

Best in Class Housing – Temporary Accommodation

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Portfolio: Communities, Housing and Planning

Ward(s) Affected: All wards

Purpose of the Report:

This report sets out the expected future increase in demand for temporary accommodation (and the associated significant increase in cost), and provides a plan to help address this.

Recommendations:

The Panel is asked to recommend to Cabinet, for recommending to Council:

Capital Items

1. Create an additional capital budget of £1,356,000, to purchase additional temporary accommodation.
2. Delegate authority to the Assistant Director of Individuals and Families, in consultation with the Section 151 Officer, the Portfolio Holder for Communities, Housing and Planning Policy and the Portfolio Holder for Finance to purchase individual properties up to £750,000.
3. To increase the current allocated opportunities reserve from £900,000 to £1,000,000, to facilitate the purchase of a property and pay for the renovation works to make the property ready for use.

Revenue Items

4. To agree to the extension of contracts for temporary additional housing staff up to £266,200 per annum (funded BDC 45% / SNC 55%) to deal with additional demand on housing services.
5. To agree the recruitment of 1 x FTE officer for every additional purchase of 10 units of temporary accommodation, which will be paid for by the additional income received from those properties.
6. That the Council prioritise allocations in temporary accommodation within its own stock, and in the event, that capacity cannot be found within its own stock, place in South Norfolk Council stock first.
7. Utilise capital reserves to pay for specialist support to speed up the purchase of properties

1 Summary

- 1.1 The Council has a strong track record of delivering effective housing services, to ensure our most vulnerable residents are supported when they need help the most. Having access to good quality housing is a fundamental basic need if we are to support residents back to good health and economic activity.
- 1.2 The Council is facing a significant increase in demand for temporary accommodation, caused by a number of factors including:
 - an increase in demand caused by covid
 - an increase in demand caused by the cost-of-living crisis
 - reduced housing stock in both social housing and the private rented sector.
- 1.3 If we do nothing, the Council will have no other option but to accommodate this increased demand by using expensive B&B accommodation.
- 1.4 It is therefore proposed to remodel our temporary accommodation offer by increasing the amount of temporary accommodation that the council directly owns and manages. This will mitigate the increased costs as well as maintaining our best-in-class support to vulnerable residents.

2 Background

- 2.1 The Best-in-Class Housing & Homelessness Offer report in 2020 set out a transformational programme for our housing services. The report set out how we would transform our services to maximise the benefits of two Councils, one team, improve our housing allocation policy, improving our data system, improving our customer pathway, and re-imagine our temporary accommodation offer.
- 2.2 The Housing Allocations Policy and new data system were launched in April 2021, with an update to the policy in April 2022. The data system is operational and has brought the two teams together, improved service efficiency and team resilience to deal with enhanced demand, as well as providing joint savings to both Councils of £72,000 over four years.
- 2.3 The Council has a statutory obligation to deliver housing services under the Housing Act 1996 and the Homelessness Reduction Act 2017. Although we no longer have our own general housing stock, we are required to support residents who are at risk of homelessness or are homeless. The Council is also the gateway into social housing, working with our 14 registered social landlords to ensure residents have access to the right social home.
- 2.4 The Council has a substantial track record in investing in prevention services. The formation of the help hub, district direct, social prescribing as well as a housing service that focuses on preventing homelessness rather than reacting to demand has led to the Council being able to deliver exemplar services. This approach will help us more effectively deal with increases in demand, and we are well placed to mitigate where we can through early intervention and working with partners.

3 Current temporary accommodation

3.1 Our current temporary accommodation portfolio is detailed in the table below.

Council Owned	2 x 3 bed properties (Mallard)
Private Sector Leased	Tustings: 5 x units leased from Clarion Housing 24 properties of various size including 3 x 4 bed which are used to offset the lack of private sector housing, not temporary accommodation.

3.2 In addition, the Council has benefited from the collaboration with South Norfolk which provides more options to the housing team, as both Councils have their own stock and leased properties. The flexibility of this accommodation, and the resilience that two Councils, one team brings allows us to think more ambitiously than if we were not collaborating.

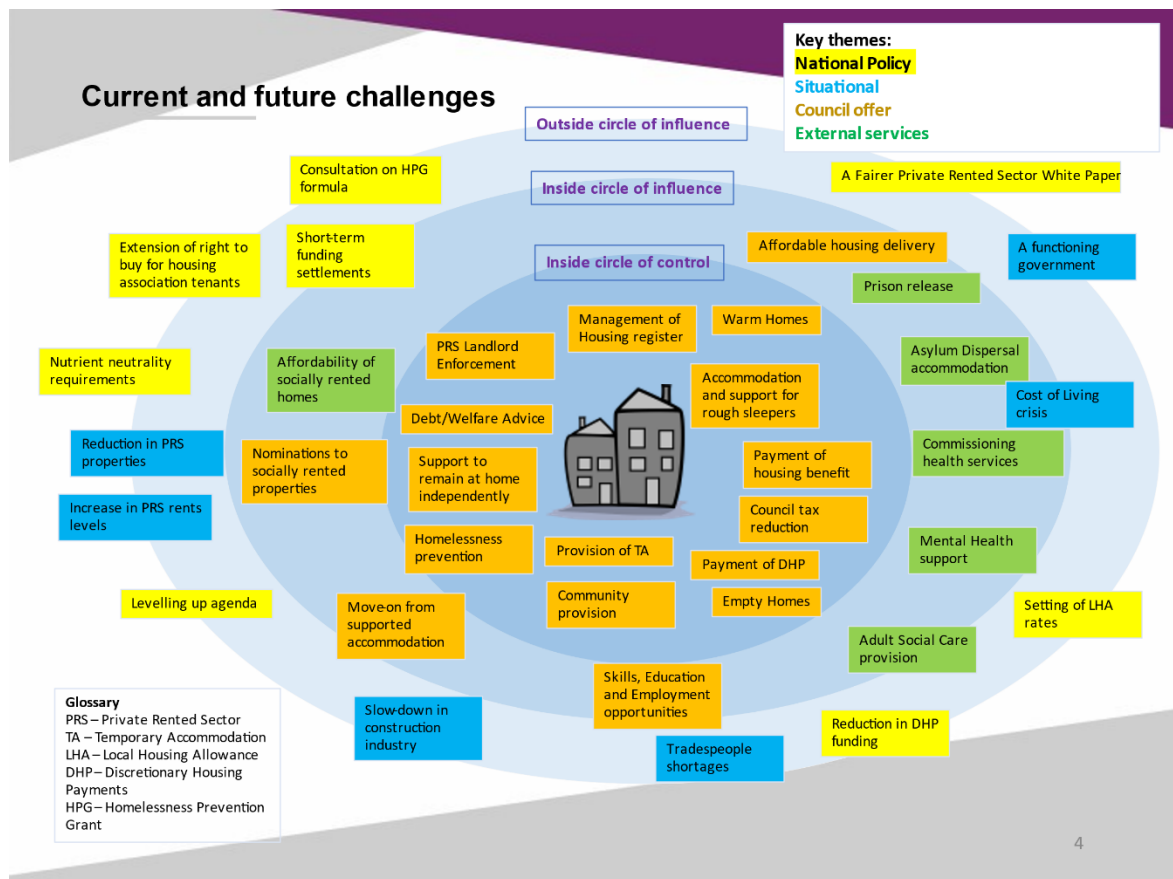
4 Expected increase in demand for temporary accommodation

4.1 The demand for temporary accommodation has risen across the Country since the beginning of the covid pandemic. Initially an 'all in' call issued from central Government ensured that no one was left rough sleeping or had no fixed accommodation, to help reduce the spread of Covid.

4.2 As economic restrictions continued, more residents struggled with paying rents and essential items and therefore defaulted on payments. At the same time, evictions were halted to reduce the numbers of people homeless and therefore reduced pressure on temporary accommodation during the pandemic, but this was only a short-term supportive measure.

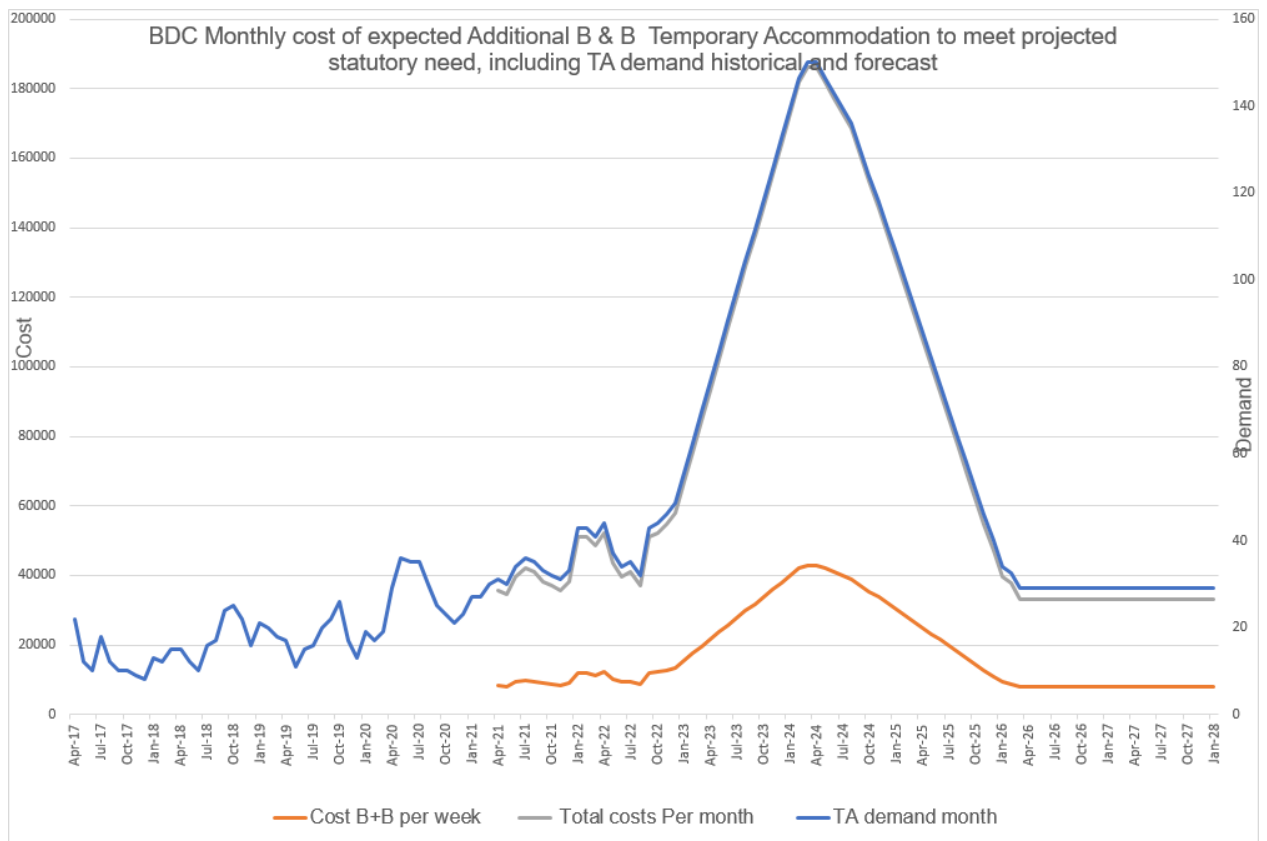
4.3 Currently we are seeing the highest demand for housing services since Covid-19 and the 'all in' policy. Officers have worked with external specialists to understand current and future demand modelling which suggest this demand will not reduce in the next few years due to the financial crisis and housing crisis we are now facing.

4.4 The main reasons for this demand increase continuing are shown below. This demonstrates the complexity of the housing system of which temporary accommodation is just one element.



4.5 To estimate the likely demand for temporary accommodation in Broadland, Cambell Tickell were commissioned to model the impact on temporary accommodation of an economic recession

4.6 The graph below shows the expected additional number of residents in temporary accommodation. This is a best estimate forecast that will be continually reviewed and does not account for further factors that could mean this worsens such as a longer recession, increased numbers of those seeking asylum and housing such as Ukraine. If this were to happen, we would envisage that the high peak would be for a protracted period.



4.7 Essentially the consultants are expecting that demand will increase significantly from 2023, before falling to pre-covid levels in 2026.

4.8 A breakdown of the increase by placement reason is shown below

Reason for TA placement	Average based on last 12 months			23/24 Estimate		
	singles	families	Total	singles	families	Total
1) Parents, extended family or friends no longer able or willing to accommodate	66	48	114	79	58	137
2) End of private rented tenancy (record figure by reason below)						
Landlord wishing to sell, or relet property	12	10	22	22	18	40
Rent arrears, or can no longer afford the rent (whether section 8 notice or section 21 given)	8	6	14	16	12	28
Breach of tenancy – not rent arrears (whether section 8 notice or section 21 given)	4	0	4	4	0	4
Landlord has their property repossessed	0	0	0	3	3	6
Other reason including relationship breakdown (not domestic abuse, illegal eviction and abandonment)	12	0	12	12	0	12

Reason for TA placement	Average based on last 12 months			23/24 Estimate		
	singles	families	Total	singles	families	Total
End of PRS Tenancy not AST	16	8	24	24	12	36
3) End of Social housing tenancy (record figure by reason below)						
Evicted for rent arrears	6	0	6	9	3	12
Evicted for breach of tenancy	0	0	0	0	0	0
Abandoned tenancy	0	0	0	3	3	6
4) Homeless due to being a victim of domestic abuse (regardless of tenure but record refuge cases separately below)	66	40	106	66	40	106
5) Lost owner-occupied property (repossession cases) include shared ownership cases here	4	2	6	6	44	50
6) Lost supported accommodation	16	2	18	16	2	18
7) Homeless NFA (include rough sleepers, left prison, left institution)	8	0	8	16	0	16
8) Ukraine household homeless due to breakdown of family visa accommodation or homes for Ukraine sponsorship arrangements	0	0	0	15	37	52
9) Afghan household leaving Home Office Bridging Hotel	0	0	0	0	5	5
10) Required to leave NASS Asylum Support accommodation by the Home Office	0	0	0	2	3	5
11) Fire, flood or other disaster	6	4	10	6	4	10
12) Non-domestic abuse threats/harassment	10	4	14	10	4	14
13) Property disrepair	8	2	10	8	2	10
14) Relationship Breakdown non-violent	22	4	26	24	5	29
Total monthly placements actual and predicted 2022/23 and predicted 2023/24	264	130	394	341	255	596

5 Cost of different types of temporary accommodation

- 5.1 The cost of temporary accommodation varies according to housing type.
- 5.2 The table below, based upon current costs for the Council, shows the cost difference between bed and breakfast and owned temporary accommodation.

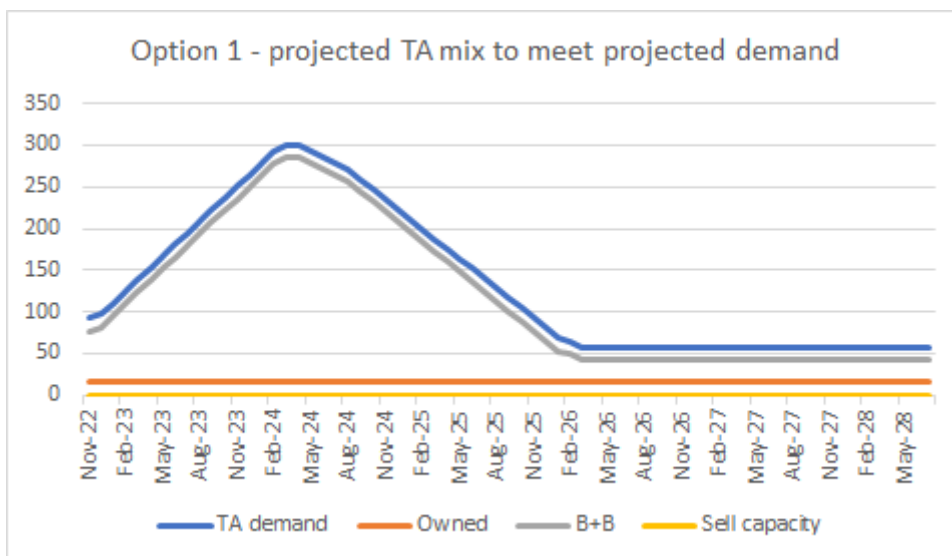
Cost per week, per unit	Gross Cost £	Cost of maintenance £	Staff costs to support residents £	Income from HB £	Lost interest on investment 3% £	Net £
Bed and Breakfast	350.00	0.00	38.46	-98.00	0.00	290.46
Owned accommodation	143.58*	81.00	38.46	-252.00	37.26	-95.28

(*£143.58 is the average cost of owning accommodation per unit, including maintenance, staffing costs and utilities, it doesn't include capital repayment)

- 5.3 This shows that the cost of each B&B placement is c£300 a week, whereas owned accommodation is better than cost neutral.
- 5.4 This is due to the Council having a more efficient stock, less overheads and has a different business model compared to B & B. Coupled with this, the money the Council can draw down from housing benefits for owned accommodation is significantly more than for B&B.

6 Expected Cost if we maintain current stock and staffing

- 6.1 As detailed above the need for temporary accommodation is expected to more than double over the next three years. If we stay as we are with the current stock (2 units) and staffing, we predict that our numbers in TA would be impacted due to staffing levels and there would be an increased reliance of B & B accommodation.
- 6.2 If we continue with the current model this would put our existing temporary accommodation budget from a pre-covid budget allocation of £33,000, to an annual budget rising to £1.7m in 2024/25.

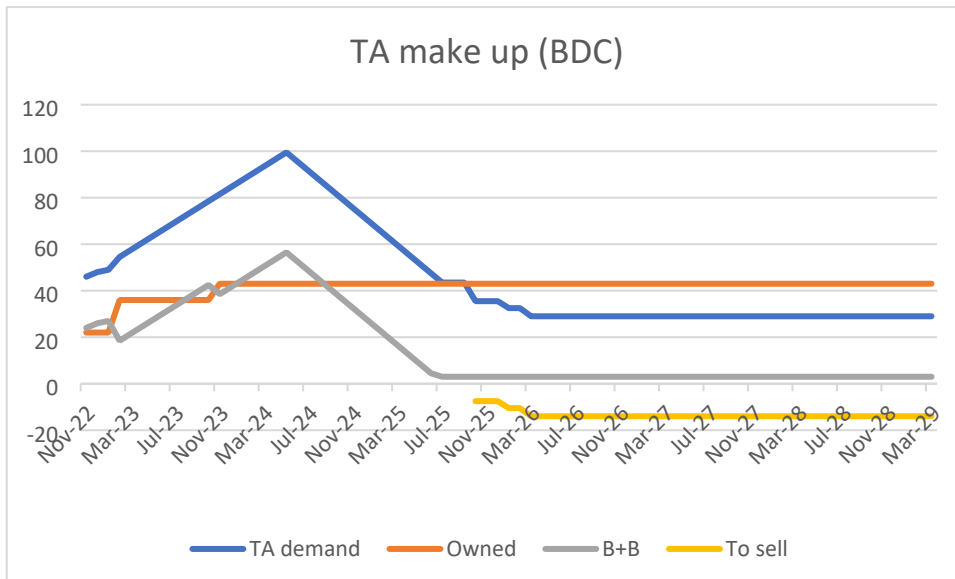


	Cost if Continue to use B&B
23/24	1,588,191
24/25	1,742,970
25/26	697,423
26/27	288,681
27/28	288,681
28/29	288,681
Total	4,894,629

6.3 This not only puts a huge financial pressure on the Council, but with the lack of availability of good quality accommodation, we would have to purchase space in poor quality and unsuitable bed space which the Council only uses as a last resort. This would put our already vulnerable residents in a poorer situation at a time where we want to stabilise their situation and empower them to move back to good health, independence and economic activity.

7 Expected Cost if we move to more Owned Accommodation and increase staffing (as detailed in 9.5)

- 7.1 The alternative is to purchase additional temporary accommodation stock.
- 7.2 With the demand predicted, 43 units would be optimal in terms of ensuring a high utilisation (c90%) meaning a maximum return on capital investment to the council.
- 7.3 However, there will always be cases for using B&B, due to the Council housing higher risk residents or needing to create a suitable mix of residents in an accommodation block.
- 7.4 This approach would mitigate the increase cost of temporary accommodation whilst also providing a significantly better quality of accommodation to our vulnerable clients.



BDC	Cost based on 43 units
23/24	383,863
24/25	407,012
25/26	-147,531
26/27	-168,379
27/28	-168,379
28/29	-168,379
Total	138,205

- 7.5 The modelling suggests that demand may begin to subside after 24/25. If this happened this would leave the Council with two options. One would be to dispose of unneeded temporary accommodation. Alternatively, it is well known that a lack of good quality temporary accommodation for a variety of client groups means numerous other agencies such as children’s service and other district housing authorities will very likely be willing customers, providing the council with a steady income stream against its investment.
- 7.6 Based on the current cost of suitable property per square feet (£200) the Council would need to spend £1,356,000 to purchase appropriate units.

Calculation of cost to purchase TA (BDC)

Property Purchase as detailed	20
2 current properties	2
Total	22
Target level	43
Total needed	21
Sq./ft per unit (approx. average)	322.92
Cost per Sq. ft	200
Total cost per unit	64,584
Total capital investment	£135,6264

7.7 Whilst delegation is sought to expedite the purchase of properties, where a individual property value exceeds £750,000 properties will be submitted to Cabinet for approval.

8 Current Property Opportunity

8.1 Broadland currently has £900,000 set aside in its opportunities fund to purchase temporary accommodation.

8.2 There is currently the opportunity to purchase a 21-unit property. The cost of which, including renovation works to make the property ready for use is c£1m.

9 Team Workload

9.1 Whilst the increase in need puts pressure on bed spaces, it also puts pressure on the team's workload. Currently we have a core staff resource based on pre-covid demand, which is complemented by extra resource funded through Covid. This funding stream ends in April 2023 and therefore we face a double impact of losing staff resource at a time of increased demand. This will create a significant shortfall in officer resource which would mean reducing the service to a minimal offer. This would be a step change for the Council who have an exemplar reputation both locally and nationally. Also, whilst saving money in the short term, this would mean more residents in expensive crisis in the future.

9.2 This proposal will focus on our immediate need for staff resource, with other workstreams presented to future committees as required, or implemented as part of our continuous improvement programme.

9.3 The proposal will not increase core budget staff costs as we will follow the model, we adopted in covid by creating supernumerary staff. The figures are a worst-case scenario, as we anticipated that additional costs for staff can be offset in 2023/4 by additional funding allocated from un-ringfenced covid funds, additional Ukraine funds and any funds received for asylum dispersal. Depending on external funding

availability however, there is an anticipated cost pressure in 24/25. Offsetting costs now with funds that may be needed in future years carries risks, however officers will aim to make additional staff costs in 24/25 cost neutral through income.

9.4 Through covid and with investment of relevant funding, the housing team has experienced growth of personnel as case levels have increased. This has allowed the team to continue to provide a prevention orientated and personalised service to clients under manageable caseloads, as well as implement triage functions to improve the customer journey. These funded roles end in 22/23. It is envisaged that these additional staff will continue to be needed until 25/26 given projected demand, at which point the team will be back to pre-covid levels with exception of additional housing staff needed to manage properties.

9.5 The additional staffing required are detailed below, the cost of these staff (£266,200) have been factored into the overall financial projection.

Grade	Current perm (FTE)	New total (FTE) establishment	Cost (Annum including on costs)
Triage (Grade B)	2.09	3.09	£24,495
H register (Grade C)	2.3	4.21	£56,582
HSO (Grade D)	14.45	17.05 including Early prevention specialist	£91,135
Manager (Grade F)	7.8	9.8	£93,932

9.6 In addition to help manage a broader in-house temporary accommodation estate as outlined above, staff will need to be recruited to manage the maintenance of the accommodation and provide tenancy support to those under our duty of care as a landlord. Based on experience of managing estate to date and via other similar functions, an optimal staffing ratio is one additional housing officer for every 10 units purchased. This cost will be paid for by the additional housing benefit we can draw down and so will be nil cost to the Council, and this resource is factored into financial modelling above.

9.7 Currently the purchasing of property is carried out by existing senior Individual and Families staff. With current workloads and skills sets, this is proving ineffective as we are unable to react quickly to opportunity. The proposal is to bring in a specialist resource at a cost of £500 per day to identify properties and complete the necessary checks to support senior managers. This similar approach in economic growth has proven an effective use of resource. The cost for this will be taken from the allocated capital budgets and will speed up the purchase of properties to help release savings. This cost has been built into the financial figures.

10 Joint Working

- 10.1 The extra properties will be managed by the team as a whole system as the current properties is now.
- 10.2 Each Council will have its own stock which it will be responsible for costs and maintenance, it is not proposed to have a pooled stock. Residents will be placed in their district owned stock first (following assessment of risk and safety), and then if unsuitable or no stock available, that resident will be placed in the other Councils stock as a second option. Should the risk be too high, there is no suitable accommodation, or no capacity then the resident will be placed in other temporary accommodation. This approach maximises the use of each Councils stock, which reduces costs and improves accommodation standards for tenants and will mitigate oversupply.
- 10.3 The Council is predominantly looking at larger properties that provides an economy of scale model where several tenants are in the same place. This helps to manage staff time and operational costs. As part of our future transformational work will be undertaken to look at the most optimal ownership and operating model for our accommodation portfolio.
- 10.4 The Council is committed to a carbon neutral footprint which applies to all its buildings. Whilst the costs presented do not consider making a property carbon neutral, how energy efficient a property is will be part of the criteria for selection, with the committed to making carbon neutral as soon as financially possible.

11 Issues and risks

- 11.1 **Resource Implications** – the resource implications are detailed in this report.
- 11.2 **Legal Implications** – All purchases will be part of the Councils normal procedures which will be subject to legal advice.
- 11.3 **Equality Implications** – This proposal supports the most vulnerable in our districts.
- 11.4 **Environmental Impact** – Any properties will fall into the Councils carbon neutral objectives.
- 11.5 **Crime and Disorder** – Poor or inadequate housing and environment is one of the main pathways into, and out of, offending behaviour.
- 11.6 **Risks**
- 11.7 Property prices could fall therefore meaning a loss in capital. However, the Council is only at risk if it sells properties at a loss. This proposal looks to the long term to retain property as an investment, only selling in the market is right.

- 11.8 Temporary accommodation is currently paid by housing benefit. The projections are based on this remaining in housing benefit however it may go to Universal Credit. However, it is envisaged that funding will continue to be made available to pay for rent.
- 11.9 Demand may outstretch current modelling. Whilst this would further validate the capital investment made, we would still see the revenue spend, albeit somewhat mitigated. If this were to happen, we may have to invest further.
- 11.10 Purchasing properties in the current market requires an expediency that does not match the housing team staff resources and the Council governance structures which we need to address if we are to be commercially aware and maximise opportunities.

12 Conclusion

- 12.1 The Council faces a substantial increase in demand for temporary accommodation. The proposal is to react to this demand proactively and put measures in place to ensure we support the most vulnerable in our district, whilst implementing a financially viable scheme.

13 Recommendations

The Panel is asked to recommend to Cabinet, for recommending to Council:

Capital Items

- 13.1 Create an additional capital budget of £1,356,000, to purchase additional temporary accommodation.
- 13.2 Delegate authority to the Assistant Director of Individuals and Families, in consultation with the Section 151 Officer, the Portfolio Holder for Communities, Housing and Planning Policy and the Portfolio Holder for Finance to purchase individual properties up to £750,000.
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- 13.7 Utilise capital reserves to pay for specialist support to speed up the purchase of properties.