

## **Audit and Governance Committee - Wednesday 29<sup>th</sup> June**

As requested, this is a brief paper in relation to the Housing and Property risk identified as red in the risk report. The risk is described as follows:

- Increased costs of homelessness arising from less effective homelessness prevention work and higher homelessness acceptances

### Background to the Risk

There are many pressures on homelessness services, including the following:

- Welfare reform and austerity – including cuts in other areas and higher living costs for households
- Affordable housing crisis – mismatch of wages and house prices, including an over-heated private rented sector (PRS)
- Lack of housing supply – including less turnover of social housing (30% down so far in 16/17)

All the above create a ‘perfect storm’ in which there is more demand and higher needs, with less options and supply to address these. The financial risk, in particular relates to a growing pressure on the need for temporary accommodation, in which to place households to whom the Council is likely to have a statutory homeless duty.

We are using Council housing stock more, as we are less able to access the PRS even for temporary accommodation long leases. Using B&B accommodation more frequently than we would like adds an immediate cost pressure, close to £500pw per family.

The Government are actively considering legislation to impose a ‘duty to prevent’ homelessness on English housing authorities, similar to the Welsh approach. This could increase the burden on the Council at a time when other services, especially for single homeless adults, are being reduced (for example, in the County Council budget).

### Mitigation Actions to Manage the Risk

The Council mitigates these risks on a day to day operational basis as usual business, including the following approaches amongst many:

- Good quality homeless prevention work and management of expectations from customers
- Robust homeless investigations and decisions, made in a timely manner
- Effective and efficient management of voids and move-on of households from temporary accommodation
- Out of area PRS offers in some cases, although our ability to do this is also constrained by the difficulty of accessing the PRS throughout Oxfordshire, and beyond. The Council must also to take a number of factors, including employment and reasonable commuting costs into account when making such a decision

Wider work across the Council also supports this, including the establishment of a Housing Company (with the potential to develop new supply of affordable housing, and also to possibly procure property for rental purposes) and the work of the Welfare Reform team.

More specifically new initiatives in Housing and Property to help mitigate this risk includes:

- Rent Guarantee Scheme and Housing Coach model

A full report on this initiative will be taken to City Executive Board (CEB) in September 2016. The initiative seeks to pilot a new offer to local landlords, offering for the Council to guarantee the rent to the landlord, acting as their managing agent. Research suggests that this offer, and reduction of risk for landlords, should be sufficient to secure some property in Oxford at close to Local Housing Allowance (LHA) rates. To ensure the sustainability of this initiative, the Council is proposing employing a dedicated housing coach to support customers within this pilot to increase their income, working in conjunction with the Welfare Reform team. This will often be to support customers into better paid employment, where they can support themselves in the PRS without on-going Council assistance.

- Real Lettings

The Council entered into agreement with Real Lettings in December 2015, and made a 'social investment' of £5m into this property fund. This was match-funded, making a fund of £10m to invest locally in 50 or more properties (mostly two beds). The report to CEB of 30<sup>th</sup> July 2015 provides more information on this model. The 2 year acquisition stage of this initiative is now well underway, with the first property successfully let, and a further 12 in the conveyancing pipeline. Our preference is for property in Oxford, or the immediate urban areas, but where this is challenging, then Real Lettings can procure property anywhere in the Oxford Broad Rental Market Area (BRMA). To date, they have not be able to secure suitable property within Oxford City that would meet the minimum yields required to support the financial model, but officers are engaged with Real Lettings in order to ensure that properties and locations are suitable to discharge homeless families into.

Managers from Housing and Property were unfortunately not able to attend the meeting tonight, but would be happy to attend on another occasion, and will be able to follow up any questions after the meeting.

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