

Report to Cabinet

13 November 2024

Subject:	Private Rented Sector Medium Term Leased Accommodation
Cabinet Member:	Councillor Vicki Smith Cabinet Member for Housing and Sustainable Development
Director:	Alan Lunt Executive Director for Place,
Key Decision:	Yes
Contact Officer:	Karl Robinson – Head of Housing Solutions Karl_robinson@sandwell.gov.uk

1 Recommendations

For the reasons set out in the report, it is recommended that-

- 1.1 approval is given to authorise the Executive Director of Place in consultation with the Cabinet Member for Housing and Sustainable Development to tender for and award a contract to secure a new contract for a period of two years to secure up to 100 properties for use as medium term interim accommodation for families who are homeless and seeking a longer-term home, for a two-year period;
- 1.2 authority is given to the Executive Director of Place to consult with the Sandwell Children's Trust as the trust are required on occasion to provide temporary accommodation.

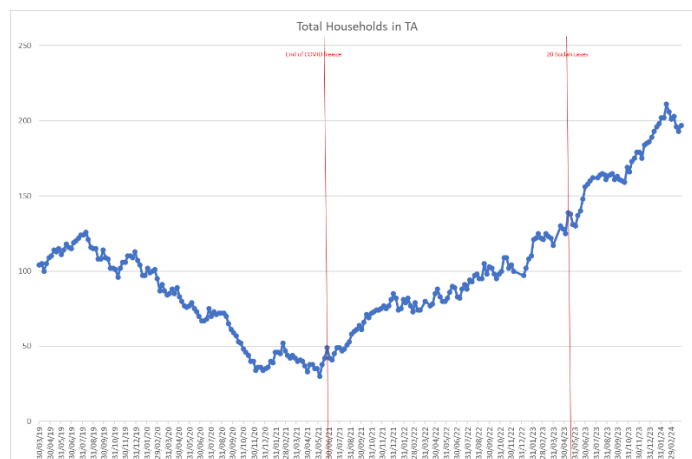
2 Reasons for Recommendations

- 2.1 Sandwell Metropolitan Borough Council have a statutory responsibility to assist with homelessness prevention and relief as set out in the Homelessness Reduction Act 2017.
- 2.2 When households approach the housing solutions service requesting homelessness support, the service ensures robust investigation and

evaluation of all available options, including supporting the household to stay in their current home.

- 2.3 The housing solutions service has seen an unprecedented rise in demand for temporary accommodation (TA); with 220 households currently in this accommodation type, an increase of 61% on TA usage from the same position last year.
- 2.4 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.
- 2.5 Temporary Accommodation (TA) Trends - 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.
- 2.6 Within Sandwell there has been an increase in temporary accommodation from June 2021 to date with 220 households currently within this accommodation type. Chart 1 below shows the trend over the last four full financial years:

Chart 1



- 2.7 Within Sandwell there has 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%

- 2.8 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.
- 2.9 It is important to note that whilst Sandwell's proportion is increasing, the borough has less than a third of the number per 1000 households when compared to all England rates. Despite our position being a third 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.
- 2.10 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 this year. Additional in-house TA (Holly Grange) is being 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 now this is fully occupied.
- 2.11 As with most councils, Sandwell utilises some of its Homelessness Prevention Grant (HPG) and Home Office asylum dispersal grant to offset spend on TA. 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 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), there remains sufficient head room to absorb the projected overspend in year, however, this will start to have an impact on some of the future actions proposed for 2024/25 as some spend will be needed to deliver the “invest to save” proposals.

- 2.12 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 reduce any headroom in the HPG to meet these increases.
- 2.13 The spend on temporary accommodation for 2023/24 and 2024/25 (based on current projections) is set out in the table below. Net spend includes income from housing benefit claims and self-funders only at the current maximum allowance. It does not include any additional funding such as Discretionary Housing Payment (DHP) or Homelessness Prevention Grant (HPG):

Table 2

Year	Gross Spend	Net Spend	Comments
2023/24	£2.47m	£1.670m	
2024/25	£2.00m	£0.770m	Projected spend with Holly Grange and this proposal optimized

- 2.14 Discretionary Housing Payment’s (DHP) provide financial support to help with rent or Housing Costs. It is paid as a top up of Housing Benefit or the Housing Element of Universal Credit for people who are experiencing financial hardship to alleviate poverty, support vulnerable people, encourage residents to sustain tenancies, help families in crisis and prevent and reduce homelessness.
- 2.15 In 2023/2024, £608,350.37 was used to award top up payments towards rent for people in temporary accommodation housed by Sandwell Council. This was based on a maximum payment of £300 per week per tenant. This is 85.2% of the government funded contribution and 34.1% of the overall government allocated amount. The total DHP spend is

£1,077,999.25 of this £608,350.37 was paid towards temporary accommodation which is 56.4%.

- 2.16 The funding for 2024/2025 is the same as 2023/2024 so the funded amount is £714,430 and maximum allowance of £1,786,075.00.
- 2.17 From 2022 to 2024 the amount used from the DHP fund to support temporary housing has more than doubled each year, if this continues for 2024/2025 this would equate to over £1,216,700 and would be more than the government contribution, and leave a pressure to be funded of £502,270, from the councils General Fund.
- 2.18 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. We are likely to quickly close the gap with the national average and place a minimum pressure of around £1.5m onto the general fund.
- 2.19 The steady increases in homelessness demand and reductions in accessible affordable housing has been mitigated 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.
- 2.20 The aim this proposal is to reduce the use of bed and breakfast accommodation and in turn, reduce spend. The service cannot continue to hold 100 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.
- 2.21 In addition to the actions taken to date to address homelessness pressures, the proposal set out in this report forms part of a programme

plan consisting of three projects to reduce the use of and spend on temporary accommodation and improving suitable housing options.

2.22 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.

3 How does this deliver objectives of the Council Plan?

Growing Up in Sandwell	The provision of suitable interim accommodation will provide accommodation which better meet the needs of young families in emergency accommodation.
Living in Sandwell	The provision of interim accommodation will provide 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 interim accommodation of both good quality which fits their individual requirements.
Thriving Economy in Sandwell	The tender process in relation to interim accommodation contracts help in investing and supporting local businesses. Access to suitable interim accommodation supports our delivery model of holistically supporting individuals in interim accommodation ensuring that households have access to education, training and employment opportunities helping to create wealth.
Healthy in Sandwell	The provision of more suitable, and in particular, self contained interim accommodation will help improve health outcomes for families. When families are placed in bed and breakfast accommodation they rarely have access to cooking facilities so will be reliant on food that is easy to prepare or on takeaways/ eating out. This has health impacts for the individuals in the household as it is much more difficult to deliver balanced diet. A number of family members living in a small space also impacts on mental health.
One Council One Team	The savings delivered through the proposal will reduce overall financial pressure on the council. The provision of larger self-contained accommodation will reduce the negative impact on health and wellbeing and on children's education.

	The proposal will also see the accommodation being made available to the Childrens Trust for cases where they need to secure interim accommodation.
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4 Context and Key Issues

Ongoing and future mitigations

4.1 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. There are three additional projects/ work streams in both the development and implementation phase which will further support the aim of reducing the use of temporary accommodation in general and in particular the use of expensive bed and breakfast.

5 Alternative Options

5.1 The Council has a statutory duty to provide emergency accommodation under certain circumstances. As many households present at crisis it leaves little opportunity to prevent the homeless situation from occurring and as a result it is necessary to have access to emergency accommodation at very short notice. In addition, approaches can be received out of hours and therefore, there is a requirement to have access to emergency accommodation at all times.

5.2 The council can make the decision not to explore the lease of private rented properties but this will result in the continued [growth of] financial pressures and the use of bed and breakfast for families over prolonged periods. This will bring the risk of successful legal challenges over use of bed and breakfast exceeding 6 weeks.

6 Implications

Resources:	There are financial pressures created by the increasing numbers of households in TA. This is further exacerbated with increase proportion of
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	<p>housheolds in B&B accommodation.</p> <p>The service has a small contribution from general fund with most of the provision resulting from use of the homelessness prevention grant and Discretionary Housing Payment.</p> <p>The model proposed in this report is both more cost effective and results in reduced time in bed and breakfast for families. The proposal will reduce TA spend and the financial pressures faced.</p>
Legal and Governance:	<p>The service needs to have in place a sufficient range of provision of temporary 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.</p>
Risk:	<p>An increase in demand for temporary accommodation will result in an increase in spend.</p> <p>There is a risk that the new operating model does not result in reducing TA placements.</p> <p>There is a risk that Placements of TA are made but in substandard accommodation. The proposed tender includes a requirement for all offered properties to be inspected by the Private Rented Sector Housing Standards Team at inception and on an annual basis.</p> <p>There is a small risk that there is no sufficient tender interest – however, at the time of writing this report we have had a number of expressions of interest.</p>
Equality:	<p>An equality impact assessment will be required for future plans.</p>
Health and Wellbeing:	<p>The provision of good quality temporary accommodation will result in creating sustainable communities, create wealth, tackle poverty, improve health and wellbeing and reduce certain types of anti-social behaviour and crime.</p>
Social Value:	<p>The provision of temporary accommodation will support investing in local businesses, people and jobs. It will also actively encourage community engagement within the contractual arrangements.</p>

Climate Change:	If we have flexible provision of emergency accommodation, we can better place families within their existing support networks, work and school catchment areas which invariably reduces the need for travel via car/public transport etc
Corporate Parenting:	We have a duty to protect children, the provision of emergency accommodation provides a safe place for children to reside when families present at crisis and enables families to continue to reside together without the intervention of Children's Trust so we can ensure children are safeguarded and will be seen on a regular basis

7. Appendices

None

8. Background Papers

Housing Solutions Annual Report 2023/24

Homelessness and Housing Solutions in Sandwell Customer Information Pack