

Manchester City Council Report for Information

Report to: Neighbourhoods and Environment Scrutiny Committee - 8 January 2020

Subject: Homelessness Budget 2020/21

Report of: Executive Director for Adult Social Service and Director of Homelessness

Summary

This report sets out the Homelessness Service's medium term financial plan and budget proposals and strategy for 2020/21. The report should be read in conjunction with the Council's Business Plan report.

For 2020/21 it will be a one year budget plan to reflect the Government's Spending Round for local government. The September Spending Round announced £54m of new funding nationally to reduce homelessness and rough sleeping, taking it to a total funding of £422m in 2020/21. This would be a real-terms increase of 13% to tackle rough sleeping and homelessness, including improving the use of support services to address the significant needs of rough sleepers, many of whom have complex mental and physical health needs. Local allocations of existing and new government funding for Homelessness has not been confirmed for 2020/21.

The budget proposals plan for additional investment of £2.352m to meet the estimated cost of rising need for temporary accommodation, making permanent the temporary grant funded workforce capacity that is having the greatest impact and providing sustainable funding for the Longford Centre. Whilst the budget makes provision for continued increase in the need for temporary accommodation, there are spending reductions of £1m estimated from piloting a new approach to effectively access housing benefit for temporary accommodation working with Registered Providers.

The Council's budget proposals for 2020/21 will be subject to further refinement following feedback from public consultation and scrutiny committees. The figures may be subject to change following the contents of the provisional Local Government Finance Settlement which has been delayed from 5th December as a result of the decision to call a General Election. At this point an indicative date has not been provided for the likely publication of the Settlement. Final budget proposals will be made to Scrutiny and Executive in February 2020.

Recommendations

It is recommended that Scrutiny Committee members consider the content of this report and comment on challenges, priorities and opportunities.

Wards Affected: All

Alignment to the Our Manchester Strategy Outcomes (if applicable):

Manchester Strategy Outcomes	Summary of the Contribution to the Strategy
<p>A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities</p>	<p>Helping people to stay in their accommodation through prevention work will help them to thrive. Reducing the number of people who are homeless, or placing them in appropriate accommodation with help to access employment and learning opportunities will contribute to Manchester become a thriving and sustainable city.</p>
<p>A highly skilled city: world class and home grown talent sustaining the city's economic success</p>	<p>Having public, private and voluntary sector organisations working together to help people who have personal insight into homelessness into volunteering and employment will contribute to the objective of having a highly skilled city. Employment breaks the cycle of generational benefit dependency and will encourage children to access school and employment in later life</p>
<p>A progressive and equitable city: making a positive contribution by unlocking the potential of our communities</p>	<p>Supporting people who are homeless to access employment and accommodation will unlock their potential to help them become independent citizens who contribute to our city. Working with the Homelessness Partnership to ensure that the views of people with personal insight into homelessness influence ways of working.</p>
<p>A liveable and low carbon city: a destination of choice to live, visit, work</p>	<p>Encouraging commissioned and inhouse services to reduce CO2 emissions and reduce their use of plastics will contribute to a low carbon city. Introducing climate change conversations with homeless people will support them in adopting a low carbon lifestyle.</p>
<p>A connected city: world class infrastructure and connectivity to drive growth</p>	<p>Promoting inclusive growth for the benefit all Manchester citizens</p>

Full details are in the body of the report, along with implications for:

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences for the Capital and Revenue Budgets

The proposals set out in this report forms part of the preparation of the Council's draft revenue and capital budget for 2020/21 to be reported to the Executive for approval in February 2020.

Contact Officers:

Name: Bernie Enright
Position: Executive Director of Adult Social Services
Telephone: 0161 234 4314
E-mail: bernadette.enright@manchester.gov.uk

Name: Mike Wright
Position: Director of Homelessness
Telephone: 0161 234 3119
E-mail: mike.wright@manchester.gov.uk

Name: Rachel Rosewell
Position: Head of Finance
Telephone: 0161 234 1070
E-mail: r.rosewell@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Homelessness Business Planning 2019/20 - Neighbourhoods and Environment
Committee 6th February 2019 and Executive 13th February 2019

1. Introduction

- 1.1 The purpose of this report is to provide the budget strategy for the Council's Homelessness Service and revenue budget proposals for 2020/21. The budget proposals for 2020/21 reflect the anticipated outcome of the Spending Round as set out in the Council's Business Plan as part of the overall financial strategy for the directorate.
- 1.2 The Council's budget proposals for 2020/21 will be subject to further refinement following feedback from public consultation and scrutiny committees. Final budget proposals will be made to Scrutiny and Executive in February 2020.

2. Background and Context

- 2.1 The vision for the Homelessness Directorate mirrors the Homelessness Charter vision and the Homelessness Strategy for the City (2018-23) developed with Manchester Homelessness Partnership. The Partnership consists of people with personal insight into homelessness, and organisations working to reduce homelessness and has agreed the following three key priorities:
 - **Homelessness a rare occurrence:** increasing prevention and earlier intervention at a neighbourhood level
 - **Homelessness as brief as possible:** improving temporary and supported accommodation to be a positive experience
 - **Experience of homelessness to be a one-off occurrence:** increasing access to settled homes
- 2.2 Since August 2019, the Directorate has adopted 4 key aims to focus on these will be embedded into service plans in the future and will form the core of the activities for the service in 2020/21. The 4 key aims adopted are:
 - Reduce rough sleeping
 - Reduce the use of temporary accommodation
 - Reduce the cost of temporary accommodation
 - Increase prevention
- 2.3 The 2019/20 business plan and budget recognised the continuing challenge of availability of affordable housing in the city. Welfare Reforms such as the freezing of Local Housing Allowance, the 'bedroom tax', the benefit cap, application of the shared room rate to single households under 35 and a stricter sanctions regime have all contributed to the increase in demand and also the ability of the Directorate to prevent and relieve homelessness. More recently, new case law will also make the prevention of homelessness and the rehousing of homeless households in receipt of benefits more difficult.
- 2.4 The private rented sector has grown significantly in the last decade and rents have increased three times faster than wages nationally. This tenure is increasingly unaffordable for families on low incomes, particularly to households in receipt of Local Housing Allowance. The loss of a private rented tenancy has recently become the prime reason for people who are presenting as homeless.

Work is ongoing with Private Rented Sector landlords to investigate the extent of arrears and to inform landlords of support they and their tenants can access to prevent loss of tenancy.

3. Budget Strategy

- 3.1 The budget strategy for Homelessness has been to contain the cost of rising need for temporary accommodation within available resources whilst also prioritising resources towards service developments that will achieve the service's priority to prevent and reduce the incidence of homelessness. This has been supported by significant additional investment from the Council, maximising draw down of Housing Benefit income that the Council can claim and seeking opportunities for accessing external funding.
- 3.2 The greatest risk for the priorities of the service and the budget strategy is the continuing rise in need and the uncertainty of short term funding meeting the cost of temporary staffing capacity. Primarily, key services designed to deliver homelessness prevention and rapid rehousing, under-pinned by time-limited funding are the ones presenting most risk as these have the greatest impact on reducing the use of temporary accommodation and in enabling more housing solutions to reduce the length of people's stay. The key teams at significant risk are the Section 21 team and the Private Rented Sector Team. where there are currently 33 staff employed in these teams, with funding ultimately due to end on 31 March 2020. The budget makes proposals for investment to provide permanent capacity where it will have the maximum benefit in improving outcomes for people and supporting service priorities.
- 3.3 The number of people and families in temporary accommodation has continued to rise during 2019/20 from 1,491 in March 2019 to 1,597 in October 2019. This is following a significant increase over the last few years where numbers in temporary accommodation are now ten times what they were five years ago. Unsupported temporary accommodation (known as Bed and Breakfast) during October averaged 161 single people and 81 families per night, a total of 242 which is an increase of 34% compared to last year. Presentations for July to September 2019 were 2,525, the highest recorded in any quarter and 27% higher than 2018/19.
- 3.4 Successful management of pressures and risks must be addressed in the context of increasing demand and footfall, with over 10,000 households likely to approach the service in 2019/20. The Council invested £0.8m in 2019/20 which is being used to put in place a Service Transformation Programme which puts prevention at the forefront of the service.
- 3.5 The Service Transformation Programme will form the core of the approach to tackling and reducing homelessness over the next three years. It will be the framework in which reductions in temporary accommodation and rough sleeping will be achieved through a radical reorganisation of the Homelessness Service and its activities. The programme will focus on five key areas; the strategic vision, redesigning the journey through the system, prevention, accommodation and communication and development.

- 3.6 Several individual projects make up the programme as a whole, addressing each part of the system and redesigning it. A key element is the development of a city-wide 'Prevention Compact'. This will be informed by two locality based prevention pilots in Moss Side and Clayton & Openshaw. Scoping work on existing community assets is being undertaken and additional recruitment is underway. Other examples of bespoke projects include improving prevention and move-on through more cost-effective enhanced incentives for private landlords to increase the level of property available to in order to re-house households, at lesser cost than expensive and unsuitable temporary accommodation and bed-and-breakfast. The service will work with Early Help, Education Services and Integrated Neighbourhood Teams providing a multi-agency/multi-modal prevention response to those households identified as being at risk of homelessness before they hit crisis point and critically before they need to present as homeless.
- 3.7 A new team has also been implemented at the front door for Section 21 presentations (no fault evictions). The team provide support to prevent or delay the use of temporary accommodation and move people in a managed way. They have worked with 751 cases since mid January 2019, preventing 459 cases, 393 of which had an invalid Section 21 notice and a further 66 were prevented following contact with the landlord. This delay allows more time to work with the family or individual to avoid eviction. The plan is also to put social workers into this team. Where there is a need for temporary accommodation the aim is to move people directly from their current property into dispersed accommodation, avoiding the use of Bed and Breakfast.
- 3.8 The 2019/20 budget included £0.5m of investment into the Inspections Team for Dispersed Accommodation and Floating Support Welfare Contact Officers. This ensures there is sufficient capacity to make certain that properties are up to standard, with 734 properties inspected between July and October. The Welfare Contact Officers will ensure oversight and service safeguarding is maintained of all households whilst unallocated to a specific Support Worker, in addition to this, the role will oversee escalation of property issues, chasing progress on repairs and supporting residents with move on.
- 3.9 Adult Social Care Winter pressures grant of £279k was allocated and approved as part of the 2019/20 budget setting process to support Homelessness. This is funding eight posts on a permanent basis to enable successful recruitment and retention of staff linking a Homelessness Support Worker to each of the three hospitals as well as Mental Health provision. In addition the funding has provided additional Private Rented Sector staffing to ensure that people are discharged from hospital with a permanent accommodation offer.
- 3.10 The spend on current dispersed temporary accommodation for 2019/20 is projected at £14.373m, of which it is estimated £9.860m can be claimed through housing benefit. The Council incurs a shortfall of c£88 per week for each unit of temporary accommodation because Local Authorities are not able to access funding from Department of Work and Pensions for the full cost of accommodation and are limited to 2011 housing benefit rates. As the Council is unable to claim full housing benefit to cover the cost of temporary

accommodation this will result in an estimated net cost to the Council of £4.513m. This cost is being met from Flexible Housing Support Grant of £2.1m with the balance being funded by the Council.

- 3.11 The Homelessness Business Plan for 2019/20 included proposals to procure the management of the dispersed temporary accommodation contract from a registered provider. Whilst action was taken to progress, this there wasn't a suitable bid to enable the whole contract to transfer. As such an approach is being piloted with individual Registered Providers to maximise eligible housing benefit which should reduce the subsidy loss for the Council. The specification for this includes enhanced quality and safety requirements and also a strengthened regime of penalties for non-compliance, to be enforced by the Inspections Team, in partnership with Private Sector Housing team. This is expected to be in place towards the end of 2019/20 and will start to impact from 2020/21.

4. Revenue Budget 2020/21

- 4.1 The 2019/20 Homelessness budget is £13.933m net and £34.480m gross with 253 full time equivalent staff, this is summarised in the table below:

Table: 2019/20 Base budget

Service Area	2019/20 Gross Budget £'000	2019/20 Net Budget £'000	2019/20 Budgeted Posts (FTE)
Singles Accommodation	4,078	1,215	100
B&B's Room Only	4,042	3,242	11
Families Specialist Accommodation	746	274	15
Floating Support Service/Housing Mgt Team	19,464	3,821	54
Homelessness Management	662	662	9
Homelessness Assessment & Caseworkers	2,083	2,083	42
Homelessness PRS & Move On	1,593	824	7
Rough Sleepers Outreach	401	401	9
Tenancy Compliance	201	201	6
Commissioned Services	1,210	1,210	0
Total	34,480	13,933	253

- 4.2 For 2020/21 it will be a one year budget plan to reflect the Government's Spending Round for local government. The September Spending Round announced £54m of new funding nationally to reduce homelessness and rough sleeping, taking it to a total funding of £422m in 2020/21. This would be a real-terms increase of 13% to tackle rough sleeping and homelessness, including improving the use of support services to address the significant needs of rough sleepers, many of whom have complex mental and physical health needs. Local allocations of existing and new government funding for Homelessness has not been confirmed for 2020/21.
- 4.3 The 2019/20 budget is supported by the following non-recurrent external funding streams:
- Ministry of Housing, Communities and Local Government (MHCLG) Prevention and Flexible Homeless Support Grant of £1.005m to be utilised to prioritise prevention activity, carry out homelessness activities in line with the principles of the Homelessness Reduction Act and reduce or eliminate the use of emergency Bed and Breakfast accommodation, particularly for periods over 6 weeks.
 - Rough Sleeper Initiative (RSI) funding of £0.5m for a number of different initiatives and services that work together as an RSI Partnership, with the objectives of preventing people from rough sleeping and finding accommodation for people already rough sleeping;
 - MHCLG funding for Rapid Rehousing Pathway programme of £215k. Additional staff attached to the Council's Outreach Team will develop relationships and help people who sleep rough to access appropriate local services, get off the streets and into settled accommodation
 - Private Rented Sector (PRS) Access Bid of £401k to increase the existing PRS offer to landlords including assistance for deposit and bonds; and
 - New burdens funding of £390k is being utilised to provide capacity to reduce demand resulting from the Homelessness Reduction Act.
- 4.4 The budget proposals include the assumption of continued funding of £2.1m for the Flexible Housing Support Grant (FHSG) to support the temporary accommodation budget in 2020/21.
- 4.5 The scale of staffing funded through short-term funding streams represents a significant risk to the ability of the service to deliver priorities, improve outcomes for people and also meet statutory duties as described in paragraph 3.2 above. It is proposed that investment of **£1m** is provided in 2020/21 to facilitate the permanent recruitment of staff in posts which support the prevention activity funded from a reduction in the spending on temporary accommodation in para 4.7 below. This is predicated on continued success in securing central government funding from the Rough Sleeper Initiative of £0.5m in 2020/21 to continue the success in reducing the numbers of people sleeping rough on our streets.
- 4.6 Dispersed temporary accommodation placements have increased by 106 since March 2019 to 1,597 in October 2019. The number of homelessness presentations in Manchester continues to rise. Presentations for Quarter 2 are

2,525, the highest recorded in any quarter and 27% higher than at this stage in 2018/19. Funding for increased need of **£0.979m** has been applied to support the budget position based on estimated growth in demand since the start of the year.

- 4.7 A spending reduction on temporary accommodation of **£1m** in 2020/21 is estimated from a reduction in the cost to the Council of temporary accommodation. This is based on 100 existing properties being managed by Registered Providers (RPs) by end of March 2020, increasing to 200 by June 2020, 300 by September and 400 by December 2020. Further discussions are being undertaken with housing providers, including an option to utilise the GM Ethical Lettings Agency (operated through GM Housing Providers). The option under consideration would target transfer of properties outside of the city boundaries, thereby further reducing the Council's reputational as well as financial risk. The approach with RPs has been agreed in principle and financial due diligence is being undertaken to achieve the first transfer of 100 properties by end of March 2020.
- 4.8 Funding of £1.438m from Greater Manchester Combined Authority (GMCA) for 'A Bed Every Night' commitment for 2019/20 has been confirmed which will provide over 45,000 bed nights until March 2020. The ABEN programme in Manchester reflects Manchester specific standards for accommodation. Funding of £371k is committed by GMCA to extend provision to June 2020. In addition there is £373k in 2018/19 and 2019/20 from GMCA for the Longford Centre, a homelessness prevention centre which opened in March 2018. This is non-recurrent funding which is not available in 2020/21. The budget proposals include additional investment of **£373k** to meet the ongoing costs of the Longford Centre.
- 4.9 The proposed 2020/21 budget for the Homelessness services is a net budget of £15.285m as follows:

Service Area	2019/20 Net Budget	Savings Options	Investment and other changes	2020/21 Net Budget
	£'000	£'000	£'000	£'000
Singles Accommodation	1,215	0	373	1,588
B&B's Room Only	3,242	0	0	3,242
Families Specialist Accommodation	274	0	0	274
Floating Support Service/HMT	3,821	(1,000)	979	3,800
Homelessness Management	662	0	0	662
Homelessness Assessment & Caseworkers	2,083	0	1,000	3,083
Homelessness PRS & Move On	824	0	0	824
Rough Sleepers Outreach	401	0	0	401
Tenancy Compliance	201	0	0	201

Commissioned Services	1,210	0	0	1,210
Total	13,933	(1,000)	2,352	15,285

5. Capital Strategy

5.1 A key investment to improve access to settled homes for people and families who are in temporary accommodation has been the buying of larger houses in order to accommodate those families who cannot be accommodated from existing social housing stock. To date 21 properties have been purchased with offers made on a further 16, with committed spend of £1.3m from the Council's approved capital allocation.

6. Impact on Workforce

6.1 The framework for how the Council supports its workforce is set out in the People Strategy. This is currently being updated and the revised version will form part of the suite of budget reports. As the 2020/21 budget is a roll forward from 2019/20 there are limited changes to the agreed priorities, budget and workforce implications agreed last year.

6.2 Key elements of improved and increased service delivery within Homelessness are currently reliant on time limited funding and therefore temporary posts. The proposals in this report have put in place funding to enable a permanent staffing structure to be implemented in April 2020, therefore avoiding the need for 33 time limited placements.

6.3 Working to move the service from a 'developing' to 'maturing' Our Manchester approach across all areas, managers will further build upon the development of Our Manchester behaviours across the workforce and strengths based ways of working. This will impact on all staff as they will be required to further develop their approach and behaviours to delivering services; supporting citizens to develop personal resilience and break the cycle of poverty and homelessness. This development of the Our Ways of Working approach will be supported through a programme of activity that includes building rapport, Our Manchester context, introduction to strengths, and the Our Manchester behaviours, practical tools and techniques for working in a strengths based way.

7. Impact on Residents, Communities and Customers

7.1 The Homelessness Service works with some of Manchester's most diverse communities. The significant increase in the numbers of households who are homeless in Manchester in recent years has had an impact on our communities, residents and customers. The roll-out of Universal Credit and the Homelessness Reduction Act have made this even more challenging. Despite this, the Homelessness Service is committed to supporting the council's equality objectives, and continues to make progress in a number of areas. As stated above, the service continues to develop a co-production approach with the aim of engaging with, and understanding, the people using services and developing strong links with statutory and voluntary sector partners. This includes working

with partners to share knowledge and understand the impact of big changes within the city on different communities. The service will work closely with partners to help people who are homeless into volunteering and subsequently employment. Alongside this, the service will continue to promote the diversity of Manchester residents, making use of communication channels and partners to celebrate Manchester's diverse communities.

- 7.2 We will continue to ensure that the Council meets its obligations under the Public Sector Equality Duty, building on our successes at fostering good relations between Manchester's communities of identity and maintaining fair and equal access to Council functions. Through ongoing customer monitoring, satisfaction and engagement approaches, we will strengthen and utilise our growing evidence bases at both Corporate and Directorate levels to identify the differential experiences of individual identity groups in Manchester accessing Council services, and proactively respond to make these as fair and equitable as possible.

8. Conclusion

- 8.1 The budget strategy provides information on the budget strategy for the Homelessness Service. The proposed revenue budget for 2020/21 sets out the budget proposals as part of the preparation of the Council's budget.
- 8.2 The Council's budget proposals for 2020/21 will be subject to further refinement following feedback from public consultation and scrutiny committees. The figures may be subject to change following the contents of the provisional Local Government Finance Settlement which has been delayed from 5th December as a result of the decision to call a General Election. At this point an indicative date has not been provided for the likely publication of the Settlement. Final budget proposals will be made to Scrutiny and Executive in February 2020.