
Report To:	Health and Social Care Committee	Date:	10 January 2019
Report By:	Louise Long Corporate Director, (Chief Officer) Inverclyde HSCP	Report No:	SW/06/2019/DG
Contact Officer:	Deborah Gillespie Head of Service Mental Health, Addictions and Homelessness	Contact No:	01475 715284
Subject:	Temporary Accommodation Review		

1.0 PURPOSE

1.1 The purposes of this report are:

To inform the Health and Social Care Committee of the outcome of the review of Inverclyde's temporary accommodation undertaken by Arneil Johnston; and

To consider the proposals to take forward the recommendations to enable development of a temporary accommodation strategy for Inverclyde.

2.0 SUMMARY

- 2.1 The homelessness landscape is complex with recent legislative changes and the impact of Welfare Reform presenting major challenges to the provision of temporary accommodation in terms of cost, availability and fit of tenancies required.
- 2.2 Arneil Johnston was commissioned in April 2017 to undertake detailed work to inform the development of a strategy for the future provision and develop options for the range of accommodation solutions which will best meet the needs of our local population. This work is now concluded, with a final report which recommends the complete recommissioning of the temporary accommodation model in Inverclyde. The full report is attached at Appendix 1.
- 2.3 A partnership workshop event was held in June 2018 to bring together partners involved in assessing, accommodating and supporting households which may be at risk of or are experiencing homelessness. The participants discussed the review findings and generated ideas and options on how to develop a more sustainable and effective temporary accommodation resource.
- 2.4 Further work has been undertaken on the financial implications of changes to Housing Benefit subsidy payable to Local Authorities in respect of temporary accommodation, and the issues identified within the review report. Steps have been taken to address the shortfall for the Homelessness service within the current financial year 2018/2019. This resulted in a shortfall to the Homelessness service of £55,930 in year and recurringly. This will be met by the HSCP from the Social Care Fund.
- 2.5 The requirement to take this work forward will be supported by the requirement for Local Authorities, and their housing partners to develop a 5 year Rapid Rehousing Transition plan, (RRTP). The RRTP will sit within the Local Improvement Outcome Framework and Local Housing Strategy, and be an integral part of the Strategic Housing Investment Plan.

3.0 RECOMMENDATIONS

- 3.1 That the Committee agrees the recommendations from the review work.
- 3.2 That the Committee agrees the proposals to take this work forward as outlined in section 5 of this report, with establishment of a programme board and the three work streams, and notes that this will link directly to the Rapid Rehousing Transition Plan work.
- 3.3 That the Committee receives further reports on the development of the Rapid Rehousing Transition Plan, and the future temporary accommodation model.
- 3.4 That the Committee notes that the management charge will be removed from the temporary accommodation and that costs will be met from the Social Care Fund.

Louise Long
Corporate Director (Chief Officer)
Inverclyde Health and Social Care Partnership

4.0 BACKGROUND

- 4.1 Inverclyde HSCP, Inverclyde Council and Partners are committed to ensuring that homeless households are provided with sufficient access to appropriate safe and secure temporary accommodation which meets their needs. This is combined with a need to develop a model of temporary accommodation which is financially sustainable, and which delivers best value.
- 4.2 Arneil Johnston have developed a temporary accommodation modelling tool which allows analysis of current and projected need in terms of housing size and area and required level of support for people accessing temporary accommodation.
- 4.3 This identified a shortfall in the supply of housing units, with an imbalance in size and location related to local needs. There is an oversupply of hostel accommodation at the Inverclyde Centre, within a building which is in relatively poor repair and expensive to maintain.
- 4.4 The review identified that there is a gap in current provision for supported accommodation for those unlikely to sustain settled accommodation without a structured resettlement programme, and to enable vulnerable or chaotic service users to become tenancy ready. Housing First provides ordinary, settled housing with support as a first response for people with complex needs. Inverclyde does not currently operate the recommended Rapid Rehousing/Housing First model.
- 4.5 An improved Housing Options process has been developed locally and the number of people proceeding to Homeless applications in Inverclyde has fallen dramatically over recent years due to prompt diversion into available housing stock. Further progress to develop this approach is recommended by Arneil Johnston as one of the key areas for consideration.
- 4.6 In conclusion, the review proposed three phases of work to transform temporary accommodation provision to better meet the needs of those at risk of or experiencing housing crisis, and to develop a more financially sustainable model of provision. These phases are best viewed as interrelated workstreams:

Phase 1: Recommission the temporary accommodation model in partnership with partner agencies.

Phase 2: Implement a collaborative and proactive Housing Options model across all housing providers and third sector agencies who meet the needs of homeless households in Inverclyde.

Phase 3: Implement a rapid resettlement model in partnership with specialist colleagues in the HSCP to address the gap in supported accommodation.

- 4.7 A partnership workshop event was held in June 2018 to consider the outcome of the review and generate ideas and options on how to develop a more sustainable and effective temporary accommodation resource. The following partners and agencies contributed to the event: Inverclyde Council; Inverclyde HSCP; Cloch Housing Association; Oaktree Housing Association; Larkfield Housing Association; and River Clyde Homes. Participants were split into groups and tasked with providing answers to three questions relating to the implementation of Phase 1 of the temporary accommodation strategy. The outcomes paper detailing the discussion, debate and option identification of participants at the workshop event will be a useful resource in building delivery partnerships and an implementation strategy.
- 4.8 The Review also considered the impact of welfare reform, and changes to DWP regulations in respect of the payment of housing benefit subsidy for temporary or short term accommodation. This anticipated a significant fall in rental income. Alongside the review, the Homelessness service has been working with Finance to address this. This is not reflected in the outcome report from Arneil Johnson. The detail of this is included in section 6.

4.9 The review of the budgets within Homelessness has been undertaken to consider the financial impact of these changes, including reduction in the number of temporary dispersed flats. The shortfall of £55,930 within the budget will be met from the Social Care Fund.

5.0 PROPOSALS

5.1 The approach to modernising our temporary accommodation model requires a longer term strategic approach and to sit within the Inverclyde Rapid Rehousing Transition Plan.

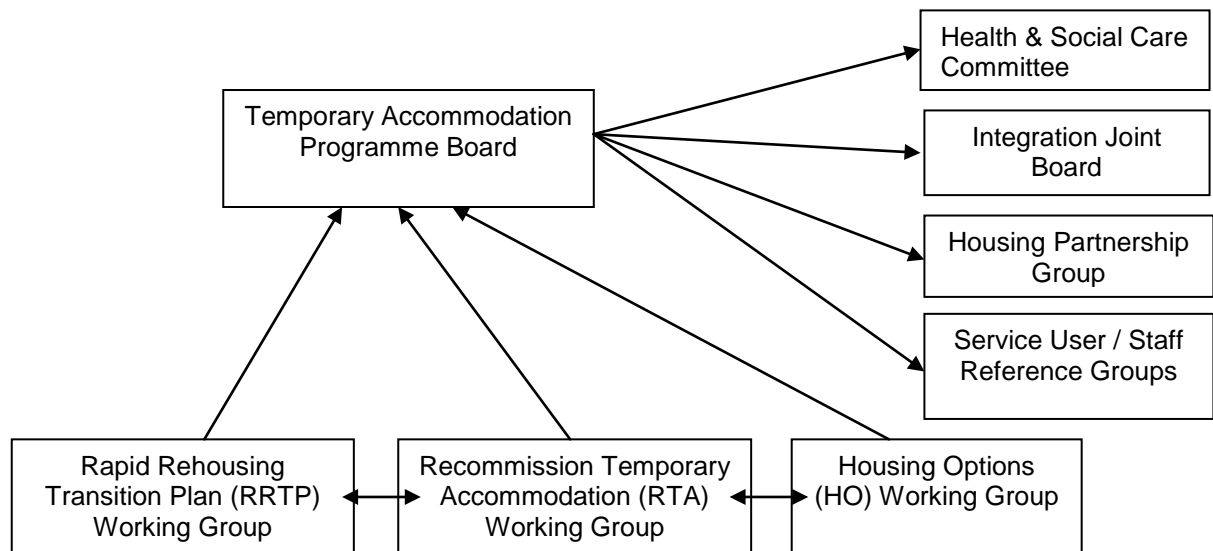
5.2 Three distinct though inter-related work streams have been identified and it is suggested that each of the three work streams will help inform the remit of separate working groups:

- **Recommission Temporary Accommodation (RTA) Working Group**
- **Housing Options (HO) Working Group**
- **Rapid Resettlement Transition Plan (RRTP) Working Group**

Clear communication of ideas, progress, and actions between the three groups will be essential to the further development of partnership approaches to deliver Inverclyde's new temporary accommodation model.

5.3 In order to take this work forward it is proposed that a Temporary Accommodation Programme Board be established to lead the work, which each working group will report to. The Programme Board will then input to each of the Housing Partnership Group, Health & Social Care Committee and Integration Joint Board. The diagram below is the proposed planning and governance structure.

5.4



5.5 The Temporary Accommodation Programme Board membership will include Senior Management representatives from:

- Registered Social Landlords with stock in the area;
- Inverclyde Council (Finance, Strategic Housing, Property);
- Inverclyde HSCP;
- 3rd Sector partner representation.

6.0 IMPLICATIONS

Finance

- 6.1 Under Universal Credit the Council was unable to reclaim the management charge currently included in all homelessness rents. This shortfall was met on a temporary basis by Discretionary Housing Payment (DHP) funded from the Anti Poverty EMR. The UK Government have acknowledged this issue and will now move all homelessness clients back to Housing Benefit across all types of temporary accommodation.

For clients in the Inverclyde Centre, we would continue to charge a management fee which can be fully reclaimed from DWP. There would be no impact on current rental income budgets.

For clients in temporary accommodation, the proposal is to remove the management charge from the rent.

The total cost of these changes is £175,000 however there is £104,000 available to partially offset this plus other reductions in ancillary costs, leaving a recurring funding shortfall of £55,930. The £104,000 derives from funding received by the Council from Scottish Government Grant when changes were made to the housing benefit subsidy for temporary accommodation in 2018/19. The HSCP will meet the shortfall from the Social Care Fund.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
Social Care Fund			56		

Legal

- 6.2 No implications

Human Resources

- 6.3 No implications

Equalities

- 6.4 Has an Equality Impact Assessment been carried out?

	YES (see attached appendix)
√	NO - This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

Repopulation

6.5 No implications

7.0 CONSULTATIONS

7.1 None

8.0 LIST OF BACKGROUND PAPERS

8.1 Report to Health and Social Care Committee – SW/12/2016/DG

8.2 Report to Health & Social Care Committee – SW/40/2017/DG.

Inverclyde Council

Temporary accommodation requirements in Inverclyde

March 2018

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1 Introduction

In March 2017, Inverclyde Council commissioned Arneil Johnston to develop a comprehensive model to review demand for temporary accommodation and to build a delivery plan and financial model to support the implementation of a temporary accommodation strategy.

Inverclyde Council and the Inverclyde Health & Social Care Partnership (HSCP) are seeking to develop a model of temporary accommodation which is financially sustainable, can meet the needs of homeless households and delivers best value. The analysis delivered in this research study provides credible evidence on the extent and nature of need for temporary accommodation over the short, medium to long term so that a fundable business plan can be developed to ensure that the Council has capacity to meet its statutory duties and to deliver positive outcomes to homeless households.

This final report sets out the background, context, methodology, analytical outcomes and recommendations associated with the implementation of the study.

1.1 Background

In recent years, a number of factors including financial pressures on the delivery of public services as well as DWP changes to the Housing Benefit subsidy framework for temporary accommodation; have placed considerable pressure on the delivery of temporary accommodation with a need to deliver models with optimum efficiency. Wider factors, such as the delivery of housing options services have also influenced the dynamics of demand for temporary accommodation services.

As a result, the Council and HSCP wish to explore the impact of a range of interventions which will enable the funding the homelessness and temporary accommodation services, deliver positive outcomes for homeless customers and minimise the requirement for substantial additional General Fund or HSCP contributions moving forward.

1.1.1 Study objectives

In order to meet the Council & HSCP research objectives, Arneil Johnston performed the following analytical tasks, which represent key stages in the delivery of the study:

1. Establish a realistic income profile for temporary accommodation which is informed by:
 - the profile of current and projected demand for temporary accommodation in Inverclyde, including a detailed assessment of client support requirements;
 - the sufficiency and suitability of existing temporary accommodation relative to the extent and nature of needs identified;
 - changes to the Housing Benefit subsidy framework, particularly given the Department for Work & Pensions' definition of "exempt accommodation"; and
 - benchmark costs for the delivery of temporary accommodation (ALACHO, April 2014).
2. Scenario test the impact on future income and expenditure from service redesign on financial viability and the commissioning model.

Arneil Johnston worked with the project steering group from the Council, HSCP and wider partners throughout the assignment. Members of the steering group included:

- Charlie McKendrick, Team Leader: Casework Services and Operations, Inverclyde HSCP;
- Fiona Cannie, Team Leader: Homelessness Service, Inverclyde HSCP;
- Bob McLean, Service Manager, Addictions & Homelessness, Inverclyde HSCP;
- Deborah Gillespie, Head of Service, Mental Health Addictions and Homelessness, Inverclyde HSCP;
- Asa Brooks, LHS Officer, Inverclyde Council;
- Ross Scullion, LHS Analyst, Inverclyde Council; and
- Steve McLachlan, Head of Customer Services, Riverclyde Homes.

The following report sets out all the findings, learning outcomes and recommendations associated with each stage of the project.

2 The temporary accommodation modelling tool

Arneil Johnston has developed a temporary accommodation modelling tool which projects the need for temporary accommodation relative to current demand placed on the service and the profile of existing temporary accommodation provision available locally.

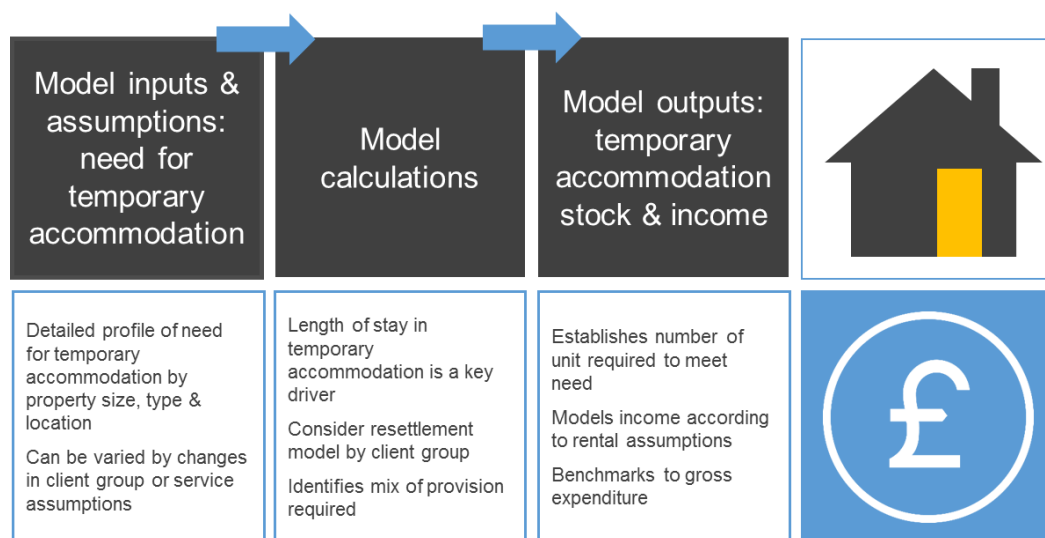
The DWP have introduced new rules which place restrictions on the Housing Benefit subsidy payable to Local Authorities in respect of temporary or short term accommodation. These recent changes may lead to a substantial drop in rental income for specific temporary accommodation products which means that for some, existing models of provision may be no longer tenable or viable from a financial perspective.

To test the impact of this and to enable scenario planning of alternative options, the model (i) assesses the need for temporary accommodation, (ii) defines the supply model required to meet this need in practice, and (iii) projects the income and expenditure associated with the revised temporary accommodation supply profile.



The Arneil Johnston temporary accommodation modelling tool translates the need for temporary tenancies into stock numbers. The modelling tool projects the need for temporary stock by (i) area, (ii) property size and (iii) the type of accommodation required according to an assessment of client support needs. The detailed profile of demand for temporary accommodation forms the basis of the model's input data.

The model projects forward the need for temporary accommodation based on a number of planning assumptions including future demand projections and the acceptance rate of applicants who are offered temporary provision. In order to translate the requirement for tenancies into an appropriate number of temporary units, assumptions on the timescales required to provide an appropriate level of resettlement support are applied.



The model is both flexible and user friendly to enable the scenario testing of different models of provision to be considered. The output of the model is to establish a detailed profile of requirements which can be matched to existing and projected provision to quantify the extent and nature of temporary units to be commissioned.

2.1 Model principles

Establishing a detailed evidence base of the need for temporary accommodation was the first, central aspect of defining a stock base focused upon both a person-centred approach to service delivery and a viable model of provision.

Temporary accommodation requirements

In order to develop a clear understanding of the number, household type, age, gender and location of homeless applicants; detailed analysis of the HL1 statistical dataset for the last full year of applications (2016/17) was performed.

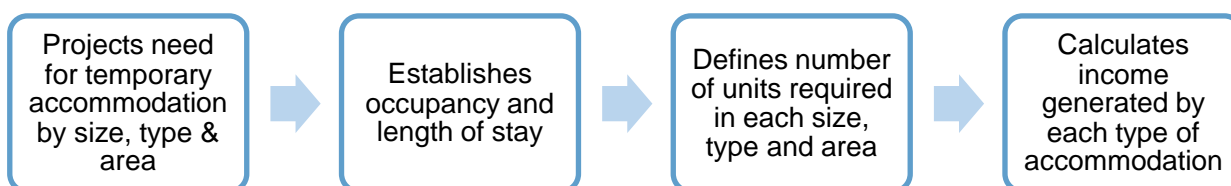
In the absence of detailed HL1 statistics on the extent and nature of applicant support needs, the type of temporary accommodation required and the length of stay that could support appropriate resettlement; frontline Homeless Team case workers officers performed a customer profiling exercise. This exercise segmented temporary accommodation requirements into supply categories according to the scale and complexity of support needs exhibited by each customer. Frontline officers informed the definition of both the temporary accommodation categories and associated support requirements as follows:

Temporary Accommodation Category	Customer support profile
Housing options	Homelessness prevented or resolved without the need for temp accommodation
Direct access accommodation	Habitual repeater: unlikely to sustain any form of tenancy on a long term basis
Dispersed self-contained	No or low level support needs: can sustain tenancy independently
Hostel - supervision	Chaotic: need on site supervision to manage challenging behaviour
Hostel - support	Vulnerable: need onsite support to manage moderate-high support needs
Specialist supported accommodation	Need specialist housing based supported accommodation
Refuge accommodation	Sanctuary accommodation for households fleeing domestic abuse

The development of such a detailed and comprehensive evidence base on demand for temporary accommodation has helped to define an associated supply model, which accurately reflects the number, type and size of units required to discharge the Council's statutory duties.

2.1.1 Defining the temporary accommodation supply model

In order to translate the need for temporary tenancies into unit numbers, the temporary accommodation modelling tool works on the following basis:



The modelling tool projects the need for temporary stock by (i) area, (ii) property size and (iii) the type of accommodation required (according to applicant support needs). The requirement for the following types of temporary accommodation are modelled as follows:

1. Housing Options;
2. Direct access accommodation;
3. Dispersed self-contained;
4. Hostel - supervision;
5. Hostel – support;
6. Specialist supported accommodation, and

Inverclyde Council

Temporary accommodation requirements

7. Refuge accommodation.

The detailed profile of demand for temporary accommodation forms the basis of the model's input data. In order to translate the requirement for tenancies into an appropriate number of temporary units, assumptions on the length of stay of applicants are applied. These assumptions provide a turnover rate, which when applied to the total number of tenancies required, calculates the total temporary stock needed.

The model is both flexible and user-friendly to enable the scenario testing of different models of provision to be considered. The output of the model is a detailed profile of accommodation requirements which can be matched to existing and projected provision to identify shortfalls or surpluses in supply.

Defining the extent and nature of temporary accommodation required over time will enable delivery planning to be focused on key housing system and operational issues which will influence commissioning decisions, e.g.

- The availability of appropriate stock in the required area by the size and type specified. Stock availability will be a material factor in defining the approach to procurement which may, for example, include:
 - leasing from RSLs or private sector landlords; and
 - engagement with a specialist developer or third sector provider.
- The requirement for stock to be developed as direct access or supported accommodation, including facilities for staff or supervision.

3 Projecting demand for temporary accommodation

3.1 Analysing the need for temporary accommodation

In order to develop a model for the provision of temporary accommodation which is responsive to the needs of the homeless population in the area, detailed analysis was undertaken of all available homelessness statistics and datasets. This includes extensive analysis of the 2016/17 HL1 dataset to create a detailed profile of applications by:

- household type;
- household size;
- age of main applicant;
- gender of main applicant; and
- extent and nature of support needs.

This detailed and comprehensive evidence base is used to define a temporary accommodation supply model which accurately reflects the scale and nature of housing stock and specialist provision required. This chapter presents the outcomes of this analysis of demand.

It should be noted that numerical figures which are outcomes of the temporary accommodation model have been rounded up or down to the nearest whole number within this report.

3.2 Global demand for temporary accommodation

The level of current demand for temporary accommodation was informed by analysis of HL1 statistics for the last full year of homelessness presentations (2016/17). In 2016/17, a total of 314 homeless presentations were made to Inverclyde Council this was cleansed to remove repeat applicants, this left a total of 312 applicants.

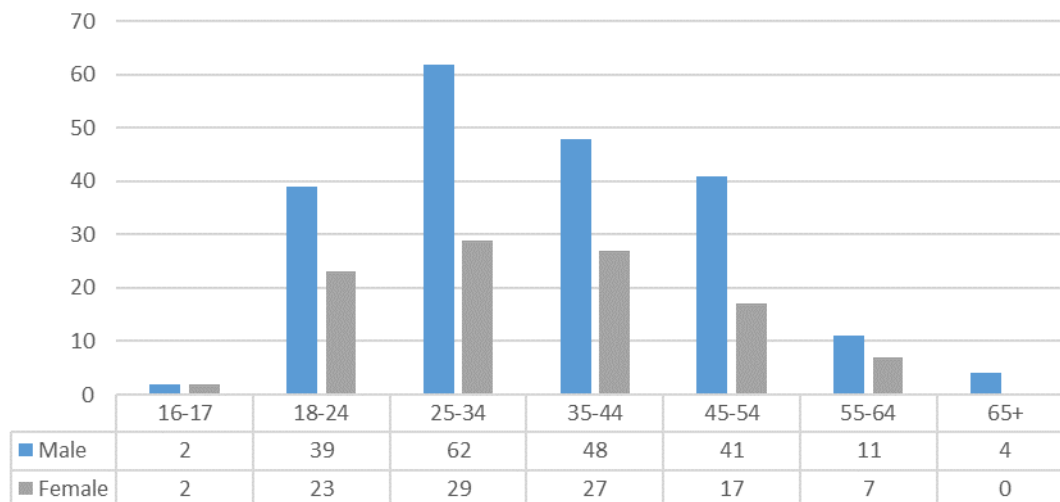
The 312 homeless applicants are profiled by size and household type in Table 3.1 below.

Apt size	All adult household	Household with children	Single parent	Single person	Total	%
Shared<35	0	0	0	122	122	39%
1	1	0	0	122	123	39%
2	9	4	33	0	46	15%
3	2	10	4	0	16	5%
4	0	2	0	0	2	1%
5+	0	3	0	0	3	1%
Total	12	19	37	244	312	100%

Table 3.1: HL1 applicants by household type and size (2016/17)

In terms of the gender of the HL1 applicants from the year 2016/17, Graph 3.1 below outlines the gender and age group of HL1 applicants in Inverclyde.

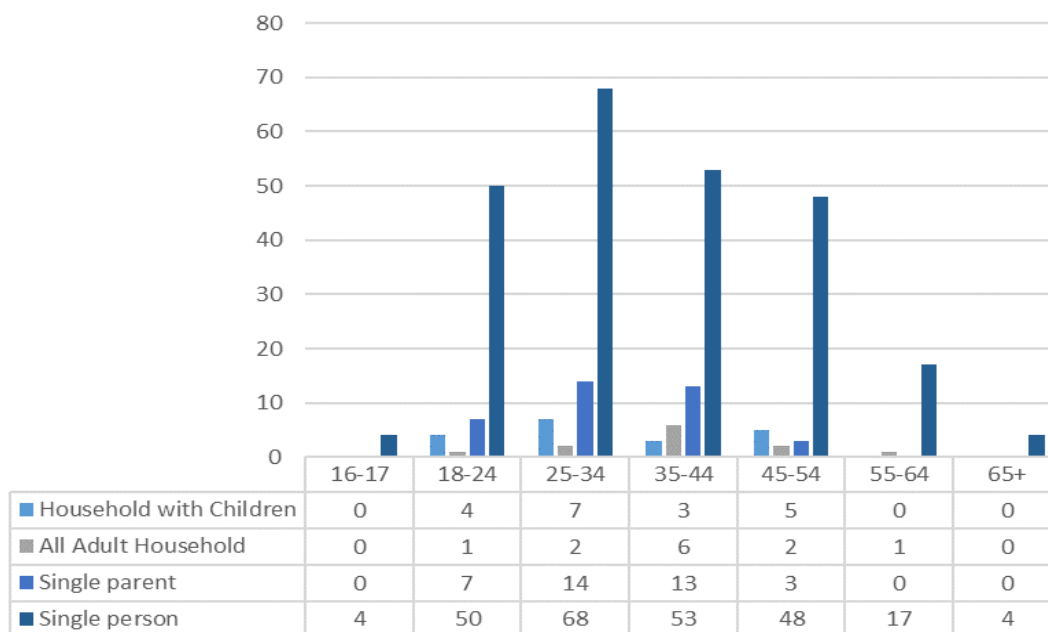
Demand by age group and gender



Graph 3.1: HL1 applicants by gender and age band (2016/17)

The majority of homeless applicants in Inverclyde are male, accounting for 66% of the homeless population in 2016/17. This is the case across most age groups, particularly applicants aged 25-34 years old and 45-54 years old; the number of male applicants in these age bandings is more than double the number of females. The only exception is among younger applicants, with even numbers of male and female applicants aged 16-17. Older applicants aged 65 + account for only 1% of homeless applicants in 2016/17 but all 4 applicants are male.

The graph below shows the profile of household type by age banding. The HL1 requires local authorities to capture the number of adults and children within the household, as well as whether, where applicable, two adults in the household are living as a couple. This data has been used to categorise households into single parent, household with children, all adult household and single person. Graph 3.2 below shows the homeless applications by household type and age groups and table 3.1 above shows the property sizes required for each household type.

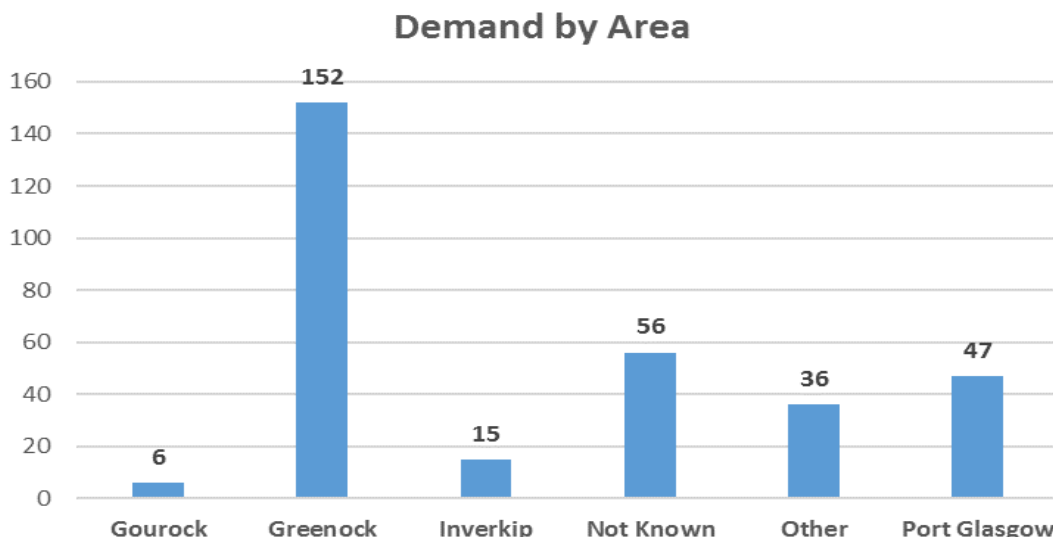


Graph 3.2: Household type population in Inverclyde by age banding (2016/17)

Temporary accommodation requirements

Given that most (78%) of the HL1 applicants are single person households, of which 50% are under 35, the greatest requirement for Inverclyde Council is for 1 apartment properties and 2 apartment properties.

As part of the HL1 data capture, local authorities are required to record homeless applicants' last settled address. The graph below highlights the demand for temporary accommodation based on this information, providing an area profile.



Graph 3.3: HL1 applicants by area

Graph 3.3 above highlights that almost half of homeless applicants are from Greenock (49%) compared to only 15% from Port Glasgow, 5% from Inverkip and 2% from Gourock. 12% of applicants that presented themselves to Inverclyde Council in 2016/17 are from outside the Council area and a further 18% of applicants' previous address is unknown, this equates to 30% of Inverclydes' homeless applications in 2016/17.

3.3 Support requirements of homeless applicants

The forthcoming changes to the housing benefit subsidy framework mean that temporary accommodation provision will be subject to benefits caps. The government has however, recognised that their welfare reform provisions, such as the benefits cap, would cause “unintended consequences” for housing benefit (HB) claimants who live in supported accommodation. Consequently, the government has amended HB legislation in order to clarify which types of supported accommodation should be exempt from welfare reform provisions in order to negate these unintended consequences. Given the protection available to residents of this extended category of accommodation, it is important that all Specified Accommodation, including Supported Exempt Accommodation, is identified to ensure that benefit claimants residing in such accommodation receive their full benefit entitlements and continue to have their housing costs covered by HB.

It is worth noting that a key factor as to whether supported accommodation falls into the exempt category is if the landlord is a local authority, RSL, charity or voluntary body. Where the specified accommodation is owned by a local Authority, it is only exempt if it is refuge or non-self-contained hostel accommodation.

The table below provides a summary of the current DWP proposals.

HRA Units	RSL Units	PSL	Specified accommodation			
			Exempt	Managed Projects	Refuge	Hostel
Single formula = LHA + management fee £45			Offers care, support or supervision to support resettlement	Offers care, support or supervision to support resettlement	Sanctuary accommodation provided on temporary basis for those fleeing domestic abuse	Offers care, support or supervision to support resettlement
	Bedroom tax doesn't apply			Care provided by 3rd party under funding structure		Not self contained/ those with high support needs
			Not affected by Direct Payments, Benefit Cap or Bedroom Tax. Not subject to caps & thresholds			

Table 3.2: DWP definitions (SHN defining specified accommodation for housing benefit purposes)

A key aspect of the study is to examine the link between support needs of the applicant and the model of accommodation which may be best matched to address these needs in practice. The HL1 monitoring system records if the household has a support need and the basic nature of that need. The extent of applicant support needs is not adequately recorded on the HL1 system for the purposes of profiling temporary accommodation requirements.

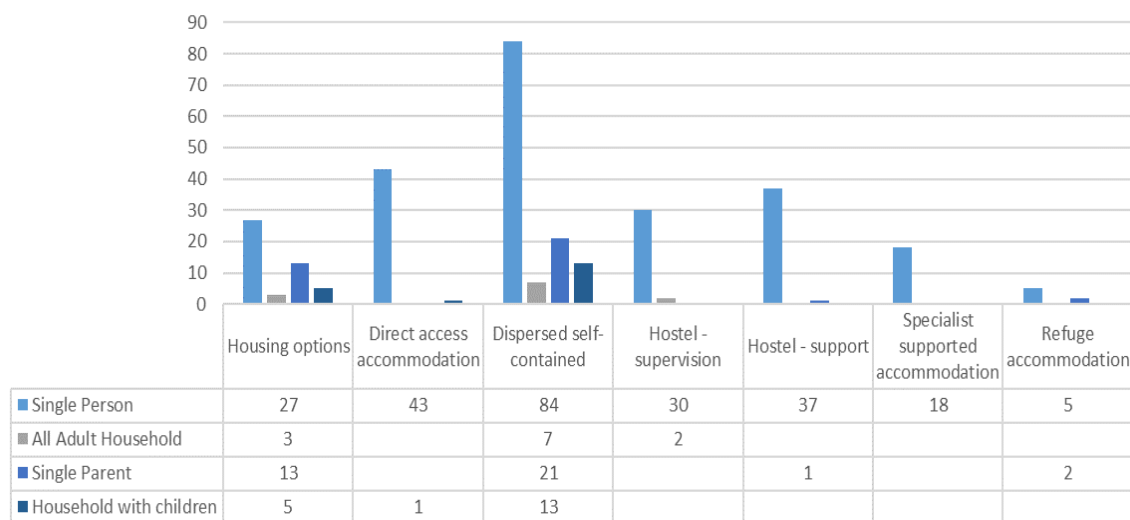
In order to understand the type of temporary accommodation required, and specifically to identify needs that could be classified as a requirement for “exempt” accommodation, Homeless Team caseworkers undertook an exercise to categorise each homeless applicant into one of the following temporary accommodation categories, also logging the level of support need and reason for support need:



Diagram 3.1: Temporary accommodation categories

It should be highlighted that applicants whose reason for homelessness was identified as ‘domestic abuse’, as recorded in the HL1 dataset and by Council officers, have been categorised as requiring refuge accommodation.

Graph 3.4 below illustrates the distribution of the 312 HL1 applicants to each type of temporary accommodation provision.



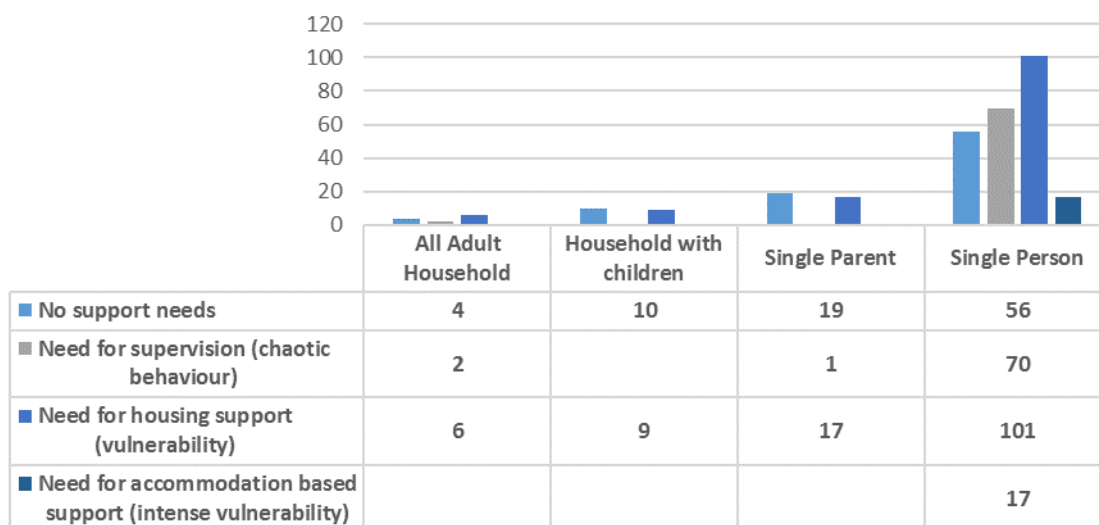
Graph 3.4: Accommodation requirements of homeless population in Inverclyde by temporary accommodation category and household type (2016/17)

The graph above illustrates the profile of HL1 applicants by temporary accommodation category. 40% of applicants (125) require dispersed self-contained accommodation. Around 12% of applicants (38) require hostel support accommodation, with a further 10% applicants (32) in need of hostel supervision accommodation. A relatively small number (18), 6% of applicants require specialist supported accommodation and only 2% (7) of applicants require refuge accommodation.

14% of applicants require direct access accommodation, these applicants are unlikely to sustain any form of tenancy on a long-term basis.

It's also evident that over 90% applicants who require supported accommodation, supervised accommodation, direct access accommodation or specialist supported accommodation are single person households.

Support Needs by Household Type



Graph 3.5: Homeless population in Inverclyde by temporary household category and support needs (2016/17)

Temporary accommodation requirements

Graph 3.5 above shows that around a third of homeless applicants do not have any support needs (29%), with a further 133 (43% of homeless population) applicants having a need for housing support (vulnerable). 23% of homeless applicants have a need for supervision (chaotic behavior) and 5% (17) have a need for accommodation support (intensely vulnerable). Subsequently, the majority of homeless applicants require supported or supervised accommodation of which 171 are single person households. Diagram below demonstrates the top 3 support needs by household type:

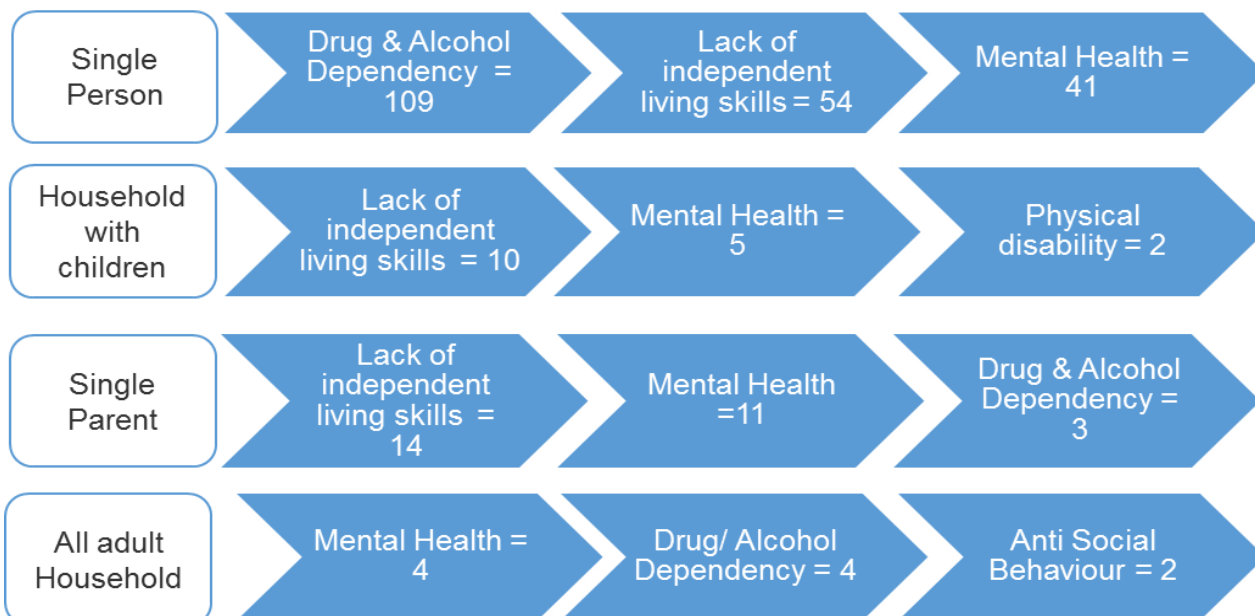


Diagram 3.2: Applicants support needs by household type (2016/17)

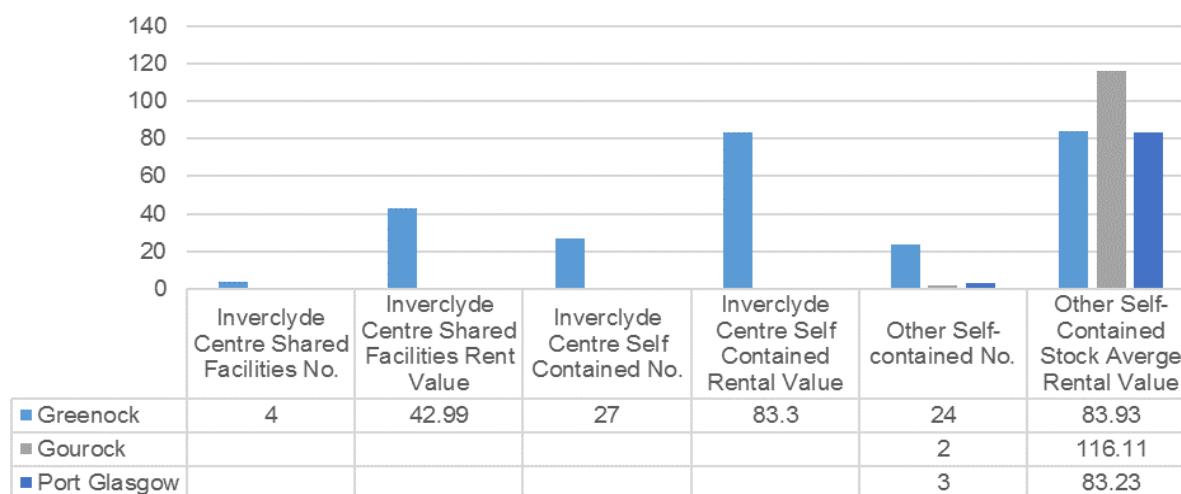
Diagram 3.2 above shows that the main support need for single person households and all adult households is drug and alcohol dependency, however the main support need for households with children and single parents is lack of independent living skills. Graph 3.5 and Diagram 3.2 show that support needs of applicants from the HL1 data varies based on household type.

Inverclyde Council currently doesn't own, manage or lease all of these types of accommodation. The Council's temporary accommodation stock profile – i.e. stock the Council can access to use as temporary accommodation - is illustrated in the Graph 3.6 below.

3.4 Temporary Accommodation Stock Profile

Graph 3.6 below shows that the Council has access to 60 temporary accommodation units. Inverclyde Council own and manage the 31 units of temporary accommodation units at the Inverclyde Centre, with 4 of these units offering shared accommodation. The remaining 29 units offer dispersed self-contained accommodation.

No of Units and Average Rents for Self-Contained and Shared Accommodation



Graph 3.6: Inverclyde Council temporary accommodation stock profile

These self-contained dispersed units are leased from the following four RSLs who own and manage stock in the Inverclyde area:

- Riverclyde Homes = 6 units;
- Cloch = 9 units;
- Link = 1 unit; and
- Oaktree = 13 units.

In terms of geography, 92% of Inverclyde’s temporary accommodation is located in the Greenock area. This is a poor match to the area origin of homeless applicants, where approximately 50% originate from the Greenock area. Equally, just 5% of temporary accommodation is located in Port Glasgow, whilst 15% of applicants originate from Port Glasgow. Currently there is no temporary accommodation located in Inverkip but 5% of the homeless applicants originate from Inverkip.

3.5 Length of stay in temporary accommodation

In order to translate demand for temporary tenancies into units of accommodation, the number of tenancies required is divided by accommodation turnover rates (i.e. the number of times a temporary tenancy becomes vacant). The levels of turnover will vary according to the type of accommodation (i.e. dispersed, hostel and/or supported accommodation categories) and the length of stay by applicants.

Turnover rates have been calculated using the average length of stay in each of the accommodation types within Inverclyde. In 2016/17, the length of stay varied across the accommodation types, with the averages ranging from 11 days to 127 days. Using this analysis, as well as applying assumptions to the accommodation categories which the Council currently does not have access to, the project Steering Group agreed the length of stays which should be applied to each accommodation type for modelling purposes.

The diagram below illustrates the basis of assumption for length of stay which has been applied to each of the accommodation types (to translate the demand for temporary tenancies into units of accommodation).

Category	Description	Basis of Length of Stay	Length of Stay (Weeks)
Housing options	Homelessness prevented or resolved without the need for temp accommodation	16/17 average length of stay in Inverclyde Dispersed Accommodation (127 days/22 weeks)	22
Direct access accommodation	Habitual repeater: unlikely to sustain any form of tenancy on a long term basis	16/17 average length of stay in Inverclyde B&B accommodation (5 days/1 weeks)	1
Dispersed self-contained	No or low level support needs: can sustain tenancy independently	16/17 average length of stay in Inverclyde Dispersed Accommodation (127 days/22 weeks)	22
Hostel - supervision	Chaotic: need on site supervision to manage challenging behaviour	16/17 average length of stay in Inverclyde Centre (55 days/7.8 weeks)	7.8
Hostel - support	Vulnerable: need onsite support to manage moderate - high support needs	Agreed with the steering group that it should be based on target length of stay of 6 months for those clients who have moderate to high support needs.	26
Specialist supported accommodation	Need specialist housing based supported accommodation	Agreed with the steering group that it should be based on target length of stay of 12 months for those clients who require specialist supported accommodation.	52
Refuge accommodation	Sanctuary accommodation for households fleeing domestic abuse	16/17 average length of stay in Inverclyde Dispersed Accommodation (127 days/22 weeks)	22

Table 3.3: Length of stay assumptions for the temporary accommodation modelling tool

Although 312 HL1 applications represent the demand profile in the baseline year of the model, it is never the case that every applicant who presents for assistance will then go on to require or accept temporary accommodation, as a result of a number of factors including:

- the applicant fails to fully complete the homelessness assessment process and either withdraws or loses contact with the service; or
- the applicant makes independent arrangements to accommodate themselves until an offer of secure accommodation is made.

On this basis, total demand for assistance should be adjusted to establish the actual number of applicants who will then take up places in temporary accommodation.

To this end, as well as agreeing the length of stay assumption for the modelling tool, the steering group also agreed the acceptance rate which should be applied. As shown below, alongside the agreed length of stay, it was agreed for the baseline that the acceptance rate would be set at **70%** across all accommodation categories.

The stock requirement for each accommodation category is then translated into stock provision categories that either exist or that the steering group would like to measure as a need for part of their commissioning plans. The diagram below illustrates how each of the accommodation categories have been matched to the existing stock provision and how this has been used to inform the three stock categorisation categories that will be used for future commissioning plans.

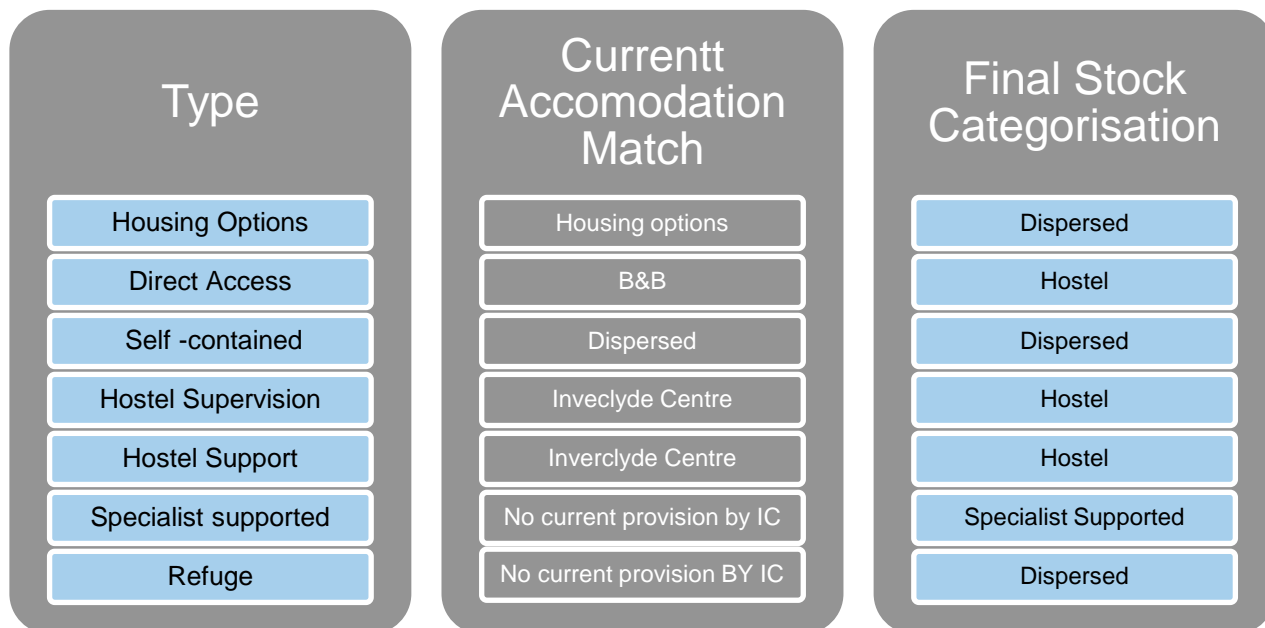


Diagram 3.3: Accommodation categories to Stock Categorisation

3.6 Temporary accommodation stock requirements - baseline

In order to translate the HL1 profile into a stock requirement for temporary accommodation, the assumptions outlined above on the acceptance rate and length of stay have been applied. The table below shows the units of stock which are required by temporary accommodation category and household size:

Temporary Accommodation Category	Stock categorisation	Shar ed <35	1	2	3	4	5	Total	%
Housing options	Dispersed	5	4	4	1	0	0	14	33%
Direct access accommodation	Hostel	0	0	-	0	1	-	1	45%
Dispersed self-contained	Dispersed	10	15	8	3	0	1	37	27%
Hostel - supervision	Hostel	2	1	0	-	-	-	3	63%
Hostel - support	Hostel	7	6	0	-	-	-	13	53%
Specialist supported accommodation	Specialist Supported	8	5	-	-	-	-	13	61%
Refuge accommodation	Dispersed	0	1	1	-	-	-	2	14%
Total		32	32	13	4	1	1	83	100%

Table 3.4: Stock requirements by temporary accommodation category

Having applied the acceptance rate and length of stay assumptions, it has been calculated that 83 units of temporary accommodation stock is required to meet the needs of applicants in the baseline temporary accommodation model (i.e. 312 homeless applicants from the 2016/17 HL1 profile).

The greatest level of demand is for dispersed self-contained temporary accommodation at 53 units (64%), with lower levels of demand being demonstrated for hostel accommodation (17 units) and specialist accommodation (15%).

Stock categorisation	shared<35	1	2	3	4	5	Total	%
Hostel	9	7	1	0	-	-	17	21%
Dispersed	15	20	12	4	1	1	53	64%
Specialist Supported	8	5	-	-	-	-	13	15%
Total	32	32	13	4	1	1	83	100%

Table 3.5: Stock requirements by temporary accommodation category

Tables 3.5 – 3.7 illustrate projected temporary accommodation stock requirements by property size and area for each temporary accommodation category.

Hostel Accommodation	1	2	3	4	5	Total	Percentage of total Hostel Accommodation	Percentage of total Temporary Accommodation
Gourock	-		-	-	-	-	0%	0%
Greenock	8		-	-	-	8	47%	10%
Inverkip	2		-	-	-	2	12%	2%
Port Glasgow	2		-	-	-	2	12%	2%
Other	4	1	-	-	-	5	29%	6%
Total	16	1	-	-	-	17	100%	20%

Table 3.6: Hostel accommodation requirements by property size and area

Dispersed Self-Contained Accommodation	1	2	3	4	5	Total	Percentage of total Dispersed Self Contained	Percentage of total Temporary Accommodation
Gourock	1	-	-	-	-	1	2%	1%
Greenock	16	6	2	1	1	26	49%	31%
Inverkip	2	1	-	-	-	3	6%	4%
Port Glasgow	4	4	1	-	-	9	17%	11%
Other	10	3	1	-	-	14	26%	17%
Total	33	14	4	1	1	53	100%	64%

Table 3.7: Dispersed accommodation requirements by property size and Area

Specialist Supported Accommodation	1	2	3	4	5	Total	Percentage of total Specialist Supported	Percentage of total Temporary Accommodation
Gourock	1	-	-	-	-	1	8%	1%
Greenock	8	-	-	-	-	8	62%	10%
Inverkip	-	-	-	-	-	-	0%	0%
Port Glasgow	1	-	-	-	-	1	8%	1%
Other	3	-	-	-	-	3	22%	4%
Total	13	-	-	-	-	13	100%	16%

Table 3.8: Specialist Supported Stock requirements by Size and Are

All Accommodation	1	2	3	4	5	Total	Percentage of all Accommodation
Gourock	2	0	-	-	-	2	2%
Greenock	32	6	2	1	1	42	51%
Inverkip	4	1	-	-	-	5	6%
Port Glasgow	7	4	1	-	-	12	14%
Other	17	4	1	-	-	22	27%
Total	62	15	4	1	1	83	100%

Table 3.9: All Accommodation requirements by property size and Area

The tables above illustrate that the greatest demand in temporary accommodation is for 1-bedroom properties in Greenock (39%). The table above also demonstrates that there is considerable demand for accommodation in Port Glasgow (15%), with a smaller demand for temporary accommodation in Inverkip (6%) and Gourock (2%). Information is not known on area preference for 27% of the stock due to those applicants whose previous address' are unknown or those who lived out with the Inverclyde area.

3.7 Future requirements

The temporary accommodation tool has also been designed to facilitate scenario testing changes in the demand profile over time. It was agreed with the Steering Group that the following scenarios should be applied to model to reflect changes in policy and practice aligned the strategic agenda for homelessness in Scotland, plus changes to wider operating environment around the delivery of homelessness services.

It was agreed that the model should assume that over the next 3 years, those applicants who fall under the 'housing options' category should be removed from the model. It is assumed that their need for temporary accommodation will be prevented through the implementation of a collaborative and proactive housing options model which resolves housing crisis without the need for temporary accommodation.

This scenario results in the following changes in demand for temporary accommodation at Year 3 of the model:

Stock categorisation	shared <35	1	2	3	4	5	Total	%
Hostel	9	7	1	0	-	-	17	25%
Dispersed	10	16	9	3	0	1	39	57%
Specialist Supported	8	5	-	-	-	-	13	18%
Total	27	28	10	3	0	1	69	100%

Table 3.10: Stock requirements by temporary stock category

Table 3.10 illustrates that demand for temporary accommodation is projected to reduce from 83 to 69 units by Year 3. This scenario reduction is applied to the dispersed accommodation category with demand for dispersed accommodation reducing from 53 units to 39 units.

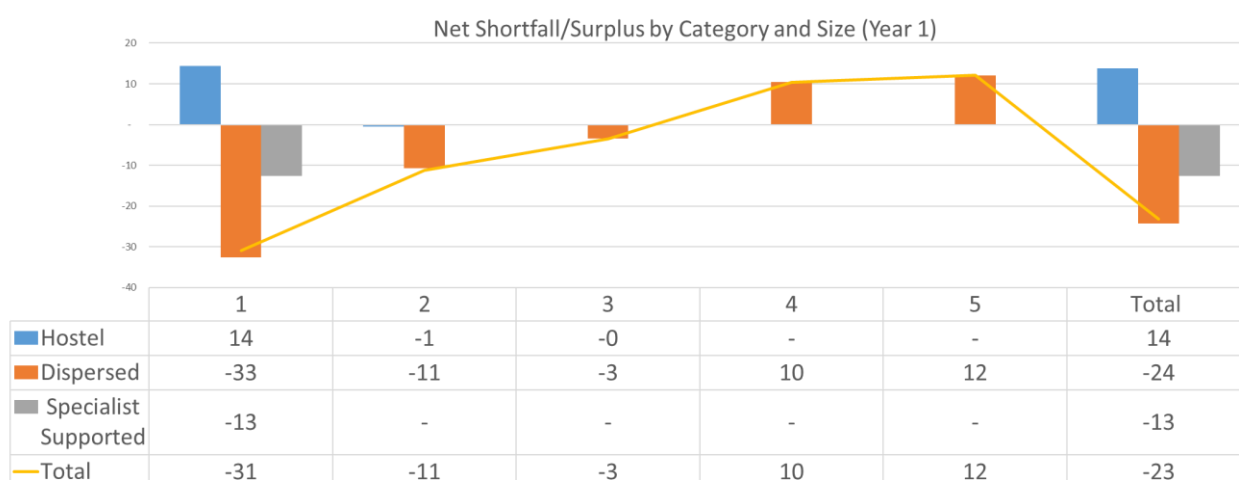
3.8 Net temporary accommodation provision – baseline

Graph 3.4 in this report outlined the profile of temporary accommodation stock which can be used by Inverclyde Council to meet the needs of homeless households. To summarise, the Council has access to 60 units of temporary accommodation, with:

- 29 dispersed accommodation units leased from locally operating RSLs;
- 31 hostel accommodation units owned by Inverclyde Council in the Greenock based Inverclyde Centre; and
- currently no supported accommodation units to meet the interim accommodation needs of those who may be too vulnerable or chaotic to sustain settled accommodation without the delivery and completion of a structured support plan, which is focused on resettlement.

In addition, currently the Council has no access to designated refuge accommodation to meet the needs of those experiencing domestic abuse.

Based on the projected demand profile and by applying the agreed assumptions on acceptance rate and average length of stay, the total requirement for temporary accommodation equals 83 units in the baseline year of the model. Graph 3.7 below compares this baseline profile of demand with the Council’s available stock, and shows that there is an overall **shortfall of 23 units** across the various temporary accommodation categories.



Graph 3.7: Net provision of temporary accommodation (baseline)

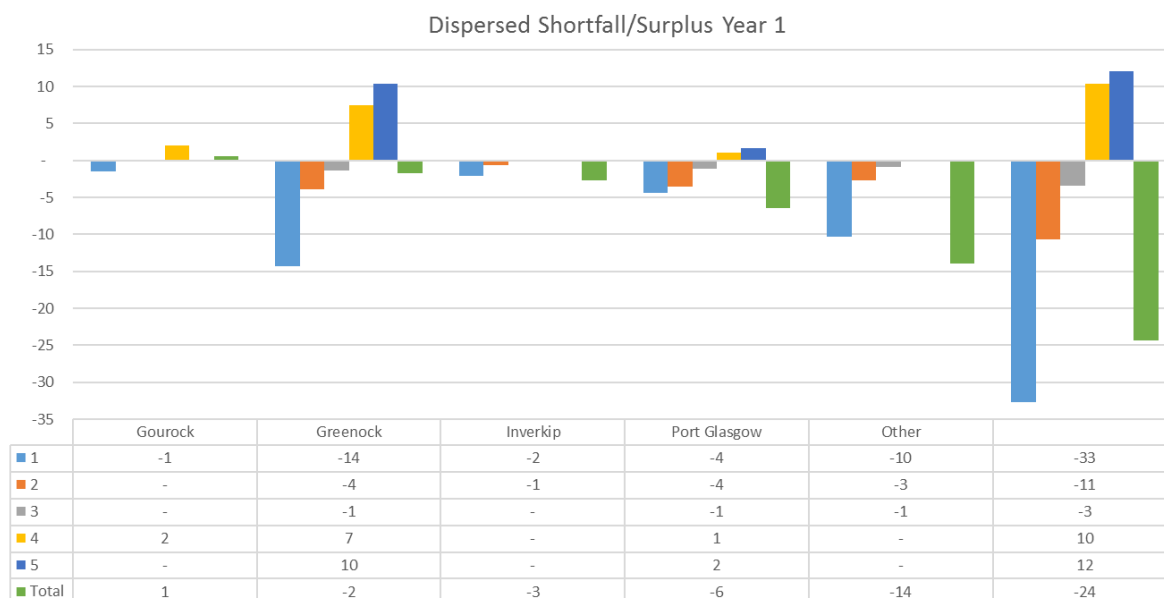
Based on the assumptions applied in the temporary accommodation model, a total annual requirement of 53 units of dispersed accommodation has been calculated, with a supply of 29 available; resulting in a net shortfall of 24 units of dispersed accommodation across Inverclyde.

However, it is also important to consider the extent to which the supply meets the demand in terms of property size. As shown above, there is a surplus of 4 and 5 dispersed accommodation units; with the total shortfall primarily driven by the shortfall of 1 and 2-bedroom properties. The opposite of this is demonstrated for hostel accommodation, where a surplus of 14 units is demonstrated.

As there is currently no existing supply of specialist supported accommodation to meet the needs of those seeking temporary accommodation, the model projects a shortfall of 13 units.

3.9 Net temporary accommodation provision – Dispersed (Size and Area)

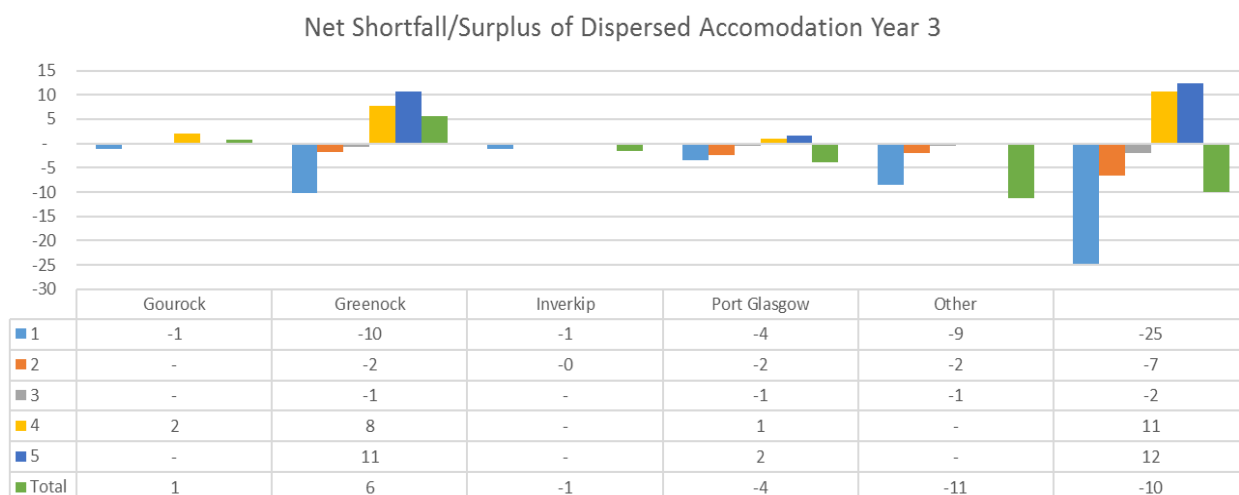
Graph 3.8 details the net surpluses and shortfalls of dispersed temporary accommodation by property size and area by benchmarking projected need against existing provision in Year 1 of the model.



Graph 3.8: Net provision of dispersed temporary accommodation by size and area (Year 1)

Graph 3.8 above demonstrates that there are clear imbalances in the existing supply of dispersed accommodation provision by both property size and area. Whilst there is an overall shortfall of dispersed accommodation across Inverclyde, there is surplus accommodation evident in 4 and 5 bedroom properties, which is particularly acute in Greenock. The total shortfalls are primarily driven by shortfalls of 1 and 2 bedroom properties in Greenock (-18 units) and Port Glasgow (-10 units).

As outlined in Section 3.7, it is assumed that applicants who fall under the 'Housing Options' category will be removed from Year three. This scenario results in reducing the net shortfall for dispersed accommodation from 24 units to 10 units. The imbalances by size and area at year 3 are shown in the Graph 3.9 below:



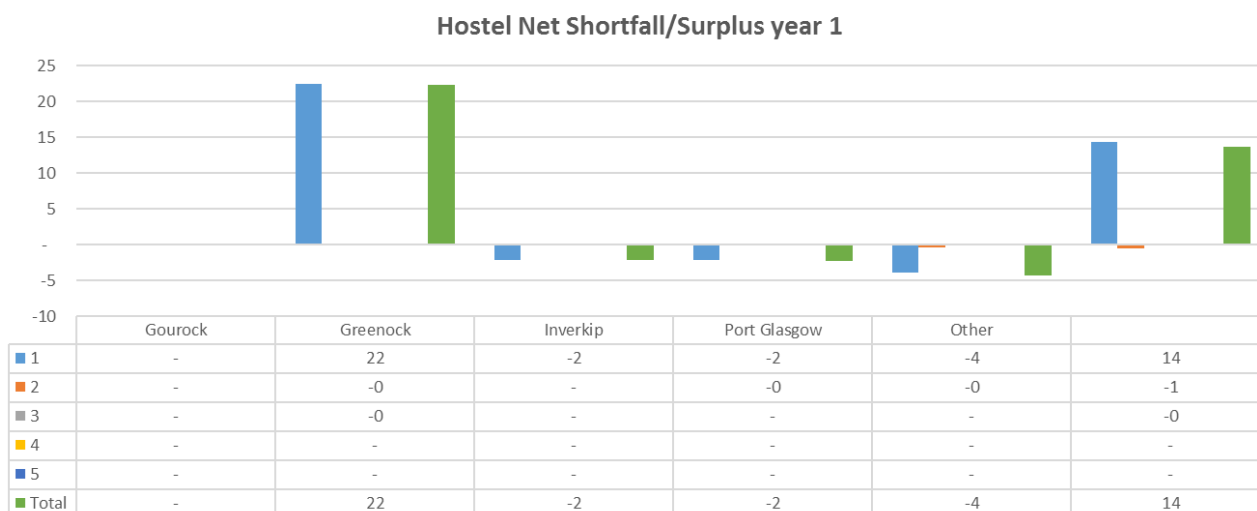
Graph 3.9: Net provision of dispersed temporary accommodation (year 3)

Graph 3.9 above demonstrates that by Year 3 Inverclyde Council will have a short fall of 10 dispersed accommodation units. Whilst there will be a short fall across Inverclyde there will continue to be a surplus of 4 and 5 bedroom properties in Greenock.

By year 3, there is still a mismatch between the profile of projected demand and existing supply, therefore, in order to correct these imbalances a complete recommissioning of the temporary accommodation model in Inverclyde needs to be considered.

3.10 Net temporary accommodation provision – Hostel (Size and Area)

Graph 3.10 details the net surpluses and shortfalls of hostel accommodation by property size and area by benchmarking projected need against existing provision in Year 1 of the model.



Graph 3.10: Net provision of temporary accommodation (scenario 1)

The table above demonstrates that whilst there is an overall surplus of 14 units of Hostel accommodation, shortfalls are evident in Inverkip and Port Glasgow.

The total annual requirement of 59 units of hostel accommodation has been calculated, with a supply of 49 available; resulting in a shortfall of **10 units** of hostel accommodation across Inverclyde Council.

3.11 Conclusions

In conclusion this section of the report has provided analysis on the applicant profile, household type and household needs of the HL1 data and profiled this information against current temporary accommodation stock to provide a detailed assessment as to how sufficiently the current stock is meeting the needs of homeless applicants in Inverclyde. The following information summaries the key findings:

The analysis above illustrates that most (78%) of the HL1 applicants are single person households, of which 50% are under 35, the greatest requirement for Inverclyde Council is for 1 apartment properties and 2 apartment properties. of all the homeless applicants. The limited existing supply of 1 bedroom properties, creates a significant mismatch between households and homes.

When considering how the Council will manage the short fall of 1 bedroom properties, there should be consideration into whether there is a sufficient supply of 1 bedroom properties locally that can meet the needs of applicants or where alternative models such as shared accommodation might be necessary.

The analysis demonstrates that their shortfall of dispersed temporary accommodation in year 1 (24 units) and year 3 (10 units). By year three there is a shortfall across all areas in Inverclyde, however a surplus of 4 and 5 bedrooms in Greenock. Given that frontline officers suggested that there is a territorial nature of communities in Inverclyde and applicants will rarely accept an 'out of area' temporary placement, this creates a real need to completely recommission the current arrangements in place with RSLs leasing the dispersed stock.

The analysis demonstrates that there is a surplus of 14 hostel units, in Greenock this raises questions about the future of the Inverclyde Centre and the extent to which it can be described as fit for purpose. Looking to the future a strategic appraisal of Inverclyde Centre's long term future should be undertaken to determine whether a strategy of:

- Decommissioning and disposal;
- Reconfiguration and investment; and
- Re-designation to meet the need of an alternative client group.

Currently the council has no specialist supported accommodation to meet the needs of those who require a structured approach to resettlement and require a support planning process, our analysis indicates that the council requires 13 units that provide this type of temporary accommodation to meet the needs of applicants.

4 Policy changes to temporary accommodation

Within recent Housing Benefit Circulars produced by the Department for Work & Pensions (DWP), there are a number of proposed changes to housing benefit subsidy for households in temporary accommodation, as well as changes to the definition of supported and exempt accommodation in relation to this subsidy.

4.1 Housing benefit subsidy in temporary accommodation

In terms of the changes to the housing benefit subsidy, the diagram below illustrates the main elements of the reform.

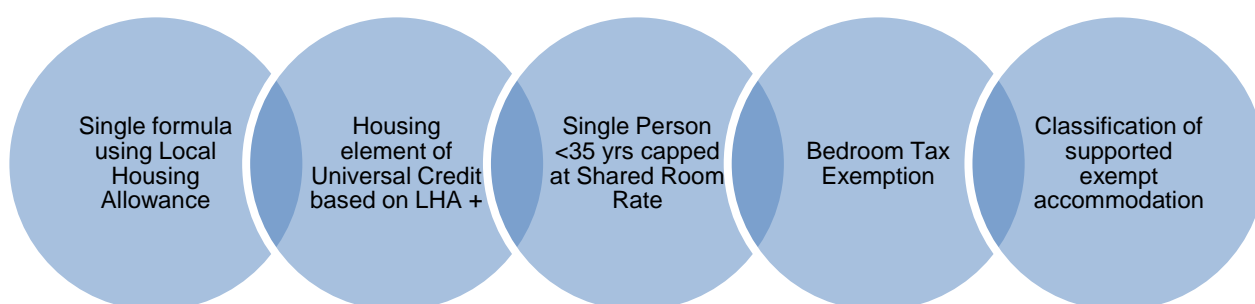


Diagram 4.1: DWP reform of temporary accommodation subsidy

The first change to housing benefit subsidy applied to temporary accommodation is that there will be a single formula, using the Local Housing Allowance (LHA) applied to the rent charges for all temporary accommodation. This is regardless of whether the local authority owns or leases the accommodation from an external agency. However, the exception to this rule is “exempt accommodation”, which will be defined in the following section of this report.

The final change to housing benefit subsidy in temporary accommodation is with regards to accommodation which the local authority leases from a housing association for the provision of temporary accommodation. Where this occurs, given that the temporary accommodation subsidy formula is based on the LHA which uses its own size criteria, the under-occupation deduction (“bedroom tax”) will not apply.

4.2 Housing benefit subsidy in supported temporary accommodation

In terms of housing benefit subsidy in supported accommodation, the DWP has issued a circular to all local authorities to provide additional clarity on the definition of supported and exempt accommodation. Within this circular, the DWP has confirmed that supported accommodation is now defined as “specified” accommodation; within which there are four types of temporary accommodation, namely:

1. **Exempt accommodation** – a resettlement place, or accommodation which is provided by a county council, RSL, registered charity where that body or person acting on their behalf provides the claimant with care, support and supervision;
2. **Managed projects** – designed to cover cases which fall out of the exempt accommodation definition, solely because the care is not provided by the landlord or on their behalf often due to the nature of funding and/or care structures put in place;
3. **Refuges** – person living in accommodation fleeing domestic violence and likely to be a temporary arrangement; and
4. **Hostels** – local authority hostels that provide care, support or supervision. This relies on the property not being self-contained, and specializes in accommodating individuals with high support

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needs. Non- self-contained is defined as accommodation which one or more of the following is shared with another household:

- Kitchen;
- Bathroom; or
- Toilet.

The final category, i.e. hostels, has been extended to include local authority hostels most likely in order to protect households from the benefit cap and certain aspects of Universal Credit.

The table below provides a summary of the rules which apply under each temporary accommodation provision, by landlord and care/support provider.

	Specified Accommodation						
	HRA Units	RSL Units	PSL	Exempt	Managed projects	Refuges	Hostels (Shared Accom)
Exempt from weekly bedroom cap	x	x	x	✓	✓	✓	✓
Exempt from bedroom tax	x	✓	✓	✓	x	x	x
Housing Benefit paid direct to landlord	x	x	x	✓	✓	✓	✓
Landlord	HRA	RSL	PSL	RSL, Charity or vol body	RSL, Charity or vol body	LA, RSL, Charity or vol body	LA, RSL, Charity or vol body
Care, Support or Supervision	Nil	Nil	Nil	By landlord or on behalf of landlord	Anyone and does NOT have to be on behalf of landlord	No care or support provision requirement	Anyone and does NOT have to be on behalf of landlord

Table 4.1: DWP subsidy framework for each category of temporary accommodation

It is worth noting, that the definition of 'exempt' accommodation is currently under review and that further changes may be applied to this definition. Therefore, given the uncertainty around this classification the next section of this report assesses the impact on general fund of a range of service delivery scenarios relating to welfare reform changes.

5 Temporary Accommodation: Financial impact assessment

Having assessed the net requirements for temporary accommodation across Inverclyde, the research now focuses on calculating the income which can be recovered to support the provision of temporary accommodation services, based firstly on the existing model of provision and secondly, on the projected model of provision required. The current weekly charges for each existing category of temporary accommodation in Inverclyde, are illustrated in Table 5.1 below:

Temporary Accommodation Type	Average (52 week)
Dispersed (Average charge)	£224
Inverclyde Hostel (self-contained)	£225
Inverclyde Hostel (non-self-contained)	£185

Table 5.1: Scenario 1 income profile summarised by category

Based on the charges above, the Council currently budgets for an income of around £730k from 60 temporary accommodation units, with the breakdown of income by type of temporary accommodation provision as follows:

- Dispersed Units = 29 units @ £224 per 52 weeks = £378k; and
- Inverclyde Centre = 4 units @ £185 and 27 units @ £225 per 52 weeks = £353k.

The current LHA rates applied in Inverclyde, which could form the basis of new subsidy rules under the DWP's welfare reform changes, are as follows:

	Shared	1 bed	2 bed	3 bed	4 bed
Weekly LHA	£60	£80.55	£101.54	£125.42	£190.80
Current IC average rent charge	£185	£224	£224	£224	£224
Difference IC V LHA	£164	£143	£122	£99	£33
% Difference	65%	64%	55%	44%	15%

Table 5.2: Inverclyde LHA Rates

The table above illustrates that current council temporary accommodation shared room rate rents are 65% above the LHA shared room rate and between 64% to 15% above the LHA rate for a 1 bedroom to 4-bedroom property. The differential in charges will result in a significant reduction in rental income if the LHA cap was to be applied to all temporary accommodation stock. The potential impact of this change is discussed in section 5.1 below.

5.1 Financial Scenario 1: LHA Cap Implemented

If we assume that rents in temporary accommodation will be set based on the new subsidy rules (LHA rates) as opposed to the current weekly rental charges; the income recovered from temporary accommodation will reduce by approximately **£417k** to approximately £313k. The net impact of this, by temporary accommodation category is illustrated in Table 5.3 below:

Category	Exempt from LHA CAP	Shared Units	1 bed Units	2 bed Units	3 bed Units	4 bed Units	Total Units	Current Income (Current charges table 5.1)	Revised Income (LHA CAP table 5.2)	Difference
Dispersed	NO	9	2	2	2	14	29	£378,000	£201,365	-£176,635
Hostel	NO	17	14				31	£353,000	£111,958	-£241,042
Total		26	16	2	2	14	60	£731,000	£313,323	-£417,677

Table 5.3: Scenario 1: Temporary Accommodation Income profile (Impact of LHA cap on the current Temporary Accommodation stock profile in Inverclyde)

The table above illustrates that the greatest drop in income would be from the RSL owned dispersed temporary accommodation units. This is due to the fact that the LHA rate is below current rent levels for all property sizes. One of the key drivers in this drop of income relates to the fact that single persons under the age of 35 are capped at the shared room LHA rate of £60 per week. Based on the 16/17 HL1 stats around 39% of single person applicants are under 35. By accommodation type 28% of single person applicants below 35 require dispersed accommodation and 54% of single person applicants required dispersed accommodation. The calculations in table 5.3 above assume that these households would be subject to the £60 per week shared room LHA rate.

Given the scale of the financial impact on Inverclyde Council as a result of these changes, Arneil Johnston has tested a number of service delivery scenarios to mitigate the financial impacts of changes in the housing benefit subsidy rules as a result of welfare reform changes. Each scenario is outlined in detail, including the justification for each and the impact on the scale of deficit to the temporary accommodation budget if these options were realised.

5.2 Financial Scenario 2: Hostel Accommodation remains exempt from LHA cap

As illustrated in Table 4.1, shared accommodation that provides care, support or supervision **that is not self-contained**, falls under the “*exempt accommodation*” category. This means that the LHA cap will not apply and that rents could be set based on the ‘actual’ costs of managing this type of temporary accommodation.

Unfortunately, the majority of temporary accommodation units within the Inverclyde Centre would not meet this definition as the majority of the accommodation is self-contained. However, for the purposes of assessing the impact of this exemption being applied to this accommodation category, a scenario was developed to test the impact of remodeling the units in the Centre to meet the non-self-contained criteria, resulting in the following financial impact:

Category	Exempt from LHA Cap	Shared Units	1 bed Units	2 bed Units	3 bed Units	4 bed Units	Total Units	Current Income (Current charges table 5.1)	Revised Income	Difference
Dispersed	No	9	2	2	1	15	29	£378,000	£201,365	-£176,635
Hostel (1)	Yes	17	14				31	£353,000	£353,000	0
Total		26	16	2	1	15	60	£731,000	£554,365	-£176,635

Table 5.4: Scenario 2 (Inverclyde Centre: Remodeling all accommodation as non-self-contained exempt accommodation)

For the purpose of this calculation current rent levels charged for hostel accommodation are applied. Therefore, the LHA Cap would only be applied to Dispersed accommodation. Table 5.4 above shows that by implementing Scenario 1, £554k of income could be generated. This is around £176k below current income levels.

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It should also be borne in mind that whilst remodeling the units in the Inverclyde Centre will generate additional income into the temporary accommodation budget, there will be additional expenditure associated with the costs of re-modelling. This investment could only feasibly be justified if it could be proven that an increase in non-self-contained hostel accommodation could make a positive contribution to meeting the needs of homelessness applicants in Inverclyde. Given the net surpluses in hostel accommodation (+14 units) increasing the number of non-self-contained hostel units to 31 would not appear to be an effective strategy in meeting housing need.

5.3 Financial Scenario 3: Increasing supply to reflect demand – exempt hostel and refuge

As outlined in Chapter 3 of this report, demand for temporary accommodation in Inverclyde focuses on the needs of 312 homeless applicants and if baseline model assumptions are applied, it is estimated that approximately 70 units of temporary accommodation are required (excluding the need for specialist supported accommodation of which there is no current provision).

As illustrated in Table 4.1 above, local authority 'owned' self-contained refuge and shared accommodation that provides care, support or supervision that is not self-contained, fall under the "*exempt accommodation*" category. This means that the LHA cap would not apply and that rents could be set based on the 'actual' costs of managing this type of temporary accommodation.

Assuming that stock is re-configured to meet the projected demand profile; that dispersed accommodation rents are set to reflect DWP definitions; and hostel and refuge accommodation can be made to comply with the "*exempt accommodation*" criteria, the following financial impact could be delivered:

Temporary accommodation requirements

Category	Exempt from LHA Cap	Shared Units	1 bed Units	2 bed Units	3 bed Units	4 bed Units	Total Units	Current Income (Current charges table 5.1)	Revised Income	Difference
Dispersed	No	15	18	12	5	1	51	£378,000	£230,885	−£147,115
Dispersed - Refuge accommodation	Yes	0	1	1	-	-	2		£24,147	£24,147
Hostel (1)	Yes	9	7	1	0	-	17	£353,000	£201,852	−£151,148
Total		24	26	14	5	1	70	£731,000	£456,884	−£274,116

Table 5.5: Scenario 3 (Supply meets demand and exemption applied to hostel and refuge)

For the purpose of scenario 3, current rent levels are applied to exempt accommodation units. Table 5.4 shows that by implementing Scenario 2, i.e. providing 10 additional units of temporary accommodation overall and addressing the imbalances in temporary accommodation by reducing the number of hostel units by 14 and increasing the number of dispersed units by 24, could generate £456k of income. This is around £274k below current income levels.

Whilst additional supply generates additional income into the temporary accommodation budget, there will be additional expenditure associated with reconfiguring existing supply and setting up new provision. The expenditure associated with temporary accommodation is discussed further in section 5.6 below. There is also the question over whether colleagues in Housing Benefit will approve 2 units of Refuge accommodation as exempt under DWP definition of exempt accommodation.

5.4 Financial Scenario 4: Increasing supply to reflect demand & all accommodation remains exempt

This scenario is the same as scenario 3, however it assumes that all stock remains exempt from the LHA cap.

Category	Exempt from LHA Cap	Shared Units	1 bed Units	2 bed Units	3 bed Units	4 bed Units	Total Units	Current Income (Current charges table 5.1)	Revised Income	Difference
Dispersed	Yes	15	18	12	5	1	51	£378,000	£596,781	£218,781
Dispersed - Refuge accommodation	Yes	9	7	1	0	-	17	-	£24,147	£24,147
Hostel (1)	Yes	0	1	1	-	-	2	£353,000	£201,852	−£151,148
Total		24	26	14	5	1	70	£731,000	£822,780	£91,780

Table 5.6: Scenario 4 (Supply meets demand and exemption applied to hostel and refuge)

Table 5.6 shows that implementing Scenario 4 would generate £822k of income, which is £91k more than current budgeted levels of income. This is on the assumption that dispersed self-contained accommodation will become exempt from the LHA cap, which is potentially the **least likely scenario** to plan for.

Similar to scenarios 2 & 3, whilst additional supply generates additional income into the general fund, there will be additional expenditure associated with reconfiguring existing resources and setting up new provision.

5.5 Financial Scenario 5: Increasing supply to reflect demand (at year 3) & all accommodation remains exempt

As discussed in section 3.7 above, the steering group agreed that the model should assume that over the next 3 years, those applicants who fall under the 'housing options' category should be removed from the model and that their need for temporary accommodation will be prevented through the implementation of a collaborative and proactive housing options model which resolves housing crisis without the need for temporary accommodation.

This scenario assumes that stock is re-configured to meet the projected demand profile; that dispersed accommodation rents are set to reflect DWP definitions; and hostel and refuge accommodation can be made to comply with the "exempt accommodation" criteria, the following financial impact could be delivered:

Category	Exempt from LHA Cap	Shared Units	1 bed Units	2 bed Units	3 bed Units	4 bed Units	Total Units	Current Income (Current charges table 5.1)	Revised Income	Difference
Dispersed	Yes	10	15	8	3	1	37	£378,000	£166,137	-£211,863
Dispersed - Refuge accommodation	Yes	9	7	1	0	-	17	-	£24,147	£24,147
Hostel (1)	Yes	0	1	1	-	-	2	£353,000	£201,852	-£151,148
Total		19	23	10	3	1	56	£731,000	£392,136	-£338,864

Table 5.7: Scenario 5 (Supply meets demand year 3 and exemption applied to hostel and refuge)

For the purpose of scenario 5, current rent levels are applied to exempt accommodation units. Table 5.7 above shows that by implementing Scenario 5, i.e. reducing temporary accommodation supply by 4 units of temporary accommodation overall and addressing the imbalances in temporary accommodation by reducing the number of hostel units by 14 and increasing the number of dispersed units by 10, could generate £392k of income. This is around £338k below current income levels.

Whilst additional supply generates additional income into the temporary accommodation budget, there will be additional expenditure associated with reconfiguring existing supply and setting up new provision. However, the reduction in hostel units should result in a net reduction to expenditure on hostel type accommodation.

This scenario also assumes that housing options will have the desired effect of reducing the need for temporary accommodation through the implementation of a collaborative and proactive housing options model.

5.6 Summary of income projection scenarios

The diagram below provides a summary of each of the financial scenarios modelled in section 5.1 to 5.4 above:

Scenario 1 : LHA Cap applies

- Current stock provision: 60 Units
- Income reduces from £730k to £313k

Scenario 2: Inverclyde centre units remodelled to meet exempt definition

- Increased stock provision: nil
- Income reduces from £730k to £554k

Scenario 3: Increased stock provision & application of to hostel and refuge accommodation

- Stock provision:
 - Increase Dispersed : 29 to 53 Units
 - Decrease Hostel : 31 to 17 Units
- Income reduces from £730k to £456k

Scenario 4: Increased stock provision & exemption applies to all stock

- Stock provision:
 - Increase Dispersed : 29 to 53 Units
 - Decrease Hostel : 31 to 17 Units
- Income increases from £730k to £822k

Scenario 5 : Increased stock provision (Year 3 Projections) & application of to hostel and refuge accommodation

- Stock provision:
 - Increase Dispersed : 29 to 39 Units
 - Decrease Hostel : 31 to 17 Units
- Income decreases from £730k to £392k

Diagram 5.1: Financial Scenario Analysis Summary

It is clear from the analysis presented in subsequent sections of this report that there is a clear substantial mismatch between the profile of projected demand and existing supply. With a surplus of hostel units (+14) and shortfall of dispersed units (-22 to -10 at year 3) being evidenced.

Based on current DWP definitions the majority of Inverclyde council temporary accommodation provision would not fall under the exemption classification, which could result in an estimated £417k loss to the temporary accommodation budget.

The most likely scenario to plan for is that exemption will be applied to hostel and refuge accommodation with dispersed accommodation being subject to the LHA cap. This will mean that if

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stock is re-provisioned to meet demand, the reduction of income to the temporary accommodation account will range from £274k to £338k.

However, it is important to test the cost implications of each of these models and understand whether cost efficiencies could be realized through remodeling hostel accommodation and recommissioning dispersed accommodation. Section 5.7 discusses the temporary accommodation cost implications and efficiency options further.

The financial scenarios above do not consider the gap in current provision for supported accommodation for those unlikely to sustain settled accommodation without a structured resettlement programme to enable vulnerable or chaotic service users to become tenancy ready. A net shortfall of - 13 supported accommodation units is evidenced in the baseline version. It was agreed with the steering group that the model should not make the assumption that these households needs should be met through temporary accommodation but that a rapid rehousing approach should be strongly considered for this client group.

5.7 Reviewing the cost implications

Given the imbalances in the current provision of temporary accommodation provision by size, type and area relative to projected need, re-configuring the temporary accommodation portfolio could ensure that the demand for temporary accommodation is met more effectively (circa 70 units).

However, although additional income could be generated through additional rents, there are also cost implications associated with the management and maintenance of the temporary accommodation stock which need to be carefully considered in the context of developing a viable model. The following diagram illustrates key considerations which relate to these costs:



Diagram 5.2: Management & maintenance costs associated with TA

At the moment, there are different management and maintenance arrangements in place for Inverclyde hostel and dispersed self-contained stock.

5.7.1 Expenditure Profile: Dispersed stock leased from RSLs

The arrangements in place for dispersed temporary accommodation leased from RSLs is that Inverclyde Council/HSCP collect the rent from the temporary accommodation tenants and re-pay a rent to each RSL for the use of this stock as temporary accommodation. It is normal practice that this

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charge should cover an element of supervision & management, overheads, repairs, other maintenance and any capital investment associated with managing the stock.

As detailed in Diagram 5.2, over and above this, there are additional costs associated with the management of temporary accommodation stock and the model of supervision or support that is in place. Based on analysis of budgeted and historic expenditure on dispersed accommodation, it would appear that Inverclyde Council/HSCP also are responsible for void rent loss, bad debts, repairs and voids, gas/ electricity, furniture and cleaning costs.

As the Inverclyde Centre is in the full ownership of Inverclyde Council, the Council pays for all costs associated with managing the Centre.

Analysis was performed on both the Inverclyde Centre and the dispersed accommodation account for 2017/18 budget expenditure. This analysis concluded that on average the cost and cost per unit for managing dispersed stock is as follows:

Expenditure	Dispersed Annual expenditure	Dispersed Cost per Unit per week	Inverclyde Centre Annual expenditure	Inverclyde Centre Cost per Unit per week
Void Rent Loss (VRL)	£82k	£51.40 (22% of rent income)	£65k(18% of rent income)	£40
Bad Debt	£8.7k	£5.70		
Staff costs	n/a	n/a	£488k	£303
Landlord payment	£142k	£95.50	n/a	n/a
Cleaning	£4k	£2.60	£12k	£7.50
Council Tax, Water and Rates	£7k	£4.75	£26.5k	£16.50
Furniture and Fittings	£13k	£8.80	£31k	£19.40
Gas and Electricity	£3k	£2.16	£20.7k	£12.80
Repairs and Maintenance	£19k	£12.71	£28.6k	£17.80
Total Expenditure	£281k	£186.40	£673k	£417

Table 5.8: Temporary accommodation account budgets

Table 5.8 illustrates, the Council currently budget for expenditure of around £281k per annum on dispersed temporary accommodation stock and £673k on the Inverclyde Centre.

The highest proportion of dispersed accommodation expenditure relates to the rental payments to RSL landlords (50%) and on income lost through void rent loss (29%). The highest proportion of Inverclyde Centre expenditure relates to staff costs (72%). The total staff costs charged to the Inverclyde Centre budget is £812k, this figure includes assessment staff which have been net off the figure of £488k presented above to ensure that the costs only cover Inverclyde Centre Staff.

Currently the rental income stream for the Inverclyde Centre does not cover the costs of managing the stock and in fact a budgeted shortfall of **-£320k** is evident. This shortfall however is based on the current charging structure and assumes that the LHA cap is not applied. Therefore, if the LHA cap was to be applied, the net deficit position would increase by **£241k** as illustrated in Table 5.3 above.

The 2017/8 budgeted dispersed temporary accommodation account currently projects an annual surplus of £97k. However, if the LHA cap was to be applied, income would reduce by £176k (as outlined in Table 5.3 above) which would mean that an overall shortfall of around £79k would occur. This reduction in income is mainly driven by the fact that the dispersed accommodation cost per unit per week (£186) is significantly more than the LHA rate which ranges from £60 to £190 per week depending on property size (£111 per week on average).

5.7.2 Benchmarking

Given the financial pressures that could be placed on the temporary accommodation account through the application of the LHA cap, current costs have been benchmarked to identify potential efficiencies which could be applied to the budget profile.

On this basis, Arneil Johnston have applied a series of temporary accommodation cost benchmarks based on a model developed by ALACHO (the Association of Local Authority Chief Housing Officers) to quantify the impact of welfare reform on local authority homelessness budgets. This model establishes benchmark costs per unit of temporary accommodation based on a consultation outcomes and benchmarking completed with local authorities across Scotland.

The diagram below outlines the benchmark cost per unit for managing temporary accommodation in the ALACHO model.

Expenditure Benchmarking Category	Dispersed (ALACHO Benchmark)	Dispersed IC Current Spend	Hostel (ALACHO Benchmark)	Inverclyde Centre Current Spen
Void Rent Loss (VRL)	5%	22%	5%	18%
Property costs e.g electricity	£6 per unit per week	£10 per unit per week	£16 per unit per week	£37 per unit per week
Repairs	£20 per unit per week	£13 per unit per week	£20 per unit per week	£18 per unit per week
Furniture & Storage	£19 per unit per week	£9 per unit per week	£19 per unit per week	£19 per unit per week

Table 5.9: Cost per unit benchmarks for temporary accommodation expenditure

When comparing these benchmarks to the current per unit per week spend in Inverclyde; void levels and other property costs are considerably higher than ALACHO’s costs.

Given the pressures placed on local authority budgets and the financial implications of DWP reform, a financial scenario model was developed to assess the impact of reducing high spend areas on both dispersed and hostel accommodation.

Table 5.10 and 5.11 below illustrates the level of efficiencies that could be generated on both types of temporary accommodation managed by the Council/HSCP, by applying efficiencies which benchmark Inverclyde closer to the ALACHO model. Table 5.10 below illustrates that by applying ALACHO benchmarks to the management of the current 29 dispersed units, efficiencies of £70k per annum could be generated as follows:

	Dispersed Current	Benchmarks
Voids	-22%	-5%
Bad Debts	-1%	-1%
Rent Payable	96	96
S&M Per Unit	-	
Repairs Per Unit	13	13
Furniture Per Unit	9	9
Other Property Costs	10	6
Total Cost	127	123
Baseline		
Input Units	29	29
Input Rental Income	378,000	378,000
	Dispersed Current	Benchmarks
Voids	84,672	18,900
Bad Debts	5,400	5,400
Rent Payable	144,014	144,014
S&M Per Unit	-	-
Repairs Per Unit	19,152	19,604
Furniture Per Unit	13,270	13,270
Other Property Costs	14,341	9,048
Total Cost	280,849	210,236
Net Income	97,150.92	167,763.60
Efficiency	70,612.68	

Table 5.10: RSL owned temporary accommodation expenditure profile: current and benchmark

Landlord payments (£94 per week rent charge) are around the same level or above the LHA cap for a shared room (£60 per week) and 1-bedroom property (£80 per week). Despite this, the Council also pay a further £31 per further property costs and assume full responsibility for void rent loss periods. This provides no incentive for proactive performance by the RSL to minimise voids and does not reflect leasing arrangements elsewhere across Scottish local government.

Therefore, the Council should consider if there are opportunities to negotiate the terms of the leasing arrangements for managing temporary accommodation stock in order to mitigate the further loss of income as a result of partnership arrangements which are further exacerbated by the LHA cap.

Furthermore, Table 5.11 below illustrates that by applying ALACHO benchmarks to the management of the 31 units at the Inverclyde Centre, efficiencies of £117k per annum could be generated.

	Hostel	Benchmarks
Voids	-18%	-5%
Bad Debts		
Rent Payable	-	
S&M Per Unit	303	303
Repairs Per Unit	18	18
Furniture Per Unit	19	19
Other Property Costs	37	16
Total Cost	377	357
Baseline		
Input Units	31	29
Input Rental Income	353,000	353,000
	Hostel	Dispersed
Voids	64,952	17,650
Bad Debts	-	-
Rent Payable	-	-
S&M Per Unit	488,436	457,386
Repairs Per Unit	28,694	27,144
Furniture Per Unit	31,273	29,271
Other Property Costs	59,322	24,128
Total Cost	672,676	555,579
Net Income	- 319,676	- 202,579.42
Efficiency	117,097	

Table 5.11: TA Efficiency scenario

The scenario outlined in Table 5.11 applies benchmark efficiencies to only voids and property costs.

However, the greatest proportion of Inverclyde Centre management costs relate to staffing expenditure. Therefore, over and above improving operational performance, Inverclyde Council/HSCP should consider whether there is an opportunity to review the staffing model associated with managing the Inverclyde Centre in order to generate further efficiencies in the context of the potential impact of further loss of income through the implementation of the LHA Cap.

6 Conclusions & recommendations

The analytical modelling of temporary accommodation requirements in Inverclyde has identified the required projected profile of provision based on analysis of the demand from homeless households. The financial implications of these requirements for the temporary accommodation budget has also been defined, taking into account the impact of the housing benefit subsidy changes on the overall deficit funded position.

6.1 Rebalancing temporary accommodation provision: Conclusions

The analysis of demand relative to supply has been used to determine the net requirement for temporary accommodation by property size and area across the various categories of temporary accommodation either in place or required in Inverclyde. Using both the demand data and scenarios relating to target and current average length of stay, it is calculated that there is a net requirement for 83 units of temporary accommodation in Inverclyde in the base year of the model.

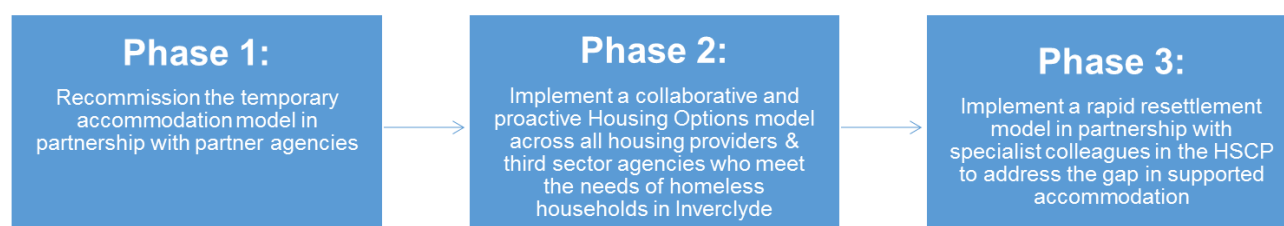
With a current stock profile of 60 units, there is a net shortfall of 23 of temporary accommodation units in overall terms. However, within this apparent shortfall, there is a substantial mismatch between the profile of projected demand and existing supply focused on:

- an oversupply of hostel units (+14), which when viewed in the context of the extent of budgeted shortfall (-£320k per annum) associated with the Inverclyde Centre, must cast uncertainty over its future role both in terms of its capacity to meet need and its cost efficiency;
- the extreme mismatch in the dispersed accommodation profile by both area and property size with particular imbalances focusing on the undersupply of 1-bedroom units (-33 units) relative to the oversupply of 4-5 bedroom units (+22); as well as the area shortfalls evident in Inverkip and Post Glasgow. The strategy for recommissioning dispersed accommodation also provides an important opportunity to recover up to £73k in benchmark efficiencies through renegotiating current leasing arrangements with RSLs which place every cost and risk associated with managing temporary accommodation with Inverclyde Council/HSCP; and
- the gap in current provision for supported accommodation for those unlikely to sustain settled accommodation without a structured resettlement programme to enable vulnerable or chaotic service users to become tenancy ready. A net shortfall of -13 supported accommodation units can be evidenced in the baseline version of the temporary accommodation model.

6.2 Rebalancing temporary accommodation provision: Recommendations

Given the evidenced shortfall (-23), the assumptions relating to prevention which reduce this shortfall to -10 units by Year 3 of the model, and major questions over the profile and suitability of current provision; it is clear from the outcomes of the analytical modelling exercise that a complete recommissioning of the temporary accommodation model in Inverclyde needs to be considered. This commissioning strategy needs to sit in a wider framework of service development which focuses on the aim of reducing the requirements for temporary accommodation as a result of successful prevention (for those with no or low level support needs) or rapid resettlement (for those with acute support needs).

On this basis, there are perhaps three specific phases of a temporary accommodation strategy which should be developed as the basis of transforming provision to better meet the needs of those at risk or experiencing housing crisis and to develop a more financially sustainable model of provision, namely:



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The key considerations associated with each proposed stage of the strategy for building a more effective and financially sustainable model of temporary accommodation in Inverclyde are set out in turn below:

Phase 1: Recommission the temporary accommodation model in partnership with partner agencies

The first stage in recommissioning the current model of temporary accommodation in Inverclyde should focus on remodeling the supply of dispersed accommodation units to address imbalances in provision. This will include:

- Decommissioning dispersed units which are surplus to requirements by area or property size e.g. 4/5-bedroom properties, decreasing the volume of units in Greenock; and
- Commissioning dispersed units which address shortfalls in provision including e.g. 1/2-bedroom properties, increasing the volume of units in Inverkip and Port Glasgow.

This review of the commissioned model for dispersed accommodation will require negotiation with both existing landlords (RSLs) and new landlords (Third Sector and/or commercial agencies) to source an appropriate property mix by size and area. Furthermore, new approaches to commissioning will require to negotiate current leasing arrangements with landlords to ensure there is an adequate sharing of risk and return with a movement away from the model which places all cost and risk with Inverclyde Council/HSCP.

The second stage in recommissioning the current model of temporary accommodation in Inverclyde should focus on the strategic assessment of the role of shared accommodation options to meet the needs of an extensive and growing client group of homeless applicants who are single and under the age of 18.

Finally, based on the outcomes of this assessment of shared accommodation, a strategic option appraisal of the future purpose of the Inverclyde Centre requires to be commissioned to determine whether it has a viable, long term future in the context of the Inverclyde temporary accommodation strategy. At a minimum, short term interventions should focus on a review of the staffing model associated with the Centre which appear to be significantly beyond the supervision and management benchmarks associated with the running of hostel accommodation according to analysis by ALACHO.

Strategic questions which should be addressed in the context of Phase 1 of Temporary Accommodation strategy development include:

For dispersed accommodation:

- Working with RSLs, is there an ability to address the shortfalls and imbalances in dispersed stock given identified imbalances by size and type and area?
- What type of partnership arrangements need to be negotiated in order to lease accommodation in a viable way i.e. what assumptions do we set for future expenditure on dispersed accommodation within leasing agreements and better management of the stock?
 - a. Voids – current benchmark 5%
 - b. Rent charge – negotiated, fixed rents over a defined period
 - c. Repairs – reasonable allowance for response repairs given turnover
 - d. Furniture – specification options based on sector benchmarks (average spend is £20 per property per week)
 - e. Other property costs (gas, electricity, council tax, grounds maintenance, security) – efficiency options to be considered and discussed
- What are the issues associated with transforming the profile of leased accommodation to match the size, type and area profile identified e.g. are there issues with breaking long term lease arrangements that would restrict options to transform the stock?

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- What are the main opportunities and barriers that should be taken into account in renegotiating leasing arrangements with local RSLs?
- Are there alternative commissioning options for dispersed accommodation that should be considered?

For shared and hostel accommodation:

1. Which of the following strategic options should be considered for the Inverclyde Centre:
 - a. Retention with cost efficiency plan put in place?
 - b. Remodeling and service development plan?
 - c. Closure and disinvestment?
 - d. Partnership with external provider(s) to develop new accommodation and support models?
2. What are the commissioning strategy options for developing alternative accommodation options given the extent and nature of support needs identified?
3. How does this fit with the Strategic Commissioning Plan for Inverclyde?

Phase 2: Implement a collaborative and proactive Housing Options model across all housing providers & third sector agencies who meet the needs of homeless households in Inverclyde

Whilst the housing options model in Inverclyde has been successful in reducing the number of homeless applications through a more choice based and proactive approach to prevention activity; so far, it has largely been the responsibility of statutory homeless services to deliver the prevention model.

If the prevention assumptions within the temporary accommodation model are to be realised, the framework for delivering housing options in Inverclyde should focus on a more ambitious and collaborative delivery framework that boosts capacity through partnership and widens the access points for advice and assistance. Given Inverclyde's status as an LSVT local authority that has transferred its housing stock to the Housing Association sector, the principles of the Glasgow housing options model could provide the basis of developing an effective framework. These design principles include:

- the development of a comprehensive advice and support service for any customer who approaches frontline services (i.e. Council, RSLs or Third Sector agencies) with a housing problem or enquiry including interventions to:
 - sustain the customer in their current home;
 - a partnership referral using a dedicated network of 'named contacts in health, social care and criminal justice to delay the urgent need to move home; and
 - a partnership referral using a dedicated network of RSL partners to secure alternative accommodation.
- recognition that the availability of social housing is limited and cannot be the answer to the housing needs of every customer. This avoids an initial assumption that a social rented tenancy or homeless application is the most appropriate solution for that person;
- promoting independence, choice and increased opportunities by offering advice on all housing tenures, suitable for their circumstances, including owner occupation and private renting;
- the provision of housing advice linked to advice on health, social care and employment with the aim of sustaining people in their tenancies or helping them secure a different alternative accommodation as their needs change; and
- the development of new services and partnership networks aimed at enhancing the options available and resolving customer risks through early intervention and without having to resort to statutory provision, including:

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- mediation services for young people and their families;
- money and debt advice services aligned to improving financial capability;
- new Common Housing Registers and housing application processes; and
- new access routes into the private rented sector.

In summary, based on an approach to frontline practice which offers a more diverse range of options within a person-centred assessment of need, the essential principles of the Glasgow housing options model include:

- a much improved housing advice platform for both self-service and supported interventions;
- an authority wide culture of supporting the customer whichever door they come to;
- a consistent set of tools to support delivery; and
- an increasing and evolving range of options which customers and staff can rely on.

On this basis, a relaunched housing options model in Inverclyde could promote front line partnership and collaboration across the RSL, health, social work and Third sectors to improve customer outcomes by improving the synergies between care management and housing management processes.

To achieve this, service development should focus on making better use of existing resources across all partners using service redesign as the foundation for improving customer outcomes and shifting operational culture. As well as making better use of existing resources, service development should invest in developing new front line support materials and networks for staff to ensure a comprehensive range of options are available for consideration with every housing options customer.

Phase 3: Implement a rapid resettlement model in partnership with specialist colleagues in the HSCP to address the gap in supported accommodation

Finally, to address the gaps in supported accommodation for those households unable to make the transition to independent living in settled accommodation without a planned resettlement process, assessing the feasibility of implementing a rapid rehousing approach should be strongly considered.

The position of the current HARSAG (Homelessness & Rough Sleeping Action Group) formed by the Scottish Government in 2017 is clear - that better outcomes (both housing sustainability, social, economic and health) are aligned with a rapid rehousing model which minimises time spent in any form of temporary accommodation, with the fewer transitions the better. In order to meet the needs of homeless applicants with complex needs who are not tenancy ready, it is recommended that a rapid rehousing model be scrutinised in the context of Phase 1 and 2 outcomes outlined above.

HARSAG's position is that the evidence supporting rapid rehousing models (including Housing First) is overwhelming. On this basis, the Action Group wants to create a new mechanism to (i) significantly upscale and transition to Housing First as default for homeless people with complex needs; (ii) ensure rapid rehousing in the context of Scotland's homelessness legislation for most other households; and (iii) by exception, offer options for shared accommodation with quality support. To achieve this, HARSAG has recently commissioned research to develop a practical framework to assist Housing Options Hubs, Integration Joint Boards and delivery partners to plan, commission and deliver change towards a rapid resettlement model at a local level.

Building on the published finding of HARSAG on how to transition to a rapid rehousing model (expected in Summer 2018), Inverclyde Council/HSCP should consider:

- What partnership arrangements need to be negotiated to ensure that a rapid rehousing model can be pursued for those with complex support needs in Inverclyde?
- What are the commissioning options for developing supported accommodation options as an exception? and
- How do these priorities fit with the Strategic Commissioning Plan for Inverclyde?

6.3 Temporary accommodation: financial implications

Given the recent changes to the housing benefit subsidy framework introduced by the DWP, if the rental values for temporary accommodation must be decreased to the LHA cap; based on the current stock profile and costing schedule, these changes could result in an estimated £417k loss to the temporary accommodation budget. The ability of the Council/HSCP to bridge this funding gap is likely to be extremely limited, given the financial pressures experienced across the public sector.

On this basis, a number of interventions have been suggested to mitigate the impact of the growing funding deficit, including:

- Given that an oversupply of hostel units (+14) is evidenced, and the Inverclyde Centre currently budgets for a shortfall (-£320k per annum). Strategic options must be considered regarding the future role of the Inverclyde Centre both in terms of its capacity to meet need and its cost efficiency.
- Currently, the majority of Hostel Accommodation at the Inverclyde Centre is self-contained unit and to meet the DWP current 'exempt accommodation' definition, hostel units would require to be re-modelled as non- self-contained. Therefore, prior to any re-modelling or additional investment, a cost benefit exercise should be undertaken to ensure that it the benefit of the increased rental stream from exempt accommodation will outweigh the cost of investment and that an increase in non-self-contained hostel accommodation could make a positive contribution to meeting the needs of homelessness applicants in Inverclyde.
- Inverclyde Council/HSCP should consider whether there is an opportunity to review the staffing model associated with managing the Inverclyde Centre to generate further efficiencies in the context of the potential impact of further loss of income through the implementation of the LHA Cap.
- The council/HSCP should enter in to dialogue with Housing Benefit to ensure that they will approve the classification of Dispersed Refuge accommodation as exempt under the DWP definition of exempt accommodation.
- Current Landlord payments are around the same level or above the LHA cap for a shared room and 1-bedroom property. Despite this, the Council also pays for further property costs and assume full responsibility for void rent loss periods. The Council should consider if there are opportunities to negotiate the terms of the leasing arrangements for managing temporary accommodation stock to mitigate the further loss of income as a result of partnership arrangements which are further exacerbated by the LHA cap.