

HOMELESSNESS: EXPENDITURE AND ACTION PLAN UPDATE

Head of Service:	Rod Brown, Head of Housing & Community
Report Author	Arjan de Jong
Wards affected:	(All Wards);
Urgent Decision?	No
If yes, reason urgent decision required:	
Appendices (attached):	Appendix 1: Homelessness & Rough Sleeping Strategy Action Plan update February 2025 Appendix 2: Homelessness update February 2025

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, and the level of expenditure is set to significantly exceed the budget set for 2024/25. This report sets out the actions taken to minimise homelessness expenditure and identifies the funding which will be utilised to cover the additional expenditure for 2024/25.

Recommendation (s)

The Committee is asked to:

- (1) To note the priority action points which have been taken to manage homelessness over the past 6 months.
- (2) Note the use of Homelessness Prevention Grant (HPG) and Homelessness Grant reserves to cover the increase in expenditure, during 2024/25, to enable the Council to meet its duties under the Housing Act 1996 and Homelessness Reduction Act 2017.
- (3) Agree that a further update regarding nightly paid accommodation (NPA) expenditure be provided at the Community & Wellbeing Committee in October 2025.

1 Reason for Recommendations

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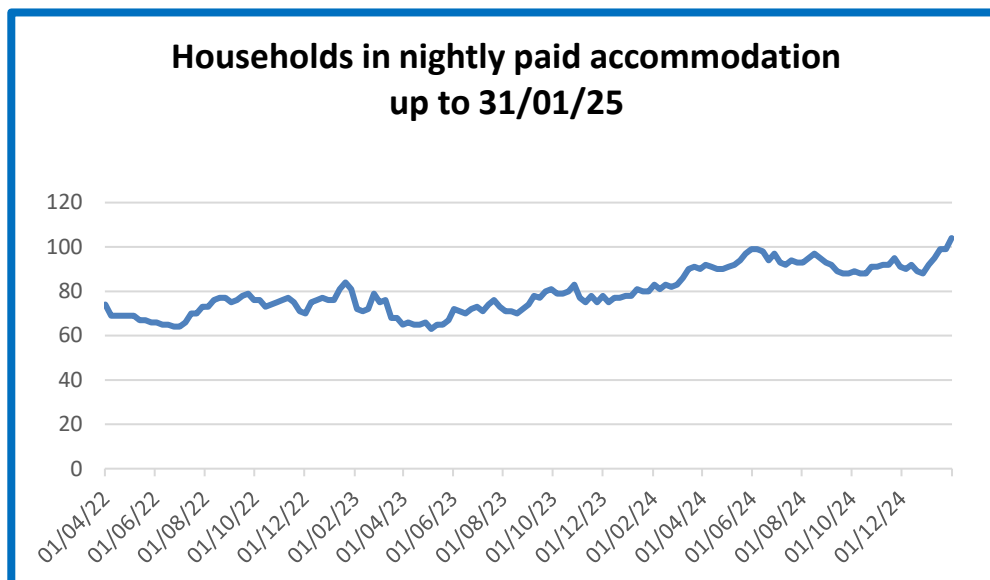
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- 1.1 The Council has a statutory duty to assist homeless households under the Housing Act 1996 and Homelessness Reduction Act 2017. If we do not meet our statutory obligations, then the Council will be in breach of its obligations and open to legal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

2 Background

- 2.1 Expenditure on nightly paid accommodation to meet homelessness obligations is very significant. The net total level of expenditure is forecasted to be £1.97m for 2024/25. This was largely due to the consistently high number of homelessness approaches, which has risen by 20% compared with the first three quarters of 2023/24, a highly competitive temporary accommodation market which is pushing up costs and a lack of alternative accommodation options to place homeless households.
- 2.2 The working environment continues to be very demanding. The ongoing impact of high housing, utilities and basic living costs continues to have a significant impact on the number of households requiring assistance and the complexity of issues with which households approach continues to present huge challenges as our statutory partners are in a similar position.
- 2.3 The demand on the small stock of private rented properties is as high as ever, including competition from other areas, such as London boroughs, for placements.
- 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 and has been updated to reflect the progress made over the past six months (appendix 1).
- 2.6 The actions in appendices 1 and 2 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, is steadily increasing, as shown in the below graph.

Fig X

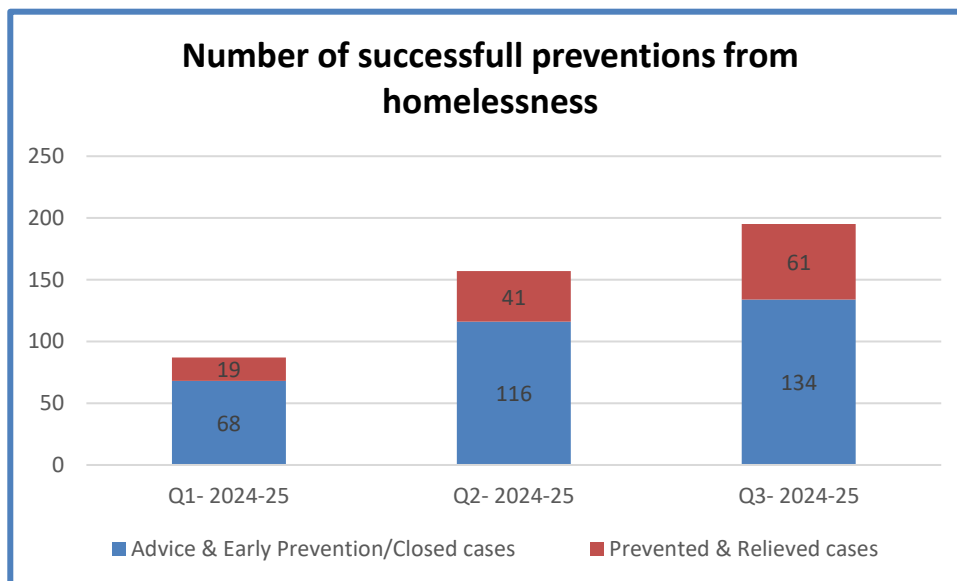


- 2.7 The graph provides a snapshot of numbers in nightly paid accommodation at the end of each month. What it does not demonstrate is the large number of households entering and leaving nightly paid accommodation each week and the work involved in moving customers around to ensure that they are in the most suitable possible accommodation for their households' needs, taking account issues such as schooling, fleeing violence, disabilities and being close to support networks.
- 2.8 Without the collective hard work and dedication of the housing team, the numbers of households living in nightly paid accommodation and the associated expenditure would be significantly higher. The relative steady state of numbers of households in nightly paid accommodation over the past 12 months illustrates the success of the officers in finding housing solutions, despite the considerable challenges.
- 2.9 Given the small size of the team, staff turnover, sickness, leave and difficulties with recruitment impacts our ability to reduce temporary accommodation costs. The chart below (fig Y) illustrates the impact of having officers who are prominently focused on prevention.

Fig Y

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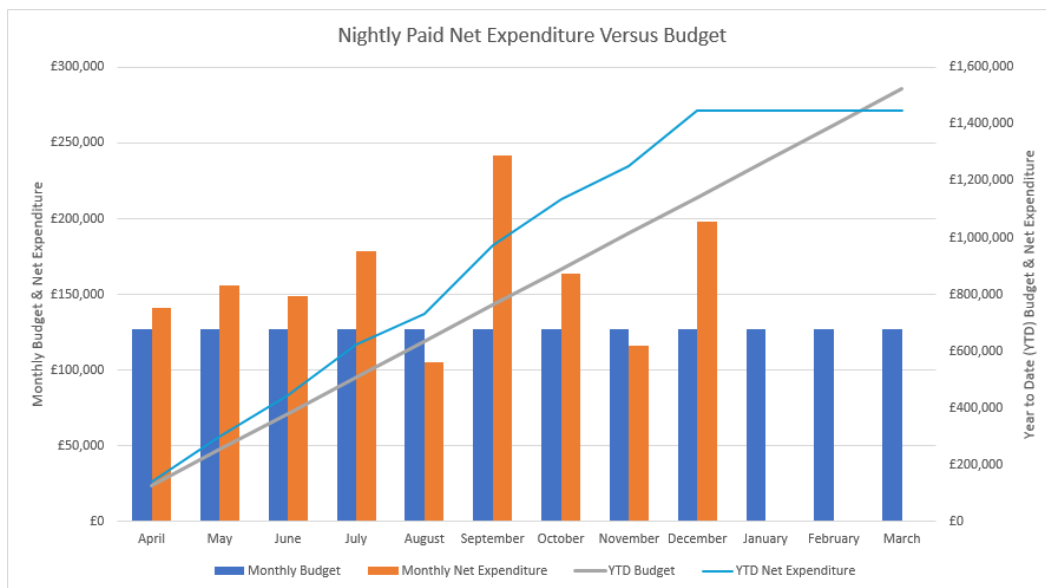


- 2.10 However, we recognise that there are other areas which also affect the overall cost, including the quality and timeliness of decision making, so the Strategic Housing Manager is undertaking a service review, to help identify areas of improvement to ensure we maximise the resources at our disposal.
- 2.11 In addition to increasing demand, the cost of accommodating households in nightly paid accommodation has risen due to several factors. Competition from other local authorities, including London boroughs, is increasing demand and therefore costs and a number of landlords are leaving the nightly paid sector.
- 2.12 The rent level which the Council can charge households for temporary accommodation is restricted by the Housing Benefit temporary accommodation subsidy formula and this has not increased since 2011. Consequently, the Council is unable to mitigate the increase in temporary costs by charging homeless households higher rents. The Council, as part of the District Council Network (DCN) continues to lobby central government to change this formula.
- 2.13 Fig Z (below) shows forecasted costs for 2024/25, which is expected to show an overspend of £443k.

Fig Z

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3 Priority action points

- 3.1 The housing service has made significant progress since the implementation of the strategy in November 2022. The update shows a high number of completed tasks, ongoing work and identifies work streams moving forward.
- 3.2 Appendix 2 identifies the most significant work areas over the past six months, of which some are listed below.
 - 3.3 As mentioned, the Strategic Housing Manager is undertaking a service review, which will focus on workflows and processes to ensure the team is working to its maximum efficiency. The review also considers how best to utilise the additional Homelessness Prevention Grant (HPG) for 2025/26, of which 50% is earmarked for homelessness prevention measures, which will help boost our homelessness prevention work.
 - 3.4 The approval of the modular home scheme at Fairview Road and the successful application for Local Authority Housing Fund 3 (LAHF3) funding, will enable us to deliver 8 additional family-sized temporary accommodation units, which will positively impact nightly paid expenditure and increase the number of in-borough temporary accommodation.
 - 3.5 We held a Landlord's Forum in September 2024, which was well attended and has led to a slow trickle of enquiries related to the Private Sector Leasing (PSL) scheme.

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3.6 The Housing Delivery Group is an officer group from housing, finance and property which meets quarterly to consider how the housing potential of EEBC and other public body assets can be best utilised. The group is currently working on bringing forward a variety of projects, which if realised will increase both temporary and settled accommodation within the borough.

3.7 The draft Local Plan includes an evidenced and robust affordable housing policy, which will help to increase long-term delivery of affordable housing on section 106 development sites.

4 Next steps

4.1 The issues faced by the council in accommodating homeless households are unlikely to dissipate over the coming 12 months. It is therefore highly likely that despite continued positive performance from officers, the number of households in temporary accommodation will remain high for the foreseeable future.

4.2 The economic outlook remains challenging and has had a direct impact on housing delivery, leading to fewer residential developments coming forward and thus an overall reduction in house building and consequently the development of affordable housing.

4.3 The links between health and homelessness is recognised in the Council's Homelessness and Rough Sleeper strategy and in our close working with Surrey Downs Health and Care. The new Epsom and Ewell Neighbourhood Board will also consider possible practical interventions to support the health of homeless residents

4.4 The Council's revised (draft) Health and Wellbeing Strategy 2025-2028 will also support the health of homeless residents and has identified people who experience multiple disadvantage (inclusive of homelessness or being at risk of) as being a priority for targeted interventions. The (draft) Strategy is due to be presented at Committee in March 2025, prior to a public consultation.

4.5 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 Action Plan as well as seek all possible opportunities to increase the supply of suitable accommodation.

4.6 Officers will continue to work with housing associations and other partners to explore all options to increase the overall supply of affordable housing.

5 Risk Assessment

Legal or other duties

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5.1 Equality Impact Assessment

5.1.1 Minimising homelessness will have a positive impact on inequalities.

5.2 Crime & Disorder

5.2.1 None for the purposes of this report.

5.3 Safeguarding

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

5.4 Dependencies

5.4.1 Expenditure will continue to be monitored closely and adverse variances reported to Audit & Scrutiny Committee through the Council's agreed budget monitoring procedures, and to the Chair and vice Chair of this committee.

5.5 Other

5.5.1 None for the purposes of this report.

6 Financial Implications

6.1 The budget for 2024/25 was based on 70 families in nightly paid accommodation, but as at 31 January 2025, the Council was supporting 105. In addition, the average net cost of nightly paid accommodation continues to rise due to competition from local authorities in Surrey and inner London.

6.2 The Ministry of Housing, Communities and Local Government (MHCLG) has responded to the increased pressures on local authorities in recent years with additional grant funding of £135,408 for 2025/26 to help ease the financial pressures.

6.3 In addition, the MHCLG recently announced Rough Sleeping Winter Pressures 2024/25 funding of £21,925, which will go towards the cost of funding Severe Winter Emergency Placements (SWEP), which has been high this year due to a prolonged period of cold weather.

6.4 The latest forecast for Homelessness, reported to Audit and Scrutiny Committee in February 2025 is an adverse variance of £475k. The additional costs will be met through the original budget, homelessness grant reserve and the Council's contingency for inflationary pressures and general fund balance.

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- 6.5 The MHCLG is currently reviewing its allocation of Homelessness Prevention Grant (HPG). As part of this process, it has undergone a consultation process with all district and boroughs. The indicative allocation information so far received suggests that, the Council could benefit from the new formula moving forward from 2026, though this is subject to the outcome of the consultation process.
- 6.6 However, should demand pressures continue throughout 2025/26, it is anticipated that there may be a continued need to apply the reserve while the service attempts to bring demand down to levels manageable within the budget.
- 6.7 **Section 151 Officer's comments:** The impact of the action plan will continue to be monitored and reported back to Audit & Scrutiny Committee through the revenue budget monitoring process.

7 Legal Implications

- 7.1 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 the Council will be in breach of its obligations and open to legal challenge.
- 7.2 **Legal Officer's comments:** None for the purposes of this report

8 Policies, Plans & Partnerships

- 8.1 **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.
- 8.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 8.3 **Climate & Environmental Impact of recommendations:** Not applicable.
- 8.4 **Sustainability Policy & Community Safety Implications:**
- 8.5 **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

9 Background papers

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

Previous Reports:

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

Other papers:

- none