

CYNGOR SIR POWYS COUNTY COUNCIL.

Cabinet
March 25th, 2025

REPORT AUTHOR: Matt Perry – Chief Officer Place
On behalf of Councillor Matthew Dorrance – Deputy Leader and Portfolio Holder for a Fairer Powys

REPORT TITLE: Ensuring Powys County Council’s Compliance with Housing Finance Legislation and Guidance

REPORT FOR: Discussion

1. Purpose

- 1.1 This report considers the Council’s approach to managing its finances in line with the expectations set out in the Welsh Government’s Housing Revenue Account (HRA) Manual, published in November 2021, and the Local Government and Housing Act 1989 (LG&HA 1989), in particular Part Six of the act which covers housing finance. The act has provided the main framework for local government housing finance since April 1st, 1990.
- 1.2 The report sets out the requirements of the act and the manual, the risks of non-compliance and assesses the extent to which the Council is and is not currently complying with the legislation.
- 1.3 The report includes a range of options to make sure that the Council is, from 2025-2026, fully compliant with the provisions of both the HRA Manual and the LG&HA 1989, with a recommended option to allow the Council to continue to provide an effective and compliant range of non-landlord services.

2. Background - Sustainable Powys

- 2.1 Public services across the UK are under considerable pressure as demand and costs rise, far outstripping the funding that is and will be available to them over the medium term. These growing financial and workforce pressures are having an impact on the ability of public services to meet the needs of their population. Financial modelling estimates a budget gap for Powys County Council alone of more than £60m over the next five years.
- 2.2 In response to this challenge the Council has recognised the need to transform the type and volume of services that it can offer, to put the organisation on a more sustainable footing. To achieve this fundamental transformation, a significant programme of change will be delivered to achieve a Sustainable Powys which is financially, socially, and environmentally sustainable. This will include reducing demand for services by making or enabling more effective use of assets across the County. This includes housing services, both landlord and non-landlord.

- 2.3 Delivering a Sustainable Powys will make sure that the Council can maintain a balanced budget while still being able to provide and support those housing services essential to the well-being of the people of Powys. This report includes proposals to reduce service demand for housing services, for example focusing resources on early intervention and prevention to reduce the number of households in need of statutory homeless services, while maintaining the Council's ability to respond proactively to the needs of people of Powys navigating an ever more challenging housing market to find and retain affordable and secure housing.

3. Background

- 3.1 As a municipal landlord, the Council is required by the LG&HA 1989 to account for its landlord services separately from its non-landlord functions, activities and services. In Wales, local housing authorities which are also landlords are also required to abide by the requirements of the Welsh Government, set out in the HRA Manual November 2021.
- 3.2 Municipal landlord councils operate a General Fund (GF) covering all their financial activity, within which there is a separate Housing Revenue Account (HRA) for the landlord service.
- 3.3 The provisions of the LG&HA 1989 mean that a landlord council can only spend on its landlord functions the income it receives from the rent charged to its tenants, supplemented by capital receipts from the sale of assets, approved grants paid by the Government or agencies granted such powers or from services provided to other agencies and organisations as long as such services do not operate at a loss to the HRA.
- 3.4 All non-landlord housing functions and activities – for example statutory duties to prevent and resolve homelessness, to enforce standards in the private rented sector, to understand housing needs and demands, to operate a housing register, encourage and support energy efficiency and to be able to discharge its duties as the strategic housing authority for the area – are to be funded by the GF. The HRA cannot fund GF services or activities; the GF cannot fund HRA services or activities. Costs, for example corporate recharges whether direct or in respect of support services, must relate to the management and maintenance of the housing stock.
- 3.5 Appendix One to this report sets out in detail the legislative and regulatory requirements within which a local authority that is also a housing landlord is required to manage its finances in respect of housing services.
- 3.6 Powys County Council operates a blended approach to the financing of housing services, with a number of employees and corporate services providing both landlord and non-landlord activity, which should be funded by the HRA and GF respectively. This reflects the need in an area as large and as diverse as Powys to have operational, capacity and capability flexibility to be able to offer localised services.

4. Advice

- 4.1 Housing Services has four main areas where the HRA and the GF jointly fund the Council's housing work:
- Employee costs of officers and technicians working on both HRA and GF activity, primarily homelessness, housing allocations, housing strategy and development and management of non-HRA properties, primarily gypsy and traveller sites and properties used as temporary accommodation in the discharge of services to homeless households.
 - The maintenance and repair of HRA properties being used as temporary accommodation.
 - The provision of corporate support services, including Financial Services, Workforce Development, Legal Services and Strategic Property Services.
 - Housing Support Grant (HSG) services¹.
- 4.2 A review of employee cost apportionments only between the HRA and the GF across Housing Services was completed by the Housing Services Senior Management Team (HSMT) in June/July 2024. This review was informed by two years of operating experience after the 'Moving on Up' redesign took place in March 2022 and 'Bringing It Back Home' in July 2022. The employee apportionments for 'Moving on Up' were based on operating within the then prevailing budgets for salaries in both the HRA and GF. These apportionments were taken as the baseline for 'Moving on Up', In addition, until such time as 'Moving on Up' came into effect and experience of the way HRA and GF services were in practice being delivered, all salary apportionments by necessity had to be estimates.
- 4.3 The outcome of the June/July 2024 review, showed that the salary apportionment for Housing Services, with the benefit of the experience of operating the 'Moving on Up' model for two years, had become disproportionately biased towards the HRA. This was further validated by Financial Services.
- 4.4 This was the result of service demands on Housing Services changing since March 2022. A greater proportion of resources were, due to changes introduced by the Welsh Government during and after the Covid event, needed to fulfil the Council's statutory, legislative and regulatory obligations in respect of housing advice and homelessness. There has also since 2022 been a noticeable increase in the number of service requests from tenants renting accommodation from private landlords, increasing service responsibilities arising from the need to improve environmental sustainability in Powys to help manage adjustments to an evolving climate, the opening of an additional gypsy and traveller site and increased management needs of the existing gypsy and traveller sites.

¹ Housing Support Grant (HSG) is a Welsh Government grant, provided to local housing authorities. HSG is ring fenced for the prevention of homelessness and cannot be used for other activity or for the delivery of statutory homelessness duties.

- 4.5 A further review was concluded reviewing the trialling earlier intervention and prevention delivery models to reduce the need for and cost of temporary accommodation and the provision of temporary accommodation, including that provided by the HRA. This review took place in February 2025. Appendix Two provides further detail of the provision of temporary accommodation in Powys.
- 4.6 The obligations and expectations for municipal housing services, both landlord and non-landlord, are constantly evolving, as is the wider housing market which the people of Powys navigate to find, keep and enjoy their homes. As a result, the way housing services will need to be delivered to proactively interact with these factors, will change and require a flexible approach to how resources are deployed and allocated. Undertaking apportionment exercises of the type described above, to be best placed to deliver the right services and maintain compliance with financial regulations, needs to be regular exercise. Accordingly, the Council will, as part of developing the HRA Business Plan and the Financial Resources Model (FRM), undertake an Apportionment Review of housing finance, covering both the HRA and GF.
- 4.7 The review has identified that the apportionment of costs for 2025/26 needs to be amended with £1,151,580 of cost being borne by the GF.
- 4.8 The Housing General Fund has a budget of £773,290 allocated in 2024-2025. Expenditure is predicted to be £1,226,260 at year end, which is an improvement from previous outturn position of £1,415,740. This has been achieved by making sure – albeit in part through the flexible use of employees across Housing Services in response to ever-growing demand – that the Council has been able to deliver its statutory Rapid Rehousing Strategy (approved by Cabinet August 2023) which is designed to both reduce and resolve homelessness more efficiently.
- 4.9 A range of options has been developed by Housing Services and Financial Services to address the change in the apportionment of cost and how the General fund can accommodate these costs in 2025/26. The Net Revenue budget approved by Council for GF Housing Services in 2025/26 is £1,897,930, which includes additional funding of £1,090,500. To support the increasing demand and the transfer of responsibilities previously funded by WG grant. These options are detailed below.
- 4.10 The criteria used to inform the options appraisal are set out below.
- 4.11 Stronger, Fairer, Greener (Corporate Strategic and Equalities Plan) Priorities
- Stronger, Fairer, Greener Objective Three: We will work to tackle poverty and inequality to support the well-being of the people of Powys.
 - Fairer: Effective prevention and resolution work to prevent homelessness (for example early and more robust and challenging interventions and initial assessments).

- Fairer: Health and safety risks (for example enforcement of standards in the private sector which, if not undertaken, is likely to increase the risk of homelessness and Homes in Powys registrations).
- Greener: Enhance well-being (for example reducing energy costs for people so they are more able to make their rent and mortgage payments and so retain and maintain their home).

4.12 Service Priorities

- Focus on retaining the skills, capability and expertise the Council needs to prevent and resolve homelessness (for example early and more robust and challenging interventions and initial assessments, reducing energy costs for people so they are more able to make their rent and mortgage payments and so keep their home).
- Be able to continue to manage health and safety and safeguarding risks (for example enforcement of standards in the private sector which, if not undertaken, is likely to increase the risk of homelessness and 'Homes in Powys' registrations).
- Limiting the risk of legal and financial costs that may arise from any failure to deliver statutory services, obligations and duties and a reduced ability to generate income for the Council's General Fund.

4.13 Service Impact Assessment

Each option has been Service Impact assessed against the following criteria:

- ☞ Statutory Obligations: including potential legal and financial consequences of not fulfilling the obligations.
- ☞ Financial: the net financial impact on the Council of each option – immediate and predicted.
- ☞ Reputational: the impact on the Council's role within the community, including reference to the commitments and priorities set out and agreed by the Council in 'Stronger, Fairer, Greener'.
- ☞ Displacement: for example, any additional service demands for Social Services.
- ☞ Consequential: for example, explaining and justifying any reductions in services (and staffing) that each option may have, by reference to the cause which is remedying the historic erroneous use of the HRA for GF services, which in turn may create further managerial, political, financial, reputational and legal risks to the Council.

4.14 Options for Provision of Statutory and Regulatory Housing Obligations

Option One: No Changes to Service (the 'As Is' Option)

Funding Summary

- Cost of £3,362,710 to be met from the GF budget exceeding the budget allocated by £1,151,580

Service Impacts

- No changes to the service currently offered.

- Maintain expertise, capability and capacity to effectively deliver all statutory and regulatory housing obligations for the people of Powys.

Option Two: Reprofile service and funding to maintain current capacity, capability and outcomes; allocation of enhanced HSG award to reflect strengthened early intervention and prevention approach to homelessness.

Funding Summary

- Cost of £3,362,710 To be met from the GF budget offset by alternative funding streams by £719,200 leaving a net budget requirement of £432,280.
- Identify and approve the additional allocation of £432,280 for 2025-2026. To meet these costs.
- A Management of Change exercise will need to be implemented which may incur additional costs, as yet unquantified.

Service Impacts

- Maintain the Council's expertise, capability and capacity to effectively deliver core statutory and regulatory housing obligations for the people of Powys.
- Restructure approach to homelessness services (Management of Change required).
 - Allocation of the enhanced 2025-2026 Housing Support Grant award to Powys County Council to fund elements of the current employee structure, to support an increased emphasis on non-statutory early intervention and prevention.
 - Officers and duties transferred from GF and HRA funded services to the 'First Point of Contact Triage Team', making positive use of the enhanced HSG allocation awarded to Powys County Council for 2025-2026.
- More effective early intervention and prevention is designed to reduce the need for statutory homelessness duties (for example temporary accommodation).
- Potential redundancy/redeployment of 1 FTE.

Option Three: Reprofile service within existing base budget to maintain current capacity, capability and expertise to provide services; limit use of temporary accommodation; strengthen early intervention and prevention.

Funding Summary

Delivered within the GF Revenue budget for 2025/26.

Service Impacts

- Maintain the Council's expertise, capability and capacity to effectively deliver core statutory and regulatory housing obligations for the people of Powys.

- Restructure approach to homelessness services (Management of Change required).
 - Allocation of the enhanced 2025-2026 Housing Support Grant award to Powys County Council to fund elements of the current employee structure being refocused on an increased emphasis on non-statutory early intervention and prevention activity.
 - Officers and duties transferred from GF and HRA funded services to the 'First Point of Contact Triage Team', making positive use of the enhanced HSG allocation awarded to Powys County Council for 2025-2026.
- Limit the use of temporary accommodation of all types to that which can be funded by a reduced resource, limiting offers of temporary accommodation to homeless households to manage demand against available resources. This will potentially result in an increase to service demands from people who will not necessarily have temporary accommodation that meets their expectations.
- Additional in-year costs may arise from demand for temporary accommodation exceeding budgeted resource.
- Potential legal and reputational challenges arising from limited provision of temporary accommodation.
- Potential additional costs for additional temporary accommodation that may arise from the provisions of the Ending Homeless Bill, should the bill be enacted as currently drafted.
- Potential increase in demand for other council services such as Social Services where people are not able to be placed in temporary accommodation and who may request help and assistance to address their wellbeing needs.
- More effective early intervention and prevention is designed to reduce the need for statutory homelessness duties (for example temporary accommodation).
- Potential redundancy/redeployment of one post

Option Four: Reprofile service to match base budget 2025-2026; reduce service expertise, capability and capacity to meet statutory and regulatory housing obligations; maintain 'on demand' provision of temporary accommodation.

Funding Summary

Delivered within the GF Revenue budget for 2025/26.

Service Impacts

- Reduce the capability, capacity and scope of the statutory and regulatory housing services offered to the people of Powys.
- Prioritise available resources for the provision of temporary accommodation for those who are homeless, based upon demand trends experienced in 2024-2025.
- Maintain an 'on-demand' temporary accommodation service for those who are homeless.

- Income loss (estimated at £310,000 per annum) to the GF as a result of a reduced ability, through reduction in Housing Services expertise, capability and capacity, to generate fee income from loans, grants, energy efficiency activity and Council Tax registrations.
- Potential additional costs that may arise from the Council not being able to meet the additional support and assistance obligations to homeless households, set out in the Ending Homeless Bill, should the bill be enacted as currently drafted.
- Potential legal and reputational challenges arising from limited provision of statutory and regulatory obligations.
- Potential increase in demand for other councils services such as Social Services from Accept as a risk to Social Services displaced demand for services from people impacted by the reduced capability to meet statutory and regulatory housing obligations (for example limited interventions in the private rented sector).
- This option will require a Management of Change process affecting eleven colleagues, which may result in redundancies and/or redeployments.

5. **Resource Implications**

- 5.1 It was not possible to include in the budget proposals considered by the Council on February 20th, 2025, a reprofiled budget for GF housing services. This is because of the need to prioritise Housing Services and Financial Services resources on developing the Thirty Year HRA Business Plan for 2025-2026 (which has a submission deadline set by Welsh Government), make sure that rents and service charges for 2025-2026 had been considered and approved by January 31st, 2025 and notification letters sent to tenants (as required by the Renting Homes – Wales Act 2016) and for the Council as a whole to set its full budget early in Q4 2024-2025. In addition, the Welsh Government’s proposed allocation of HSG resources for Powys for 2025-2026 was not available at the time.
- 5.2 The February 2025 review took into account all funding sources used by Housing Services. These include alongside the HRA, the GF and HSG, UK Government funding for resettlement work and Powys Teaching Health Board (PTHB) Substance Misuse Action Fund (SMAF) funding for Complex Needs Co-ordinators.
- 5.3 The HSG guidance² from Welsh Government notes: “The HSG is an early intervention grant programme to support activity, which prevents people from becoming homeless, stabilises their housing situation, or helps potentially homeless people to find and keep accommodation. The HSG does not fund the statutory duty on local authorities to prevent homelessness, instead HSG funded services augment, complement and support the statutory service to ensure that the overall offer authorities provide helps people into the right homes with the right support to succeed”.

² Housing Support Grant Guidance Practice Guidance for Local Authorities (Welsh Government; January 2024)

- 5.4 The HSG award to Powys County Council for 2025-2026 is £, £800,000 higher than for 2024-2025. The availability of this additional funding has provided an opportunity to reprofile both housing services offered and the resourcing of those services to increase the emphasis to be given to early intervention and preventing homelessness.
- 5.5 Taking into account the full cost of providing temporary accommodation, including properties held within the HRA, the gap between the Council's GF allocation for housing and its total budget for non-landlord housing services is £1,464,780. For employee costs only, the gap is £1,151,580.
- 5.6 This means that the Council now needs to consider the extent to which it wishes to continue to provide and fund housing services to those who are not tenants of the Council but to whom the Council has obligations in law, in regulation and in the Council's adopted Corporate Strategic and Equalities Plan 'Stronger, Fairer, Greener'. Table 5.6 summarises the financial implications and funding proposals of the four options described above in Section 4 of this report.

Table 5.6: Financial Summary of Options for non-landlord Housing Services				
	Option 1	Option 2	Option 3	Option 4
Current Net Cost of Service	£3,362,710	£3,362,710	£3,362,710	£3,362,710
Housing General Fund Base Budget	-£1,897,930	-£1,897,930	-£1,897,930	-£1,897,930
HRA Provided Temporary Accommodation	-£313,200	-£313,200	£0	-£313,200
Funding Available	-£2,211,130	-£2,211,130	-£1,897,930	-£2,211,130
Increased use of Housing Support Grant to fund current employee structure (to reflect increased emphasis on non-statutory early intervention and prevention).	£0	-£236,090	-£236,090	-£236,090
Reduced use of temporary accommodation	£0	-£110,000	-£110,000	-£110,000
First Point of Contact Triage Team (General Fund resourcing reduced as current staff will be used for the team and funded through additional Housing Support Grant)	£0	-£208,640	-£208,640	-£208,640
Reduction of Senior Manager Post	£0	-£44,470	-£44,470	-£44,470

Use of Homeless Prevention Fund Grant so support homelessness related activity (as provided for by UK Government guidance)	£0	-£120,000	-£120,000	-£120,000
Remove/Reduce demand-led use of privately provided temporary accommodation (Net budget cost less income generated)	£0	£0	-£432,380	-£53,410
Redundancies - Redeployment	£0	£0	£0	-£378,970
End use of HRA properties for temporary accommodation			-£313,200	
General Fund resource reductions	£0	-£719,200	-£1,464,780	-£1,151,580
Additional Funding Required	£1,151,580	£432,380	£0	£0

5.7 An assessment of Corporate and Strategic Priority Implications (attached to this report as Appendix Three) and of Risk and Service Impact Assessment and Implications (attached to this report as Appendix Four) have considered the strategic and risk impacts of each option.

5.8 In recommending an option, account has been taken of the extent to which each option:

- Strategic Outcomes: Delivers the outcomes set out in ‘Stronger, Fairer, Greener’ and supports the principles of Sustainable Powys.
- Capability: Maintains the Council’s expertise, capability and capacity to fulfil statutory and regulatory obligations to the people of Powys.
- Risks: Minimises the reputational, legal and financial risks to the Council of reducing its expertise, capability and capacity to fulfil its regulatory and statutory obligations to the people of Powys.
- Finance: Balances the financial impacts on the Council, including service costs, income generation and legal risk costs.
- Compliance: Makes sure the Council is fully compliant with the requirements of the LG&HA 1989 and the HRA Manual November 2021.

5.9 A ‘RAG’ assessment of the four options is shown below in Table 5.13.

Table 5.13: ‘RAG’ Assessment of Options for Delivery of Statutory and regulatory Housing Obligations.				
	Option One	Option Two	Option Three	Option Four
Strategic	Green	Green	Yellow	Red
Capability	Green	Green	Green	Red
Risks	Green	Green	Yellow	Yellow
Finance	Red	Yellow	Green	Green
Compliance	Green	Green	Green	Green

- 5.10 Option Two offers the most balanced and effective approach to making sure that the Council is able to continue to meet its statutory and regulatory housing obligations to the people of Powys, be fully compliant with financial regulations and contribute positively to the strategic outcomes set out in 'Stronger, Fairer, Greener'. The benefits built into Option Two outweigh the additional £432,380 of GF resource needed to support this approach. An additional benefit will be enabling the HRA to increase by circa £915,000 investment in the Council's municipal housing portfolio.
- 5.11 The Director of Corporate Services (Section 151 Officer) notes the report. The Council must ensure compliance with requirements of the Local Government and Housing Act 1989 and the HRA Manual 2021 in the allocation of costs to the Housing General Fund and Housing Revenue Account. The review that has been undertaken provides this assurance. The consequence of the review confirms that there is insufficient budget approved by Council for the 2025/26 financial year to meet the costs of delivering housing general fund services. Allocating £432,380 from reserves for 2025/26 will support the ongoing delivery of the service for the next year. The Housing service will review the budget requirement through the integrated business planning cycle and the recurrent budget requirement will be considered as the Council develops its overall budget proposal for future years.

6. Legal implications

- 6.1 Legal: The Council needs, as a public body, to make sure that at all times it operates in full compliance with all legal and regulatory requirements governing its work and activities. This includes compliance with the LG&HA 1989, the HRA Manual 2021 and the Welsh Government's guidance for the use of HSG.
- 6.2 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: "I note the legal advice and support the recommendation."

7. 'Climate Change' & 'Nature' Implications

- 7.1 There are no 'climate change' and 'nature' implications arising from this report.

8. Data Protection

- 8.1 No personal data will be processed as a result of the findings and recommendations of this report.

9. Comment from local member(s)

- 9.1 This report is of relevance to all wards of Powys.

10. Impact Assessment

- 10.1 An Impact Assessment has been completed for this report and is attached as Appendix Five.

11. **Recommendations**

11.1 Cabinet is recommended to:

11.2 Approve the use of £432,380 from an appropriate reserve determined by the Director of Corporate Services in 2025-2026 to fund Option Two, set out in this report, to maintain the ability of the Council to meet its housing legal and regulatory obligations, and secure compliance for 2025-2026 with the LG&HA 1989 and the HRA Manual 2021.

11.3 That the recurrent service budget from 2026/27 is reconsidered and any impact included in the ongoing Financial Resources Model alongside all other services.

Contact Officer: Andy Thompson (Head of Housing)

Tel: 01597 827464

Email: andy.thompson@powys.gov.uk

Head of Service: Andy Thompson

Chief Officer: Matt Perry

Corporate Director: Diane Reynolds

Appendix One: National and Regulatory Guidance on the Financing of Municipal Housing Services.

A 1.1 National guidance in the Welsh Government's HRA Manual sets out guidelines on what should and what should not be charged to the HRA. These are summarised below...

- 'Core' services may be regarded as the 'bricks and mortar' functions of housing management, maintenance, major repairs and any associated debts. These are generally provided for the principal benefit of the Council's tenants and leaseholders, not the wider community.
- 'Core plus' services are those provided as additional services ancillary to the primary purpose of housing provision, which may have wider benefits to the overall community.
- Any service that cannot be defined as 'core' or 'core-plus' should be accounted for in the Council's General Fund. These are non-core services.

A 1.2 Core Services

- Asset Management
 - The development and acquisition of new and additional homes to be held by the Council in accord with Part II of the Housing Act 1985.
 - Responsive repairs to HRA properties.
 - Planned and cyclical investment to maintain the utility of the Council's housing portfolio (for example painting schemes).
 - Major improvement programmes (for example the Welsh Housing Quality Standard, new kitchens and bathrooms).
 - Rechargeable repairs.
- Tenancy Management
 - Rent management, collection and arrears recovery (including money management advice for tenants of the Council).
 - Service charge collection and recovery.
 - Void and re-let management.
 - Lettings and allocations of HRA owned properties only.
 - Low level anti-social behaviour.
 - General advice on tenancy matters.
- Estate Management
 - Communal cleaning heating and lighting and CCTV and security measures to blocks and areas held by the HRA. Properties in such blocks sold under leasehold should be recharged a proportionate share of any such costs incurred by the HRA in the form of service charges.
 - Estate officers and caretakers (a Council owned estate office, for example The Old Shop at Bryn-y-gog in Machynlleth which provides services to Council tenants, on the assumption that the office only houses housing staff, can and is fully charged to the HRA.)
 - Estate caretakers.
- Management and Supervision
 - HRA share of the Councils strategic service management costs – for example the cost of providing office and depot accommodation,

payroll, financial management, human resources and fleet management services necessary to manage and maintain the Council's landlord role. To inform these apportionments of costs, the Council should calculate as accurately and as robustly as practicable the proportion of its corporate costs that relate to the landlord service.

- The setting of rent levels and service charges.

A 1.3 Core Plus Services

There are a number of services, amenities or facilities which can be managed within the HRA or the GF but which only in part benefit the tenants of the Council. It is only appropriate for the HRA to contribute to these costs to the extent that the tenants of the Council benefit from the services, amenities or facilities so provided. Examples of such services where both the HRA and the GF are liable for costs include:

- Corporate anti-social behaviour, community safety and safeguarding services.
- Tenancy support above and beyond mainstream tenancy management – for example sheltered accommodation wardens, floating support and community alarm services.
- Housing policy, strategy, performance and market research.
- Grounds' maintenance to land and open spaces.
- Play areas.
- Water treatment and sewage plants.
- Street lighting and highways.

A 1.4 Non-core Services

Government advice is that it is inappropriate for the following services to be charged to the HRA. The costs of these services should be met fully from the GF:

- Provision, management and administration of the common housing register 'Homes in Powys' should be split appropriately between the HRA and the GF depending on and referencing the relative number of homes held by the HRA and other participating landlords. The Council is able – and indeed does – recharge a proportionate amount of the 'Homes in Powys' cost to participating housing associations.
- Homeless administration, management and the full cost of the provision, management, maintenance and allocation of all temporary and interim accommodation provided in the discharge of the Council's statutory duties to homeless households.
- Multi-tenure housing advice services.
- Improving and enforcing standards of property management and maintenance for homes owned by private individuals and landlords.
- Provision of disabled facilities grants services.

A 1.5 A council's duties in respect of homelessness fall outside the scope of the HRA as they are provided for under Part VII of the Housing Act 1996 rather than Part II of the Housing Act 1985. Therefore, any homeless administration

services must be funded out of the General Fund. In April 1992 the Court of Appeal ruled against the London Borough of Ealing on its inclusion of costs of certain services within the HRA. These items, which should have been charged to the GF, were a proportion of the costs of the Council's Homeless Persons Unit, Housing Advisory Service and the Sheltered Housing Service.

- A 1.6 The costs of discharging a council's homelessness duties under part 7 of the Housing Act 1996 must be allocated to the General Fund. But the accommodation itself, whether 'ordinary' housing or hostel/move-on accommodation, can be provided under Part II of the Housing Act 1985 – in which case the cost of doing so is allocated to the Housing Revenue Account. The distinction is between 'bricks and mortar', on the one hand, and homelessness services (assessing applications, determining whether a duty exists, and so on), on the other. The former is a ring-fenced HRA cost (which must be offset by the rent, use and occupation charge or fee income), while the latter is a General Fund cost (borne by the council, outside the ring-fence).
- A 1.7 The HRA ring fence applies to revenue. The capital account in a local authority sits apart from the two revenue accounts. If the capital derives from borrowing it is only the borrowing (revenue) costs of servicing the capital borrowing which must be allocated according to the ring-fence rules.
- A 1.8 In summary, the HRA can provide accommodation for the purposes of homelessness but must be fully reimbursed the costs of so doing, including the payment of debt incurred to provide the accommodation and the costs of managing, maintaining and repairing the accommodation.
- A 1.9 For core plus and non-core services, the Council must decide, within the parameters set out in all relevant legislation, where it is most appropriate to account for a proportion of these services in the HRA or the GF, using the 'who benefits' principle.
- A 1.10 Where costs need to be split between the HRA and GF the advice from the government is that should be in place a detailed methodology informing any such division. Where it is not possible or practicable to have a detailed methodology, the apportionment of funding must be based on a reasonable judgement. A landlord council must not look at what is the maximum or minimum it can charge to the HRA but what is the correct amount.

Appendix Two: Provision of Temporary Accommodation in Powys

- A 2.1 The use of HRA properties for temporary accommodation in the discharge of the Council's statutory homelessness obligation and duties has been adopted as a way of reducing, where appropriate to the needs of homeless households, the cost to the GF of high cost privately provided bed-and-breakfast (B&B), AirBnB and other similar accommodation. Housing association properties are also used in a similar way. There is no legislative duty on the Council's municipal landlord service, nor housing associations, to offer properties for use as temporary accommodation. If the Council did not use both HRA and housing association properties, the GF would incur the costs levied by private sector providers of temporary accommodation.
- A 2.2 For the first three quarters of 2024-2025, a total of 201 HRA properties – 45% of all properties that became void - were used for temporary accommodation, reducing the availability of homes for households registered with 'Homes in Powys' for social housing provided by the Council by nearly half. Of these, 84 were converted to secure contracts. This takes place when the Council owes the household a full rehousing duty and the temporary accommodation is of a type that would be offered to the households through 'Homes in Powys'.
- A 2.3 In the first three quarters of 2024-2025 the cost of works to make sure that HRA properties used as temporary accommodation totalled £228,000. Annualised, this would equate to £304,000 and, allowing for inflation of 3%, an estimated cost for a similar level of provision in 2025-2026 would be £313,200. This does not include the cost of specifying and managing the works, without which the works cannot be undertaken efficiently and safely, undertaken by Housing Quality Officers - £138,706.
- A 2.4 The void rent loss, incurred for the time the properties are being made ready for return to the HRA for mainstream letting for the same period is £68,000, which for full year would equate to £90,666. Homeless households accommodated in HRA being used as temporary accommodation are charged a use-and-occupation charge equivalent to the HRA rent for a secure contract plus £10 a week as a contribution towards the additional costs incurred by the HRA in providing such properties.
- A 2.5 Households in temporary accommodation can, if they have a low income, claim Housing Benefit help for their accommodation costs. Housing benefit is administered and paid by the Council's Income and Awards Team, being a cost to the General Fund. The Department for Work and Pensions will reimburse the Council a proportion of such expenditure up to limits laid by the UK government. The Department for Work and Pensions (DWP) pays £65.31 is Housing Benefit (HB) Subsidy paid to the Council as contribution towards the costs of HB for such households. The Council's GF pays the difference between the household's HB award and the full cost of the temporary accommodation. The changes are set out in below in Table A 2.5.

Table A 2.5: Comparative Temporary Accommodation Costs - per week

	Weekly Charge to Household	Actual Weekly charge	DWP Eligible Payment	Net Cost to the Council	Notes
HRA Property	£99.47	£99.47	£65.31	£34.16	DWP Eligible Payment Based on average of 90% of LHA Rates. Brecon & Radnor: £70.00 per week; North Powys: £66.93 per week; Neath & Port Talbot: £80.77 per week.
Housing Association	£89.90	£89.90	£65.31	£24.59	Charge to household based on StatsWales figures. DWP Eligible Payment Based on average of 90% of LHA Rates. Brecon & Radnor: £70.00 per week; North Powys: £66.93 per week; Neath & Port Talbot: £80.77 per week.
Bed & Breakfast	£191.01	£700	£72.57	£627.43	Average weekly B&B charge is estimated to be £700. DWP Eligible Payment. Based on average of 100% of LHA Rates. Brecon & Radnor: £70.00 per week; North Powys: £66.93 per week; Neath & Port Talbot: £80.77 per week.
Commercial Hotel	£191.01	£700	£72.57	£627.43	B&B and Commercial Hotel's charge comparable daily rates. Eligible Payment based on average of 100% of LHA Rates. Brecon & Radnor: £70.00 per week; North Powys: £66.93 per week; Neath & Port Talbot: £80.77 per week.
Air BnB	£910.00	£130.00	£65.31	£844.69	Average weekly Air BnB cost is estimated to be £910. All such provision is self-contained accommodation. DWP Eligible Payment based on average of 90% of LHA Rates. Brecon & Radnor: £70.00 per week; North Powys: £66.93 per week; Neath & Port Talbot: £80.77 per week.

Figures used are based on a single person household in receipt of Universal Credit which is typical of the majority of homeless households currently in temporary accommodation.

A 2.6 Between 2019-2020 and 2023-2024 bed-and-breakfast and other private sector placements by the Council have increased by 161% from 96 to 251. This is a result of changes introduced by the Welsh Government extending the duties and obligations local housing authorities have to households which are homeless or at risk of becoming so and a growing gap between the cost

of accommodation, both to buy and rent, and the incomes available to local households. Housing Services has been developing a range of changes to the way services are delivered to respond proactively to this increase in demand.

- A 2.7 Housing Services in Q3 of 2024-2025 began work on redesign of the way homeless services are provided, with a much greater emphasis being placed on early intervention and prevention through a county wide triage service. The proposal, for a dedicated 'Homeless Triage Team', is planned to be rolled out in Q1 of 2025-2026, informed by development work undertaken in Q3 2024-2025, and is to be supported by Housing Support Grant. The stronger and more robust challenge and needs assessment at the initial point of contact and a more consistent approach to determining and discharging duties across the county will reduce the number of households becoming homeless and the number needing temporary accommodation.
- A 2.8 Housing Services is actively looking for a B&B or hotel which it can buy and then operate in-house, as a way to reduce these costs. This facility will be used to provide immediate accommodation pending securing for the households more suitable temporary accommodation, for example a self-contained property, or a permanent home in mainstream housing stock. Any such acquisition would need to be of a property that does not present maintenance and management risks to the Council. To date, it has not been possible to find a suitable property that would be worthy of a recommendation for acquisition.
- A 2.9 In July 2023, the Capital Oversight board agreed to support the Enhanced Homeless Service Project. The Council would directly provide two 12-apartment Instant Access 24/7 Triage Centres, to allow considered and supported immediate assistance at any time of day or night for homeless households, to reduce the use of bed-and-breakfast and make sure that the assistance offered is informed by a better understanding of client needs, reducing the time clients spend in temporary accommodation and reducing the risk of repeat incidences of homelessness.
- A 2.10 The Council would directly provide two 12-apartment Interim 24/7 Supported Accommodation Schemes, to provide fully supported accommodation for those homeless clients who are not able to live independently. They would be supported for six months to help them become better able to live independently after which they would move to their own home or, if necessary, permanent supported housing. To date, it has not been possible to find suitable properties or development sites to allow progression of the Enhanced Homeless Service Project. However, plans are now being developed to convert an apartment block owned by the council in Welshpool into a Triage Centre and including within a proposed Council housing development in Brecon, subject to the site securing change of use from the BBNPA, a similar facility for the south of Powys.

Appendix Three: Corporate and Strategic Priority Implications

Corporate and Strategic Priorities

		Stronger, Fairer, Greener Objective Three: We will work to tackle poverty and inequality to support the well-being of the people of Powys.		Fairer: effective prevention and resolution work to prevent homelessness (for example early and more robust and challenging interventions and initial assessments,		Fairer: health and safety risks (for example enforcement of standards in the private sector which, if not undertaken, is likely to increase the risk of homelessness and Homes in Powys registrations).		Greener: enhance well-being (for example reducing energy costs for people so they are more able to make their rent and mortgage payments and so keep their home).	
		Positive	Negative	Positive	Negative	Positive	Negative	Positive	Negative
Option One	No Changes to Service and Funding Model; Introduce SHG funded First Point of Contact Triage Team	Improved homeless prevention outcomes through introduction of the First Point of Contact Triage Team		Improved homeless prevention outcomes through introduction of the First Point of Contact Triage Team		Maintain current work with private property owners and tenants. Maintain income generation from activity with private property owners.		Maintain current activity in support of a Greener Powys. Maintain support for additional retro-fit work for private property owners.	

Option Two	Reprofile service and funding to maintain current capacity, capability and outcomes; strengthen early intervention and prevention.	Maintain current progress on homeless prevention outcomes through introduction of the First Point of Contact Triage Team		Improved homeless prevention outcomes through introduction of the First Point of Contact Triage Team	Reduction in capability and capacity to undertaken statutory homelessness services (to be offset by increased prevention work).	Maintain current work with private property owners and tenants. Maintain income generation from activity with private property owners.		Maintain current activity in support of a Greener Powys. Maintain support for additional retro-fit work for private property owners.	
Option Three	Reprofile service and funding to maintain current capacity, capability and expertise to provide services, limit use of temporary accommodation; strengthen early intervention and prevention.	Maintain current progress on homeless prevention outcomes through introduction of the First Point of Contact Triage Team	Increase in number of homeless households who may not be provided with temporary accommodation at the point of demand and need.		Increase in number of homeless households who may not be provided with temporary accommodation at the point of demand and need.	Maintain current work with private property owners and tenants. Maintain income generation from activity with private property owners.		Maintain current activity in support of a Greener Powys. Maintain support for additional retro-fit work for private property owners.	

Option Four	Reprofile service to match Base Budget 2025-2026; reduce service offer to allow for expected cost of temporary accommodation to be met.	Maintain current progress on homeless prevention outcomes through introduction of the First Point of Contact Triage Team				Emergency only work to address management and property standards among for those living in privately owned properties. Reduced income from private property related work.		No support or activity to improve energy efficiency and environmental sustainability for private property owners.
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Appendix Four: Risk and Service Impact Assessment

Risk and Service Impact Assessment

		Statutory Obligations: including potential legal and financial consequences of not fulfilling the obligations.		Financial: the net financial impact on the Council of each option – immediate and predicted.		Reputational: the impact on the Council's role within the community, including reference to the commitments and priorities set out and agreed by the Council in 'Stronger, Fairer, Greener'.		Displacement: for example, any additional service demands for ASC.		Consequential: for example, explaining and justifying any reductions in services (and staffing) that each option may have, by reference to the cause which is remedying the historic erroneous use of the HRA for GF services, which in turn may create further managerial, political, financial, reputational and legal risks to the Council.	
		Positive	Negative	Positive	Negative	Positive	Negative	Positive	Negative	Positive	Negative
Option One	No Changes to Service and Funding Model; Introduce SHG funded First Point of Contact Triage Team	Maintain compliance with regulatory requirements for non-landlord services			Increase in General Fund base budget (£685,490)	No change in service offer and availability.		No displacement expected		No need for redundancies or Management of Change	

Option Two	Reprofile service and funding to maintain current capacity, capability and outcomes; strengthen early intervention and prevention.	Maintain compliance with regulatory requirements for non-landlord services			Increase in General Fund base budget (£443,498)		Reduction in capability and capacity to undertaken statutory homelessness services (to be offset by increased prevention work).	No displacement expected		Limited need for Management of Change - transfer of homeless officers from General Fund to HSG funding base.
Option Three	Reprofile service and funding to maintain current capacity, capability and expertise to provide services, limit use of temporary accommodation; strengthen early intervention and prevention.	Maintain compliance with regulatory requirements for non-landlord services		No increase in General Fund base budget.	High risk of overspends on temporary accommodation if it is unable to refuse or defer the provision of such accommodation		Reduction in capability and capacity to undertaken statutory homelessness services (to be offset by increased prevention work).		Limited availability of temporary accommodation may increase demand from ASC and Children's Services for accommodation and support.	Limited need for Management of Change - transfer of homeless officers from General Fund to HSG funding base.

Option Four	Reprofile service to match Base Budget 2025-2026; reduce service offer to allow for expected cost of temporary accommodation to be met.	Maintain homelessness services.	Unable to meet statutory duties and responsibilities other than for homelessness.	No increase in General Fund base budget.	Legal costs of challenges arising from failures to discharge the required range of statutory and regulatory duties and obligations. Reductions in income from reduced activity with private property owners.		No activity to support those renting accommodation privately (circa 20% of households). Limited activity to address the problems caused by empty properties.		Limited support for tenants of private landlords enduring poor management and property standards may create additional homelessness and demand for ASC and Children's Services.	Redundancies and Management of Change will require explanations to be made available to employees, partner agencies and Trade Unions of the reasons for the changes.	
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