

Report to Safer Neighbourhoods and Active Communities Scrutiny Board

5 December 2024

Subject:	Homelessness and Rough Sleeper Strategy Update
Director:	Alan Lunt – Executive Director of Place
Contact Officer:	Karl Robinson Head of Housing Solutions and Private Rented Sector

1 Recommendations

- 1.1 To consider and comment upon the Homelessness and Rough Sleeper Strategy Update.

2 Reasons for Recommendations

- 2.1 Progress has been made on delivery of the Homelessness and Rough Sleeping Strategy 2022- 2027. The Housing Solutions Services also faces pressures faced by the Housing Solutions Service to ensure our customers are supported throughout their homelessness journey.
- 2.2 The Council faces significant financial pressures due to homelessness demand levels and the use of temporary accommodation, with a potential financial pressure to hit the general fund in 2025/ 26.
- 2.3 The scrutiny function, in overseeing the strategy and pressures faced by the service, provides appropriate accountability and transparency.

3 How does this deliver objectives of the Council Plan?

<p>Growing Up in Sandwell</p>	<p>The expansion and reprovision of temporary accommodation will provide accommodation which better meet the needs of young families in emergency accommodation. The keyworker model and staffing on site allows further support in moving on which will provide better home and educational environment. By securing suitable move on accommodation for families, they will have a settled home with reduced risk of future evictions. The support put in place after tenancy commencement will also increase sustainability and the quality of life for families.</p>
<p>Living in Sandwell</p>	<p>The provision of the proposed TA schemes will provide temporary accommodation that meet people's needs. Sandwell's population is growing and demand for assistance including use of temporary accommodation grows with it. People require temporary accommodation of both good quality and that which fits their individual requirements. The actions proposed around securing suitable move on accommodation will ensure that an affordable longer term home is available for people at risk of or already homeless.</p>
<p>Thriving Economy in Sandwell</p>	<p>The tender process in relation to temporary accommodation contracts and actions round move on accommodation help in investing and supporting local businesses/ landlords. The keyworker model associated with holistically supporting individuals in temporary accommodation ensures that households have access to education, training and employment opportunities helping to create wealth.</p>
<p>Healthy in Sandwell</p>	<p>The model will ensure that those housed within temporary accommodation have access to more space to support positive mental health and also access to cooking facilities to support physical health and healthier lifestyles. The actions proposed around securing suitable move on accommodation will ensure that an affordable longer term home is available for people at risk of or already homeless, bringing improved mental health and wellbeing.</p>

4 Context and Key Issues

- 4.1 Under the Homelessness Act 2002, local authorities are required to produce on a maximum five-year cycle a homelessness review and a homelessness strategy that sets out the strategic direction that the local authority will take to tackle homelessness. The Council adopted a refreshed strategy to provide this strategic direction up to 2027 (unless significant developments require a revision at a sooner date).
- 4.2 This strategy was approved in 2022 and the Housing Solutions Service has been working with our homelessness partnership board to deliver and embed a delivery plan to ensure the key priorities in the strategy are delivered. The service has been working with internal and external partners as part of the partnership forum to further deliver against the themes/ priorities and delivery plan at the same time as implementing key internal actions to ensure the service is fit for purpose.
- 4.3 The key themes and priorities in the strategy set out how we will:
- prevent and relieve homelessness;
 - ensuring that a range of suitable, sustainable accommodation options are available for people who are or may become homeless;
 - understand our customers and the real problems to solve around homelessness;
 - provide robust holistic support for people who are or may become homeless, or who need support to prevent them becoming homeless again;
 - ensure that no one in Sandwell has to sleep rough.
- 4.4 The vision, purpose and priorities for the strategy were set out in Section 4 of the strategy.

The vision for the strategy was set out as:

To prevent homelessness and rough sleeping and where people find themselves homeless, ensure that we can resolve their housing need through a range of suitable and sustainable housing options

- 4.5 The key priorities were set out as follows:

1. Preventing homelessness
2. Improving communication, education and engagement
3. Enhancing housing options
4. Improving partnership, collaboration and whole system
5. Eliminating rough sleeping
6. Making best use of resources

4.6 The council and its wider partners has made significant progress on delivery against the majority of the themes. The progress is summarised in the table below:

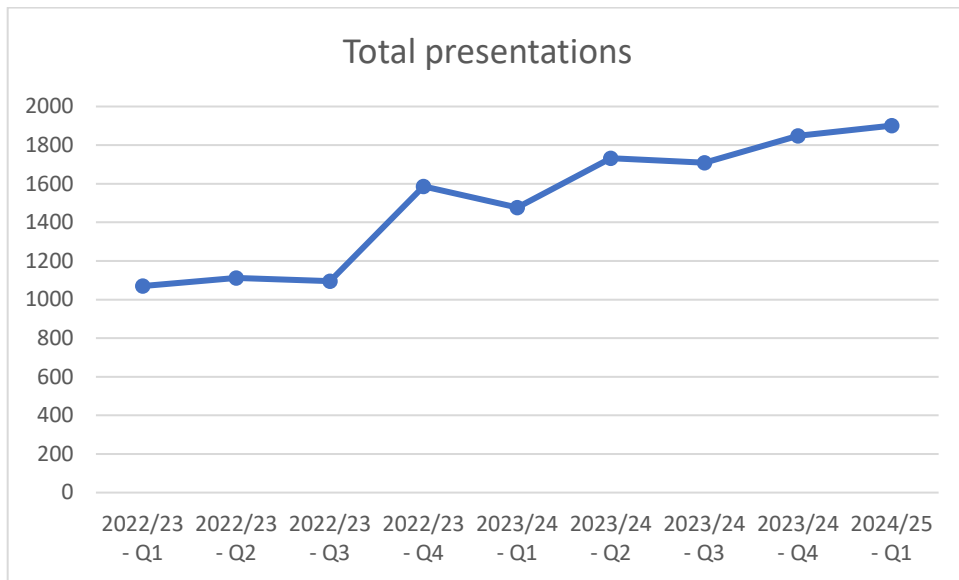
Theme	Q4 2023/24				Q2 2024/25				Comments
	G	A	R	C	G	A	R	C	
Preventing Homelessness	4	0	1	2	3	0	0	5	
Improving Communication, Education and Engagement	4	3	0	1	5	0	2	1	1 Not started
Enhancing Housing Options	2	1	0	6	1	0	0	8	1 action remaining
Improving partnership collaboration and whole system	1	0	0	0	3	0	0	0	10 Not started
Eliminating rough sleeping	3	1	0	4	3	0	0	5	1 not started, 1 no longer planned
Making best use of resources	1	0	0	1	0	0	0	2	All complete

4.7 Progress against five of the six themes has been significant with 21 actions completed and an additional 15 progressing to original timescale as we approach the half way stage of the strategy/ delivery plan implementation. There are 13 actions not yet started (in line with the project plan) and 2 actions currently off track. Theme 4 “Improving partnership collaboration and whole system” still requires some work to progress the actions identified as these rely heavily on completing key actions in the other five themes before attention can be diverted to wider system influences. A key pilot design phase has commenced in quarter three of the year to begin to progress these actions and establish key milestones.

- 4.8 The service underwent a whole system intervention and redesign using a systems thinking redesign method in 2021 with the new model implemented in February 2022. This stripped out a range of waste within service processes, refocussed on service purpose in the customers terms and deleted a number of unnecessary management roles. This allowed the service to invest the money saved in additional front-line staffing and a robust and effective prevention toolkit. Despite this the housing solutions service has seen an unprecedented rise in demand and in turn demand for temporary accommodation (TA); with 240 households currently in this accommodation type, an increase of 68% on TA usage from the same position last year.
- 4.9 The Housing Solutions service has successfully converted existing council owned stock into temporary accommodation. This includes accommodation operational at Applewood Grove (2021), Manifoldia Grange (2023) and Holly Grange (2024) has contributed to mitigating the increasing numbers of households in bed and breakfast (B&B) accommodation and saved an estimated c£1.200m accommodation costs.

Homelessness and Social Housing Demand

- 4.10 The current Sandwell council housing register has over 18,000 applicants on the waiting list. The number of applicants has increased by 180% since 2020 This has had a significant impact on homelessness demand.
- 4.11 The housing solutions service ensures that we are successfully preventing homelessness and supporting people to find alternative housing solutions once it is identified there is a threat of homelessness. Between 2021/22 and 2023/24 there was a 69% increase in the numbers of homelessness presentations from 4000 to 6750 cases and comparisons from Q1 of 2022/23 to Q1 of 2024/25 saw demand increase by 77.7%. Chart 1 sets out the change in demand for homelessness presentations between 2022/23 and Quarter 1 of 2024/25:



4.12 The increase in number of individuals requiring homelessness support can be associated with varied factors such as:

- Elevated levels of evictions post COVID eviction freeze (Q1 of 2021/22 onwards)
- The issues with the current Private Rented Sector (PRS) housing market where properties are unaffordable for those on low income or in receipt of benefits – leading to significant numbers of evictions.
- The PRS market is very buoyant with demand outstripping supply, in turn leading to increased market rents due to under supply.
- PRS landlords are increasing rents due to increased mortgage costs, repair and maintenance costs and in turn reduced margins.
- Growth in resettlement schemes and asylum decisions has placed increased pressure on homelessness support with spikes in quarter Q2 and Q3 of 2023/24.
- Family relationship breakdowns
- Continued pressures on homelessness, council housing and in turn temporary accommodation due to cost of living pressures and availability of affordable housing options

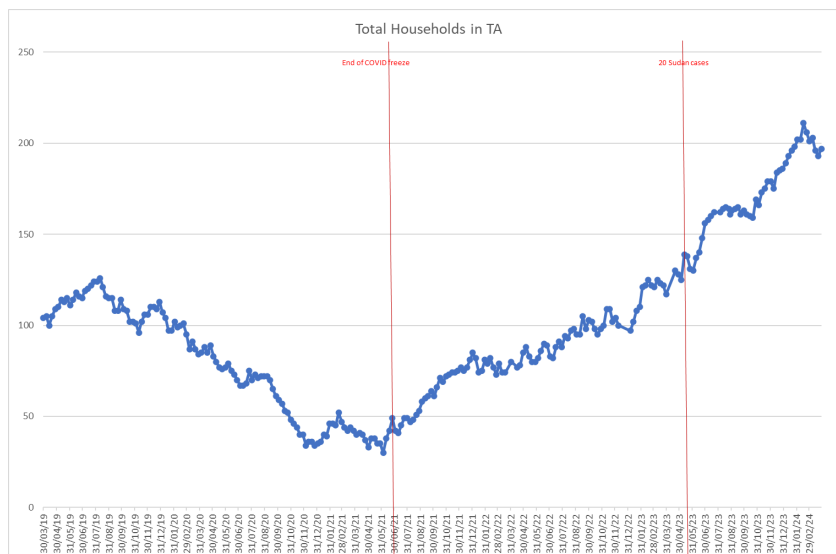
4.13 In accordance with our allocations policy, arrears can affect eligibility on the council register. This leaves some homeless service users unable to register on Sandwell council waiting list for social housing. Viable private rented sector housing is therefore the only option for this subgroup of service users which can lead to extended stays in temporary accommodation. For individuals currently in temporary accommodation the reduction in council relets (23% reduction in 2023/24 compared to 2021/22) and no increase in this volume in 2023/24 and the first quarter of this financial year alongside unaffordable private rents result in extended stays within TA.

4.14 The pressures of homelessness on councils nationally and the increasing cost of emergency accommodation has been reported nationally through a range of media. The issues and impact set out in this report mirrors similar analysis in key London councils as set out by the Economics Foundation in the report at <https://neweconomics.org/2024/04/cost-of-housing-homeless-people-skyrocketing-for-councils>

Temporary Accommodation (TA) Trends

4.15 Nationally, there has been a 74% rise in temporary accommodation in the last 10 years. 68% of families living in temporary accommodation have been there for over a year.

4.16 Within Sandwell there has been an increase in temporary accommodation from June 2021 to date with 240 households currently within this accommodation type. Chart 2 below shows the trend over the last four full financial years:



4.17 Within Sandwell there had been an increase in temporary accommodation from June 2021 with 196 households within this accommodation type at the end of March 2024. Through targeted intervention during COVID, the council's lowest number of households in TA was 30 in May 2021. This was achieved through both the eviction freeze due to COVID and piloting a new operating model, which helped deliver a reduction in demand from 8% of presentations to 4% being placed in temporary accommodation. In June 2021 significant latent demand in the system started to come through (as the freeze ended) and this continued throughout the next 18 months. Table 1 below sets out comparisons from the end of the 2019/20 year to 2023/24:

Table 1

Year	Number	% change in demand	Gross spend (net of VAT)	% change in spend
Mar-20	87		£1.241m	
Mar-21	44	-49%	£0.432m	-65%
Mar-22	74	68%	£0.669m	55%
Mar-23	122	65%	£1.233m	84%
Mar-24*	196	61%	£2.471m	100%

- 4.18 The table shows that the service saw 49% less households in TA from March 2020 to March 2021 with a decrease from 87 households to 44. The following year saw an increase of 68% in placements moving the figure to 74 households. As of March 2023, the number of households in TA placed by Sandwell Council's housing solutions service was at 122, which was a further 65% increase. The rate of increase slowed slightly during 2023/24 at 61% but from a higher starting position.
- 4.19 It is important to note that whilst Sandwell's proportion is increasing, the borough has less than a quarter of the number per 1000 households when compared to all England rates. Despite our position being a quarter of the national average, the increases over the last 3 years are placing significant financial pressure on the council. The gross spend (net of VAT) is also shown in the table above.
- 4.20 The increases in spend are largely due to the increased use of bed and breakfast accommodation. To help alleviate this, the Housing Solutions Service has been progressing the adoption of a "Temporary Accommodation Centre" model with two sites with flexible self-contained accommodation totalling 65 units, which reduced the potential pressure in 2022/23 and 2023/24 but the service still saw a gross spend of almost £2.5m in the year. Additional in-house TA (Holly Grange) has now been mobilised for the 2024/25 financial year to further reduce this pressure and is expected to reduce net spending by around £0.500m in year with this fully occupied from September 2024.
- 4.21 As with most councils, Sandwell utilises some of its Homelessness Prevention Grant (HPG) and Home Office asylum dispersal grant to

offset spend on TA. The service has seen no increase in general fund contribution since 2019 and has managed these pressures within its own budget base. For the 2022/23 and 2023/24 years the service was able to use the head room in the fund to meet the increases pressures from TA spend to the tune of around £1.75m. This head room was retained in each year due to anticipated future increases in demand. Based on current predictions (as of October 2024), current projections show there is sufficient head room to absorb the projected overspend in year, however, this is subject to change in the last quarter of the year depending on the success of the mitigations set out in this report and continued increases in households requiring temporary accommodation. Even with these mitigations in place, the service is likely to see a financial pressure in 2025/26 that it cannot absorb.

- 4.22 The service currently invests heavily in the prevention agenda which can be seen in our performance both in local and national reporting and should the council see a 41% reduction in the homelessness prevention grant (HPG - as proposed by the new funding formula) then the current prevention model will cease, staffing will need to be reduced by at least 50% and the service will have to refocus on crisis management only as there will be insufficient funding to maintain this model and cover TA costs. This will both drive up the number of households in TA and eliminate any headroom in the HPG to meet these increases.

Future pressures/ risks

- 4.23 If the increases in demand continue and/ or the current proposals around the funding formula for the HPG go ahead at the start at 2025/26 the council will no longer have the head room and will likely see our TA figures increase exponentially and in turn the associated spend.
- 4.24 The steady increases in homelessness demand and reductions in accessible affordable housing has been well managed in Sandwell to date through service re-design and tailored prevention tools. The service has also developed effective support specifically to prevent private rented sector evictions, including the Call Before You Serve service, for landlords and an extremely competitive incentive scheme for landlords to provide properties for our customers. The service must extend these tools to ensure future pressures are as effectively Impending national changes to abolish Section 21 notices served to private rented tenants mean further potential risk of eviction and future continued steady demand increases. Landlords may act to 'move on' tenants who pose risk of non-payment or arrears ahead of this change. Landlords may be reluctant to rent to lower income households or those in receipt of benefits due to financial concerns of prospective clients.

Ongoing and future mitigations

- 4.25 There are three aims for the service around managing demand and mitigating pressures; the first is to reduce demand where possible (which is addressed as far as possible through the current operating model and prevention tools); the second is to ensure we have the right profile of temporary accommodation which provides the best provision for both customers and the council; and the third is to reduce the need for temporary accommodation or length of stay where temporary accommodation is needed by securing suitable move on accommodation.
- 4.26 **The first aim will be addressed through the following key actions:**
- Continue to resource the prevention focussed operating model – this is built on the principle of a key worker understanding the real issues to solve and coordinating support through a holistic support plan. This requires a robust communications plan to encourage customers to present early and to engage with the service; well trained staff in their support role; and suitable on pull support agencies and provision to address the needs identified. Work will continue to enhance the debt advice provision and Call before You Serve service.
 - Identify and improve accessibility to a range of housing options. This report sets out the reducing availability of social housing stock and as such, the service is working to incentivise the private rented sector. The secure and sustain model has been in place for a number of years and has been successful in securing around 200 properties for our customers. This needs to grow in 2024/25 to meet the increasing demand for housing in Sandwell.
- 4.27 The second aim and third aims are the focus of this section of the report. The service needs to consider the current volume of households in TA and how we can best meet their needs. The service cannot continue to hold 150 plus households in B&B accommodation as it rarely has access to cooking facilities and is usually very restricted on space for families. Furthermore, the average gross cost to the council of a B&B provision per week (per room) is around £500 and the maximum recovery from housing benefit is around £108. This is a net cost to the council of around £400 per unit per week.
- 4.28 In addition to the actions taken to date to address homelessness pressures and TA spend, there are currently four projects underway to meet aims two and three under two programme themes:

TA provision – enhanced value for money

- A. **Temporary Accommodation Centre model** – standing up of the third centre which has been repurposed from single people emergency accommodation to family accommodation. This has provided 35 additional self-contained units for families. Holly Grange was already operated by Housing Solutions and the transition will have minimal operational impact and minimal costing. Coupled with the benefits to the family, there are significant financial benefits to the council in the use of Holly Grange and similar units over Bed and Breakfast. When we compare this to the net cost to the council for 35 households in B&B there is potential saving of £0.750m per annum. The head of service is regularly looking for other opportunities to extend the Temporary Accommodation Centre model by making best use of council assets.
- B. **Private Sector Leased Interim Accommodation** - The service has recently finalised a new tender (post market testing) to put out to the private rented market to secure private rented sector properties for use as short/ medium term interim accommodation. The tender is looking to secure up to 100 private sector properties on a medium-term lease (2 years) to pilot the concept of leasing units from the sector to use as interim accommodation for move on from bed and breakfast. There are two benefits to this, the first being more suitable self-contained accommodation for households (including reduced risk of legal challenges) and the second being secured at a lower unit cost rate than bed and breakfast provision. Current market testing estimates that the net cost to the council of this accommodation type per week would be £315 per week compared to the £400 cost of bed and breakfast. This would equate to a gross saving of £442,000 per year per 100 properties.

Move On Accommodation Options

- A. **Social Lettings Agency Feasibility** - The Housing Solutions Service is currently exploring the feasibility of a Social Lettings Agency (SLA). An SLA will offer a competitive package to Landlords and will have the potential to secure affordable properties for homeless clients (and in turn reduce the use of Temporary Accommodation). The model would secure properties from the Private Rented Sector to compliment the social housing stock with affordable rents for families placed in the accommodation. The model would be specifically targeted at individuals and groups who would not normally be able to use 'mainstream' lettings agencies, for example offering affordable rents for clients in receipt of housing benefit or on low incomes. The model would be set up to deliver on

an agreed number of PRS acquisitions per year, potentially offering a range of tenures and rent levels. This would reduce the need for the council to rely on more expensive and less suitable long-term accommodation, such as bed & breakfast. The feasibility study is currently underway and outline financial modelling is to be completed early 2025. This will set out what savings are possible when the savings on bed and breakfast spend is compared to the cost of operating the model.

- B. PRS Top Ups** - In conjunction with or independently of the Social Lettings Agency, the service is mobilising an extension to the current Secure and Sustain landlord incentive model for existing tenants at risk of homelessness or customers in TA by providing a top up to their LHA rate for 12 months. Even with the increase in the LHA rate in April 2024, for most people on low income or in receipt of the housing benefit element of Universal Credit the rental rate in the sector remains unaffordable within their own resources. If we were to compare the monthly shortfall to the average spend per case in bed and breakfast (not taking into consideration the cost of homelessness assessment, prevention tools, other type of TA provision and landlord incentive for move on) the service could provide 12 months' worth of rent top up for each case and still demonstrate a net saving against bed and breakfast spend. The potential saving per case will vary from £1848 for a 4-bed property to £3503 for a 1 bed property (although these account for a small volume of cases). If the council was to secure PRS properties for the c120 households we have in bed and breakfast, this would be a saving of anywhere between £222,000 for a full cohort of families with 4 bed need and £420,000 for a full cohort of families with 2 bed need (most likely category).

There is a key risk with this approach which is why it has not been implemented sooner. The approach, in most cases only provides a medium-term solution as the client will likely present as homeless at the end of the initial 12 months when the top up ceases due to the property being unaffordable. To mitigate this, the service intends to refer all cases accessing PRS through this model to an employment support service which is already commissioned to provide intensive employment and training support and welfare right/ debt advice. In most cases, one household member securing full time employment can be sufficient in making the property affordable. The households personal housing plan and offer of accommodation will make engagement with employment support and welfare rights/debt management a condition and should they not engage, this could lead to an intentional homeless decision if they were to represent after 12 months, thus ending any future homelessness duty.

5 Implications

<p>Resources</p>	<p>There are financial pressures created by the increasing numbers of households in TA. This is further exacerbated with increase use of B&B accommodation.</p> <p>The service has a small contribution from general fund with most of the funding coming from the homelessness prevention grant and asylum dispersal grant.</p> <p>The homeless centre model is both more cost effective and results in quicker move on hence reducing TA spend.</p> <p>The proposal around PRS Top Ups will generate savings against projected spend for 2024/25 and future years.</p>
<p>Legal and Governance</p>	<p>The service needs to have in place a framework contract for non-own stock owed accommodation whilst maintaining the flexibility of sourcing accommodation outside of contract where there is insufficient capacity or unmet need. i.e., disabled access.</p> <p>The Homelessness Reduction Act sets out the statutory responsibility of the service to provide emergency accommodation under section 188 of housing act 1996 (and to keep stays in B&B under 6 weeks for families) and statutory responsibility to support households secure longer term accommodation to meet the prevention and relief duties.</p>
<p>Risk:</p>	<p>There is a high risk that demand will continue to rise. This will result in an increase in spend above and beyond the current 2024/25 projection. There is a risk that should this occur and the proposed actions do not deliver the anticipated benefits, there will be a pressure on the general fund for the first time.</p> <p>There is a low risk that placements in TA or PRS move on accommodation are made but in substandard accommodation.</p> <p>There is a high risk that families are kept in bed and breakfast for more than 6 weeks.</p> <p>There is a low risk that there is insufficient interest in the private sector leased interim accommodation tender which could affect the impact of this project.</p> <p>There is a medium level of risk that the Social Lettings Agency</p>

	model will not be financially viable either for implementation or at a future point in time.
Equality:	The proposed programme of work set out in this report will not have any detrimental or negative impact on any single protected group/ characteristic. Improvements in the provision of TA and move on offers will only improve the health and wellbeing of all groups.
Health and Wellbeing:	<p>The repurposing of Holly Grange and the provision of self-contained TA with own bathroom and cooking facilities will have a positive impact on health and wellbeing of families placed comparative to B&B provision.</p> <p>The securing of move on accommodation will result in creating sustainable communities, create wealth, tackle poverty, improve health and wellbeing and reduce certain types of anti-social behavior and crime.</p>
Social Value	The expansion and reprovision of temporary accommodation will support investing in businesses, people and jobs. It will also actively encourage community engagement within the contractual arrangements.
Corporate Parenting:	The Housing Solutions and Children's Trust work very closely in delivering joint support to families who are at risk of or already homeless, including those leaving care. As such, the provision of suitable temporary accommodation and move on accommodation (with increased geographic coverage) will serve to improve the wellbeing of families and contribute to the care plans established by the Trust.

6 Appendices

Appendix One: Homelessness and Rough Sleeper Strategy

Appendix Two: Homelessness and Rough Sleeper Strategy Delivery Plan Update

Appendix Three: 2024 Homelessness and Housing Options in Sandwell information pack (for customers)

Appendix Four: Housing Solutions Annual Report 2023/24

7. Background Papers

None