

Annex 1

Temporary Accommodation Reform Plan 2016-19

1.0 Executive Summary

- 1.1** Part 1. of this document analyses the current position for Brent's Housing Needs Service in tackling statutory homelessness both now and looking forward over the next three years. Part 2. sets out a series of measures to transform the council's approach.
- 1.2** The intention is to reposition the council from making an essentially reactive response to increasing homelessness demand and the reducing supply of affordable accommodation in the private rented sector.
- 1.3** Implementation of the plan will significantly reduce the amount of temporary accommodation the council holds and especially targets the expensive and inappropriate use of Bed & Breakfast and other accommodation with shared facilities for families, and the use of expensive nightly paid self contained accommodation which has grown in recent years.
- 1.4** The council will make a very significant and transformational long term capital investment in the development and purchase of good quality accommodation to provide a lasting solution to meeting housing need in Brent, at a dramatically reduced revenue cost to the council.
- 1.5** In so doing, a measure of protection will be provided against the further increasing divergence between the ability of low income households to pay for accommodation and the continuing increase in market rents in London and the South East, which seems inevitable under current government policy.
- 1.6** There will be a sustained move towards prevention of homelessness at an earlier stage, working in partnership with households threatened with homelessness, and away from the use of emergency accommodation and unaffordable Temporary Accommodation. The dominating pressure on Brent's social housing allocations from homeless households in temporary accommodation will also reduce dramatically over the period of the plan.
- 1.7** The council will also fully integrate households seeking assistance because of their housing needs and households living in temporary accommodation into the new Employment and Skills strategy, including making proper provision for the resettlement of those households who move out of the borough in order to secure accommodation they can afford.
- 1.8** Brent has one of the highest numbers of households in Temporary Accommodation (TA) in England. Although the borough has been successful in reducing numbers recently, against the overall London trend, and has managed to dramatically reduce the number of households in Bed & Breakfast accommodation, there are still too many households in temporary accommodation which is inadequate for their needs, and the needs of their children.
- 1.9** As part of the overall financial management of the Council resources due to significant reduction in government funding, the Housing Needs budget was reduced

by £1.3m in 2015/16 with additional £0.5m proposed for 2016/17 and 2017/18 respectively. This results in increased pressures on the Housing Needs Budget.

- 1.10** Despite devoting 80% of social lettings to homeless households in TA the borough is very reliant on private rented sector accommodation to provide TA or to end a homelessness duty. Private rented sector (PRS) accommodation in Brent and elsewhere in London is however becoming increasingly difficult to obtain at rates covered by housing benefit, and this situation is likely to worsen considerably in the medium term as Local Housing Allowance levels have been frozen for 4 years against a back ground of increasing private sector rents. The council therefore anticipates increasing difficulties in future years due to increased homelessness from the loss of Assured Shorthold Tenancies and increased difficulty in sourcing PRS accommodation.
- 1.11** Although it is very difficult to give accurate estimates, on current trends, principally because of the council's success in reducing the number of families on Bed & Breakfast accommodation, Brent's total non-staffing spend on TA and PRS landlord incentives looks likely to decrease from around £3.3M in 2015/16 to just over £2.3M in 2016/17 but then to rise again to around £3.4M again by 2018/19, and probably to worsen further thereafter against the background of a challenging local authority financial position. The borough also increasingly has to resort to sending homeless households far from Brent and as far as the Midlands in order to be able to place them in affordable accommodation.
- 1.12** There are a number of measures the Council is already taking or planning to take to help remedy this situation, including success in making Private Rented Sector Offers (PRSOs) to end a homelessness duty, the establishment of an officer permanently based in the West Midlands to help the resettlement of families who move there, the use of buildings awaiting redevelopment for use as temporary accommodation, and an intense focus on reducing bookings of families into Bed & Breakfast Accommodation wherever possible.
- 1.13** The Temporary Accommodation Plan builds on the progress to date and sets out a number of key measures to further reduce reliance on temporary accommodation, improve its quality and reduce its cost.
- 1.14** The main measures outlined in the Plan are:
- Roll Out of the "Find Your Home" programme, which aims to prevent homelessness by intervening early and empowering households threatened with homelessness to access PRS accommodation in areas they can afford.
 - Making all Stage 1 temporary accommodation self contained by planned development of identified sites in Brent.
 - Improved procurement of PRS accommodation to prevent homelessness or end a homelessness duty, including by external commissioning and through a pilot project with other West London boroughs.
 - Acquisition of a large portfolio of long term PRS accommodation in which to be able to accommodate households who have been homeless at LHA rates into the future
 - Development of new build LHA rent PRS accommodation inside and outside Brent.
 - Development of a more integrated package to assist housing needs clients into employment.

- Enhanced resettlement services in the main areas where the council is placing homeless households.
- 1.15** Much of this work will require significant co-operation within the council and with external partners to achieve, but it offers the prospect, within a few years, of drastically reducing the councils housing needs service short term and long term costs, while also significantly improving the standard and security of accommodation for homeless households.
- 1.16** This could be achieved at the same time as significantly reducing the proportion of social lets allocated to homeless households.
- 1.17** It is, however, unlikely that all the accommodation we will need will be able to be provided within Brent, as housing market trends allied to the lack of available land for development within the borough preclude this.

It will be essential when housing people inside Brent or outside London that we do as much as we can to ensure that homeless households have the best chance to resettle into their new accommodation, find or keep employment, and access good educational opportunities for their children. The Council's employment and skills department will work closely with Housing Needs to achieve this and also to assist households in existing Temporary Accommodation.

Part 1. Position if we carry on as we are

2.0 Summary of Current Temporary Accommodation Provision in Brent

2.1 Brent Council has one of the highest numbers of people in Temporary Accommodation (TA) in England at 2945 (end of Q3 2015/16) households, compared to the London average of less than 1500 households.

2.2 This is not a satisfactory position to be in for a number of reasons:

- a. Although much of Brent's TA portfolio is good quality self contained accommodation managed by Housing Associations or professional managing agents within the borough, a substantial proportion of TA is B&B or hostel accommodation with shared facilities or self contained hotel annex accommodation unsuitable for families for long periods.
- b. Increasingly, due to lack of alternatives, Brent is providing TA outside of the borough. Although the picture can be exaggerated and the great majority of Brent's temporary accommodation is still within the borough, if we look at the new TA placements in 2015/16 to date, around 20% of placements into shared facilities accommodation are outside the borough and around 10% outside London. Although EHL placements are overwhelmingly in London, 50% are outside Brent.
- c. Although the council has been successful in reducing the number of households in Bed & Breakfast to 42 (December 2015), the number of households living in accommodation with shared facilities is 103 and the average length of stay in that accommodation is approximately 10 weeks weeks (shorter stays for families, longer for single people or other types of households).
- d. Additionally, Brent has 76 households in s/c hotel annexe accommodation, which, while considerably better than shared B&B, usually means families living in studio flats, and is not satisfactory for long periods.
- e. Households placed in TA after 9th November 2011 have little or no prospect of ever being accommodated in long term social housing, and yet spend indefinite periods waiting for private rented accommodation in which the council can end a homelessness duty under the provisions of the Localism Act. This leads to a situation where residents inevitably have an expectation of being accommodated in settled accommodation in Brent, but that expectation is rarely fulfilled.
- f. Households placed in TA before 9th November 2012 (currently almost 2000 households) do expect to move into social housing and are currently being allocated a target of 80% of social lettings under Brent's lettings policy at the expense of other households who need social housing. Nevertheless, the average time in TA for those who are allocated social housing from TA is 9 years.
- g. Temporary Accommodation currently costs the council £2.8m per year in losses to the General Fund because Housing Benefit no longer covers the rental cost the council is obliged to pay to secure accommodation.
- h. The amount of Discretionary Housing Payments the councils receives, which can help to subsidise some of these losses, has fallen by 40% (£1.3m) in 2015/16. The DHP budget for 2016/17 has just been announced, and is

£2,866,279 for Brent which is an increase of £259K or 10% on 2015/16. This will mitigate the impact somewhat, but it is a 10% increase against a 379% increase in the number of households expected to be affected by the reduced Overall Benefit Cap and the increased shortfall of £60 per week for those already capped.

Table 1. Brent Temporary Accommodation by Scheme Type (2014/15)

TA Type	Shared/ Self Contained	¹ Number of Households at end April 2015	Weekly Loss per Household 2014/15 £s	Annual Loss of Scheme 2014/15 £(000)s
HALS (Housing Association Leasing Scheme)	s/c	1473	12	961
PMA (Privately Managed Accommodation)	s/c	229	35	365
PSA (Private Sector Accommodation)	s/c	9	No net cost	-
PLA (Private Licensed Accommodation)	s/c	42	13	38
South Kilburn Regeneration	s/c	91	No net cost	-
BDL (Brent Direct Letting)	s/c	156	No net cost	-
EHL (Emergency Homeless Letting)	s/c	298	55	824
Hotel Annexes	s/c	106	38	525
B&B	Shared	232	136	1,789
Knowles House	Shared	33	No net cost	-

- 2.3** Table 1. clearly shows that the largest cost to the council per unit of TA by far is from shared Bed & Breakfast accommodation at an average of £136 per week per unit.
- 2.4** This is because the Housing Benefit Subsidy claimable for B&B is limited to the 1-bed LHA rate by DWP regardless of household size. This in turn means that B&B for larger families is much more expensive to the council than for single people, as the larger accommodation needed for families is more costly.
- 2.5** Although it is possible that this situation could change under Universal Credit, where current government plans are to pay the UC housing element by household size regardless of property type (and therefore potentially make the use of B&B for larger families a profitable activity!) the clear implication of the above on both moral and financial grounds is for the council to reduce or eliminate the use of shared B&B for families.
- 2.6** The council is currently on target to reduce use of B&B to almost zero by the end of 2015/16. If this could be maintained in 2016/17 and thereafter, then, other things being equal, this could save £1.8M per year compared to 2014/15. However as discussed below, this is somewhat misleading, as eliminating B&B by use of PRSOs and other forms of TA has a significant cost.
- 2.7** The second largest unit cost to the council is from EHL (Emergency Homeless Lets), which cost an average of £55p.w.. The time spent in an EHL by those currently living in this type of accommodation is 22 months, and whilst the accommodation is self

¹ B&B in particular has already reduced significantly from this figure in 2015/16 to 42 at end December 2015.

contained and of a suitable size, checks on quality of accommodation are less rigorous than for other schemes.

3.0 Consideration of Brent's Temporary Accommodation by scheme type

3.1 B&B

Brent currently has 24 households in shared Bed & Breakfast accommodation. This is very costly to the council and highly unsatisfactory for the residents, who typically have to share cooking (no breakfast is in fact provided) and washing facilities and sleep up to 5 persons in one room.

It is illegal for homeless families to be placed in B&B for more than 6 weeks, and the council spends a lot of administrative energy on trying to minimise the number of families in this accommodation for 6 weeks.

B&B use is currently on a reducing trend, but we currently lack alternative emergency accommodation to place people, and some of the alternatives we use are also unsatisfactory (e.g. council owned hostels with shared facilities or hotel annexes).

3.2 Annexes

A better alternative to B&B is the use of self contained hotel annexes. These are significantly less costly to the council than B&B, but still lose an average of £38 per week per annex. Very often the self contained facilities are very basic and the accommodation is overcrowded for long term use, with again up to 5 people sleeping in one studio.

Because the pressure on the council is to minimise B&B use for legal and financial reasons, the average stay in a hotel annex is currently several months, and we have 76 households living in this accommodation.

3.3 Hostels

Brent has a small number of temporary hostels – Knowles House, John Barker Court, Clement and Peel, which between them accommodate 58 households in shared accommodation, similar to B&B, but which do not count as B&B because of their status. This is financially advantageous, but not a good solution long term for families. The average stay in hostel accommodation is currently 15 weeks.

3.4 HALS

Brent's Housing Association Leasing Scheme has been running for many years and is a successful scheme which provides good quality, leased self contained accommodation, mostly within Brent and managed by Housing Associations for the borough.

The scheme was retendered recently and is now operated by three registered providers:

Genesis, with 1013 units
London Strategic Housing, with 421 units and
Shepherds Bush HG with 51 units.

Although not cost neutral to the council, HALS is good value for money compared to other existing schemes and helps to preserve a supply of good quality medium term accommodation within Brent.

However, the number of units is in decline, as the difference in revenue available to landlords from a HALS lease and what they could obtain on the open market increases. This means that when HALS leases end, a proportion are not renewed, and it is increasingly difficult for housing associations to start leases with new landlords.

Interestingly, there is no technical reason why HALS accommodation could not be used for homelessness prevention in future, as the Housing Benefit subsidy rules are the same for TA managed by housing associations as for accommodation managed by housing associations for homelessness prevention.

3.5 Hyde PFI Scheme

Brent currently accommodates 364 households in the Non-HRA PFI scheme operated by Hyde Housing Group. This is a new build scheme developed between 2010 and 2012 to provide dedicated long term temporary accommodation until 2028, with conversion of units to social/affordable housing at various points during the life of the scheme. The council has a financial stake in the scheme and is under an obligation to make index linked payments to service the debt incurred on it.

Due to the housing benefit income to pay the rents rising at a lower rate than anticipated, the scheme incurs a deficit. In November 2014 Cabinet agreed a number of changes to the PFI contractual provisions, in order to reduce the projected deficit. These changes will result in a loss of temporary accommodation over time, although this will be by conversion of the units to affordable and intermediate housing.

The Council has previously made provision of £5.7m to meet part of the projected deficit. The current projected deficit at the end of the contract is £12.6m. To minimise the impact of this deficit 122 TA units will be converted to Discounted Market Rent (a form of intermediate housing) units during 2016. All remaining TA units (except for the 72 units which must be let at Affordable Rents for five years from April 2018) will be converted to Discounted Market Rent over the following two years.

This will generate an additional £9.2m income, which will reduce the projected deficit to £3.4m. At the end of the contract, the Council will also be able to recover up to £2.0m or 50% of the increase in value resulting from 158 affordable units being secured as Affordable Rented instead of Social Rented units. It is anticipated that this will further reduce the overall deficit to an estimated £1.4m by 2028.

3.6 South Kilburn Estate

The South Kilburn Estate Regeneration project has given Brent an opportunity to make use of units on the estate as individual blocks are vacated prior to redevelopment. This affords a period when the units can be let as temporary accommodation outside of the HRA, and contributes positively to the council's financial position. There are currently 172 TA units on South Kilburn, managed by Brent Housing Partnership as additional units under the BDL scheme and projections are that TA use will be able to continue until at least 2021 albeit with some fluctuations in numbers of units at any one time, as the regeneration proceeds block by block. The scheme is financially positive for the council and is managed by BHP.

The expected timetable for regeneration on the South Kilburn Estate is shown below. It is difficult to predict exactly what this will mean for TA supply in any given year, but broadly we may expect TA numbers to average around 100 during the remaining course of the regeneration.

South Kilburn – Decant Programme

Phase 3A

97 to 112 Carlton - 16 units inclusive of leaseholders
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Peel Precinct - 33 units inclusive of leaseholders
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8 to 14 Neville Close - 7 units inclusive of leaseholders

To vacate by 2016/17

Hereford House	- 115 units inclusive of leaseholders
Exeter House	- 23 units inclusive of leaseholders
4-26 Stuart Rd	- 8 units inclusive of leaseholders
To be vacated by 2016/17	
Phase 4A	
Neville House	- 8 units inclusive of leaseholders
Winterleys	- 64 units inclusive of leaseholders
Austin	- 135 units inclusive of leaseholders
Craik	- 78 units inclusive of leaseholders
tenants to vacate by 2019	
Phase 4B	
Dickens	- 134 units inclusive of leaseholders
Blake	- 71 units inclusive of leaseholders
Crone	- 85 units inclusive of leaseholders
Zanwell	- 10 units inclusive of leaseholders
John Ratcliffe House	- 64 units inclusive of leaseholders
tenants to vacate 2021	
Cullen House	- 31 units inclusive of leaseholders
no date set as yet	

3.7 **DPS** (successor to PMA and PSA)

The council currently has 217 units of PMA accommodation (inside London) at an average loss of £55 per unit per week and 4 units of PSA accommodation (outside London), which is cost neutral.

Both schemes are procured through the West London framework agreement and are to be superseded from now on by the West London Dynamic Procurement System (DPS) which Brent leads. The advantage of DPS is that new suppliers can be incorporated on an ongoing basis.

DPS pays providers a rate of 100% current LHA + £45p.w. within 50 miles of Charing X. As this is significantly more than the current PMA and PLA rates, so the anticipated loss per unit may be expected to average between £50 and £60 per week per unit under current HB subsidy arrangements if we take the current £35 per week loss per PMA unit as baseline.

DPS units more than 50 miles from London will be paid at current 100% LHA + £35p.w.

After a slow start, it is unclear at present how successful the DPS scheme will be at bringing in new units of TA. We currently have 41 units of DPS, but only half of these are new units – the rest being conversions from HALS, PMA and PSA.

There is a risk that more providers of less expensive TA such as HALS and BDL will be tempted over time to move to DPS, at a cost to the council although this may be better than them leaving the TA marketplace altogether.

3.8 **BDL**

Brent Direct Leasing is a scheme, operating solely within Brent, and originally procured and managed by Brent Council, but now managed by Brent Housing

Partnership (BHP). BHP provides a full housing management service and guarantees voids to landlords.

It runs at no net cost to the council, but units have declined to 129 and the scheme offers less money to new landlords than the DPS or EHL schemes.

3.9 EHL

The Emergency Homeless Lettings scheme offers self contained family sized accommodation on a nightly paid basis.

The Council pays varying charges per week in different areas, but this is a relatively costly scheme and loses around £55 per week per unit.

It also has the disadvantage that the council currently does not inspect the properties before letting, so we are sometimes paying more for poorer quality properties.

There is an argument that the scheme competes with better alternatives such as the BDL scheme, and PRSOs, but on the other hand may be the only current way of securing properties the council needs in order to avoid increasing B&B usage.

The DPS scheme potentially offers a solution to this by leasing properties at similar rates to what the council will pay for EHL.

Numbers of EHL properties currently stand at 204.

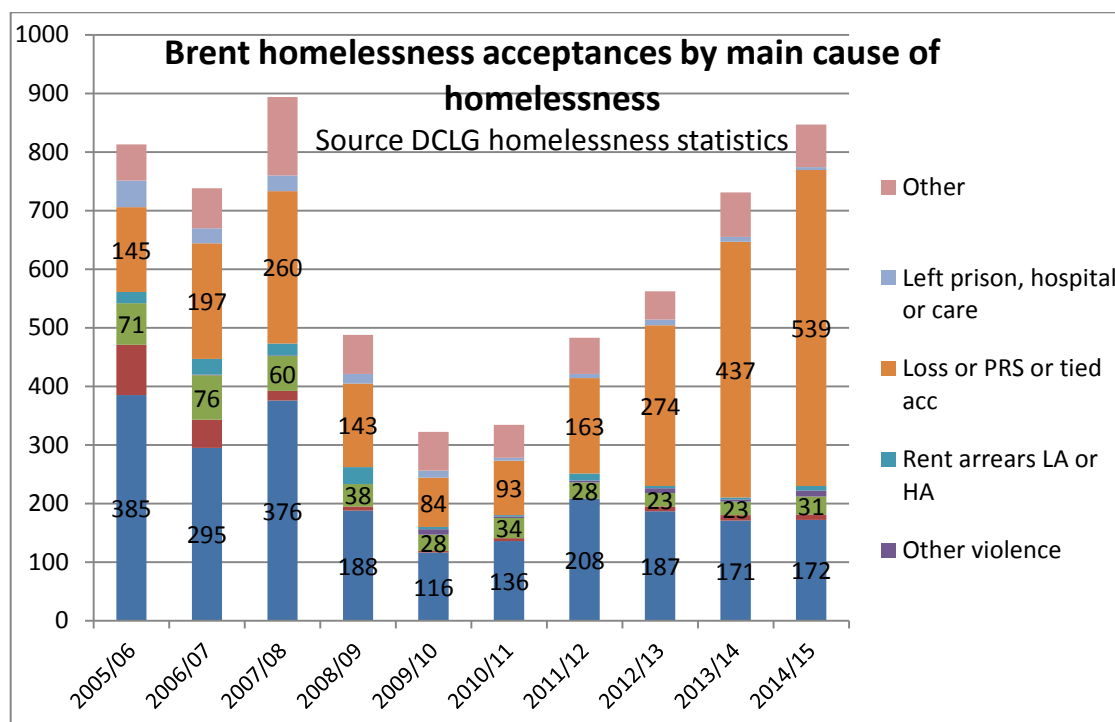
4.0 Trends in Demand

4.1 Homelessness Demand

After falling to historic lows in 2009/10 and 2010/11, homelessness acceptances have been rising steadily in Brent and have more than doubled over the past 5 years.

This growth is entirely due to the increase in homelessness as a result of the loss of a private sector tenancy. Although it is much harder to be accepted as homeless for almost all other reasons than 10 years ago, the growing unaffordability of the private rented sector in Brent to families on low incomes is now overwhelmingly the main driver of homelessness acceptances in Brent, with other causal factors relatively stable, as shown in Chart 1.

Chart 1.



4.2 PRS position and implications for loss of AST

In attempting to predict future homelessness demand on the council, the key issue, as illustrated by Chart 1., is whether the number of losses of PRS tenancies will continue to rise, stabilise, or fall.

There is some tentative early evidence of stabilisation in the figures for 2015/16, but on the other hand, the freeze in welfare benefits for the next 4 years against likely continued rises in market rents, coupled with a lowering of the overall benefit cap and restrictions on young people’s ability to rent privately if they are claiming housing benefit, suggest a continued rise in homelessness is more than likely.

Eventually, as private rental accommodation in Brent becomes less and less affordable for people claiming housing benefit, there may be a reduction in homelessness from the private rented sector, as there will be “no one left” on low incomes in the PRS. This seems a long way off in Brent however.

In fact the numbers claiming housing benefit in the PRS in Brent have been growing slightly in recent years, with a rise in LHA caseload (the tenure type most vulnerable to homelessness linked to welfare reform) as follows:

LHA caseload (no of households)

Year (average)	No. of households claiming
2011/12	13,686
2012/13	14,881
2013/14	15,229
June 2015	15,584

Given this trend, for the purposes of predicting future homelessness it seems prudent to assume that there will be no significant reduction of LHA claimants in the Private Rented Sector in Brent over the next five years.

If we look at current (August 2015) Benefit data for LHA claimants renting privately (excluding Temporary Accommodation) we find the following.

Total number of LHA claimants:	15,551
Working	61%
Of pensionable age	10%
Claiming Disability Benefits	8%
With passported income	35%

So, as with homeless applicants, a high proportion are in some kind of work, but with an income too low to be able to afford to rent with support from Housing Benefit.

4.3 Rents compared to LHA levels

The maximum rent that Housing Benefit will pay depends on the Broad Rental Market Area (BRMA) where the property is located, and the number of bedrooms the household is deemed to require, depending on their family size and composition.

If we look at current housing benefit data and compare the LHA level for the size of accommodation a household is assessed as needing, and the level of rent for the accommodation in which they are living, we get an interesting picture (shown in Chart 2.).

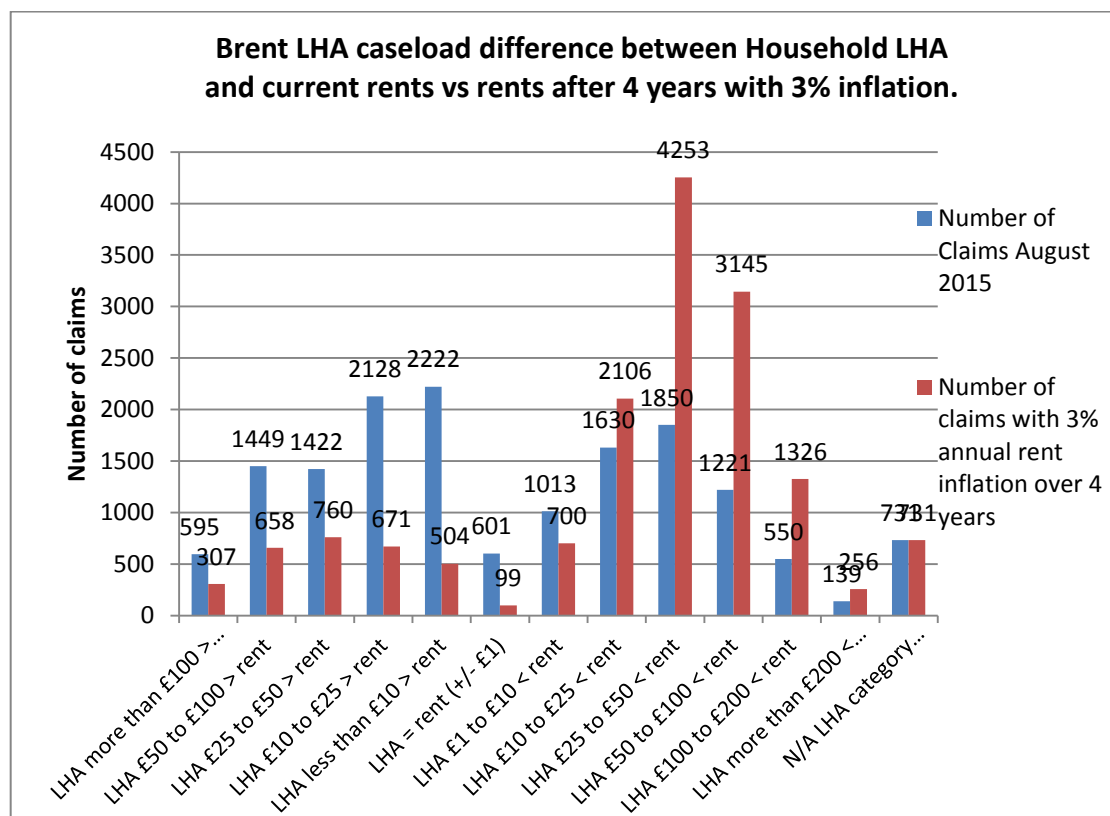
Of the 15,500+ LHA caseload, 5,600 actually pay rent at least £10 per week less than their LHA entitlement, with nearly 3,500 paying at least £25p.w less than the rents housing benefit would potentially cover. This means that landlords in those properties are not charging as much as they could do.

There could be a number of reasons for this:

- People living in properties smaller than their households needs (but LHA rates are set by household size so overcrowding is no bar to charging the maximum amount).
- People living in poor quality properties (this is no bar to claiming maximum LHA either)
- Landlords either unaware of or uninterested in the amount of rent they could claim from housing benefit.

Interestingly, so long as the rent charged is not higher than the LHA level the household is entitled to, there is no financial benefit to the tenant by charging a lower rent, even if the tenant is working (provided their earned income is declared).

Chart 2



On the other hand there are also 5,600 households who have to pay rent at least £10 per week more than the maximum housing benefit they can receive and 3,760 paying at least £25 per week more.

Although definitive data on the reasons for loss of an AST leading to homelessness is not recorded by the council, the increasing homelessness from the private rented sector is almost certainly largely coming from:

- the group of 3,760 to 5,600 households with a significant shortfall between housing benefit and rent leading to rent arrears and consequent eviction, and from
- tenants who are evicted for other reasons (perhaps because the landlord wants to raise the rent to a market level) and cannot afford to get back into the private rented sector market.

If we project forward (as shown in Chart 2.) for 4 years on the basis that housing benefit levels are frozen over that period as the government has set out, and with a conservatively estimated annual rent rise of 3% per year (i.e. 13% over 4 years), then the number of households with a rent shortfall of at least £10 per week rises to 11,000 households (a 96% increase) and the group with a shortfall of at least £25p.w. rises to 8,980 households (a 138% increase).

3% annual rent rises seems conservative, but on the other hand, we cannot assume rent rises that reflect market rent inflation will take place for existing tenants, and landlord forbearance does seem to have played a role in limiting homeless due to ASTs to date.

So there is considerable uncertainty, but if we take the number of households in the LHA caseload with a shortfall of at least £25p.w. as the indicator of homelessness

pressures in the PRS, then we might expect to see a doubling of homelessness from the PRS over the next 4 years as a rough estimate.

4.4 Reduction in overall benefit cap

Table 2. shows the estimated changes in the numbers of households affected by the overall benefit cap when the new cap levels of £23K p.a. for families and £15.4K p.a. for single households are implemented in 2016.

The number of families affected rises from 521 to 1088 households (109% increase), with significant increase in both the private rented and social housing sectors, but the really big impact is on single people, with a rise from 100 cases today to a projected 1265 cases in 2016 (1165% increase).

There is particular reason to worry about single people, because they have significantly less non-housing related benefits to take from to meet rent shortfall caused by the cap.

Analysis of the characteristics of single people affected by the change in the cap shows:

- The majority are over 35 living in self contained accommodation
- The vast majority are living in the private rented sector
- A significant proportion are claiming sickness or disability benefits of some kind (34% ESA and 9% Income Support)

Table 2.

January 2016 Data: (£26k) - Tenancy Summary			
Tenancy	£26k Cap (Couple or Single with dependants)	£18K Cap (Single with no dependants)	Total
Private Rented Sector	286	68	354
Social Housing	143	22	165
Temporary Accommodation	92	10	102
Totals	521	100	621

January 2016 Data: (£23k) - Tenancy Summary			
Tenancy	£23k Cap (Couple or Single with dependants)	£15.41K Cap (Single with no dependants)	Total
Private Rented Sector	609	1041	1650
Social Housing	337	190	527
Temporary Accommodation	142	34	176
Total	1088	1265	2353

% increases

January 2016 Data: (£23k) - Tenancy Summary			
Tenancy	£23k Cap (Couple or Single with dependants)	£15.41K Cap (Single with no dependants)	Total
Private Rented Sector	113%	1431%	366%

Social Housing	136%	764%	219%
Temporary Accommodation	54%	240%	73%
Total	109%	1165%	279%

Although it is debatable how many of the singles affected by the cap will be in priority need under the homelessness legislation, and therefore have to be accommodated by the council, there is a serious risk of increased rough sleeping among this group if they do not receive help.

4.5 Estimates of Future homelessness demand

It is impossible to predict levels of homelessness demand with certainty from the above discussion.

However there are good reasons to think that homelessness pressures from the PRS will increase significantly.

For the purposes of examining the need for accommodation to house homeless households who the council would be under a statutory duty to accommodate, we will assume:

- no change to the LHA caseload over the next 4 years
- as suggested above, that homelessness due to loss of an AST increases linearly over the next 4 years to twice the current level.
- that homelessness due to other factors remains the same as it is now.
- that the change to the overall benefit cap will not significantly increase statutory homelessness, leading to a need for temporary accommodation, although the increase in capped households, for singles especially, does need to be addressed by the council.

Table 3. provides an estimate of future total homelessness acceptances:

Table 3.

Year	Estimated Homelessness Acceptances	% increase
2014/15	683 (actual)	
2015/16	795	17%
2016/17	908	14%
2017/18	1020	12%
2018/19	1133	11%

It is entirely possible that through changes to current practice, the number of cases classed as homelessness prevention may significantly increase and the number of homelessness acceptances fall commensurately, but this is unlikely to make a big difference to the number of households the council needs to accommodate, and so this possibility is ignored.

To simply maintain the current number of households in TA in the period up to 2019, the supply of non temporary housing available to clients accepted as homeless would need to increase by about two-thirds from 682 lets in 2014/15 to 1133 lets in 2018/19.

The actual number of homeless acceptances will, however, depend on a range of factors outside the council's control. These include changes to national homelessness policy and legislation, the behaviour of the housing market, DHP levels, rental inflation and landlord behaviour.

5.0 Current Supply of Settled Accommodation for Homeless Households

5.1 Social Housing Lets

80% of social housing lets are expected to go to homeless households in 2015/16 as aimed for in 2014/15, mainly those placed in TA before November 2011, where there is no power compulsorily to end a homelessness duty in the private rented sector.

We might assume the same to be true for the next 4 years, but it is arguably highly unsatisfactory that such a proportion of lets goes to homeless households, because it may reinforce the perception that homelessness is the only way to get social housing, and because of the impact on other households in severe housing need who are unable to secure social housing because of the disproportionate number of lettings to households in TA, many of whom are accommodated in decent quality HALS accommodation within Brent and arguably not in serious housing need.

However assuming that the 80% rate continues, how many lettings to social housing can be expected over the next few years?

5.2 Supply of new build

Annex A. helpfully shows the projected number of new general needs affordable housing units in the pipeline from housing association and BHP development.

This is shown in summary in Table 4., which also includes 23 units in 2015/16 and 24 units in 2016/17, which are expected from Home Group, but not included in Annex A..

Table 4. new build affordable general needs units pipeline

	Sum of 1Bed	Sum of 2B	Sum of 3B	Sum of 4B	Unknown bedsize	Sum of Total Units
FY 2015-16						
General Nominations	28	49	13	2	33	125
FY 2016-17						
General Nominations	58	37	33	5	30	163
FY 2017-18						
General Nominations	57	79	43	6	0	185
FY 2018-19						
General Nominations					29	29
tbc						
General Nominations					67	67
Grand Total	143	165	89	13	410	522

In addition to these units, we are expecting a further 15 units in 2015/16, 60 units in 2016/17, 80 units in 2017/18 and 80 units in 2018/19 from property acquisition using Right to Buy receipts.

We are also expecting a further 27 units in 2016/17, 55 units in 2017/18 and 20 units in 2018/19 to be delivered by the BHP infill programme in addition to those listed in Annex A.

We can also expect 180 new units to be delivered in 2015/16 which have slipped from ²2014/15.

So, going forward for the next few years available new lets should be:

2015/16: **320** new affordable rent units (including slippage from 2014/15)

2016/17: **250** new affordable rent units

2017/18: **330** new affordable rent units

2018/19: **129** new affordable rent units (plus general nominations)

With 67 units with completion dates to be confirmed.

The 2015 spending review has had a negative effect on expectations for future affordable rented housing. Stock will be lost as a result of the new housing association right to buy sell off programme, and associated sales of more expensive council housing, and with a significant shift in government priority from support for rented housing development towards promoting home ownership development which has little relevance to accommodating homeless households.

5.3 Relets

There were 549 social lettings in Brent in 2014/15 of which 368 went to homeless households (Brent supply and demand report 2015). Of the 549, we can infer from LOCATA information that around 450 were relets and that this number is reasonably consistent over the last three years.

In the July 2015 Brent Supply and Demand Report, there is an estimate of 589 lets in total in 2015/16 of which 131 are assumed to be new build, and therefore 458 relets.

This compares with 496 relets predicted for 2014/15 in the 2014 Supply and Demand Report.

For simplicity and given the lack of straightforward data in this area, if we assume that relets continue at about 450 per year, we can add projected new lets as detailed above, but assuming 10% slippage in 2015/16 to give the following estimates for social lettings to homeless households as shown in Table 5..

Table 5. Estimated Social Lets to Homeless Households³

Year	Relets	New Build	Total	Total x 80%
2015/16	450	320	770	616
2016/17	450	250	700	560
2017/18	450	330	780	624
2018/19	450	129	579	463

This is probably the absolute maximum that could be achieved, given historical performance, the very high level of 80%, and the likely decline in relets over the next few years. The actual figure for 2015/16 now⁴ looks likely to be around **550** instead of 616, due to slippage and reduced relets.

² We can similarly expect slippage from 2015/16 to 2016/17 etc.

³ Projections for future years do not take into account the potential impact of the Housing & Planning Bill and high-value void disposals by the council, as the impact cannot currently be assessed.

⁴ At 5th February 2016.

So compared to the likely demand figures above, we can expect social lettings to take up a maximum 76% of likely new homelessness demand in 2015/16, and falling to perhaps 45% of new demand over the next 4 years.

If, however, we ignore new demand and consider social lettings as the means to reduce the number of pre-November 2011 households in TA from the current 2100, then at the above lettings rates year this could be broadly achieved within 5 years, if the council is prepared to devote 80% of social lettings to this purpose over 5 years. However, there will be continuing issues for larger households in TA who will be slower to accommodate in social housing as the pipeline for larger units is very small.

5.4 Private Rented Sector Offers (PRSOs)

Brent has embraced the Localism Act power to compulsorily end a homelessness duty in the private rented sector and has been more successful than most other local authorities in doing so.

In 2015/16 (to end January), the council has made 203 successful PRSO and 31 homelessness prevention placements. The PRSO placements break down as follows:

Within Brent: 70

Rest of London: 89

Outside London: 44

Whilst, providing tenancies are sustained for two years, there is no continuing cost to the council arising from PRSOs, as the homelessness duty has ended, there is a significant initial cost, as we make significant incentive payments to landlords and lettings agents, and for relocation of tenants.

The current maximum incentive fees which the council pays for PRSOs are:

Within London: £5,000 per letting

Outside London £3,000 per letting

However, we also pay significant client relocation fees outside London of up to around £700 per PRSO let, and holding fees in some cases.

Looking at the spend position to date in 2015/16 [April 2015 to January 2016], the total actual spend to achieve 203 PRSOs and 31 preventions is £1.155 million. On that basis the average total cost is £4.9K per letting.

At that rate, moving the 1050 post November 2012 households out of TA into PRSOs would cost £5.14 million

Accommodating 700 accepted cases per year in PRSOs would cost £3.43 million per year.

If the current rate of progress in 2015/16 is maintained, then 203 PRSOs and 31 preventions to end January is equivalent to 244 PRSOs and 37 preventions for the whole year at a cost of around £1.38 million. Some of the funding for this comes from the Council's DHP allocation from DWP.

5.5 Households leaving TA or otherwise having a duty ended without being accommodated

Based on figures this year to date, we would expect around 270 households to leave TA or refuse a PRSO offer and a duty to be ended.

- households refusing an offer of PRS accommodation after a duty had been accepted
- households being found intentionally homeless in TA after a duty had been accepted
- People leaving TA voluntarily
- households refusing an offer of social housing

We will assume that these figures will continue at roughly their present rate, although any increase in offers of PRSOs far from Brent may cause them to increase.

5.6 Impact of Universal Credit

Although the rollout time table for Universal Credit affecting TA in Brent is not yet clear, and the exact arrangements for government subsidy of TA under Universal Credit is not yet completely clear, it is very likely that future subsidy arrangements will be based on 100% of the current Local Housing Allowance Rate rather than on 90% of the 2011 LHA rate (as currently).

For many properties this may be relatively advantageous or neutral, but for larger TA properties of 3-bedrooms or above, in the South or the borough (i.e. the Inner North BRMA and Inner West BRMA) this is likely to result in a significant reduction in subsidy.

For example in the Inner North BRMA the following comparison applies:

	90% of 2011 LHA	Current LHA (frozen for 4 years from 2015)
1-bed	£259 p.w.	£260 p.w.
2-bed	£305 p.w.	£302 p.w.
3-bed	£405 p.w.	£354 p.w.
4-bed+	£500 p.w.	£417 p.w.

Brent currently has around 320 3bed and 175 4-bed+ HALS properties in the South of the borough

This places a total of 495 HALS properties at significant risk under Universal Credit. Meeting the shortfall for these properties would cost around **£1.6m** per year.

We also have 51 3-bed and 20 4-bed + Hyde PFI properties in the South of the borough

There are less problems for the Hyde PFI scheme, through the shortfall created on larger properties in the South of Brent, which could create a loss of **£222K** per year

We will ignore this in forecasts for the next 4 years on the basis that UC will probably not have come in for most families in TA within that time.

6.0 Cost of TA and PRSOs if things go on as they are

As shown above, and recognising that the figures going forward are best guesses rather than certain, the most likely position if we do nothing is analysed in Annex B, starting from a base of 3206 households in TA in March 2015.

In summary, this assumes that we maintain the current numbers of PRSOs and Homelessness Prevention Lets at 2015/16 rates, and that Social Housing lets remain at 80% of total social housing lets as shown above in Table 5. We also assume a steady decline in less expensive HALS and BDL properties as leases are not renewed by landlords seeking a greater financial return.

Table 6. estimates the future number of households in different types of TA if we do not implement the measures in the Temporary Accommodation Reform Plan.

Table 6. Estimated Changes in TA Numbers without Reform

	31/3/2015	31/3/2016	31/3/2017	31/3/2018	31/3/2019
B&B	197	35	0	0	55
Annex	106	100	100	110	180
EHL	298	173	170	195	280
South Kilburn	87	160	120	100	100
DPS (and predecessors)	254	286	350	420	550
PLA	55	56	50	50	50
HALS	1511	1425	1300	1150	1000
Knowles House	33	33	33	33	33
BDL	175	138	110	80	60
net TA reduction	N/A	310	173	95	-170

Assuming (optimistically) that costs of PRSOs and losses on the more expensive types of TA remain the same over the period to end of 2018/19, then this leads to a combined cost to the council of TA and PRS incentives as shown in Table 7.

Table 7. Cost to Brent of TA and PRS Incentives without reform

Year	2015/16	2016/17	2017/18	2018/19
Cost to Council	£3,330,644	£2,322,650	£2,693,462	£3,433,162

This suggests that although costs will reduce significantly in 2016/17 due to the large reduction in B&B in 2015/16, this will not be sustained and by 2018/19 costs will have reverted to 2015/16 levels.

In this scenario, Temporary Accommodation numbers initially fall as the sum of social lettings, PRSOs, BHP lettings and non-housing exits is higher than new homelessness demand, but then begin to stabilise and potentially rise again as new homelessness demand increases due to decreased affordability of the PRS in Brent.

After an initial saving in 2015/16 due to a significant reduction in B&B and EHL properties, costs to the Council are quite steady, and then rise even though TA has reduced, as HALS and BDL properties are lost and are replaced by more expensive DPS properties.

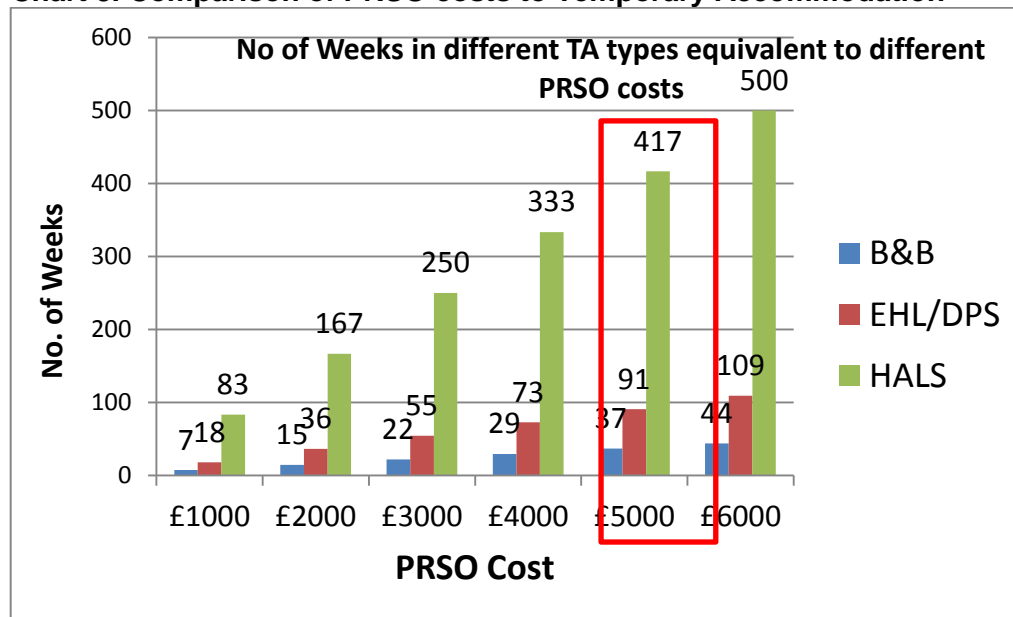
No assumption is made that costs of acquiring PRSOs will rise, but it is likely that they will rise if we continue to use the same procurement methods, as the shortage of PRS accommodation at LHA rates grows.

Although there is definitely potential to increase the numbers of PRSOs and hopefully to achieve better value for money on them, it is hard to be sure of the extent to which this will be successful.

Broadly, if we assume that it will continue to cost £4,900 per PRSO on average, then it depends what assumptions we make about what type of TA this is replacing as to what the financial benefits are. Chart 3. gives a summary of equivalent times in

different types of TA compared to different costs of PRSOs ranging from £1,000 to £6,000.

Chart 3. Comparison of PRSO costs to Temporary Accommodation



Clearly a reliance on PRSOs arranged through current procurement routes will cost the council significant amounts, and at some point becomes more expensive than some forms of TA. It is particularly doubtful that it is worth replacing HALS with PRSOs, especially as HALS is mostly in Brent.

The analysis in Annex B shows that without reform, PRSOs are expected to rise from 40% of the Housing Needs non-staffing budget in 2015/16 to **60% of net costs in 2016/17** if 2015/16 PRSO performance is replicated.

7.0 Part 2. The Temporary Accommodation Reform Plan

7.1 The implication of the above analysis is that, whilst Brent has been successful in reducing the use of B&B in 2015/16 and therefore can expect lower costs in 2016/17 even if nothing further is done, the overall medium term trend is very challenging for the following reasons:

- Homelessness demand from the Private Rented Sector is expected to increase markedly.
- Procuring PRSOs is likely to get more difficult and even more expensive, and in all probability, the accommodation which can be procured will be ever more distant from Brent in areas of the country in economic difficulty.
- Less social housing lets are likely to be available in the medium term as properties are sold off, new build affordable housing for rent is harder to develop, and relets decline further.
- The council will be in a significantly worse financial position once it is no longer able to use decanted stock from the South Kilburn regeneration, which will end around 2021.

- The ability of the council to bear long term revenue losses on provision of TA and PRSOs is likely to be harder to sustain due to wider funding constraints.

7.2 The overall effect of this is to reduce the council's future ability to prevent and tackle homelessness without unsustainable cost or the kind of wholesale export of people to the North and Midlands, which would in any case be unlawful under current legislation.

7.3 Faced with this situation the council has instead taken a strategic decision to support a prudent but substantial capital investment into long term sustainable accommodation to tackle the problem. Working with partners where appropriate, this will shift the council's position to one of being completely reliant on buy to let investors and their agents to having a substantial property portfolio under the council's control which is insulated from future upward movement of market rents beyond what housing benefit and universal credit will pay. The council will be in a position to benefit from capital growth if the value of properties increases.

7.4 The second important thrust of the plan is to move away from an approach to homelessness which withholds real support to people approaching us in difficulties up to the last possible moment and then gives them no say in where they live, to one where we intervene earlier, but engage those households in working with us to find accommodation that meets their needs, but which will, unless they have a specific need to live in Brent, often be outside the borough, given the state of the market.

7.5 Further to this, the Council will do much more to support homeless households to improve their skills and wherever possible find work, whether they remain in Brent or move elsewhere.

In order to achieve this, the council will implement a number of specific measures, as outlined below:

7.5.1 Find Your Home Scheme

The council has embarked on an important change to the way it administers frontline services for households at risk of homelessness through the new Find Your Home project. This relies on empowering people to find a solution to their housing problem at an earlier stage through use of staff support coupled with an innovative IT system which makes it easy to search for affordable properties in Brent and around the country. Importantly, Find Your Home reduces the amount of officer time spent on assessing individual households circumstances in order to make a homelessness determination, and increases the amount of officer time spent on helping households to find accommodation.

It is hoped to directly reduce the use of short term "Stage 1" temporary accommodation by helping more households to find private rented accommodation before they actually become homeless, and therefore need emergency accommodation.

The new Find Your Home Scheme aims to work with households at risk of homelessness before they lose their home, and harnesses the energy of those households to find a property they can afford in an area they are happy to live in. This will often be outside of Brent.

If households are not successful at finding a property with the Council's help, then Brent will offer them suitable accommodation through a PRSO before they lose their home, and avoid the need to use emergency accommodation.

This is dependant however on being able to access suitable PRS accommodation to make PRSOs, as discussed below.

A pilot of the Find Your Home scheme began in late September and over the first four months of operation has enabled 42 households to secure private rented accommodation and avoid being booked into Temporary Accommodation at an average cost per property of £1.6K, which is about one-third of the average cost of a PRSO.

An evaluation of the pilot has been undertaken to refine the service and it is planned that this approach will be rolled out so that it becomes the main approach to dealing with households at risk of homelessness.

Households using the Find Your Home will be offered resettlement support and assistance to meet their employment and training needs as outlined below.

7.5.2 Make all Stage 1 TA self contained

Even if Find Your Home is very successful at avoiding the need to use B&B and other emergency accommodation, there will still be a need for some short term temporary accommodation short term accommodation for:

- Households who come to the council for help too late to make use of Find Your Home
- Households who are difficult to accommodate in the PRS e.g. because they need accommodation in Brent
- Households who are making progress on finding their own property through Find Your Home, but have not succeeded by the time they become homeless, and whom the council would like to give more time rather than making them a PRSO offer without choice of location.

Use of Bed and Breakfast accommodation is extremely expensive for the council because of the low level of housing benefit which can be claimed, and is unlawful for families beyond 6 weeks. Other forms of short term accommodation, which are not classed as B&B, tend to lose money for the council and to be overcrowded and unsuitable for use by families.

It will be much better for both financial and welfare reasons to offer such households whose homelessness cannot be prevented good quality self contained accommodation of a reasonable size, rather than overcrowded B&B or other accommodation with shared facilities, or indeed studio annex accommodation.

The Council will undertake two major development projects in order to secure such a supply:

a) Redevelopment of Knowles House

Knowles House is a former residential care home on Council land, which has been successfully used as a temporary accommodation hostel for the past 2 years. The building currently comprises 46 rooms with shared facilities and 3 self contained flats.

It is planned to redevelop the site to include approximately 85 small self-contained 2 and 3 bed flats used for temporary accommodation including 7 units with disabled facilities as well as 40 NAIL units.

Subject to approvals and planning permission, the new TA units could be ready in 2017.

This would give 85 good quality long term self-contained stage 1 TA emergency accommodation units and save the council £0.34M in revenue per year through reduced need for B&B and EHL properties, as well as acquiring a capital asset.

b) London Road Site

Subject to approval of the business case, it is proposed to develop on the council's London Road site another 30 to 40 small self contained "step-down" TA units for people who need to remain in Brent, but cannot quickly be moved into long term accommodation. This would be the first part of a wider redevelopment of the whole site over the next few years.

It is anticipated that this development would differ from Knowles House in that the units would not be run as a hostel. Each flat would have external access and households would normally stay in the accommodation for a number of months, but less than 1 year.

The accommodation could be ready before the end of 2017, subject to approvals and planning permission.

40 units would save the council around £160K per year through reduced B&B and EHL properties, not including any rental income from the building net of investment costs.

7.5.3 Increase access to cost effective PRSOs/prevention lets and Temporary Accommodation

The Council currently struggles to procure PRSOs or Temporary Accommodation in sufficient numbers to meet our needs, at a sustainable cost.

Recognising the difficulties of sourcing PRS accommodation close to Brent, there are nevertheless opportunities to be more effective and efficient in securing accommodation.

a) Consider changing the payment of procurement officers within Brent to involve a performance related pay element

There is a case to be explored for paying council officers procuring PRS accommodation a basic salary, supplemented by performance related pay depending on three factors:

- Number of suitable properties procured
- Level of incentive payments required for each property
- Location of properties

The council would have to consider whether such a commercially oriented payment structure is appropriate for council employees and be careful not to introduce perverse incentives leading to unethical practice, but such a measure might well improve performance, and could lead to increased rewards for staff who are successful.

As part of this, Brent could employ locally based employees, potentially on a freelance basis, in areas around the country where we need properties, as has already proved successful in Birmingham.

b) Work with Private Housing Services to access properties linked to selective licensing and empty homes

Housing Needs and the Private Housing Services team will work more closely together to access empty homes to accommodate homeless families and in connection with enforcement of the PRS licensing schemes. A clear process will be developed between Housing Needs and PHS to ensure this happens more in practice.

c) Commission external procurement of PRSOs

In parallel with efforts to improve the effectiveness of our in house capability, the council will tender in 2016 for private sector companies to provide PRSO properties in different locations.

Unlike the current West London Temporary Accommodation framework agreement behind the DPS scheme, which pays a set rate for procurement and management of properties (on which the council loses around £55p.w for the duration of the lease), such a tender will be competitive on both price and the number of properties guaranteed to be secured.

This will offer a more predictable supply of properties at a guaranteed price.

The council is also working with the West London Housing Partnership boroughs on a joint procurement pilot in target areas outside London.

d) Greater use of Temporary Sites and Converted Buildings within Brent

There are often opportunities to use buildings which become available in Brent for short or medium term use as temporary accommodation. For example, this is sometimes possible in the period before long term redevelopment of the properties. The council has recently been successful in taking these opportunities on a number of sites, such as making use of the existing accommodation for elderly people at Knowles House and at John Barker Court, which was no longer suitable for its original purpose. This has allowed the council to provide temporary accommodation within the borough and to reduce the use of Bed & Breakfast.

Making use of such opportunities is often complex, and requires technical knowledge or at least the co-ordination of people with technical knowledge as well as quick action. The council will invest in dedicated officer capacity working within Property or Housing to secure such sites and bring them into operation efficiently. This will be a good investment for the council on a spend to save basis, considering the significant revenue savings which can be achieved by keeping out of B&B.

This officer will also lead on liaison with Private Housing Services on securing temporary accommodation from the council's empty homes and selective licensing work as outlined above.

Remploy House

Specifically the council has recently been given the opportunity to work with Genesis to access 58 newly converted 2-bed flats at the former Remploy House in Brent Cross, which they wish to lease from the present owner

The council will use this as temporary accommodation, under a contract with Genesis.

e) Do more to access social housing lets in low demand areas

Partly as a result of the removal of the spare room subsidy within the government's welfare reforms, there are a number of areas where family sized social housing can be hard to let. It is probable that a proportion of homeless households in Brent would prefer a social tenancy in Newcastle to a PRS offer in Birmingham.

Council officers have reached agreement with Newcastle City Council to refer households who would like a social housing property, but who cannot reasonably expect to secure one in Brent, to bid for social housing in Newcastle, where there are family sized social housing units that are difficult to let. It is probable that a proportion of homeless households in Brent would prefer a social tenancy in Newcastle to a PRS offer in Birmingham.

If this is successful, there is potential to reach similar agreements with other local authorities in a similar position to Newcastle.

f) Homeless Households moving outside of Brent/London.

Building on the success of the work of the Council's current West Midlands based procurement and resettlement officer it is planned to develop and enhance the current resettlement service to ensure all households who move out of London are provided with the appropriate support .

When the Council started relocating homeless households, who were affected by the Overall Benefit Cap to affordable accommodation in the West Midlands, it was considered essential they were provided with appropriate support to enable them to settle in an area that would be so unfamiliar to them. Given the significant distance affected households had to move, the Council employed a resettlement officer who is based in the area, to be a local point of contact for the families that relocated.

The resettlement officer visits the family upon arrival in their new accommodation. He ensures that the housing benefit claim is processed efficiently and is a point of contact between the Council, the accommodation provider and the household.

As well as setting up the housing benefit claim the settlement officer will also assist the household with other issues, including advice on securing school places for their children, transferring to a new GP, help in setting up their utilities and assistance with securing employment.

It is planned to build on this model and put in place similarly effective arrangements in the main areas where families are re-locating to, including those areas where the council's PRS portfolio is concentrated.

The council will work with Job Centre Plus to agree 'warm handovers' with JCP to a locally based 'job coach' in the new location, as part of the wider re-location package. This could include early advice to look at opportunities in the new location via the national 'Universal Jobmatch' vacancy website, part of the DWP's 'digital by default' approach, moving towards Universal Credit.

8.0 Direct Access to own long-term affordable PRS accommodation

- 8.1** While the above options will help to secure access to accommodation in which to prevent homelessness or end a homelessness duty, it is likely that over time this will become progressively harder as the divergence between market rents and what Housing Benefit will pay increases.

- 8.2** If the Council relies on procurement of PRS accommodation in the market, then the likely trend is towards higher costs, and households being displaced further and further from Brent.
- 8.3** It is therefore proposed that the Council acquires access to a large portfolio of PRS accommodation which will be well managed in the long term and in which costs can be controlled, minimised and protected against rental inflation.
- 8.4 Purchase of existing Properties**
- 8.4.1** The Council commissioned Social Finance in 2015 to investigate the options for the acquisition of a significant portfolio of PRS properties which would be available for the council to end a homelessness duty over the long term, which would be professionally managed and which would be pegged to LHA rents.
- 8.4.2** There are a number of possible ways this could be done ranging from the Council directly purchasing properties, entering into a joint venture to purchase properties, or entering into a long term agreement to guarantee occupancy and/or rental income with an external supplier.
- 8.4.3** As part of this analysis, Social Finance of approached a number of organisations who are interested in working with Brent, including Cheyne Capital, Mears Omega, Aviva Investors, Notting Hill Housing Trust and the Real Lettings Fund. They have also drawn on their experience of working with LB Enfield to set up a local authority owned housing company for this purpose. A summary of Social Finance's report is shown at Annex C.
- 8.4.4** Following consideration of Social Finance's report and model (which has been externally audited for internal consistency) the most promising option is to establish a council-owned company which will acquire properties which will be let as long term PRS properties at LHA levels to prevent homelessness or end a homelessness duty. The properties would need to be either in Brent or sufficiently close to Brent to be able to end a homelessness duty in compliance with the Homelessness Suitability of Accommodation Order of 2011. Based on existing case law, it is currently envisaged that this means acquiring properties no further away than the Home Counties. The viability of acquiring properties in Brent and the Home Counties has been researched.
- 8.4.5** The advantages of establishing a company owned by the council outside the HRA include that it could let properties within the Private Rented Sector, while drawing on the council's borrowing capacity and give the council greater control of the investment compared to entering into a joint venture or contract with an external organisation, allowing better management of risk and potential reward.
- 8.4.6** Consideration is being given by the Council to setting up a wholly-owned company with a potentially broader remit for investment, development and regeneration. If such a company is established it is anticipated that the acquired PRS units would be held within that company, with management and maintenance services procured as appropriate.
- 8.4.7** There is a present opportunity to acquire PRS units in the areas mentioned but house price increases may narrow this opportunity even in the relatively short-term. It is therefore planned to directly proceed with a programme of acquisitions. In advance of a company being established any units will be used as Temporary Accommodation as this provision automatically sits outside the HRA, with these units then switching to PRS lettings on being transferred to the company once established.

8.4.8 It is anticipated that further funding for acquisitions would be through on-lending to the company. The terms of that on-lending will be restricted so as to ensure that the council's borrowing costs, including a reasonable premium for risk, are covered, and that state aid rules are not breached.

8.4.10 The initial intention is to procure around 300 units over 2 years at a cost of approximately £60M.

8.4.11 The council has also been in discussion with Registered Providers and others, who may be interested in purchasing accommodation within London to let to Brent nominees at LHA rates on condition that the council offers long term void guarantees (e.g. 10 years). It is not certain if this is viable at scale, as RPs borrowing is usually more expensive than the council's but would have the attraction of guaranteed properties at low risk to the council.

8.4.12 This approach, to complement the council's acquisition of its own portfolio, will be further explored.

8.5 Development of new housing supply to end a duty in the PRS or for homelessness prevention

8.5.1 In addition to purchasing properties to end a homelessness duty in long term PRS accommodation at LHA rents, there are important opportunities to build new properties for this purpose.

8.5.2 The Council has already committed to develop the Church End site as intermediate rent PRS accommodation at LHA rates and the London Road and Stonebridge sites in Brent have been identified as further initial areas for this type of development.

8.5.3 However, land is at a premium in Brent, and the Council will also explore the possibilities of developing New Build accommodation outside Brent, whilst also working closely with the London Land Commission to secure sites for development.

8.5.4 Officers are in contact with a number of organisations who may be interested in developing properties outside Brent for us, and in particular the prospect of using off site construction methods may be both cost effective and result in speedier delivery.

8.5.5 A major difficulty is in securing land and gaining planning permission in other local authority areas. If the Council is successful in securing sites, then it will be necessary to enter into arrangements with developers and possibly the host borough in order to secure planning permission for this to happen.

9.0 Improved Employment and Skills Offer to Homeless Households

9.1 The council is developing an improved employment and skills offer for residents experiencing face-to-face customer support, making employment and skills advice available to residents when speaking to other customer service, housing options or housing benefits staff.

9.2 A high proportion of housing needs service clients are either not working, or in insecure, low paid employment. This includes those approaching the Council in housing need, living in temporary accommodation, or living in the private rented sector following homelessness prevention or the ending of a duty in the PRS.

- 9.3** As discussed above, there are particular issues for households affected by the overall benefit cap, where sustained employment can make the difference between it being affordable to live in London or not.
- 9.4** As is increasingly the case, where homeless households cannot be accommodated in Brent, and the council offers accommodation in another area, it is incumbent on us to give the best opportunity for people to settle in their new area, including as far as possible assisting the household to access employment opportunities in their new location.
- 9.5** The intention is to take the following steps to increase access to employment and skills opportunities for Housing Needs clients through a mixed offer of council and partner services. Work will be through customer service contact; in the community; and through focussed engagement with TA households, including those known to be affected by welfare reforms with negative financial consequences:

10.0 Joined-up Employment and Skills Advice

- 10.1** Brent council's aspiration is to ensure that residents receive joined-up customer service at the point of contact, through the customer service centre face-to-face, but also via telephony and online channels.
- 10.2** An offer is being developed for the face-to-face customer support, making employment and skills advice available to residents when speaking to other customer service, housing options or housing benefits staff. The options being considered are:
- Brent's Employment and Skills Team have agreed to provide advice to residents at the customer service centre, in planned surgeries. This will involve opportunities for residents to seek support from; Brent Start adult education courses, such as careers advice, job search, CV writing and interview skills (as well as a much wider range of courses); and Brent Works providing advice regarding available jobs and apprenticeships.
 - Referrals to available advice will be made directly by Customer Service triage staff or offices providing interviews in the mezzanine floors (housing benefits, housing options or customer services) or by JCP and NCS or from the Brent Start advice sessions.
 - It is also hoped that there will be presence from both Jobcentre Plus and/ or the National Careers Service on-site to provide careers advice (note: National Careers Service can provide service to those on out of work benefits or economically inactive, but only for 3 1-2-1 sessions).
 - The council's employment and skills team will also make Brent Start group courses in careers advice, job search, CV writing and interview skills training available, which housing needs customers can book into.
 - A wider range of specialist advice is available in the voluntary sector to meet many bespoke needs. Support is being commissioned by the employment and skills team in partnership with health services to provide employment support for residents with mental health issues and/or learning disabilities Pathways to work are also being developed for ex-offenders and gang members in partnership with the community safety service. The above partners can refer to these wider specialist providers.

11.0 People in Temporary Accommodation or placed in the PRS in or near Brent

- 11.1 The above offer of careers advice, 1-2-1 support, job and apprenticeship vacancies, and Brent Start courses can be promoted to those in TA and those placed in the PRS form homelessness prevention or to end a homelessness duty.
- 11.2 There will also be support available in the community, focussed on the six 'priority neighbourhoods'. This support will be primarily be provided by partners, through community locations; such as Hyde Housing in Stonebridge, Catalyst in Church End, Lift in Harlesden, and 'The Living Room' partnership project in St Raphael's estate. We intend that this support will specifically be available to households placed in TA or the PRS alongside other target groups.

12.0 Sustaining Work

- 12.1 The apprenticeship and job hub will provide in-work support to help sustain residents supported into work. There are also in-work training and support programmes available via the College of North West London, although some eligibility criteria apply and it depends on the employer's involvement.

13.0 Benefit Cap Mitigation

- 13.1 The above approaches, including the customer facing support, work in the priority neighbourhoods with partners and support in-work will be utilised to support those affected by the benefit cap.
- 13.2 The housing benefits team has analysed the projected impacts of the cap and other welfare changes such as to working tax credits. The households affected will be targeted with communication, which will promote employment. If residents work enough hours to claim working tax credits (16 hours for a single parent with children; 24 hours for a couple with children; 30 hours for a single person with no children) will mean the resident is exempt from the cap, and can potentially avoid the risk of homelessness.
- 13.3 In addition, £180,000 is committed from the council's Discretionary Housing Payments (DHP) to support 100 residents with employment and skills support. The ambition is to support 45 residents into work.

14.0 Investment

- 14.1 In order to achieve these benefits, significant investment is needed as estimated in Table 10., which is based on a £130M commitment over the first two years of the plan. This investment will form part of the council's Investment Strategy.

Table 10. Investment needed to Deliver the Temporary Accommodation Reform Plan

2016/18	Investment	Units	Income pa	TA Annual Cost Reduction
Stage 1 TA	£20m	125	0.5m	0.5m

Brent PRS Acquisition	£60m	300	Cost-neutral	0.86m
PRS Development	£50m	150	Cost-neutral	£0.3m
Total	£130m	575	0.5m	£1.79m

14.2 It is assumed in the savings calculations in Annex B that an additional 325 units of PRS accommodation above the 575 in the table will be delivered by March 2019 by partnerships with other organisations, not requiring direct council investment and possibly by further investment in 2018/19. Should this not occur, either revenue savings would be reduced or greater use of social housing lets would need to be made.

15.0 Part 3. Impact of Implementing the Temporary Accommodation Reform Plan.

15.1 Summary of Impacts

The expected benefits of the Temporary Accommodation Reform Plan if it is fully implemented are significant and include:

- Compared to the alternatives of continued use of B&B, Hotel Annex, and nightly paid self contained accommodation the Council will be able to access significantly better quality, more secure accommodation for homeless households which is located closer to Brent.
- Homelessness prevention into the private rented sector will form the bulk of the Housing Options service, but with an adequate supply of decent self contained temporary accommodation and good quality, long term PRSO accommodation available as a safety net.
- It is expected to achieve an estimated 40% overall reduction in Temporary accommodation between March 2015 and March 2019 as shown in Chart 2..
- All Stage 1 Temporary Accommodation will be self contained and within Brent and will be revenue positive for the council. There will be no use of B&B or hostels with shared facilities, hotel annexes or other nightly paid accommodation.
- Over time the Council will have acquired access to a significant LHA rent PRS portfolio in Brent and the Home Counties, offering long-term well-managed tenancies. This will come from both existing stock and new-build developments.
- The council also hopes to gain access to a portfolio of around 200 long term properties for PRSO/prevention across London through arrangements with Registered Providers purchasing accommodation for this purpose.
- The proportion of Brent social housing allocations to homeless households can be reduced from 80% to around 55% by 2018/19 with significant benefits to other households with priority on the housing register, who cannot currently access suitable properties.
- A reduction in annual non-staffing costs of the Housing Needs service of over 57% (£1.6M) by 2018/19 is anticipated, compared to the position without the measures in the Temporary Accommodation Reform Plan. This is shown in Chart 4 below.

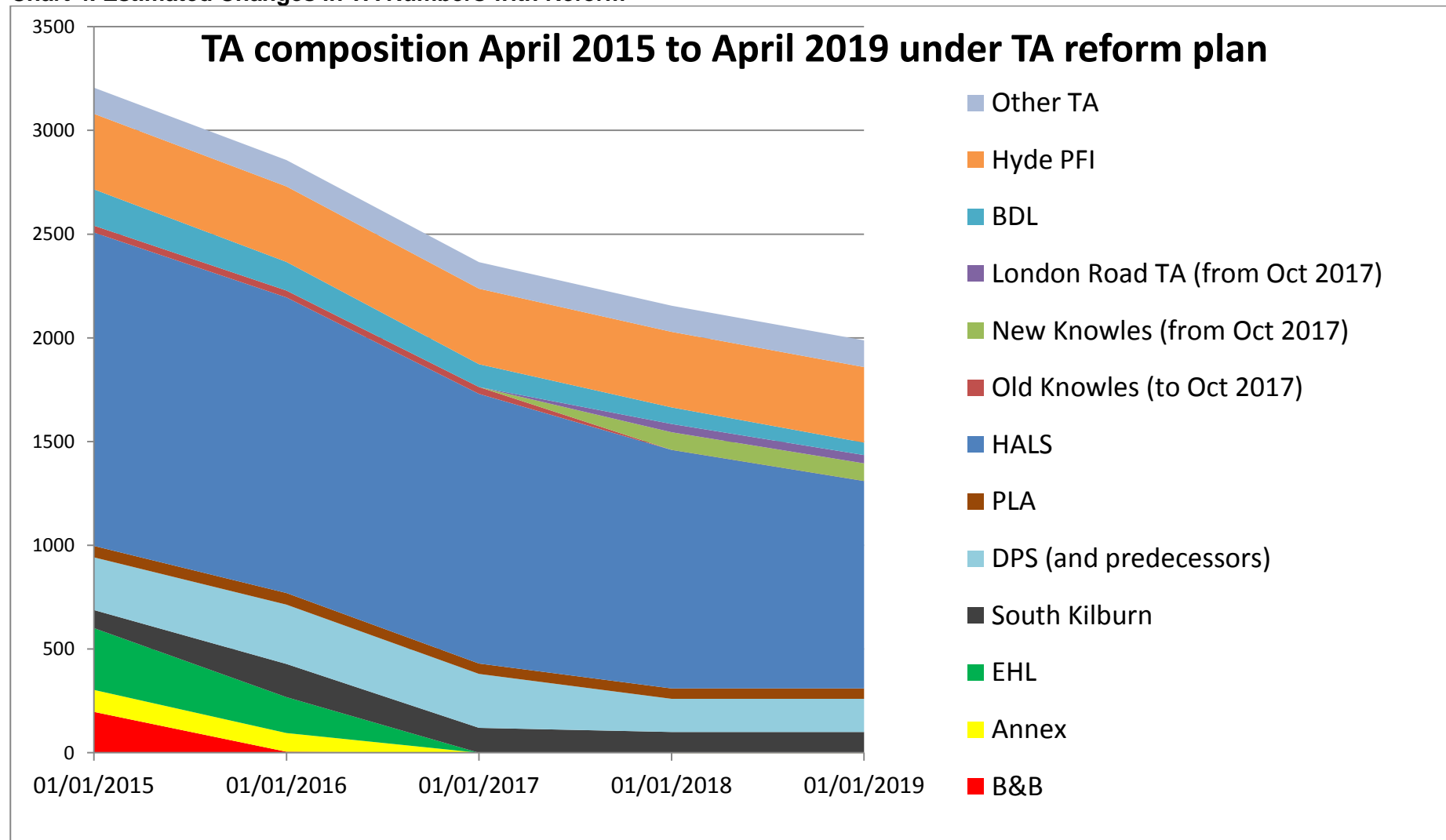
16.0 Changes in Temporary Accommodation Numbers and costs to the service

- 16.1** Estimated Numbers and costs of households in different types of TA if the TA Reform Plan is implemented are analysed, along with expected numbers and costs of Find Your Home Preventions, Social Lets, PRSOs and PRS portfolio lets in Annex B.

16.2 Chart 4. shows the estimated future number of households in different types of TA if the council fully implements the measures in the Temporary Accommodation Reform Plan⁵.

⁵ The PFI scheme is shown as remaining as TA in Chart 4. In fact many of these properties will be converted into other forms of tenure but as far as possible will remain dedicated to accommodating homeless households by ending a homelessness duty. The implication of this is that TA will reduce further than shown without increasing demand for additional accommodation.

Chart 4. Estimated Changes in TA Numbers with Reform



16.3 This leads to a cost profile to the council, which is significantly better than without reform. The estimated combined cost to the council of TA and PRS incentives if the TA reform plan is implemented is shown in Table 9.

Table 9. Cost to Brent of TA and PRS Incentives with reform

Year	2015/16	2016/17	2017/18	2018/19
Cost to Council	£3,342,684	£1,773,490	£1,386,376	£1,233,700

16.4 Comparisons of estimated numbers in Temporary Accommodation and costs to the council with or without reform are shown in Charts 5 and 6 respectively.

Chart 5. Estimated Number of Households in TA with or without reform

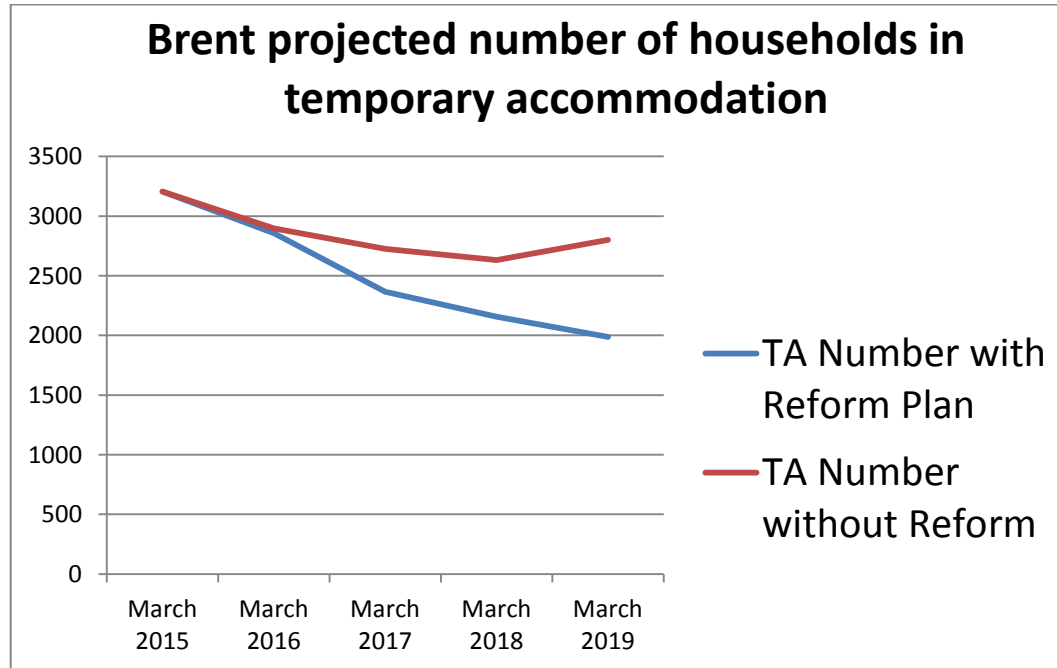
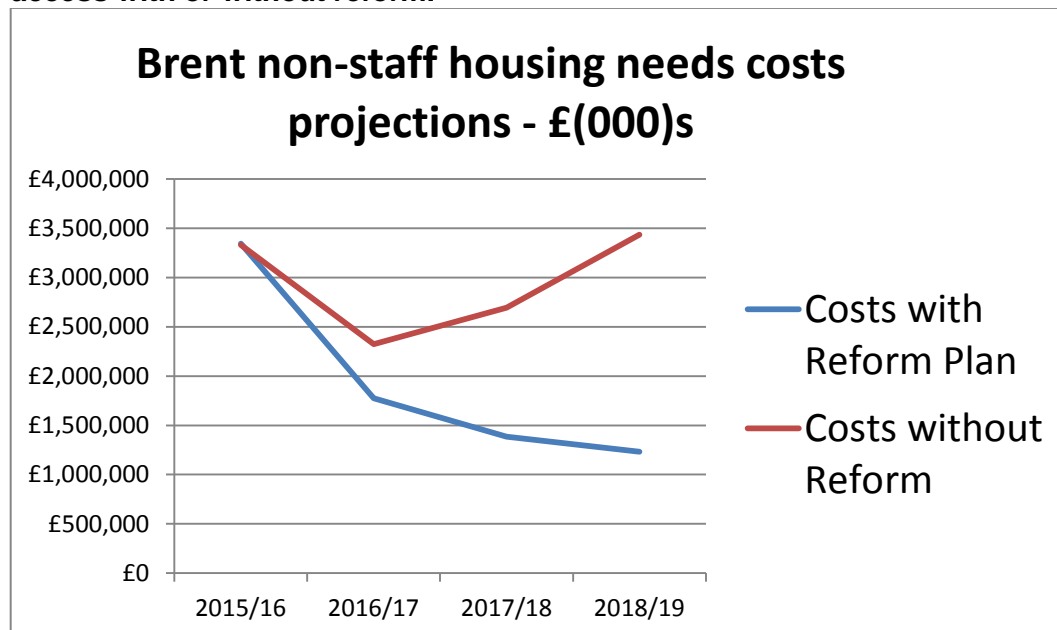


Chart 6. Estimated costs to the council of Temporary Accommodation and PRS access with or without reform.



16.5 The principal reasons for the savings are the financial benefits from the Council owning its own self contained stage 1 temporary accommodation compared to B&B

or annex accommodation costs, and the benefits of having cost neutral PRS accommodation in which to end a homelessness duty rather than relying on increasingly expensive PRSO accommodation or expensive nightly paid or leased temporary accommodation.

- 16.6** The assets the council has acquired continue to generate savings into the future, but it is important to note that the some of the savings here are through new lets to the PRSO portfolio, and for savings to continue at this rate in to the future beyond 2019, more acquisitions and PRS development would be needed beyond that date.

17.0 Staffing Costs associated with Temporary Accommodation

- 17.1** The staffing budget for Brent's Housing Needs Service in 2015/16 (excluding Care and Support) breaks down as shown in Table 13.

Table 13. Housing Needs Staffing Costs (exc Care and Support)

Rehousing	£300,658
TA Support	£474,040
Accommodation Services	£609,920
Housing Options	£1,751,607
Property & procurement	£211,327
Systems and Information	£214,717
Welfare Reform	£126,728
Apprentices	£64,265
Senior Management	£349,277
TOTAL	£4,670,776

- 17.2** Detailed recommendations for staffing changes are outside the scope of this report. However, within the constraints of any overall reductions to staffing costs which the council may require, the following broad points can be made:
- 17.3** The current Housing Needs staffing costs are significantly greater than the non staffing costs discussed above. The potential for savings in staffing costs as a result of implementing the Temporary Accommodation Reform Plan may be significant over time. This is because:
- 17.4** The housing management costs for the PRS portfolio will be accounted for within the overall finances of that scheme, rather than coming from the housing needs budget.
- 17.5** As the number of households in TA reduces, the associated staffing costs of providing support, housing management, and maintenance to households in TA may be expected to reduce roughly proportionately.
- 17.6** Although housing needs demand is expected to increase as outlined above, and there is therefore limited scope to reduce front line customer facing staff dealing with

new demand, over time the Council's reliance on externally procured TA and PRS accommodation should fall if the TA reform plan is fully implemented, leading to a reduced need for procurement of such accommodation.

- 17.7 On the other hand, the intention to provide better resettlement services to households who move out of the borough is likely to require additional staffing resources in that area.

18.0 Delivery

- 18.1 The outline timetable for delivery of the main elements of the Temporary Accommodation Reform Plan is set out in summary in Table 11.

Table 11. Outline Temporary Accommodation Reform Plan timeline.

Workstream	15/16	16/17	17/18	18/19
Find Your Home service	Pilot Phase	Mainstreamed as primary frontline Housing Needs service		
Knowles House		Knowles House Planning	Construction starts	Hostel opens
London Road, Church End and Stonebridge		Planning for all three sites	Stage 1 TA and PRS construction starts	London Road TA opens PRS completed
PRS acquisition	Investment Panel and Cabinet approval	Brent PRS company begins acquisitions Work with RPs and other suppliers begins		300 Brent PRS units acquired plus 200 RP units
PRS development	Sites identified in and outside Brent		Site acquisition	New build PRS coming on stream

19.0 Risk Assessment

- 19.1 A risk assessment highlighting the key risks of the main elements of the Temporary Accommodation Reform Plan is shown at Table 12.

Table 12. TA Reform Plan Risk Assessment

Risk	Impact (HML)	Likelihood (HML)	Mitigation
Housing Company			
Properties cannot be purchased offering the yields we require	H	M	Social Finance analysis suggests a gross yield of 5% may currently be sufficient, and that there are sufficient properties available in the areas we need. However, it will be necessary to raise finance at as low a cost as possible. Fortunately council borrowing is very inexpensive at present. However as house

			prices rise and LHA rents are static for at least 4 years, the ability to purchase viable properties is likely to decrease, so it is important to enter the market as soon as possible.
House Prices do not rise over the term of the investment.	H	L	Our required rise in house prices over the term of the loan is significantly lower than has been the case over any comparable period since records began. However it is important to raise capital over a sufficiently long period to avoid being impacted by fluctuations in the market.
LHA rents fall or do not rise at all over the term of the loan	M	L	We have made conservative assumptions on LHA inflation. Over the long term it is unlikely that LHA rates will not rise, as there would then be no accommodation affordable to people claiming benefits. However, it would be possible to mitigate this if it occurred by moving some properties to market rents or by selling some properties.
We cannot secure, renovate or manage properties competitively	M	L	As a significant proportion of properties will be outside Brent, we may need to contract with external partners to acquire, renovate and manage properties. However, such partners do exist and we have been in discussions with some of them.
Development of Properties in Brent			
Planning permission for TA at Knowles House and London Road not secured,	H	M	We have been liaising closely with planners on Knowles House and on temporary accommodation options for the Dennis Jackson site off London Road, and are hopeful of securing permission for both schemes, and designing with planning considerations in mind. It is possible however that we will have to reduce the number of units on either site from what we would like, which would reduce our savings and perhaps necessitate development of more TA on another site in the borough. It is also possible that one or both schemes could be delayed by the planning process, which would delay the anticipated savings.
Insufficient sites on Brent to develop LHA rent PRS	M	L	This is currently acknowledged as a priority for the council, when suitable sites become available. An important issue is lack of capacity to organise such developments quickly, which may need to be remedied. We have potential investment partners interested in development of unconventional sites such as carparks as a JV which may not require council financial investment, where we own the land.
RP property acquisition in London			
We cannot find RPs or other suppliers to purchase property	M	M	We have been discussing property acquisition with one large RP, who says that the returns may no longer be sufficient to purchase properties in London in reasonable numbers. However, we may be able to mitigate this by letting the properties as Homelessness Prevention or Temporary Accommodation in the first instance which may raise rent levels and there are other potential suppliers.
Development of Properties outside Brent			
Suitable sites are not identified	M	M	It may be that purchase of market price land renders development of LHA rent PRS unviable – especially where rents are low. Discussions with HCA have so far failed to source public land at a reduced price. However we have a number of interested investment partners willing to help build at scale and it may be possible to subsidise LHA rents with market rents in a mixed tenure development.
Political difficulties from host authorities in developing accommodation for homeless households outside Brent	M	M	There are limited grounds for refusing planning permission, but partner developers/investors may not wish to proceed in the teeth of local opposition because of reputational risk. It may be possible to offer access to accommodation to host authorities as a way of dealing with this, but it remains to be seen if this is possible.
Find Your Home Service			
Find Your Home Service does not succeed in finding enough properties	M	L	A decreasing number of PRSO properties is already assumed from 2016/17 and a decreasing number of FYO properties from 2017/18 to reflect probable reality and to achieve savings on landlord payments. There is a risk that FYO will not achieve the 300 properties assumed in 2016/17, but the slack could be taken up by PRSOs, albeit at some extra cost.

