

<b>Key Decision Required:</b>	<b>Yes</b>	<b>In the Forward Plan:</b>	<b>Yes</b>
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## **CABINET**

**18 DECEMBER 2020**

### **REPORT OF THE PORTFOLIO HOLDER FOR HOUSING**

#### **A.6 FUTURE BOOKING OF TEMPORARY ACCOMMODATION HOSTEL IN CLACTON-ON-SEA**

(Report prepared by Tim Clarke)

#### **PART 1 – KEY INFORMATION**

##### **PURPOSE OF THE REPORT**

To seek agreement from Cabinet for the future use, by way of a licence to occupy, of a hostel in Clacton in which to provide temporary homeless accommodation.

##### **EXECUTIVE SUMMARY**

The Council has made use of a hostel in Clacton for temporary accommodation since 2018. Due to the accumulating value of the arrangement Cabinet approval is required in order to enter into a future agreement.

Homelessness applications, temporary accommodation placements and consequently spending have been increasing over recent years, a trend that shows no sign of reversing. Currently temporary accommodation is sourced externally via this hostel, a small House in Multiple Occupation and other hotel and bed and breakfast establishments.

In June 2020, Cabinet approved the repurposing of Spendells House in Walton to temporary accommodation and that scheme is expected to be ready during the latter part of 2021.

##### **RECOMMENDATION(S)**

**It is recommended that Cabinet:**

- a) notes the ongoing increase in temporary accommodation placements across the district and significant associated costs;**
- b) authorises the Corporate Director (Operations and Delivery) in consultation with the Portfolio Holder for Housing to enter into a twelve month “licence to occupy” arrangement in respect of 13 Beach Road, Clacton from January 2021; and,**
- c) subject to the availability of Government grant funding, value for money considerations and continuing need authorises, in principle, the Corporate Director (Operations & Delivery) in consultation with the Portfolio Holder for Housing to extend the twelve month “licence to occupy” year on year thereafter.**

## PART 2 – IMPLICATIONS OF THE DECISION

### DELIVERING PRIORITIES

The decisions will contribute to the following priorities in the Corporate Plan 2020-2024:

**Delivering High Quality Services** – The appraisal has focussed on ensuring the provision of good quality and appropriate housing that meets local needs. In this instance there is a need for a secure and consistent supply of temporary accommodation.

### FINANCE, OTHER RESOURCES AND RISK

#### Finance and other resources

Temporary accommodation placements for homeless households have increased over recent years. In 2013/14 temporary accommodation placements cost the Council **£0.022m** whereas by 2019/20 the cost had increased to **£0.527m**. Unless the Council uses its own housing stock the cost of temporary accommodation over that covered by Housing Benefit subsidy is met by the General Fund.

The table below shows the level of gross spend on temporary accommodation in recent years.

Year	Spend
2013/14	£22,368
2014/15	£71,382
2015/16	£103,308
2016/17	£204,028
2017/18	£335,947
2018/19	£459,265
2019/20	£527,000

With homelessness levels showing no signs of reducing (both nationally and locally) temporary accommodation costs can only be reduced by the Council using its own housing stock or securing less expensive accommodation than that it can currently secure. Hostel type accommodation such as 13 Beach Road is regarded as a short term solution for each individual case, while their circumstances are being assessed.

The introduction of Spendells House is estimated to reduce temporary accommodation expenditure by £112k annually across a five year period. This reduction in expenditure is derived from the decreased use of more expensive bed and breakfast provision. Given the rising homelessness figures Spendells will not provide sufficient temporary accommodation provision on its own and as such other accommodation will still be required. Hostel provision such as that at 13 Beach Road provides a lower cost option than making use of commercial hotels and B&Bs.

Since 2019 the annual fee for the exclusive booking of the 14 rooms at 13 Beach Road has been £200k. To put this into context against two other hotels in Clacton that are used by the Council and where an equivalent number of rooms could be booked the cost would be either £219k or £264k based on the current rates paid. This hotel accommodation does not offer the benefit of dedicated management support or kitchen facilities for the use of residents as is provided at Beach Road. There would also be planning and HMO licensing implications for their owners if the predominant use of those establishments were to be for homelessness placements.

Obtaining a professional valuation in respect of this arrangement as would normally be the case in respect of a property transaction has not been possible. The uniqueness of the arrangement has meant no chartered surveying firms have offered to undertake the work. A suggestion from one was simply to compare to commercial hotel rates. Using that suggestion the figures above demonstrate that this arrangement is cheaper than a typical hotel booking.

Housing benefit subsidy means that the actual cost to the Council of Beach Road is around £117,631 per annum (the actual subsidy depends on the number of nights stayed by individual occupants). It is proposed that this be funded from the Council's annual Homelessness Reduction Grant and Flexible Homelessness Support Grants which total £0.666m in 2020/21. Allocations of these grants for 2021/22 have yet to be announced but are expected to be of similar value.

In terms of prioritising budgets, the underlying aim is to match on-going fixed costs (such as those that will be associated with operating Spendells as temporary housing units) with the ongoing base budget. The flip side would therefore require the use of temporary income, such as the grant from the Government to fund temporary initiatives or those can be flexed (such as existing block booking arrangements) to respond to changes in demand and supply. Operating homelessness budgets in this way will therefore provide confidence around being able to meet future on-going obligations and therefore reducing potential future cost pressures.

The owner of Beach Road has offered the property to the Council from January 2021 at £200,000 per annum with an annual increase after the first year in line with the Retail Prices Index. The option of a longer term than twelve months at a time as desired by the owner has not been pursued by officers due to longer term uncertainties around Government grant funding and homelessness levels.

## **Risk**

There are risks associated with the proposals:

**Financial** – The primary risk associated with this proposal is financial. Whilst by no means cheap overall, the arrangement is most effective when all the rooms can be occupied and therefore housing Benefit subsidy maximised. Over the time the property has been used that has usually been the case. Should homelessness reduce then there could be a situation where not all rooms are occupied. This risk is mitigated by flexibly booking other hotel accommodation so that occupation of Beach Road can be kept as high as possible. With current levels of demand officers consider this risk to be low.

**Continued Need** - Research in this area concludes that the need for temporary accommodation is unlikely to reduce. A report published by Shelter in August 2017 entitled *Homelessness projections: Core homelessness in Great Britain* suggested that if current policies remain unchanged the most acute forms of homelessness are likely to continue rising.

During the week commencing 23rd November there were 68 properties for rent within a five mile radius of Clacton and 16 around the Harwich area. To put those figures into context during that week there were 378 open homelessness applications. Of these applications, 96 have recently been assessed as being homeless and 83 have been assessed as being threatened with homelessness in the next 56 days. Rising rents in this area, with a forecast three per cent rise every year for the next five years, combined with landlords selling property means that supply will become more restricted. An article in

*"This is Money"* published in May 2019 reported on a wide ranging study of almost 2,500 landlords by the Residential Landlords Association. It found that a quarter of private landlords are looking to sell at least one property over the next year.

The impacts of the COVID-19 pandemic on homelessness and the wider housing market are perhaps yet to be truly felt. Research undertaken by the District Councils Network in the Summer of 2020 suggested that up to 500,000 additional households could be made homeless as a consequence of the pandemic.

Overall officers are confident that the rooms at Beach Road will be fully utilised and without a major policy shift or increase in affordable housing supply it appears unlikely that the need for temporary accommodation will reduce to an extent that the property is not needed in the next two years. The position will be reviewed then, in light of the level of demand at that time and with the benefit of Spendells House being up and running.

## LEGAL

Under Part VII of the 1996 Housing Act (as amended) the Council has a duty to provide temporary accommodation to households who are homeless and have an apparent 'priority need' for accommodation according to the legislation.

13 Beach Road is a property that has lawful planning use for the purpose for which the Council is booking it and has a current House in Multiple Occupation Licence.

The booking of temporary accommodation for homelessness purposes is exempt from normal procurement legislation but given the value of this arrangement the Council's Monitoring Officer has advised that Cabinet approves the future booking of this property.

## OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

**Area or Ward affected** – The property is located within the Pier Ward in Clacton.

**Equality and Diversity** – An equality impact assessment has not highlighted any equalities issues.

## PART 3 – SUPPORTING INFORMATION

### BACKGROUND

## Homelessness levels

The Council has a statutory duty as the Local Housing Authority to provide assistance to people who are homeless or threatened with homelessness.

The Council has for many years adopted a pro-active preventative approach to reducing homelessness. However, the last five years has seen a national increase in homelessness that has also been the experience in Tendring.

Year	Homelessness applications
2013/14	87
2014/15	137
2015/16	159
2016/17	288
2017/18	308
2018/19	704
2019/20	739

The Homelessness Reduction Act 2017 (HRA17) came into force in April 2018 with the aim of reducing homelessness. The act increased duties on local authorities to assess an applicant's needs and to prevent and relieve homelessness by:

- Improving advice and information about homelessness and the prevention of homelessness;
- Extending the period of threatened with homelessness from 28 days to 56 days. An applicant is now assessed as threatened with homelessness if they are likely to become homeless within 56 days.
- Introducing new duties to prevent and relieve homelessness for all eligible people, regardless of priority need and intentionality.
- Introducing assessments and personalised housing plans, setting out the actions housing authorities and individuals will take to secure accommodation.
- Encouraging public bodies to work together to prevent and relieve homelessness through a duty to refer.

Despite the extra advice and duties brought in by the Homelessness Reduction Act, the lack of affordable housing and private rented properties mean that the use of temporary accommodation has increased.

In both 2018/19 and 2019/20 the Council received over 700 homelessness applications which is a significant increase from previous years. The main reason for this is the fact that the definition of threatened homelessness is now triggered at 56 days as opposed to 28 days.

For each homelessness application the Council's duty is to assess each applicant's situation and provide a personal housing plan if they are homeless or threatened with homelessness. The aim of the plan is to help keep the person in their current home or support them to find somewhere else to live. Officers work with the person for up to eight weeks if they are threatened with homelessness and for a further eight weeks once they

are homeless. If the person is still homeless after eight weeks, the Council will then make a main duty decision which will determine what further help we have to provide. This decision is based on whether they have a priority need and the reasons for which they have become homeless.

The Council has a duty to provide temporary accommodation at the point in which we have reason to believe that an applicant may be homeless, eligible for assistance and has a priority need. This accommodation is provided until they either find settled accommodation or a main duty decision is made. If the main duty decision is that a person has a priority need and is homeless through no fault of their own, then they will have to stay in temporary accommodation until longer-term housing is secured.

The table below shows the number of households placed into emergency accommodation each year from 2013 until 2020. This highlights the increasing demand on temporary accommodation with placements increasing by 50% from 2017/18 to 2019/20 and the average length of stay in temporary accommodation increasing.

Year	No. of placements into emergency accommodation	Average no. of days in placement
2013/14	44	17
2014/15	57	24
2015/16	91	23
2016/17	154	24
2017/18	182	31
2018/19	232	37
2019/20	273	44

In previous years it was possible to assist applicants to find alternative accommodation before they actually became homeless and therefore not so many were placed in temporary accommodation.

It is becoming more difficult to gain access to the private rented sector as a significant number of landlords are refusing to house people in receipt of benefits or require guarantors and rent in advance. This makes preventing people becoming homeless by arranging alternative accommodation in the private rented sector challenging. The impact of welfare reform changes, the freezing of the Local Housing Allowance rates and the roll-out of Universal Credit are seeing more people threatened with homelessness.

### **Current temporary accommodation provision**

The Council's spending on using private sector properties for temporary accommodation provision has been rising steadily over recent years. The Council does not have any control over the number of households presenting as homeless and has a statutory duty to provide temporary accommodation in many cases. This type of accommodation is usually provided via local bed and breakfast establishments and through block booking arrangements with two property owners in Clacton. In 2019/20 the Council spent £0.527m on temporary accommodation, which is met through the General Fund.

The property at Beach Road provides 14 rooms and costs £200,000 per annum. This accommodation is mainly for single people/couples. We are therefore still reliant on bed and breakfast establishments to provide temporary accommodation for families.

The conversion of Spendells House in Walton, as approved by Cabinet in June 2020, will

provide much needed family accommodation when the conversion works are completed late in 2021. The 30 rooms at Spendells House will enable other nightly bed and breakfast bookings to be reviewed and potentially mitigated.

Officers are conscious that current temporary accommodation provision is predominantly located in Clacton. This will change when Spendells House moves the main accommodation base to Walton although the remaining B&Bs and the Beach Road hostel will remain in Clacton. This will leave Harwich and other areas without local provision so an area of work will be to identify how low cost, effective temporary accommodation can be sourced in other parts of the District based on evidence of local need.

### **Other benefits from using 13 Beach Road**

In the years leading up to 2018 when the Council entered into a licence to occupy the property it had been used as a hostel for a variety of people including those released from prison. The Council did not have any control over who occupied the property and the nature of some of those individuals who did resulted in the property being associated with significant levels of anti-social behaviour in the neighbourhood. This adversely impacted on statutory agencies including the Council, the Police and healthcare services. It is fair to say that those problems have not been present since the Council took control over who lives there. If the Council were to stop using the accommodation it is possible that the owner would return to using the property as he previously did, resulting in a rise in ASB problems or offer it to other councils for use as temporary accommodation.

<b>BACKGROUND PAPERS FOR THE DECISION</b>
None

<b>APPENDICES</b>
None