

Wards Affected:

All Wards

PROPOSED HOUSING AND REGENERATION RESTRUCTURE**Report considered by Cabinet - 3 October 2017**

Responsible Cabinet Member: Councillor Long (Cabinet Member for Adult Care and Housing)

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Executive Summary:

The Housing and Regeneration Service is facing increasing pressures. The Government's ongoing deficit reduction programme and welfare reform initiatives are having a significant impact both on the public and the Council's ability to respond.

Stagnating wages, cuts in benefits and rising inflation are making it harder for people to manage their finances. At the same time, rising house prices and escalating private sector rents are combining with a reduction in investment in truly affordable housing resulting in more and more people struggling to access good quality housing at a price they can afford. In addition, the Government's 1% rent reduction, which runs until March 2020, is reducing the Council's capacity to invest in both its existing and new housing stock.

Homelessness in Milton Keynes has increased significantly in recent years. At 31 March 2010 the number of people living in temporary accommodation in the borough was 84. By the end of March 2017 this number had risen to 754, an increase of 798%.

Over this same time, house prices have risen by 40%, private sector rents by 20% while the delivery of new affordable housing has fallen short of target by 1,382 in the seven years April 2010 and March 2017.

This is having a significant, detrimental impact on the Council's finances, which is currently projecting an in year overspend on the provision of temporary accommodation alone of c.£1.4m.

The new Homelessness Reduction Act, which is expected to be in force from 1 April 2018, will increase the support that councils are required to provide to those that are homeless or threatened with homelessness. Evidence from Wales, where similar legislation has been in force for a number of years, and the Government's own trail blazers, suggest that the new Act will lead to a further increase in the number of people presenting as homeless or threatened with homelessness. It is likely therefore that, without further investment in tackling the causes of homelessness across the borough, pressure on the General Fund will continue to increase.

The Council has already been proactive in this area and has developed a strategic approach to tackling the growing problem. Tackling homelessness is a key priority

as set out in the Council Plan 2016-20 and in 2016 the Council also approved a new Homelessness Strategy and Homelessness Partnership with organisations from the private and voluntary sector.

This report sets out proposals to restructure the Housing and Regeneration Service to ensure it has the right level of resource and skills to deliver the Council's priority of tackling homelessness. This means investing in the homelessness service to ensure decisions are made as quickly and robustly as possible and developing new areas in commissioning and enabling to ensure that the Council works closely with landlords, developers and registered providers to maximise the number of properties available. It also means strengthening the Council's housing management function to ensure that estates are better maintained and residents supported to maintain their tenancies.

Councillor Nigel Long

Cabinet Member for Adult Care and Housing

1. Recommendations

1.1 That Cabinet:

- (a) Notes the background and reasons for the proposed restructure of the Housing and Regeneration Service and requires the Corporate Director Place, in consultation with the Cabinet Member for Adult Care and Housing, to make representation to Government over ongoing funding which is too low;
- (b) Recommends to Council funding for the proposed increase to the Housing Staffing establishment of £200k from the Invest to Save reserve in 2017/18 (one-off funding) and an addition to the base revenue budget of £871k from 2018/19 split over 2 financial years:
 - (i) £751,000 in 2018/19; and
 - (ii) £120,000 in 2019/20
- (c) Approves additional General Fund revenue investment of £200,000 in 2017/18 to enable the restructure to commence being implemented before 1 April 2018 in order to prepare for the impact of the Homelessness Reduction Act;
- (d) Note that the restructure will be cost neutral on the Housing Revenue Account; and
- (e) Note that the restructure will be implemented in line with the Council's Restructure, Redundancy and Redeployment Policy.

2. Issues

Background

- 2.1 In March 2010 the number of homeless households across England had reached an all-time low.

2.2 By March 2017, both the national and local picture had changed significantly. The table overleaf summarises this.

	England	Milton Keynes
Accepted as homeless in priority need - March 2010	40,020	84
Accepted as homeless in priority need - March 2017	59,090	710
Increase from March 2010 to March 2017	+ 48%	+ 745%
Living in temporary accommodation - March 2010	51,310	84
Living in temporary accommodation - March 2017	77,240	754
Increase from March 2010 to March 2017	+ 51%	+ 798%
Living in bed & breakfast hotels & annexes - March 2010	2,050	5
Living in bed & breakfast hotels & annexes - March 2017	6,590	132
Increase from March 2010 to March 2017	+ 221%	+ 2,540%

Source: DCLG

2.3 The increase in homelessness and use of temporary accommodation is placing a significant burden on the Council's General Fund revenue budget. In 2016/17 the council spent £4.1m on providing temporary accommodation against a budget before use of demand led reserves of £1.3m – an overspend of £2.8m. It is currently projecting to overspend £1.4m in 2017/18 against an original budget before use of demand led reserves of £2.1m.

2.4 If the situation remains as it is, and the use of temporary accommodation continues to rise, the Council could expect to overspend in the region of £4.2m in 2018/19.

2.5 Key factors contributing to the rise in homelessness and the use of temporary accommodation since 2009/10 include:

- (a) Welfare Reform – including a freeze on Housing Benefit and Local Housing Allowance, introduction of the benefit cap and universal credit, all of which have resulted in a cut in benefits to people in receipt of low income;
- (b) Wage growth below inflation – has seen a real terms cut in the standard of living of our working population;
- (c) Rising house prices (up 40% since 2010) and private sector rents (up 20% since 2010) – have moved many properties out of affordability reach of local residents.
- (d) The ending of private sector tenancies – is the biggest single driver of statutory homelessness in England and accounts for 74% of the growth in households who qualify for temporary accommodation since 2010. As of September 2017, 27% of applications received by the Council since April 2017 were made following the end of Assured Shorthold Tenancies;

- (e) Cuts in grant funding for affordable housing – has seen a reduction in the number of new homes available and being delivered for those who need them;
 - (f) 1% rent reduction for registered providers – has seen investment in new stock fall as providers safeguard existing stock; and
 - (g) Public sector deficit reduction programme – has seen the capacity of the Council to support those in greatest need, face a real term cut.
- 2.6 The Homelessness Reduction Act received Royal Assent in May 2017 and is expected to come into force from 1 April 2018. Evidence from Wales, where similar legislation has been in force since 2014, and the Government's own trail blazers for the new Act suggest that the number of people presenting to councils as homeless or threatened with homelessness will rise significantly. Whilst the Council supports the new Act, it must be recognised that it is likely to generate increased demand, and cost, to the Council.
- 2.7 The Government has pledged financial support and has set aside £61m as transition funding in 2018/19. An announcement on how much the Council will receive is expected later in 2017 or early 2018. However, this funding will serve only to offset the anticipated losses of £0.9m in 2017/18 and £1.3m in 2018/19 from the replacement of the Temporary Accommodation Management Fee by the Flexible Homelessness Support Grant in April 2017.
- 2.8 In 2015 the Council deleted the post of Head of Housing Access by way of a saving for the 2016/17 budget, and amalgamated the role with the Head of Housing Management to create a new Head of Housing. This resulted in the post holder covering a broad portfolio including the Council's landlord functions, shared ownership and leasehold management, homelessness and allocations, private sector housing and its strategic housing functions. Such a structure is no longer appropriate for a council with a growing population and with a significant stock holding and growing homelessness problem as Milton Keynes.
- 2.9 Staff numbers in the Service have not kept pace with the increasing demand. This has been as a direct result of the Government's deficit reduction programme, which has focused on closing the gap between what it spends and raises in taxes and has led to cuts in public spending. The Council's budget has reduced since 2010 and consequently it is dealing with a far greater number of homeless households and temporary accommodation placements with broadly the same structure and staff numbers as it had before the increase in demand began.
- 2.10 This has resulted in officers having a critically high caseload and the average time taken to reach a decision, exceeding 100 days. The Government's expectation is that decisions should be reached in 33 days.

Proposals

- 2.11 It is proposed that the posts of the current Head of Housing and Head of Community Safety are deleted and replaced with three new head of service posts:
- (a) Head of Neighbourhood Operations;
 - (b) Head of Homelessness Prevention and Housing Access; and

- (c) Head of Communities.
- 2.12 These posts, together with a newly created Service Delivery Unit Manager, will report to the Service Director and form the new Housing and Regeneration Leadership Team.
- 2.13 Five of the six posts that report to the current Head of Housing will be deleted (Housing Options Manager, Income and Growth Manager, Housing Manager (Moving Home), Housing Manager (Estates) and Housing Manager (Anti-Social Behaviour)). The post of Partnership Manager, who currently reports to the Income and Growth Manager, will also be deleted.
- 2.14 The sixth post that reports to the current Head of Housing (Private Sector Housing Manager) and the Head of Regeneration (who is currently seconded to YourMK) are outside the scope of this restructure. It should be noted however, that the Private Sector Housing Team itself is within scope.
- 2.15 The Proposed Statement of Change is shown at the Annex to this report, and includes more detail of the proposals for the new leadership and management structure.
- 2.16 Individual teams below manager levels will also be restructured once the new leadership and management structure has been agreed. The four key principles underpinning this change are:
- (a) An increased resource to deliver an effective homelessness prevention service, both in terms of face to face contact with, and support for, homeless households and developing partnerships with landlords, developers, landowners and registered providers to maximise the number of new homes being provided;
 - (b) A reduced span of control of the heads of service to enable them to better support their teams whilst increasing their sphere of influence;
 - (c) That the impact on the Housing Revenue Account is cost neutral since the overall staffing resource will remain unchanged; and
 - (d) The proposal will help reduce costs and reduce the budget pressure on the General Fund in the medium to long term.
- 2.17 Consultation will begin with affected colleagues and trade unions in October 2017. The aim would be to recruit to head of service and manager levels as quickly as possible to enable them to lead on the implementation of the revised structure of their teams. It is anticipated that the new leadership and management structure will be in place by early 2018 with restructuring of the teams well advanced by 31 March 2018. However, it is likely that some posts will continue to be recruited to through the start of 2018/19 financial year; hence the phasing of the budget pressure over 2018/19 and 2019/20.
- 2.18 Given the introduction of the Homelessness Reduction Act in April 2018, it is likely that many authorities will be going through a similar exercise of recruiting additional staff and upskilling. It is, therefore, important that the Council is able to move quickly with this in order to limit competition for new staff.

Consequently, it is proposed that additional in year investment be made of £200,000 to enable recruitment to commence from October 2017.

- 2.19 The early investment of £200,000 will allow for the continued implementation of the Homelessness Recovery Plan, which is an internal management plan put in place since June 2017 to improve performance. The Plan aims to deliver savings in the current year, and ensure that demand from statutory homelessness is being managed effectively prior to the additional demand anticipated from the implementation of the Homelessness Reduction Act in April 2018.

Outcomes

- 2.20 Local residents deserve the best possible services. Since 2009/10, levels of homelessness have increased, with more people living in temporary accommodation. Staff levels have not kept pace with rising demand over the same period. This has resulted in officers managing caseloads in excess of 80 at any one time and homeless applications taking more than 100 days to determine. Government guidelines state that applications should be determined within 33 days.
- 2.21 The additional investment set out in this report will improve this situation and ensure people receive the best possible service. The proposals represent investment in a cost reduction strategy that will:
- (a) Reduce the number of people moving into temporary accommodation;
 - (b) Reduce the length of time it takes to determine applications;
 - (c) Reduce the length of time people stay in temporary accommodation;
 - (d) Reduce the average cost of nightly rates of temporary accommodation; and
 - (e) Contribute to an increase in the supply of good quality affordable permanent housing across all tenures.
- 2.22 In addition, the extra investment is vital if the Council is to be fully prepared for the introduction of the Homelessness Reduction Act in April 2018.
- 2.23 Overall, the aim of this investment strategy is to reduce the cost pressure on the Council's General Fund. Without this investment, it can be reasonably assumed that the number of people living in temporary accommodation will continue to rise at the rate seen over the last seven years. At this rate, and without the additional investment proposed in this report, projections indicate a pressure of £4.189m on the General Fund by March 2019. The aim of this strategy is to reduce the pressure by £1.611m, which together with other planned savings of £0.503m will reduce the net pressure to £2.075m
- 2.24 The net financial benefit of the restructure will, therefore, be a budget reduction of £0.861m in 2018/19, and £0.740m in 2019/20 once the structure is fully recruited to.

3. Options

3.1 There are three broad options:

- (a) To undertake a full service restructure as set out in the report (recommended). This will ensure that the Council has the right skills in the right place and the right level of resource to tackle the problem of homelessness in a strategic way. This will also enable the council to develop its strategic capacity as well as operational capacity to ensure that a full range of options, including more permanent affordable housing, is available.
- (b) To undertake a partial restructure (not recommended). This would enable the Council to resource its homeless service adequately but would not give the Council the opportunity to influence the provision of more permanent affordable housing. This could lead to a situation where more people are housed in temporary accommodation (as the homeless service itself is processing cases more efficiently) with no realistic option of securing permanent accommodation. This would be unlikely to deliver a net financial benefit.
- (c) To not restructure and stay as we are (not recommended). This option is likely to lead to a backlog in applications, resulting in more households being placed in emergency accommodation (Bed and Breakfast) at significant expense, whilst applications are processed at a slower rate. Placements could increasingly have to be made in locations outside Milton Keynes and the surrounding area. This would provide little mitigation to the anticipated budget pressure of £4.2m.

4. Implications

Policy

4.1 The Council Plan 2016-20 was approved by Full Council on 13 July 2016 and has three key aims:

1. A city of opportunity;
2. An affordable city; and
3. A healthy city.

4.2 The proposals set out in this report support the Council's aims of developing an affordable and healthy city. A city that helps people to meet their aspirations to live in a home that they can afford, enabling them to live long, healthy and fulfilling lives. The proposed restructure will enable the housing and regeneration service to work more closely with partners to encourage aspiration, independence and resilience; and ensure children and vulnerable people are protected from harm and neglect.

4.3 The proposals will achieve this by supporting key priorities in the Plan.

Budget – it will help reduce the budget pressure on the General Fund by working to prevent homelessness and reduce the use of temporary accommodation, supporting the Council secure a balanced medium-term budget that mitigates as far as possible against impacting adversely on the most vulnerable.

Housing – a stronger Strategic Housing function will enable the Council to take a leadership role in setting the local housing agenda and responding to policy challenges.

Homelessness – a stronger emphasis on prevention and support will help households secure and maintain accommodation that they can afford, ensuring that the most vulnerable members of our society are safeguarded

Children – the service will support vulnerable children where their family is at risk of homelessness.

Regeneration – the service will have increased capacity to continue to work with YourMK to deliver community-led regeneration of its priority estates.

Partnerships – a well-developed enabling, commissioning and partnership function will ensure a good relationship and better integrated working with all partners and stakeholders.

Resources and Risk

4.4 The 2018/19 and subsequent budgetary consequences of the recommendations, if approved, will be included in the council’s budget and Medium Term Financial Plan for 2018/19 to 20121/22.

4.5 The current year budgetary consequences will be that the P06 projected overspend of c£1.4m will reduce as the work of the additional staffing resource delivers savings. The in-year costs [c£0.200m as per recommendation 1.1 (c)] against the Housing & Regeneration staffing budget will be covered by drawing down against the Value For Money/Invest To Save reserve.

4.6 There is a risk that the proposed additional expenditure may not deliver the target benefits – and that even if it does, external factors (principally homelessness demand, but also including changes in government policy, underfunding of new HRA duties, unanticipated adverse impacts of welfare reform) may result in continuing (or growing) Temporary Accommodation overspends. This risk can be mitigated by effective management of the additional staffing resource to ensure that optimum outcomes are achieved. However, more significantly, there is a larger risk (amounting almost to a certainty) that without the proposed increased staffing resource, costs of Temporary Accommodation will continue to increase at an unsupportable rate

N	Capital	Y	Revenue	Y	Accommodation
N	IT	Y	Medium Term Plan	N	Asset Management

Carbon and Energy Management

4.7 The proposals have a neutral impact on carbon and energy management.

Legal

4.8 Section 112 of the Local Government Act 1972 enables the Council to appoint such Officers as it thinks necessary for the discharge of its functions. Legal and Human Resource advice has been taken in the preparation of this report to ensure the proposals in the report are compliant with the Council's human resources policies and the law.

4.9 Legal advice has been taken in respect of the legislative references in the report.

Other Implications

4.10 An Equality Impact Assessment has been completed and is available on the website. The decision will significantly contribute to the Council's statutory equality objective on homelessness and advance equality of opportunity for a number of residents with various backgrounds; in particular those disadvantaged by age, people with different heritages and those with a disability. This objective will be achieved by focussing the attention of the service to address homelessness and the major issues faced by housing. It is therefore recommended to continue with the decision.

Y	Equalities/Diversity	N	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder

Background Papers: None

Annex(es): Annex – Proposed Statement of Change

[Annexes to Proposed Housing and Regeneration Restructure](#)