

Cabinet Meeting		Agenda Item: 5
Meeting Date	7 October 2015	
Report Title	Temporary Accommodation Provision for Swale Homeless Households.	
Cabinet Member	Cllr John Wright	
SMT Lead	Pete Raine	
Head of Service	Amber Christou	
Lead Officer	Rebecca Walker	
Key Decision	Yes	
Classification	Open	
Forward Plan	Yes	
Recommendations	<ol style="list-style-type: none"> 1. To note the update on the first six months' operating usage of the property purchased in November 2014 to use as temporary accommodation. 2. To approve the purchase of an additional property in or around Sheerness to use as additional or temporary accommodation up to a cost of £200,000 within the current financial year. 	

1 Purpose of Report and Executive Summary

- 1.1 This report provides an update on the first six months' operating usage of the property in Sittingbourne purchased in November 2014 to use as temporary accommodation.
- 1.2 The update includes the current financial position, demonstrating that for a relatively small cost the project has delivered significant savings to the Temporary Accommodation Budget compared with the cost of the alternative bed and breakfast provision that would have been used. .
- 1.3 The report also includes projections for the future costs/savings potential for additional properties, and hence a recommendation to purchase a further property within the current financial year.

2 Background

- 2.1 In February 2014 Cabinet approved the purchase of a house in Sittingbourne to be used as temporary accommodation for homeless households. The property was funded using ring-fenced PSA Reward monies awarded to Swale BC as part of the KCC 'No Use Empty' strategy, to bring empty properties back into use.

2.2 The purpose of this purchase was to reduce the costs of current temporary accommodation provision, usually bed-and-breakfast hotels outside of the Borough, and to increase the provision of such accommodation for families within the Borough to prevent them having to move away from family, schools and work.

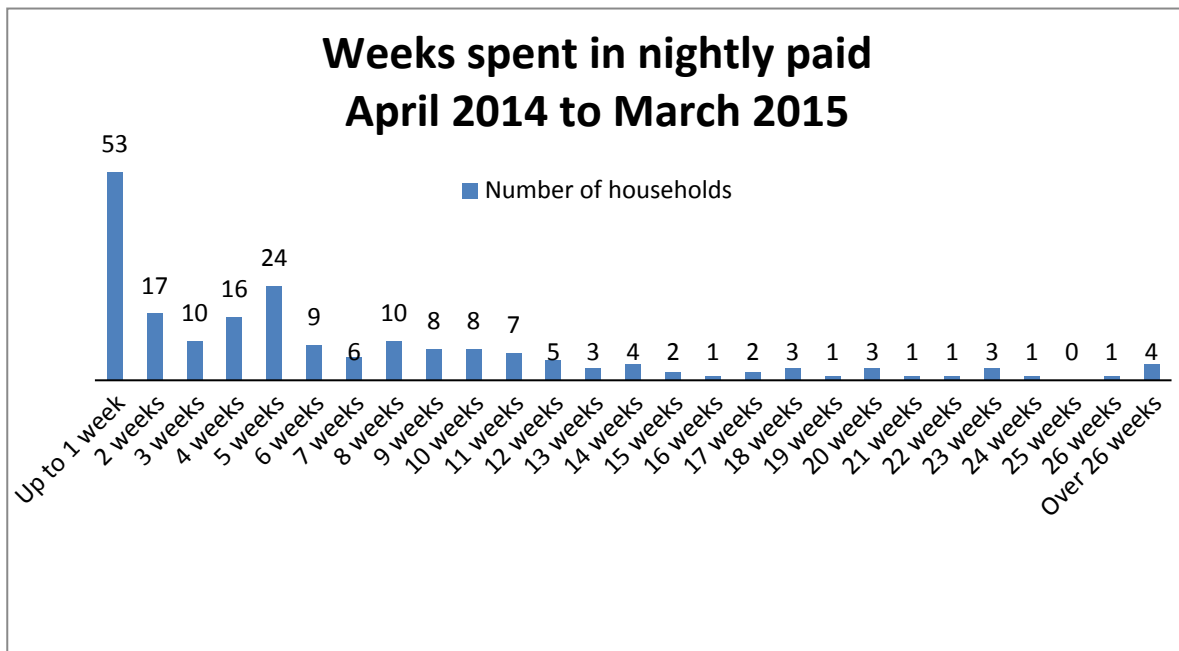
2.3 The original purpose set out in the business plan that Members agreed was:

To use the Ring Fenced PSA reward monies for Empty Homes to purchase and manage emergency accommodation for households in Swale who are owed a statutory homelessness duty by the Council, to reduce the cost of Bed and Breakfast accommodation and to minimise disruption to Swale’s homeless households.

2.4 It is important to be clear that the purchase and use of temporary accommodation is in no way intended to meet the long term demand for social or affordable housing. Instead, a variety of temporary accommodation (including bed and breakfast, non-secure private sector or housing association tenancies, hostels and supported housing) is used to deliver the Council’s statutory homelessness duty to provide temporary accommodation to households who have presented as homeless. Lengths of stay will depend on many factors including the length and outcome of the statutory homeless investigation, the size and type of household and their level of vulnerability and need, and the availability of longer term solutions.

2.5 The following graph shows length of stay by homeless households for 2014/15.

Fig 1: Length of stay by homeless households 2014/15



- 2.6 The business case demonstrated a potential saving of £18,000 per annum, given a capital investment of £180,000 and an average of three households utilising the property at any one time. This projection included the amount that would usually have been spent on bed and breakfast accommodation, plus expenditure including utilities, repairs, maintenance, void costs and staff costs, less any income generated through housing benefit.
- 2.7 The actual cost of the purchase, including all fees, stamp duty and refurbishment, was £166,200.
- 2.8 Although the original estimates were based on an average of three households using the property at any one time, in fact since the property was ready for occupation in January 2015 there has only been one single household in occupation with a four bedroom need. This is an unusually long stay as this household has very specific accommodation needs and are awaiting permanent social housing. Nonetheless, even having one household in the property for this length of time has delivered significant savings to what would otherwise have been spent on an alternative form of temporary accommodation. Once a permanent solution is found for this household, the property will be let again to whoever is in need at that point in time, between one and three households depending on their household composition.
- 2.9 The table below shows both the projected costs and income from the original business case, against the actual costs and income for the first six months of usage. Projecting forwards, the figures are based on an average of three households using the property at any one time, but will vary in practice according to the type and size of household(s) that are actually in occupancy.

2.10

Fig 2: Projected and actual costs/savings

	Projected	Actual
Average weekly cost in Council owned property:		
Income from Housing Benefit claims	£311	£300
Running costs including staffing, void costs, etc	(£395)	(£339)
Net weekly cost = (a)	(£84)	(£39)
Current weekly maximum cost in bed and breakfast		
Cost per week	(£840)	(£1,050)
Income from Housing Benefit	£311	£327
Weekly cost of B&B to Council = (b)	(£529)	(£723)
Net Savings		
Net weekly Savings to Council when using Council property (b) - (a)	£445	£684
Annual Savings assuming 80% occupancy	£18,512	£28,412

- 2.11 The Council owns an additional general fund property in Teynham, which became vacant on 10 August 2015. This two-bedroom property was purchased in May 2010 using Empty Homes Funding. The property has previously been used for those fleeing domestic abuse and will now also be used as additional temporary provision with immediate effect.
- 2.12 This is a smaller property and will therefore generate less income/savings. However, there are no additional staff costs as at least three properties can be managed within current staffing levels. The following table shows the projected costs/savings for both the Sittingbourne and Teynham properties, as well as costs/savings including an additional property.

Fig 3: Projected costs/savings for the use of three properties

	Projected Net Annual Costs	Projected Net Annual savings
Sittingbourne and Teynham Properties	£8,320	£48,879
As above plus additional Sheerness Property	£10,348	£77,291

- 2.13 As this table shows, there is potentially a substantial saving in expenditure, although these projected savings will not yet be cashable as they will help to negate the impact of increasing homelessness costs and/or reduce any overspend on the temporary accommodation budget. Homelessness within the Borough has been increasing year on year, although this is being actively managed, it demonstrates that the need for temporary accommodation continues to rise.
- 2.14 A refreshed Service Level Agreement with Amicus Horizon (AH) has increased the number of AH homes that the Housing Options Team have available to use as temporary accommodation at a lower cost than private sector bed and breakfast accommodation. This reduction in costs, coupled with savings made through use of the property in Sittingbourne, has meant that the homelessness accommodation budget was balanced for the first quarter of 2015/16.
- 2.15 There are, however, some emerging issues that increase the volatility in the budget for temporary accommodation, and possibly in the number of households requiring such accommodation. For example, a recent Supreme Court judgement, R (Yekini) v Southwark LBC, clarified that a Local Housing Authority (LHA) can only apply a reasonable charge for temporary accommodation, meaning that if a household were unable to afford a rent due to the Benefit Cap then the LHA cannot charge that tenant any rent. This means that any shortfall in housing benefit would need to be subsidised through the temporary accommodation budget.
- 2.16 Further analysis of these issues will be carried out as more detail is known. Additional property purchases to that proposed in Section 3 below may be brought forward to mitigate the impact of any increase in costs and ongoing shortage of supply.

3 Proposal

- 3.1 Given the success of the current temporary accommodation property in Sittingbourne, and the continued increase in pressure on the temporary accommodation budget, it is recommended that up to £200,000 from reserves be used to purchase at least a three bedroom property in or around the Sheerness area with the aim of providing emergency accommodation for a maximum of five people, of between one and three households.
- 3.2 Sheerness is recommended as it is currently where much of the demand from homeless households arises, and as such it would be useful to have additional provision as close to Sheerness as possible so that households could retain continuity of family and community connections, contact with GP and other health-related services, education for any children, and work for those in employment.
- 3.3 The sum of £200,000 includes the purchase price and the cost of any capital works required to make the property suitable for use as temporary accommodation. Research has demonstrated that there are many homes currently on sale in the Sheerness area that would be suitable for this use and which are within this budget.
- 3.4 Once purchased the project will be delivered within current resources, with the part-time Housing Options Support Officer managing the properties. Housing Services staff will oversee the day-to-day placements into the property, including dealing with any tenancy or behaviour management issues. The Council will be responsible for repairs and maintenance of the property and on-going costs such as gas, electricity, water, buildings insurance, and council tax. Repairs and maintenance will be carried out by Staying Put, the handyperson service. Should the property require any emergency/ out of hours repairs, Housing Services have an existing arrangement with a local letting agent.
- 3.5 In the business case for the first property we set out the risks of the scheme. The table below shows an updated risk analysis for a further property purchase.

Fig 4:: Risks

	Risk Type	Risk	Likelihood	Impact	Outcome for Sittingbourne property
1	Strategic	Inability to secure a suitable property in Sheerness	L	M	Property purchase completed.
2	Operational	Not able to manage property effectively within existing resources	M	H	Additional staff member in post.
3	Operational/ Reputational	Anti-social behaviour/ negative local impact	M	H	No Incidents to date.
4	Financial	Reduction in income levels	M	L	Housing Benefit levels maintained.
5	Financial	Rent arrears	M	H	No arrears
6	Financial	Reduction in capital value	L	M	Sittingbourne market currently improving, so

					no reduction to date.
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4 Alternative Options

- 4.1 The alternative option is not to purchase an additional property for use as temporary accommodation. This is not recommended as it will lead to an increase in costs and more homeless Swale families being placed outside of the Borough of Swale.

5 Consultation Undertaken or Proposed

- 5.1 No consultation has been undertaken.

6 Implications

Issue	Implications
Corporate Plan	The proposal supports both the 'Community to be proud of' and 'Council to be proud of' priority themes, and will contribute to medium-term objectives 2.1 ('Foster economic growth and prosperity for all', 3.3 ('Encourage innovation at every level'), and 3.4 ('Strengthen our financial and political resilience').
Financial, Resource and Property	<p>Funding: it is recommended that up to £200,000 from reserves is made available to purchase a property within the current financial year. This includes the cost of any capital works required to make the property suitable for use as temporary accommodation.</p> <p>Expenditure and income: this report details projected and actual costs and savings generated so far. Table 2 details the projection of costs and savings with the additional Sheerness property.</p> <p>Value for money advantages: current expenditure on emergency accommodation is increasing as the number of homeless households seeking assistance rises.</p>
Legal and Statutory	<p>The Council has the power to undertake the purchase and management of emergency accommodation under its general power of competence by virtue of s.1 of the Localism Act 2011.</p> <p>S193 (2) of the Housing Act 1996 Part VII as amended, requires local housing authorities (LHAs) to provide emergency accommodation to eligible households who are homeless and in priority need. Failure to adhere to this may result in legal challenge.</p> <p>The Council is able to purchase and manage a property for use as emergency accommodation for statutory homeless households. The accommodation provided must be deemed suitable and in accordance with the Homelessness (Suitability of Accommodation) (England) Order 2003.</p>
Crime and Disorder	There is sometimes a higher than usual risk of crime and disorder in this type of accommodation as the nature of homelessness in some cases is complex and often already has police involvement. All risks will be assessed when placing households and relevant agencies

	including the Police will be engaged as required.
Sustainability	No direct implications.
Health and Wellbeing	The purchase and use of additional temporary accommodation would enable the Council to keep more families closer to their support networks, schools and GPs, and ensure that vulnerable families are monitored closely for their support needs.
Risk Management and Health and Safety	The lone worker procedure will be followed by visiting Housing officers.
Equality and Diversity	Decision-makers are reminded of the duty under the Equality Act 2010 to have due regard when making decisions to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between different groups. Although there is potential for council-owned temporary accommodation to raise disability-related equality issues, these are operational only and do not impact on the strategic decision. With this in mind, a community impact assessment is not required at this point.

7 Appendices

7.1 None

8 Background Papers

8.1 Web link to original decision Cabinet February 2014:

<http://services.swale.gov.uk/meetings/CeListDocuments.aspx?MID=320&RD=Minutes&DF=05%2f02%2f2014&A=1&R=0>