

SOUTH STAFFORDSHIRE COUNCIL

REVIEW OF THE COUNCIL'S TEMPORARY ACCOMMODATION OPTIONS

PROPOSED KEY DECISION **BY MEMBER OF THE CABINET**

I propose to make the following decision set out below in accordance with the powers vested in me by Part 3 of the Constitution of the Council approved by the Council pursuant to Section 37 of the Local Government Act, 2000.

The decision will be made by me on or after 26 April 2024.

Councillor Robert Reade, Cabinet Member for Welfare Services.
Councillor David Williams, Cabinet Member for Digital Transformation and Estate Management.

Date: 26 March 2024

PART A – SUMMARY REPORT

1. SUMMARY OF PROPOSALS

- 1.1 The purpose of this report is to review the Council's Temporary Accommodation (TA) options due to the current and future pressures for housing and homelessness.

The Council has a responsibility to provide accommodation to all eligible families with dependent children who are homeless and are owed a TA duty along with single people who meet the test of vulnerability. The current TA provision is no longer sufficient to meet the increasing demand and the only alternative is to use expensive Bed & Breakfast (B&B) type accommodation which is costly to the council and often unsuitable for the homeless family.

This report considers options and proposals to increase the council's TA provision to meet the growing need.

2. Proposed Decision by Member of the Cabinet

- a. I propose that the council completes and signs a Memorandum of Understanding (MOU) to access the Local Authority Housing Fund (LAHF) Round 3 if the Expression of Interest (EOI) is successful.
- b. I propose that Members agree in principle to purchase properties for use as additional Temporary Accommodation as set out in the proposals. The properties purchased would be balanced across the district.

3. SUMMARY IMPACT ASSESSMENT

POLICY/COMMUNITY IMPACT	Do these proposals contribute to specific Council Plan objectives?	
	Yes	Vibrant Communities, Financial stability
	Has an Equality Impact Assessment (Equal) been completed?	
	No	A Community Impact Assessment will be undertaken to understand any potential impacts on the local community.
	Has a Data Protection Impact Assessment been completed?	
	No	A Data Protection Impact Assessment is not needed as we are not changing the way we handle personal data or what personal data we hold
SCRUTINY POWERS APPLICABLE	Yes	Key Decision – To go to the Council’s Overview & Scrutiny Committee Tuesday 23 April 2024
KEY DECISION	Yes	This is a key decision as cost implications are potentially above the £300k threshold. It will need to be published for 28 days before the decision can be made and must go to Overview and Scrutiny Committee within that period.
TARGET COMPLETION/ DELIVERY DATE	If successful for LAHF 3 funding - Memorandum of Understanding needs to be signed by 6 May 2024	
FINANCIAL IMPACT	Yes	There is currently £1m set aside in earmarked reserves to cover the potential additional costs of temporary accommodation. This could be used to cover some of the costs of the options out lined in the report.
LEGAL ISSUES	Yes	The Council has a statutory duty in respect of homelessness under the Housing Act 1996 (as amended). The legal requirements in respect of the options for temporary accommodation put forward will be worked through before proceeding.
STRATEGIC RISK	Yes	The increasing pressures due to lack of available affordable housing and increased homelessness applications will have a significant impact on the Housing Team and potential impacts on the finances of the council due to the increasing need to use temporary accommodation.
OTHER IMPACTS, RISKS & OPPORTUNITIES including climate impacts and health impacts if applicable	Please see main body of report	
IMPACT ON SPECIFIC WARDS	No	Changes recommended in this report will have minimal impact across all wards within the district.

PART B – ADDITIONAL INFORMATION

3 Information

- 3.1 South Staffordshire Council, like all other local authorities, needs temporary accommodation (TA) to fulfil its duties under the homelessness legislation requiring the Council to ensure that accommodation is available for households who would otherwise be homeless. The Council has a responsibility to provide accommodation to all eligible families with dependent children who are homeless and are owed a TA duty along with single people who meet the test of vulnerability.

Temporary accommodation must be provided where a legal threshold has been met and must continue until such time as it is no longer required because settled accommodation has become available to a household through an offer of social housing or private rented housing.

- 3.2 Andy Gale Professional Housing Consultancy has been commissioned to help inform South Staffordshire Council's approach to providing temporary accommodation for the foreseeable future to ensure that the Council is able to continue to meet its statutory duties without significantly overspending on its TA budget.

The review includes:

- 1) the current position in relation to the use of TA in South Staffordshire and makes a comparison with other relevant local authorities and,
- 2) analyses the costs and benefits of alternative approaches the Council could take to the provision of TA, and
- 3) having fully considered the options, sets out recommendations for developing a sustainable and cost-effective portfolio of TA to meet the Council's needs over the next 3 to 5 years.

- 3.3 The key findings are:

- 1) Over several years, South Staffordshire has had very low rates of homelessness and correspondingly low numbers in TA. This is largely due to the work of the housing team in the prevention of homelessness and the ability to house homeless families and single people quickly through the Council's social housing allocation scheme into vacancies provided by the Housing Associations operating in the district under nominations agreements.
- 2) However, in 2023 this position has begun to change with higher numbers overall applying as homeless (184 households in 2023 compared to 118 households in 2022). We currently have 56 live homeless household being supported. This is compounded by the number of properties for nomination provided by Homes Plus reducing. Higher applications inevitably mean higher numbers need to be placed into TA leaving the Council with no other option than to use more expensive hotel accommodation when the current small number of TA units are full.
- 3) To meet the increase in demand the Council needs to urgently develop a low-cost temporary accommodation portfolio. The recommendation is to deliver this requirement through 2 main strands:

- 1 – by looking to expand the current arrangements with Homes Plus (or other housing associations operating in the district), and at the same time;
- 2 – to develop a TA portfolio that is Council owned so that South Staffordshire can better control its TA costs and mitigate the risk that the Homes Plus units could be needed by the Housing Association for general needs allocations.

4. Current Temporary Accommodation Provision -

4.1 South Staffordshire currently uses 3 forms of temporary accommodation. These are:

- a) 4 self-contained units taken on under a written agreement with Homes Plus the largest registered housing provider operating in South Staffordshire. This arrangement is due to change shortly into a formal lease agreement for each property whereby the council will be responsible for the housing management element along with any furnishing, repairs and maintenance.
- b) Bed and breakfast accommodation mainly located at the Metro Hotels in Walsall and the Roco hotel in Wolverhampton.
- c) Spot purchase of nightly rates at commercial hotels such as Travelodge (in any location) where there is no other suitable accommodation.

The Council will also have additional TA accommodation to house 5 single people, available for use by the end of April 2024.

Homes Plus Temporary Accommodation Unit Placements (households):

TA placements	Number of placements	Average length of stay (nights)	Shortest Stay (nights)	Longest Stay (nights)
2020	2	44	42	45
2021	3	192*	59*	380*
2022	8	138	26	214
2023	5	147	37	228

Other TA / B&B Placements (households):

B & B placements	Number of placements	Average length of stay (nights)	Shortest Stay (nights)	Longest Stay (nights)
2020	5	46	2	125
2021	10	68*	1	155*
2022	15	21	1	95
2023	23	55	3	187

(*Impacted by the pandemic)

- 4.2 The TA houses with Homes Plus are always used as a preference for homeless cases as they have much better living conditions with cooking and washing facilities etc and the costs to the council is much less than using B& B. The properties are

currently managed by Home Plus and the placements remain there until their homeless duty ends. Applicants can claim Housing Benefit (not UC housing Costs) while at the property, but this is still means tested and if not eligible due to their income, they would be expected to pay the rent themselves. Unfortunately, longer void turnaround times with Homes Plus has seen applicants having to stay in these properties longer, limiting the availability for us to use for other homeless cases.

- 4.3 Where no other TA option is available to us for homeless applications, we are relying on B&B accommodation more and more. This is not ideal as there is usually no cooking or cleaning facilities. Also, legislation and guidance state we should not place families into B&B accommodation for longer than 6 weeks and we should not place Care Leavers into B&B at all. This option is also extremely costly to the council and becoming more difficult to source.

5. Current Temporary Accommodation Net Costs

- 5.1 When the council accepts a homeless duty and places someone into temporary supported accommodation, they usually claim Housing Benefit to cover the housing costs. However, Housing Benefit (HB) subsidy received by the council to cover these payments is based on the Local Housing Allowance (LHA) rate for the area in 2011 (around £91 per week for a single person) which is usually considerably less than the cost of B&B accommodation which can be on average between £500 - £800 per week and up to £1,000 per week in some instances. This results in a net cost to the council:

Year	Housing Benefit (HB) Paid	Subsidy received	Shortfall =net cost
2023/24	£70,339 Estimated outturn based on costs for first 10 months 23/24	£19,960 Estimated outturn based on costs for first 10 months 23/24	£50,439 Estimated outturn based on first 10 months of 23/24
2022/23	£33,842	£16,017	£17,825
2021/22	£33,097	£13,801	£19,296

- 5.2 The table above shows that there will be an estimated net cost to the council of £50,439 for 2023/24 and if we have to increase the use of B&B accommodation, this amount could be considerably more next year.
- 5.3 The 4 Homes Plus TA properties current costs are £10K per annum, however this will increase following the introduction of new leasing arrangements, as we will then be responsible for the housing management of all the properties including administration, all repairs, maintenance and insurance, gas/electricity checks and certificates etc. The additional costs are being worked up as part of the new leasing arrangements. This could become quite costly if we have to renew boilers or kitchens for example, bearing in mind the leases will be short term (between 3 and 5 years).

6. Potential Financial Implications for the Council

- 6.1 Future cost implications to the council due to loss of Housing Benefit (HB) subsidy is difficult to estimate accurately as it is impossible to know how many households will present as homeless during a year. However, based on current national trends and local data we know that homeless applications from our own local resident population are increasing due to the impacts of the cost of living, high private rental costs and lack of affordable housing for those on a low income. It is also taking longer to find permanent move on homes due to the limited private sector and reduced number of social houses made available for nomination.
- 6.2 In addition to this although the situation with Asylum Hotels no longer affects South Staffordshire currently, we do have additional pressures from the various asylum and refugee schemes. This includes 16 households residing in South Staffs under the Homes for Ukraine Scheme, 3 families under the Afghan Resettlement Schemes and a requirement to find at least 21 Asylum Dispersed units in the private rented sector under the Government Asylum Full Dispersal plan. There is also the MOD site at Swinnerton currently housing Afghan refugees with leave to remain. They are currently in the process of being matched with settled accommodation or other temp accommodation nationally, but some of these families could well present as homeless to Stafford Borough Council if settled accommodation cannot be found. However, there is an expectation that this pressure will be shared across Staffordshire LA's. Finally, the Probation Service (under CAS3) are procuring private rented properties to house early release prisoners to support them for up to 84 days to settle back into society, but again could end up presenting as homeless after this period.
- 6.3 There is also a current Government consultation about the reform of Housing Allocation Policies and legislating for several restrictions on eligibility for social housing which could result in increased homelessness applications if they become law by the summer. This could increase the need for TA accommodation considerably, as outlined in the council's response.
- 6.4 Therefore, after considering the various pressures we know about and the recommendations made by Andy Gale Consultancy, it is not unreasonable to assume that we could need to house a minimum of 20 households occupied throughout a 12- month period in hotels/B&Bs if we do not have access to additional temporary accommodation properties. This would result in a potential loss of subsidy of around £500,000. This calculation is based on an average weekly charge of £500 in a B&B less HB subsidy of £91 (The LHA rate for a single room in 2011) The council has currently set aside budget to cover any potential costs we may incur.

7. Conclusion

- 7.1 Based on current national trends and local data we know that homeless applications from our own resident population are increasing due to the impacts of the cost of living, high private rental costs and lack of affordable housing for those on a low

income. It is also taking longer to find permanent move on homes due to the limited private sector and reduced number of social houses made available for nomination. This is compounded by additional risks outlined above relating to the impact of asylum and refugee schemes, probation services accommodation and the proposed changes to social housing allocation criteria.

The increasing pressures due to lack of available affordable housing and increased homelessness applications will have a significant impact on the resources of the Housing Team and potential impacts on the finances of the council. It is clear the current TA provision is inappropriate and insufficient and will inevitably mean the Council will be increasingly forced to use expensive and unsuitable bed and breakfast accommodation if we do not increase alternative TA options.

8. Proposals

- 8.1 The recommendation is to have available a minimum of 20 household units (not B&B) available to the council for use as Temporary Accommodation and to use B&B accommodation for very short- term emergency homeless cases only. We currently have 4 Homes Plus properties (of which two are 1 bed), and we will shortly have an additional 5 single household units. This means we would need to acquire another 11 properties/household units as a mix of 1, 2 and 3 bed options by the following methods:
1. Try to lease additional units from Homes Plus (and other Housing Associations if they have stock available). However, this is proving difficult, and it is not likely to be more than 2 or 3 properties in the next 12 months. Further discussions are due to take place to consider what other options Homes Plus may have to offer.
 2. Develop a Council owned TA portfolio through purchasing on the open market 3 properties initially and possibly more in future depending on need and budget. This will mean that the Council is more in control of its TA costs and minimise any risk that Homes Plus might not in the future be able to continue to provide homes for use as TA.
 3. Continue to use B&B type accommodation for emergency homeless.

9. LAHF Round 3 Funding

- 9.1 On 7 March the Government announced Local Authority Housing Fund: Round 3 (LAHF R3) to fund more high-quality temporary accommodation for homeless families and provide housing for those on the Afghan Citizens Resettlement Scheme (ACRS) who supported UK efforts in Afghanistan. In 2024-25 LAHF R3 will provide £200 million of capital funding and in 2025-26 it will provide £250 million of capital funding. There will also be £5 million of revenue funding to support delivery of the fund.
- 9.2 LAHF R3 will support local authorities to acquire good quality, and better value for money TA for families owed a homelessness duty by local authorities. This will reduce the usage of poor-quality B&B accommodation and will enable local authorities to grow their asset base and help manage local housing pressures on an

ongoing basis. LAHF R3 will also provide further resettlement housing for those on the Afghan Citizens Resettlement Scheme. The expectation is for these homes to become available to support wider local authority general housing and homelessness responsibilities after the resettlement needs of the eligible cohort have been addressed.

9.3 Funding has initially been prioritised to areas facing the highest housing pressures, with 203 local authorities receiving an initial funding allocation. Although South Staffs has not been included in the initial allocation, we have been invited to submit an expression of interest (EOI) if we wish to be considered for this funding. To apply for funding, we would be required to provide a minimum of one Afghan resettlement property and one TA property to house any homeless family. The grant award would be £112,000 per property purchased plus an additional £21,000 per property to cover additional costs such as conveyancing or refurbishment. There is an additional 10% uplift for new housing supply e.g. new build or repurposed accommodation. The full funding prospectus can be seen here:

<https://www.gov.uk/government/publications/local-authority-housing-fund-round-3/local-authority-housing-fund-round-3-prospectus-and-guidance>

9.4 An Expression of Interest has been submitted to DLUHC 25 March 2024 for funding to provide 1 Afghan resettlement property and 1 TA property to house any homeless family. If the Council is offered LAHF funding through the EOI process a Memorandum of Understanding (MOU) would need to be signed by 6 May 2024 to receive payment.

10. Options Appraisal - Council owned TA portfolio

Purchasing properties on the open market to use as TA (preferably 2 or 3 bed)

Overview:

Could provide a mix of 2 or 3 bed TA houses through either purchasing new build properties or older properties on the open market. These would be Council owned assets which could increase in value and sold in the future if no longer required. Affordable rents would cover any associated costs (expected to be covered by Housing Benefit for this cohort)

Estimated costs: £170,000 - £1,000,000 depending on number of properties (including conveyancing costs)

Examples for sale currently on Rightmove:

Great Wyrley - 2 bed: £160k, 3 bed: £185k

Cheslyn Hey – 3 bed: £188k

Penkridge (New build) 2 bed £200k

Wombourne – 2 bed: £200k

Featherstone – 2 bed: £160k, 3 bed: £190k

Codsall /Bilbrook – 2 bed: £195k

Potential for LAHF 3 funding towards the purchase of two properties totalling £266k which could support the total costs of purchasing one Afghan resettlement property plus a contribution of a minimum of £81k towards a TA property.

Strengths	Weaknesses / risks
➤ New property built to order with no construction risk & NHBC guarantee. ➤ Spreads TA across the district so not concentrated in one area. ➤ Meets homeless needs in different localities eg for schools ➤ Council owned asset which could increase in value and sold in the future if no longer required	➤ The Council will incur management, repairs and maintenance costs for the units. ➤ The resources or skills to develop/manage new homes owned by the Council may need to be 'bought in'. ➤ Lack of available new builds in the near future. ➤ If not a new build, then there could be hidden repair costs etc

A Housing Management and Maintenance Plan would need to be developed and agreed for any new properties purchased as well as properties leased from Homes Plus that would include:

- Managing leases and licences, general administration
- Managing compliance, e.g. boiler servicing
- 24/7 emergency breakdown service
- Managing turnarounds and any associated required works to the properties
- Incoming and outgoing tenant liaison and support

The points above would require a budget covering both capital costs, fees and staff time, taken from any incoming letting fees. This will also be required for the new leasing arrangements with Homes Plus and any other social landlord who may be able to provide temporary accommodation.

4 IMPACT ASSESSMENT – ADDITIONAL INFORMATION

4.1 Not Applicable

5. PREVIOUS MINUTES

5.1 Not applicable

6. BACKGROUND PAPERS

Not Applicable

7. APPENDICES

None