


Commissioner Decision Report Tuesday 8 th November 2016	 TOWER HAMLETS
Report of: Graham White	Classification: Unrestricted
Syrian Vulnerable Persons Resettlement Scheme (SVPRS)	

Originating Officer(s)	Sharon Godman and Joseph Lacey-Holland Corporate Strategy and Equality
Wards affected	All Wards
Key Decision?	Yes
Community Plan Theme	All

Executive Summary

This report outlines proposals for the Council's participation in the Syrian Vulnerable Persons Resettlement Scheme (SVPRS). It sets out background to the SVPRS, plans for local delivery led by the Council and the requirements for grant funding to enable effective implementation of the scheme.

This report has been developed following the Executive Mayor's, and Full Council's, commitment that the Council would seek to resettle a number of Syrian refugee households as part of the UK Government's response to the humanitarian crisis in Syria (see Appendix 1).

Recommendations:

The Commissioners are recommended to:

1. Note the details of the SVPRS as set out by the UK Government, and issues arising;
2. Approve the proposals to make grant payments to the families supported by the SVPRS for the first two years of the five year scheme. Payments related to housing costs are expected to be made directly to the landlord.
3. Note that following the initial two year period highlighted above, the Executive Mayor will consider the scheme and will be able to agree further grant payments, if required, in order to support families participating in the SVPRS and fulfil the Home Office's requirements.

1. REASONS FOR THE DECISIONS

- 1.1 This decision is required in order to enable the Council to participate in the Government's Syrian Vulnerable Persons Resettlement Scheme (SVPRS). A number of other London Boroughs have participated in the scheme to date.

2. ALTERNATIVE OPTIONS

- 2.1 The council would not participate in the Syrian Vulnerable Persons Resettlement Scheme (SVPRS). Full Council made a commitment in September 2015 to explore all options to support a small number of refugee families.

3. DETAILS OF REPORT

BACKGROUND TO SVPRS

- 3.1 Since its outbreak in 2011 the civil war in Syria has claimed the lives of over 250,000 people and the country is now the world's largest source of both internally displaced people (7.6 million) and refugees (3.88 million). The SVPRS is part of the UK Government's response to this humanitarian crisis and will enable the resettlement of 20,000 Syrians in the UK by 2020.
- 3.2 SVPRS is being coordinated by the Department for International Development (DfID), the Home Office and Department for Communities & Local Government (DCLG), working in collaboration with volunteer Local Authorities to bring Syrians to the UK and resettle them across the country. Central Government departments are responsible for the 'pre-arrival' element of the scheme (i.e. enabling migration to the UK) whilst responsibility for 'post-arrival' arrangements (i.e. providing accommodation and supporting integration into British society) falls to participating councils.
- 3.3 SVPRS is only open to Syrians from 'in region', making those who have made their way to Europe ineligible. The United Nations High Commission for Refugees (UNHCR) is tasked with identifying candidates for resettlement in the UK using agreed criteria, and applicants are subject to a 2-stage vetting process by UK authorities before acceptance onto the scheme.
- 3.4 Those accepted onto SVPRS (referred to as 'beneficiaries') are granted leave to remain in the UK for 5-years under 'Humanitarian Protection' status, entitling them to full employment rights and recourse to public funds. At the end of this 5-year period 'beneficiaries' will be able to apply for residence in the UK or return to Syria.
- 3.5 Before migration to the UK 'beneficiaries' must be matched with a volunteer Local Authority via an on-line system. This is to ensure that councils only receive households who they are willing and able to support. During this

process Local Authorities retain the discretion to reject applicants if they feel unable to meet their needs.

3.6 Upon arrival in the UK, volunteer Local Authorities are expected to adhere to a 'Statement of Requirements' created by the Home Office (see Appendix 3), which sets out expected minimum standards and compulsory deliverables for the scheme. These include:

- Arrangements in place to greet refugees as they arrive;
- Suitable accommodation for at least 12-months (preferably 2 years), including registration and payment arrangements for utilities;
- Case worker support for at least 12-months;
- Integration support including registering with local schools, GPs and ESOL services;
- Arrangements in place to meet any physical/mental health and social care needs (if eligible).

3.7 Volunteer Local Authorities are entitled to draw down on Central Government funding totalling £20,500 per-refugee (adult or child) over any 5-year period up to 2025, provided via a tapered annual payment:

Funding per person	
Year 1	£8,500
Year 2	£5,000
Year 3	£3,700
Year 4	£2,300
Year 5	£1,000

3.8 This funding is intended to cover the cost of providing integration and case work support services to the refugees. In addition to this 'per capita' funding Central Government will provide financial support to assist local authorities with mainstream education and SEN provision, and offer a supplement for any persons resettled with complex needs (estimated to be 20% of arrivals).

3.9 Above and beyond the specific financial support offered via SVPRS, 'beneficiaries' are entitled to claim benefits (subject to statutory limits), whilst Local Authorities are expected to absorb any wider costs arising from resettlement, such as mainstream service provision and any 'top-up' that might be required to cover shortfalls (for example in rent).

LOCAL SCHEME PROPOSALS

- 3.10 The Council has informed the Home Office of its intention to become a volunteer Local Authority for the SVPRS. This follows a commitment made by the Executive Mayor of Tower Hamlets in September 2015 to support the resettlement of Syrian refugees in the Borough, with the proviso that sufficient Central Government support was received and that participation would not negatively impact on current residents.
- 3.11 The Council has agreed that in delivering SVPRS, the Local Authority will operate a 'mixed' delivery model. The council's own 'Housing Options' service will secure appropriate accommodation for 'beneficiaries' in the private rented sector (PRS) and support them to maintain their tenancies, whilst 12-months casework 'integration support' for households will be commissioned from a specialist provider.
- 3.12 In addition the Council will work with the provider of its recently commissioned 'New Resident and Refugee Forum' (NRRF), whose role is to champion the voice and concerns of newly arrived migrant communities in the borough, to ensure these are reflected in the design and delivery of services. To this end, the Council will signpost the 'NRRF' and other local refugee support organisations to grant funding opportunities provided by the UK Community Foundation, so they can bid for additional resources to assist with integration activities.
- 3.13 The Council will also continue to liaise with the Regional Migration Partnership (the Greater London Authority), as well as other London Boroughs who have volunteered for SVPRS to date, to build a pan-London support network for 'beneficiaries'. This will help to ensure that 'beneficiaries' are provided with all available assistance to avoid social isolation, and allow for the sharing of 'best practice' between participating councils.
- 3.14 Initially the Council has agreed to resettle 3 households via SVPRS. The Corporate Strategy & Equality Service (CS&E) within the Council will coordinate the overall delivery of SVPRS, with oversight from a recently established cross-partner 'Steering Group'. This group first met in May 2016 and provided sign-off of the intended approach. The 'Steering Group' consists of representatives from the following agencies/internal service areas:
- Metropolitan Police Service;
 - Tower Hamlets Clinical Commissioning Group;
 - East London Foundation Trust;
 - Job Centre Plus;
 - Adults and Children's Social Services (inc. Education);
 - Housing;
 - Adult Skills;
 - Finance;
 - Procurement.

SCHEME COSTS

3.15 It is extremely challenging for volunteer Local Authorities to project with certainty the full cost implications of participating in SVPRS because of the large number of dependent variables, including:

- The number and composition of ‘beneficiary’ households accepted locally;
- The ‘contingent’ costs arising from unknown and potentially changing levels of ‘beneficiary’ need;
- The period of time resettled households remain residents of Tower Hamlets (they are under no obligation to remain where settled);
- The degree of independence achieved by adults resettled via the scheme (i.e. some may enter employment, some may not);
- The outcome of GLA/London Council’s lobbying for full resourcing of the scheme from Central Government to take account of London housing costs.

3.16 Despite these difficulties, an effort has been made to capture costs of participating in SVPRS by using a financial model informed by the experience of other councils. An indicative cost estimate has been developed based upon the proposal to resettle three families (3 x 4 individuals). The two areas of major cost to the Council include: covering the rental gap between Housing Benefit and market rents in the borough, and providing a casework ‘integration support service’ to the beneficiaries.

3.17 The model used assumes that resettled households will remain in-borough, in two-bedroom PRS properties, for the full five years of the scheme, without changing composition and have stable needs. The calculations include the expected impact of the ‘benefit cap’ as of April 2016, as well as projected growth in median rents for a 2-bedroom property, but exclude the cost of pre-school, primary or secondary education, as this is assumed to be cost neutral (due to additional SVPRS money for school places above the income set out in 3.7).

3.18 Other costs that are contingent on need, like social care, have also not been factored into this model, as they are very difficult to predict without a detailed understanding of the households that will be resettled. Given the relatively small number of beneficiaries to be supported in the borough and the Government’s commitment to provide additional funding for those with ‘complex needs’ these contingent costs are unlikely to exceed what might otherwise occur through general population change.

Summary of costs

	Year 1	Year 2	Year 3	Year 4	Year 5	Total cost of 5 year programme
Total Initial Settlement Package	£7,200					£7,200
Total Variable Cost	£101,816	£64,839	£66,945	£69,156	£71,439	£374,195
Total Fixed Cost	£51,116					£51,116
Total Cost	£160,132	£64,839	£66,945	£69,156	£71,439	£432,511
Total Funding & Housing Benefit	(£132,643)	(£87,403)	(£71,803)	(£55,003)	(£39,403)	(£386,255)
Net Cost	£27,489	(£22,564)	(£4,858)	£14,153	£32,036	£46,256

- 3.19 The estimated *total cost* of the scheme is £433k over the full five years. YR1 is significantly more expensive than future years due to the requirement to provide a casework 'integration support service' over the initial 12-month resettlement period. Although total costs fall significantly in YR2 due to the cessation of the 'integration support service', they begin to rise incrementally through YR3-5 as a result of increasing median rents and falling per-capita tariff payments from Central Government (see 3.7).
- 3.20 The estimated *net cost* to the council of participation in the scheme over the full five years is estimated to be in the region of £50k. However, for the reasons set out above (including 5.1), the actual costs may vary significantly from this figure.
- 3.21 It has been agreed that the Corporate Director of Resources will make provision within the Council's budgeted reserves to cover the full costs of participation in SVPRS as set out above (and additional monies if needed to meet the requirements of the Home Office). The Council will create an SVPRS budget into which Central Government tariff payments will be paid and out of which local expenditure will be made.
- 3.22 An annual review will be undertaken by the cross-partner 'Steering Group' to fully understand the direct costs of participating in SVPRS, anticipate the potential future needs of 'beneficiaries' and ensure that the Council is properly supporting their journey to independence and integration.

GRANT REQUIREMENTS

- 3.23 The biggest challenge to delivering SVPRS in London relates to securing affordable and sustainable housing. This is because in designing the scheme Central Government has assumed that housing costs will be fully covered through Housing Benefit payments to 'beneficiaries'.
- 3.24 This is unrealistic in London because most volunteer Local Authorities in the city have ruled out placing 'beneficiaries' in their public/RSL housing stock due to long waiting lists, and have instead committed to finding accommodation in the private rented sector (PRS).
- 3.25 However, the supply of PRS properties available at Local Housing Allowance (LHA) rates is very low in London as welfare reforms have limited LHA entitlements to the 30th percentile of market rents, and few landlords are willing to let-out properties at such low margins in current market conditions. In addition the 'Overall Benefit Cap' restricts the total amount of benefit that a household can claim, and is being reduced from £26k to £23k in London this autumn. These have created a significant 'rent gap' for private renters receiving LHA.
- 3.26 This means that volunteer Local Authorities in London are having to assume a cost burden when participating in SVPRS, as to secure PRS properties for

'beneficiaries' they are having to pay market rates, which essentially means committing to cover the 'rent gap' on accommodation for the required minimum of 1 year (and potentially for all 5 years of the scheme). Central Government has so far refused to address this issue by providing either higher tariff payments to London Boroughs or allowing variations in LHA allowances for 'beneficiaries'/exemption from the 'OBC'. The Home Office's 'Statement of Requirements' makes clear that accommodation for arriving beneficiaries must be both affordable and sustainable.

3.27 The table below sets out the total annual rental costs for 3 two-bedroom properties let-out at the local median PRS rate (drawn from the figures set out in 5.4). The annual 'rent gap' grows year-on-year as rental rates increase but LHA stays stable (excluding inflation) and the benefit cap restricts any growth in claim entitlements.

Based on three 2 bedroom accommodation	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total
Annual Rent	£59,292	£61,416	£63,612	£65,916	£68,292	£318,528
Maximum Housing Benefit (inc. OBC)	(£30,403)	(£27,403)	(£27,403)	(£27,403)	(£27,403)	(£140,015)
Total shortfall	£28,889	£34,013	£36,209	£38,513	£40,889	£178,513

3.28 Although this table does not describe the net cost to the Council (as some of the shortfall may be offset by tariff income), it does illustrate the insufficiency of the combination of Central Government funding and Housing Benefit in securing accommodation in the PRS for resettled 'beneficiaries' in London under current conditions.

3.29 The Council is currently exploring the best arrangements for paying landlords, but it is likely that given the needs of 'beneficiaries' a direct payment arrangement for Housing Benefit will be required. In order to make-up the significant shortfall between HB and rental rates, the Council will also need to pay landlords a 'top-up' amount to cover the 'rent gap'.

3.30 Council legal advice has indicated that the payment of the 'top-up' amount would constitute a grant (regardless of the payment mechanism used) and therefore may require authorisation from the Commissioners.

3.31 In addition, the Home Office requires 'beneficiary' households to have their accommodation furnished with a list of specific goods (from furniture through to white goods). Although it is intended to draw this resource from within the funding tariff provided by Central Government, obtaining the items themselves will require payment to a supplier – either by the Council directly, or by the provider of the 'integration support service'. Modelling suggests that a one-off sum of £2500 per family will be required to meet the basic requirements.

CONCLUSIONS

- 3.32 Following initial discussions with the Executive Mayor, the Council is seeking to resettle three households in the borough in the private rented sector. This 'start small' approach is in-line with the other London Boroughs participating to date; it is understood that eight are currently participating in SVPRS. The proposed approach will allow the Council to review the experience of the resettled households, and the costs incurred, before determining whether to participate further in the scheme.
- 3.33 To date, work has been undertaken on how best to operationalise the scheme with the Housing and Benefits Services, and initial discussions have been undertaken with Children's and Adult Services. The intention is for the Council to identify and secure appropriate housing through its in-house services, such as Housing Options, and commission an 'integration support service' from a specialist provider to support the resettlement of 'beneficiaries' into the community.
- 3.34 A cross partnership 'Steering Group' bringing together all relevant agencies in the borough has been created, and during its first meeting agreed the outline approach developed. This group will operate as a project board when the scheme goes live, providing oversight of delivery and the wellbeing of 'beneficiaries'.
- 3.35 Before confirming the participation of the Council in SVPRS with the Home Office, agreement is required that grant payments can be used to cover the 'rent-gap' on local PRS properties used for the scheme. Without this, the council will be unable to demonstrate its ability to meet the 'Statement of Requirements', which oblige Local Authorities to provide accommodation for at least 12-months (preferably 2-years).

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 The financial implications of the proposed scheme are set out in the body of the report. The Council will allocate sufficient funding from reserves to cover the shortfall in central government funding, currently estimated to be approximately £50k per annum.

5. LEGAL COMMENTS

- 5.1 Whilst there is no strict legal definition of grant, a grant is in the nature of a gift and is based in trust law. However, grants are often given for a purpose so it is sometimes unclear whether a grant has been made or the arrangement is a contract for services. A contract for services is not a grant and therefore, an arrangement which is classified as a contract for services would be outside the remit of the power conferred upon the commissioners to approve.

- 5.2 There will be many grants which are made by the Council for the purpose of discharging one of its statutory duties. However, as a grant is in the nature of a gift, it is considered there must be some element of discretion on the part of the Council as grantor as to whom a grant is made to and whether this is made. If the Council is under a legal duty to provide a payment to a specific individual or organisation, and cannot lawfully elect not to make such a payment, then that should not amount to a grant.
- 5.3 On 7th September 2015 the Prime Minister announced an expansion of the Government's existing Syrian Vulnerable Persons Resettlement Scheme (SVPRS). Through this expansion, the Government expected to resettle 20,000 Syrians in need of protection during the current Parliament. The Council, along with other London Boroughs and Councils nationally have made a commitment to support the SVRPS. The SVRPS is voluntary for Local Authorities and covering the rent gap is therefore a grant.
- 5.4 The power of the commissioners to make decisions in relation to grants arises from directions made by the Secretary of State on 17 December 2014 pursuant to powers under sections 15(5) and 15(6) of the Local Government Act 1999 (the Directions). Paragraph 4(ii) and Annex B of the Directions together provide that, until 31st March 2017, the Council's functions in relation to grants will be exercised by appointed Commissioners, acting jointly or severally. This is subject to an exception in relation to grants made under section 24 of the Housing Grants, Construction and Regeneration Act 1996, for the purposes of section 23 of that Act (disabled facilities grant).
- 5.5 To the extent that the Commissioners are exercising powers which would otherwise have been the Council's, there is a need to ensure that the Council has the power to make the grant in question. In that regard, the proposed grants are supported by the Council's general power of competence. Section 1 of the Localism Act 2011 gives the Council a general power of competence to do anything that individuals generally may do, subject to specified restrictions and limitations imposed by other statutes. This power of competence would permit covering the rent gap.
- 5.6 The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. This is referred to as the Council's best value duty. Best Value considerations have been addressed in paragraph 7 of the report where it is noted that this support is offered in accordance with the Government's SVPRS. This is also aid of a humanitarian nature.
- 5.7 Grants can be classed as 'State aid'. 'State aid' is any advantage granted by public authorities through state resources on a selective basis to any organisations that could potentially distort competition and trade in the European Union (EU). The definition of state aid is very broad because 'an advantage' can take many forms. It is anything which an undertaking (an organisation engaged in economic activity) could not get on the open market.

- 5.8 As grants are State aid and public authorities are responsible for ensuring their policy measures and projects comply with the rules. In principle, state aid is not allowed in the EU. However, some state aid is beneficial to the economy and supports growth and other policy objectives and the Treaty on the Functioning of the European Union (TFEU) provides that certain activities are considered to be compatible with EU law and which includes “aid having a social character”.
- 5.9 There is also a *de minimis* threshold for the purposes of European restrictions on State aid and which amounts to €200,000 over any rolling 3 year period. If therefore over a rolling period of 3 years the off-sent rent is less than €200,000 then the European restrictions on State aid.
- 5.10 If the amount in respect of covering and rent gap exceeds the *de minimis* threshold then the Council would have to ensure that the off-sets is for “aid having a social character” and are therefore not prohibited and it is for the Council to ensure that that is the case. As this is State aid for humanitarian purposes, it is considered that it is “aid having a social character”.
- 5.11 When making decisions, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty). A proportionate level of equality analysis is required to discharge the duty and information relevant to this is contained in the One Tower Hamlets section of the report.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1. It is important that the Council seeks to assist the effective integration of persons supported by the scheme. In order to ensure this, casework ‘integration support’ will be commissioned from a specialist provider. The commissioning process, including the service specification, will include a strong focus on equality.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 In line with the relevant Directions, this report is seeking agreement for grant payments to be made. These payments will support the Council’s participation in the Government’s scheme. As set out above, an annual review will be undertaken by the cross-partner ‘Steering Group’ to fully understand the direct costs of participating in SVPRS, anticipate the potential future needs of ‘beneficiaries’ and ensure that the council is properly supporting their journey to independence and integration.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 No direct implications.

9. RISK MANAGEMENT IMPLICATIONS

9.1 The cross-Partnership SVPRS Steering Group will oversee the monitoring and management of risks associated with the scheme. Risks will be escalated and managed in accordance with the Council's risk management procedure.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

10.1 No direct implications. The Metropolitan Police are a member of the cross-Partnership SVPRS Steering Group.

11. SAFEGUARDING IMPLICATIONS

11.1 Both Adults and Children's Services are part of the SVPRS Steering Group in recognition of the need to ensure that any safeguarding issues are identified and managed appropriately. The Council's specification for the casework 'integration support' includes a strong focus on safeguarding issues.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- Appendix 1 - Mayor of Tower Hamlets 'Statement on Tower Hamlets Response to the Refugee Crisis'
- Full Council Resolution

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- NONE

Officer contact details for documents:

N/A