

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

CABINET – 23 NOVEMBER 2006

REPORT BY THE EXECUTIVE DIRECTOR FOR HOUSING, HEALTH AND
ADULT SOCIAL CARE
and the
EXECUTIVE DIRECTOR FOR FINANCE, INFORMATION SYSTEMS AND
PROPERTY

ACHIEVING REDUCTIONS IN TEMPORARY ACCOMMODATION

This report informs Cabinet about the use of income from temporary accommodation charges to fund homelessness prevention work to achieve the Government's target to reduce the number of homeless households in temporary accommodation.

FOR INFORMATION

1. INTRODUCTION

- 1.1 In February 2005, the Government published a target for all local authorities to halve the use of all types of temporary accommodation by 2010.
- 1.2 In March 2006, Cabinet approved a virement of £814,000 from the income from the temporary accommodation budget to fund homelessness prevention services for 2006-07. As a result of the virement agreed for 2006-07, the Council is progressing to meet the Government's target.

2. UPDATE ON 2006-2007 INITIATIVES

- 2.1 Due to the success of the initiatives undertaken with the virement for 2006-07, since April 2006 over 300 cases of homelessness have been prevented. It is estimated that a further 200 cases will be prevented by the end of this financial year.
- 2.2 Table 1 below details the expenditure of the virement approved by Cabinet in March 2006. Owing to budgetary constraints, posts marked with an asterix (*) were funded on a pro-rata basis for 10 months only, and recruited to accordingly.

Table 1

Proposal	Maximum cost	Projected Outturn by 31.03.07	Outcome for 2006/2007
Prevention Officers x2*	£54,167	£58,648	The combined target for all 4 officers was 150 preventions. To date, a total of 146 preventions have been achieved so the target of 150 preventions is set to be exceeded.
Housing Advisor*	£27,500	£21,356	
Housing Options Officer*	£27,500	£22,995	
Housing Advice Review	£10,000	£10,000	This will part-fund an external Health Check of the Housing Needs Group which will measure activity and performance against the Audit Commission's Housing Needs Key Lines of Enquiry.
One-off Payments	£10,000	£10,000	The target was 15 preventions. To date, the payments have been used in 3 cases. The existence of the fund and how it might be used to prevent homelessness will be publicised amongst Council officers and this is likely to improve take-up.
Rent Deposit Officers x2	£65,000	£64,316	The target was 120 preventions. Since April 06 there have been 60 placements, with another 65 households on the waiting list for the scheme. On course to meet the target.
RDS Incentives	£431,250	£431,250	
Sanctuary Scheme	£20,000	£20,000	The target was 18 preventions. Since April 06, 8 households have been assisted through the scheme. On course to meet the target.
Under Occupation Officer x1.5*	£27,083	£42,433	The target was 40 moves. Since July 06, 10 moves have been facilitated. With the scheme expanding to some RSL tenants in 06/07, the target should be met by April 07. (Part of the funding towards incentives was used to pay for additional officer time to help promote and improve take-up of the scheme.)
Under Occupation Incentives	£64,000	£36,917	
Court Officer*	£27,500	£24,443	The target was 120 TA units released. This target is now under review. At the time of writing, the post holder had been in post for just over 3 months, in which time 10 units have been freed up.
IT Implementation Manager	£50,000	£52,679	The post holder has played a key role in improving service delivery for the Housing Needs Group.
TOTAL	£814,000	£795,037	

- 2.3 At present, there are 863 Royal Borough households in temporary accommodation, compared to the baseline figure of 1,202 in April 2005. This represents a 28 per cent reduction in the number of homeless households in temporary accommodation.
- 2.4 However, it is only the first year of the programme and existing and new initiatives will need to continue and be developed to ensure the target is met. To meet the Government target, the Royal Borough

must reduce the number to 592 households by the end of March 2010.

3. EXTENDING THE INITIATIVES INTO 2007–2008

3.1 Whilst the continuation of Homelessness Directorate funding remains uncertain, a significant impact on the temporary accommodation figures must be achieved over a short period of time. Employing extra staff on temporary contracts to enhance homelessness prevention work or to increase supply seems the most cost effective solution.

3.2 Increasing Homelessness Prevention Services

It is proposed that a total of £961,500 is spent on increased prevention work in 2007-08. This includes the provision of front line services to households approaching the Council for housing assistance, as well as the further development of successful initiatives such as the Rent Deposit Scheme. It is anticipated that a total of 440 cases of homelessness will be prevented in 2007-08.

TOTAL 2007-08	Salaries	£286,500
	Schemes	£675,000

3.3 Increasing Housing Supply

It is proposed that a total of £237,400 is spent on initiatives which increase housing supply in 2007-08. This includes salaries for officers whose principal responsibilities will include delivering schemes which will free up units of temporary accommodation or permanent Council stock, as well as scheme costs and incentives. It is anticipated that at least 100 units will be released in 2007-08.

TOTAL 2007-08	Salaries	£168,100
	Schemes	£69,300

3.4 Summary of Proposals

Table 2 below is a breakdown of the costs of all the proposals and annual salaries, and the predicted reduction in the use of temporary accommodation for 2007-08.

Table 2

Proposal	New scheme Y/N?	Total Cost 2007-08	Predicted Reduction in use of TA for 07/08
Prevention Officer x2	N	£66,700	110 preventions
Housing Advisor	N	£33,900	25 preventions
Housing Options Officer	N	£33,900	25 preventions
One off Payments	N	£10,000	15 preventions
Rent Deposit Officer x2	N	£66,700	150 placements
Scheme Costs	N	£610,000	
Sanctuary Scheme	N	£20,000	20 preventions
Under Occupation Officer x1.5	N	£52,500	40 households moved
Incentives	N	£58,300	
Court Officer	N	£33,900	40 units released
IT Implementation Manager x0.25	N	£12,900	Improved service delivery
Prevention Officer			
	Y	£33,900	55 preventions
Housing Options Officer			
	Y	£33,900	25 preventions
Under Occupation Officer x0.5			
	Y	£18,500	10 moves
Incentives			
		£11,000	
Mobility Scheme Officer x0.5			
	Y	£16,400	10 moves
Tenancy Support Officer x0.5			
	Y	£17,500	15 preventions
Temporary Accommodation Audit Officer			
	Y	£33,900	Release TA properties thus reducing numbers
Rent Deposit Scheme Advertising			
	Y	£15,000	(as part of RDS above)
Prevention Promotion			
	Y	£20,000	Contribute to targets above
TOTAL		£1,198,900	

4. RISKS AND EXIT STRATEGY

4.1 Income

In general terms, a 10 per cent reduction of temporary accommodation usage could be expected to result in a reduction of net income of £400,000 per annum.

However, officers are currently predicting an underspend on the Housing Needs income of roughly £1 million, even after the virement of £814,000 has been taken into account. It is, therefore, not expected that the current level of income over budget will be wiped out in 2007-08, although it will be lower if temporary accommodation numbers continue to reduce and Housing Benefit is cash limited.

4.2 Department for Work and Pensions review

There is a risk that the Housing Benefit income generated may be reduced as a consequence of a review of the Housing Benefit rules by the Department for Work and Pensions (DWP). DWP is looking again at the benefit arrangements that underpin the current income levels and is likely to propose reductions from 2007-08 onwards.

4.3 Reconfiguration of services

The Council is already in the process of reviewing services against the relevant Housing Needs Key Lines of Enquiry. In the event that funding for the existing and proposed new schemes is discontinued, officers will review how services can be reconfigured in order to ensure the Council meets its minimum statutory housing duties. This is likely to involve shifting resources from homelessness prevention work and may lead to an increase in the number of households in temporary accommodation, thereby undermining the Council's ability to meet the Government's target.

4.4 Redundancy costs

After two years employment, an employee becomes entitled to a redundancy payment. If the Housing Needs service is reconfigured and scaled back, the total cost of redundancies from the proposals in this paper would be £17,350. There are two members of staff with less than two years service and so they will not qualify for a redundancy payment.

5. FINANCIAL IMPLICATIONS

5.1 The Head of Resource Management (Housing, Health and Adult Social Care) comments that the extended proposals in this report will cost **£1,198,900** in 2007-08. The proposals can be funded from temporary accommodation income and will be included in the Estimates Report 2007-08.

5.2 From analysis, a 10 per cent reduction of temporary accommodation usage could be expected to result in a reduction of net income of £400,000 per annum.

5.3 In addition, there is a risk that the Housing Benefit income generated may be reduced as a consequence of a review of the Housing Benefit rules by the Department for Work and Pensions. Officers will provide an update report should the position change. The cost of a reduction of five per cent in the Housing Benefit cap is approximately £420,000 and it is therefore anticipated that the

proposals could still be funded from temporary accommodation income.

6. LEGAL IMPLICATIONS

- 6.1 Legal Services have advised that they do not have any comments in relation to the proposals in this paper.

7. PERSONNEL IMPLICATIONS

- 7.1 This report creates 4.5 FTE new temporary posts for a period of one year and extends the employment by a further period of one year for those existing post holders in the temporary positions originally created in March 2006 in conjunction with this initiative. The trade unions have been consulted on this proposal and the posts and employees will be subject to the Council's personnel procedures.

8. EQUALITIES IMPLICATIONS

- 8.1 There are not any specific implications for the Council's Equalities agenda.

9. SUMMARY

- 9.1 The Cabinet is asked to note the progress of the initiatives to date.
- 9.2 The Cabinet is asked to take note of the contents of this report and the implications for the Council's use of temporary accommodation for the financial year 2007-08.
- 9.3 Members of the Cabinet are asked to note that it is expected that initiatives outlined in this report can be funded from the income from the temporary accommodation budget and, on that basis, the virement will be accounted for in the Estimates Report for 2007-08.

Jean Daintith

Executive Director for Housing, Health and Adult Social Care

Sue Beauchamp

Executive Director for Finance, Information Systems and Property

Background papers: Achieving Reductions in Temporary Accommodation; Report for Cabinet, 30 March 2006.

Contact officer: Salima Khatun, Housing Policy Team **Tel:** 020 7361 3941 **E-mail:** salima.khatun@rbkc.gov.uk