

**HOMELESSNESS – PRIVATE SECTOR LEASE SCHEME
(Report by the Head of Housing Services)**

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to seek approval to increase the number of properties within the Private Sector Lease (PSL) scheme with King Street Housing Society.

2. BACKGROUND INFORMATION

- 2.1 The Council has a statutory duty to provide temporary accommodation to certain households that are threatened with homelessness, whilst it investigates whether it has a legal duty to house them. Where the Council accepts a duty it must continue to provide temporary accommodation until permanent housing can be provided. Government policy and good practice promote the use of alternatives to bed and breakfast as this is seen as the most inappropriate type of temporary accommodation. One alternative is to ensure the supply of temporary rented accommodation through initiatives such as a Private Sector Lease (PSL) scheme.

- 2.2 The Cabinet approved the introduction of a PSL scheme, in May 2003, and this was negotiated with King Street Housing Society, as they are the only Registered Social Landlord operating in this area with the experience and proven track record of managing such a scheme. The scheme is now well established and provides an alternative to bed and breakfast that is of a higher quality and better value for money for both the homeless family and the Council. It is based on the Housing Society leasing properties from private landlords and making them available on a temporary tenancy for homeless households nominated by the Council. The Council pays the Housing Society a fee to reflect the management role they undertake. Because of the way in which the benefits system works there is a significant financial benefit to the Council of providing temporary housing through a PSL scheme as opposed to bed and breakfast.

- 2.3 This scheme, together with other initiatives, contributed to the Council achieving the government's target of having no families with children in bed and breakfast for longer than six weeks, by April 2004. The challenge is to maintain this reduced use of bed and breakfast for families with children, and attempt to reduce its use for vulnerable single people. It is likely that this will be a future government target.

3. IMPLICATIONS

- 3.1 The need for temporary accommodation is influenced by the rate of homelessness within the District and the Council's ability to permanently rehouse those households that it has a statutory duty to assist. There is a shortage of permanent social rented accommodation, hence increasing pressure on the existing stock of temporary rented accommodation which needs to be increased if longer periods in bed

and breakfast are to be avoided. This would impact on the social well-being of those households placed in bed and breakfast and is the most expensive form of temporary accommodation, resulting in extra cost to the Council and non-achievement of government targets for the reduced use of B&B.

- 3.3 Various alternatives have been considered to increase the stock of self-contained temporary accommodation but this is seen as the most appropriate in terms of achieving the Council's aims. It utilises suitable properties from the private sector, without removing extra units of permanent accommodation from the Registered Social Landlord stock within the District.
- 3.4 For each unit added there would be a management fee of around £2,300 per year but the savings in the Council's share of the benefits bill would, on a cautious basis be around £8,300 leading to a net saving of £6,000. The Council currently has an unallocated ODPM Homelessness Grant of £23,000 which could be used to cover the first year's management charge for 10 units producing a further one-off saving. However, it must be recognised that both homelessness and housing benefits have a constantly fluctuating level of demand and thus it is impossible to say at this stage whether these savings will be on the current approved budget or whether they will just make any unavoidable extra costs of increased homelessness much lower.
- 3.5 Although any additional properties are likely to be required for the foreseeable future they will only, as with the first phase, be based on 3-year leases. The timing of the leases of all phases would be staggered to maintain maximum flexibility so that in the event that demand fell the delay before leases could be given up without financial penalty would be minimised.

4. CONCLUSIONS

- 4.1 The Council has a duty to assist certain households under the homelessness legislation and this includes, in certain circumstances, the provision of temporary accommodation.
- 4.2 Increasing the number of properties in the PSL scheme would assist in maintaining as low a level of bed and breakfast use as possible. This accommodation will be of better quality than bed and breakfast and offer better value for money. It will either result in savings in the existing budget or a reduction in the unavoidable cost of future homelessness at a rate of approximately £6,000 per unit.
- 4.3 It is proposed to negotiate a further 10 properties as soon as possible but to add further properties at a later stage as long as it can be demonstrated that the financial benefits can be maintained, and that sufficient flexibility can be maintained if homelessness reduces.

5. RECOMMENDATION

- 5.1 The Cabinet is recommended to:
 - (i) approve the extension of the PSL scheme to meet the local needs of providing temporary accommodation for homeless households, subject to each phase being evaluated to ensure that it will result

in financial benefit to the Council and that maximum flexibility is preserved;

- (ii) approve the use of the ODPM Homelessness Grant to finance the management charges for the first year of the next phase;
- (iii) approve the necessary budget transfer from the housing benefits budget to the homelessness budget for each phase but note that fluctuations in demand for housing benefits may, despite these proposals, still result in unavoidable overspendings.

BACKGROUND INFORMATION

Letter from Minister for Regeneration and Regional Development – 4 May 2004

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