

Notice of Non-key Executive Decision

Subject Heading:	Pay to Stay Incentives – Family and Friend Evictions
Decision Maker:	Patrick Odling-Smee - Director of Housing
Cabinet Member:	Councillor Keith Darvill – Lead Portfolio Holder for Housing Services
SLT Lead:	<i>Patrick Odling-Smee – Director of Living Well</i>
Report Author and contact details:	Darren Alexander, Assistant Director Housing Demand darren.alexander@havering.gov.uk 01708 43 3751 Alfreda Boateng, Housing Solutions (Generic) Manager Alfreda.boateng@havering.gov.uk
Policy context:	This report sets out the proposal to reduce the number of households who require placement into emergency hotel accommodation to address the acute homeless crisis. The proposal would have General Fund implications.
Financial summary:	<i>This report seeks approval to press ahead with the Pay to Stay model to aid the prevention of homelessness.</i>
Relevant Overview & Scrutiny Sub Committee:	Places OSSC
Is this decision exempt from being called-in?	<i>The decision will be exempt from call in as it is a Non key Decision</i>

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The subject matter of this report deals with the following Council Objectives

People - Things that matter for residents X

Place - A great place to live, work and enjoy

Resources - A well run Council that delivers for People and Place.

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

1. The Council has an ambition to reduce the number of clients in bed and breakfast accommodation. This was set out in the Homelessness Prevention and Rough Sleeping Strategy 2020-25. Bed and breakfast accommodation is only suitable for a client as a last resort in emergency cases. However an increased number of people are struggling to pay for their rents or mortgages after paying for food, energy bills etc. therefore face evictions and repossessions. This has therefore seen an increase in homelessness approach and an increase in clients going into emergency chain bed & breakfast hotels. This is costing the Council over £2m a year.
2. Abercrombie Family Assessment Centre was closed in March 23 for demolition with start on site for build of the new Family Welcome Centre underway. This meant a loss of 45 units of accommodation that we had previously used to accommodate our families and single people in the Harold Hill area.
3. Abercrombie House has, for many years, been an emergency Family Assessment Centre where the local authority has been able to use it as a respite centre for families at risk. Unfortunately due to the current cost of living crisis and the impact it has had on homelessness this provision is still not sufficient to meet the homeless demand and hence the use of Bed and Breakfast accommodation.
4. Parental and friend evictions remain the highest reason for homelessness in Havering, it represents 43% of the number of approaches we see each year. Households are asked to leave the family home more than they are asked to leave by a private rented landlord.
5. To reduce number of placements in bed and breakfast accommodation we want to incentivise family and friends to keep their loved ones at home. We, of course, understand and empathise with the reasons why parental and friend evictions occur and many of the reasons we will be unable to prevent.
6. However, we also recognise that part of the reasons for asking a loved one to leave is due to the higher energy bills, increase in mortgage payments, landlords increasing their rents, and the general inflation of household costs. This is leading to a build-up of debt and deeper financial stress for anyone who has been hosting over the last couple of years.
7. We have developed this initiative with these critical issues in mind and as part of a hosting package we will ask that family and friends allow their family members to remain in the home for at least 6 months or until such time an alternative private rented property has been secured.

Families and friends would be asked to provide information about their circumstances so that we can better understand their financial circumstances. They will be asked to sign an agreement where it will enable us to pay incentives of up to £1000 a month to help with their household bills, debts etc. This would address issues:

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- Allow families with young children to remain in their existing homes
- Reduce the impact on hotel placements
- Protect school places for children who would otherwise expect to change their schools if they had to move
- Maintain stability during a cost of living crisis
- Reduce debts of households who have incurred them for opening up their home
- Reduce levels of stress and anxiety amongst our mothers and fathers

- A. **Approve** the proposal to pay to stay incentives to Family and Friends who give notice to leave their home
- B. **Note** the projected savings

AUTHORITY UNDER WHICH DECISION IS MADE

3.3 Powers of Members of the Senior Leadership Team

Members of the Senior Leadership Team (SLT) have delegated authority to act as follows within the assigned service service/portfolio of responsibilities, subject to the general provisions and limitations set out in section 3.1 above.

General powers

(b) To exercise all the powers delegated to them personally and those powers delegated to Second Tier Managers and other staff members in their directorate where circumstances require and so far as legally permissible. Exercise of such powers should be recorded where appropriate. Where possible, a SLT member should give notice to a relevant staff member that he or she intends to exercise a specified power that is delegated to that staff member.

3.8.2 ASSISTANT DIRECTOR HOUSING (a) To exercise the Council's functions with regard to homeless persons. (b) To negotiate with families and friend in support of the homeless function.

STATEMENT OF THE REASONS FOR THE DECISION

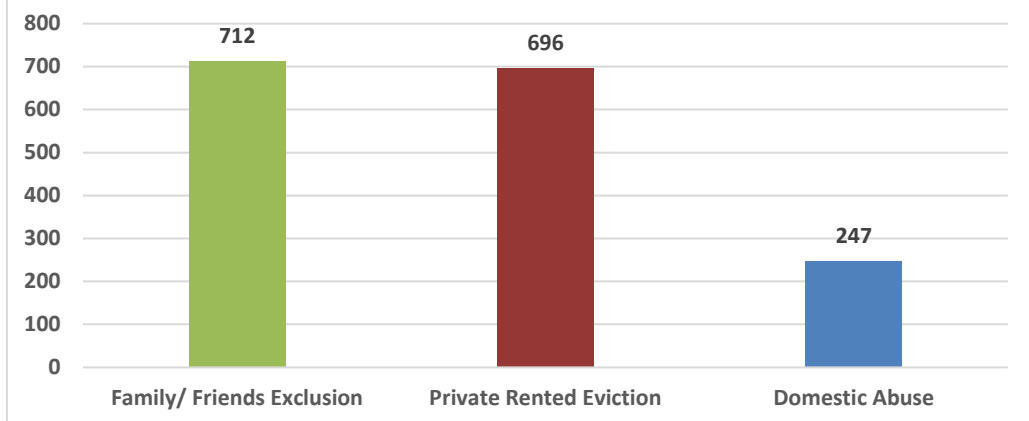
8. Main causes of homelessness and why the demand for hotels

9. Friends and family exclusions represent 43% of the number of approaches into the service. Due to the nature of the exclusion i.e. breakdown in family relationships it has been very difficult for the local authority to ask for up to 56 days' notice to leave in comparison with the private rented sector where a section 21 notice, possession order and bailiff warrant can provide the local authority with as much as 6 months relief before making a placement.

10. Family and friend exclusion remains the main cause of homelessness in Havering, and in this climate illustrated by the graph below:

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Top 3 Reasons for Homelessness Approaches 2022/23



11. The table below illustrates the number of homeless approaches pre-pandemic to now. Havering Council has seen a 40% increase over the last two years in the number of households who require emergency accommodation. We have also seen significant increase on domestic abuse approaches to the service which illustrates the pressure to place into emergency accommodation.

12. Table 1. Number of homeless approaches for the last 4 years.

Dates	Homeless Approaches	Dates	Homeless Approaches	Dates	Homeless Approaches	Dates	Homeless Approaches
Apr-19	155	Apr-20	114	Apr-21	235	Apr-22	261
May-19	186	May-20	141	May-21	268	May-22	294
Jun-19	160	Jun-20	165	Jun-21	315	Jun-22	237
Jul-19	195	Jul-20	166	Jul-21	246	Jul-22	280
Aug-19	177	Aug-20	228	Aug-21	275	Aug-22	319
Sep-19	165	Sep-20	269	Sep-21	302	Sep-22	299
Oct-19	187	Oct-20	236	Oct-21	262	Oct-22	305
Nov-19	174	Nov-20	256	Nov-21	280	Nov-22	300
Dec-19	111	Dec-20	175	Dec-21	169	Dec-22	249
Jan-20	233	Jan-21	239	Jan-22	258	Jan-23	282
Feb-20	160	Feb-21	258	Feb-22	250	Feb-23	325
Mar-20	129	Mar-21	292	Mar-22	282	Mar-23	335
Total	2032		2539		3142		3486
Avg	169		211		261		290

13. Table 3. Bed and Breakfast Hotels booked – for the last 4 years

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
2019/20	0	0	0	0	0	0	0	0	0	0	0	3	3
2020/21	0	2	1	0	4	5	14	13	18	19	14	3	93
2021/22	10	8	11	7	8	11	7	8	7	23	17	8	125
2022/23	7	12	16	27	33	40	44	45	39	53	21	51	388

Non-key Executive Decision**14. Table 4. Singles and families placed in Bed and Breakfast Hotels for the last 4 years**

	2019/20	2020/21	2021/22	2022/23	Total
Singles	3	90	82	131	306
Families	0	3	43	257	303
Total	3	93	125	388	609

15. Table 5. Cost of using chain hotels

	Current costs of bed and breakfast hotels		
	Hotel Costs	HB	Net
23-24 Cost Avoidance	1,081,000	-304,000	777,000
24-25 Cost avoidance	2,215,000	-623,000	1,592,000
TOTAL	3,296,000	-927,000	2,369,000

16. Table 6. Properties secured in the private rented market through Find Your Own

	Apr 22 to Mar 23	Apr 21 to Mar 22	Apr 20 to Mar 21	Apr 19 to Mar 20
Find your Own	150	222	322	240
Budget	£425,000	£425,000	£425,000	£425,000
Find your own expenditure	£412,339	£538,140	£639,000	£839,000
Capital Letters	13	59	0	0

17. The service is fighting to effectively address homelessness by supporting households to remain in their accommodation as long as possible right up until bailiff warrants are issued. We understand this will cause particular distress to families and are doing everything we can to minimise the disruption to their lives.

18. In the past we have been unable to rely on the wider family network and we find that homeless families who are generally homeless on the day results in us resorting to emergency placements into bed and breakfast hotels. It is vital we get the message out that support is required from our extended families to help us prevent as much as is possible the impact of children living in emergency hotel accommodation. The purpose of the proposal therefore is to offer relief to those hosting families who may already be facing financial hardship.

19. Projected cost avoidance of Pay to Stay

We have analysed the number of households currently in chain hotel accommodation and have calculated the cost avoidance of paying incentives to families and friends exclusions.

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This paper assumes that we will support 4 single and 7 families over the next 12 months each household will receive a payment of £350 up to £1000 per calendar month.

20.

Savings Proposals

Savings Details	Value of Saving and Year(s)								
The full year savings for next year (24-25) would be £91,923. Possible savings for 23-24, if we can start offering this pretty much immediately, would be around £13,750 maximum.	TOTAL: £m's <i>Incremental value</i>								
	<table border="1"><thead><tr><th>24/25</th><th>25/26</th><th>26/27</th><th>Total</th></tr></thead><tbody><tr><td>0.092</td><td>0.092</td><td>0.092</td><td>0.276</td></tr></tbody></table>	24/25	25/26	26/27	Total	0.092	0.092	0.092	0.276
	24/25	25/26	26/27	Total					
0.092	0.092	0.092	0.276						

21.

Associated Costs

Costing Details	Value of Costs and Year(s)								
• Associated cost of incentives is £37,000.	TOTAL: £m's <i>Incremental value</i>								
	<table border="1"><thead><tr><th>24/25</th><th>25/26</th><th>26/27</th><th>Total</th></tr></thead><tbody><tr><td>0.037</td><td>0.037</td><td>0.037</td><td>0.111</td></tr></tbody></table>	24/25	25/26	26/27	Total	0.037	0.037	0.037	0.111
	24/25	25/26	26/27	Total					
0.037	0.037	0.037	0.111						

22.

Savings Net Value

	Net Value and Year(s)								
Total net savings per year for all = £54,923.	TOTAL: £m's <i>Incremental value</i>								
	<table border="1"><thead><tr><th>24/25</th><th>25/26</th><th>26/27</th><th>Total</th></tr></thead><tbody><tr><td>0.055</td><td>0.055</td><td>0.055</td><td>0.165</td></tr></tbody></table>	24/25	25/26	26/27	Total	0.055	0.055	0.055	0.165
	24/25	25/26	26/27	Total					
0.055	0.055	0.055	0.165						

23. Reasons for the decision

- To support families as much as is possible to remain accommodated by their support network
- To reduce the demand for homeless emergency assistance
- To continue to secure accommodation for families at risk of homelessness in the private rented sector
- Reduce the number of families being placed in bed and breakfast hotels
- To exit families out of bed and breakfast hotels at the earliest opportunity

OTHER OPTIONS CONSIDERED AND REJECTED

24. Continue to use Chain Hotels and other high cost hotels.

Over the last 12 months the Council have placed high volumes of families into chain hotels and this has been a concern particularly for those affected with stays beyond the statutory 6 week limits. Block booking chain hotels has been considered, however, locking the Council into long term booking arrangements places the authority at risk of exposure when demand is no longer there. This option remains the highest risk and the highest cost and should only be used in emergencies and as a last resort.

25. Procure properties through a long term lease agreement with a purchase options.

Discussions are taking place with a provider to purchase properties and lease to the council on a 40 lease agreement with an income strip so the Council will own the property for £1 at the end of the 40 year lease. The lease rental will rise with inflation over the 40 years, increasing the risk of financial losses over the period.

26. Private partner to purchase and subsequently lease properties to the Council to be used as temporary accommodation

We considered the use of these properties as temporary accommodation however, the Council have already assessed that the rental value and the housing benefit subsidy deficit would lead to the Council losing out financially. The existing PSL scheme is also being pursued however there is a financial loss to the council due to the subsidy loss as set out elsewhere in this report.

27. The Council to purchase properties through the HRA

The Council has had a programme for the last 4 years for the purchase of properties through the HRA Acquisitions programme, funded from HRA borrowing and grant. For 2022/22 and 2022/23 the council received GLA grant towards these acquisitions however this has stopped so RTB receipts are being used in 2023/24 to subsidise the purchases. The increasing rise in house prices in the borough has impacted on the financial viability of this programme. Other funding grant opportunities are being explored. There are limitations in that we are only able to acquire units within the Havering borough boundaries as opposed to this proposal which enables us to acquire in other London Boroughs. Although this approach has delivered a positive yield of 35 – 80 per year it will not meet the required demand so other options are going also needed.

28. The Council to purchase properties through its own wholly owned subsidiary company MLH

We took the “**Private Housing Investment for Settled Homes Proposal for Mercury Land Holdings PHISH**” to Cabinet and it was agreed in 2022 to purchase 125 properties over a 5 year period. The structure of the proposal would mean that there was a capital outlay of circa £60 million from the Council’s general fund and upon acquisition of a property we would offer 12-24 months Assured Shorthold Tenancy (AST) to homeless households and subsequently discharge our housing duty. However, significant delays in drawdown loan agreements and the fundamental change to the financial climate in that period i.e. spike in inflation and

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interest rates meant that this approach was no longer financially viable. This does not mean we cannot revisit this approach once the markets have settled down however, it cannot be treated in isolation as a panacea for the current homeless pressures. The 125 units and limited 5 year term will not meet the considerable risk of hotel use in the long-term and will only alleviate it in the short term.

29. Develop new supply of homes through the regeneration programme

This is being actively pursued however the viability of future schemes has to be carefully considered. The Council does not receive GLA Grant for the units that are replaced, only the additional units built. There is also the medium term displacement of households during the development stage that creates additional demand for temporary accommodation. The Council is also developing a new Family Assessment Centre in Harold Hill that will provide temporary accommodation for homeless households however this is not due to be completed until 2025.

30. The Council to work with other investors who provide options to supply accommodation

The Council still consider this as a viable option in order to further increase the mixed portfolio profile it requires to meet the housing need and will carry out its due diligence of these offers as and when they arise.

PRE-DECISION CONSULTATION

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Darren Alexander

Designation: Assistant Director, Housing Demand

Signature:



Date: 16.11.23

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

31. Homelessness law Issues

- 32.** The Council has functions under Part VII of the Housing Act 1996 to provide temporary accommodation to homeless households on an interim basis if it has reason to believe that the homelessness applicant may: (a) be homeless; (b) be eligible for assistance; and, (c) have a priority need and to provide temporary accommodation on a longer term basis where the homelessness application has been accepted by the Council under section 193 of the Housing Act 1996.
- 33.** As for the Council's powers to make incentive payments to host to allow their family members or friends to remain in the home, the Council can rely on the general power of competence pursuant to section 1 of the Localism Act 2011 which sets out the basic principle that the Council has power to do anything that an individual generally may do, subject to the restrictions and limitations which are specified in that Act. In addition to those powers, section 111 of the Local Government Act 1972 gives a local authority power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.
- 34.** We are offering a Pay to Stay incentive to the host to allow their family members to remain in the home for at least 6 months or until such time as they find alternative property in the private rented sector. This would enable us to avoid the use of B&B hotels. The Homelessness Reduction Act 2017 states where the applicant has suitable accommodation and a reasonable prospect of having suitable accommodation for at least six months, the prevention duty can be ended.
- 35.** When ending prevention duty for this reason, a local authority should assess the suitability of the accommodation at the time it becomes available. There is no requirement that the same accommodation has to be available for the whole six-month period.
- 36.** The Homelessness (Suitability of Accommodation)(England) Order 2003 as amended ("the 2003 Order") provides that if no alternative accommodation is available for the homelessness applicant, the Council may accommodate the applicant's family in B&B for a period, or periods, not exceeding 6 weeks in result of a single homelessness application. Where B&B accommodation is secured for a homelessness applicant with family commitments, the Secretary of State (DLUHC) considers that the authority should notify the applicant of the effect of the 2003 Order, and, in particular, that the Council will be unable to continue to secure B&B accommodation for such applicants any longer than 6 weeks, after which the authority must secure alternative, suitable accommodation. Failure to comply with the 2003 Order puts the Council at risk of being subject to legal challenges.

FINANCIAL IMPLICATIONS AND RISKS

37. Financial implications and risks:

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- 38.** The full year savings for next year (24-25) would be £54,923. Possible savings for 23-24, if we can start offering this pretty much immediately, would be around £13,750 maximum.
- 39.** Although the Council will pay monies to families and friends, this will mitigate the cost of placing in hotel accommodation.
- 40.** There is no financial risk to the Council as incentives are only paid for singles and families retained in the homes of families and friends.
- 41.** It is anticipated the scheme is likely to reduce the Council's financial burden in 23-24, and by an increased amount in 24-25, with some impact still to come in 25-26.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

- 42.** There are no HR implications.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

- 43.** The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:
- i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
 - ii) The need to advance equality of opportunity between persons who share protected characteristics¹ and those who do not, and;
 - iii) Foster good relations between those who have protected characteristics and those who do not.
- 44.** The Council is committed to all of the above in the medium term Pay to Stay scheme and is expecting that this will not just be a positive step in our endeavour to relieve the existing pressures of homelessness but to give assurance to our colleagues in health and social care that we are focussed in our efforts to improve health inequalities.
- 45.** This growing use of hotels has been particularly harmful to children and their education and has exacerbated their parents' anxiety about providing a stable, safe and secure home. Pay to Stay would allow much stability for families.
- 46.** We will also make every effort to ensure that households with protected characteristics, age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual

¹ 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.

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orientation, who are over-represented as homeless also receive the right attention and support to live independently.

HEALTH AND WELLBEING IMPLICATIONS AND RISKS

- 47. It is anticipated that the mobilisation of this proposal to prevent households from becoming homeless in the first instance reducing the Council’s dependency on hotels will generate positive health and wellbeing benefits directly to households who have a need to be accommodated by the Council in an emergency.
- 48. Havering council is committed to improving the health and wellbeing of its residents. The provision of accommodation other than hotels is an important determinant of health and wellbeing as housing impacts both our physical and mental health and wellbeing. It is clear that inadequate housing particularly those not designed for long term habitation such as hotels as well as poorly designed housing is associated with increased risk of ill health including cardiovascular and respiratory diseases, depression and anxiety as well as risk of physical injury from accidents. Hotels in particular do not offer the amenities that families and their children need and this has a wider impact on schools and the ability of children to thrive in education.
- 49. Although housing such as Family Assessment Centres and Royal Jubilee Court (particularly for women due to safety issues) does have a role to play as an important pathway to longer term stability and sustainability as well as well as means through which people living in Havering can build a new life (e.g. access to employment, identity, living practices, creation of social networks etc.). The prevention of homelessness is should be a local authority priority agenda. The scheme will therefore benefit households at risk of homelessness by preventing the use of hotels for children.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

There are no environmental and climate change implications as a result of this decision.

BACKGROUND PAPERS

None

APPENDICES

None

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Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Details of decision maker

Signed



Name: Patrick Odling-Smee

Cabinet Portfolio held:

CMT Member title:

Head of Service title

Other manager title:

Date: 20/11/23

Lodging this notice

The signed decision notice must be delivered to Committee Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____