

**SPELTHORNE BOROUGH COUNCIL AND  
SURREY COUNTY COUNCIL**



**SPELTHORNE JOINT COMMITTEE**

**DATE: 23 JULY 2018**

**LEAD OFFICER: DAVID BIRLEY, HOUSING STRATEGY OFFICER, SPELTHORNE BOROUGH COUNCIL**

**SUBJECT: FUNDING A NEW HOMELESS HOSTEL IN SPELTHORNE**

**AREA(S) AFFECTED: SPELTHORNE**

**SUMMARY OF ISSUE:**

The Government is currently considering major changes to the way vulnerable clients in housing need pay for their short-term supported housing. This may result in a new ring-fenced grant issued to Surrey County Council in replacement of the client's access to state benefits to pay for rental costs. Given that proposals, as currently published, do not address how new provision will be funded from 2020, officers wish to highlight to Spelthorne Joint Committee that Spelthorne Borough Council is actively seeking to build a hostel for local single homeless people. Agreement is sought that, pending a final decision on the outcome of the funding consultation, the provision of a new homeless hostel in Spelthorne is supported.

**RECOMMENDATIONS:**

**The Spelthorne Joint Committee is asked:**

- (i)** To note that funding arrangements for short term supported housing, including those for homeless people, are due to change from 2020/21, with current expectations that Surrey County Council will receive an annual grant to distribute to the eleven boroughs and districts.
- (ii)** To note that Spelthorne Borough Council are actively seeking to build a hostel for single homeless people with a connection to Spelthorne.
- (iii)** To agree that, based on the evidence provided, the provision of a new homeless hostel in Spelthorne is required.
- (iv)** To agree that, subject to a final decision by HM Government on the method of revenue funding from 2020/21, and subject to receiving detail on the conditions which will be attached to that grant funding, that the proposed new hostel in Spelthorne is prioritised for revenue funding.

**REASONS FOR RECOMMENDATIONS:**

The above recommendations are sought in order to progress plans for a single persons homeless hostel. The Government are currently finalising their position on

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funding arrangements from 2020, but given the timescales for Spelthorne Borough Council to design and build the hostel, an early indication of support from Joint Committee is sought, with a commitment to prioritise revenue funding for the scheme once arrangements are finalised.

## **1. INTRODUCTION AND BACKGROUND:**

### **Homelessness**

- 1.1 Spelthorne Borough Council has duties under the Housing Act 1996 (as amended) to assist certain groups of people who are threatened with homelessness, or actually homeless. The Homelessness Reduction Act 2017 is new legislation which took effect from 3 April 2018 was the biggest reform of homelessness laws since the Homelessness Act 2002. This new piece of legislation placed additional statutory duties on local authorities to prevent and relieve homelessness, and introduced a duty on specific public bodies to refer anyone accessing their services who are homeless or at risk of homelessness.
- 1.2 Spelthorne Borough Council has a Homelessness Strategy 2014-2019, as required by the Homelessness Act 2002. This strategy lays out seven strategic priorities for reducing homelessness in Spelthorne. This strategy is due for a review and revision in light of Homelessness Reduction Act 2017.
- 1.3 The overall aim of the new legislation is that all those experiencing homelessness are offered a fair service, as in the past, single people without children were arguably offered very little assistance at all due to the structure of the legislation at the time. In Spelthorne, clients in this category approaching the Council for homelessness prevention or assistance, where the client was referred to Spelthorne RentStart for support to access accommodation in the private sector.
- 1.4 Over the past three years, the number of single people joining the Housing Register has increased by approximately 45%, with on average one in three of those having a support need making access to mainstream accommodation more challenging.

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
No. clients on the Housing Register who are single	597	735	867
... of which clients had			
(a) mental health and / or			
(b) drug or alcohol issues and / or	194	243	295
(c) rough sleeping and / or			
(d) offending background			
... as a %	32%	33%	34%

- 1.5 Despite the Council's ongoing efforts to access the private rented sector for those experiencing homelessness or under threat of homelessness, both with Spelthorne RentStart as well as its own Rent Assure Scheme, this remains challenging. The Council managed to increase the number of private landlords on the Rent Assure Scheme to over 30 since January 2017. However, private sector rents are not keeping pace with benefit rates, creating affordability issues for tenants. Additionally, there is a supply issue in that landlords can be very selective who they let their property to given the huge demand for accommodation locally. Given that many people approaching the Council for assistance under homelessness legislation have support needs – often complex in nature – it can be very difficult to secure accommodation.

- 1.6 Unless through their age or disability single homeless people qualify for sheltered housing, for which the waits are much shorter, access to social housing for this client group is also a challenge. This is not only because of the severe shortage of social housing locally, but also because social landlords are becoming more and more risk-averse, and are more readily refusing to offer tenancies to clients with complex support needs.
- 1.7 Whilst Spelthorne Borough Council has access to a very limited number of supported accommodation schemes within the borough through Transform Housing & Support, over the past three years, an average of 53% of all referrals are rejected by the provider for various reasons.

	Accepted			Declined							
	Total Referrals	Successful Referrals	Successful and waitlisted	No local Connection	Drug & alcohol	Needs too high	Offending	Mental health	No support needs	Total declined	% Declined
<b>2015</b>	50	21	5	4	1	6	5	6	2	24	48%
<b>2016</b>	90	35	16	7	2	17	7	4	2	39	43%
<b>2017</b>	78	22	5	2	3	23	2	8	13	51	65%
<b>2018</b>	15	6	1	1	0	2	1	1	3	8	53%
										<b>Average declined %</b>	<b>53%</b>

- 1.8 Officers are aware anecdotally that a number of the declines is due to the level of staffing / restrictive support hours at existing schemes meaning that those with higher needs are not suitable. A hostel environment, such as the one Spelthorne Borough Council is proposing, would be more appropriate for this client group.
- 1.9 Spelthorne Borough Council, in line other Surrey boroughs and districts, is reviewing the resources available to help and support homeless households in its area.

### **Supported Housing funding**

- 1.10 At the same time as the implementation of the Homelessness Reduction Act, various Governments since 2011 have been consulting on changes to the way in which supported housing is funded. This is important as supported housing, which incorporates various types of accommodation such as homeless hostels, refuges for those escaping domestic abuse, and accommodation for those with specific mental or physical health needs, is an important resource for local authorities when seeking to prevent and relieve homelessness.
- 1.11 Under current rules, supported housing schemes charge residents a rent, which may by the nature of the type of accommodation be higher than a 'standard' rent under Local Housing Allowance (LHA), which the resident can claim Housing Benefit for, if eligible. Provided that certain conditions are met regarding the nature of the care and support on offer at the accommodation, it is classified as 'short-term specified accommodation', and Housing Benefit can be paid at a rate above what would normally be paid for a general needs property of the same size. In a Government review in 2016, it was estimated that the cost of this accommodation was £4.1 billion across Great Britain, plus an additional £2.1 billion on other care and support services. Given this level of expenditure, the Government sought ways to reduce this cost.

- 1.12 In October 2017, the Prime Minister announced that supported housing will be split into three broad funding groups:
- Sheltered housing – to be paid through the welfare system, but with annual caps from 2020.
  - Long-term supported housing for those with learning and/or physical disabilities, or mental ill health – to be paid through the welfare system.
  - Short-term and transitional supported housing – to be removed from the welfare system, and funded through a ring-fenced grant.
- The Government asked for further consultation responses on the three funding groups up to 23 January 2018.
- 1.13 On 1 April 2018, the government issued an interim response to the consultation which outlined the following main areas of response:
- Concerns about the definition of the short-term accommodation model;
  - Assurance that Government is committed to maintaining this ring-fence indefinitely; and
  - A number of providers urged the Government to revise its policy.
- 1.14 The Government has committed to responding fully in Summer 2018, although there is very strong feeling within the sector that the funding groups will be implemented as described within the responses from the Government.
- 1.15 In April 2018, the Department for Work & Pensions wrote to all Housing Benefit teams to introduce a requirement to identify sums paid in each local authority areas on short-term specified accommodation in order “to ensure accurate grant allocations for local authorities (LAs) and funding to devolved administration from 2020”.
- 1.16 In order to clarify the position on the revenue cost of the hostel, officers contacted the Ministry of Housing, Communities and Local Government regarding the proposed model and effect on rental charges. The response included (emphasis added):
- Under this model, short-term supported accommodation bed spaces will be directly funded through ring-fenced grant to local authorities. This model removes an individual’s requirement to pay rent at a vulnerable point in their lives however their entitlement to Housing Benefit (or the housing cost element of Universal Credit) will remain unchanged.*
- The entitlement remains but as the bed space will be commissioned and paid for in full by the local authority, an individual will not need to claim their housing benefit in order to pay for it. Should they claim Housing Benefit or Universal Credit, their entitlement would be assessed on the basis that they do not pay rent. They will still claim and manage other benefits to which they are entitled.*
- 1.17 Officers have since sought further clarification regarding the classification of accommodation, but representatives from MHCLG would not elaborate any further than their previous correspondence, highlighting that the Government is committed to explain the policy fully in Summer 2018.
- 1.18 Announcements to date on how Government plan to fund new provision have been limited. In the October 2017 statement, the Government said:
- We will work with local government and the welfare system to ensure that grant allocations for short-term supported accommodation in 2020-21 match the sums that would otherwise have been paid out in each local area to pay for housing costs through the welfare system. The amount of short-term supported housing grant funding will be set on the basis of current projections of future need (as informed by*

*discussions with local authorities) and will continue to take account of the costs of provision in this part of the sector*

- 1.19 The ring-fenced grant is expected to be given to the upper-tier authority which, according to the consultation response dated October 2017, is so that the funding for supported housing can be integrated into health and social care services. There is extensive lobbying within the supported housing sector that the funding should be distributed to the lower tier authorities, given that they have the statutory housing duties.
- 1.20 Regardless of which authority receives the grant funding, that authority will be required to compile a supported housing 'strategic plan', and undertake a needs assessment which, as a minimum will need to include:
- description of provision for all client groups who may need short-term supported housing (including perceived challenging groups such as those with drug/alcohol dependencies and ex-offenders and offenders);
  - description of provision for groups with no local connection – like ex-offenders, offenders, and people fleeing domestic violence;
  - detail of joint working with other out-of-boundary local authorities (in particular to support individuals without a local connection who need to use supported housing); and
  - detail on consultation with relevant partners including Public Health England, Police and Crime Commissioners, Domestic Abuse and Sexual Violence Partnerships, probation services, Clinical Commissioning Groups, Adult Social Care Boards, Health and Wellbeing Boards, and others such as local providers and neighbouring local authorities.
- 1.21 Officers await the final decision on the funding arrangements from 2020, which is expected within the coming months.

## **2. ANALYSIS:**

- 2.1 Given the growing challenges of accessing the private rented sector, particularly for those under 35 years of age due to benefit restrictions, Spelthorne Borough Council is exploring alternative ways to meet a growing housing need amongst single people experiencing homelessness within the borough, and in particular those with complex support needs.
- 2.2 A piece of land has been identified and purchased, on which Spelthorne Council is planning to build a 25-unit homeless hostel for single people, with eight self-contained flats on the top floor for move-on. Officers are currently in discussions with a provider to input in to the design of and then the running of the hostel.
- 2.3 It is anticipated that the cost of the build will be covered by a mixture of grant funding from Homes England Affordable Homes Programme 2016-2021, affordable housing commuted sums, and Spelthorne Borough Council capital reserves. The overall revenue cost for the running of the hostel is not currently known. Officers have commissioned an independent report into this. Outline planning permission is to be applied for in due course.
- 2.4 Given the current budgetary difficulties within Surrey County Council's Supporting People programme, officers within Spelthorne Borough Council have serious concerns that, despite the Government applying a ring-fence, the grant funding will be allocated to areas where the County feels most budgetary pressure, such as Childrens' Services and Adult Social Care.

- 2.5 Whilst Officers are sensitive to the financial pressures of Surrey County Council, there is an urgent need to address homelessness within Spelthorne, and therefore essential that a broad commitment to the development is obtained.

### **3. OPTIONS:**

- 3.1 Presently, options considered have been limited to either the 'status quo' of doing nothing, or making efforts to increase provision for this client group where possible. Given the nature of the accommodation which Spelthorne Borough Council is seeking to build, the piece of land identified is considered to be optimal for this purpose. Officers unanimously believe that failing to take the opportunity with this site will result in the opportunity being lost for good.
- 3.2 Officers have considered the scale of the project, however to provide fewer than 25 units plus the 8 move-on flats would result in avoidable under-development of the site. Reflecting on the nature of the accommodation, it would be inappropriate to provide a smaller hostel-style scheme with more general needs flats on the upper floors, for housing management reasons.
- 3.3 The status quo of doing nothing will not address the statutory duty which Spelthorne Borough Council has to prevent and relieve homelessness. Current provision is severely lacking within the borough, and does not meet current or future need.
- 3.4 Officers have considered the possibility of a cross-boundary project to include other Surrey boroughs in the north of the county. Under the Housing Act 1996, however, accommodation offered to applicants under homelessness legislation must meet certain criteria, which includes rules on the location of that accommodation:

*So far as reasonably practicable a local housing authority shall in discharging their housing functions under this Part secure that accommodation is available for the occupation of the applicant in their district* - Housing Act 1996, Part 7, Section 208(1)

As a result, accommodation located outside of Spelthorne, even though it is commissioned by Spelthorne Borough Council and Surrey County Council, would likely be considered to be unsuitable for an applicant, and it will not be sufficient to discharge any homelessness duty owed to the applicant. Additionally, even if a cross-boundary project were to be progressed with neighbouring authorities, the business case for Spelthorne Borough Council to carry out the build would still require a commitment from Surrey County Council that any grant funding for supported housing which may be granted to Surrey in the future will be allocated to support revenue costs.

### **4. CONSULTATIONS:**

- 4.1 No consultation has been carried out on this issue to date. The wider project will form part of Spelthorne's Housing & Homelessness Strategy which will be drafted and consulted on later in 2018.

### **5. FINANCIAL IMPLICATIONS:**

- 5.1 Presently, the financial implications are unknown until we have completed discussions with specialist partners, and the funding arrangements for supported housing from 2020 are known.

## **6. WIDER IMPLICATIONS:**

- 6.1 At this stage it is difficult to fully assess the impact upon other areas of the business of either Surrey County Council or Spelthorne Borough Council, however this project is not likely to have any significant direct implications on any of the areas listed below.

<b>Area assessed:</b>	<b>Direct Implications:</b>
Crime and Disorder	No significant implications
Equality and Diversity	No significant implications
Localism (including community involvement and impact)	No significant implications
Sustainability (including Climate Change and Carbon Emissions)	No significant implications
Corporate Parenting/Looked After Children	No significant implications
Safeguarding responsibilities for vulnerable children and adults	No significant implications
Public Health	No significant implications

## **7. CONCLUSION AND RECOMMENDATIONS:**

- 7.1 Homelessness remains a challenging and complex problem to respond to, particularly where clients lead chaotic lifestyles, or where they have support needs which make access to general needs accommodation more challenging. Options currently available to single homeless people in Spelthorne are very limited, and the evidence shows that even access to supported accommodation, as the last option for many, is out of reach.
- 7.2 Spelthorne Borough Council wants to support single homeless people, including those with complex needs, with real, meaningful help and assistance, within the local area. This proposed hostel will go some way to meeting that objective.
- 7.3 Whilst the final funding arrangements for supported housing from 2020 are still to be formally announced, Spelthorne Borough Council are keen to progress plans for the new hostel on the identified site as soon as possible, and seek the Joint Committee's agreement that the hostel is needed, and that any funding provided to Surrey County Council for supported housing revenue costs from 2020 is prioritised for this project.

## **8. WHAT HAPPENS NEXT:**

- 8.1 Once the funding announcement is confirmed by the Government, a further paper will be brought to the Joint Committee to give more details on a firm proposal.

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### **Contact Officer:**

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### **Consulted:**

Spelthorne Borough Council internal departments

[www.surreycc.gov.uk/spelthorne](http://www.surreycc.gov.uk/spelthorne)

**Annexes:**

None

**Background papers:**

“Paying for Supported Housing” Briefing Paper (House of Commons Library)

<http://researchbriefings.files.parliament.uk/documents/SN06080/SN06080.pdf>

Homelessness Code of Guidance for Local Authorities (2018)

<https://www.gov.uk/guidance/homelessness-code-of-guidance-for-local-authorities>

MHCLG responses on supported housing consultations

<https://www.gov.uk/government/consultations/funding-for-supported-housing-two-consultations>

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