

Meeting of:	CABINET
Date of Meeting:	12 MARCH 2024
Report Title:	HOUSING AND HOMELESSNESS POSITION STATEMENT
Report Owner / Corporate Director:	CHIEF OFFICER – FINANCE, HOUSING AND CHANGE
Responsible Officer:	MARTIN MORGANS HEAD OF PARTNERSHIPS AND HOUSING
Policy Framework and Procedure Rules:	This report is requesting a suspension of the Council’s Contract Procedure Rules (CPRs) but no amendment to the CPRs is being sought.
Executive Summary:	<p>A Housing Support Programme Strategy approved by Cabinet in December 2023 sets out the challenges the Council faces in terms of housing and homelessness services. A key challenge is the demand and associated cost of temporary accommodation.</p> <p>This report sets out some key pieces of work the Council is taking forward to address these challenges.</p> <p>The report seeks approval from Cabinet for the acquisition of properties to be utilised for temporary accommodation, with the intention of making medium term financial savings.</p> <p>The report also seeks approval to suspend the Council’s CPRs and enter into further agreements with private accommodation providers, in order to enable continuation of short-term arrangements, to meet statutory duties in relation to temporary accommodation.</p>

1. Purpose of Report

1.1 The purpose of the report is to:

- Update Cabinet as to the key pieces of work currently being taken forward to address pressures on housing and homelessness services;
- Seek approval from Cabinet for the acquisition of Housing in Multiple Occupation (HMO) style properties which are within the Council’s approved capital estimates for the purpose of providing temporary accommodation, subject to all reasonable due diligence and legal advice;

- Seek approval from Cabinet to suspend the relevant parts of the Council's Contract Procedure Rules (CPRs) with regards to the requirement to tender for a contract and delegate authority to the Head of Partnerships and Housing to enter into Service Level Agreements with existing accommodation providers for a period of 'up to' 12 months in order to continue the provision of additional temporary accommodation as necessary to meet the Council's statutory duties.

2. Background

2.1 In December 2023 Cabinet approved a final Housing Support Programme Strategy (Homelessness Strategy) and Action Plan for 2022-2026.

2.2 The Housing Support Programme Strategy outlines the challenges the Council faces in terms of increasing demands on homelessness services. The below statistics highlight the key challenges identified:

- BCBC is facing unprecedented homelessness presentations, with numbers consistently higher than previous years. The period of 2020/2021 saw the highest level of presentations ever recorded by Bridgend County Borough Council (BCBC), 1,612 presentations.
- The use of temporary accommodation has grown exponentially. Between 2018/19 and 2022/23 there was a 256% increase in the number of households in temporary accommodation. As of the end of February 2024 there are 495 individuals from 273 households in temporary accommodation. 202 (74%) of these households are either single persons or couples with no children.

2.3 The increase in demand for temporary accommodation is largely due to an 'All In' approach to homelessness, initially directed by Welsh Government at the start of the Covid 19 pandemic. Welsh Government introduced a Guidance Note which extended the definition of vulnerable with regards to the 'priority need' criteria set out in the Housing (Wales) Act 2014. In 2022 a new 'priority need' category was added, which in effect amended legislation to continue the principle of an 'All In' approach.

2.4 The demand for homelessness and temporary accommodation services has been compounded by a wider increase in demand for social housing. The total number of applicants on the Bridgend Common Housing Register at the end of each year has increased substantially. During 2019/2020 there were 816 applicants, in 2020/2021 that had increased by 81% to 1,477. During 2021/2022 the figure had increased by a further 45% to 2,143. As at the end of February 2024, there were 2,575 applicants on the Common Housing Register. A combination of the impact of the cost of living crisis and a challenging private rented sector are key drivers behind this demand.

2.5 The challenges highlighted at section 2.4 above are also key challenges in terms of moving households on from temporary accommodation, meaning households are spending longer in temporary accommodation.

2.6 To meet the demands on temporary accommodation highlighted above and ensure compliance with statutory duties to provide temporary accommodation the Council has entered into a range of agreements with private accommodation providers,

including those more traditionally used in the tourism sector, such as guest houses and holiday lets. Accessible accommodation for those with disabilities and larger accommodation for families are examples of some of the more costly units secured. The most recent arrangements put in place are due to expire at the end of March 2024.

- 2.7 The cost implications of the pressures on temporary accommodation are stark. The below table illustrates this, with a projected 3456% increase in costs between the end of 2017/18 to the end of 2023/24.

BCBC Temporary Accommodation Spend						
2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (projected)
£134,698	£49,212	£135,260	£2,291,745	£3,129,711	£3,823,539	£4,790,000

- 2.8 BCBC has received increased income to help meet the costs outlined at 2.7. During the Covid 19 pandemic costs could be claimed from a Welsh Government Hardship Grant. This funding has since been replaced a Welsh Government 'No One Left Out' Grant, although not at the same levels. For 2022-23 this was £2.128m. For 2023-24 this reduced to £1.036m, a significant decrease on the previous year. Rental income from Housing Benefit for those accommodated is also received and has increased in line with placements. A core accommodation budget of £2.722m also supports these costs. The current net impact on finances is a projected over spend on homelessness accommodation of £705,000 for 2023-24.

3. Current situation/ proposal

- 3.1 As highlighted at section 2.1, on 19 December 2023 Cabinet approved a Housing Support Programme Strategy and Action Plan for 2022-2026. Sections 3.2 to 3.15 outline some key pieces of work which are being taken forward to meet the challenges highlighted in section 2, in particular with regards to temporary accommodation pressures.
- 3.2 **Expansion of Alternative to Bed & Breakfast Accommodation Service.** This service, initially commissioned in 2019 provides units of temporary accommodation with associated support intended to help individuals move to independent accommodation. In addition to providing suitable units of accommodation with support, these units are cost effective, compared to units of accommodation in the private sector.
- 3.3 The service was initially commissioned to provide 12 units of accommodation. The scheme has since been expanded and by the end of March 2024 the service will provide 64 units of accommodation, through a combination of shared and self contained units. Opportunities for further expansion will continue to be explored.
- 3.4 **Capital development to increase social housing units.** The housing development opportunities have been expanded in recent years with a number of capital funding opportunities available to Registered Social Landlords. These include Social Housing Grant (SHG), and Transitional Accommodation Capital Grant (TACP).

- 3.5 On 28 July 2022 the Welsh Government launched the £65 million TACP to support a wide range of projects by local authorities and registered social landlords to create extra housing capacity across Wales.
- 3.6 The programme intention is to bring an additional 1000 homes into use. This funding seeks to deliver schemes more quickly by being flexible on things such as space standards, types of accommodation funded, acquisition of properties, and the acceptance of a 'meanwhile' use for refurbished buildings or undeveloped sites for a short/medium period of time whilst more permanent decisions are made. 2023-24 has seen £4.25m transitional capital being invested in Bridgend creating an additional 41 units of accommodation.
- 3.7 SHG is the main capital grant provided by Welsh Government to fund the provision of affordable housing in Wales. Housing associations and local authorities can access this funding for the provision of building new homes and the rehabilitation of existing buildings to provide homes at social and intermediate rent. This grant is provided for local housing development over a rolling 3 year programme called the Programme Delivery Plan (PDP).
- 3.8 Expenditure of the SHG is approved and decided by Welsh Government after a series of concept, financial and technical scrutiny processes. The development journey can cross over several years to deliver. The information below is a guide as to the current PDP, however Cabinet should note that this is likely to change over time. Currently:
- Year 1 SHG (2023/24) - Committed spend £11,803,167
 - Year 2 SHG (2024/25) - Committed spend £4,675,806. Projected full year spend £13,129,808
 - Year 3 (2025/26) – Committed spend £3,519,500. Projected full year spend £13,129,808
- 3.9 There are currently 185 homes in development with a proposal of a further 141 across the rolling three year PDP. A total of 326 new homes is estimated over the three year PDP period. The PDP is fluid and updated every quarter, it is estimated that the proposed number of new homes will increase beyond that currently committed in the programme.
- 3.10 **Enhanced services to rough sleepers.** A recent commissioning exercise has ensured that assertive outreach and drop in services to rough sleepers will not only be continued, but enhanced. Provision will ensure accurate identification of rough sleepers across the county and ongoing attempts to engage with individuals, with support to take individuals off the street and into either temporary or long term accommodation.
- 3.11 In addition to the service referenced at section 3.10 a commissioning exercise in 2023 enabled the opening of a new supported accommodation service in October 2023. 'Ty Ireland' now provides 4 units of long term supported accommodation, with 24/7 support on site, enabling entrenched rough sleepers with complex mental health and or substance misuse issues to be accommodated on an ongoing basis. The service will work closely with our regionally commissioned health outreach service, which is delivered in partnership with Cwm Taf Morgannwg University Health Board and continues to receive funding support.

3.12 **Leasing Scheme Wales.** In November 2023 Cabinet gave approval to join the Welsh Government Private Rent Sector Leasing Scheme, with the aim of increasing the supply of suitable, affordable accommodation in the borough and reduce demand on homelessness services. The scheme has gone live and marketing is expected to increase from April 2024. This is a partnership model with private Landlords, with the aim of bringing properties from this sector into use for households who are in housing need. The cap at which Welsh Government will provide grant for is based on 1% of the overall private rented properties in the borough. Indicative grant cap figures from Welsh Government are below:

Scheme Year	2023/24	2024/25	2025/26	2026/27
Number of new properties	3	18	32	35
Cumulative Number of properties	3	21	53	88

3.13 **Council ownership of accommodation.** Work has been carried out to evaluate this opportunity through a feasibility approach working with the Corporate Landlord department whereby the Council purchases, owns and manages temporary accommodation. In the first instance shared Housing in Multiple Occupation (HMO) style properties have been explored. The aim is to reduce the temporary accommodation costs per unit compared to the alternative of placing service users in hotels.

3.14 An opportunity has been identified and the initial intention is to deliver 18 bedroom units from three HMOs. This will reduce the temporary accommodation costs for these units to approximately £25 per day per unit, compared to the alternative of placing service users in other provisions at an average cost of £85 per day per unit. An initial financial model has been based on a purchase price of three HMOs at £350,000. Typical purchase costs range from £250,000 to £350,000. The capital funding for the HMO purchases will be provided via S106 funding, which is already included within the capital programme, and where possible Welsh Government funding, which is currently being explored. Cabinet should be aware that as with all investment opportunities the property market will be subject to fluctuations which will result in either increases or decreases to the resultant capital value. The property will also require management to safeguard the physical condition of the asset. Additionally, in the event that the property needs to be sold to generate capital funds, the disposal process will take a number of months to complete.

3.15 Whilst providing suitable units of accommodation this piece of work and potential saving per bedroom is linked to the Medium Term Financial Strategy 2024-25 to 2027-28, which sets out the spending priorities of the Council. The strategy includes a financial forecast for 2024-2028, and included in this is a 10% reduction of the Housing budget for 2024-2025 which equates to £397k.

3.16 This report highlights several pieces of work being taken forward to tackle pressures on housing and homelessness. The outcomes of some of these pieces of work are medium to long term and as such there is a need to continue to address the immediate pressures highlighted in section 2 of the report. As per section 2.6 the Council's current arrangements with private accommodation providers are due to expire at the end of March 2024.

- 3.17 As outlined in section 2.2 as of the end of February 2024 there are 495 individuals from 273 households in temporary accommodation. These accommodation placements are statutory duties in line with the Housing (Wales) Act 2014. The Housing Solutions Team continue to be under significant day to day pressure in terms of presentations from those threatened with homelessness.
- 3.18 To allow the continuation of the arrangements with existing accommodation providers, it is proposed that the Council's CPRs be suspended and the Council enter into Service Level Agreements with accommodation providers for 'up to' 12 months, in order to meet presenting need. It is proposed that the agreements with existing accommodation providers be used, to enable consistency in provision for both BCBC and any service users accommodated. By providing this accommodation since the Covid 19 pandemic the accommodation providers have developed experience in providing temporary accommodation and a working relationship with BCBC's Housing Solutions Team, key to the successful management of temporary accommodation placements.
- 3.19 Cabinet needs to be aware that in taking forward this action, the Council is exposed to the risk of potential challenge from other accommodation providers. The Council's CPRs ensure that procurement exercises are lawful and carried out in compliance with Public Procurement Law, in particular the Public Contract Regulations 2015. This report proposes entering into agreements without any competition which breaches the requirements of the Public Contract Regulations 2015 and therefore requires Cabinet's approval to suspend the Council's CPRs.
- 3.20 The risk of challenge is not possible to quantify, however given the need to continue service provision to vulnerable people, the pressures on current homelessness services, and the limited availability of suitable and willing accommodation providers to provide such accommodation, Cabinet may take the view that the potential for challenge is one it is prepared to accept. In addition, due to the specialist nature of provision there are relatively limited numbers of providers of such services.
- 3.21 It is proposed that a further report be brought to Cabinet within 12 months to update on the developing position, with regards to temporary accommodation.

4. Equality implications (including Socio-economic Duty and Welsh Language)

- 4.1 An initial Equality Impact Assessment (EIA) screening has identified that there would be no negative impact on those with one or more of the protected characteristics, on socio-economic disadvantage or the use of the Welsh Language. It is therefore not necessary to carry out a full EIA on this policy or proposal.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

- 5.1 Tackling homelessness is a Welsh Government priority. The report contributes to the following goals within the Well-being of Future Generations (Wales) Act 2015:
- A prosperous Wales – Reducing homelessness supports a prosperous Wales by reducing cost to the public purse.

- A resilient Wales – Our Housing Support Programme Strategy aims to prevent and relieve homelessness, increasing the resilience of both individuals supported and the general structures in place to support the goal of achieving a position where homelessness in Wales is rare, brief and non recurrent.
- A Wales of cohesive communities – Preventing individuals from becoming homeless will support cohesive communities.
- A globally responsive Wales – Homelessness is an issue across the globe. These strategic documents set out the approach Bridgend will take to support Wales in its efforts around this agenda.

5.2 It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

6. Climate Change Implications

6.1 The prevention and relief of homelessness supports the agenda around climate change. A key priority is to increase BCBC's affordable housing supply to meet demand, with the intention of informing affordable housing schemes to meet these needs. Any schemes developed through TACP or SHG will be developed in line with Welsh Government planning and standards requirements, which support moves to tackle climate change.

7. Safeguarding and Corporate Parent Implications

7.1 Homelessness and housing support services play a key role in supporting BCBC's safeguarding agenda, both from an individual perspective with services often supporting vulnerable individuals, known to safeguarding agencies.

7.2 The priorities set out in the Housing Support Programme Strategy reference a need to improve collaboration with key stakeholders, with specific objectives around improving collaboration to implement the national care leavers and accommodation and support framework, a key part of Corporate Parenting implications.

8. Financial Implications

8.1 The estimated cost of the purchase of properties for the purpose of temporary accommodation is highlighted at section 3.14. These costs will be met from S.106 funding which is included in the capital programme, whilst opportunities for Welsh Government funding will also be explored and utilised if possible. A business case in line with BCBC Capital Programme processes was submitted and the processes set out in BCBC's property Acquisition Protocol will also be followed. The purchase of these properties will contribute to the Medium Term Financial Strategy 2024-25 to 2027-28 by significantly reducing the ongoing revenue costs to the Council. The project aims for a 10% reduction of the Housing budget for 2024-2025 which equates to £397k.

8.2 The cost of the established units of accommodation with private providers utilised on a service level agreement basis for temporary accommodation ranges from £40 per night to £150 per night. The cost of each unit is dependent on the nature of the property, for example a 4 bed property will likely cost more than a 2 bed property. It is estimated that the total cost for a 6 month period will be around £1.7m. This is an estimate at this time as final costs will be negotiated during discussions with

accommodation providers, but the service will seek to keep any increase to a minimum. Cabinet should note ad hoc arrangements may still be required in addition, to meet emergency scenarios, which cannot be predicted.

- 8.3 Whilst, as outlined in section 2.8 Welsh Government funding has been received in recent years to support this agenda a 'No One Left Out' grant award has not yet been received for 2024/25. An award is expected, but the level of award is not yet known. Any grant funding received will be used towards these costs, with any remaining balance being met from the BCBC core budget, as approved by Council as part of the budget setting process in February 2024 to continue the commitment to focus support for homelessness individuals providing them with accommodation.

9. Recommendations

9.1 It is recommended that Cabinet:

- Note the contents of this report;
- Approves the acquisition of Housing in Multiple Occupation (HMO) style properties which are within the Council's approved capital estimates for the purpose of providing temporary accommodation subject to all reasonable due diligence and legal advice;
- Agrees to suspend the relevant parts of the Council's Contract Procedure Rules (CPRs) with regards to the requirement to tender for a contract and delegate authority to the Head of Partnerships and Housing to enter into Service Level Agreements with existing accommodation providers for a period of 'up to' 12 months in order to continue the provision of additional temporary accommodation as necessary to meet the Council's statutory duties;
- Delegate authority to the Head of Partnerships and Housing to approve the final terms of the Service Level Agreements on behalf of the Council and to arrange execution of the agreements on behalf of the Council in consultation with the Chief Officer – Legal and Regulatory, HR and Corporate Policy;
- Note that a further report will be presented to Cabinet to update on the position regarding temporary accommodation.

Background documents

None