

Manchester City Council Report for Information

Report to: Neighbourhoods and Environment Scrutiny Committee - 5 February 2020
Executive – 12 February 2020

Subject: Homelessness Budget 2020/21

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

Summary

This report is an update to the report provided to Neighbourhoods and Environment Scrutiny Committee on 8 January 2020 to reflect feedback from Scrutiny, the outcome of the provisional Local Government Finance Settlement and other government funding notifications. It sets out the Directorate's budget proposals and strategy for 2020/21. The report should be read in conjunction with the Council's Business Plan report.

For 2020/21 the City Council will publish a one-year budget plan only and this reflects the Government's Spending Round for local government which was also for 2020/21 only. The Spending Round 2019 announced in September 2019 included £54m of new funding to reduce homelessness and rough sleeping, taking it to a national funding level of £422m for 2020/21. The detailed funding announcements for homelessness and rough sleeping were released on 23 December 2019 and confirmed for 2020/21:

- Manchester City Council has the same funding as in 2019/20 for the core Flexible Housing Support Grant of £2.1m, the national total remains at £200m.
- The Homelessness Reduction Act Grant (HRA) was introduced as New Burdens funding to allow authorities to fulfil their duties under the Homelessness Reduction Act 2017, which required authorities to intervene at earlier stages to prevent homelessness in their areas. In 2020/21 £62.9m has been allocated, a £38m increase on the 2019/20 grant. Manchester's allocation is £461k for 2020/21, compared to £194k in 2019/20 (part of £0.509m awarded over three years 2017-2020). This is an increase of £267k.

The City Council also currently receives government funding for Prevention of £202k and additional Flexible Housing Support Grant of £0.803m in 2019/20. This is being used to prioritise prevention work, 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. Continuation of this funding has not yet been confirmed. The possible loss of funding of £1.005m, partly offset by increased homelessness reduction act grant of £267k means there is a risk of an overall funding reduction of £0.738m, compared to current assumptions. However, it is noted that the Spending Round 2019 referenced £422m resource funding to reduce homelessness and rough sleeping, and with the detailed allocations to date totalling only £263m, additional announcements are considered likely. Until such funding is confirmed the potential reduction in funding from last year will remain as a possible risk.

As previously reported 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.

Recommendation

The Committee and the Executive are each invited to review and comment on the directorate budget report.

Wards Affected: All

Manchester Strategy Outcomes	Summary of the Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	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 becoming a thriving and sustainable city.
A highly skilled city: world class and home grown talent sustaining the city’s economic success	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
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	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.
A liveable and low carbon city: a destination of choice to live, visit, work	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.
A connected city: world class infrastructure and connectivity to drive growth	Promoting inclusive growth for the benefit all Manchester citizens

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

- Equal Opportunities
 - Risk Management
 - Legal Considerations
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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.

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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

Homelessness Budget 2019/20 - Neighbourhoods and Environment Committee 8th January 2020

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 proposed budget reflects funding announcements for homelessness and rough sleeping which were released on 23 December of £2.1m for the Flexible Housing Support Grant and £461k for new burdens from the Homelessness Reduction Act.
- 1.3 Final budget proposals will be made to 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 1,628 in December 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 December averaged 166 single people and 105 families per night, a total of 271. Presentations for April to December 2019 were 7,306, 25% 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 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 provides support to prevent or delay the use of temporary accommodation and move people in a managed way. They have worked with 859 cases since mid January 2019, preventing 522 cases, 450 of which had an invalid Section 21 notice and a further 72 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 1,110 properties inspected between July and December. 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 the 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 the 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 Strategy

- 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 Budget

Service Area	2019/20 Net Budget Original £'000	2019/20 Gross Budget Revised £'000	2019/20 Net Budget Revised £'000	2019/20 Budgeted Posts (FTE)
Singles Accommodation	1,106	4,078	1,215	100
B&B's Room Only	3,242	4,042	3,242	11
Families Specialist Accommodation	248	746	274	15
Dispersed Temporary Accommodation	13,600	19,464	13,681	54
Housing Benefit Income (Dispersed Accommodation)	(9,860)	0	(9,860)	0
Homelessness Management	646	662	662	9
Homelessness Assessment & Caseworkers	1,804	2,083	2,083	42
Homelessness PRS & Move On	798	1,593	824	7
Rough Sleepers Outreach	387	401	401	9
Tenancy Compliance	194	201	201	6
Commissioned Services	1,210	1,210	1,210	0
Total	13,375	34,480	13,933	253

- 4.2 The increase from original net budget in 2019/20 to revised net budget in 2020/21 is due to the allocation of pay award held corporately and winter pressures funding approved as part of the 2019/20 budget setting process.
- 4.3 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.
- 4.4 The 2019/20 budget is supported by significant non-recurrent external funding streams. Funding announcements for homelessness and rough sleeping were released on 23 December, this confirmed for 2020/21:
- Manchester City Council has the same funding as in 2019/20 for the core Flexible Housing Support Grant of £2.1m, the national total remains at £200m.
 - The Homelessness Reduction Act Grant (HRA) was introduced as New Burdens funding to allow authorities to fulfil their duties under the Homelessness Reduction Act 2017, which required authorities to intervene at earlier stages to prevent homelessness in their areas. In 2020/21 £62.9m has been allocated, a £38m increase on the 2019/20 grant. Manchester's allocation is £461k for 2020/21, compared to £194k in 2019/20 (part of £0.509m awarded over three years 2017-2020).
 - 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. Continuation of this funding has not yet been confirmed.
 - 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. Continuation of this funding was confirmed 28 January.
 - 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. Continuation of this funding was confirmed 28 January 2020.
 - Private Rented Sector (PRS) Access Bid of £401k to increase the existing PRS offer to landlords including assistance for deposit and bonds. This funding is to be utilised over 18 months with the scheme starting in October 2019.

- 4.5 The possible loss of funding of £1.005m, partly offset by increased HRA grant of £267k means there is a risk of an overall funding reduction of £0.738m, compared to current assumptions. It is noted that the Spending Round 2019 referenced £422m resource funding to reduce homelessness and rough sleeping. The detailed allocations to date total £263m therefore additional announcements are considered likely. Until confirmed, however, the risk remains.
- 4.6 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 **c£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 will mitigate the impact of unconfirmed funding. 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.
- 4.7 Dispersed temporary accommodation placements have increased by 137 since March 2019 to 1,628 in December 2019. The number of homelessness presentations in Manchester continues to rise. Presentations for Quarter 2 were 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. Whilst the City Council awaits the outcome of the allocation of the remainder of the Government grant funding referenced in paragraph 4.4 above, resources of up to £1.5m held within the Adult Social Care reserve will be set aside to underwrite the potential pressures in Homelessness.
- 4.8 An increase in income of **£1m** in 2020/21 relating to Housing Benefit for temporary accommodation which will be available from DWP based on a small scale transfer of existing properties being managed by Registered Providers (RPs) by end of March 2020 and increasing incrementally throughout 2020/21. 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 the end of March 2020.
- 4.9 Funding for pay awards and inflationary pressures are held corporately, to be allocated during the financial year.
- 4.10 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.

- 4.11 The proposed 2020/21 budget for the Homelessness services is a net budget of £15.285m as follows:

Service Area	2019/20 Revised Net Budget £'000	Additional Income £'000	Investment and other changes £'000	2020/21 Net Budget £'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
Dispersed Temporary Accommodation	13,681	0	979	14,660
Housing Benefit Income (Dispersed Accommodation)	(9,860)	(1,000)	0	(10,860)
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 financial position 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 Final budget proposals will be made to Scrutiny and Executive in February 2020.

9. Recommendations

9.1 The recommendations appear at the front of this report.

Appendix 1

1. Revenue Financial Plan

Table showing an overall summary of financial position

Subjective Heading	2019-2020 Budget £'000	2021-2021 Indicative Budget £'000
Expenditure:		
Employees	9,175	10,175
Running Expenses	25,305	26,284
Capital Financing Costs	0	0
Contribution to reserves	0	0
Total Subjective Expenditure	34,480	36,459
Less:		
Other Internal sales	0	0
Gross Expenditure	34,480	36,459
Income:		
Government Grants	(616)	(616)
Contributions from Reserves	0	0
Other Grants Reimbursements and Contributions	(373)	0
Customer and Client Receipts	(19,558)	(20,558)
Other Income	0	0
Total Net Budget	13,933	15,285