

# Crawley Borough Council

## Report to Overview and Scrutiny Commission 11 March 2024

### Homelessness Update

Report of the Chief Executive – CEX/067

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#### 1. Purpose

- 1.1. This report has been produced at the request of the Commission for an update on Homelessness. This request was made as part of the Commission's deliberations of the recent budget report.

#### 2. Recommendations

- 2.1. To the Overview and Scrutiny Commission:

That the Commission considers and notes the Homelessness Update

#### 3. Reasons for the Recommendations

- 3.1 To comply with the request by the Commission for an update.

#### 4. Background

- 4.1 At its budget meeting on 21 February 2024, the Council unanimously agreed to declare a [Housing Emergency](#). This was the culmination of ongoing and increasing concern, firstly about the impact of homelessness and secondly about the costs of temporary and emergency accommodation that are putting Council finances at risk. The Commission itself considered the underlying drivers in [SHAP/87 Homelessness in Crawley](#) at its meeting in June 2023.
- 4.2 The underlying drivers as set out in SHAP/87 remain. This is a complex and nuanced blend of personal circumstances, the impact of national policy decisions, the pressures brought on by broader economic issues and the local housing market. It is clear however that the position is worsening. A recent Shelter study showed homelessness levels in Crawley to be the third highest in the south-east (after Hastings and Brighton & Hove) at 1 in every 111 people.
- 4.3 Structurally, the situation is driven by the following factors:
  - The unaffordability of home ownership for an increasing number of people. Housing affordability in Crawley is worse than the national picture. In 1997 a full-

time employee would need to spend 3.6 times their annual salary to buy a home. That ratio now stands at 9.3.

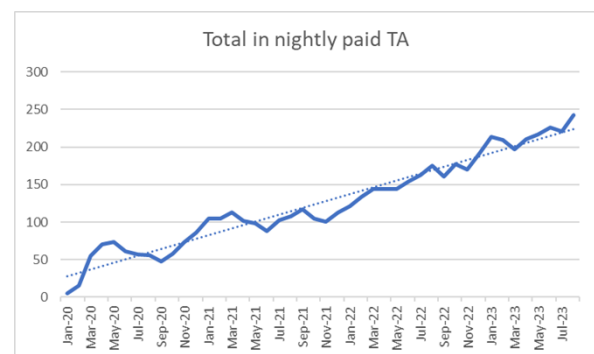
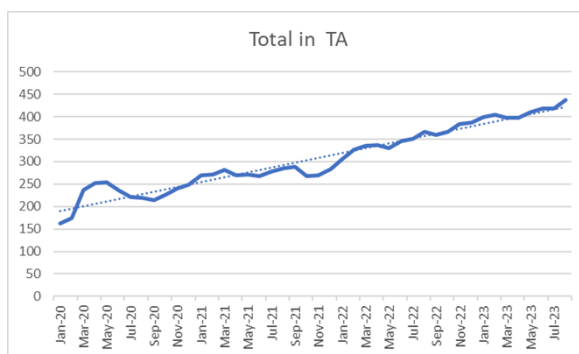
- A shrinking private rented sector with soaring rents (8% increase in the last year) that also makes this option for housing increasingly unaffordable. The median monthly private rental price for all properties in Crawley is £1,175, well above the national average price of £850.
- Shortage of council and other social housing to meet demand, that is exacerbated by the imposition of Water Neutrality planning restrictions slowing down new development. This is despite having one of the best records nationally in developing 936 Council-owned units and a further a further 677 units through Housing Associations over a 10-year period.

4.4 On an individual case level the two of the most prolific causes of homelessness, both locally and nationally are households who are no longer willing or able to accommodate friends or family members, and loss of private rented sector accommodation. The pressures on household finances (as a result of cost-of-living pressures) and on the private rented sector (as a result of policy decisions to change taxation and the security of tenure) only fuels instability, driving more people to approach local housing authorities for help.

4.5 The impact is captured through the following position at the beginning of February:

- 485 households, or 1224 people, living in temporary accommodation
- Of these 212 were housed in nightly paid emergency accommodation
- 78 households were placed out of borough
- In total 1,089 households were being assisted
- Housing waiting list stands at 2,425 applicants (just over 1,300 in 2018/19)
- Of these, 933 are in priority bands A+ and A
- The 243 housing units made available over the past 8 months received 2796 applications (11 applicants per property and 260 bids for every property)

4.6 The Covid-19 pandemic had a swift, significant, and lasting impact on homelessness and the services that support those affected. 2020 saw a 40% increase in approaches to the Council's Housing Options service and a similar increase in the use of temporary accommodation.



- 4.7 Demand for social housing shows no sign of slowing. Escalating and ongoing cost of living pressures have meant that the demand on homelessness services has not and is not likely to return to pre-pandemic levels. In addition, the town is also a geographical focus for Home Office housing needs. Crawley has hosted the single largest Afghan bridging hotel on the country, at one point accommodating 800 households. It also hosts four asylum contingency hotels, currently accommodating between 500 and 700 households at any one time (reducing to three hotels in March, but two of the remaining hotels will be used more intensively). Further, the Council is now starting to receive approaches from Mauritius following the Chagossian British Overseas Territories Citizenship scheme. This represents further and multiple points of housing pressure to come.
- 4.8 This coincides with a sharp contraction in new properties coming forward. The impact of water neutrality is now being felt, slowing the development of new units. The retrofitting work undertaken within Crawley Homes stock, and the development of a Water Neutrality Strategy (both commended at the recent Local Plan Examination), will unblock this to a degree, but the benefit will only arrive in future years and not at the same rate as we have witnessed previously.
- 4.9 With growing demand and constricted supply, the inevitable result is an increase in costs. The net cost of Temporary Accommodation for the Council has increased from £262k in 2018/19 to a projected £5.8m in 2023/24 (equivalent to 38% of the Council's net revenue budget). This is driven by the increase of numbers within temporary accommodation; the increasing marginal cost of accommodation (an 11% rise in the last 9 months alone) given scarcity and competition; and households remaining within temporary accommodation longer because of the lack of available of units either within the social rented or private rented sectors.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 Projection	2024/25 Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
TA Spend	456	333	1,295	2,208	4,656	7,700	7,000
TA Income	(194)	(139)	(511)	(773)	(1,344)	(1,925)	(1,750)
Net cost of TA	262	194	784	1,435	3,312	5,775	5,250
Income recovery*	43%	42%	39%	35%	29%	25%	25%

- 4.10 Looking forward, the budget for 2024/24 shows a predicted new cost of £5.25m. This is very much dependent on the success and delivery of mitigations being developed and delivered. If cost growth was to continue along the current trajectory, spend would be significantly higher and approaching 50% of the Council's net revenue budget within the next 18 months. This is unsustainable.

## 5. Responses

- 5.1 Whilst the Council is responsible for the related statutory duties and how these are managed, the key levers needed to tackle the underlying drivers sit at the national level. The approach taken has therefore been at two levels. The first has been to work with others to raise awareness of the challenges and seek changes at the national level. The second has been to redouble the Council's own efforts and consider every opportunity available.
- 5.2 The costs of temporary accommodation are hitting many local authorities up and down the country. Within the local government family, it is emerging quickly as an issue to stand alongside issues such as adult social care, children's social care and special education needs (in particular the costs of school transport). Not all local authorities are affected to the same degree, however.
- 5.3 Crawley is an outlier in three respects. Firstly, the scale of costs as a proportion of the Council's net revenue budget. Secondly, the rate of growth seen within Crawley. Thirdly, the scale of compounding issues such as water neutrality among others. There are however several authorities across Sussex and Kent who are also outliers in terms of the scale of impact, and Crawley convenes meetings sharing information across these authorities.
- 5.4 One such authority, Eastbourne, has led two District Councils Network events highlighting these issues. At the first of these, the following asks, developed by the Sussex and Kent councils referred to above and supported by 119 councils, were made of Government ahead of the Autumn Statement:
- Raise Local Housing Allowance rates to a level that will cover at least 30% of local market rent and commit to annual uprating.
  - Provide £100m additional funding for Discretionary Housing Payments in 2023-24 and an additional £200m in 2024-25.
  - Provide a £150m top-up to the Homelessness Prevention Grant for 2024-25.
  - Review the cap for housing benefit subsidy rate for local authority homelessness placements.
  - Develop policy to stimulate retention and supply in the privately rented sector.
  - Give councils the long-term funding, flexibility and certainty needed to increase the supply of social housing.
- 5.5 The Autumn Statement announced that the first ask, Local Housing Allowance, would be unfrozen. This should help some private renters to continue to afford to remain in their rented properties, preventing them from presenting as homelessness. The other asks were not addressed in the Autumn Statement. The second District Councils Network therefore focused on the Housing Benefit Subsidy ask. This relates to the Government's contribution to the costs incurred by councils in meeting their statutory duties. The level at which Housing Benefit Subsidy is set tied to 2011 rental costs and has remained frozen for the past 13 years.
- 5.6 Officers calculate that unfreezing this would have contributed £800k to £1m to this year's costs. This does not solve the issues but would help to buy more time for those councils whose finances are challenged by the costs of temporary

accommodation. At the time of writing the District Councils Network were due to make a further call to Government on this ask, ahead of the forthcoming budget.

- 5.7 At the recent meeting of Full Council, members unanimously agreed to declare a Housing Emergency. It was also resolved to request the Leader of the Council and the Cabinet Member for Housing to write to the Secretary of State for Levelling Up, Housing and Communities calling for additional resources to help local housing authorities and councils worst affected such as Crawley, including unfreezing the Local Housing Allowance for councils currently set at 2011 levels. At the time of writing that letter is being drafted with a view to being sent shortly. Being an open letter members will receive a copy separately.
- 5.8 In addition, officers have also sought to put other mitigations in place to ameliorate the situation. Proposals to build, acquire or procure additional properties at lower cost continue, and these have been set out in other reports. Work to prevent future homelessness continues, supported by recent announcement of Government funding. The team is already working with over 750 households in this space. Reviews of existing cases is underway both to identify improvements in processes and to identify where are options may now be available. This activity will continue including inviting expertise from outside to contribute.

## **6. Next Steps**

- 6.1. The efforts as set out above are likely to continue for some time. In addition, the focus will soon turn to developing proposals towards addressing the structural drivers at the heart of this issue. Working with similarly affected councils and linking with others through the likes of the District Councils Network and others, the Council is well placed to contribute its views.

## **7. Background Papers**

[SHAP/87 Homelessness in Crawley](#)

[Notice of Motion – Declaring a Housing Emergency](#)

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