

ABERDEEN CITY COUNCIL

COMMITTEE	Finance Policy and Resources
DATE	1 st December 2017
REPORT TITLE	Alternative options for storage of belongings
REPORT NUMBER	CHI/17/133
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1. PURPOSE OF REPORT

- 1.1 This report sets out options to reduce the volume of goods taken in to storage, to reduce the period for which goods are stored and to set out options to charge customers for the storage of their belongings where appropriate with a view to reducing the costs incurred by the Council.
- 1.2 These measures are designed to reduce the demand on Council services to provide furniture storage while at the same time providing a safety net for customers who are unable to make their own arrangements.

2. RECOMMENDATION(S)

- 2.1 Committee approve Option 2, at point 3.4 below, as the Charging Policy for storage of homeless households belongings which is anticipated to achieve a cost reduction of £26,898.
- 2.2 To implement the charge from 1st of April 2018

3. BACKGROUND/MAIN ISSUES

- 3.1.1 In line with the Housing (Scotland) Act 1987 (as amended) (“the 1987 Act”) in relation to Homelessness, Local Authorities are required to provide removal storage and disposal facilities for the furniture and personal belongings of people who are determined as statutory Homeless or threatened with Homelessness.
- 3.1.2. Specifically, the duty applies where
 - (a) there is a danger of loss of, or damage to, any moveable property of his by reason of his inability to protect it or deal with it, and
 - (b) no other suitable arrangements have been or are being made.

3.1.3 Furthermore, in the statutory Code of Guidance on Homelessness published by the Scottish Government it states:

“If homeless people are to set themselves up successfully in a new home, they are likely to need all or most of their existing possessions. Therefore, the preservation of their possessions benefits not only the applicant themselves, but can produce savings to the public purse in terms of homelessness recurring, or the need for such support as provision of furniture”

3.1.4 While the importance of such good practice is acknowledged, it must be noted that there has been an increasing need for storage in recent years. The lengths of storage requirement have also increased and allocated budgets have consequently been overspent.

3.1.5 Requests for Furniture Storage over the last financial year, and this financial year to date are below:

2017/18 Year to Date			
Statutory Decision	Number of Applications	Number of requests for storage	%
Unintentional	748	34	4.5%
Intentional	56	2	3.6%
Not Homeless	80	1	1.25%
Resolved Homeless	19	0	0%
Ineligible	21	1	0%
Withdrawn	48	0	0%
Lost Contact	28	0	0%
Waiting Assessment	69	0	0%
Total	1069	38	3.6%

2016/17			
Statutory Decision	Number of Applications	Number of requests for storage	%
Unintentional	1203	53	4.4%
Intentional	53	3	5.7%
Not Homeless	57	1	1.8%
Resolved Homeless	33	1	3.0%
Ineligible	43	0	0%
Withdrawn	28	0	0%
Lost Contact	73	1	1.4%
Waiting Assessment	0%	0%	0%
Total	1490	59	4.0%

3.1.6 The spending for the previous three financial years is as follows:

2014/15	£108,717
2015/16	£112,784
2016/17	£89,955

3.1.7 Actions have already been implemented to reduce the level of spend, for example, disposing of items that were being stored on behalf of the council's Furniture Leasing Scheme and the combining of smaller lots of storage. Officers are continuing to ensure spend is minimised by actively case managing items that are in storage. Therefore there is little further scope to reduce spend.

3.1.8 At the same time homelessness presentation in 2017/18 have increased, therefore there is a risk that spend will increase in 2017/18.

3.1.9 The 1987 Act also permits "the making and recovery by the authority of reasonable charges for the action taken"

3.2 *Current Practice*

3.2.1 When a customer presents to the Council as homeless, and an application is triggered, a Case Officer will advise him/her of our statutory duty to store their belongings. If a need for storage is identified, and the service requested, the Case Officer will refer to the Housing Support Service to arrange the storage of customers' belongings. Greater emphasis on the need to ascertain the volume

of goods that require to be stored would help reduce demand and consequent cost of storage, as would a greater emphasis on identifying alternative arrangements and to enquire into the ability of customers to make such arrangements. As there is currently no charge to the customer for utilising these services, and as they are not aware of the costs incurred to the Council, there is little deterrence and consequently no opportunity to reduce demand.

- 3.2.2 The Council has a contract with a local charity, Instant Neighbour, for storage. This is a standalone contract and not a service that is available to the general public. This contract will be subject to tender as indicated in report CHI/17/038, with an outcome of this tender expected by January 2018.

3.3 *Practice of other local authorities*

We have consulted with a number of other local authorities who have provided us with details of their policies. Shelter Scotland has also advised that most Local Authorities will charge for the protection of a homeless person's property, although some charges will be waived where individuals are on a low income or receive benefits.

- 3.3.1 The practice of Moray Council is as follows:

The Housing Needs Officer will ask the applicant to contact three removal/storage companies and obtain an estimate for the removal and storage of the goods identified. The applicant will provide the Housing Needs Officer with the estimates as soon as they receive them or will ask the removal/storage company to forward the estimates directly by post, email or fax to the Housing Needs Officer.

- 3.3.2 This policy is more participatory on the customer's behalf, encouraging the sourcing of alternate solutions and assuring that the customer is aware of the cost of the service. The recommendations in this report encourage this element of participation, whilst also offering an alternative for the customer.

- 3.3.3 The practice of Aberdeenshire Council is as follows:

-Where a storage cost is incurred:

- (a) The full cost will be recharged where the customer is employed and not in receipt of Housing Benefit, however, the option to pay in instalments will be offered, if necessary. Note that where a charge is due, the customer should be advised that it is in their interests to arrange their own storage if possible as they will also incur a 10% administration charge by the council in addition to the storage cost.
- (b) If the customer is on full or partial Housing Benefit there will be no charge.

(c) If the customer is not employed and not entitled to Housing benefit (e.g, has too much capital, students) the full charge will be made with the option to pay by instalments if necessary.

- The proposed practice for Aberdeen City Council would involve a similar charging policy to that of Aberdeenshire Council (subject to our existing “Contributing to Your Care” policy) but it is not planned to raise an administration charge.

3.3.4 Glasgow City Council are currently at the same stage as ourselves. They do not charge for the service at present, but are preparing a case to introduce a charging policy. They reported the same issues as Aberdeen City Council such as large loads of items being stored and charges for storage that cost many times more than the cost of the goods.

3.3.5 Dundee City Council do not charge for storage, however their costs are reduced by using their own storage facilities. The service is also funded in part through their Housing Revenue Account.

3.4 Options for Future Practice

- Option 1

- Do nothing - continue operation as at present and continue to develop other initiatives to reduce the “homeless journey” time which will impact on the time that customers are in temporary accommodation and the length of time required for storage.

- Option 2

- Save an estimated £26,898 each year by introducing a charging policy, with the following underlying principles:

1. Customers should be advised of the charge for the service.
2. Customers should be encouraged to make alternate arrangements for the storage of items.
3. A limit will be placed on the amount that each customer will be permitted to place in storage. This will ensure that essential items can be stored, but not an unnecessary amount of additional items. *Actions 1 – 3 would make an estimated annual saving of £5,000.*
4. Customers should be encouraged to minimise the amount of belongings that they place in storage. *It is estimated that this will result in an annual saving of £9,500*
5. Customers should be charged for the service if and when they have the means to pay. This would be subject to financial assessment, as indicated in section 4 below. *It is estimated that this will result in an annual saving of £3,848 assuming that the charge recovers the full cost of the service.*

6. Payment may be delayed until customers have been allocated their settled accommodation.
7. Customers can be given the option to donate their household goods to charity on the understanding that all such goods will be replaced when they move into permanent accommodation. Customers will be aware of the goods that will be received in order to make an informed decision. At present, the cost of storing such goods costs many times more than the value of the goods. *It is estimated that this will result in an annual saving of £8,550.*
8. The introduction of a charge is largely aimed at diverting customers from placing unnecessary large quantities of furniture into storage and to consider alternative storage provision. We anticipate that there will only be few people who will be charged for the service and this will happen after a financial assessment has been undertaken.

- Option 3

- Introduce a charging policy including the elements outlined above in option 2, with the additional requirement of customers obtaining three alternative quotes for storage, as currently operated by Moray Council. Officers are not recommending this option as it is an unnecessary extra burden on customers at a time of crisis. They are, of course, free to obtain any quotes that they wish and would be encouraged to do so

- Option 4

- Introduce a charging policy including the elements above in option 2, with the addition of an administration charge similar to that operated by Aberdeenshire Council. This option is not recommended as the administration of the service is an integral part of our duty and it would not be appropriate to raise an additional charge.

3.5. Customer Survey

3.5.1 To establish whether the existence of a charge would have altered the behaviour of customers, officers conducted a survey of those who had previously used storage by Aberdeen City Council

- 85% would have reduced the volume of items that they placed in storage;
- 62% would have arranged to store items with family and friends; and
- 15% would have made their own arrangements with a storage provider.
- 85% indicated that they would be interested in donating furniture and white goods to charity and to have them replaced when they took up their new accommodation.

- 23% of people indicated that they would no longer have need for any storage.
- 62% indicated that, having reduced the amount of items that they place in storage, they would be unable to afford to store the remainder.

3.5.2 This supports the suggestion that a charging policy would encourage goods to be diverted from storage.

4. FINANCIAL IMPLICATIONS

4.1 The introduction of a charging policy is intended both to recoup some of the costs of the service, but also to encourage customers to make alternative arrangements for the storage of their belongings.

4.2 It is estimated that the cost of storage will reduce by £26,898, as detailed in Appendix 1. This estimated saving may change due to actions that customers take in reaction to the introduction of charging and to the level of homeless presentations.

4.3 The amount to be charged to customers will be subject to financial assessment. Due to individual financial circumstances, it is not possible to establish the exact level at which people will pay any charge. Worked examples show that there would be no charge for people in receipt of benefits who do not have assets and no charge of those on low incomes. The charge for storage of belongings would “rank” below other chargeable services, so this would further reduce the number of people who would be liable for this charge if they are already in receipt of other chargeable services.

4.4 Indicative amounts available for charge at varying income levels are as follows

Income level	Under 60	Over 60
£10,000	£0.00	£0.00
£12,000	£26.64	£0.00
£14,000	£52.41	£7.52
£16,000	£78.18	£33.29

4.5 A tender is currently in progress for renewal of the service. The current charging method involves a charge per square footage of floor space required. Our tender has asked for a charging method involving cubic metres of storage. Worked examples based on current lots of storage have indicated that this may result in a saving of approximately 20%, equating to an additional cost reduction of £20,000 per annum.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations of this report

6. MANAGEMENT OF RISK

- 6.1 Customer/Citizen - There is a risk that, by introducing a charge to a customer group who may already be on a low income, “uncollectable debt” is introduced onto our financial system. This has been highlighted by colleagues in Income Management. This risk is mostly mitigated by the fact that the recommended policy principally seeks to reduce the amount of furniture placed in storage and there will be appropriate financial assessments in place to exempt those who would not be able to afford to pay.
- 6.2 The following categories have been considered, and no risk has been identified:- Financial, Employee, Environmental, Technological, Legal and Reputational.

7. IMPACT SECTION

7.1 People

- 7.1.1 An Equality and Humans Right Impact Assessment has been undertaken as part of the process of developing the charging policy.
- 7.2 At this stage it is not felt that the introduction of charging for furniture storage will have an adverse effect on any group due to the mitigating measures that are proposed.

7.3 Economy, Place Technology

- 7.3.1 The categories of economy, place and technology have been considered and it is not considered that there will be an impact in these areas.

8. BACKGROUND PAPERS

Scottish Government Code of Guidance on Homelessness
<http://www.gov.scot/Publications/2005/05/31133334/33492>

Housing (Scotland) Act 1987
http://www.legislation.gov.uk/ukpga/1987/26/pdfs/ukpga_19870026_en.pdf

Shelter Guidance on the Storage of Belongings
http://scotland.shelter.org.uk/get_advice/advice_topics/homelessness/help_from_the_councils_housing_department/what_happens_after_ive_made_my_application/storage_for_personal_belongings

9. APPENDICES (if applicable)

Appendix 1 Anticipated Reduction in Costs

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Appendices

Appendix 1: Anticipated Reduction in Costs

Current Spend		£100,000
Anticipated Reductions	Saving	
No Longer Required (1)	5%	£5,000
Reduction in Volume (2)	10%	9,500
Sale/Buy Back (3)	10%	8,550
Income from Charging (4)	5%	<u>3,848</u>
		<u>26,898</u>
		<u>£73,103</u>

Notes

- 1 This reduction is achieved from clients who will find an alternative arrangement to store their belongings.
- 2 This reduction is achieved from clients who when faced with a charge, will reduce the volume of items being placed in storage.
- 3 This reduction is achieved from clients who would be happy to dispose of "white goods and furniture on the understanding that they will be replaced when they take up a new tenancy.
- 4 This is the amount that will be raised by operating a charging policy.