

HOMELESSNESS: EXPENDITURE AND ACTION PLAN UPDATE

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Wards affected:	(All Wards);
Urgent Decision?	No
Appendices (attached):	Appendix 1: Housing Service Review summary Appendix 2: Homelessness & Rough Sleeping Strategy Action Plan Update September 2025

Summary

The council 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 exceed the budget set for 2025/26. This report sets out the ongoing actions taken to minimise homelessness expenditure and identifies the funding which will be utilised to cover the additional expenditure for 2025/26.

Recommendation (s)

The Committee is asked to:

- (1) Note the priority actions 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 anticipated increase in expenditure, for 2025/26, 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 March 2026.

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 the Council will be in breach of its obligations and open to legal challenge.

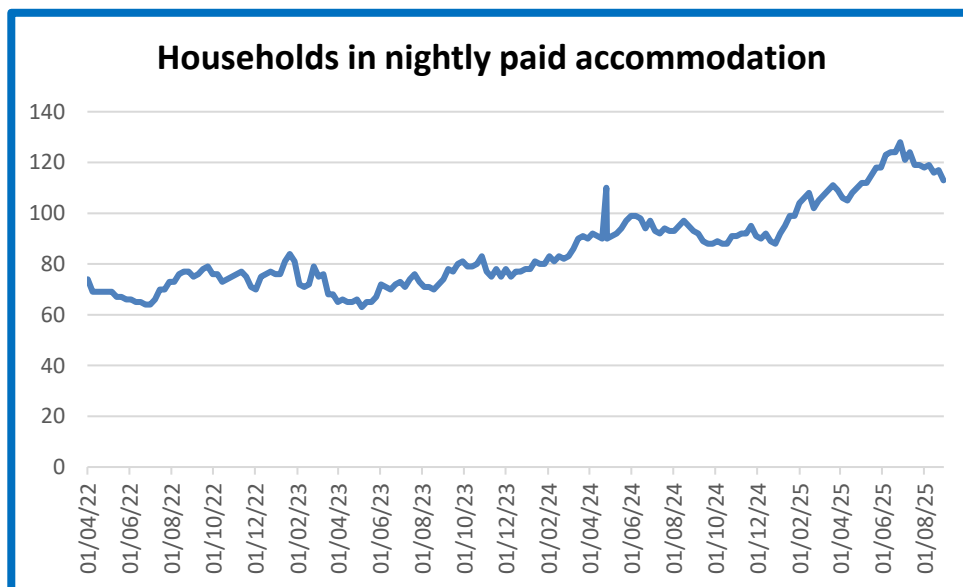
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2 Background

- 2.1 Expenditure on nightly paid accommodation to meet homelessness obligations is very significant. The net total level of expenditure is forecast to be £875,000 over budget for 2025/26. This is largely due to the consistently high number of homelessness approaches, which has risen by 19% compared with the first quarter of 2024/25, the consistent year-on-year drop in social lettings, and a lack of alternative settled 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 continues to be high, including competition from other areas, such as London boroughs, for placements.
- 2.4 Despite the dedication and commitment of the housing options and solutions team, the number of households in temporary accommodation, including expensive nightly paid, has steadily increased since December 2024, as shown in the below graph.

Fig X

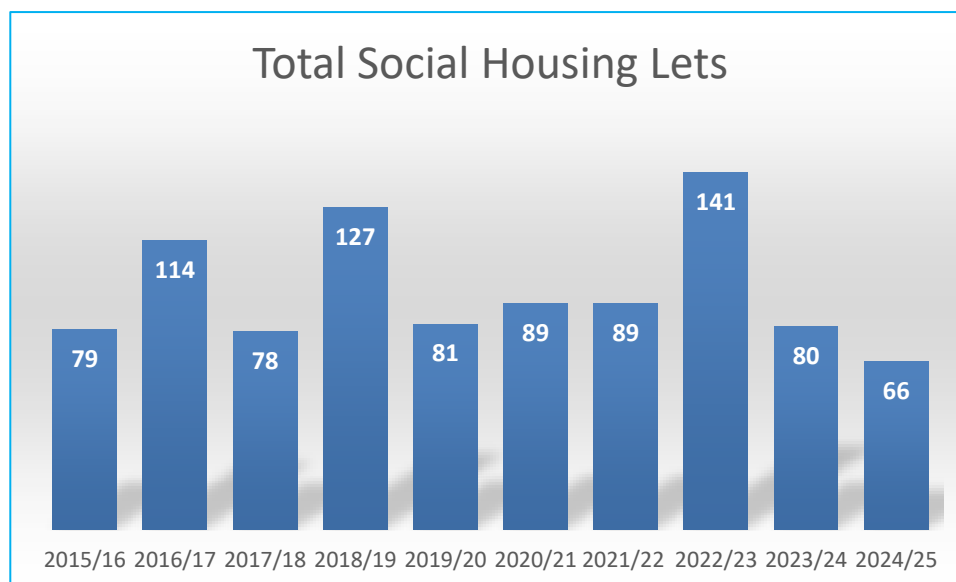


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- 2.5 The graph provides a snapshot of numbers in nightly paid accommodation at the end of each month. What it does not demonstrate is the large number of households entering and leaving nightly paid accommodation each week and the work involved in moving customers around to ensure that they are in the most suitable possible accommodation for their households' needs, taking account of issues such as schooling, fleeing violence, disabilities and being close to support networks.
- 2.6 In addition, affordable housing options in the borough are severely limited, which is in part due to the low level of affordable housing development in recent years, which has resulted in a significant drop in the supply of affordable housing, as shown in fig Y (below). The increase in applications coupled with the drop in available social lettings is the main reason for the uplift in temporary accommodation costs.

Fig Y



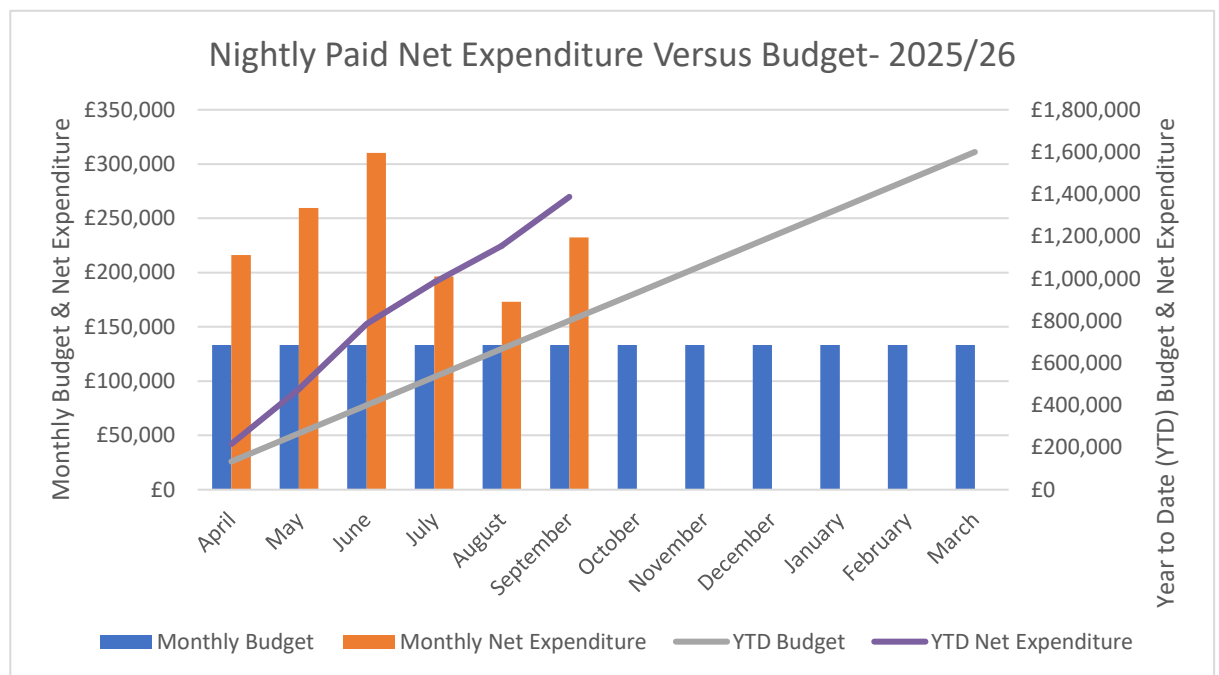
- 2.7 However, we recognise that there are other areas which also affect the overall council expenditure on homelessness, including homelessness prevention and the quality and timeliness of decision making.
- 2.8 Consequently, a service review was performed earlier this year, to help identify areas of improvement to ensure we maximise the resources at our disposal.
- 2.9 This review has identified a need to increase the emphasis within the service on homelessness prevention and move on from temporary accommodation, whilst still dealing with all the other aspects of the homelessness service. This increased emphasis on prevention will be supported by additional roles within the team
- 2.10 A summary of the review is attached as appendix 1.

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- 2.11 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, in particular the leader Hannah Dalton, in her role at the District Council Network (DCN), has lobbied the Government to change this formula.
- 2.12 Fig Z (below) shows costs for the first six months of 2025/26, which shows an overspend of £587,412.

Fig Z



3 Homelessness and Rough Sleeping Strategy and Action Plan and Housing Services Review

- 3.1 The Homelessness and Rough Sleeper 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 2)
- 3.2 The Action Plan has been updated to incorporate the outcome of the Housing Services Review. The review has addressed the outstanding actions, in particular 1.1, 1.2 and 1.3.

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- 3.3 All but one of the actions in the Action Plan are now completed or in progress, so the focus moving forward will be on delivery of the recommendations in the service review.
- 3.4 Once implemented, those recommendations will result in more focussed and effective service delivery, which will help us to reduce expenditure on temporary accommodation.

4 Priority action points

- 4.1 The housing service has made significant progress since the implementation of the strategy in November 2022. The Action Plan update shows a high number of completed tasks and the service review has identified key areas for the service to progress.
- 4.2 The recent service review has focused 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 49% is earmarked for homelessness prevention measures, which will help boost our homelessness prevention work.
- 4.3 We have completed the purchase of two properties under the Local Authority Housing Fund 3 (LAHF3) scheme, and are close to adding another, which will positively impact nightly paid expenditure and increase the number of in-borough temporary accommodation properties.
- 4.4 We are set to hold another Landlord's Forum in the winter, which we hope will lead to an uptake of properties for the Private Sector Leasing (PSL) scheme.
- 4.5 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.
- 4.6 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.

5 Next steps

- 5.1 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.

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- 5.2 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.
- 5.3 Officers continue to work closely with finance colleagues to identify areas which will have a positive impact on the reduction of homelessness expenditure and will implement the recommendations of the service review over the coming months to help achieve this objective.
- 5.4 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.
- 5.5 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 seek to implement the changes recommended in the service review, as well as seek all possible opportunities to increase the supply of suitable accommodation.
- 5.6 Officers will continue to work with housing associations and other partners to explore all options to increase the overall supply of affordable housing.

6 Risk Assessment

Legal or other duties

6.1 Equality Impact Assessment

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

6.2 Crime & Disorder

- 6.2.1 None for the purposes of this report.

6.3 Safeguarding

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

6.4 Dependencies

- 6.4.1 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.

6.5 Other

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6.5.1 None for the purposes of this report.

7 Financial Implications

- 7.1 The budget for 2025/26 is based on 70 families in nightly paid accommodation, but as at 24th October 2025, the Council was supporting 114. In addition, the average net cost of nightly paid accommodation continues to rise due to competition from local authorities in Surrey and inner London.
- 7.2 The Ministry of Housing, Communities and Local Government (MHCLG) responded to the increased pressures on local authorities in recent years with additional grant funding to this Council of £135,408 for 2025/26 to help ease the financial pressures.
- 7.3 The full year spend for 2025/26 is currently forecast to be £875,000 over budget. This will be met through the original budget, homelessness grant reserve and the Council's contingency for inflationary pressures and general fund balance.
- 7.4 The MHCLG is reviewing its allocation of Homelessness Prevention Grant (HPG), which has included a consultation process with all district and boroughs. The indicative allocation information so far received, suggests that EEBC could benefit from the new formula moving forward from 2026/27 onwards, although this is subject to the outcome of the consultation process and is unlikely to meet all the Council's temporary accommodation costs.
- 7.5 **Section 151 Officer's comments:** The escalating costs of temporary accommodation is placing significant pressure on the Council's financial sustainability. Without major changes to how demand is managed the current trajectory risks pushing the Council into a position of financial stress. Rising demand, coupled with limited affordable housing options, means that urgent strategic interventions are needed to contain costs. Failure to act will not only impact the Council's budget but also its ability to support vulnerable residents effectively.

8 Legal Implications

- 8.1 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.
- 8.2 **Legal Officer's comments:** None for the purposes of this report

9 Policies, Plans & Partnerships

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

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Safe & Well: Work with partners to improve health and wellbeing of our communities, focusing in particular on those who are more vulnerable.

- 9.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 9.3 **Climate & Environmental Impact of recommendations:** Not applicable.
- 9.4 **Sustainability Policy & Community Safety Implications:**
- 9.5 **Partnerships:** Registered Providers, in particular Town & Country Housing and Transform, East Surrey Outreach Service (ESOS), local letting agents, private sector landlords, Surrey housing authorities.
- 9.6 **Local Government Reorganisation Implications:** The Council's level of expenditure on temporary accommodation has been included as part of the information gathering exercise and forwarded to the relevant party.

10 Background papers

- 10.1 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