

## Cheltenham Borough Council

### Social and Community Overview and Scrutiny Committee

- 10<sup>th</sup> May 2004

## The Impact of the Budget Reduction on the Homelessness Service

### Report of the Cabinet Deputy (Neighbourhood and Community)

#### 1. Summary and recommendation

1.1 This report is being presented at the request of the Chair of the Social and Community Overview and Scrutiny Committee. It sets out the implications of the decision to reduce the 2004/05 annual budget for the provision of bed and breakfast accommodation for homeless persons by £30,000.

1.2 **I therefore recommend that the contents of this report be noted**

#### 2. Introduction and Background

2.1 As part of the council's annual budget round it was agreed that savings could reasonably be made in meeting the costs of providing bed and breakfast accommodation to homeless households.

2.2 Pending the introduction of an Order made under S.210 of the Homelessness Act 2002 which came into force on 1<sup>st</sup> April 2004, the council is now under a legal obligation to ensure that the use of bed and breakfast accommodation for families and households with pregnant women to whom the council owes a statutory duty to accommodate, does not exceed a six week period.

2.3 Council Officers have therefore been preparing for this legislation and have taken a pro-active approach to homelessness prevention across the town. They have also been working closely with associated agencies in delivering the council's first Homelessness Strategy which primarily aims to prevent homelessness, ensure that sufficient accommodation is made available to the homeless and that support services are provided to those homeless households who need them.

2.4 To assist local authorities in complying with the new Order, the ODPM awarded the council a £25,000 p.a. implementation grant to achieve these aims. This funding has been secured until 2005/06 to assist in the future success of the projects undertaken

2.5 To date, this funding has been used:

- Working in partnership with Cheltenham Borough Homes to refurbish and furnish an additional 8 units of temporary accommodation out of the council's own housing stock increasing the current stock to 23. More units are planned.

- To fund the Cheltenham Housing Aid Centre in developing a Family Bond Scheme for the council's own use. This will enable the council to access private sector accommodation on behalf of its families. This is being run as a pilot for a period of 6 months when future funding of the scheme will need to be considered.

2.6 Additional discretionary funding of £15,000 has also been secured for 2004/05 as a result of a successful bid to the ODPM. This funding will need to be used to sustain current projects and to ensure that the likely increase in demand for temporary accommodation can be met as much as resources will allow.

### **3. Budget Reduction**

3.1 This funding has enabled the council to reduce the use of bed and breakfast accommodation to the extent that it has been successful in ensuring that as at 31<sup>st</sup> March 2004, no families or households with pregnant women were in bed and breakfast accommodation for longer than six weeks. This places the council in the best possible position to ensure that it now continues to comply with the new Order. This funding has also enabled the council to reduce the annual bed and breakfast budget of £105,000 to £75,000.

3.2 It should be noted however that expenditure on bed and breakfast for all homeless households (including those without children) is still necessary and therefore an adequate budget should remain. Also, the numbers of households accepted as homeless by the authority rose by 10% during 2003/04. This situation is exacerbated by the introduction of six new priority needs categories within the 2002 Act and demonstrates that there is an increasing number of homeless households and still much more work that can be done with additional resources.

3.3 Based on my discussions with officers, I can confirm that the remaining budget for temporary accommodation should be adequate to meet the need based on projected demand levels. However, with the savings from the bed and breakfast budget not being available for re investment in this area it will not be possible in 2004/05 to develop additional service improvements which would further contribute to future homelessness prevention. Such improvements could have included:

3.3.1 Additional units of furnished accommodation for homeless households thus further reducing the use of bed and breakfast. During 2003/04, there was still a need to accommodate 35 families into bed and breakfast accommodation for an average period of time of 14 weeks.

3.3.2 A 'Spend to Save' scheme where a fund remains available to secure private sector housing for those accepted as homeless. This would enable the council to provide a deposit and a month's rent in advance for homeless households on a low income. One bed and breakfast placement made during 2003/04 year cost the council £800 per week. Such 'Spend to Save' schemes have proven to be less expensive than bed and breakfast, especially for larger families. It would also release pressure upon housing stock and generate a more balanced, mixed tenure housing market.

3.3.3 The employment of a part time tenancy sustainment worker to initiate an outreach programme for potentially homeless households. This worker would meet with the household and the landlord and often resolve housing/conflict issues before an eviction is executed. It is acknowledged that such a pro-active approach has a substantial effect on preventing homelessness but cannot be provided within current resources.

- 3.3.4 To partake in a planned pilot with the 5 other district councils and Gloucestershire Housing Association in developing a private landlord leasing scheme. This scheme has already been successfully running in Gloucester with over 100 landlords participating. It would also aim to contribute to the council's empty homes strategy in bringing more empty properties back into use with grant aid.

## 4. Conclusion

- 4.1 The reduction of £30,000 in the budget for temporary accommodation will not cause the council to fail in its legal duties. It will, however, restrict the capacity to develop new preventative homelessness initiatives.

## 5. Implications

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| 5.1 | <b>Financial</b>  | £30,000 was withdrawn from the base budget in respect of bed and breakfast from 2004/05.   |
| 5.2 | <b>Legal</b>  | None, other than as detailed in the report.  |
| 5.3 | <b>Personnel</b>  | None   |
| 5.4 | <b>Equal opportunities, social justice and anti-poverty</b> | This reduction in budget, whilst it should not have any direct impact on the council's ability to remain legally compliant, will restrict opportunities for the council to develop additional homelessness prevention initiatives. With an increasing number of homeless acceptances, there also remains a risk that without additional sustained funding for homeless prevention services and improved accommodation, the current successes will only be temporary. |
| 5.5 | <b>Environmental</b>  | None   |
| 5.6 | <b>Health and safety</b>                                    | None   |

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<b>Background papers</b>	The Homelessness (Suitability of Accommodation) (England) Order 2003.  Homelessness Act 2002  Cheltenham Borough Council's Homelessness Strategy July 2003  Cabinet and Council Budget papers February 2004
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<b>Scrutiny Function</b>	Social and Community