

HOMELESSNESS: EXPENDITURE UPDATE

Head of Service:	Rod Brown, Head of Housing & Community
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Wards affected:	(All Wards);
Urgent Decision?	No
If yes, reason urgent decision required:	
Appendices (attached):	Housing Service Update

Summary

The Council continues to incur 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 2026/27. 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 2026/27.

Recommendation (s)

The Committee is asked to:

- (1) To note the priority actions points which have been taken to manage homelessness over the past 6 months.
- (2) To note the use of the Homelessness, Rough Sleeping and Domestic Abuse Grant, the recently announced Rough Sleeper Programme funding and a 4% inflationary uplift in the nightly paid budget, to meet the increase in expenditure, during 2026/27, to enable the Council to meet its duties under the Housing Act 1996 and Homelessness Reduction Act 2017.

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.

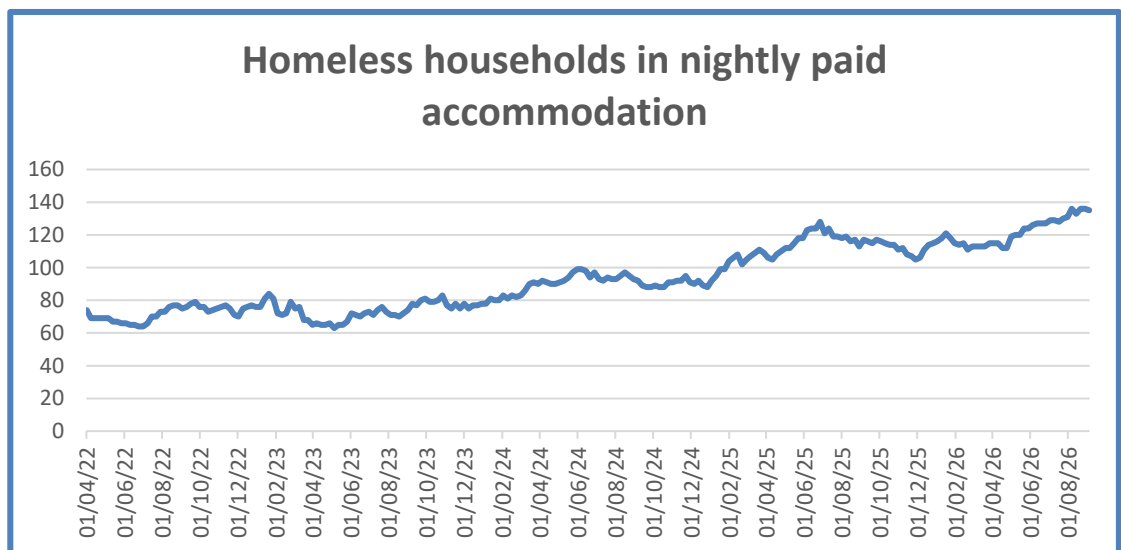
2 Background

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- 2.1 Expenditure on nightly paid accommodation to meet homelessness obligations comprises a significant amount of the Council's annual spend. At quarter one the net total level of expenditure is forecasted to be £250,000 over the 2026/27 annual budget. This is mainly due to the consistently high number of homelessness approaches, which has risen by 87% in the past two years, and a lack of affordable settled accommodation 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 under similar pressures.
- 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 accommodation placements.
- 2.4 In addition, affordable housing options in Epsom and Ewell are severely limited, which is in large part due to the low level of affordable housing development over the past decade.

Fig X



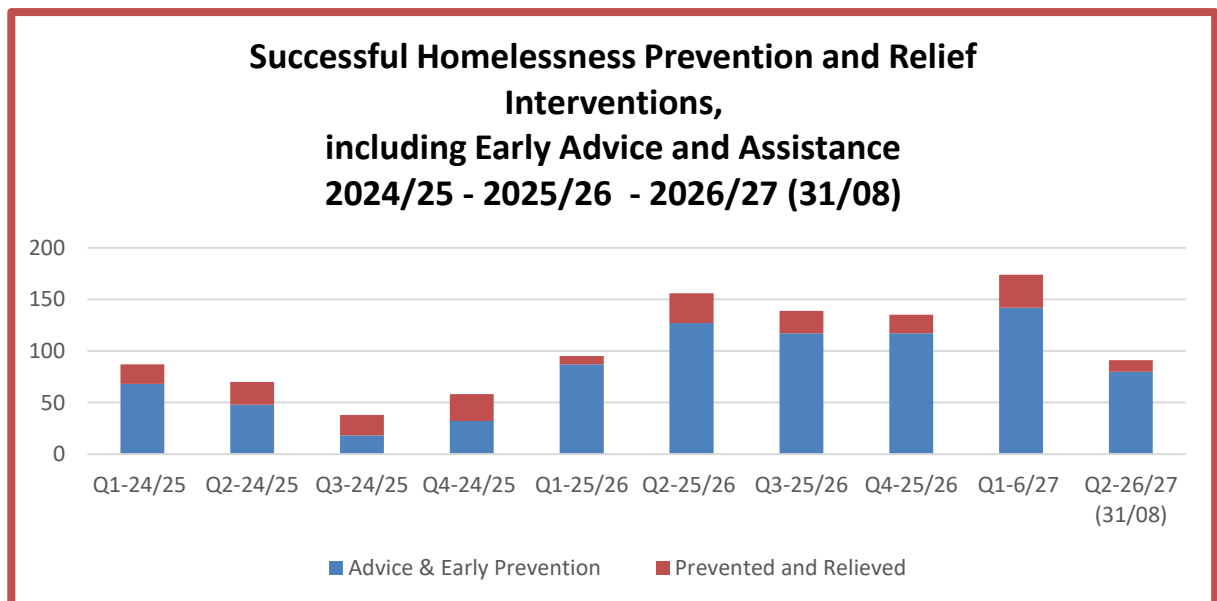
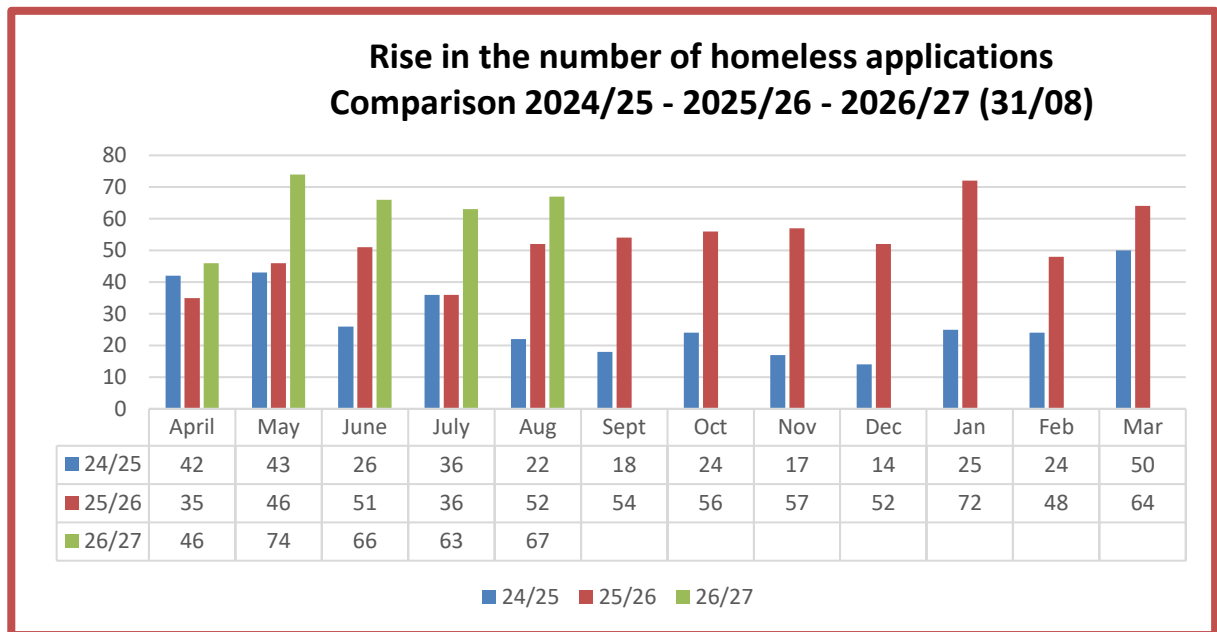
- 2.5 The graph provides a snapshot of numbers in nightly paid accommodation at the end of each month. What it does not demonstrate is the large number of households entering and leaving nightly paid accommodation each week and the work involved in moving customers around to ensure they are placed in the most suitable accommodation for their households' needs, taking account issues such as schooling, fleeing violence, disabilities and being close to support networks.

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- 2.6 Without the increased focus on prevention and the dedication of the housing team, the numbers of households living in nightly paid accommodation and the associated expenditure would be higher still. The fact that the percentage rise of households in nightly paid accommodation over the past 12 months is considerably lower than the rise in homelessness approaches, illustrates the success of the officers finding housing solutions, despite the considerable challenges.
- 2.7 The charts below (fig Y) illustrate the rise in approaches and the number of successful homelessness preventions.

Fig Y

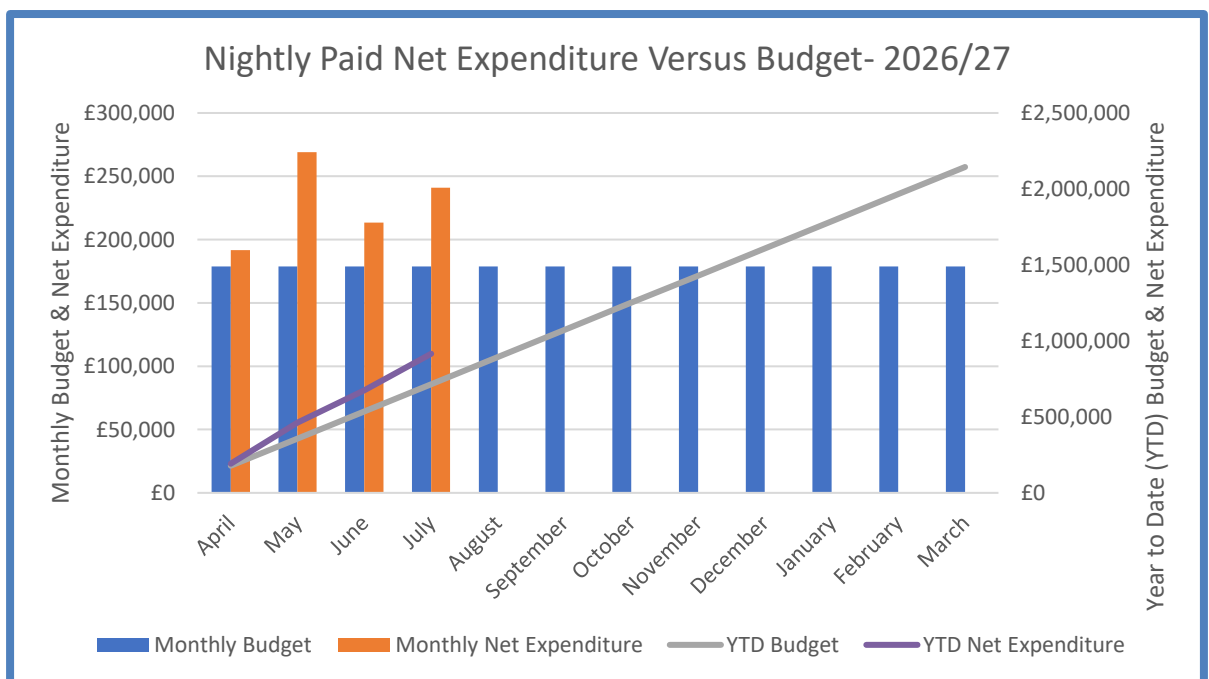


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- 2.8 The Homelessness Strategy & Action Plan 2022-27 was agreed at the Community & Wellbeing Committee in November 2022. The Action Plan identified the key objectives and listed the appropriate actions to be taken during the lifetime of the strategy. The Action Plan has been consistently updated and the actions due are all complete.
- 2.9 However, we recognise that there are other areas which also affect the overall cost of homelessness, including a focus on preventing homelessness, being able to encourage households to move on into more appropriate accommodation and the quality and timeliness of decision making. The Strategic Housing Manager completed a review of the homelessness service, to help identify areas of improvement to ensure we maximise the resources at our disposal and keep expenditure to a minimum.
- 2.10 In addition to increasing demand, the cost of accommodating households in nightly paid accommodation continues to rise due to several factors, including competition from other local authorities, including London boroughs.
- 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.
- 2.12 Fig Z (below) shows forecasted costs for 2026/27, which is expected to show an overspend of £250,000.

Fig Z



3 Priority action points

- 3.1 The housing service has made significant progress since the implementation of the Homelessness and Rough Sleeper Strategy in November 2022. This strategy was supported by a 4-year Action Plan outlining a wide range of activities the council will pursue to address the continuing pressure from homelessness demands. This Action Plan was presented to this committee on 24th November 2022 and to date, all key actions due have been completed.
- 3.2 The service review, completed earlier this year, focused on improving workflows and processes to ensure the team is working to its maximum efficiency. This has resulted in an increased focus on prevention-based activity, move on from temporary accommodation of some of the more long-term and complex cases and a more proactive approach in our dealings with other agencies.
- 3.3 The Renters' Rights Act, came into force 1st May 2026. One of the main changes is that section 21, so called no-fault evictions, of the Housing Act has been abolished. This should significantly reduce the number of homelessness approaches from the private rented sector, which in recent years has consistently been the main reason for approaches to the service.
- 3.4 The Housing Delivery Group is an officer group from housing, finance and property which meets quarterly to consider how the housing potential of the Council and other public body assets can be best utilised. The group is currently working on bringing forward several projects, which if realised will increase both temporary and settled accommodation within the borough.
- 3.5 One of the initiatives proposed by the Housing Delivery Group, was creating new homes utilising modular buildings. The proposed modular home scheme at Fairview Road, which was subject to an appeal at the Land Tribunal has now been able to proceed. The purchasing of new temporary accommodation through the Government's Local Authority Housing Fund 3 (LAHF3) programme, has delivered five additional family-sized temporary accommodation units within the borough with a sixth anticipated in the Autumn. This will positively impact nightly paid expenditure and increase the number of in-borough temporary accommodation.
- 3.6 The Council joined with neighbouring authorities to hold an East Surrey wide Landlord's Forum, earlier this year, which was well attended and focussed on the implementation of the Renters Rights Act, which came into force on 1st May 2026.

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- 3.7 The draft Local Plan includes an evidenced and robust affordable housing policy, which once implemented will help to increase 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 Officers will continue to work with housing associations, the MHCLG and other partners to explore all options to increase the overall supply of affordable housing.
- 4.4 The on-going position within the service will continue to be reported monthly to the Chair and Vice Chair of this committee.

5 Risk Assessment

Legal or other duties

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.

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6 Financial Implications

- 6.1 The budget for 2026/27 is based on 100 families in nightly paid accommodation, but as at 31 August 2026, the Council was supporting 135. 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 recently announced additional funding to meet the costs of eliminating rough sleeping, some of which the Council can use towards temporary accommodation costs.
- 6.3 At quarter 1, the full year spend for 2026/27 is forecast to be £250,000 over budget. Expenditure will be funded through the original budget, the Homelessness, Rough Sleeping and Domestic Abuse Grant, an element of the recently announced Rough Sleeper Programme and the Council's corporate contingency which was set aside to offset additional homelessness budgetary pressures.
- 6.4 **Section 151 Officer's comments:** Temporary accommodation costs continue to place pressure on the Council's financial position, reflecting sustained demand and the limited availability of affordable housing options. The Council continues to monitor demand and expenditure closely and is considering opportunities to manage costs wherever possible. These pressures will remain an important consideration as part of the transition to the new authority from 1 April 2027.

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:**

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- 8.5 **Partnerships:** Registered Providers, in particular Town & Country Housing, 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:

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

- None