

Association of Housing Advice services (AHAS)

Homelessness Reduction Bill – financial impact assessment

Introduction

This financial report is based on the data from five representative London local authorities. We have attempted where possible to follow the findings from Wales and apply an evidence based approach, with some reasonable assumptions which are detailed in the tables. Whilst we disagree that the same outcomes can be achieved as in Wales, there is an expectation from the Bill that homelessness prevention will mirror the outcomes there.

The findings show a considerable potential financial impact for London authorities, which will be replicated across others. The total cost to London is calculated at £161m

Total new burden cost					
	South Inner London	Central London	West Outer London	North outer London	East Inner London
PRS costs (incentives)	£ 5,301,846	£2,386,183	£442,442	£2768,250	n/a Average used £2,724,680
Increase in reviews	£1,414,835	£744,915	£71,020	£1,640,350	£3,893,910
Additional FTE	£1,160,000	£460,000	£220,000	£1,020,000	£1,020,000
Total	£7,877,000	£3,591,000	£733,000	£5,429,000	£7,639,000

The total figures provided do however represent an underestimation, as we have not included costs for a number of activities:

- **Increased TA provision** – where previously we worked with landlords and tenants to preserve tenancies, the Bills unintended consequence of ending priority need tenancies earlier will result in increased TA costs. Likewise the need to house IH households for six months will increase private sector procurement costs.
- **Pathways provision** - some authorities deliver services for vulnerable non priority single homeless. This may include **assessment centres or emergence hostel provision**. Whether provided locally or regionally this will be a significant resource. It is anticipated that these services will need to be reviewed and expanded. For those that don't have supported housing there is likely to be a need for significant investment.
- **Floating support** - those local authorities which provide a pathways service also invest in floating support for single people moved on into settled

accommodation. This will need to be increased or introduced where not currently provided

- **Direct referred service** - services for vulnerable groups – prison leavers, hospital discharge, DV provision, mental health outreach, move on will require coordinators increasing staff resources
- **Legal costs** - the tables above do not include legal costs, for which we can expect an equivalent proportionate increase
- **Staff** - the tables predict the increased work force required but does not include the extra resources required for management, training etc

Tables

Table 1: Projected s195 and 189b caseload

The methodology to calculate the total casework has been to start with the 2015/16 footfall approaching housing advice or homelessness services for five representative local authorities. To this we have added a 26% uplift based on the Welsh experience of increased demand (we anticipate that demand in London and other high demand areas will be greater than this); deducted 30% for repeat visits which tends to be the upper average; and a further 20% reduction for those cases requiring limited action. This produces a new average caseload of just over eight thousand households per authority per year. We have split the prevention and relief caseload according to the Welsh experience.

	South Inner London	Central London	West Outer London	North outer London	East Inner London
2015/16 number of approaches	17136	6763	2591	14900	15720
26% Increase in demand	(4455) 21591	(1758) 8521	(673) 3264	(3874) 18774	(4087) 19807
Deduct 30% (repeat visits)	(6477) 15114	(2556) 5965	(979) 2285	(5632) 13142	(5942) 13865
Deduct 20% (advice only cases s179)	(3022) 12092	(1193) 4772	(457) 1828	(2628) 10514	(2773) 11092
Total s195 and 189b cases	12092	4772	1828	10514	11092
Estimated Prevention caseload (51%)	6167	2434	932	5362	5657
Estimated Relief caseload (49%)	5925	2338	896	5151	5435

Table 2: Projected number of prevention of homelessness outcomes (s195)

The methodology for calculating Table 2 is based on the Welsh outcomes. It is very likely that the outcomes achieved in high demand areas will not mirror the Welsh experience and will lead those local authorities to incur additional costs. It is however not possible to estimate this and in order to produce evidence based figures we have used to data available from Wales.

	South Inner London	Central London	West Outer London	North outer London	East Inner London
S195 cases	6167	2434	932	5362	5657
65% successful outcomes	4008	1582	605	3485	3677
Of these 23% remained in home	922	364	139	884	846
77% requiring alternative accommodation	3086	1218	466	2961	2831
16% unsuccessful	987	389	149	858	905
3% assistance refused	185	73	28	161	170
8% non cooperation	493	195	75	429	452
8% other (Welsh data 9% adjusted to total 100%)	493	195	75	429	452

Table 3: Projected number of homeless cases (s189b outcomes)

Again the same methodology with caveats has been used to calculate table 3.

	South Inner London	Central London	West Outer London	North outer London	East Inner London
Total number of homeless s.189b cases	5925	2338	895	5152	5435
Successful (45%)	2666	1052	403	2318	2446
Unsuccessful (29%)	1718	678	260	1494	1576
Refused assistance (2%)	119	47	18	103	109
Non cooperation (11%)	652	257	98	567	598
Other (13%)	770	304	116	670	706

Table 4: Projected number of households requiring accommodation

This table projects the number of successful s195 and s189b cases local authorities would need to achieve to match the Welsh outcomes.

The number of households rehoused in 2015/16 includes all households rehoused (Part VI) to those on waiting lists of the boroughs concerned including transfers. If we were to recreate the Welsh experience, numbers requiring social housing would use up the vast majority of housing supply for the year.

	South Inner London	Central London	West Outer London	North outer London	East Inner London
Successful 189b outcomes (accommodation)	2666	1052	403	2318	2466
Successful s195 outcomes (accommodation)	3086	1218	466	2961	2831
Total cases requiring alternative accommodation	5752	2270	869	5279	5297
34% Part VI	1956	772	295	1795	1801
Actual number of households rehoused in 2015/16 (total Part VI)	1230	886	272	N/A	N/A

Table 5: Projected additional private sector renting costs

Securing accommodation in the private sector brings with it a cost. Additional staffing is dealt with in the table below. The incentives paid to landlords to secure the accommodation represent a payment in lieu of the deposit etc. The increase is based on the 565% increase in accommodation required to meet the duties based on the Welsh outcomes.

	South Inner London	Central London	West Outer London	North outer London	East Inner London
Current spend (2015/16)	£1,140,182	£429,932	£ 95149	£605,000	Not available
Projected spend	£6,442,028	£2,429,115	£537,591	£341,8250	Not available
Additional spend	£ 5,301,846	£2,386,183	£442,442	£2768,250	

Table 6: Reviews

The estimate of new reviews required is based on the current number of cases that are reviewed in relation to the 370% (rounded figure) increase in front line activity. This will be an underestimate as there are a significant number of new proposed opportunities for applicants to request a s.202 review. The figures also do not include legal costs, for which we can expect an equivalent proportionate increase. The costs are based on average outsourced reviews per review case at £265.

	South Inner London	Central London	West Outer London	North Outer London	East Inner London
Current % cases reviewed	12%	16%	4%	16%	36%
Projected s195 and 189b cases	12092	4772	1828	10514	11092
Number of additional reviews using same % figures assuming one review per case	1451	764	73	1682	3993
Number of potential reviews using same % figures assuming a 368% increase based on projected figures for South London borough prevention and relief activities.	5339	2811	268	6190	14694
Cost for 1 review per case *	£384,515	£202,460	£19,345	£445,730	£1,058,145
Total Cost for 370% increase in reviews	£1,414,835	£744,915	£71,020	£1,640,350	£3,893,910

Table 7: Additional staff resources

Using the same evidence and assumptions we have predicted the additional full time equivalent (FTE) staff who will be required to meet the new duties. The figures in the table below are based on FTEs working 7 hours per day based on average wages of £40k per annum (including on costs) in London. These are conservative figures as they do not include cover for absence, lunch time etc., and they are based on average numbers spaced consistently throughout the year, rather than the fluctuating demand that is experienced in homelessness services.

		South Inner London	Central London	West Outer London	North Outer London	East Inner London
s.179 advice interviews 1 hour per interview	Hours	3022	1193	457	2628	2773
	FTE	2	1	0.5	1.5	1.5
s.189a assessments & housing plans 2 hours per case	Hours	24184	9544	3656	21028	22184
	FTE	13	5	2	12	12

PRS lettings Ratio of PRS lets to accommodation outcomes 2015/16 (57%)	Weekly lets required	72	25	17	57	58
	FTE based on 10 lets per officer	7	2.5	2	6	6
Decision letters Based on of cases to whom a195 or 189b duty is owed overall – 1 decision per case	No of decisions required	12092	4772	1828	10514	11092
	FTE equivalent	7	3	1	6	6
Warnings and notices for non-cooperation 2 per case at 1 hour	Notices required	1145 x2	452x2	173x2	996x2	1050x2
	FTE equivalent					
Total FTE		29	11.5	5.5	25.5	25.5
Cost		£1,160,000	£460,000	£220,000	£1,020,000	£1,,020,000