

Overview & Scrutiny Committee

Monday 20 January 2025
10.30 am

Ground Floor Meeting Room G02A - 160 Tooley Street, London
SE1 2QH

Supplemental Agenda No. 3

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Enclosed is the update to the Presentation on Temporary Accommodation (TA) and Homelessness - Finance.

Additional Slides:

- 3. Background
- 4. London and National Context

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Date: 15 January 2025

Homelessness and Temporary Accommodation

Cabinet Member: Helen Dennis

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Agenda Item 5

Overview for Housing General Fund

Key areas within Housing Department, General Fund spend:

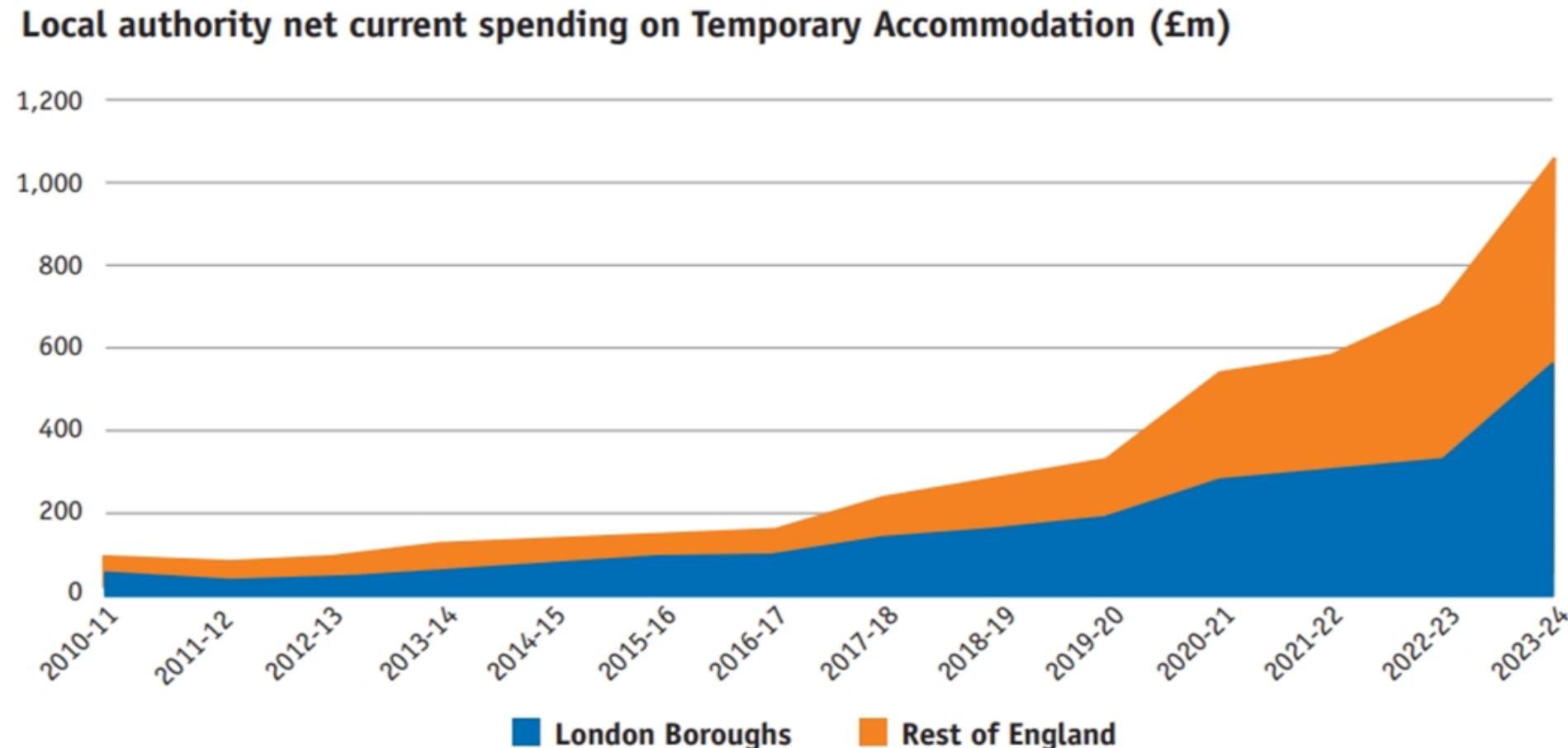
- Asset management – Private Sector Building Safety
- Housing Needs and Support – Hostel accommodation/ housing strategy
- Housing Needs and Support – Travellers sites
- Housing Needs and Support – Temporary accommodation (TA) and Housing Needs (Key Pressure area)
 - support for people who are at risk of being or who become homeless;
 - working to end rough sleeping;
 - securing good quality temporary accommodation

Background

- Situation regarding temporary accommodation is dire and worsening;
- London Councils now collectively spending £4m every day on temporary accommodation, an increase of 68% in one year;
- London boroughs are estimated to overspend collectively on homelessness by £250m this year;
- 183,000 Londoners are homeless – the highest number ever recorded.
- 1 in every 21 children in London in temporary accommodation;
- Driven by increasing numbers of homelessness presentations AND increasing costs due to lack of available supply in the Private Rented Sector.
- Decline of 41% in properties available for rent in London, with rents on average 20% higher than pre-COVID.

Source: [London's homelessness emergency | London Councils – Home](#)

London and National context



Source: London Councils '[Emergency](#)' warning issued as London homelessness hits new records | London Councils – Home

2024/25 Forecast Financial position

- The position for Temporary Accommodation (TA) (including Housing Needs) for 2024/25 at month 8 was an overspend of **£14.5m (gross)** (£13.5m for TA and £1m for Housing Needs), before the use of one-off reserves to bring the net position down to £10m (net).
- The total mitigating activity identified under this portfolio was agreed in the region of £7m and this is deemed **at risk**.
- Additional pressure on service from growing demand (new placements) and supply issues, both availability across London and increasing prices – looks set to increase this budget pressure.

2024/25 Mitigation

	Target (households)	Mitigation (Full year)	Comment (at M8)
Annual Lettings Plan	792	£3.4m	ALP now suspended – 245 households moved to permanent accommodation
Void used as TA	610	£3.3m	277 voids as TA to date; impacted by Ledbury
TOTAL	1,402	£6.7m*	

*Savings based on modelling completed in February 2024

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The mitigating activities are behind target due to:

- Low number of voids and poor performance of void turnaround
- Reduction of housing association properties
- Continued increases in TA private sector
- Loss of council owned TA located within the Ledbury towers
- Annual lettings plan savings will not materialise

Mitigations / future actions

2024/25

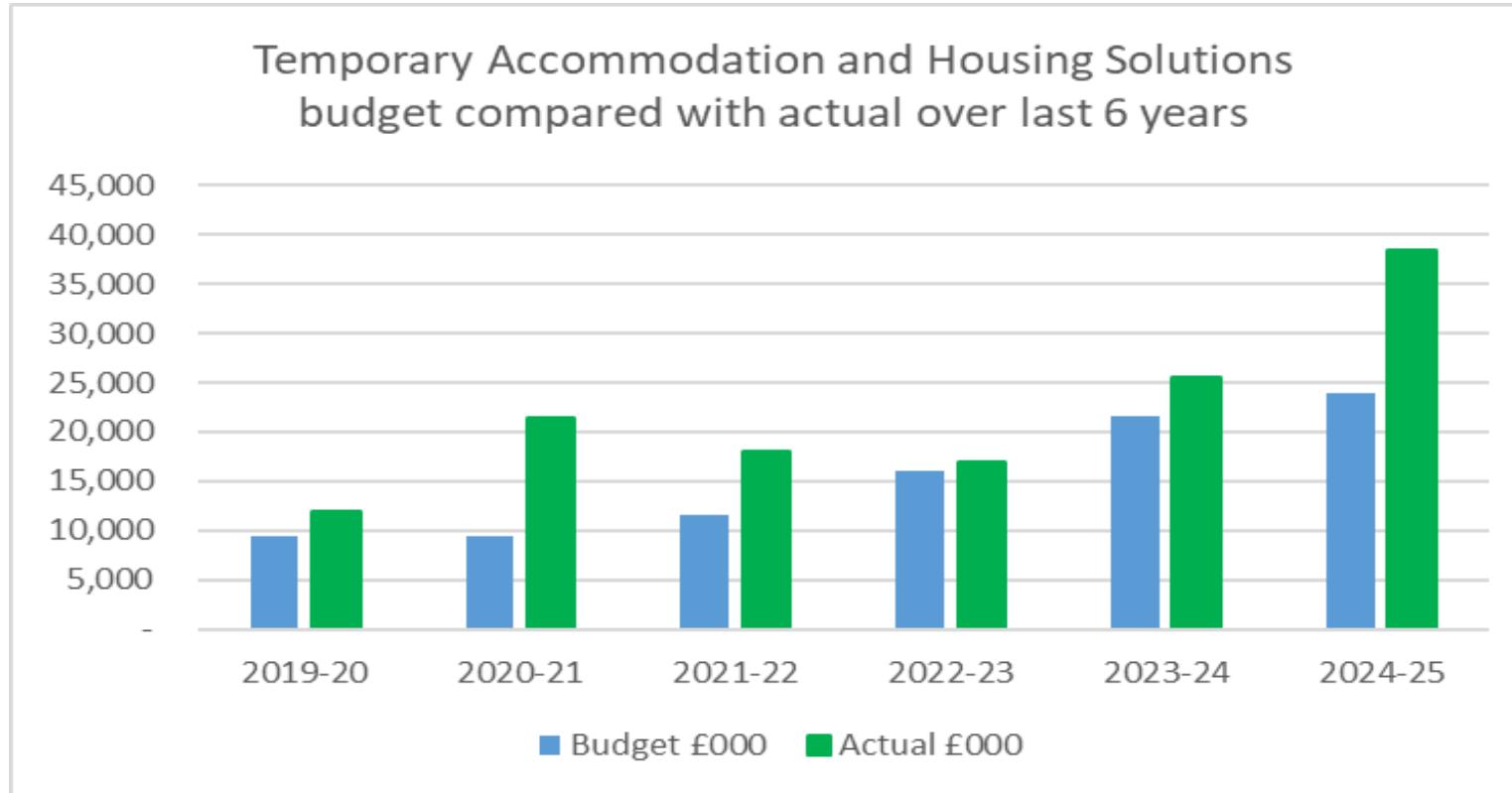
- Increase percentage of voids used as TA
- Continue to increase prevention to reduce new placements in TA
- Continue to increase the move on activities into PRS and supported accommodation
- Enhance modelling of key drivers on temporary accommodation costs
- Consideration of the London Councils TA cost minimisation options
- Develop further strategy to reduce unit costs of nightly paid TA in line with the review of the IBAA pan London agreement to control costs

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2025/26 and beyond

- Increase the number of councils voids to be used as TA
- Implement a new housing allocations scheme which will strengthen move on options and prevent homeless households presenting for TA.
- Increase council owned stock through the Local Authority Housing Fund (LAHF) grant – 40 homes for TA split over two years.
- Making closer links with Housing Benefit to increase income levels
- Realise opportunities for acquisitions of further TA e.g. modular housing, innovative ways to procure properties for TA or discharge
- Increase joint working with other council departments and the third sector to increase prevention activities and move on options.

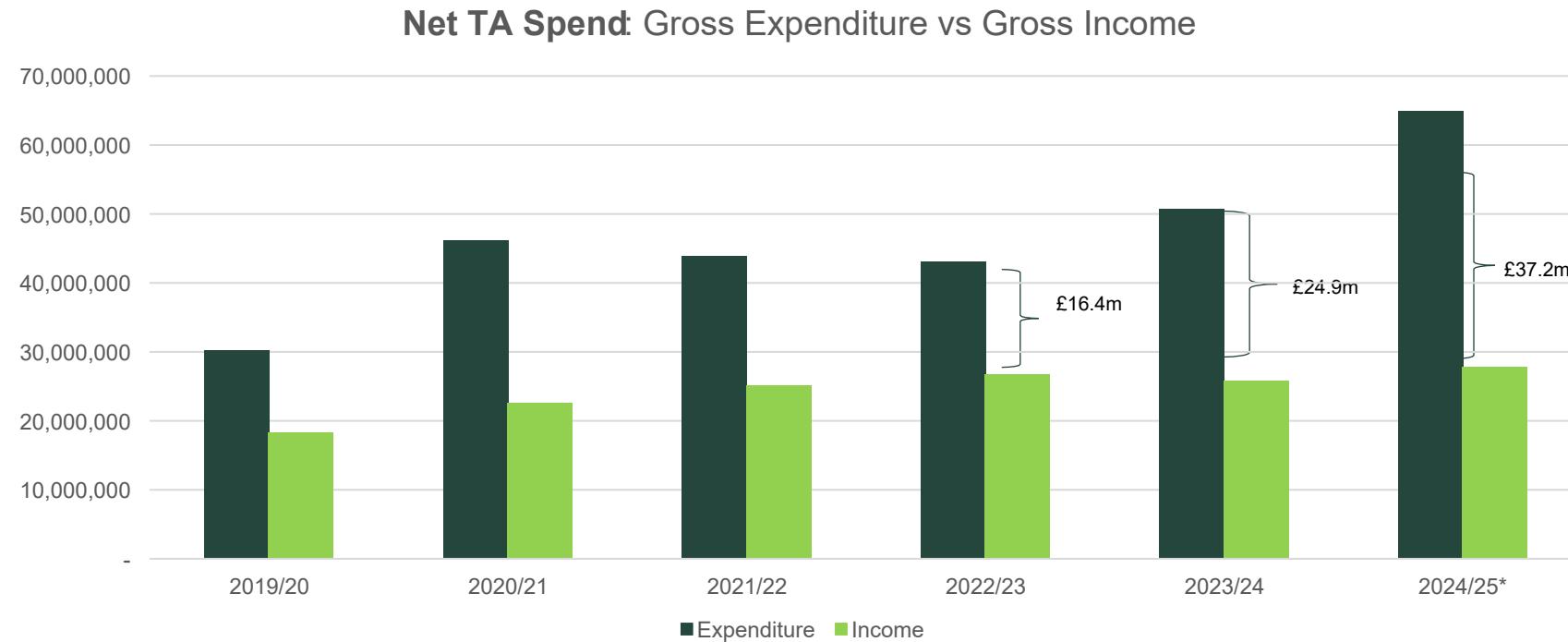
Budget and actual last 6 years



Growing pressures on service in both demand and cost of supply since August 2023.

Supply costs are increasing. We are seeing the full impact of the 2023/24 cost increases as well as the changing accommodation availability (leased to expensive nightly).

TA pressure in 2025/26



	Net TA Spend	HPG Contribution	Full Year Forecast	Budget	Projected Variance
2024/25*	£37.2m	(£4.4m)	£32.8m	£19.3m	£13.5m
2025/26**	£41.1m	(£4.4m)	£36.7m	£19.3m	£17.4m

** Estimate based on November 2024 TA households and costs