notices ahead of the expected regulatory changes. This is during a time when overall the private rented sector has contracted locally, rents are rising significantly nationally estimated at some 12% over the last 12 months and there is a shortage of affordable private rented homes across Slough and the Southeast of England.
- 2.2 The shortage of affordable accommodation means that very few households have the financial means or opportunity to move out of the Council's TA when placed by the Council.
- 2.3 Welfare benefits play a key role in trapping people in temporary accommodation. Most people are aware of the benefit cap, and this limits welfare support to single people and households with more than two children who are not in employment. However, whilst a household is in temporary accommodation, they are entitled to full Housing Benefit provided they have a Universal Credit claim, regardless of their income. Their Housing Benefit is not included in the benefit cap calculation so if they move to a private rented property, they will be worse off as their housing costs will be included in the calculation. This effectively traps people on Universal Credit as it means that it is always cheaper for them to live in temporary accommodation than any other tenure.
- 2.4 The lack of alignment of the benefit system and temporary accommodation rents is therefore trapping households in temporary accommodation, as even households securing Council housing tenancies at social rent levels means even these clients can be financially worse off if they leave temporary accommodation.
- 2.4 The LHA rates presently applying are 1 bed units £184.11 per week, 2 bed unit £230.14 per week, 3 bed unit £293.42 per week and 4 bed unit £368.22 per week. Members will note the significant gap between the respective market rates and maximum cover provided by LHA, and this means that most clients seeking to secure private accommodation cannot meet the difference in costs given a typical 3 bed unit would be circa £1500 to £1900 per month depending on location. Clearly the new LHA rate increases to apply for those seeking private rented accommodation but will not be enough to provide local sustainable rented housing.
- 2.5 The lack of affordable accommodation in the local and regional area means that if we are to fulfil our statutory duties, we need to secure accommodation for households in parts of the country where Local Housing Allowance will cover all or most of the rent. Keeping families in hotel accommodation is only ever an emergency solution and it would be unfair to residents to imply unrealistic expectations about our ability to secure affordable accommodation locally.
- 2.6 The aim is therefore to start securing more properties further afield and to maximise choice for residents on these options. Where residents can secure accommodation more locally, we will continue to offer financial and practical support where it is

appropriate to do so. However, our primary focus will be on areas where rents are more closely aligned with Local Housing Allowance. For most residents in the future and in hotel and temporary accommodation this will mean relocating out of Slough and away from the southeast of England.

- 2.7 The new Placement Policy attached as Appendix A sets out the criteria that will be used to prioritise vulnerable residents for the extremely scarce supply of social housing local private rented accommodation, and temporary accommodation.
- 2.8 The aim is to end the use of hotel accommodation except for the use of critical emergencies by the end of 24/25 financial year and to deliver sustained reductions in the use of temporary accommodation and the subsequent level of cost in line with our stated savings objective of £1.6m for 24/25. This is a challenging objective but provides a necessary focus to support the need for rapid change.
- 2.9 To facilitate out of area moves and reductions in the use of temporary accommodation we will need to change the way in which the service operates and the way in which we support residents. We move to a position where the objective will be to secure alternative accommodation before the date the family are due to become homeless wherever we can. For many households this will be outside Slough and the southeast of England. It is intended that two reasonable offers of accommodation in accordance with the new approach.
- 2.10 At the relief and main duty stage, the initial focus will be on those households currently in hotel accommodation and residents in other forms of temporary accommodation. Where we will relocate households to private rented accommodation in areas where rents and LHA converge. The new approach will have at its core the following principles:
- The proposed changes will affect all homeless households from April 2024.
 - Staff will need to be supported with training and supervision on the approach.
 - We will support residents with relocation including.
 - Extending the search for accommodation nationally where rent deposits and rent in advance can be paid to landlords to support access to affordable private rented accommodation.
 - Identifying potential opportunities to work in partnership with Registered Providers to access social rented properties where there is availability.
 - Making financial payments to support residents with relocation costs.
 - Develop and provide Information on how to prepare for a relocation.
 - Ensuring that accommodation is of an acceptable quality.
 - Support to settle into a local area, to potentially find employment and access local services through partnerships with appropriate organisations such as BEAM.

Options Considered

- 2.11 Officers have considered four key options and have determined that a combination of implementing options 2 3 and 4 would achieve the most effective impact. Option 4 is a new policy initiative for placing clients in out of borough areas in a more positive way and is the core option for consideration and requires Cabinet approval.

Option 1: Accept the current position and continue to seek out TA and emergency accommodation in the same way. This was rejected given the continuing pressures on market rates for TA accommodation and anticipated rises well above the budget provisions

set by the council, and as LHA rates remain frozen there is little or no choice but for TA applicants to await social housing accommodation as any private rented options become further out of reach.

Option 2: Review the number of Ready to Let properties which will be available to TA occupants setting a minimum level of new let's for TA clients. This has now been set at 60% freeing up hotel rooms as these clients move into the TA made available from those moving into social housing. Complete an audit of all TA to ensure all accommodation is occupied as it should be. This is continuing with some 350 inspections completed and it is anticipated all visits will be completed by the end of February 2024.

Option 3: Introduce a maximum pricing strategy for all TA more closely aligned to LHA levels and seek to agree this approach with other Boroughs placing clients within Slough's boundary thus reducing the upward pressures associated with TA costs, and further begin using the Council's purchasing power along with other Boroughs and begin to apply this approach across the wider private sector to again begin to suppress the upward trend in private rents.

Option 4: Development of a new placement policy which will aim to place clients further afield and increase the affordable housing choices by placing clients in areas where LHA rates are more closely aligned with private sector rents. This revised policy is attached as Appendix A to this report.

3. Background

- 3.1 The background to the proposals within this report are the increasing pressures on in borough TA, the necessary and increasing use of emergency hotel accommodation that is impacting on the wellbeing of families placed in such accommodation, such facilities charging premium rates to house clients, and as placements are in rooms for extended periods the overall costs to the Council is increasing. The objective of the new placement policy is to reduce the average time spent in TA to below 12 months from the current three-year average and remove the use of hotel accommodation entirely except for critical housing emergencies.
- 3.2 The Council has a diminishing stock of social housing and whilst a higher base rate of re-lets has been set at 60% this is unlikely to be sustainable in sufficient numbers over the medium to longer term. Properties delivered through the planning system has diminished and often fails to provide affordable homes of the right type to meet the changing demographics associated homelessness priorities.
- 3.3 The overall position therefore and one mirrored by many local councils is of diminishing affordable rented housing choice locally now being further exacerbated by reducing private rented sector properties, and national policy which still does not provide a means by which social housing can be built at scale.
- 3.4 All this background has now led to many councils reviewing their traditional approach to homelessness and especially how their traditional operating service offers might be changed to take account of the ability to place people into areas where LHA rates are closely aligned with rents and therefore allows the council the ability to locate affordable housing which provides long term stable and decent homes for those residence where the authority owes a duty to re house.

- 3.5 The attached placement policy has carefully considered all the necessary regulatory statutory, partner consultation when considering placement, and partnering to support those placed out of borough, to allow such placements to be safely made and at the same time improve the longer-term affordable housing prospects for those placed.

4 Implications of the Recommendation

- 4.1 The primary implications of the new model approach are to fundamentally change the way the Council meets its housing obligations. It recognises that the current welfare benefit system inevitably traps clients in expensive TA accommodation for many months if not years as clients wait for a reducing number of social and affordable housing units to become available. As homes in the private rented sector in borough become more expensive for clients to access because of the gap between LHA rates and market rents, the recommendation requests Cabinet to approve the new placement policy as attached in Appendix A and note the other proposed actions to manage costs.

5. Financial implications

- 5.1 Procuring properties at scale outside the Council's area should achieve both short- and long-term reductions in TA costs savings. It is envisaged that the new placement policy will go a long way to reducing cost pressures for hotel/bed & breakfast and other TA accommodations and enable the service to meet its savings objective of £1.6m for 24/25, £0.6m in 25/26 and £0.7m in 26/27.

5.2

The net costs of TA accommodation is estimated to be £6.7m in 23/24, as the average costs of paying for these accommodation continue to exceed the rents recovered from tenants mainly via Housing Benefit at the local housing allowance (LHA) rates. The current average provider unit cost for Hotel & B&B accommodation is £400 per week compared to an average income per week of £200 recovered from Housing benefit. The number in TA accommodation continues to grow and is currently over 700. It is anticipated that implementation of this policy will help drive net costs downwards from 24/25. To maximise costs reductions, it is anticipated that placements would target areas where provider costs are much closer to the income recoverable via housing benefits.

6. Legal implications

- 6.1 Local Authorities have a duty to accommodate homeless people under the Housing Act 1996 (the "Act"). If an accommodation duty is owed the local authority must ensure that suitable accommodation is provided.
- 6.2 Section 208 (1) of the Act says, "so far as reasonably practicable a local housing authority shall in discharging their housing functions under this Part secure that accommodation is available for the occupation of the applicant in their district". This means that so far as reasonably practical a local council must try and provide accommodation in the local authority area.
- 6.3 In developing the new placement policy, the concept of "suitability" is central to the ways in which a local authority can discharge its housing duties. Section 182 of the Act requires that in exercise of their duty relating to homelessness a local authority shall have regard to the Secretary of State's "Homelessness Code of Guidance for

Local Authorities” (the “Code”). The Code states that local authorities who find it necessary to make out of district placements are advised to develop policies for the procurement and allocation of TA which will help to ensure the suitability requirements are met.

- 6.4 The Code also states that generally, where possible, housing authorities should try to secure accommodation that is as close as possible to where an applicant was previously living. Where it is not reasonably practicable to secure accommodation within the district and an authority has secured accommodation outside their district, the Code goes on to say the housing authority is required to take into account the distance of that accommodation from the district of the authority. Furthermore, where suitable and affordable accommodation is available nearer to the authority’s district than the accommodation it has secured, the accommodation it has secured is not likely to be suitable unless the application has specified a preference, or the accommodation has been offered in accordance with a published policy which provides for faire and reasonable allocation of accommodation that is or may become available to applicants.
- 6.5 Where homeless people are accommodated out of borough this will engage the duties under the Equalities Act 2010. The new placement policy will need to ensure it takes account of all these requirements to remain lawful.

7. *Risk management implications*

- 7.1 At present the risks associated with not getting the internal processes correctly applied are significantly of a financial nature and would impact significantly on the 24/25 financial savings target set at £1.6m for the full year. This is being mitigated by early action taking place now to create rent accounts and apply benefit entitlements for TA in a timely manner. There would also be the risk of legal challenges to out of borough placements if these are not made in accordance with the legislation/case law and the Code. There is further detailed re-engineering of processes underway and additional IT work around securing night rate charges in NEC is now well underway.
- 7.2 The report also identifies a need for an enhanced skill base amongst the officer workforce to implement the new operating model, especially around securing new properties with national agencies, support mechanisms required for clients, and ensuring implementation of the placement policy is strictly applied to avoid legal challenge, there is both a training development programme required and the potential recruitment in a timely manner new officer resources. Financial resources will be assessed quickly to achieve the objectives and the necessary business Case submitted.

8. *Public Health Impacts*

- 8.1 Poor quality housing and homelessness have been identified as key drivers and factors in public health inequalities. Through reducing the number of households reaching crisis point and increasing the choice and supply of affordable rented good quality housing we will significantly contribute to the reduction in poor quality housing being used and therefore the overall wellbeing of our residence.
- 8.2 The impacts and effects of household in hotel accommodation are extreme as in most instances there are no cooking facilities or very few private areas. The health

and wellbeing impacts are further made worse as residents and particularly children are likely to take advantage of poor takeaway food which also continues to impact on the family's financial stress.

9 *Equality implications*

9.1 The Council has a duty contained in section 149 of the Equality Act 2010 to have due regard to the need to:

- a) eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act.
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

9.2 The protected characteristics are: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation. An EIA will be completed in respect of the report proposals.

9.3 Inclusive and accessible engagement is one of the five themes of the Resident Engagement Strategy which seeks to reduce barriers to involvement for our diverse residents improve involvement of under-represented groups within Slough.

10 *Procurement implications*

10.1 None identified at this stage, but procurement policy may be required in the future once the immediate pressures and new service offer has been defined and approved.

11 *Workforce implications*

11.1 Implications for the workforce are considered positive through a more coordinated approach to the provision of TA accommodation combined with a revised placement policy which will widen and secure the choice of affordable housing. This should reduce overall pressure on TA staff particularly an allow a better customer journey to sustainable affordable rented accommodation. Further work is proceeding around any adjustments to the overall TA staffing structure and necessary amendments will be made.

11.2 There will be a need for staff training to understand the new homelessness rationalisation process and to understand a wider partnership working ethos for the new placement policy. This training programme will be considered carefully, and the necessary training plan will emerge as part of the implementation process. Any financial implications associated with the training plan will be recommend as indicated above.

12 *Property implications*

12.1 None identified at this stage, but clearly new affordable property choices will emerge through the new placement policy.

13. Background Papers

13.1 There are no Background papers.