

Co-ordinating O&S Committee Scrutiny Inquiry into Exempt Accommodation

**24th September 2021, 1000-1300hrs
BMI Main Hall, Margaret St**

Purpose: The aim of the inquiry is to focus on the experience of exempt accommodation in Birmingham and what improvements need to be made from the point of view of residents and communities living in neighbourhoods with exempt accommodation.

Key questions:

- *Growth*: why this is happening in Birmingham and how can it be reversed?
- *Local Communities*: how can residents living in neighbourhoods with exempt accommodation be better supported?
- *Long term strategy*: what should the emerging Supported Housing Strategy include?

Meeting type: Public meeting (in-person) live-streamed via the internet (https://www.youtube.com/channel/UCT2kT7ZRPFCXq6_5dnVnYlw)

Time*	Subject	PRESENTERS
1000-1005 (5 mins)	Welcome & introduction by Chair	Councillor Carl Rice
1005-1015 (10 mins)	Introduction to the Session	Cllr Shabrana Hussain, Cabinet Member Housing & Homes Julie Griffin, Managing Director, City Housing
1015-1030 (15 mins)	Background and Context – Reasons for growth, current picture and landscape, and future potential future demand (5-6 slides)	Kalvinder Kohli, Service Lead
1030-1045 (15 mins)	Response to the Issues – key outputs/ outcomes of the pilot including Inspections, HB reviews, Social Work, Community Safety, Quality Standards, Citizen's Charter (4/5 slides)	Guy Chaundy, Housing Partnership Mgr and Pilot Leads
1045-1105	Q&A on presentations 1 & 2	
1105-1120	BREAK	
1120-1150 (30 mins)	Deeper dive into Housing Benefit (4/5 slides) Plus Q&A	Cllr Brigid Jones, Deputy Leader David Kinnair, Head of Benefits
1150-1210 (20 mins)	Deeper dive into Planning (4-5 slides) Plus Q&A	James Fox, Senior Enforcement Officer
1210-1230 (20 mins)	Bigger Picture - regional and national issues - Partner perspective (2-3 slides)	Jean Templeton/Dominic Bradley
1230-1240 (10 mins)	Recap and next steps	Guy Chaundy/Julie Griffin
1240-1300 (20 mins)	Member discussion and asks/ what next from Scrutiny	Councillor Rice

* including Q&A



Exempt Accommodation

Call for Evidence Response

1 Introduction

- 1.1 The Co-ordinating O&S Committee commenced its inquiry into exempt accommodation in December 2020 with a presentation from the former Cabinet Member for Homes and Neighbourhoods and officers. Following that, the terms of reference were finalised and a call for evidence issued on 26th January 2021. That call for evidence elicited over 80 responses, from both individuals and community groups.
- 1.2 Following that, Cllr Rice and other members of the committee, met (on-line) with representatives of community groups across the city (Edgbaston, Perry Barr, Handsworth, Stockland Green and Selly Oak) who have been particularly active in this area. Meetings were also held with two providers in the city.
- 1.3 This report summarises both the written and verbal evidence received. As was predicted at the start of this inquiry, it has not always been possible to distinguish between comments on exempt accommodation and House in Multiple Occupation (HMOs) more widely. Submissions clearly relating only to HMOs have not been included but a number referred to both; indeed one told us “for the purpose of this statement, Exempt Accommodation and HMOs are in effect synonymous, creating similar issues for residents and other agencies such as the police, social and ambulance services.”
- 1.4 The session today (24th September) has been called to explore the issues raised in this paper with relevant Cabinet Members and officers.

2 Summary of Responses

- 2.1 Many of the responses received came from active citizens, who were engaging in community or residents’ associations, organising litter picks or neighbourhood/street watch, responding to planning consultations and engaging with police and local councillors. Others came from residents, prompted by concerns about their local areas. All were feeling helpless in the face of the blight caused by the concentration of badly managed properties.
- 2.2 The starting point for many was the growth and concentration of exempt accommodation properties in Birmingham. Evidence was provided from multiple sources that Birmingham has a disproportionately high number of these properties, and that these tend to be concentrated in certain areas of the city. This is explored in more depth below (section 3).
- 2.3 The impact of this growth and concentration was felt in those local communities as what was described by one respondent as “blight” – including anti-social behaviour, crime and nuisances such as accumulating rubbish (section 4).



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- 2.4 However, it should be emphasised that most respondents did not reject the need for exempt accommodation, and indeed expressed concern about the welfare of residents of exempt accommodation as well as concerns about the local area (section 5).
- 2.5 Many of the responses offered explanations for the poor quality of some the exempt accommodation in the city including lack of regulation and checks and the poor competency of landlords, many of whom live elsewhere (section 6).
- 2.6 Finally, many of the submissions to the inquiry proposed solutions, many of which focused on improving the Council's response and strengthening the use of existing powers, whilst also acknowledging the defects of the national framework (section 7).
- 2.7 The weight of evidence in a very complicated area has led to a fresh set of questions for council officers, which are summarised in section 8.

3 The Growth of Exempt Accommodation in Birmingham

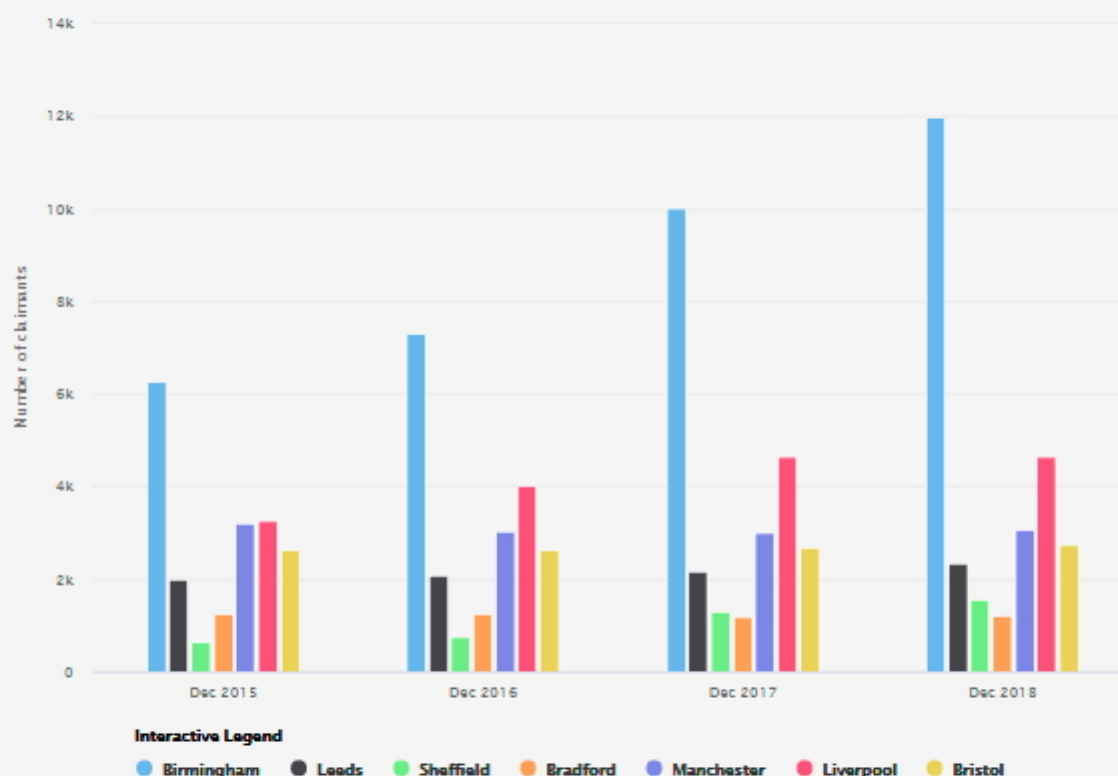
- 3.1 There was common agreement that there has been huge, rapid and uncontrolled growth in exempt accommodation in Birmingham. One respondent reported:

Towards the end of last year (October 2020), Birmingham had approved 20,000 claims for Exempt Accommodation. This is an astonishing figure, and it is much higher than in other comparable towns and cities. For example, Sandwell, immediately adjoining the city, only has around 500 current claims - this is equivalent to about 1,750 claims in Birmingham (on a pro-rata basis). And the sector is growing exponentially. Three years ago, Birmingham had less than 10,000 claims, (which was already excessive) but, while claims in other towns and cities have grown slowly or not at all in this period, in Birmingham the number of claims has doubled, and they are reportedly now running at an extraordinary 1,000 per month. [HMO Action Group]

- 3.2 The results of a freedom of information request by the Perry Barr Constituency Housing Action Group shows the numbers of housing benefit claimants for exempt accommodation for some comparative English cities. Birmingham's claims doubled between 2015 and 2018; only Sheffield showed a similar increase, albeit from a lower base. In [June 2021](#), the Observer further reported that "Birmingham has seen the number of bed spaces in these hostels and shared houses double from 11,000 in early 2018 to 22,000 in March this year."



HB claimants in specified accommodation (2015 to 2018 – 7 English cities)



Source: DWP FOI 2019/03087 1 February 2019

- 3.3 Evidence also shows that the market locally is dominated by six providers who account for 70% of the sector in the city.
- 3.4 Further evidence supplied by the Perry Barr group showed how the properties were concentrated in some 20 Wards; and that within those wards there are concentrations in certain areas and roads. Below is one example. Density figures depend in part on the length of the road with density up to 10% in some Wards.



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Ward	# exempt accommodation addresses?	Percentage of the total
1 Stockland Green	249	6.0%
2 Aston	216	5.2%
3 Soho & Jewellery Quarter	207	4.9%
4 North Edgbaston	194	4.6%
5 Sparkbrook & Balsall Heath East	175	4.2%
6 Sparkhill	168	4.0%
7 Handsworth *	159	3.8%
8 Holyhead *	136	3.3%
9 Gravelly Hill *	133	3.2%
10 Other 60 wards in Birmingham	2547	60.9%

* Relatively smaller wards represented by a sole Councillor: Exempt Accommodation will make up a proportionally greater percentage of the housing stock.

Road name	No Properties	% of Sparkbrook & Balsall Heath East total
Stratford Road	11	6%
Warwick Road	9	5%
Walford Road	8	5%
Anderton Road	6	3%
Golden Hillock Road	6	3%
Runcorn Road	6	3%
Gladstone Road	5	3%
Hickman Road	4	2%
Ladypool Road	4	2%
Long Street	4	2%
Top 10 roads	63	36%
The other 68 roads	112	64%

3.5 This was echoed by the evidence of many contributors:

From my research there are 4 main registered providers and one community interest company that are placing clients in nearby properties ... It is worth noting that two of the registered providers have had official recent judgements made against them by their Regulator for major mismanagement issues. The Largest Landlord in our immediate locality ... [has] 11 properties in the immediate area, including two large hotels and the rest are made up of large Victorian villa type properties. We estimate they can and do accommodate up to two hundred people at any time. All these properties are within 100 metres of each other. [Edgbaston]

It is the unbalanced and chaotic nature of this growth that means young families are priced out, and exempt accommodation residents struggle to sustain their independence without appropriate levels of support. [Housing Need in Stockland Green report]

This is an area of older housing - many Victorian terraces interspersed with roads of mature semi-detached and detached properties - family housing, both rented and privately owned. There also have always been flats, hostels, care homes and boarding houses. Over the years there has been a gradual shift towards property conversions into rental units, many claiming to provide care and support for their tenants. This process is now accelerating rapidly. There do not appear to be any limitations on the social or environmental impact of these changes. Family dwellings designed for one family are being lived in by twice, three times that number of people. The properties are extended, frequently poorly and take up whatever scrap of green space there may be. Any concept of 'planning' appears mythical.... All neighbourhoods need a diversity, and balance, of residential provision to cater for all of us, families, single people, vulnerable, young, old, etc. It should not fall onto certain areas of the city, or the country, to house more than their share. [Handsworth]

We estimate that there are between 20 and 25 HMOs on our road, with a mixture between exempt, licensed and potentially illegal. [Edgbaston]

In Birmingham, nearly 19,000 exempt accommodation units exist in the sector. This is a nearly two-fold increase in the last 18 months. The vast majority of these units are provided by Housing Association accommodation, with private landlords building up portfolios of leased and owned



accommodation and then applying for registered provider status, exempting them from licensing regulations. The rapid growth of this type of accommodation has led to a situation where there are now large and concentrated numbers of vulnerable individuals living in shared properties, many of whom have competing levels of support. The individuals living in such units also have no recourse to challenge the level of support they receive from their providers. [Shabrana Mahmood, MP]

- 3.6 The Council has recognised that there is an 'oversupply' of Exempt Accommodation in the city and that 'it is...our priority to curtail any further expansion.' (Report to Cabinet 13th October 2020, Bid to Ministry of housing Communities and Local Government (MHCLG) regarding Supported Housing Pilots 2020/2021).

4 Impact on Local Communities

- 4.1 Residents told us how the quality and density of exempt accommodation can have real impact in local areas. There were two key areas of concern, firstly: poor maintenance of properties and gardens, leading to nuisances such as rubbish, fly-tipping and pest control:

The garden remains filled with rubbish, brambles, collapsed buildings and abandoned cars and is a haven for rats. [Aston]

Whenever people with complex and diverse needs are housed in unsuitable properties with minimal supervision or support, there is the potential for various forms of local nuisance. This runs from front gardens and streets strewn with rubbish to serious and repeated incidents of anti-social and violent criminal incidents. [HMO Action Group]

I must stress that throughout the Covid period the ordinary bin-men have done a heroic job, risking infection to empty the bins week in week out. The rubbish I am talking about is the dumping of furniture and the use and dumping of black bags [Handsworth]

The bins are usually left on the pavement for several days after collection. The bins are often overflowing leading to a health hazard. In my view the landlords are taking advantage of the council's residential bin collection service whereas they should be paying for a commercial collection. This is because the accommodation is institutional accommodation. [Handsworth]

Some tenants play loud music constantly throughout the day and night having no consideration for other residents. This has caused friction and animosity between the tenants as they do not like to be told to turn the music down, which causes further friction between neighbours. It is upsetting as management of these types of properties do not help the tenants or residents to help overcome these problems. [Handsworth]

A significant amount of used tissues/baby wipes thrown out of windows littering the pavements. The rats, cats and birds then scatter the rubbish throughout. [Edgbaston]

No x had a serious problem with rubbish in the rear garden which caught light when neighbours held a party. The fire brigade had to be called. The council has taken action and successfully made



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enforcements to clear rubbish and deal with overgrown trees and hedges covering the adjacent public sidewalk. [Handsworth]

- 4.2 Secondly, community safety issues also featured repeatedly, encompassing fighting, begging, anti-social behaviour during the day and night, prostitution, drug use, drug dealing, alcohol abuse, harassment, intimidation, theft, damage to property including fire, swearing, abuse including racist abuse, and threatening behaviour.

... this market attracts a transient population, with support needs that are often not met in a sector with variable management modules, and an equally inconsistent approach to providing care. The result is exceptionally high levels of crime and anti-social behaviour, and a deteriorating street scene [Housing Need in Stockland Green report]

In summary recently we have witnessed numerous drug dealing incidents, prostitution activity, domestic violence, vehicle thefts, attempted burglaries and general low level anti- social behaviour [Edgbaston]

We have anti-social behaviour from people living in this type of accommodation, noise levels are raised. We have parking issues, we are verbally abused by residents to the point we fear for our safety when we go out on our own road. Rubbish issues and bins overflow. There are the emergency services in attendance most of the time. The house are in disrepair.

- 4.3 It is not always clear that the perpetrators are linked to exempt accommodation, but what residents do note is the increase in problems correlates to the concentration of these types of property in an area.

- 4.4 Some of our contributors have done their own research into the impact on emergency services, noting an increase in the emergency services (police and ambulances) being regularly called to the properties concerned:

As a result of a freedom of information request to West Midlands Ambulance Service, I have discovered that just to the [Hotels], the ambulance service has been called out over two hundred times in the last three years. Each call out costs £277.00 and an A&E admission £850.00. [Edgbaston]

WMP selected a random group of 20 HMO properties in the vicinity of Slade Road, and analysed call-outs and crimes over a one month period. These were HMOs of any type and any landlord, so included RP managed exempt provision and private regulated HMOS and exempt provision. The results demonstrate the extraordinary impact of a concentration of HMO properties on crime. WMP report that a total of 215 calls for service were received from just 20 HMO properties, equating to around 18 calls a month. They were most frequently ASB (36), missing persons (12) and self-harm or other mental health crisis (18). In these twenty properties, recorded crimes were around 3 per month, mostly assault (20) and burglary (14). In the same timeframe there were 29 arrest attempts, 4 repeat offenders and 2 standard licence recalls. [Housing Need in Stockland Green report].



4.5 Other contributors told us:

There has been a large increase in burglaries in the area and we know this because as part of our Letting Agency we manage hundreds of Student Properties (as we are a point of contact for our student tenants they notify our office so we can attend to make the property secure in conjunction with the Police. This is at any time of day or night) The Students are young and vulnerable, are away from home so naturally they are frightened and distressed when they have been broken into and seek reassurance from us. We have had quite a few burglaries taken place in our properties while tenants have been inside their properties asleep in their beds. [Selly Oak]

The police raided the property 2 years ago as there was cannabis being grown there. I had complained repeatedly to [the agency] regarding the strong smell of cannabis and a loud humming noise of water hammering during the day and night, in retrospect likely to have been caused by the tenants messing around with the supply and boiler. After the tenants were removed, [the agency] were quite amused when they informed me the 'water hammering' will probably stop now. [Edgbaston]

4.6 Residents report that all this has an impact not just on ability to live in an area but ability to move out of it, and is perhaps irreversibly affecting the character of some areas:

Our neighbours were lucky, they were able to move. We are much less fortunate because we live directly next door to both of these supported houses, and the state of the properties and tenants mean that we'd struggle to sell to anyone other than a landlord, which is something we would never do... HMOs mean families and young couples can't move into the area- this will have long term effects on services such as nurseries, schools, churches etc. [Selly Park]

Many lovely neighbours have had enough of the continual anxiety and have moved away, if the trend continues and the number of properties converted to exempt accommodation continues to increase, I feel we will sadly have to consider our position too ... Properties that were designed to accommodate family living are being irreversibly destroyed and are no longer fit for purpose- terraced houses were never designed to be carved into shoeboxes or have heavy fire-proof doors along the shared walled [Aston]

My street and the neighbouring roads have seen a significant change over these years. Nearly all properties were previously owner occupied and there was a real sense of safety and community. There are now a high number of homes being converted into exempt housing and HMO's [Handsworth]

4.7 In Selly Oak there is a particular issue in relation to student accommodation:

The potential to destroy the University housing market is also now a real possibility. With less student demand landlords are under pressure to find new income sources to service their loans. By housing those with high social needs next to student housing it makes it harder to let to students. This then leads to a cycle of student flight and replacement with more Exempt housing. If this happens its impact on the social and physical economy of the local area and the University



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of Birmingham will be hugely significant. With more consequent cost and demand on public services. [Community Partnership for Selly Oak]

4.8 Many told us that they were afraid to complain:

Fear of complaining is understandable because enforcement and supervision are so poor. There are specific examples in our area of single women living in their own property but fearful of complaining about noise or drugs, condoms, drink bottles strewn in their gardens and entries because past experience has taught them, a complaint brings more trouble. [Handsworth]

4.9 However, none of the above conveys the depths of distress and hopelessness felt by some residents at having to live with this day after day. The Committee received numerous and detailed stories of people in distress and fear, unable to prevent what was happening to their neighbours and neighbourhoods, and witnessing vulnerable people not getting the support they need.

I have lived here for over 30 years and have always been happy but my wellbeing has been adversely affected the past 4 years and I am at a loss as to how we can bring the community back to even a glimmer of what it used to be. [Edgbaston]

5 Concerns about Welfare of Exempt Accommodation Tenants

5.1 Whilst there were a minority of contributors who wanted no exempt accommodation or HMOs in their area, many were keen to emphasise that they were not against well-run exempt accommodation. They recognised the vulnerability of tenants, who often have complex needs, such as mental health issues or drug abuse. However, bad providers of exempt accommodation leave them unsupported and vulnerable to antisocial behaviour, criminal activity or exploitation.

We strongly agree that access to high quality accommodation with excellent pastoral support is an essential prerequisite to helping vulnerable people get on their feet. We would have welcomed the property being leased to a reputable organisation which invested profit in improving the quality and safety of the accommodation, whilst working with the community to respect the wellbeing of all stakeholders. Unfortunately, this is not what has happened; instead only a lucrative opportunity for unscrupulous individuals and organisations exists, sustained by the council.

The local residents are not opposed to supported housing when they are run in the interest of the tenants, as, with the exception of the poor upkeep of the garden (which has attracted rats), one of these properties seems to offer a decent standard of accommodation and is relatively well run, this has resulted in it letting to long-term, well supported renters who mostly work and have integrated well into the community. Unfortunately, this reflects the minority. [Selly Park]

They too are victims of a system designed to hide them away rather than adequately house them and provide them with necessary support [Handsworth]

It is apparent that there is very little to no support being provided. I have personally reported one of the Landlords for taking financial advantage of a particularly vulnerable resident, who was feeling suicidal. Having become more acquainted with some of these residents during lockdown, a number



of them are extremely frustrated at the lack of support and the lack of any bonafide safety inspection. [Selly Oak]

There is also little to no regulation of the support provided; which is often inadequate. The combination of occupants can range from 18 year olds leaving care, those with learning difficulties, mental health difficulties, drug and alcohol addiction, and those on probation: often all mixed in together. The result is a dysfunctional, poorly supported household, which is damaging to its own members as well as to immediate neighbours and the neighbourhood. [Selly Oak]

Exempted properties can offer great rewards to landlords and management agencies, it is meant to provide a very badly needed service of caring and assisting the most vulnerable in society, but unfortunately this is not happening and leaving these tenants to fend for themselves. [Handsworth]

I sincerely believe that everyone should have a second chance and a peaceful, safe place to live within the community but this isn't happening and the help these people need is evidently not there. [Edgbaston]

It is difficult to underestimate the effect that living in these conditions with strangers, also vulnerable and often troubled, can have on people who are really struggling under the weight of difficult, traumatic lives. ..We would prefer people to be in more stable accommodation and better be able to address issues like their mental health, addiction issues and so on. We think it is desperately difficult to do that when exempt housing conditions are so often so poor as detailed above. People are not going to move forward, begin to recover, and start leading better lives. [Selly Park]

- 5.2 Some residents reported that the support they observed tenants receiving – which is the basis for the exemption from the housing benefit cap – was poor or non-existent:

There is a maintenance man/cleaner who comes on a weekly basis to do a basic clean and test the fire alarms (given that we live in a terraced house and are in lockdown working from home, this adds to our frustration with the property.) His unprofessional manner with us, identifies that he is clearly not a trained support worker because although there were obvious signs of drug use at the property, he did nothing to address this and is persistently rude to the residents on the street. [Selly Park]

The level of 'support' provided to the tenants is vanishingly little. Without appropriate support how can tenants hope to break the cycle of whatever circumstances have brought them to need this type of accommodation. [Selly Oak]

I know from my own experience of the accommodation next door to me is that the support consists of a quick visit by a worker about twice a week [Handsworth]

No-one's helping them, no-one's teaching them any life skills... people don't understand how these places are being run. There is one case... her drug use has got worse and she's asking for £1 or £2 because she's hungry. [HMO Action Group]



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- 5.3 Local people were also concerned that exempt accommodation residents are vulnerable to exploitation by organised criminal gangs, a view backed up by evidence we received from the Police.
- 5.4 These concerns are backed by a report in September 2018, submitted to the Birmingham Adult Safeguarding Board from Spring Housing, which highlighted the plight of thousands of people with a wide variety of support needs, who were effectively being 'warehoused' in appalling housing conditions, with minimal care and support and with no security of tenure.

6 The Providers

- 6.1 When talking about the contributing factors to the problems outlined above, many respondents, whilst acknowledging that there are good providers of exempt accommodation, spoke about absentee landlords, with residents believing that landlords are using exempt accommodation as a "get rich quick option" but taking no responsibility for tenants or the impact on the wider community. Many are sub-contracted or leased to other providers.

The two properties are owned by absentee landlords who have agency leased their properties and live outside the area (and even the country). They have no clue of what is going on in the community; they are ruining our lives and making massive profits from our taxes. [Selly Park]

We have tried contacting the agency that manages the property, but they are conspicuous in their absence and fail to answer the "emergency phone number" that we have been given. We have contacted the owner/landlord, who was brought up in the house. He promises much and delivers nothing and is patently profiteering along with the agency at the expense of the residents who are supposed to be in supported accommodation all funded by those of us that work hard and pay our taxes. [Aston]

Often the accommodation is sub-contracted and the landlords have little regard beyond taking in their profits. [Handsworth]

Exempt accommodation, therefore, is a hugely profitable public endeavour that falls outside of any direct regulatory regime. [Housing Need in Stockland Green report]

I believe that landlords are entering into providing exempt accommodation because of the potential to receive higher income from housing benefit than would be the case under social housing. There appears to be no strict supervision of these properties or their tenants. I believe that landlords are exploiting this situation for their own gain at the expense of their own tenants and the local community. [Handsworth]

We are at the same time increasingly seeing properties for sale advertised as ideal HMO investment properties', and are concerned that many properties are being purchased by absentee landlords who convert these once family homes into multiple-occupancy dwellings and are cramming them full of people to maximise profits, we have heard this described at community meetings as 'a wealth-extraction area'. [Handsworth]



The drivers are mixed for landlords to enter the exempt property sector. There are some who want to provide support, decent housing, and help people move on, while also gaining from it financially, but these are few and far between. When we make contact as a team to landlords, we are often taken to quite plush surroundings, see senior people - it really feels like a business transaction. It is not how we operate so we are not taken in by this, but how our clients are treated is the beginning and end of whether we'll refer to a housing provider again... [Selly Park]

6.2 It appears some are advertising the accommodation as a business proposition; others have been accused of falsely advertising charitable links:

Some providers talk openly of "investors" - it clearly is a business proposition - and one in which if corners are cut (repairs not done and inadequate support) bigger margins can be made. We have spoken to a provider about the costs, incomes and bottom lines, and came away with that conclusion. This is not how this system should be set up. [Selly Park E47]

Take the aptly named Umbrella Housing Ltd for example, Go to its website page for Landlords and you will find it promises, 'Our property maintenance teams can transform your properties into licensed HMO's which can significantly increase income and value.'¹ The incentive here seems obvious enough and it isn't altruism.

[The company] were flying under the banner of "charitable endeavour" and their website quite clearly stated they worked with such charitable organisations as St Basil's and others. [The company] were NOT the license holder for the property, neither was the owner, they circumvented the need by having the charity being the licence holder. A meeting between the property owner, [the company], the Charity involved, myself and another immediate property resulted in us providing photographic, audio and written evidence. The police brought their evidence of the distress the tenants themselves were experiencing. The upshot was the Charity had no idea of how poorly the "supported living" was being conducted and [The company] offered no defence.²

On at least one occasion through our casework, we have seen potential landlords advertising for such tenants on websites such as Gumtree. The upshot being, if you're vulnerable then get in touch with us, we'll manage your accommodation (in substandard premises that don't meet the expected standard) and reap the reward via enhanced housing benefit. [Shabrina Mahmood MP]

The agent, Smart Move UK continue to state on their website that they formally partner with the Council / West Midlands Police / St Basil's / DWP to name but a few. The logos are all posted on the website which gives an aura of legitimacy to the agent. Our office has flagged this regularly with the Council EAT who have contacted Smart Move but who appear to be refusing to engage with the Council.³

¹ <http://www.umbrellagroupuk.com/landlords> . Checked 16/09/21

² Website has now been removed 2/7/21

³ Website checked 2/7/21



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We then discovered that rooms in the property had been advertised on spareroom.com, a national letting platform and could be applied for without references. This advertisement has now been taken down.

6.3 There is evidence of action being taken against some exempt accommodation properties in Birmingham, by the Charity Commission and by the Police and the Council.⁴ In one Charity Commission regulatory compliance case, auditors found “alleged unpaid tax contributions and an overpayment of housing benefit to managing agents it used” and “serious financial management issues” over a period of time at the provider.⁵

6.4 Also, the point was made that not all providers provide a poor services:

Please note that people like St Basils, YMCA, Salvation Army etc are also exempt providers and the difference lies in the commissioning of support services which allows them to manage their residents more effectively. The sector needs an overhaul but there is a real danger that the good will be damaged whilst the bad may not necessarily be weeded out. More engagement with the front line providers is required as decisions seem to be made without the requisite knowledge.

7 Mounting Local and National Concern

7.1 Reports of problems associated with exempt accommodation have mounted over the months since this inquiry started with articles on Birmingham Live and in the national press. A selection of links are set out below:

<https://www.birminghammail.co.uk/news/midlands-news/weve-enough-birmingham-unites-demand-19430708>

https://www.birminghammail.co.uk/news/midlands-news/chief-constable-calls-urgent-review-19465165#ICID=Android_BMNewsApp_AppShare

<https://www.birminghammail.co.uk/news/midlands-news/kings-heath-family-living-next-19251585>

[Supported housing system 'a living nightmare' - BBC News](#)

7.2 On 27th June 2021, the Observer published an article “[Hostels from Hell: the ‘supported housing’ that blights Birmingham](#)”, particularly focusing on the experience in Stockland Green and Handsworth. As well as noting the dramatic increase in numbers, it reported that “Figures uncovered by the *Observer* reveal for the first time the 10 biggest independent providers in the country are on course to collect £184m in housing benefit this year – generating on average more than £11,600

⁴ https://www.birminghammail.co.uk/news/midlands-news/edgbaston-hostel-shut-down-after-20446662?utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=

⁵ <https://www.insidehousing.co.uk/news/news/charity-commission-investigates-exempt-provider-as-auditor-raises-serious-financial-management-issues-70235>



every year for each of the nearly 16,000 bedspaces they supply.” Seven out of the ten are “either [non-compliant or under investigation](#) by the government’s social housing watchdog, the Regulator of Social Housing (RSH), for breaching governance and financial [standards designed to prevent public money](#) from being misused and protect tenants from harm. But only two providers are exiting the market following regulatory action, with the rest continuing to receive public money”.

- 7.3 The article also notes the introduction of the charter and the fact that some disruptive hostels have been closed down.

8 Proposed Solutions

- 8.1 The evidence gathering yielded a range of solutions and recommendations for the Committee to explore with Cabinet Members and officers. These broadly fall into two categories:

- Actions/recommendations for the City Council;
- Proposals to improve the regulatory and planning framework.

9 Actions for the City Council

- 9.1 The view of many of the contributors was that the City Council could do more, as summarised below:

Our top line messages is that other Councils are using existing powers to control the quality and supply of Exempt Accommodation in a way which Birmingham is not. They are also managing the environmental and neighbourhood impact more proactively and comprehensively. We think these may well represent opportunities Birmingham City Council is missing and would encourage the Review to visit (virtually) or talk to these authorities to establish what they are doing and why they are able to do it.

- 9.2 Proposed actions for the City Council fall into the following areas:

- Actions to curtail and manage growth;
- Responding to residents’ issues – the need for a multi-disciplinary team to ensure co-ordinated and sustained responses;
- Working with communities.

- 9.3 In short, it is believed that acting on these areas would give residents assurance of a sustained and co-ordinated approach to exempt accommodation.

Proposals to curtail and manage growth – Potential Areas for Change

- 9.4 To a large extent, power to restrict growth of exempt accommodation relies on the national framework for planning and regulation, which is discussed in the next section. However, there were ideas for the Council to consider now, including:



Exempt Accommodation

- **Use of Local Planning Policy** – to explore whether there is scope to restrict exempt accommodation under the Birmingham Development Plan Policy 12: Residential conversions and Specialist accommodation⁶. The policy states
 - The Council will resist proposals where it would result in an over concentration of similar uses in the immediate area.’ (4.29) – use of exempt accommodation could be specified?
 - There is a requirement to consider ‘the cumulative effects of similar uses in the area, if it is considered that the proposal would cause demonstrable harm to the character and function of an area, and/or local amenity.’ (4.29) – again, specific reference to exempt accommodation could be considered here;
 - ‘Specialist accommodation is normally most appropriately located in large detached properties set in their own grounds. The development of such uses in smaller detached or large semi-detached or terraced houses *will not be acceptable unless the amenity of adjoining occupiers can be safeguarded*.’ (4.30) – greater enforcement in relation to this provision.
- However, it appears that this can only be used when planning permission is required. Clarification of when planning permission is required would therefore be useful for local residents, particularly with regards to change of use.
- **Planning enforcement** was also reported as a concern – one contributor gave a detailed example of a property where changes were made post application, and subsequently agreed by the Planning department. The contributor saw that as evidence of poor planning and construction, seemingly unchallenged by any enforcement action and as a “clear failing of the planning system”. Concerns were also raised that the Council’s database for HMOs is incomplete particularly with regard to small HMOs, which weakens to impact of the Council’s Article 4 Direction. Other authorities – e.g. Nottingham City Council and Hull City Council, use definitions of what is an HMO which bring more properties under planning control.
- **Ensure planning and housing strategy are joined up** to ensure growth and density issues are captured.
- Other local actions to give assurance to residents could include:
 - **Increased transparency** – a register of exempt accommodation and which provider is responsible will help residents monitor the growth in their own areas and allows providers to be held to account if their properties are below standard.
 - Several contributors noted that applicants’ names are currently redacted from planning paperwork available on the planning portal; conversely when submitting an objection to a planning application on the Birmingham City Council portal, the wording makes it clear that the individual must submit personal details, some of which will be publicly available. This imbalance should be corrected.

⁶ https://www.birmingham.gov.uk/download/downloads/id/16775/csd3_dmb_publication_version_regulation_19.pdf



- **Housing benefits:** one apparent driver of growth in exempt accommodation is the granting of housing benefit, which is seen to be easier than elsewhere. Contributors compared this to other local authorities, where they believed more stringent conditions were used. Therefore, the Council should ensure a robust proactive verification/compliance system to ensure that all providers comply with the Housing Benefit regulations and case law on 'care, support, and supervision' (and all other requirements of the Housing Benefit Regulations).
- **On-going checks:** stringent and regular monitoring to ensure that providers are providing an adequate service with the withdrawal of funding for poor service. This should be supported by other services such as social care and environmental health to ensure basic standards are being met (including that exempt accommodation have waste disposal licenses).
- **An Exit Strategy** – this will be needed the amount of Exempt Accommodation in the city reduces. This needs to include local action and regeneration plans developed in consultation with residents, in areas particularly affected by Exempt Accommodation and by other housing and related issues. It also requires the development of alternative provision and the planned rehousing/relocation of existing Exempt Accommodation claimants, aligned to Council's overall supported housing strategy.

Responding to Residents' Issues – Potential Areas for Change

- 9.5 **Setting up a multi-disciplinary team** to manage exempt accommodation properties and concerns raised by residents was a popular suggestion from contributors. There was some criticism of the lack of response to concerns from the Council, and many reported not knowing who to contact for information and support; and others not being taken seriously when they did report issues. A common theme was that all departments of BCC needed to connect more effectively.
- 9.6 This could take the form of a council run HMO/Supported housing reporting service where tenants and residents can raise issues related to HMO properties so that agencies and landlords are held to account was therefore proposed. This would include a helpline/team for residents to contact.
- 9.7 Other mechanisms proposed included a charter for neighbourhoods as well as residents of exempt accommodation, and the use of Public Space Protection Orders and their enforcement.
- 9.8 There was also a feeling amongst some that communities were not sufficiently engaged by the Council in the long term strategic planning of an area. Some reported frustrations with their Ward Forum, where matters were reported but seemingly not acted on. More widely there was a perceived disconnect between residents and strategic planning. It was suggested that real progress would be made with a partnership with local communities, contributing at a local level, to build trust and a space to grow a sense of community, including improving formats for residential involvement and influence in areas other than those served by a Neighbourhood Plan. One possibility would be to greatly increase the significance of the 'area profile' referred to in the 'Statement of Community Involvement' and use this to bridge the current gap between the Planning and Neighbourhood functions.



Exempt Accommodation

10 National Regulatory and Planning Framework

10.1 As the report to the Birmingham Adult Safeguarding Board notes:

[T]his accommodation is not commissioned by the local authority and often operated by Registered Providers of social housing leasing units from the private rented sector, it is taken out of the purview of local authority licensing controls and commissioning accountability; is operated by a wide range of, often, insufficiently regulated organisations and is without assurance around Safeguarding and performance monitoring procedures.

10.2 The fragmented regulatory framework for 'Exempt' Accommodation was picked up by many contributors, and detailed evidence was collated by a number of residents, seeking to understand the legal, planning and regulatory framework governing the growth of exempt accommodation.

10.3 It was noted that the regulatory framework provided by the Regulator for Social Housing which regulates all Registered Providers is comprehensive and covers: [Value for Money Standard](#), [Rent Standard](#), [Home Standard](#), [Tenancy Standard](#), [Neighbourhood and Community Standard](#), and [Tenant Involvement and Empowerment Standard](#).⁷

10.4 However, the system of enforcement appears to be weak. Key areas of concern were set out in the report to the Adult Safeguarding Board and are reflected in the evidence received:

- The lack of a robust oversight and monitoring beyond minimal Housing Benefit Regulations
- The lack of knowledge around who is providing this accommodation, and their capacity
- The complexity of leasing and management arrangements and the lack of clarity around provider and landlord accountability to Registered Providers
- The lack of transparency around support and management arrangements
- The high concentration of vulnerable individuals living in small, shared units; usually without 24-hour staffing
- Gaps in understanding around the referral and assessment mechanisms behind access
- The potential for inappropriate mixes of residents, increasing the risk of exploitation and posing a significant risk to safety
- A hidden population of vulnerable adults living in unknown circumstances that may be inappropriate for their care and support needs and overall wellbeing, potentially placing them at risk of harm, neglect or abuse

10.5 When it came to the role of Council, some blamed the council for not enforcing existing regulations, others recognised the limited powers at its disposal:

I agree that more monitoring and regulation needs to be put in place to hold landlords and letting agencies to account, but councils also need to demonstrate good practice and enforce these

⁷ <https://www.gov.uk/guidance/regulatory-standards>.



regulations- it's all very well them using PSL to help the vulnerable but if the properties are not up to standard and the tenants are impacting community cohesion, it will do more harm than good.

Surely the only way forward is stronger regulation, the Council need to be given more powers to control change of property use. The law surrounding exempt housing needs to be reviewed and radically changed by Central Government. We feel we are being badly let down and that urgent action is required to halt further saturation of the road with exempt housing. [Selly Oak, E8]

Councillors and officers are quick to point the finger at national government and to say that their hands are tied. Meanwhile MPs say that while existing legislation needs to change there is more that BCC can do. Is it any surprise that long-term residents feel abandoned [Handsworth]

10.6 A number of recommendations/asks/suggestions were made both for national bodies, and for the council in working with these bodies:

- **Level of Care:**

- the Council should develop enhanced and proactive partnership working with the Regulator for Social housing to ensure that the Council is aware/takes action to cease Housing Benefit payments/remove 'exempt' status where Regulator of Social Housing requirements are not met. The complaints system for tenants should be made more accessible.
- Guidance should be developed based on existing HB regulations and case law as to the level of care, support and supervision. This should be issued to all Exempt Accommodation providers and tenants together with an accessible tenants' complaints process. This should be integrated into the Quality Standards for Exempt Accommodation currently being developed by the Council. It should also be integrated into the Council's due diligence processes to ensure that Housing Benefit paid for Exempt Accommodation is appropriately spent.
- Individuals should be supported into the local community with clear guidance and a support plan which should be governed by the Council or Quality Care Commission something similar to OFSTED.
- Any service to vulnerable people, where the premises/company receive Public Funds, should be registered, regulated and inspected. The outputs should be specific, realistic, achievable and regularly monitored.
- It should be clear who is responsible for managing and supervising such accommodation as well as who owns it. Both should be subject to fit and proper person checks.

10.7 It was noted that most of this focuses on the problem from the perspective of the property. The other approach is to take the perspective of the vulnerable client, and as why there is no oversight of people in this position – as there is for example with people who are discharged from hospital. There should be a body with responsibility and authority to manage vulnerable people who require supported housing.



Exempt Accommodation

- **Financial Assurance:**

- Any organisation receiving Public Funds, particularly for vulnerable people, should be audited by a regulated public body to make sure that the funds are being used for the benefit of those they are intended for and they are being used effectively
- An immediate and intensive audit of the six largest providers and of the schemes they are managing through a complex network of 'specialist' agencies. These providers are responsible for 70% of Exempt Accommodation and yet, based on public information alone, none of them inspire confidence. Four of them, effectively moved into this business, less than five years ago, while two others are small established providers (one based in London) that have recently expanded into Exempt Accommodation.

- **Planning**

- *Control on Numbers:* The ability to set tariffs regarding the number of supported houses within an area.
- *Tenure Balance* - the ability to set the tenure balance, between HMO accommodation and family accommodation both owner- occupied and affordable, and between exempt HMO accommodation and regulated, general needs HMOS. [Housing Need in Stockland Green report]
- *HMO exemption* – exempt accommodation should not be exempt from Article 4 direction and that Exempt Accommodation be made subject to the same Planning Approval process as HMOS.
- Any property intended for such use should be subject to a background planning check to ensure that it is safe and suitable for such purposes, with a specified number of occupants, and that there is no history of breaches of planning law or unapproved extensions or building work. When the intention is specifically to convert a property for such use, that should be subject to a planning application and not allowed under permitted development rules.

10.8 It was noted – as above – that enforcement action was increasing, which was welcomed but led to further concerns that this may result in a drop in the number of supported accommodation places available, and therefore may leave many people in vulnerable situations in the city without a roof over their heads. There is therefore a need to support better housing options and good providers.