



## Report to Housing Policy Committee

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**Report of:** Janet Sharpe, Director of Housing, Philip Gregory  
Director for Finance and Commercial Services  
**Report to:** Housing Policy Committee  
**Date of Decision:** 21st March 2024  
**Subject:** Financial Impact of Temporary Nightly Paid  
Accommodation – B+B on Hostel Subsidy Loss

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? 2546				
Has appropriate consultation taken place?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<p><i>“The (<b>report/appendix</b>) is not for publication because it contains exempt information under Paragraph (<b>insert relevant paragraph number</b>) of Schedule 12A of the Local Government Act 1972 (as amended).”</i></p>				

### Purpose of Report:

The report is to set out the financial impact of Temporary Nightly Paid Accommodation – B+B on Hostel Subsidy Loss.

The report explains the escalating pressure on the budget, the background and context, the mitigations in place and the further priority actions that are recommended to address these.

### Recommendations:

The Housing Policy Committee is recommended to:

- i. Note the issues raised in the report;

- ii. Note the mitigating actions that are already in place that will mitigate the financial pressures attributable to Nightly Paid Temporary Accommodation - B+B;
- iii. Consider the recommended 5 Priority Actions that will have most impact on reducing the use of B+B and mitigating against the Hostel Subsidy Loss set out at section 2 of the report; and,
- iv. Endorse the development of the business cases for the 3 Temporary Accommodation Sites.

**Background Papers:**

Lead Officer to complete: -	
1	<p>I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.</p> <p>Finance: <i>Helen Damon, Finance Business Partner</i></p> <p>Legal: <i>Sarah Bennett, Assistant Director, Legal and Governance</i></p> <p>Equalities &amp; Consultation: <i>Adele Robinson, Equalities and Engagement Manager, Policy, and Performance.</i></p> <p>Climate: n/a</p>
<p><i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i></p>	
2	<p><b>SLB member who approved submission:</b></p> <p><i>Ajman Ali, Executive Director, Neighbourhoods</i></p>
3	<p><b>Committee Chair consulted:</b></p> <p><i>Cllr Douglas Johnson, Chair of the Housing Policy Committee</i></p>
4	<p>I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.</p>
	<p><b>Lead Officer Name:</b> <i>Suzanne Allen</i></p> <p><b>Job Title:</b> <i>Head of Citywide Housing Services</i></p>
<p><b>Date: 13<sup>th</sup> March 2024</b></p>	

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## 1. PROPOSAL

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### 1.1. Background & Summary

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#### 1.1.1. Summary and Background

The Housing Policy Committee received a report in January 2024 that explained the Housing Benefit (HB) regulations in relation to unregulated Supported Exempt Accommodation and Hotels/Bed and Breakfast (B+Bs) used to provide Temporary Accommodation (TA).

It was agreed that a further report on TA would be presented to the Housing Policy Committee providing more information about the impact, mitigations in place and further action that is recommended should be considered and prioritised. This is nightly paid accommodation used to fulfil the homelessness duties to provide interim accommodation to people the Council has reason to believe may be eligible, homeless and in priority need under s188 of the Housing Act 1996. In Sheffield the only type of nightly paid accommodation used for TA is Hotels/B+B and so hereafter in the report it is referred to as B+B.

As stated in the previous report in February 2024, the amount of Housing Benefit Subsidy loss incurred by the Council has grown rapidly and is on an upward trend to reach over £8m in 2023/24 as illustrated by Figure 1. The pressure relating to B+B has not been shown in the Housing General Fund Budget for Temporary Accommodation or reported to the Housing and Policy Committee until this financial year, 23/24. The budget pressures have become too large to be offset as part of the overall Housing Benefit budget going forward. In addition to the Housing Benefit Subsidy Loss the Housing General Fund has a budget of £961,073 for B+B costs that are not eligible for Housing Benefit.

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#### 1.1.2. Figure 1 – Breakdown

<b>Housing Benefit Subsidy Loss</b>		
	2022/23	2023/24 (projected)
Nightly Paid Temporary Accommodation – B+B (SCC Housing) – Referred to in this report as Hostel Subsidy Loss	£2.8m	£4.9m
Supported Exempt Accommodation (SEA)	£3.1m	£3.5m
<b>Total</b>	<b>£5.9m</b>	<b>£8.4m</b>

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#### 1.1.3. National and local context

Housing Benefit Subsidy Loss is a complex national issue affecting all Local Authorities in the country that needs to be tackled strategically by the Council so that long-term solutions can be identified to mitigate future risk. Senior Officers have made representations to government departments about the impact these regulations are having on LA finances but to date no additional funding or changes in HB regulations have been announced.

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Whilst the financial pressures relating to B+B and SEA are both caused by Housing Benefit regulations, there are two different issues that need to be dealt with. This report focusses on B+B and a separate report will be tabled in relation to SEA and the Supported Housing (Regulatory Order) Act 2023 at a future meeting.

Nationally there are now more than 100,000 households in TA which is the highest figure for 20 years. The Government figures for 2022/23 stated Councils spent £1.74bn on TA. Many Councils reporting that they are struggling to provide suitable and cost-effective provision and are in a worse situation than Sheffield regarding the number of placements. To avoid reaching similar financial pressures it is critical for Sheffield to act now. If we continue at the current rate of increased usage of B+B by 2028 the costs could be more than £15m.

As well as the financial cost to the Council the use of B+B for anything other than emergency has a negative impact on the household who are placed there. In Sheffield 340 households were in B+B in February 2024, and 66 were families with children. The statutory guidance not to place families for more than 42 days was breached on 58 occasions from April-December 2023. This is reported to DLUHC and discussed regularly with our specialist Government Adviser.

The reasons for an increased use of B+B are explained, the financial impact and benchmarking information with other Core Cities is included. The actions that have been taken to date are summarised. Locally, successful prevention work has increased by 14% this year to 39% of those who present at this stage, but this is still too low to counterbalance the number of people presenting when they are already homeless.

Our existing Homelessness Prevention Strategy Action Plan and Service Performance Improvement Plan will deliver longer term benefits over the next 5 years and beyond. However, it is critical to accelerate the pace of improvement of prevention and alternative TA to arrest and reduce the growth in the use of B+B.

The issue of increased homelessness and the impact on the Council's financial position has been discussed by the Performance and Delivery Board and the Strategic Leadership Board. It is proposed that 4 priority actions are taken urgently that will have the most impact on reducing the use of B+B and mitigating against the financial pressure. These are set out at section 2 of the report for Members to consider. The actions would require investment that would be offset by the resulting saving in reducing the Hostel Subsidy Loss and the Housing General Fund expenditure on B+B if they are fully realised. Individual Business Cases will be developed as appropriate.

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#### 1.1.4. **Increase in Homelessness Demand**

Homelessness presentations have increased from 1,319 in 2016/17 to 3,964 in 2022/23. It is projected these will reach 4000 in 2023/24.

The Homelessness Reduction Act in 2018 put in place new duties and the length of time the service should work with people to resolve their housing issue increased from 28 days to 56 days before homelessness was likely to occur, and for a further 56 days if the applicant became homeless. The intention was that this would lead to more homelessness prevention. However, the new burdens funding received by the Council has been insufficient to enable this.

The sharpest increases in presentations occurred during the pandemic and cost of living crisis.

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- Main reasons for homelessness are being asked to leave by friends and family (24%), domestic abuse (19%) and loss of private rented accommodation (11%).
  - In the last 6 months, 14% of presentations were from people leaving Home Office provided accommodation following decisions on their asylum applications. 750 people in Sheffield were awaiting decisions and included in the streamlined process.
  - Homelessness Acceptances have increased, and the latest published figures (January-March 2023) show Sheffield is now above the national quarterly average of acceptances at 1.0 per 1000 households compared to 0.6 nationally.
  - Prevention opportunities are missed and move on is delayed as backlogs and caseloads have built up. 50% of households in TA are overdue a decision on the main housing duty.
  - DLUHC advise 40 is a manageable case load and our staff have an average caseload of 61. Our legacy backlog of cases which built up through the Covid-19 pandemic initially had a total of 870 cases with no current officer allocated. Through the additional temporary resource allocated to this, all these cases have now been allocated to officers. 329 of the backlog cases are awaiting a decision and we expect to have completed these decisions by the end of March 2024 when the temporary resource is due to end.
  - In addition to the above, since the additional resources were allocated the number of new cases has continued to outstrip capacity to meet them within the service. Therefore, there are currently 882 cases have not been allocated to an officer and if they were, the average case load per officer would rise to 101, over double DLUHC's recommended number. We currently have 9 vacancies in the service that are all advertised under rolling recruitment. Pending the recruitment, we intend to extend the contracts of the staff on the back-log team to cover some of the new work that has not been allocated.
  - Rough sleeping has increased from 15 individuals found on the official count in 2022 to 31 in 2023. The majority of people found in this situation have a history of sleeping out rather than being new to the streets.
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#### 1.1.5. Impact on Customers

Experiencing homelessness has a significant impact on customers including the following:

- There is a negative impact on mental and physical health and overall wellbeing. The main reported support need for people who apply as homeless is for mental health and many people have experienced trauma associated with why they have lost their home.
  - There are additional costs for households placed in hotels because they will have limited access to facilities including for cooking and laundries. This can delay being able to deal with barriers to rehousing including agreeing payment plans for former tenant arrears.
  - Contact with support networks and engagement with scheduled health or other treatment programmes can be affected or delayed until a settled address is secured.
  - The impact on families is particularly acute including disruption to schooling and the practical difficulties of sharing a room. Children who experience
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homelessness are more likely to experience stress and anxiety. There may be greater expense and travel time involved in getting to school or college that affects attendance and has a lasting impact on attainment.

- Attending college, training and work can be more difficult and this impacts on well-being and the financial situation of households.
- Developing independent living skills is hard to facilitate in temporary accommodation particularly in a hotel setting which is not suitable for providing one to one or group support. This has a negative impact on potential move on options for individuals who are not ready to manage a tenancy.
- Extensive periods in TA can also de-skill people and affect their confidence to live independently and impact on how they settle into a new home and community.
- Additional pressure being placed on Neighbourhood Teams in our local neighbourhoods managing disbursed accommodation and, supporting individuals and families in short-term accommodation, integration into existing communities.

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1.1.6. **Increased Demand for TA**

- 66% of presentations are made when homelessness has already occurred and 33% of household placed in TA. The average length of stay has risen to 6 months for an adult household, and 5 months for families with children.
- Sheffield's use of TA in 2017 was at 0.33 compared to the national figure of 3.1 per 1000 households. By March 2023 this had moved to 1.99 in Sheffield and 4.35 nationally.
- In 2019 there were 69 households in TA and of these 26 were in hotels. This now stands at 714 households of which 363 are in hotels.
- The proportion that are families with children has increased from 27% to 45%. In 2019 there were no families in B+B in hotels and there are now 84.
- 39% of households in TA are waiting for move on accommodation following acceptance of the main housing duty. There are limited move on options available as we rely on social housing for this. The Housing Register stands at 24,013, and 1018 have a priority for rehousing. An average of 45 properties are advertised weekly with 150 bids on each property.

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1.1.7. **Figure 2 Temporary Accommodation Occupancy 2019- Feb 2024**

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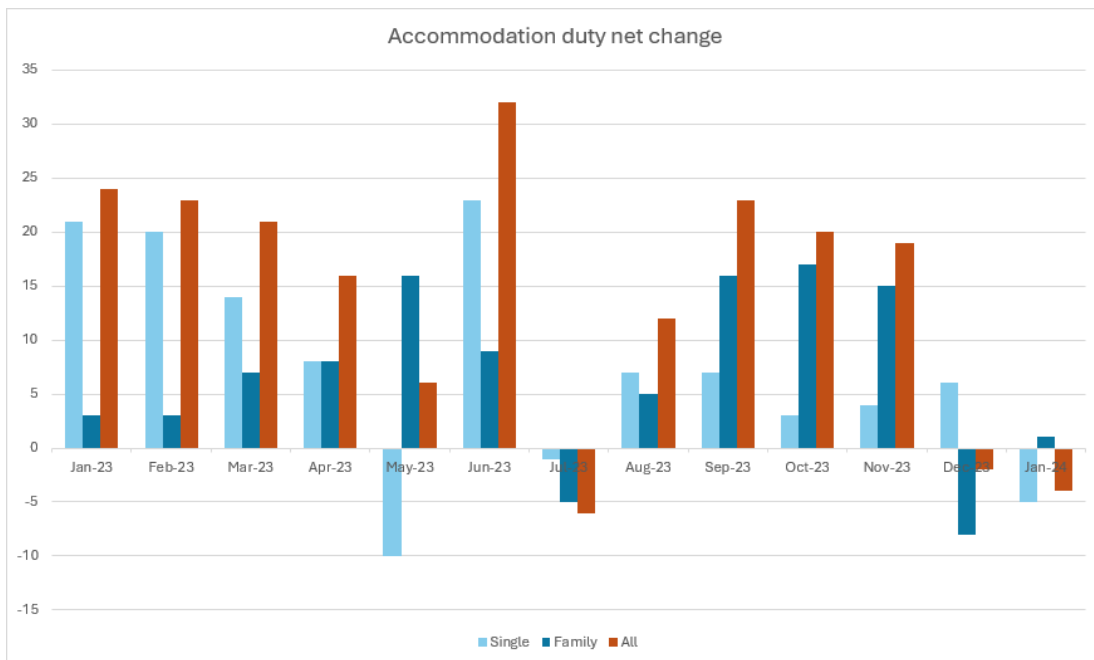


1.1.8. **Placements**

The number of households in TA is monitored by daily reports and the monthly information for 2023 illustrates this has continued to increase.

- More accommodation duties were commenced in every month in 2023, except for June and December when the numbers were almost equal.
- On average TA duty for 70 single households and 38 family households are ended every month (the highest figures on record), but still not keeping up with demand (average 78 single and 45 family TA duty starts per month)

**Figure 3**



**Accommodation Net Change Jan 2023-Jan 2024**

Figure 4

Date	In	Out	Net
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	Single	Family	Single	Family	Single	Family	All
Jan-23	85	43	64	40	+21	+3	+24
Feb-23	88	37	68	34	+20	+3	+23
Mar-23	116	45	102	38	+14	+7	+21
Apr-23	66	36	58	28	+8	+8	+16
May-23	77	49	87	33	-10	+16	+6
Jun-23	94	57	71	48	+23	+9	+32
Jul-23	74	44	75	49	-1	-5	-6
Aug-23	75	41	68	36	+7	+5	+12
Sep-23	80	52	73	36	+7	+16	+23
Oct-23	71	50	68	33	+3	+17	+20
Nov-23	63	49	59	34	+4	+15	+19
Dec-23	54	29	48	37	+6	-8	-2
Jan-24	70	48	75	47	-5	+1	-4

#### 1.1.9. Future Demand 2024-2028

Predicting future demand accurately is difficult because of the exceptional national circumstances in the past 3 years. Therefore, we are using 2 methodologies to inform our projections.

- Method One** SCC are completing a Specialist Housing Needs Assessment including the requirement for TA and Supported Housing for homeless customers. A gap analysis has been undertaken of the current and projected demand for TA and the supply of TA that is available. We are also developing a tool to model the cost benefits of reduced use of B+B and utilising different options to meet needs. To date this has been tested on the option of securing accommodation from registered housing providers but cannot be fully used until we have more accurate information from soft market testing about the cost and viability of securing units at the volume required.

Four possible scenarios have been modelled from worst to best cases of absolute numbers in TA annually to 2028. Likely numbers in B+B for each scenario have been projected if we do not secure alternative provision. In the worst case this could be more than 1000 households which would potentially see Hostel Subsidy Loss at over £15m by 2028.

**Figure 5 Projected Demand 2029 (SCC Modelling)**

Scenarios For TA Occupancy	Total Numbers in TA December 2028	Number in B+B
Same rate of growth as past 18mths	1320	700
Same rate of growth 12 mths	1689	1000
Increases until sept 2024 followed by reduction	530	occasional
Stabilises end Sept 2024 in line with post covid and pre-cost of living	670	50



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- **Method Two** - SCC is working with Local Partnerships which is an organisation jointly owned by the Local Government Association, HM Treasury and the Welsh Government which provides expert advice and practical resources to enable public services to thrive. We are intending to apply the model they have developed to analyse TA requirements and the cost benefits of the different options for fulfilling needs. The model was developed for Manchester Council and is now available for other Councils to use. When this analysis is applied to the Sheffield data we will compare the two approaches for accuracy against actual usage.
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#### 1.1.10. **Supply**

As demand for TA has increased, the Council has increasingly relied on B+Bs and dispersed units of Council general needs housing.

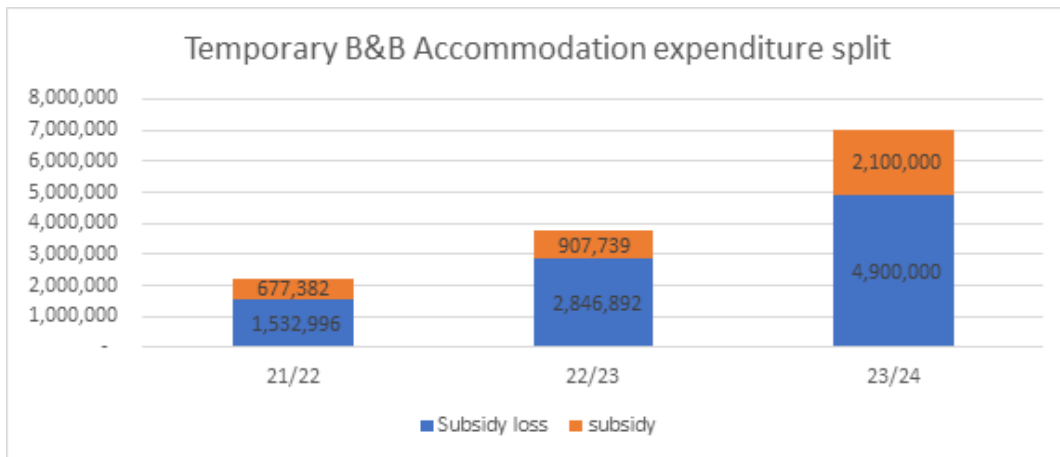
- 21% of placements are on schemes, 44% in dispersed general needs housing, 35% in B+B at any one time.
  - SCC has 108 units available on schemes and utilises up to 460 general needs units for dispersed TA. The dispersed accommodation is spread across the City.
  - It is now usual that households will be placed in a B+B until a TA unit is available. Under Statutory Guidance hotels should only be used in an emergency and for no more than 42 days for families.
  - 30 units of commissioned TA and 36 units of supported housing for complex needs were ended in 2021. This did not incur Hostel Subsidy Loss. The client group are now placed in B+Bs when they present as homeless.
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#### 1.1.11. **Financial Impact of TA on Housing General Fund and Hostel Subsidy Loss**

- When using our own stock for TA, the housing costs are fully recoverable from Housing Benefit Subsidy.
  - When using B+B the amount of benefit that the Council can reclaim from the DWP is restricted to the subsidy cap of £98 per week even though the average cost of a placement is £500 per week.
  - Expenditure increased from £190k in 2018/19 to £4.5m in 2022/23.
  - An unfunded shortfall of £1.2m was reported in the Housing General Fund outturn position attributable to the use of B+B. This was not the full scale of the financial gap, but the amount that could not be covered through historic provisions.
  - In 2023/24 it is projected Hostel Subsidy loss attributable to use of B+B will increase to £4.9m.
  - The Housing General Fund budget for TA has been overspent in the last 3 years and to mitigate this there has been a drive to improve Housing Benefit recovery to over 80%. However, this has contributed to the growth in Hostel Subsidy Loss.
  - There has been no uplift on the funding of the Housing General fund for TA of £961,073 to reflect the increase in demand or the Hostel Subsidy Loss. There is no budgetary allocation to the Revenue and Benefits Service either to offset this
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pressure. This however, has been identified as a significant risk on SCC Risk Register given the financial risk to SCC finances.

**Figure 4**



#### 1.1.12. Benchmarking – Core Cities

Regular meetings to share learning and good practice are held with other Core Cities and our DLUHC Homelessness, Rough Sleeping and Youth Homelessness Specialist Advisers. It is evident there is significant variation and approaches taken to meeting the TA needs of local areas which are affected for example by the historic rates of homelessness, the budget allocations to fund services and the availability of different types of housing. The latest published data was for January-March 2023. It should be noted that all areas have experienced further increases in demand since then. Detailed information is contained at Appendix 1 but key points to note when considering the Hostel Subsidy Loss are:

- Whilst the numbers in TA have grown significantly Sheffield, at 1.99 per 1000 households this is well below the Core Cities average of 4.93. Manchester is the highest (13.02) and Newcastle (1.04) the lowest.
- 495 households were in TA in Sheffield with the highest being Birmingham at 4,327 and the lowest being Newcastle at 130.
- The lowest use of B+B were Newcastle (rarely) and Nottingham (6%), and the highest were Sheffield (35%), Liverpool (30%) and Leeds (32%)
- The only significant use of self-contained nightly paid private accommodation was by Bristol at 39% and is subject to the same Hostel Subsidy Loss as B+B.
- Only Manchester makes extensive use of leased private sector properties (55%) and placements in other local authority areas for 25% of households. They currently have over 980 households placed in another local authority area.
- Sheffield does not use any hostels or schemes commissioned from Registered Providers (RPs). By contrast Newcastle (62%), Liverpool (51%) and Nottingham (44%) do utilise hostels extensively.
- Newcastle recorded the highest level of successful homelessness preventions at 3.34 per 1000 households and the lowest rate of people in any kind of TA. Sheffield was below the Core Cities average of 1.41 at 1.04.

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- Direct cost comparisons and financial pressures are hard to make as this data is not published routinely and there is no standardisation of homelessness services. We also do not have the details of what other monies are being allocated on alternative provision such as commissioning TA or for private sector leasing. The information we do have indicates that most Core Cities are challenged by the Hostel Subsidy Loss or other benefit restrictions. For example, Bristol has a net cost of £11.2m per year and Manchester of £16m for TA. Liverpool have reported a net cost of £19.4m on B+B this year and state this could increase to £26m in 2024/25.
  - The amount and proportion of Homelessness Prevention Grant used to support costs of TA is gathered by DLUHC but is not published data. The amount of grant awarded to each council varies enormously based on a formula ranging from £695,981 to Newcastle and £7,381,564 in Birmingham. Sheffield received £1,465,855.
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1.1.13.

### **Actions In Place to Mitigate Financial Impact of B+B on Hostel Subsidy Loss**

A number of actions are already in place or planned that will mitigate against the increasing financial pressure. These are contained in the table at Appendix 2. Key activity to highlight include:

#### **Reducing Demand**

- A new case work procedure incorporating best practice from areas that achieve higher prevention rates was implemented in the Housing Solutions Service in January 2024.
- A Homelessness Prevention Team has been appointed and this will be increased when the full review of the service is implemented from April 2024.
- A weekly TA performance clinic is chaired by the Head of Service to support the team to address individual issues and move cases forward.
- A revised performance management framework will be implemented in March 2024 that includes new measure that are necessary to understand factors that impact on the requirements for TA including caseloads and throughput as well as the outcomes that are currently measured.
- The Changing Futures Programme has identified systemic issues that are being addressed with partners for example risk management and access to mental health services which can be a barrier to housing.
- Discussion is underway with the Royal Foundation to accelerate the benefits of the Homewards Programme in Sheffield to improve prevention and reduce the number of families experiencing a housing crisis.
- Rough Sleeping is increasing, and the people affected are most likely to spend long periods in B+B and TA. Agencies who worked together on Everyone In with Government Advisers, SYMCA, and Homewards will reconvene in April 2024 to discuss how we can address this.

#### **Minimising Placement Duration**

- All use of TA is now agreed by a Service Manager to ensure the placement is required. Actively managing each case is being improved including minimising delays in moving people from B+Bs to SCC properties.
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- Move on issues are being addressed for people who have been in B+B, TA or commissioned Supported Housing for excessive periods. This is usually because of complex and multiple needs and a history of previous tenancy failure.
  - A Backlog Team has been appointed and are prioritising people in TA. They have the original backlogs from 870 to 329 cases.
  - A bid has been submitted to the Single Homeless Accommodation Programme for 46 new homes for people who have experienced Rough Sleeping. This has resulted in 31 units being agreed that will be delivered by 3 registered housing providers by March 2025.
  - Work is underway to reduce the void times for designated TA units which will help to reduce the time spent in B+B.
  - Performance improvement work is being undertaken with Registered Housing Providers to increase the number of lettings to homeless households.
  - A review of the Allocations Policy is proposed in 2024/25 and this will include ensuring social housing is being effectively used and prioritised for households owed homelessness duties and other groups who must be given reasonable preference as defined by the Housing Act.

### **Increasing Supply of Cost-Effective Alternatives to B+B**

- Whilst we continue to rely on B+B we are ensuring we use the lowest cost option and are negotiating nightly rates.
- A small number of acquisitions have been made as part of the Stock Increase Programme in previous years, the 2024/25 HRA Business Plan includes funding for a further 437 general acquisitions up to 2029. Acquisitions of general needs housing continue to be pursued to increase the supply of affordable social housing and if any opportunities arise to purchase properties that would significantly reduce the hostel subsidy loss specific business cases would be prepared for approval.
- Building 100 new TA units was included in the Stock Increase Programme but has been delayed since 2018. This was initially due to identifying suitable sites, which have now been agreed. The 3 new TA sites are not currently included in the approved 2024/25 Stock Increase Programme in the HRA Business Plan. Further work is required to ensure that these new TA sites are affordable within the HRA Business Plan. It is assumed that these sites will be funded using external grant funding (Homes England) and HRA borrowing. Work to secure the grant funding for these proposals is ongoing and work on the feasibility of these sites is being developed. Once the viable business cases have been completed for the 3 sites, these will be brought forward, as a variation to the 2024/25 HRA Housing Investment Programme, to Finance Committee for approval and endorsement by Housing Policy Committee.
- If the business cases are agreed, this would make a significant impact on Hostel Subsidy Loss from 2026, at the earliest, assuming a minimum of 2 years delivery time. A fast-track procurement process could be developed to go to market with all 3 sites, once the business cases have been agreed.

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## New Temporary Accommodation Strategy

- A needs analysis has been completed that identifies requirements for the next 5 years. This shows even on a best-case scenario of greater prevention and an easing of pressures on households, a minimum of 530 TA placements are likely to be made in 2028 at any one time.
- The in-house assessment is being further checked by working with Local Partnerships consultancy to use the tool they have developed to project demand and analyse the financial impact of alternative accommodation.
- The current approach of relying on expanding the number of in-house schemes to eliminate use of B+B and reduce use of dispersed is not adequate to meet this need. The new Temporary Accommodation Strategy will address funding requirements as any new provision will require investment of revenue and/or capital funding.
- An officer Temporary Accommodation Strategy and Development Board has been established and the draft Strategy will be presented to the Housing Policy Committee for decision in September 2024.

## Use Unallocated Grants to offset the costs of B+B 2023/24

Some Councils now use part of their ring-fenced Homelessness Prevention Grant (HPG) allocation to offset the Hostel Subsidy Loss as costs have increased. This is permitted within the conditions of the grant.

The grant for Sheffield is

- £1,465,855 for 2023/24.
- £1,546,352 for 2024/25.

This is all allocated in the service Spending Plan and due to reductions in budgets is relied on to protect frontline posts in the statutory service. The Housing General Fund currently now stands at £3.977m for the City-Wide Housing Service. In the last 2 years City Wide Housing Services has been required to achieve £569k in savings including £100k from staff. For 2024/25, a pressure of £300k has been included in business planning, to increase the budget in City Wide Housing Services, which includes £150k increase in demand for homeless services and £150k undeliverable saving for 2023/24. This has been partially offset by a saving proposal of £285k in staff savings in City Wide Housing Services by holding vacancies in the service.

However, as well as the main award additional one-off HPG grant has been allocated in-year with inadequate lead time to spend. There are also held in balances legacy grants for rough sleeping and refugee contracts. This totals £1.7m which is included in the financial forecast to be used to offset the Hostel Subsidy Loss as a one-off in 2023/24. The use of funding in this way would not have any impact on the planned service delivery in 2023/24 or 2024/25. This is broken down as follows:

Grant	Amount
Homelessness Prevention Grant – additional in-year allocation 2023/24	582,000
Refugee Contract – historic Administration Oncosts non-ring fenced	500,000
Legacy Rough Sleeper Initiative income – non ring fenced	618,000
TOTAL	1,700,000

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## **2. Recommended Priority Actions to Reduce the Use of B+B**

The actions that are already in place will take some time to implement and have any significant impact. This means there is clearly a need to prioritise key actions that will have the greatest impact on reducing use of B+B and therefore the Hostel Subsidy Loss more rapidly. This will improve the customer experience, minimise the reputational risk to the Council and deal with the financial issue before it reaches the scale that other authorities are facing. These would begin to have an impact over the next 2 years and the plan will include the timelines for each action.

Members are therefore invited to comment on the following 4 priority actions that have been identified to achieve this. The alternatives to TA are the most common ones used by other cities facing similar challenges to Sheffield. If agreed they will be drawn up into a Temporary Accommodation Plan. This will require identification of revenue funding and invest to save business cases will be developed as appropriate. A high-level indicative delivery plan is attached at Appendix 3.

At this stage we are unable to accurately project the potential cost benefits of the different options. This would also need to take in to account other necessary expenditure required for example in project management, commissioning and contract management for external provision. It should be noted that the service is currently delivering a Budget saving for 2024/25 and therefore undertaking the work to implement the priority actions will need additional temporary resources which could be funded from SCC Transformation funding on an invest to save basis if this was prioritised.

All of the options would be more cost effective than continuing to utilise high numbers of hotel/B+B placements. Because of the potential 12-month lead in time for commissioning, savings would begin to be realised in 2025 and increase as more units are mobilised.

We require more accurate information on the actual costs and deliverability and would undertake soft market testing of the recommended commissioned activity. The results would then be analysed using SCC and Local Partnership methodology to assess the likely impact on Hostel Subsidy Loss of the different options. It is most likely that a combination of the different options will be used alongside our in-house provision as it is unlikely that one single option will deliver on all of our requirements.

Following soft market testing, business cases will be developed for the different options and if approved, a commissioning plan will be developed. The businesses cases will clearly set out the potential savings and following implementation progress in achieving these will be monitored and reported quarterly to the Housing Policy Committee.

It will be critical in taking forward the priority actions to understand when the in-house new build of 100 units will be delivered as this will affect the numbers and range of alternative units that we would seek to commission and the impact on the hostel subsidy loss. Therefore, members are also asked to consider if they support the business case being developed to bring forward as a variation to the Housing Investment Programme.

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2.1.1. **Priority Action 1: Targeted Homelessness Prevention Work in Areas with Highest Numbers of Temporary Accommodation Placements.**

The Housing Solutions Service is focussed on crisis management and inevitably prevention work is not prioritised above people who are roofless. The service needs time to reduce the large caseloads and backlogs whilst transitioning to a prevention focussed service by implementing a new structure, performance management framework and streamlined ways of working over the next 2 years. The commitment made in the Homelessness Prevention Strategy to provide community-based prevention services cannot be implemented at this time within existing resources. There is an overall shortage of free housing advice as voluntary services are also experiencing high demand.

Creating additional capacity to deliver community-based housing advice in areas of the City with the highest numbers of placements in TA would enable more people to avoid becoming homeless. Over 50% of all homelessness presentations and TA placements are from 3 Housing Market Areas. An invest to save business case will be produced either for direct provision or commissioning of this service for up to 2 years. A Housing Advice Team of 8 officers and a manager would cost approximately £380,000 annually.

Alongside this there will be more targeting and promotion of practical help e.g. the Homelessness Prevention Fund, Discretionary Housing Payments, and Cost of Living Funds. Options for funding this will be explored and could include applying to the SCC Transformation Funding and utilising the additional Homelessness Prevention Grant funding that has recently been announced for Sheffield as a one-off in 2024/25 of £587,000.

This action could take 6 months to a year dependent on route taken to deliver.

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2.1.2. **Priority Action 2: Expand Access to Private Rented Properties to Prevent Homelessness**

The most comparable big city with the lowest use of TA and more successful homelessness prevention is Leeds. It has a bigger pool of private rented properties to offer as a prevention measure. It is urgent that we increase access to this sector. This would require more resources to be allocated both for staffing, support to tenants and to provide the incentives to landlords. The package we offer is considerably more cost effective than a B+B placement and tenancy sustainment is very high. Supporting 100 tenancies would cost in the region of £190,000 annually including topping up the gap between the Local Housing Allowance and the rent charged by the landlord and additional staffing of the in-house scheme.

This may be a more affordable option with the unfreezing of the Local Housing Allowance from April 2024 and the Private Renters Reform Bill if it is passed into legislation ending no fault evictions. Through our in-house scheme we only work with landlords who are fit and proper and the properties are checked by the Private Sector Housing Team. We could also consider expanding partnership work in supporting private rented tenancies for single people in shared accommodation. Implementation can be immediate if we have the resources to invest but impact depends on number of landlords/properties we are able to secure.

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2.1.3. **Priority Action 3: Commission More Supported Housing From Registered Housing Providers**

It is urgent to secure more cost-effective accommodation alternatives in advance of any new build schemes being available which have a lead time of 2/3 years. Commissioning more supported housing from RPs for vulnerable homeless/at risk households would reduce the number of placements in B+B. This could meet the

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definition of being exempt accommodation if HB was awarded, 100% subsidy could be claimed. It is estimated this would cost in the region of £1.5 m per year for 300 units which is considerably less than using B+B. This is based on the current costs of commissioning supported housing for homeless households and will be refined as a specification is developed and informed by soft market testing.

Options could include commissioning hostels for single people, and not applying the Nationally Described Space Standards to TA. Larger hostels were of concern to residents in our Supported Housing Review and can have a negative community impact. However, in the current financial climate and shortage of housing, smaller hostels with appropriate management and support are a better option than B+Bs.

Consideration could be given to commissioning a small number of Move On units of supported housing for those who are not ready for their own independent tenancy. This would compensate for the reduction of supported housing for this group that has taken place and begin to address the gaps for complex needs identified in the Supported Housing Review. This could be scheme based or on a Housing First basis.

There is a risk that providers would be unwilling to accommodate people who are considered challenging for example due to previous tenancy failure or offending history. This would need to be addressed in specifications and contract management.

Until we undertake soft market testing, we do not know what capacity there is in the local market but any units would reduce the Hostel Subsidy Loss and improve the customer experience. Commissioning would take approximately 12 months.

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#### 2.1.4. **Priority Action 4: Develop a Private Sector Leasing Option for TA**

It is unlikely that commissioning TA will result in 300 units being available in the local market and not all people need support for the period before they move to permanent housing. The new TA Strategy will set these needs out and what type of accommodation is needed for different groups. In the meantime, Sheffield could follow the example of other areas that have put in place a private sector leasing scheme.

Discussions are taking place with other Councils who are already operating schemes and this includes the costs, models and risks at a time when a number of landlords are withdrawing from the sector. Soft market testing will establish the potential and we will encourage innovative models including ones that utilise empty properties. This is more cost effective than using B+B and more rapidly available than new builds or acquisitions. The Private Rented Solutions Scheme leases a small number of properties that is funded by the Rough Sleeper Accommodation Programme. This is not cost neutral but is more cost effective and suitable than the use of B+Bs. This could take up to 12 months to develop and procure.

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### **3. RECOMMENDATIONS**

- 3.1.
- i. Members note the issues raised in the report
  - ii. Members note the mitigating actions that are already in place that will mitigate the financial pressures attributable to Nightly Paid Temporary Accommodation - B+B.
  - iii. Members consider the recommended 5 Priority Actions that will have most impact on reducing the use of B+B and mitigating against the Hostel Subsidy Loss set out at section 2 of the report.
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- iv. Members endorse the development of the business cases for the 3 Temporary Accommodation Sites.
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#### **4. HOW DOES THIS DECISION CONTRIBUTE?**

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The recommendations in this report will help the Council to manage the budget pressures arising from Hostel Subsidy Loss incurred due to government rules in both the short and longer term. The decision will enable the council accelerate progress on achieving agreed actions in the Homelessness Prevention Strategy Action Plan. It will put in place and prioritise actions that will have the greatest impacts on reducing the uses of B+B. It will improve the experience and outcomes for residents who are at risk of or experience homelessness.

#### **5. HAS THERE BEEN ANY CONSULTATION?**

There has been no consultation on this report but the proposals for improving homelessness prevention, ending the use of B+B and providing better quality and more cost-effective alternatives were consulted upon widely when the Homelessness Prevention Strategy was developed.

#### **6. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

##### **6.1 Equality Implications**

A full EIA has been completed and is appended to the report. Providing more suitable TA and improving prevention should have a positive impact on vulnerable people who are owed housing duties and minoritized communities who are overrepresented in TA.

##### **6.2 Financial and Commercial Implications**

The financial implications for the Council of the pressures caused by Hostel Subsidy loss in relation to B+B are unsustainable. These are projected to reach £4.9m by March 2024. These will continue to increase if no mitigating actions are taken unless the government change the rules in relation to this and pay full subsidy for this type of accommodation.

Financial resources that are being deployed to fund B+B could be better deployed to put in place more suitable cost-effective alternatives. Some of the proposed priority actions can be managed within the services' current existing budgets. However, some of the proposed actions will require additional resources and will cause the service to overspend against their current revenue budgets. Business cases for these actions will be developed to identify the investment required and the savings that will be delivered.

Any decisions with regard to the commissioning of new services to provide TA or a community-based prevention service will be compliant with the procurement policies of the Council. Business cases will be produced as appropriate and will be subject to the agreed decision-making process.

The business cases for the 3 new temporary accommodation sites will be developed, once the usual feasibility work for these investments has been completed and the required grant funding secured, to ensure that these schemes are financially viable.

### 6.3 Legal Implications

The Council is required to meet its duties to provide TA as set out in section 188 of the Housing Act 1996 where it has reason to believe an applicant is eligible, homeless and in priority need. The accommodation must be suitable for the applicant and their household. Hotels should only be used in an emergency and for families with children for no longer than 42 days.

The Council is at risk of legal challenge on the suitability of TA and being in breach of statutory guidance on the use of hotels. The Ombudsman has made finding against several Councils on these issues.

The Council is obliged to award and make payments of Housing Benefit in line with the Housing Benefit Regulations (2006).

### 6.4 Climate Implications

There are no direct climate implications arising from this report. It is expected that individual Committees will consider climate implications as they develop their budget proposals in due course.

### 6.5 Other Implications

NONE

## 7. **ALTERNATIVE OPTIONS CONSIDERED**

7.1 Continuing with the current arrangements and not develop alternatives for TA. This has been discounted because unchecked the use of B+B's could reach more than 1000 placements by 2028.

7.2 Allocating 240 more units of dispersed SCC properties for adult households to bring the use near to zero of B+B. This has been discounted because of the negative impact on rehousing and the community impact of instability created by short term lets.

7.3 Allocating a proportion of the Homelessness Prevention Grant or General Fund to off-set the pressure from 2024/25. This has been discounted as to release any funding would mean reducing the number of staff delivering the statutory homelessness service or overspending other budgets. This would lead to more and longer placements in B+B's. The level of grant from 2025/26 is not yet known. Even if the whole of the Housing General Fund and Grant were used for this purpose it would not cover the pressure going forward.

7.4 Reducing the number of properties available to people with waiting time from 1 in 4 properties to 1 in 10. Due to the very low number of properties available this would almost end lettings to people with waiting time only. This has been discounted as changes to the Allocations Policy will be fully considered in the review in 2024/25. This will be a key decision and statutory consultation will be required prior to presenting for approval.

7.5 Seek to commission 700 units of accommodation from registered providers. This has been discounted at this stage as we need to test the market and over reliance on other providers may still result in SCC needing to provide TA for customers RPs will not support. Current intelligence indicates that RPs will not have capacity to fulfil this number of units.

## **8 REASONS FOR RECOMMENDATIONS**

The issues relating to Hostel Subsidy Loss must be addressed because it is unsustainable for this financial pressure to continue to grow.

Prioritising actions that will have the most impact on reducing the use of B+B will make the most difference to the financial position as demand for services continue to increase.

Tackling both demand by increasing successful homelessness prevention and supply by providing more cost-effective TA as quickly as possible must happen in tandem.

There will always be people who do need the safety net of TA and therefore it is critical to have a sufficient supply that is suitable to meet the statutory duties and cost effective.

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