

ITEM 10

Rent levels and Housing Benefit subsidy – Submission received from Derbyshire Housing Aid

Summary

Impact

A cut of £40 per unit will put the SmartShare project at risk, therefore putting 130 people vulnerable, chaotic clients at risk of homelessness – with no alternative housing in the City for them to move in to. DHA are therefore working hard with Derby City Council to arrive at a solution which is in the best interests of the clients that we support, and for the local community.

Concerns

DHA are particularly concerned by the misunderstanding about the different levels, models and volume of housing provision in the City, we would therefore like to clarify that our understanding is:

1. MOST is to support 40 people at any one time, not 80
2. MOST is a 'third stage' floating support service and will not meet the needs of the chaotic clients housed on the Smart Projects
3. The Smart projects operate on a not-for-profit basis, providing good value for money, and overall cost savings for the City as demonstrated over leaf
4. In April there were 75 SmartShare units (evidenced by DHA's financial records). The Smart Projects have developed steadily up until September 2008, as a direct response to evidenced needs within the City.
5. In September 2008, Milestone House opened. Within the first year of opening MH supported 522 people, **receiving five and a half times more referrals (2,914)**. Due to capacity, people had to be physically turned away from MH on 1,222 occasions over the year, with up to 16 people being turned away on one night (July 2009). This evidences the extent that face people in Derby who feel they have no where else to turn, this sort of evidence and need was the catalyst for the growth of the Smarts project to prevent vulnerable people being left without a safe, secure place to sleep.
6. From April to September 2009 the Smarts projects have successful moved 34 clients on into independent living, with tenancies through local Registered Social Landlords and the Private Rented Sector – it is an integral service in the city to prevent and alleviate the growing issues of homelessness in our City.

About DHA

Derbyshire Housing Aid (DHA) is an independent, registered charity established in 1995. From the outset, DHA's aim has been to prevent and alleviate the suffering and hardship caused through poverty, homelessness and the shortage of appropriate and affordable housing. These core principles, together with the needs of the local community of Derby and Derbyshire, continue to be at the heart of DHA's service delivery and development.

By working at grass roots, we are able to engage some of the most hard-to-reach groups in the county. People experiencing homelessness, alcohol or drug dependency, prison leavers, excluded young people and those in financial or housing difficulty are all able to access our services; all are welcomed and treated with dignity, value and respect.

A Not-for-Profit Service

All of DHA's services run on a not-for-profit basis for the benefit of the community. Across our services we have implemented the principles of 'full cost recovery' as per guidelines from central government and leading third sector support agencies. Whilst we ensure that appropriate proportions of overheads are allocated in projects and services, we also pride ourselves on running a cost effective, value-for-money service.

DHA acknowledge that the SmartShare HB service charge could be seen as high when compared to non like-for-like services, we believe we are justified in the costs due to the unique nature of the service and the chaotic client group supported, making it very difficult to benchmark against.

The project overall is considered to be very good value for money, in housing extremely challenging and chaotic clients. This is particularly relevant when studying the outcomes and achievements against the City's targets for the number of vulnerable people achieving independent living (National Indicator 141).

From April to September 2009 the Smarts projects have successfully moved 34 clients on into independent living, with tenancies through local Registered Social Landlords and the Private Rented Sector. 17 additional clients have been supported to move internally on to lower-level services, as they have become more stable and settled in the community. A further 13 clients are ready to move on, yet we have not yet been able to source appropriate housing to accommodate them.

Value for Money

The cost of providing one unit of SmartShare accommodation, per year is £6,500, including intensive housing management and rental costs.

Should these clients not be housed in SmartShare, they would be homeless or inappropriately housed. Homelessness costs are high: (estimated averages in brackets per person)

- £3000-6000 – each failed tenancy (1 episode every 2 years)
- £6000 – treatment, mental health episode (1 episode every 3 years)
- £200 - Minor treatments for mental health problems (2 episodes every year)
- £500 – week, local prison (1 episode of 4 months every 2 years)
- £1450 – case, police/courts (1 episode every 2 years)
- £200 – visit, A&E (2 visits per year)

Conservative Average of £10,860 per year per person – **cost saving per person £4,360**

In addition:

- Huge drug use/alcohol hospital admittance costs – 80% of national £2bn total is for users not in treatment
- Policing, probation and LA costs – rough sleeping, begging, antisocial behaviour
- Social and economic cost of crimes committed
- Economic cost of unemployment
-

Low estimate: £25,000 per year per person - **approximate cost saving of £18,500 per person**

We would be pleased to talk to DCC about this in further detail. A cost reduction for service charge would put the stability and viability of the project at risk. Whilst we would welcome alternative funding sources for this scheme, our efforts to date have not been substantial to cover the level of service necessary for this chaotic client group.

The Growth of SmartShare

In 2004 DHA's Night Shelter service was running at constant capacity, and there were no feasible options for people to move on to once they were ready to leave. The Smarts projects began in 2004 as a direct response to this need for suitable move-on accommodation, originally through pilot funding from the national homelessness charity Crisis.

The project was then strategically commissioned by both the Derby Community Safety Partnership (£190k per annum for SmartSteps including a rent deposit scheme element) and the Community Local Government's EMI Funding (£134K per annum).

The CLG SmartShare service was fully consulted on and supported by Derby City Council (DCC) through Jon Sheil in Housing Strategy. Both funders were keen that the project funding was able to be mainstreamed and continued after their short term funding ceased.

Although the scheme has not been commissioned through Supporting People, it has grown steadily in partnership with the varying departments of Derby City Council, in response to the needs of people that are homeless in the City. As the following table highlights, the project started to grow rapidly in September 2008, the same month that Milestone House opened. Milestone House has had a major impact on the whole City's understanding of the true extent of homelessness we face. Within the first year of Milestone House opening, it supported 522 people, and received five and a half more referrals (2,914). Due to capacity, people had to be turned away from Milestone House on 1,222 occasions over the year, with an alarming 16 people being turned away on one night back in July 2009. This shows the true levels of homelessness in our community.

These high numbers of local people without a safe, secure home was the catalyst for the growth of Smarts:

2008								2009			
April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
75	66	65	69	77	85	98	106	110	113	117	125

From the day SmartShare began, to now, the project has continued to receive high numbers of referrals from Derby City Council, as it provides an integral resource for the City to house an extremely chaotic client group. Between April to September 2009 the Smarts project received 196 referrals, 91 clients were accepted and 72 were housed in total. 38 of the people housed were referred through Milestone House and the Council's Single Point of Entry service, evidencing both the major impact Smarts has on improving the NI 141 target for the city overall, and our joined up approach and continued partnership work with the council to achieve our joint aims of tackling homelessness in the City.

THE Move-On Support Team SERVICE

The 'MOST' project, which is stated in the report to address the same needs as SmartShare, is in fact entirely different and distinct:

- During the tender process, the Supporting People Commissioning Panel categorically disallowed shared accommodation for the service, specifying all 'MOST' clients must be ready to live independently, and must be settled enough to take on a self-contained housing unit on an independent AST tenancy. This is an entirely different model to SmartShare.
- DHA were told during the tender process that existing SmartShare accommodation could not be used in our bid, but that we must source additional units to address the need for housing for people experiencing homelessness in the City.
- The MOST tender specification states that it will accommodate people '*moving on from direct access and other hostels and second stage accommodation based services*'. SmartShare **is** second stage accommodation. The clients that DHA house through SmartShare would therefore **not be eligible** to directly enter the MOST service, as they are not yet ready for independent AST tenancies. SmartShare clients would not be accepted by the vast majority of landlords onto AST tenancies due to high risk of property damage/ASB. SmartShare however will feed clients (once they are stable enough) in to the MOST project when it is established. (Please see Appendix 1 for detailed explanation of the make-up of current supported housing provision in Derby City for people that are homeless)

In direct response to the Cabinet Report at:

“4.6 *The contract was awarded to Action Housing and the 80 units of move-on accommodation will all be in place by April 2010.*”

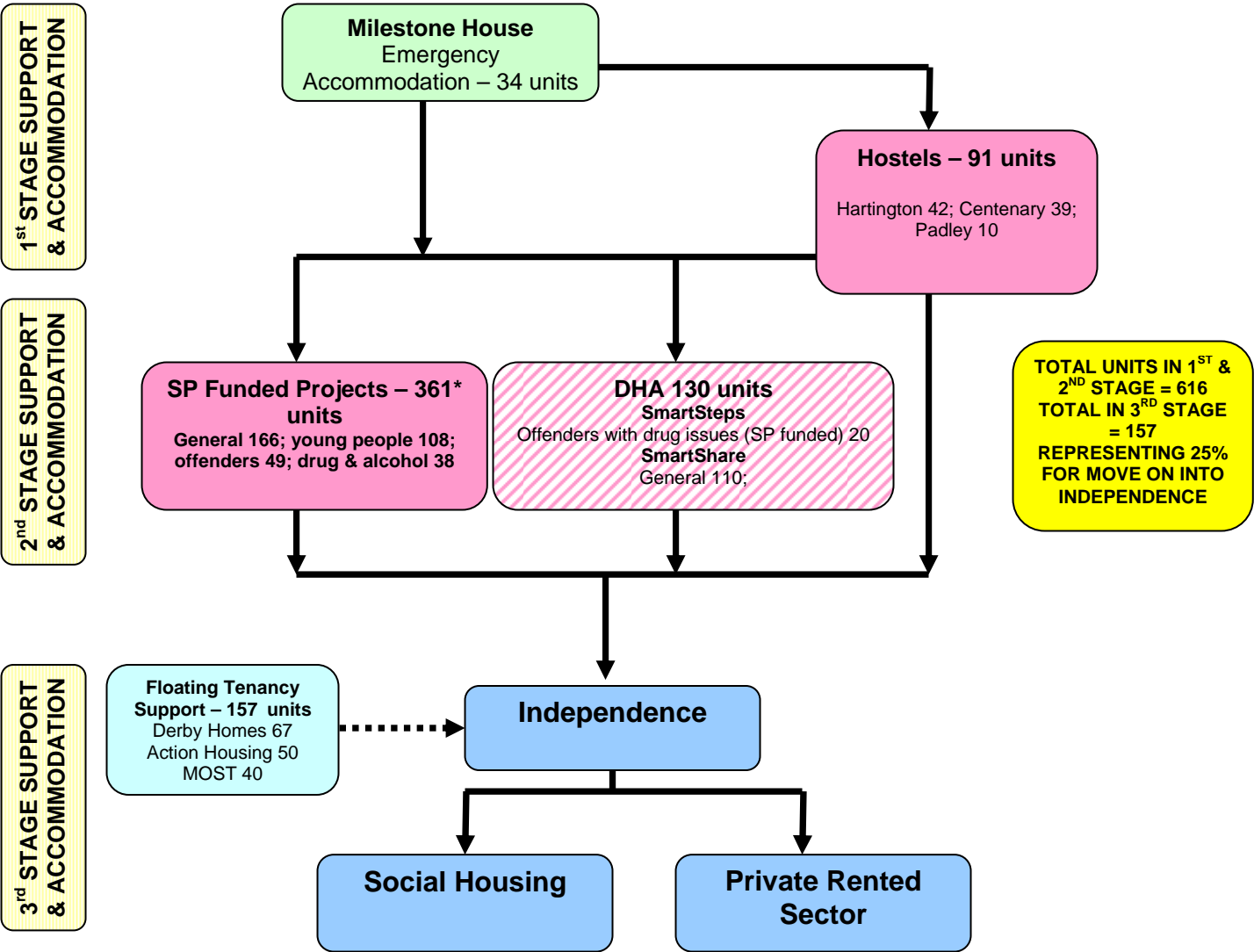
The capacity of the MOST service, as defined in B1.5 of the tender specification, is to support **40 units of accommodation at any one time**, with an expectation that 80 service-users will be supported over the year.

CHAOTIC CLIENTS

Having reviewed all the costs against actual expenditure, although there is some adjustments to be made per item charged, the overall figure remains nominally the same as currently charged. DHA are particularly concerned with the suggested cut to 5% void and bad debt loss as a more appropriate level within the SmartShare budget. 5% is applicable to longer term tenancies with lower risk groups – and is the level that an RSL would set for its general needs client group. The SmartShare client group requires intensive housing management, has high needs and is generally chaotic. There is a high turnover (particularly due to recall to prison) and therefore high repairs and maintenance (adding to void loss also). 5% is therefore an unrealistic figure to achieve. On our best months with dedicated staff to assist with voids and debt recovery we achieve 13%. We have made significant improvements in the last year where it was previously as high as 17%.

APPENDIX

Figure 2 (below) provides information about supported housing available for homeless people in Derby:
1st Stage 125 units (Milestone House & Hostels)
2nd Stage 491 units
3rd Stage 157 units



***Breakdown of units in SP Funded Projects – 361 units**

General	Drug & alcohol	Young people	Offenders
166	38	108	49
Adullam 20	1180 London Rd 9	Activ8 28	Arbor 11
Carr Gomm 11	Jericho 9	ECHG teenage parents 32	NACRO 26
DYHP 36	Step Up 20	Oasis 48	
FHE 5			St Aidan's 12
Wilkins Drive 12			
YMCA 82			