

**For general release**

<b>REPORT TO:</b>	<b>Streets Environment and Homes Scrutiny Sub-Committee</b> <b>13 July 2021</b>
<b>SUBJECT:</b>	<b>Review of Temporary Accommodation</b>
<b>LEAD OFFICER:</b>	<b>Alison Knight, Executive Director of Housing</b> <b>Yvonne Murray , Director of Housing Assessment and Solutions</b>
<b>CABINET MEMBER:</b>	<b>Councillor Patricia Hay-Justice, Cabinet Member for Homes</b>
<b>PERSON LEADING AT SCRUTINY COMMITTEE MEETING:</b>	<b>Zulfiqar Mulak, MBE Operations Manager Housing Solutions</b>

**CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:**

*Include here a brief statement on how the recommendations address one or more of the Council's Corporate Plan priorities:*

[Corporate Plan for Croydon 2018-2022](#)

<b>ORIGIN OF ITEM:</b>	<b>This item was identified as an item for Scrutiny.</b>
<b>BRIEF FOR THE COMMITTEE:</b>	<b>To receive an update on the current situation with temporary accommodation in Croydon.</b>

## **1. Executive Summary**

This report sets out an outline of the current temporary accommodation situation in Croydon, the report will set out an overview of temporary accommodation including current accommodation costs, related costs and the current budget pressures. The report sets out an overview of temporary accommodation, the current risks and issues and present ideas for future actions

## **2. Review of Temporary Accommodation**

### ***Overview of Temporary Accommodation***

2.1 Croydon like many London Boroughs has been experiencing a steady increase in homelessness for a number of years. In response to the demand for

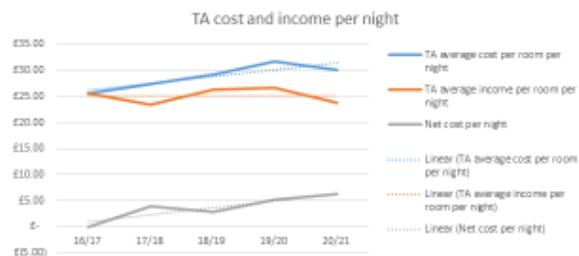
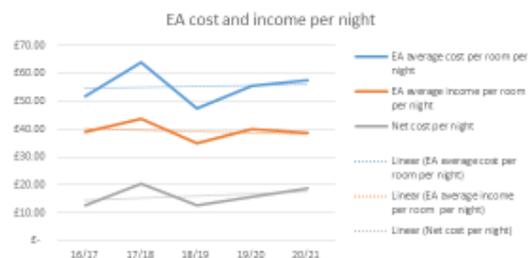
increased temporary accommodation the Council has set up a number of schemes which have historically been used to accommodate households where the Council has accepted statutory duties under homeless legislation.

2.2 Demand for both temporary and permanent housing in Croydon outweighs supply. The Covid 19 pandemic has increased demand, and the recent end to evictions will further increase demand. Croydon like many London Borough's has high numbers in temporary accommodation. Over recent years several initiatives have been put in place aimed at increasing supply of TA (temporary accommodation) and reducing numbers in EA (emergency accommodation). Whilst these initiatives have resulted in some increases in supply/short-term cost reductions and reductions in EA numbers (from over 850 families in EA in periods of 2016/17 to under 600 for periods during 2020/21) the structure of the Council's schemes and their costs, the impact of external factors (such as the increases in LHA – local housing allowance - in April and May 2020) together with the Council's use of Flexible Homelessness Support Grant (FHSG) has meant that the deficit in the budget has been increasing, growth has not been agreed, and budget provision is therefore disconnected from anticipated activity making it hard to interpret variances between actuals and budget.

2.3 Current data available shows the Council currently has 3,731 households in temporary accommodation of which 686 are in emergency accommodation. The current average net costs of emergency and temporary accommodation are set out below.

## Accommodation costs

- Net cost of EA is on average the cost of TA – almost any move from EA to TA will be cost effective
- Costs have been rising with inflation whilst income has remained steady due to frozen LHA/Housing Benefit Regulations which restrict rent charges in Private Leased Accommodation
- EA currently costs on average £6,891 per annum and TA costs £2,274 per annum



2.4 In looking at the current financial position it is important to note that the demand for temporary accommodation remains high as the number of households applying as homeless (i.e. homeless applications requiring a decision) will likely continue to rise. This will be exacerbated by the lifting of the ban on evictions that was temporarily placed during the Covid19 pandemic.

### **3. Gateway Impact**

At present the Gateway team in housing provide a dedicated early intervention support service to households who approach the Council threatened with homelessness. An element of this service is focused on income maximisation and employment support to resolve issues and using discretionary housing benefit payments where possible to prevent households becoming statutorily homeless and requiring temporary accommodation. The service provides a holistic wrap around support aimed at resettling households in alternative accommodation by offering support with a range of issues which include employment, tenancy sustainment and family welfare.

### **4. Issues and Future Risks**

There are a number of critical issues and future risks that impact temporary accommodation in Croydon. This list is extensive but the critical issues are:

- The lack of new supply. At present the Council is finding it difficult to procure new supply to meet demand because the current offer to landlords and agents is not competitive in the local PRS market.
- The gap in funding between the January 2011 LHA rates (which limit the maximum charge to occupiers in private sector leased accommodation) and current LHA rates (paid to landlords/providers) which means the Council makes a financial loss.
- The use of 600 Council owned units as TA limits allocations of permanent housing.
- The lack of social housing supply which is limiting move on from temporary accommodation as the Council on average only lets around 600 units of social housing per annum. This situation is exacerbated by the shortage of larger units, particularly 3 and 4 bedroom units.
- The need for adapted accommodation for households in TA which leads to extended stay and legal challenges.
- The need to increase prevention activity.
- Meeting specific needs for social care clients which includes safeguarding and other critical social care cases such as hospital discharge.

### **5. Ideas for Future Action**

In view of the issues set out above there is a need to plan and implement robust options for the future of emergency and temporary accommodation supply.

The critical issues that need to be looked at include:

- Developing a 'Croydon offer' that is consistent across the Council.
- Review rent guarantee for private sector landlords as this appears to be a deciding factor in increasing supply.
- Ensuring future procurement takes place at or below LHA rates to enable affordability.
- Convert top ups to one off incentives to bridge the gap between LHA rates and landlord aspirations for rents.
- Explore future options for delivery of long-term TA via private sector leasing.
- Ensuring income for current and future portfolio is maximised.
- Maximising opportunities through Capital Letters.

- Reviewing incentives, using insurance schemes and pro-active intervention with current TA residents.
- Develop self-help schemes.
- Maximise use of DHP.
- Increasing prevention.
- Increasing and enforcing discharge of duty to PRS.
- Exploring out of London options such as Home Finder.
- Establish a resettlement team for residents in temporary accommodation, particularly larger households who have been in TA for an extensive period and have limited prospects of successfully bidding for social housing.

## **6. Conclusion & Recommendations**

It is clear that urgent action is needed to address the budget deficit, lack of supply /move-on from temporary accommodation as well as the need to establish a robust TA Strategy going forward. In the wake of revised recent focus on resident engagement it is also necessary to take forward pro-active engagement with residents in temporary accommodation which includes those in nightly paid accommodation.

At the meeting, there will be a presentation which will go through the following issues for Scrutiny to consider:

1. Agree to the two pilots recently submitted in the business case for the Temporary Accommodation Strategy as on a 'spend to save' basis these will increase prevention outcomes (reducing demand), deliver increased supply and generate some in-year savings.
2. To boost supply and prevention that the increased incentives are agreed immediately.
3. That funding is considered and approved for project leads to develop and implement a long term and sustainable TA Strategy.
4. A review of the current structure/delivery of TA service is undertaken with a view to streamlining all aspects of the service in one team which will include a focused move on and resettlement team.
5. That work is commissioned to review the Current TA framework with suppliers with a view to implementing a revised framework that address's current supply and budget issues.
6. A one Croydon offer is implemented for acquisitions from private landlords and agents that is used across the Council including social care.
7. A focused review is undertaken of single homelessness and rough sleeping activity as this cohort represent a high proportion of approaches.
8. Agreement to an incentive package to assist with Croylease conversions onto the new lease, reducing R&M cost and creating a more portable scheme

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**BACKGROUND DOCUMENTS:** None

**APPENDICES:** None