

HOMELESSNESS: HALF YEAR UPDATE

Head of Service:	Brendan Bradley, Head of Finance, Rod Brown, Head of Housing & Community
Wards affected:	(All Wards);
Urgent Decision? No	
If yes, reason urgent decision required:	
Appendices:	1 - Mid-year 2023/24 action plan update

Summary

EEBC continues to have a significant financial outlay on temporary accommodation costs to meet its homelessness obligations under the Housing Act 1996 and Homelessness Reduction Act 2017. The level of expenditure is likely to exceed the budget set for 2023/24 and this report sets out the actions taken to minimise the uplift and identifies the available funding to cover the additional expenditure.

Recommendation (s)

The Committee is asked to:

- (1) **Note the actions which have been taken to manage homelessness over the past 6-12 months.**
- (2) **Agree to utilise Homelessness Prevention Grant (HPG) and homelessness grant reserves to cover the anticipated increase in expenditure to enable the Council to meet its duties under the Housing Act 1996 and Homelessness Reduction Act 2017.**
- (3) **Note that a further update will be provided at the Community & Wellbeing Committee in March 2024.**

1 Reason for Recommendation

- 1.1 The Council has a statutory duty to assist homeless households under the Housing Act 1996 and Homelessness Reduction Act 2017. If we do not meet our statutory obligations, then Epsom & Ewell Borough Council (EEBC) will be in breach of its obligations and open to legal challenge.

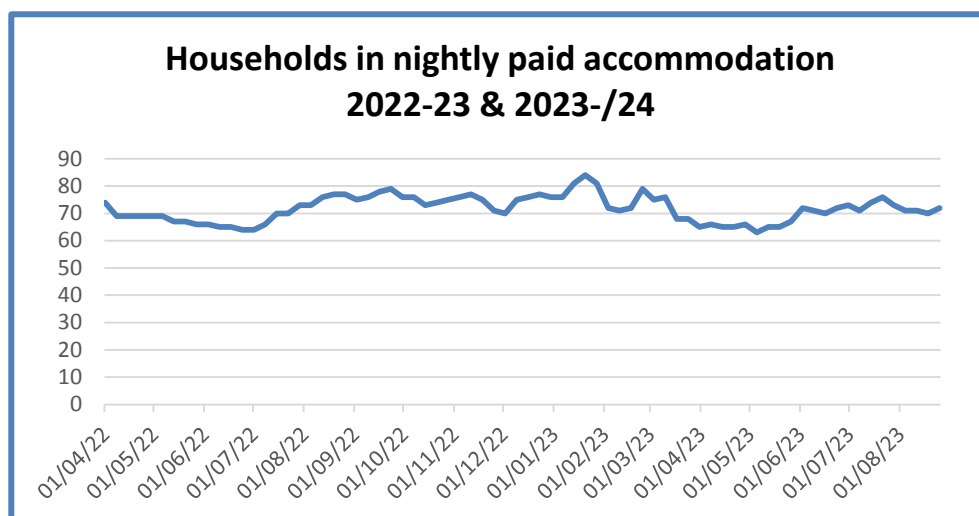
2 Background

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- 2.1 EEBC is spending large amounts on temporary accommodation to meet its homelessness obligations. The level of expenditure is set to rise above £1.5M for 2023/24, due to the consistently high number of homelessness approaches, a 15% increase in rental costs by our accommodation providers and a lack of alternative accommodation options.
- 2.2 The climate in which officers operate is increasingly challenging and even since the implementation of the homelessness strategy, in November 2022, the working environment has become more demanding. The cost-of-living crisis is having a significant impact on the number of households requiring assistance and the complexity of issues with which they present has intensified.
- 2.3 The cost-of-living crisis has also had a considerable impact on housing supply as rents have increased. Competition from other areas, including London boroughs, for placements has increased the demand on available stock.
- 2.4 In addition, affordable housing options in EEBC are severely limited, which is in part due to the low level of affordable housing development in recent years.
- 2.5 The Homelessness Strategy & Action Plan 2022-27 was agreed at the Community & Wellbeing Committee in November 2022. The Action Plan identifies the key objectives and lists the appropriate actions to be taken during the lifetime of the strategy (appendix A).
- 2.6 Since the strategy was agreed we have made significant progress against the actions and taken additional actions to improve the early identification, intervention & prevention of homelessness and increase the available accommodation options. These are outlined in appendix B.
- 2.7 The actions in appendix B demonstrate the success and hard work of the housing options and solutions team. However, despite their positive performance the number of households in temporary accommodation, including expensive nightly paid, remains consistent with 2022/23 figures, as shown in the below graph.

Fig X

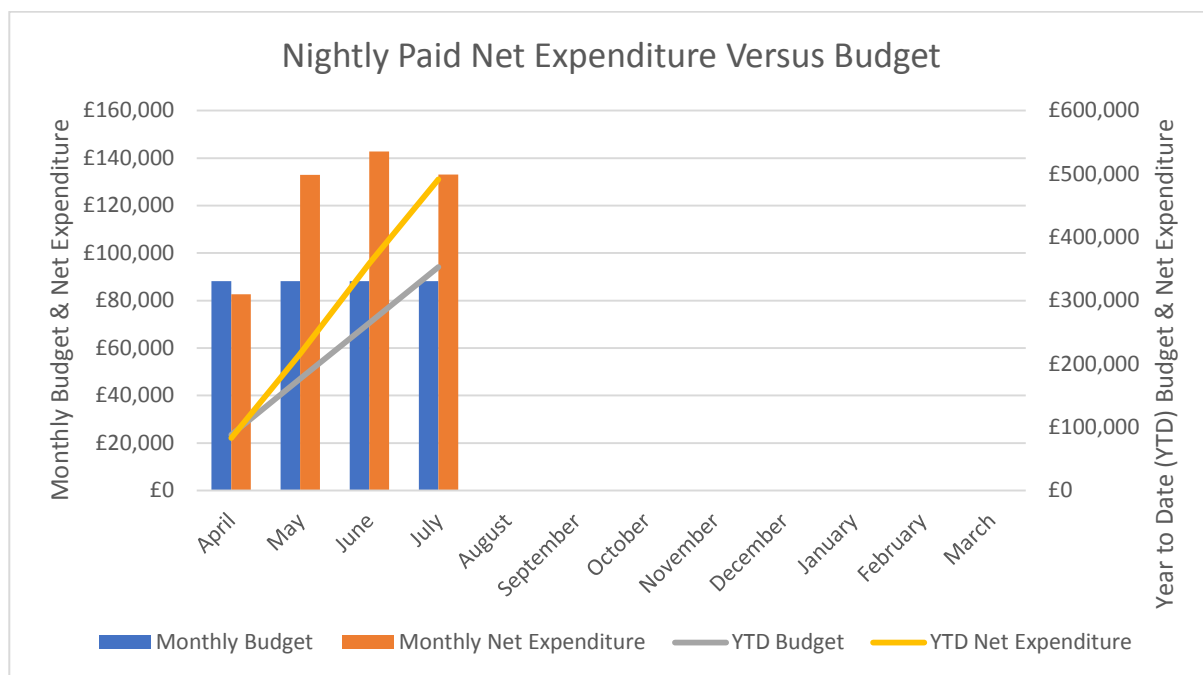


- 2.8 The graph doesn't document the work of the team, as although the figure remains fairly consistent, the number of households entering and leaving temporary accommodation (TA) is considerable. The fact there has been no significant rise of households in temporary accommodation over the past 6-12 months shows how successful the team has been in finding housing solutions despite the considerable challenges.
- 2.9 Despite the hard work of the team the cost of accommodating households in TA has risen due to several factors. Competition from other local authorities, including London boroughs, is increasing demand and therefore costs and a significant number of landlords are leaving the temporary accommodation sector. This in turn has led to the team adapting its approach to procurement to ensure accommodation is available when it is required. For example, on occasion it may be appropriate to block book accommodation, which will not necessarily be utilised for the duration of the booking. In addition, the increase in energy costs has led to all our providers raising their rent levels by 15%.
- 2.10 The rent level which the Council can charge households for temporary accommodation is restricted by the Housing Benefit temporary accommodation subsidy formula and these have not increased since 2011. Consequently, the Council is unable to mitigate the increase in temporary costs by charging homeless households higher rents.
- 2.11 Fig Y (below) shows costs up until end of July 2023, which covers the first third of the year. You will note that the costs are already significantly above the budget and given that we are now approaching the coldest and most challenging part of the year, the numbers and associated costs are unlikely to fall. We therefore anticipate an overspend of c£200,000 by the year end, even if we utilise the additional Homelessness prevention Grant

Fig Y

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- 2.12 Due to demand for accommodation, officers are on occasion having to use the Travelodge as no other accommodation is available. The gross cost for this can be in the region of £140 per night. The average net cost of nightly paid accommodation for a small family has increased by over 18% when compared with 2022/23 and is now c£23,500 pa.
- 2.13 One of the measures which housing has taken to minimise expenditure is to set up a Private Sector Leasing (PSL) scheme, where the Council leases a property for between 3-5 years from a private landlord for use as temporary accommodation. The equivalent net cost of a PSL property, compared to expensive accommodation such as the Travelodge, is c£6600 pa, so this represents a significant cost avoidance. As a result, we have expanded the PSL scheme and will continue to add to our portfolio.

3 Next steps

- 3.1 Members should be aware that the issues faced by the housing services teams are unlikely to dissipate over the coming 12 months. It is therefore likely that despite continued positive performance from officers, the number of households in temporary accommodation will remain high for the foreseeable future.
- 3.2 The economic outlook remains challenging and has had a direct impact on housing delivery, leading to fewer developments coming forward and thus an overall reduction in house building and the development of affordable housing. In addition, issues such as the closure of bridging accommodation for Afghans is likely to increase the pressure on housing services still further.

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- 3.3 The on-going position within the service will continue to be reported monthly to the Chair and Vice Chair of this committee and officers will continue to complete the agreed actions as set out in the Homelessness Strategy and seek other opportunities to increase supply of suitable accommodation.
- 3.4 Officers will continue to outline the benefits of the PSL scheme to landlords.
- 3.5 Officers will also continue to work with housing association and other partners to find creative solutions to increase the overall supply of affordable housing within existing stock, through schemes such as purchase & repair.

4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

- 4.1.1 Minimising homelessness will have a positive impact on inequalities.

4.2 Crime & Disorder

- 4.2.1 None for the purposes of this report.

4.3 Safeguarding

- 4.3.1 Assisting homeless households to access safe and secure accommodation will have a positive impact on safeguarding.

4.4 Dependencies

- 4.4.1 The budget will continue to be closely monitored and reported at the monthly Community & Wellbeing meetings.

4.5 Other

- 4.5.1 None for the purposes of this report.

5 Financial Implications

- 5.1 The original budget for 2023/24 was based on 58 families in nightly paid accommodation, but the Council is currently supporting 78. In addition, the average net cost of nightly paid accommodation for a small family has increased by an average of 15% when compared with 2022/23 due to an inflationary increase in prices charged by accommodation providers. As such, the latest monthly figures show the Council has spent £138k over its year-to-date budget at the end of July 2023.

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- 5.2 A quarterly report is sent to the Department of Levelling Up Housing and Communities (DLUHC) to update on homelessness figures and current pressures. DLUHC responded to the increased pressures on local authorities earlier in 2023/24 with additional grant funding of £166k to help ease the financial pressures. If exceptional demand continues, it is possible that DLUHC will provide further additional resources for 2023/24, but further government funding cannot be relied upon until it is announced.
- 5.3 Factoring in the known additional funding, the forecast at quarter 1 anticipated a full year overspend of £200k for the service.
- 5.4 To mitigate the inflationary pressures, the Council's 2023/24 budget includes a contingency for inflationary pressures which can be applied to offset the inflationary increases charged by providers. To mitigate the overspend related to increased demand levels, EEBC also has a modest balance of uncommitted Homelessness Prevention Grant (HPG) reserves, which can be used, however, should the government provide additional resources, it is anticipated this would be used in the first instance. Should demand pressures continue into 2024/25, it is anticipated that in the absence of further government funding, there may be a continued need to apply the reserve while the service progresses initiatives to bring demand down to levels manageable within the budget.
- 5.5 **Section 151 Officer's comments:** The cost of managing homelessness continues to represent a key risk to the Council's financial position. Increased costs of nightly paid accommodation, combined with higher numbers of households requiring support, reinforces the importance of the council progressing the homelessness reduction action plan initiatives identified in this report.

6 Legal Implications

- 6.1 The Council's obligations, powers and duties in relation to homeless households are contained within the Housing Act 1996 and Homelessness Reduction Act 2017. If we do not meet our statutory obligations, then EEBC will be in breach of its obligations and open to legal challenge.
- 6.2 **Legal Officer's comments:** None for the purposes of this report

7 Policies, Plans & Partnerships

- 7.1 **Council's Key Priorities:** The following Key Priorities are engaged:

Safe & Well: Work with partners to improve health and wellbeing of our communities, focusing in particular on those who are more vulnerable.
- 7.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 7.3 **Climate & Environmental Impact of recommendations:** Not applicable.

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7.4 **Sustainability Policy & Community Safety Implications:**

7.5 **Partnerships:** Registered Providers, in particular Town & Country Housing (formerly Rosebery) and Transform, East Surrey Outreach Service (ESOS), local letting agents, private sector landlords, Surrey Housing authorities

8 **Background papers**

8.1 The documents referred to in compiling this report are as follows:

Previous Reports:

- [Homelessness & Rough Sleeping Strategy 2022/27](#) - Community & Wellbeing Committee November 2022

Other papers:

- none