



Cabinet

Date of meeting: 11 April 2016

Report title: Improving the efficiency of homelessness applications

Wards: All

Report Authorised by: Strategic Director for Neighbourhoods and Growth: Sue Foster

Portfolio: Cabinet Member for Housing: Councillor Matthew Bennett

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Report summary

This report sets out the opportunity to improve the performance and reduce the cost to manage homelessness reviews.

On average we receive 120 applications to review negative homelessness decisions each year and have a backlog of over 250 cases pending a decision. We are taking an average of 240 days to make decisions against a statutory guide of 56 days. This is not only costing the local authority large amounts in terms of temporary accommodation costs but results in families waiting too long for a decision to be made creating uncertainty about their future housing situation. Some households may be in unsuitable temporary accommodation during this time and unwilling to make decisions about their alternative housing options. This is unreasonable and unacceptable and a more timely decision will be of benefit to households under review allowing them to move quickly to settled accommodation.

Homelessness is predicted to rise due to more welfare reforms and increasing rents in the private sector. It is estimated that changes will increase overall homelessness applications and in particular the number of reviews by 20%. If we do not establish an effective and timely decision-making process, this will lead to a significant increase in the time households spend in TA, with the associated costs and uncertainty for families.

Recently review decisions have been managed on an 'ad hoc' basis due to problems with recruitment to the Reviews Officer post, which requires a high level of knowledge and expertise. These are paid per case and have proved to be of a very high standard and good value for money when compared with a full time officer. This report considers the options and recommends to contract out the service.

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This is an operational matter but under the Deregulation and Contracting Out Act 1994, the Local Authorities (Contracting Out of Housing Allocation and Homelessness Functions) 1996 and recent case law, it requires Cabinet approval.

Finance summary

Each review decision costs £145. Based on an average number of 120 reviews per annum, a contract approach will cost £17,400 per annum. Payment will be made on receipt of the reviews, which must be completed according to contractual arrangements. The cost to the council of each full time reviews officer is currently £41,796 per annum. This report outlines how a more efficient way of managing reviews will also create savings from the Temporary Accommodation (TA) budget. Based on average TA costs of £8,850 per annum, completing reviews on time will produce a saving of £170.20 for every week that a household in TA awaiting a decision is accommodated in excess of 56 days. Based on current average performance of 240 days, this would be a saving of £4,462 per household.

Recommendations

- (1) To authorise officers to enter in to a pilot with the current provider, RMG Ltd, for one year to undertake Section 202 homeless review decisions and any associated administrative work.
- (2) To note that officers will set up robust systems for monthly reports and contract monitoring meetings to review performance.
- (3) To seek approval to procure the future management of the function at the expiration of the 12 month period.

1. History and Context

- 1.1 Due to restructure and voluntary redundancy there is a backlog of 90 reviews, some of which have been outstanding for a number of months. There are currently 64 reviews outside the statutory time of 56 days' time limit local authorities have to undertake a review. This has resulted in a number of households awaiting a review decision remaining in temporary accommodation, at a significant cost to the Council.
- 1.2 Since April 2015 we have on an ad hoc basis been using RMG Ltd to manage some reviews. This has enabled us to keep control of our backlog and number of cases in Temporary Accommodation (TA) under review. The quality of the decisions has been consistently high. In addition, managing reviews in this way rather than appointing a reviews officer has contributed to underspend in the budget (if we disregard TA) and has proven to be an economical option for the Council.
- 1.3 However, the ad-hoc nature of the arrangement means that we are unable to specify performance targets and establish the contractual arrangements that would deliver a full time reviews service and enable us to reduce decision times significantly.
- 1.4 There is a limited market for this kind of service and we have an effective client relationship with this provider. The provider is contracted to work with other authorities and is expert in decision making regarding complex cases. There would be a cost in replacing this with another short term provider who would have a steep learning curve and this would impact upon performance and cost to the council. The service is low value and the flow of work is hard to predict. Because of this we need 12 months to review the requirements for a longer term arrangement and put a proper procurement into place.

2. Proposal and Reasons

- 2.1 It is proposed to pilot a new way of managing the Council's Section 202 review decisions for 12 months. We are statutorily obliged to undertake sec. 202 reviews, and therefore there is no option not to provide a service. This leaves two further options; either to recruit full time officers or manage reviews on a contract basis.
- 2.2 **Recruiting a full time Reviews Officer**

This is less cost effective. It does not provide a service for 52 weeks of the year. If we are dependent on one officer we risk a drop in performance if demand rises. There is also the risk that annual leave and sickness absence will affect performance and increase the backlog, with repercussions for the TA budget.
- 2.3 **New service**

A fixed price contract offers a service across the year and allows greater flexibility to meet demand and ensure consistent and efficient decision making in the light of any service redesign. In considering the available options, the benefits of a contract outweigh those of maintaining the service in house.
- 2.4 The current time taken to carry out reviews is approximately 34 weeks, and there are 45 cases in TA pending a decision. There are often occasions when the council is obliged to accommodate

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households in TA pending a decision, therefore it is essential that the review process takes as little time as possible in order to reduce costs. The statutory deadline is to complete a review in 8 weeks. Using the average cost of TA to the council, any failure to deliver on time is a cost of £170.20 per week per household in TA awaiting a decision. By contracting that reviews will be completed within 8 weeks we will meet our statutory obligations and control the cost of providing TA.

- 2.5 On average we receive 120 reviews a year, but with an increase in out of borough TA offers and the potential impact of welfare reform on homeless applications it is probable that the number of reviews will increase next year. We anticipate that this will lead to an increase in the number of reviews by 20%. If we do not establish an effective and timely decision-making process, this will lead to a significant increase in the time households spend in TA, with the associated costs and uncertainty for the applicants.
- 2.6 Currently the average time pending a decision is approximately 240 days. Households who have requested a review expect a decision to be made within the statutory 56 days, but they are having to wait significantly longer. Whilst they await a decision, many households are left 'in limbo', unsure of their future housing situation. Some of these households may be in unsuitable temporary accommodation or are unsure of whether to make alternative arrangements regarding their housing. It is difficult to work with these households regarding alternative housing options in these circumstances. A timely decision is of benefit to those eligible households under review as it allows them to move on to more secure accommodation quickly.

3. Finance

- 3.1 The tables below set out the different costs associated with review decisions.

Average TA costs	
Cost per household per annum	£8,850
Statutory timeframe for review decisions (56 days)	£1,357
Current decision time per case (240 days)	£5,819
Current households in TA awaiting a decision (45) - excess cost	£200,790

Review resource costs	
Full time reviews officer	£41,796 pa
Basic proposed review decision	£145
120 basic proposed reviews (pa average)	£17,400

- 3.2 Outsourcing the reviews process would save £24,000 per annum over the cost of employing a full time reviews officer, based on the average case load of 120 reviews per annum.

- 3.3 If performance was improved such that reviews were completed within the 56 day timeframe as opposed to the current average performance level of 240 days per case, this would save £4,462 per case against the TA placements budget.

4. Legal and Democracy

- 4.1 The constitution (p109) states that the Council or Cabinet may contract out to another body or organisation functions which may be exercised by an officer and which were subject to an order under section 70 of the Deregulation and Contracting Out Act 1994.
- 4.2 The Local Authorities (Contracting Out of Housing Allocation and Homelessness Functions) 1996 was made pursuant to this legislation. Making decisions on homelessness is an executive function and as such should be taken by Cabinet.
- 4.3 Regulation 5 of the Allocation of Housing and Homelessness (Review Procedures) Regulations 1999 requires the council to notify the applicant in writing within 56 days of the outcome of the review decision.
- 4.4 Pursuant to section 204 (1)(b) of the Housing Act 1996, failure to notify the applicant of the outcome of the review within the prescribed period, gives the applicant an automatic right to appeal the original homeless decision to the County Court.
- 4.5 This proposed key decision was entered in the Forward Plan on 11 March 2016 and the necessary 28 clear days' notice has been given. In addition, the Council's Constitution requires the report to be published on the website for five clear days before the proposed decision is approved by the Cabinet Member. Any representations received during this period must be considered by the decision-maker before the decision is taken. A further period of five clear days - the call-in period – must then elapse before the decision is enacted. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved.

5. Consultation and co-production

- 5.1 No consultation has taken place.

6. Risk management

- 6.1 The main risk here is the failure of the contractor to make decisions within the 56 day limit. The mitigation for this is that the contract will ensure robust contract management, regular reporting and review and financial penalties for failures.
- 6.2 Another risk is that the quality of the decisions will be poor. However, we have tested the contractor by working with them for some months, and the decisions are of a high standard. Again, this will be monitored through contract management.

7. Equalities impact assessment

7.1 No EIA required as no service users will be affected by this decision. All requested reviews will continue to be undertaken according to the statutory requirements as they are now.

8. Community safety

8.1 Not applicable.

9. Organisational implications

9.1 Environmental
None.

9.1 Staffing and accommodation
None.

9.2 Procurement
None.

9.3 Health
None.

10. Timetable for implementation

Action	Achieved by date
Contract commences	2 nd May
Full handover of outstanding cases	13 th May
Contract monitoring meetings	Monthly from 6 th June

Aims and outcomes

The contractor must:

- Reduce the backlog of outstanding cases by 20 per month
- Process all new cases, issuing a regulation 8 letter within one week of referral by the council.
- Issue all decisions within the statutory 56 days (unless exception agreed).

This will be monitored via monthly reports and contract performance meetings.

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Audit trail				
Consultation				
Name/Position	Lambeth cluster/division or partner	Date Sent	Date Received	Comments in para:
Sue Foster	Strategic Director, Neighbourhoods and Growth	22.3.16	22.3.16	
Neil Wightman	Director of Housing Services	30.3.16	30.3.16	
Andrew Ramsden Finance	Business Partnering			
Alison McKane, Legal Services	Corporate Resources: Integrated Support	31.03.16	31.03.16	
David Rose, Democratic Services	Corporate Resources: Corporate Affairs	14.03.16	14.03.16	Throughout
Councillor Matthew Bennett	Cabinet Member: Housing	30.3.16	30.3.16	

Report history	
Original discussion with Cabinet Member	25.2.15
Report deadline	30.03.16
Date final report sent	30.03.16
Report no.	204/15-16
Part II Exempt from Disclosure/confidential accompanying report?	No
Key decision report	Yes
Date first appeared on forward plan	11.3.16
Key decision reasons	3. Meets community impact test
Background information	The Deregulation and Contracting Out Act 1994 http://www.legislation.gov.uk/ukpga/1994/40/contents The Local Authorities (Contracting Out of Housing Allocation and Homelessness Functions) 1996 https://www.google.co.uk/webhp?sourceid=chrome-instant&ion=1&espv=2&ie=UTF-8#g=The+Local+Authorities+(Contracting+Out+of+Housing+Allocation+and+Homelessness+Functions)+1996
Appendices	None