

Written evidence submitted by West Midlands Police [EXA 010]

Introduction

West Midlands Police (WMP), through its close engagement with communities and partners, recognises and acknowledges the concerns that many have expressed with regard to exempt accommodation. Indeed, these concerns are often acutely evident to us in the course of our duties. However, it is also important to state that we accept that not all exempt accommodation is poorly managed and that not all exempt accommodation residents are problem or demand generators. Indeed, good quality, secure tenancy is one of the seven important factors towards preventing offending and reoffending. In our submission, however, there is a strong case for regulatory framework in order to mitigate the impact on those affected communities as well as better protect the vulnerable exempt accommodations residents, who are often, exposed to exploitation and further harm.

In late 2021, WMP supported a local call for evidence that led to a useful and informative scrutiny report by Birmingham City Council¹. We recommend this report to this national call for evidence.

In this submission, WMP will provide an overall localised context, including concerns we have about the uneven distribution of demand and impact generated around exempt accommodation, as well as some of opportunities this sector affords organised criminality and gangs.

We shall then examine four themes raised by the call for evidence and summarise our observations in real life case studies. The themes will focus on the quality of support within the exempt accommodation, value for money, geography and finally commission and regulation.

The West Midlands Context

The growth of exempt accommodation in the West Midlands Police area has been rapid and uneven in its distribution. The housing benefit claimants for exempt accommodation in Birmingham, for example, doubled between 2015 and 2018². The only other English city with a similar rate of increase was Sheffield, though from a lower base³. The number of monthly new claims is running at an order of 1000⁴.

By the end of 2020, Birmingham had 20,000 approved claims for exempt accommodation⁵. Meanwhile, the neighbouring district of Sandwell had approved 500⁶. The uneven spread and concentration inevitably mean the impact of exempt accommodation on local communities becomes acute in particular areas and, simultaneously, increases the service demand on functions like policing.

Further evidence supplied by the Perry Barr Constituency Housing Action Group showed how the properties were concentrated in some 20 wards across the West Midlands policing area; and that within those wards there are concentrations in certain areas and roads.

¹ Exempt Accommodation – A report from overview and security, Birmingham City Council, Dec 2021

² Freedom of information request by the Perry Barr Constituency Housing Action Group

³ Freedom of information request of DWP (Feb 2019)

⁴ Birmingham City Council, Housing Department (October 2020)

⁵ Birmingham City Council, Housing Department (October 2020)

⁶ Birmingham City Council, Exempt Accommodation Report (December 2021)

The wards with the highest concentrations were:

- Stockland Green (249 units, 6% of city's provision);
- Aston (216 units, 5.2%); • Soho & Jewellery Quarter (207 units, 4.9%);
- North Edgbaston (194 units, 4.6%); 10
- Sparkbrook and Balsall Health East (175 units, 4.2%).

Other Wards have lower overall concentrations, but very high concentrations in some roads where the majority of the Ward's Exempt Accommodation is clustered. Ladywood (71 units, 1.7%, 21st in the city) and Handsworth Wood (105 units, 2.4%, 13th in the city) are examples of this.

Other Wards with higher overall concentrations like Handsworth (159 units, 3.85%, 7th in the city) similarly have high concentrations at road level. The detrimental impact of this intensive clustering on individual roads, and its destabilising effect on the wider neighbourhood, can be significant.

WMP selected a random group of 20 HMO Birmingham properties in the vicinity of just one road, and analysed call-outs and crimes over a one-month period. These were HMOs of any type and any landlord, so included registered provider managed exempt provision and private regulated HMOs and exempt provision. There was a total of 215 calls for service received from the 20 properties, equating to around 18 calls a month. They were most frequently: Anti-Social Behaviour, missing persons and self-harm or other mental health crisis. In these 20 properties, recorded crimes were around 3 per month, mostly assault and burglary. In the same timeframe there were 29 arrest attempts, 4 repeat offenders and 2 standard probation licence recalls⁷.

Exempt accommodation properties within 3 of the 49 Birmingham neighbourhoods account for 33% of Total Recorded Crime across the exempt accommodation sector⁸. Similarly, 10% exempt accommodation properties generate a quarter of Total Recorded Crime across the exempt accommodation sector⁹. Indeed, many of them are in the same building and/or street.

The key areas of community concern raised to us are, typically, poor maintenance of properties and gardens, leading to nuisances such as rubbish, fly-tipping and pest control. Secondly, community safety issues, encompassing fighting, begging, anti-social behaviour, prostitution, drug use, drug dealing, alcohol abuse, harassment, intimidation, theft, damage to property including fire and threatening behaviour.

West Midlands Police is especially concerned with the concentration of vulnerable persons, many with complex needs, in these affected localities. The opportunity for them to be exploited, to exploit others or for their vulnerabilities to be otherwise taken advantage of or exposed.

Despite many exempt accommodation tenants having complex needs and vulnerabilities, there are limited checks on or requirements of the support staff at these premises. Currently, there are no restrictions over who can own and operate exempt accommodation, or any requirement for DBS checks on owners or staff. We would argue a basic DBS check is a minimum necessity. A basic DBS check would reveal an applicant's current and unspent

⁷ WMP data (2019)

⁸ WMP data (April 2021)

⁹ WMP data (April 2021)

criminal record. Meanwhile, enhanced DBS checks would allow for a deeper level of scrutiny, examining someone's associations and spent record too.

The unregulated nature of the sector also provides an opportunity for organised crime groups (OCG). When OCG amassed wealth gets to a certain level it is typically invested in real estate as a front to launder money as well as being an asset to diversify their criminal portfolio as a long-term investment. This can obscure the wealth from government agencies and provide an additional passive income.

OCG linked housing is particularly prevalent in our Impact Areas. These are our highest policing demand areas with the highest levels of harm. There is a strong overlap between Impact Areas and exempt accommodation density. The OCGs provide cheap, rundown overcrowded accommodation and take advantage of vulnerable tenants while promoting acquisitive crime as a method for paying rent¹⁰. A third of OCG rented properties are not fit to live in¹¹, with some tenants taking properties in more or less 'slum' conditions, because they could not find anything better¹².

It is cheap and easy for anyone, including OCGs, to register a new company in the UK with Companies House. It costs from as little as £12 and can be completed in less than 24 hours. Companies House do not vet or check the details provided by applicants. Criminals can provide fake details but also quickly dissolve old companies and then create new ones within days.

Community Interest Companies (CIC) is a brand that companies can purchase for £27 from the CIC Regulator. The profits from the company are supposed to be used for public benefit rather than shareholders. The branding can provide a criminally owned company a higher level of legitimacy, for example, in supplying exempt accommodation provision.

Property, tenancy and support services are, in the main, not delivered by the registered providers directly, so there is a lack of direct relationship between the resident and the provider. This enables significant sums to be transferred to third parties that can be for profit or designated as non-social housing. The National Housing Federation recently reported that "We believe that some of these providers of 'exempt accommodation' are operating 'for-profit', despite their official 'not-for-profit' status."

The Quality of Exempt Accommodation

There are inconsistencies in the standards of housing provision across the West Midlands and there will be other agencies better placed to inform this call for evidence on this issue; however, WMP would like to draw out the *support* provided within the accommodation.

It would be useful to point out that the definition of Exempt Accommodation is part of the issue. 'Exempt' accommodation is accommodation that is provided by a non-metropolitan county council, a housing association, a registered charity or a voluntary organisation where that body or person acting on its behalf also provides the claimant with care, *support* or supervision. The only guidance about what constitutes "*support*" is from case law, which says that to meet the criteria for Enhanced Housing Benefit, support provided must be "*more than minimal*" or "*more than trifling*". Whilst many of the providers promise many levels of *support*, very few deliver what has been promised some are quite open about the poor service that they provide; a monthly visit from a "lead *support* worker" or leaving bread and

¹⁰ The Impact of Organised Crime on Local Communities, Ruth Crocker, Sarah Webb, (2017), Police Foundation

¹¹ Safe as Houses?, (2015), Police Foundation, Andy Higgins and Roger Jarman

¹² A route to homelessness?, Julie Rugg, Centre for Housing Policy (2008)

jam in the shared kitchen on a Saturday for all residents. A provider recently explained, when pressed to explain what “tenancy support” involved, was that for £250 a week they make sure their residents pay their rent. All providers charge £1,000 a month in rent for these levels of support, and if tenants find work, they remain liable for this level of rent, so most end up trapped in poverty. Without links to the City, the council will not assist them to move on, and there is no incentive for the provider to assist with move on and lose income.¹³

WMP recommends that the legal definitions concerning Exempt Accommodation are reviewed and updated.

There are also occasions where the quality of the support provision or accommodation itself are so poor that police offender management teams, together with partners like The Probation Service, decide to not consider properties of certain providers as an option. However, where such decisions are made we frequently find that when this becomes known to the housing provider, the company closes and re-opens utilising a slightly different name to 'muddy the waters'. We would argue any regulatory framework should recognise and respond to this in an appropriate manner.

Value for Money

The explosion in the numbers of “Unregistered Social Landlords” or “Exempt Housing Providers” (*Exempt* from The Regulator of Social Housing’s oversight), running Homes of Multiple Occupancy (HMOs) in our city is referenced above. This has been the subject of three research papers written by Birmingham University (most recent “Spring Housing Final Report”) which describes the negative impact that this housing has had upon the city and the people who live at these addresses.

In May 2020 it was estimated that Birmingham had 16,000 “beds”, the equivalent of the population of Penzance living in transient “supported” accommodation in the city. In December 2020 there were 19,000 beds, and at the time of this submission Birmingham alone have 22,500 beds. Assuming all beds are occupied, the cost to the taxpayer is more than five million pounds *per week*, providing very little in terms of support, and in fact is contributing to various forms of harm and abuse. Typically, a provider will purchase or take out a lease on an address (say for £800 rent/mortgage a month in a deprived area of the city), convert every room in to a bedroom (thus losing any communal space) then rent out up to five rooms for £1,000 a month, paid for by enhanced housing benefit. The profits from this (£4,200 a month) is used to lease/rent more properties and convert them in to HMOs. Some of the providers are making half a million pounds profit each month and are buying new properties on a weekly basis. Once an address becomes an HMO, the neighbours’ house value drops, and they sell to the provider who converts it into another HMO and we now have whole streets in the city with transient occupants and no sense of community. There have also been examples where vulnerable residents are offered work as “lead support workers” in these new addresses, being expected to provide support to other equally vulnerable people.

Geographical Differences

As described in the previous question, Birmingham has seen an explosion of exempt accommodation over the last few years. We suggest that there is a variety of reasons for this. Each of the reasons are being examined with partners and although in their infancy are current strands of work in Birmingham.

¹³ Letter to West Midlands Police by National Probation Service (12/21)

We summarise the potential issues in Birmingham as;

- Type of housing stock
 - In Birmingham, there is a large private housing sector and the stock profile – large family-size houses – lends itself to house conversions to HMOs. There is also limited access to social housing, and the Local Housing Allowance Shared Accommodation Rates⁷ are low, rendering much of the private sector inaccessible to many on low incomes. Housing options for low-income single person households are therefore extremely limited, ‘pushing’ people into supported accommodation as their only option. The threshold for demonstrating a support need within housing benefit regulations is low.
- Approach to Housing Benefit
 - The Birmingham Scrutiny Report has highlighted some and risks and opportunities regarding the potential links between good housing benefit regulation and good provision of exempt accommodation
 - Exempt accommodation rent is paid for through Housing Benefit (HB) which is administered by the Council (though it is paid by the Department for Work and Pensions). This is the only area where there are regulations governing exempt accommodation. As the Deputy Leader of Birmingham City Council has noted the HB service is the “front door” to providers coming to the city. It is suggested within the scrutiny report that the approach to HB in Birmingham is one of the reasons that has led to the disproportionately high growth of exempt accommodation in the city. The concerns expressed to the Committee were that the speed of the payments and the lack of checks around the support provided were key drivers. One community group researched practice at another authority and identified that they undertook more intensive work at the start of a claim in that they did joint visits. Therefore, it was considered that it has been easier for landlords to exploit the potential to receive higher income than they would from other rents. This was echoed in the report on Housing Need in Stockland Green: “Anecdotal evidence suggests that Birmingham’s Housing benefit service takes a less confrontational and more trusting approach to the resolution of HB claims for exempt accommodation. Further, claims processing is amongst the most efficient in England. Exempt providers favour Birmingham as a place where claims are rapidly processed and HB income is relatively easily accessed, meaning their income stream is reasonably certain in a business where resident turnover can be very high.

Commission and Regulation:

Better commission and regulation sits at the heart of resolving the real and immediate risks surrounding Exempt Accommodation. Our submission so far has highlighted the risk and reality around the poor standard of some accommodation but also the eye watering cost involved.

The regulations appear vague at best with limited accountability for any adverse impact.

We submit that creating and enforcing better regulation will significantly improve both the level of support that is required and in turn provide a better value for money.

Case Studies:

WMP, along with key statutory partner, can provide a variety of case studies that highlight some of the issues we have raised. Most recently the following is a bullet point summary of the nature of those studies:

- One provider insisting that all residents provide their Universal Credit log-ins and passwords with staff for reasons that are not clear, showing a willingness to accept any case without checks and Probation OMs witnessing residents using drugs in front of “support workers” without any form of challenge
- Providers recruiting vulnerable residents with significant needs and employing them as “lead support workers” in their new exempt accommodation
- WMP Offender Managers witnessing Support Staff using drugs with residents during home visits
- Police intelligence / information that a resident had been raped by the landlord under threat of eviction
- Providers stating that “support” amounts to providing residents with directions to the local GP and benefit office, or occasional bread and jam
- A Very High Risk MAPPA3 Domestic Abuse perpetrator being placed at a shared address with four single females; Police had to be deployed to remove him.
- A female resident being assaulted by her partner, who worked at the property
- A sexual assault of a female resident by a staff member
- Open drug use on the premises witnesses by residents and police officers

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