

<b>Meeting of:</b>	<b>CABINET</b>
<b>Date of Meeting:</b>	<b>24 SEPTEMBER 2024</b>
<b>Report Title:</b>	<b>HOUSING AND HOMELESSNESS POSITION STATEMENT</b>
<b>Report Owner / Corporate Director:</b>	<b>CHIEF OFFICER – FINANCE, HOUSING AND CHANGE</b>
<b>Responsible Officer:</b>	<b>MARTIN MORGANS HEAD OF PARTNERSHIPS AND HOUSING</b>
<b>Policy Framework and Procedure Rules:</b>	<b>There is no impact on the Policy Framework or the Procedure Rules</b>
<b>Executive Summary:</b>	<b>This report sets out key pieces of work the Council is taking forward to address challenges with regards to housing and homelessness.</b>  <b>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.</b>

## **1. Purpose of Report**

1.1 The purpose of the report is to:

- Update Cabinet with regards to key pieces of work currently being taken forward to address pressures on housing and homelessness services;
- Seek approval from Cabinet for the acquisition of three 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.

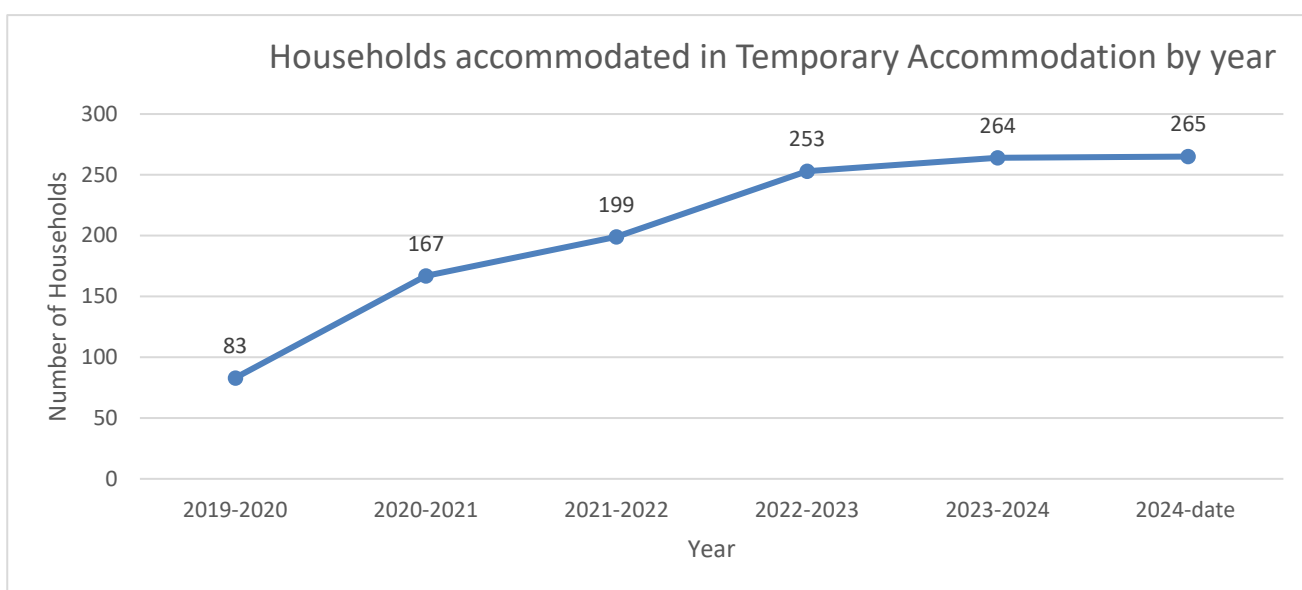
## **2. Background**

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 key challenge the Council faces is in terms of high levels of demand, with applications

consistently higher than in previous years. In 2023-24 1,006 homelessness applications were received. 67% of these applications were from single person households.

2.3 The use of temporary accommodation has grown exponentially. The chart below shows the increase in temporary accommodation numbers since 2019-20. At the end of August 2024, BCBC were providing temporary accommodation to 265 households. The relatively flat line in households in temporary accommodation since 2022-23 suggests that this level of demand is likely to be consistent for the foreseeable future.



2.4 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 Covid19 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.

2.5 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. At the end of 2019/2020 there were 816 applicants. At the end of August 2024 there were 3254 applicants on the Common Housing Register. A combination of the impact of the cost-of-living crisis and a challenging private rental sector are key drivers behind this demand.

2.6 The cost implications of the pressures on temporary accommodation are stark. The below table illustrates this, with a 3,665% increase in costs between 2019-20 and 2023-24.

Year	Gross Spend	Income (Grant, Rent, Service Charge)	Net Spend
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2019-20	£135,260	N/A	£135,260
2020-21	£2,291,745	£2,358,049	-£66,304
2021-22	£3,129,711	£3,125,077	£4,634
2022-23	£3,823,539	£4,106,191	-£282,652
2023-24	£5,092,919	£1,996,360	£3,096,559
2024-25 (Projected)	£4,750,000	£1,546,486	£3,203,514

- 2.7 BCBC receives rental and service charge income from households which have been accommodated, although income is limited to Local Housing Allowance Rates, which falls significantly short of costs. During the Covid-19 pandemic costs could be claimed from a Welsh Government Hardship Grant. This resulted in net costs to BCBC being relatively small.
- 2.8 Welsh Government has replaced the Hardship Grant with a 'No One Left Out' Grant. However, the income is significantly less than that previously received. As such the net costs to BCBC for 2023-24 and projected costs for 2024-25 are significant.
- 2.9 A report to Cabinet in March 2024 set out various pieces of work being taken forward to address the challenges highlighted above. Section 3 of this report will further update Cabinet in this respect.

### **3. Current situation / proposal**

- 3.1 **BCBC purchase of accommodation.** In March 2024, Cabinet approved a proposal, authorising the acquisition of Housing in Multiple Occupation (HMO) style properties for the purpose of providing temporary accommodation.
- 3.2 Since March 2024 work has taken place alongside the Corporate Landlord department to purchase two properties, with a third purchase currently in progress. All three properties are HMO style properties. The average purchase price is £300,000. Capital funding has been provided via Section 106 of the Town and Country Planning Act 1990 funding (S.106 funding), as contained in BCBC's capital programme. Once the third property is purchased the three properties will deliver 16 units of accommodation to single persons.
- 3.3 Purchase of these properties has enabled BCBC to deliver increased temporary accommodation units directly. An agent has been appointed to support with day-to-day management of the accommodation. Individuals are supported via housing related support services, where necessary, to support move on as soon as possible.
- 3.4 From a cost perspective delivery of these units' costs around 70% less than the average alternative in a tourism style property. BCBC also receives a rental income to offset capital investment over time.

- 3.5 Whilst this work is still new to BCBC the financial benefits to directly providing temporary accommodation are clear. Costs for properties owned by the Council are in the region of £25 per day per unit, whilst costs of alternatives are on average around 70% higher.
- 3.6 It is proposed that, to achieve further savings, this model could be scaled up and also considered for family type properties. As such, Cabinet are asked to approve the purchase of a further three properties, to be utilised for the purpose of providing temporary accommodation.
- 3.7 It is estimated that purchase costs will be in the region of £250,000 to £350,000 per property. The capital funding for these purchases will be provided via S106 funding. £1.44 million of S.106 funding is already included within the capital programme. Approximately £600,000 of this funding has been utilised for the first two HMO purchases, whilst approximately £300,000 is earmarked for the third HMO purchase, which is currently in progress. To ensure sufficient funding is in place to achieve the further three purchases, an additional £500,000 of S.106 funding will be added to the capital programme from currently uncommitted S.106 funding, and this will be reported to Cabinet and Council as part of the Quarter 2 capital monitoring report in October. Welsh Government funding will also be explored.
- 3.8 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. Properties will also require management to safeguard the physical condition of the asset. Additionally, if the property needs to be sold to generate capital funds, the disposal process will take a number of months to complete.
- 3.9 Whilst providing suitable units of accommodation, this piece of work and potential further savings per bedroom are 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.
- 3.10 **Maple Tree House.** In addition to the purchase of new accommodation, work has been taken forward in recent months to utilise an existing BCBC owned building, Maple Tree House.
- 3.11 Maple Tree House has a long-established use as a residential project for children accommodated through Childrens Services. With the opening of a new facility in Brynmenyn, Maple Tree House had been vacant since late 2023.
- 3.12 The building was re-opened in August 2024 to provide temporary accommodation. To support ongoing delivery, a housing related support provider has been commissioned to provide on-site support 24/7. Several improvements have also been made to the building, including CCTV, fob access, privacy windows and improved perimeter fencing. The building will provide 9 units of accommodation, again enabling less reliance on other types of accommodation and supporting cost reduction.

- 3.13 It should be noted that whilst the purchase of accommodation and the re-opening of Maple Tree House are projected to achieve financial savings, these are not yet fully reflected in the projection detailed in the table at 2.6. This projection for 2024-25 is based on information available at Quarter 1. It is envisaged that updated projections presented to Cabinet in quarterly budget monitoring reports during the financial year will show increased cost savings.
- 3.14 **Capital development to increase social housing units.** A number of capital funding opportunities have been available to Registered Social Landlords in recent years. The two primary capital funding streams are the Social Housing Grant (SHG), and Transitional Accommodation Capital Grant (TACP).
- 3.15 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.
- 3.16 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. In 2023-24 £4.25 million of transitional capital funding was invested in Bridgend, creating an additional 41 units of accommodation. BCBC's TACP allocation for 2024-25 is £4.5 million, which will create an additional 30 units of accommodation.
- 3.17 Supported Housing Grant (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).
- 3.18 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. In 2023-24 £11,803,167 of spend was allocated to RSLs. The current three-year PDP is set out in the table below.:

Year	SHG Budget	Allocated (to date)	Projected Spend
Year 1 2024-25	14,442,789	12,389,639	14,442,789
Year 2 2025-26	13,129,808	3,120,000	13,129,808
Year 3 2026-37	13,129,808	0	13,129,808

- 3.19 There are currently 139 homes in development with a proposal of a further 207 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. Cabinet should note the information above is a guide as to the current PDP and this is likely to change over time, for example we expect new schemes to be added and amendments to existing schemes.

- 3.20 **Partnership working.** A key theme running through our Housing Support Programme Strategy is an acknowledgment that to address the challenges we face, it is important that we work alongside our partners, to tackle issues together.
- 3.21 In recent months a 'Bridgend Housing Partnership' has been created, bringing together senior staff members of partner Registered Social Landlords, alongside senior BCBC staff. This has created a forum to ensure joint understanding of challenges, and to bring strategic oversight to pieces of work, such as capital developments.
- 3.22 We also continue to work closely with third sector partners, such as those commissioned via Housing Support Grant funding. Such services are key to not only the ongoing delivery of our temporary and supported accommodation projects, but in supporting households threatened with homelessness, to reduce the need for temporary accommodation further down the line.
- 3.23 In July 2024 Cabinet approved a proposal to uplift relevant Housing Support Grant funding contracts to ensure providers can address any pay pressures and to ensure that no contracts are in a deficit. This work has been taken forward, in conjunction with the Legal department.

#### **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 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 increasing 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, 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 3.7. Costs for the existing two purchases and third purchase, current in progress will be met from S.106 funding which is included in the capital programme. To ensure sufficient funding is in place to achieve a further three purchases, an additional £500,000 of S.106 funding will be added to the capital programme from currently uncommitted S.106 funding. This funding is already earmarked to support housing objectives. This will be reported to Cabinet and Council as part of the Quarter 2 capital monitoring report in October, in line with the Council's Financial Procedure Rules. Opportunities for Welsh Government funding will also be explored and utilised if possible.
- 8.2 For the initial three purchases, approved by Cabinet in March 2024 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 same process will be followed for the proposed additional purchases.
- 8.3 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.

## **9. Recommendations**

- 9.1 It is recommended that Cabinet:
- Note the contents of this report;
  - Approves the acquisition of three 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.

## **Background documents**

Report to Cabinet December 2023  
Report to Cabinet March 2024  
Report to Cabinet July 2024