

PART 1 – PUBLIC DOCUMENT

THE ALLOCATION OF DLUHC HOMELESSNESS PREVENTION GRANT

REPORT OF SERVICE DIRECTOR - REGULATORY

EXECUTIVE MEMBER: COUNCILLOR SEAN PRENDERGAST

COUNCIL PRIORITY: PEOPLE FIRST

1. EXECUTIVE SUMMARY

- 1.1. The demand for homelessness services remains high and this is likely to continue for the foreseeable future due to pressures arising from the cost-of-living crisis, the difficulties accessing private rented accommodation locally and a lack of appropriate housing options.
- 1.2. The Council receives annual Homelessness Prevention Grant (HPG) funding from the Department for Levelling Up, Housing and Communities (DLUHC), which is ring-fenced for homelessness prevention and relief work. HPG of £395k has been received for 2022/23.
- 1.3. This report details proposals for the remaining allocation of this funding and provides updates on other relevant DLUHC funding opportunities.

2. RECOMMENDATIONS

- 2.1. That Cabinet notes the allocation of HPG funding (2022/23) of £40k to cover Department of Work and Pensions (DWP) subsidy loss on the Keystage Housing service for the most recent period (until the end of December 2022) and authorises HPG usage for the projected cost of a further £15k to the end of the current financial year;
- 2.2. That Cabinet approves the allocation of future HPG allocations to cover DWP subsidy loss created by the accommodation of homeless people in future years, to be included as part of the quarterly budget monitoring process;
- 2.3. That Cabinet notes the corporate Financial Risk concerning the cost of measures to address homelessness will be broadened to include DWP subsidy loss;
- 2.4. That Cabinet approves allocations of HPG for 2022/23 to the Black Squirrel Credit Union (£63.2k), Herts County Council's Crashpad Service (£6.8k) and Beam (£80k);
- 2.5. That Cabinet agrees that any remaining HPG for 2022/23 be allocated by the Director of Regulatory Services in consultation with the Executive Member for Housing and Environmental Health;
- 2.6. That Cabinet notes DLUHC's Single Homelessness Accommodation Programme and its Local Authority Housing Fund.

3. REASONS FOR RECOMMENDATIONS

- 3.1. The Council's Housing Strategy 2019-2024 outlines the Council's support for residents with housing challenges and the collective measures outlined in paragraph

2 will benefit homeless people locally, providing support for targeted interventions that will prevent and relieve homelessness.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. Cabinet could decide against approving the proposed allocations for 2022/23. However, as this funding is ring-fenced for expenditure on homelessness activities in the current financial year, failure to agree allocations could result in the Council having to return the funds unspent to DLUHC.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The Executive Member for Housing and Environmental Health, Cllr Sean Prendergast has been consulted and is supportive of the proposals contained in this report.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on 7 June 2022.

7. BACKGROUND

- 7.1 Over 2022/23 to date, the Council has received approaches for homelessness advice and assistance from over 1,100 households. A legal duty has been owed to 297 of these households, requiring the Council to work with households for a minimum period of 56 days to help prevent or relieve homelessness. Despite the lifting of Covid-19 restrictions and accompanying requirements of local housing authorities (in particular 'Everyone In'), the Council's accommodation duties, in particular, remain high compared to pre-pandemic levels, as table 1 below illustrates.

Table 1: Council accommodation duties

	2019/20	2020/21	2021/22	2022/23 Q1-Q3
Households owed a main housing duty	65	90	128	91
Households in temporary accommodation at period end	93	136	104	104
(Of which hotel placements for (mainly) single people)	19	58	15	19

- 7.2 There are also additional pressures stemming from the ongoing war in Ukraine which has extended the need for host placements, a continuing requirement to re-settle refugees from other areas including Afghanistan, significant pressures in the private rented sector locally and the cost-of-living crisis.
- 7.3 Loss of private rented sector accommodation remains one of the most common reasons for homelessness (23% of cases in the first three quarters of 2022/23), second only to family and friends being unable or unwilling to accommodate (25% of cases). Private sector evictions had been low during the pandemic due to temporary national restrictions on the enforcement of evictions but have since risen and are up 11 percentage points from 2020/21 as a share of cases. Many of those facing homelessness are vulnerable, with over half having a support need and one-third having two or more (with mental health being the most prevalent, followed by physical ill health and abuse). So far to date in 2022/23, 133 adult clients have been identified

as being at risk of abuse. Of cases in 2022/23, 12% were of no fixed abode, 7% were rough sleeping and 6% were homeless on departure from custody or hospital.

- 7.4 Homelessness prevention work is a core part of the Council service, and as well as in-house casework, the Council also funds specialist services including those provided by Survivors Against Domestic Abuse (SADA), Herts Young Homeless, Citizens Advice and the Black Squirrel Credit Union. As the Council no longer owns any housing stock, it works with local providers (chiefly settle, Haven First, Keystage Housing and Catalyst) to ensure that sufficient temporary and supported accommodation is available to meet local need. Securing the provision of accommodation and support services for single homeless people with complex needs remains an urgent priority (as the number of hotel placements in table 1 attest to) and work is ongoing to build capacity on an integrated pathway for this cohort.
- 7.5 Cabinet, at its [13 December 2022](#) meeting, approved the allocation of 2022/23-2024/25 Rough Sleeping Initiative funding, received from the Department for Levelling Up, Housing and Communities (DLUHC), to Haven First and Keystage Housing schemes on the single homeless pathway. These services are 20 High Street in Baldock and PAIRS (Provision for Assessment, Intervention and Resettlement Support) in Hitchin respectively.
- 7.6 The Council also received Homelessness Prevention Grant (HPG) for 2022/23 of £339,826, which together with a top-up of £54,811 announced in December 2022, totals £394,637. HPG is ring-fenced for homelessness prevention and relief work. To date, £189.7k of the 2022/23 HPG has been allocated, as below:

Table 2: Existing HPG allocations

Funding to provide staffing stability to the housing team	Delegated decision 28/6/22	£80.7k	Record of Decision made under Delegated Authority (north-herts.gov.uk)
Metropolitan Thames Valley Housing	Cabinet 13/12/22	£73k	Agenda for Cabinet on Tuesday, 13th December, 2022, 7.30 pm North Herts Council (north-herts.gov.uk)
General hotel provision, including DWP subsidy loss	Cabinet 13/12/22	£36k	Agenda for Cabinet on Tuesday, 13th December, 2022, 7.30 pm North Herts Council (north-herts.gov.uk)
Total		£189.7k	

This leaves an unallocated HPG balance of approximately **£205k** for the current financial year.

8. RELEVANT CONSIDERATIONS

- 8.1 At its [13 December 2022](#) meeting, Cabinet also agreed that 2022/23 HPG funding should be allocated as follows:

To offset Department of Work and Pensions Housing Benefit subsidy loss incurred between April 2022 and the end of January 2023 (*and officers be asked to return to the Cabinet on 31 January 2023 to confirm this amount and the options for the management of subsidy loss going forward*).

- 8.2 Housing Benefit (HB) is claimed by individual residents from the local authority in order to help pay their rent in supported housing settings. Local authorities are reimbursed through a system of subsidy payments by the Department of Work and Pensions (DWP) and any subsidy implication is not relevant to the initial decision as

to whether to grant HB, or not. The subsidy rules surrounding 'exempt' accommodation (such as the Haven First and Keystage services) are particularly complex. In essence however, where exempt accommodation is provided by registered (not for profit) housing associations, the Council will receive HB subsidy that fully covers the cost of the (correctly) paid benefit. However, in the case of exempt accommodation provided by a charity or voluntary organisation, such as Keystage Housing (a Community Interest Company), the Council will only receive HB subsidy for expenditure on that part of weekly eligible rent at or below the Rent Officer's determination. Where the claimant is classed as vulnerable, the Council will also receive 60% of that part of weekly eligible rent above the Rent Officer's determination.

- 8.3 Housing Benefit legislation (Housing Benefit Regulations 2006 (as amended) and the Housing Benefit and Council Tax Benefit (Consequential Provision) Regulations 2006) set out how the Council must deal with Housing Benefit claims, including the terms on which rent is determined as eligible and involvement of the Rent Officer as relevant.
- 8.4 The Council also incurs subsidy loss for any hotel placements it makes as it is only able to claim back 90% of HB at the 2011 Local Housing Allowance rate of £121.15 per week compared to the average cost of a hotel room of £350 per week currently. Historically, hotel placements have been very few in number (generally less than five at any one time) and the small net losses have been absorbed by the General Fund. However, hotel use soared during the pandemic (table 1 refers) in the face of unprecedented demand from single homeless people and as a result, so too did subsidy loss.
- 8.5 Table 3 sets out the total cost to the Council of subsidy loss from hotel placements over recent years (net of government homelessness grants used to offset subsidy loss):

Table 3: Net cost of hotel subsidy loss

	Total net cost to Council of subsidy loss
2019/20	£58,834
2020/21	£205,264
2021/22	£308,009

- 8.6 The 2022/23 subsidy loss for hotels is currently projected to be completely offset by the allocation of ring-fenced homelessness grants totalling £75k, although this is subject to hotel usage until the end of March 2023. The subsidy loss for the Keystage PAIRS service is around £40k (to the end of December which is the latest period for which relevant calculations are available) and it is anticipated this could increase to a total of around £55k by the end of March 2023. This is much reduced from the original estimate of £150k due to the Rent Officer's recent determination that a higher rate of rent for the PAIRS service would be eligible for DWP subsidy. As there is no suitable cheaper alternative accommodation available, or any that it is reasonable to expect HB claimants to move to, as per Housing Benefit regulations, the Council cannot restrict rent paid for Keystage accommodation. Additionally, it has now been recognised that most of PAIRS' residents should be classed as vulnerable for HB purposes, enabling the Council to recoup an additional 60% of rent above the Rent Officer's Determination. Whilst Keystage's residents are some of the most vulnerable in the district, with multiple support needs, for HB purposes, vulnerability is defined only by receipt of specific disability benefits. The Council is working with Keystage to ensure that PAIRS residents claim all those benefits to which they are entitled, including those that confer this vulnerability status.

- 8.7 It is worth noting that nationally, the spotlight has been increasingly shone on the problems surrounding the provision of exempt accommodation, both with regards the quality of accommodation (particularly non-commissioned accommodation) and the overall model of provision. The House of Commons Levelling Up, Housing and Communities Committee has recently published its [report](#) into the sector, where in its summary, it has described the system of exempt accommodation as “a complete mess”. One of its many recommendations concludes:

“The Government was unable to provide a satisfactory justification, let alone an explanation, as to why DWP reimburses councils for 100% of housing benefit if the provider is registered but only 60% if it is not registered, leaving the council to pick up the rest of the tab. The same 100% subsidy should be paid by DWP whether the provider is registered.”

Legislation (The Supported Housing (Regulatory Oversight) Bill) is currently progressing through Parliament which may impact subsidy rules; however, any changes will likely take several years to come into effect.

- 8.8 Going forward, it is proposed that HPG funding is used to offset any future subsidy loss relating to homeless placements (including both hotel use and commissioned schemes such as PAIRS) for 2023/24 and onwards. Future subsidy loss relating to the Keystage PAIRS scheme is likely to be minimal as they are considering their corporate structure with a view to examining the possibility of obtaining the status of a private registered social housing provider, and they will be reviewing this with the Regulator of Social Housing.
- 8.9 It is therefore anticipated that subsidy loss for 2023/24 and beyond is likely to arise chiefly from hotel use, which, despite ongoing efforts to minimise it, can be extremely unpredictable to forecast. It is hoped this will generally reduce as the capacity of supported housing increases however this will be reflected in the existing corporate Financial Risk on the cost of hotel use.
- 8.10 Table 4 outlines the proposals for the remaining HPG for 2022/23:

Table 4: Proposals for remaining HPG:

Subsidy loss	£55k
Black Squirrel Credit Union (BSCU)	£63.2k
Hertfordshire County Council's Crashpad Scheme	£6.8k
Beam	£80k
TOTAL	£205k

- 8.11 The BSCU and the Council have worked in partnership since 2010, with the BSCU providing a valuable service that contributes to homelessness prevention and relief for Council clients. The BSCU provides affordable loans to those referred by the Council, which are typically used to fund tenancy deposits, rent in advance or to pay back rent arrears. Most recently, funds of £75k for this service were approved via delegated decision made on [12 August 2020](#); although funding of around £27k remains with the BSCU, it is recommended to bolster this provision further (by £63.2k) due to the potential impact of the cost of living crisis and difficulties accessing the private rented sector as the cost and volume of loan referrals is likely to grow in the coming months.
- 8.12 The Crashpad service provides emergency, short term accommodation for young people aged 16-17 across the county and is funded by Herts CC. The service has experienced increased demand in recent years; Herts CC already fund six beds and they have requested that Herts local authorities each contribute an equal share

(£6,770.95) to fund an additional three Crashpad bed spaces for 2023/24. There are limited options for young people from North Herts when they become homeless and although not historically high in number, the extra provision will help as we expect more homelessness for this client group due to the cost-of-living crisis and increasing pressures on parents' ability to accommodate children of this age.

- 8.13 Beam will be a new service for the district, and they are already working with DLUHC and the DWP. It is a social enterprise that supports individuals experiencing, or at risk of, homelessness, helping them into private rented housing and employment. The funding will provide service users with wraparound casework support, before and after the commencement of the tenancy. Financial barriers are removed by crowd funding campaigns for individual households, with 100% success rate at an average of £3k, taking only 17 days. Beam is currently partnered with 55 local authorities across the UK and reports that over half of their clients have successfully moved on from temporary accommodation with 96% sustaining a private rented tenancy beyond six months and 80% starting sustainable employment. Due to the local challenges accessing the private rented sector, the Beam service in North Herts will be a valuable addition to the options for local people, focusing primarily on households in temporary accommodation, those who are not eligible for social housing and single homeless households. The service will initially operate for a year, with 40 households joining the programme in this initial period (for the £80k investment), after which it will be reviewed to determine whether there is a need for the service to continue.
- 8.14 After consultation with benefit subsidy auditors it has been recently confirmed the Council is able to use a higher subsidy rate which will increase the amount reclaimable from the DWP for HB claims relating to hotel usage. This is currently being reassessed and as the final quarter figures are also unknown, it is proposed that any remaining HPG for 2022/23 be allocated by the Director of Regulatory Services in conjunction with the Executive Member for Housing and Environmental Health in accordance with the purpose of the ring-fenced funding.
- 8.15 In addition, the Council has been invited to bid for the newly launched DLUHC Single Homelessness Accommodation Programme which aims to increase accommodation and support services for people sleeping rough or at risk of sleeping rough. North Hertfordshire has been identified as being eligible to bid for support for young people aged 18-25 and we are in the early stages of working up a bid, including exploring options of a co-produced bid with Hertfordshire County Council.
- 8.16 The Council has also been identified as being eligible for £2.6 million of capital funding from the Local Authority Housing Fund (LAHF), details of which were announced over the Christmas 2022 break. The LAHF aims to increase the supply of accommodation for families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement schemes (and so also providing a permanent boost to the supply of local affordable accommodation). The government has identified North Hertfordshire, amongst others, as an area facing some of the greatest challenges in providing settled and move on accommodation for these cohorts. The Fund will run over 2022/23 and 2023/24 with the Council expected to deliver 17 homes and part-fund some of the costs. We are currently reviewing options in the light of extremely tight submission deadlines.

9. LEGAL IMPLICATIONS

- 9.1. The Housing Act 1985 Section 1 (1) confirms that the District Council is the Local Housing Authority (LHA).
- 9.2 LHAs' homelessness duties are contained within the Housing Act 1996 Part VII, as amended by the Homelessness Reduction Act 2017 which placed significant new duties on English local housing authorities.

- 9.3 LHAs have a legal duty to provide interim (also known as emergency) accommodation to homeless applicants, if, at any point during their enquiries, there is a reason to believe that an applicant may be:
- homeless
 - eligible for assistance, and
 - in priority need

If an LHA fails to provide interim accommodation, or if the accommodation provided is unsuitable for the applicant, this can be challenged by way of judicial review.

- 9.4 The Housing Benefit Regulations 2006 (as amended) is the principal legislation covering claimants of working age and sets out how local authorities' administration of the benefit.

- 9.5 The Housing Benefit and Council Tax Benefit (Consequential Provision) Regulations 2006 contain the rules regarding eligible rent with regards exempt accommodation.

- 9.6 Schedule 3, Regulation 6 (1) of Housing Benefit and Council Tax Benefit (Consequential Provision) Regulations 2006 states that:

no deduction [to eligible rent] shall be made under paragraph (3) unless suitable cheaper alternative accommodation is available and the authority considers that, taking into account the relevant factors, it is reasonable to expect the claimant to move from his present accommodation

- 9.7 The Cabinet's Terms of Reference provides at paragraph 5.6.15; "To oversee the provision of all the Council's services other than those functions reserved to the Council".

- 9.8 When agreeing the Adoption of a new Housing Strategy (2019-2024) in March 2019, the Cabinet also resolved the following:

In the event the MHCLG provides homelessness funding beyond the financial year 2019/20, the Cabinet authorises the Service Director – Regulatory, in consultation with the Executive Member for Housing and Environmental Health, to decide on the specific allocation of the funds in order to meet homelessness priorities, for the duration of the Strategy.

- 9.9 Should Cabinet agree the proposals in this report, relevant steps will be taken to ensure compliance with the Council's Contract Procurement rules contained in section 20 of its Constitution.

10. FINANCIAL IMPLICATIONS

- 10.1 The Council received a Homelessness Prevention Grant allocation of £339,826 for 2022/23 from DLUHC, which is ring fenced for homelessness prevention and relief work. A further top-up of £54,811 was received in December 2022.

- 10.2 Use of the HPG as per recommendations 2.1-2.2 will minimise the net cost to the Council of HB subsidy loss arising from homeless placements in hotels and supported accommodation.

- 10.3 A further report will be presented to Cabinet in due course detailing proposals for the allocation of the remaining HPG for 2023/24 and 2024/25.

11. RISK IMPLICATIONS

- 11.1. There is high uncertainty in the number of hotel placements that will be needed and the cost (subsidy loss) that is subsequently incurred. The report also highlights the uncertainty in relation to subsidy loss from the Keystage Housing service, although there are actions being put in place that should help further reduce the costs. The total estimated cost is therefore uncertain, which is why it will be tracked through the quarterly budget monitoring process. There is a risk that the costs will be higher, which will therefore either limit the other initiatives that can be supported by the HPG funding, or result in an overspend against the General Fund. Whilst it is helpful to have HPG allocations for the next two years, there is inherent uncertainty as to what funding will be from 2025/26 onwards and this will be reflected in an amendment to the existing corporate Financial Risk entry concerning the cost of measures to address homelessness.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. The proposed allocations of the remaining HPG funding seek to prevent and relieve homelessness. BSCU provide an affordable homelessness prevention loan service, while Beam help homeless households access the private rented sector and assist homeless people into employment.
- 12.3. Young people are more likely to be faced with homelessness and rough sleeping (under 25s made up 19% of those owed a homelessness duty by the Council in 2021/22). Crashpad provide emergency beds for homeless young people on a short-term basis with the aim of them returning home. Evidence shows that life expectancy of rough sleepers is far shorter than for the population as a whole so services aimed at young people may provide the chance to promote positive health outcomes in the longer-term through early intervention.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and “go local” requirements do not apply to this report; however, the proposals contribute to social value by providing community benefits that would otherwise not be realised.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to the proposals in this report.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 No impact.

16. APPENDICES

- 16.1 None.

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

- 18.1 DLUHC's Homelessness Prevention Grant allocations: [Homelessness Prevention Grant: 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
- 18.2 DLUHC announcement confirming allocations of additional HPG: [Homelessness Prevention Grant: 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
- 18.3 DLUHC Committee report on Exempt Accommodation: [Exempt Accommodation \(parliament.uk\)](https://parliament.uk)
- 18.4 Black Squirrel Credit Union website: [Black Squirrel Credit Union \(bscu.org.uk\)](https://bscu.org.uk)
- 18.5 Beam website: [Beam Homeless Social Enterprise - Sponsor a Homeless Person in the UK Into a Job](https://www.beam.org.uk)
- 18.6 DLUHC Single Homelessness Accommodation Programme: [Single Homelessness Accommodation Programme - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
- 18.7 DLUHC Local Authority Housing Fund Prospectus: [Local-Authority-Housing-Fund-Prospectus-Final.pdf](#)