Item No: 8

Meeting Date: **Wednesday 25th January 2023**

Glasgow City Integration Joint Board

Report By: **Pat Togher, Assistant Chief Officer, Public Protection and Complex Needs**

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Glasgow City HSCP Homelessness Services Recovery Planning Arrangements

Purpose of Report:	The paper sets out the current financial challenges facing the Health and Social Care Partnership's Homelessness Services and sets out proposals to mitigate those financial challenges.

Background/Engagement:	The Council has significant statutory duties in regard to the prevention and alleviation of homelessness. These duties are discharged through the Integration Joint Board. Homelessness Services are facing major financial challenges as a consequence of continued high demand for services and resultant high use of bed and breakfast accommodation, inflationary pressures across the service for the supply of goods and services and the impact of the local government pay settlement on employee costs. Whilst Homelessness Services responded quickly to the public health pandemic, it is apparent that the provision of Registered Social Landlord (RSL) accommodation has not kept pace with continual demand resulting in an increased reliance on Bed and Breakfast (B&B) accommodation.

Governance Route:	The matters contained within this paper have been previously considered by the following group(s) as part of its development. HSCP Senior Management Team ☒ Council Corporate Management Team ☐

	Health Board Corporate Management Team ☐ Council Committee ☐ Update requested by IJB ☐ Other ☐ Not Applicable ☐

Recommendations:	The Integration Joint Board is asked to: a) Note the contents of the report in relation to the financial pressures facing the HSCP's Homelessness Services; and b) Approve the recommendations set out in the report in relation to the activity to secure cost reductions.

Relevance to Integration Joint Board Strategic Plan:

The delivery of an effective homeless household is critical to the delivery of the Integration Joint Board Strategic Plan 2019-2022.

Implications for Health and Social Care Partnership:

Reference to National Health & Wellbeing Outcome(s):	The delivery of an effective and efficient Homelessness Services contributes to a range of National Health & Wellbeing Outcome, including: 1, 2, 3, 5, 7 and 9.

Personnel:	None

Carers:	None

Provider Organisations:	The efficiency savings set out within this paper will have an impact of the level of bed and breakfast accommodation procured from third party providers. In addition, the revised service models set out in relation to the management of temporary furnished accommodated and the storage of personal belongings will have an impact on RSBi (Royal Strathclyde Blindcraft industries).

Equalities:	Households affected by homelessness can often face multiple disadvantages and complex needs however this policy will impact upon all homeless households and an EQIA will be undertaken to ensure mitigation wherever possible.

Fairer Scotland Compliance:	None

Financial:	This service is currently forecasted to realise an overspend of £14.3m. This report provides an update on progress and proposals to reduce this overspend by £5.7m in

	2023/24 as part of a phase 1 action plan to start to address this budget pressure.

Legal:	None

Economic Impact:	None

Sustainability:	None

Sustainable Procurement and Article 19:	None

Risk Implications:	Risks associated with proposed cost efficiencies are set out in this report.

Implications for Glasgow City Council:	Homelessness Services Officers will implement revised operating procedures set out within the report.

Implications for NHS Greater Glasgow & Clyde:	None

Direction Required to Council, Health Board or Both	
Direction to:	
1. No Direction Required	☐
2. Glasgow City Council	☒
3. NHS Greater Glasgow & Clyde	☐
4. Glasgow City Council and NHS Greater Glasgow & Clyde	☐

1. Purpose

1.1. The paper sets out the current financial challenges facing the Health and Social Care Partnership's Homelessness Services and sets out proposals to mitigate those financial challenges.

2. Background

2.1. The Council has significant statutory duties in regard to the prevention and alleviation of homelessness. These duties are discharged through the Integration Joint Board.

2.2. Prior to the commencement of the public health emergency (PHE) the HSCP faced challenges in routinely discharging its duty to provide emergency accommodation to people seeking assistance under homelessness legislation. This statutory breach led to the intervention of the Scottish Housing Regulator.

2.3. The commencement of the PHE saw a rapid expansion of temporary accommodation provision within the City. This expansion was largely met through increased use of bed and breakfast type accommodation and the leasing of approximately 500 additional properties for use as temporary furnished accommodation. The rapid expansion has enabled the Council to routinely discharge its statutory duty and extend public health protections to households with No Recourse to Public Funds (NRPF) during the period of the public health emergency. In keeping with COVID recovery planning arrangements Glasgow City HSCP Homelessness Services no longer have responsibility for the provision of emergency accommodation since September 2022 for those with NRPF.

2.4. There is also increasing evidence that the extension of temporary accommodation provision, during the public health emergency, and the subsequent development of care, treatment and resettlement pathways through in-reach work by health and social care services has improved outcomes for our vulnerable homeless population. It is also important to note that the city has made significant progress in addressing rough sleeping, with our Commissioned Street Outreach Service routinely reporting the number of people sleeping rough in the City Centre as being in single figures.

2.5. The rapid expansion of temporary accommodation through the increased use of bed and breakfast type accommodation during the public health emergency was funded through the Scottish Government's Covid-19 monies. This funding is being phased out through 2022/23 and will no longer be available in 2023/24.

2.6. The arrivals of Ukrainian Displaced Persons (UDP) and families has impacted upon Homelessness Covid recovery planning arrangements during 2022/23 with a requirement to quickly re-prioritise resources. Glasgow has since welcomed over 2500 Ukrainians with a requirement to ensure an infrastructure of support is available to those who require it. It remains unclear what impact this will have on Homelessness services in the longer term, including availability of settled accommodation. However there is an acknowledgement that UDP's may wish to settle in Glasgow following a period in emergency accommodation or residing with host families. We will continue to work with RSL partners to secure settled lets for UDP households, however it remains the HSCP's position that accommodation for UDP households will be in addition to the current responsibilities in relation to homeless households.

2.7. The suspension of the Local Connection Power within the Housing (Scotland) Act 1987 is likely to place increased pressures on the HSCP. In essence, the removal of local connection power will mean that any local authority would have a duty to secure settled accommodation for any unintentionally homeless household regardless of where they were resident, in Scotland, prior to the application. Whilst it is difficult to predict the actual extent of any impact, it is likely that Glasgow will see a disproportionate increase in homeless applications due to metropolitan nature of the area. Any increase in homeless applications will only increase pressure on the

HSCP's capacity to discharge its statutory homelessness duties and place additional pressure on the city's social housing system. The HSCP will monitor the impact of the modification to the Local Connection Power and report adverse impacts to the Scottish Government.

3. Financial Pressures

3.1 Homelessness Services is facing a significant financial challenge which will be exacerbated by the removal of COVID-19 monies. Bed and Breakfast/Hotel accommodation accounts for approximately 600 placements across the city which compares with pre-COVID figures of approximately 240. The increase of 500 temporary furnished flats being utilised by the HSCP for homeless accommodation is also creating increased budget pressures. A key route for the HSCP to reduce temporary accommodation use is to increase the speed that it resettles homeless households. As a stock transfer authority, the HSCP works with the city's Registered Social Landlords (RSLs) to secure settled housing for homeless households.

3.2 During the Public Health Emergency, the HSCP has seen significant support from the city's RSLs to meet the needs of homeless households. The support from RSL partners has led to a settled let out-turn figure for 2021/22 of **3311,** 899 more than the outturn figure for 2019/20 (**2412**). These figures need to be viewed within the context of the continued challenges faced by housing providers in relation to the PHE, supply chain issues and void management.

Table 1:

Lets to Homeless Households per year					
Year	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
Lets	**1974**	**2322**	**2412**	**3288**	**3311**

3.3 Due to the level of demand for settled accommodation for homeless households the HSCP asked RSLs to provide 60% of all settled lets for 2022/23. However, it is unlikely that this will be achieved during 2022/23, despite positive joint working placing greater emphasis on earlier intervention, prevention and support ensuring tenancy sustainment where possible.

3.4 Currently, the full year projection for 2022/23 is an overspend of £5.681m, this includes £8.505m of Covid-19 funding from Scottish Government. It is estimated that the full year consequences for 2023/24 is approximately £14.186m (see Table 2 below).

Table 2

	22/23	23/24	Reasons for Overspend
Employee Costs	-173,364	-31,470	
Premises Costs	2,386,158	2,386,158	Temporary furnished flat repairs and maintenance and storage of furniture and personal belongings
Transport Costs	-58,370	-58,370	
Supplies and Services	152,086	1,165,086	Food Provision and Security costs for B&B
Third Party Payments	1,589,079	5,726,345	B&B usage
Transfer Payments	-1,337,438	-1,337,438	£1m investment to remain uncommitted along with £0.3m from prior years commissioned services reviews to offset overspend
Gross Expenditure	**2,558,151**	**7,850,311**	
Income	3,122,577	6,470,643	Unsubsidised Housing Benefit
Net Expenditure	**5,680,728**	**14,320,954**	

3.5 In order to reduce the projected budget deficit officers have identified a number of proposed measures. These measures are designed to protect the delivery of core Homelessness Service priorities and focus on reducing costs aligned to the provision and management of temporary accommodation. Key to reducing costs will be reducing the use of bed and breakfast type accommodation, increasing the provision of RSL lets for homeless households and improving the turnover of empty temporary furnished flats.

3.6 Work to reduce the use of bed and breakfast accommodation is highly reliant on Homelessness Services securing a continued increase in the numbers of settled lets for homeless households, improved outcomes in relation to prevention activities and improvements in void property management processes for temporary furnished flats.

3.7 The current cost of living crisis may undermine attempts to reduce bed and breakfast use, as more people may require homeless assistance and emergency accommodation. In addition, RSL partners have informed the HSCP that there has been an overall reduction in the availability of void properties as less people are moving home. This is also being exacerbated by longer void periods due to utility provider issues with meter appliances and some supply chain issues within the construction industry. These

factors, taken together, may undermine progress with the reduction bed and breakfast use.

4. Proposed Measures

4.1 The proposed measures in mitigating against further financial risks include:

4.1.1 Reduction in Bed and Breakfast Use

The current cost for Bed & Breakfast for 2022/23 is a projected **£5.228m,** which will rise to **£10.547m in 2023/24** (see Table 3)**.**

Table 3

B&B	22/23	23/24	Details
Expenditure	20,358,474	23,529,007	Payments to Hotels and Housing Benefit Payments for Service Users
Income - Rent and Housing Benefit Subsidy	11,781,607	12,981,607	Rent Income from Service Users (Housing Benefit) + Housing Benefit Subsidy Income from DWP less Provision for Bad Debt
Income - Covid	3,348,066	0	Covid income from Scottish Government
Net expenditure	**5,228,801**	**10,547,400**	

The HSCP remains committed to ending the use of bed and breakfast type accommodation. Core to the reduction of bed and breakfast use is working with the city's RSL's to increase the number of settled lets secured for homeless households. We are currently developing our Local Letting Plan for 2023/24, that will set out our ask of RSL partners for the provision of settled lets for the resettlement of homeless households. This will reflect the need to rapidly reduce the HSCP's reliance on bed and breakfast accommodation.

Based on current B&B levels, and assuming we secure an increase in the number of settled lets for homeless households, this would facilitate a reduction of 100 bed and breakfast placements per quarter. The table below sets out projected bed and breakfast use and costs over 2023/24.

Table 4

	Projected Demand	Cost (£)
Apr 2023 - Jun 2023	600	2,986,542
Jul 2023 - Sep 2023	500	2,488,785
Oct 2023 - Dec 2023	400	1,991,028
Jan 2024 - Mar 2024	300	1,493,271
Total		**8,959,626**

If this reduction in numbers is achieved, a net cost reduction of approximately **£2.466m** could be achieved based on the cost of the reduced number of B&B places plus the cost of the increased number of TFF places. The reductions in bed and breakfast use set out relate to projected increases in the number of settled lets to homeless households. Further reductions are

anticipated and through improvements in temporary furnished flat void management, which will further reduce bed and breakfast use. This will be subject to further reporting to IJB.

Our letting plan for 2023/24 will set out the number of settled lets required from the RSLs that will allow the HSCP to reduce its reliance on bed and breakfast accommodation and support delivery of the reduction proposed above.

Risks

Work to reduce the use of bed and breakfast accommodation is highly reliant on Homelessness Services securing a continued increase in the numbers of settled lets for homeless households, improved outcomes in relation to prevention activities, and improvements in void property management processes for temporary furnished flats.

The current cost of living crisis may undermine attempts to reduce bed and breakfast use, as more people may require homeless assistance and emergency accommodation. In addition, RSL colleagues have informed the HSCP that there has been an overall reduction in the availability of void properties as less people are moving home. This is also exacerbated by longer void periods due to supply chain issues within the construction industry. These factors, taken together, may undermine progress with reduction bed and breakfast use.

There is significant risk to the HSCP from a premature reduction in the use of bed and breakfast places. Reducing the level of available places below that required to meet our statutory requirements to provide emergency accommodation would likely lead to an increase in rough sleeping and hardship for service users, reputational damage and potential judicial sanctions and additional costs.

4.1.2. Revision of Storage of Furniture and Personal Belongings Policy

Section 36 (1&2) of the Housing (Scotland) Act 1987 (the Act) sets out that a local authority has a duty to take reasonable steps to prevent the loss or damage of the property of any household whom it has reasonable grounds to believe is homeless. The customary practice is for the Council to store property until the service user has been re-housed.

We project a full year spend (2022/23) of **£651,424** on the storage of Personal Belongings in Storage (PBiS), with an average of 521 cases per week. For Furniture in Storage (FiS) we anticipate a full year projected spend of **£730,643** with an average of 355 cases per week.

The HSCP is proposing that it will no longer store clothing and small items when service users access temporary accommodation, as they will be able to store these in the accommodation. In addition, the HSCP will now dispose of

any items left in the temporary accommodation when a household leaves, unless there are exceptional circumstances.

In taking forward these measures the HSCP will continue to discharge its statutory duties in relation to Section 36 (1&2) of the 1987 act.

By implementing this decision and assuming a 100% reduction in the number of cases for PBiS and a 25% reduction in the number of FiS cases, based on the 2022/23 outturn this would be an approximate cost reduction of **£0.834m for the 2023/24 financial year.**

Risks

As HSCP staff will continue to ensure that households are able to store furniture and personal belongings where exceptional circumstances exist there are no obvious risks in the revised operating procedures.

4.1.3 Reduction in void management and removal of decoration costs

In order to maintain the temporary furnished properties to a reasonable standard the HSCP delivers a property management section. The provision of this service incurs a cost to the service, which is generally recovered from rental charges, although, due to Housing Benefit Subsidy rules, we do not achieve full cost recovery on our rental charges.

The HSCP has identified the opportunity to deliver significant improvements on how it manages its void property service and accelerate the time it takes for people to move from their temporary tenancies to their new home. These service reforms will lead to a reduction in the length of stays within temporary furnished accommodation which in turn will lead to a reduction in bed and breakfast use.

We are currently working with Vanguard to deliver a revised operating model for the End of Tenancy Process which in essence will reduce the time it takes to move people out of their TFFs, remove unnecessary steps in the system and ensure the fastest route into settled permanent accommodation. An initial pilot has demonstrated a number of efficiencies and practice improvements which will be rolled out across the city during early 2023.

The service will also reduce the specification for the decoration of temporary furnished flats including costs and the removal of significant timescales for preparing accommodation. This will lead to the ending of the routine decoration of temporary furnished flats, as a result the service will only decorate properties in exceptional circumstances.

Based on full year outturn for 2022/23, the ending of all decoration of temporary furnished flats would generate a cost reduction of £1.400m.

Risks

There are no obvious risks to the organisation from the improvements in void management. The revised approaches to the management of the end of tenancy process will likely deliver significant savings and improvements in service user experience.

The changes to the oversight of cyclical and reactive maintenance will reduce the level of redecoration of temporary furnished flats. If not managed well this may lead to a reduction in aesthetic appearance of temporary accommodation and potential complaints from tenants. In order to manage this risk, the service will ensure quality assurance processes are in place.

We acknowledge the removal of decoration activity could influence the aesthetics of properties and in this regard the HSCP will investigate the option of the provision of vouchers for tenants who may wish to decorate the properties.

4.1.4 Provision of meals within bed and breakfast accommodation

As a consequence of the Social Distancing Measures put in place by the Scottish Government at the beginning of the public health emergency the HSCP arranged for the provision of meals to bed and breakfast type accommodation. This provision was funded through Scottish Government Covid-19 monies, again this money is being phased out through 2022/23. With the ending of the public health emergency this provision now needs to end.

It has been agreed that the provision of meals, out with breakfast, provided by the accommodation will be phased out then completely cease at the end of March 2023 at an estimated cost of £1.013m. This is currently funded through Covid-19 monies.

Risks

Prior to the pandemic food provision was not made available in bed and breakfast accommodation and this proposal simply returns to the service to pre-pandemic service levels. The withdrawal of the provision of meals from the hotels will mean that service users will need to find alternative sources of food, this may lead to hardship for service users. There is also a likelihood of adverse publicity due to the withdrawal of food provision alongside a risk of service users not accessing hot nutritious food.

The service will work with partners to highlight alternative sources of free food provision to hotel residents. We will also ensure that the hotels will continue to provide breakfast to residents as with current funding arrangements.

4.1.5 In summary, the cost mitigation proposals are:

Table 5

Cost Mitigation Options	£
Reduction in Void Property Timescales and B&B use	2,466,000
Revision of Storage of Personal Belongings in Storage Policy & Furniture in Storage	834,000
Revision of Décor maintenance	1,400,000
Provision of Meals	1,013,000
Total	**5,713,000**

If the aforementioned proposals were to be realised, there is scope for a cost reduction of £5.713m to be achieved. This is based upon the assumptions and expectations outlined in this report.

It is acknowledged that the proposed changes set out in this report will only achieve a proportion of the projected pressure of £14.320m leaving a residual financial pressure of £8.607m. In this regard we would propose 2023/24 as phase one of Glasgow HSCP Homelessness Services savings plans with a request that the IJB receives an update on progress and clarity on how we propose to make further financial savings during a second phase of 2024/25.

5. Homelessness Services Cost Reductions Risk Matrix

Area	Comment	Risk Status
Prevention	Good progress has been made in enhancing access to prevention services for homeless households and have seen a year-on-year reduction in homelessness applications of approximately 10% during 2022/23. However, the cost of living crisis may lead to an increase in demand for homelessness assistance.	**Amber**
Settled Lets	The RSL sector has faced significant challenges in recent years. However, strong partnership working has been a key feature of the public emergency and the recovery period. The HSCP has also enhanced oversight of the resettlement process but has not seen an increase in the number of lets for homeless households during 2022/23. Given the revised strategic and operational inter-faces we are relatively optimistic that progress will be made during 2023/24.	**Amber**

Void Management Process (Temporary Furnished Flats)	The HSCP is implementing a revised operating model for the management of void temporary furnished flats. The results of the initial pilot indicated the ability to deliver significant improvements and cost efficiencies.	**Green**
Furniture/Personal Belongings Storage	The policy has been developed in order to reduce costs to the HSCP whilst continuing to protect service users' belongings in line with our statutory obligations.	**Green**
Area	**Comment**	**Risk Status**
Reduction in TFF Decoration Specification	The planned reduction in the decoration specification for temporary furnished flats will allow the HSCP to move homeless households out of B&B more quickly and see cost reductions. The reduction in the decoration of TFFs may lead to increase in the number of complaints due to the reduced aesthetic of the properties. We are also investigating a decorating voucher scheme for service users who may wish to decorate their accommodation.	**Amber**
Removal of Emergency Food Provision to B&Bs	Prior to the public health emergency there was no budget for the provision of lunch and evening meals to B&B accommodation. There is extensive free food provision through voluntary sector across the city which will mitigate the impact of the withdrawal of lunch and dinner provision.	**Amber**

6. Recommendations

6.1 The Integration Joint Board is asked to:

a) Note the contents of the report in relation to the financial pressures facing the HSCP'S Homelessness Services; and
b) Approve the recommendations as set out in the report in relation to the activity to secure cost reductions.

Direction from the Glasgow City Integration Joint Board

1	**Reference number**	250123-8
2	**Report Title**	Glasgow City HSCP Homelessness Services Recovery Planning Arrangements
3	**Date direction issued by Integration Joint Board**	25 January 2023
4	**Date from which direction takes effect**	25 January 2023
5	**Direction to:**	Glasgow City Council only
6	**Does this direction supersede, revise or revoke a previous direction – if yes, include the reference number(s)**	No
7	**Functions covered by direction**	Homelessness services
8	**Full text of direction**	Glasgow City Council is directed to implement the proposals to reduce cost pressures on Homelessness Services as described in section 4 of this report and summarised in Table 5.
9	**Budget allocated by Integration Joint Board to carry out direction**	Completion of this Direction will result in reduction in the cost of delivering the services and is required to be undertaken to reduce the overspend within this budget area.
10	**Performance monitoring arrangements**	In line with the agreed Performance Management Framework of the Glasgow City Integration Joint Board and the Glasgow City Health and Social Care Partnership.
11	**Date direction will be reviewed**	25 January 2024