

**STROUD DISTRICT COUNCIL**

**AGENDA  
ITEM NO**

**COUNCIL**

**25 APRIL 2019**

**6a**

Strategy and Resources Committee, 7 March 2019 - Agenda Item 10

<b>Report Title</b>	<b>OPTIONS FOR PROVIDING TEMPORARY ACCOMMODATION FOR HOMELESS HOUSEHOLDS IN THE STROUD DISTRICT.</b>
<b>Purpose of Report</b>	To seek authority for the purchase of a property in Stroud for conversion to temporary accommodation; and, to receive the Committee's view on further temporary accommodation provision in the District.
<b>Decision(s)</b>	<p><b>That delegated authority is granted to the Head of Property Services in consultation with the Head of Finance and Chairs of Housing and Strategy and Resources Committee:</b></p> <ul style="list-style-type: none"> <li><b>(1) to purchase the former Salvation Army building in Stroud utilising the General Fund; and</b></li> <li><b>(2) To commission the conversion of this property into temporary accommodation; and</b></li> <li><b>(3) To commission the management of the completed property as temporary accommodation for homeless households.</b></li> </ul> <p><b>Subject to a business case being made and due diligence being undertaken.</b></p>
<b>Consultation and Feedback</b>	A report was brought to December Housing Committee regarding homelessness and temporary accommodation. Discussion at this Committee showed strong support for the provision of temporary accommodation for homeless households within the Stroud District.
<b>Financial Implications</b>	<p>This report sets out some potential options that could be utilised to alleviate the use of temporary accommodation in the private rented sector.</p> <p>Each of these options would have different costs, benefits and risks and should members approve the exploration of these options, a full business case would need to be drawn up for each option. Any costs associated with the development of a business case would need to come from existing resources, and is likely to be predominantly officer time.</p>

<p><b>Financial Implications and Risk Assessment</b></p>	<p>Each of these options would have different costs, benefits and risks and should members approve the exploration of these options, a full business case would need to be drawn up for each option. Any costs associated with the development of a business case would need to come from existing resources, and is likely to be predominantly officer time.</p> <p>Any new capital programme would need Council approval once a business case demonstrates the benefits of proceeding. Any changes in use of existing revenue budget would need to adhere to the scheme of virement in the Financial Regulations.</p> <p>Lucy Clothier, Principal Accountant Tel: 01453 754343 Email: <a href="mailto:lucy.clothier@stroud.gov.uk">lucy.clothier@stroud.gov.uk</a></p> <p><b>Risk Assessment:</b> the provisions of this report should help to mitigate the risk to the council and to individuals facing homelessness. The health risks of homelessness and rough sleeping are well-known and the provision of appropriate accommodation can alleviate this risk.</p>
<p><b>Legal Implications</b></p>	<p>As is identified below, the Council is under a statutory duty to provide temporary accommodation for homeless persons in certain circumstances. Such temporary accommodation can take a variety of different forms, as is identified in the report. The Council has a general entitlement to acquire land, which could be used to discharge this duty.</p> <p>It is noted that it is proposed to fund the proposed acquisition from the General Fund. As such, the Strategy and Resources Committee will need to approve the necessary spending and the appropriate amendment/s to the Medium Term Financial Plan. Members may wish to consider whether it is possible to do this in the absence of any current indication of the likely acquisition costs.</p> <p>Moreover, whilst land acquisitions do not fall under the auspices of the public procurement regime, the Local Government Act 1999 imposes a duty on local authorities to <i>“make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”</i>. Whilst there is a clear urgency in the</p>

	<p>need to provide temporary accommodation, members may nevertheless wish to make further enquiries as to the relative costs/benefits of the 3 options identified in the report before making a final decision regarding this matter in order to discharge that duty.<small>.R1501D2101C2101</small></p> <p>Mike Wallbank, Solicitor Tel: 01453 754362 Email: <a href="mailto:Mike.Wallbank@stroud.gov.uk">Mike.Wallbank@stroud.gov.uk</a></p>
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<b>Options</b>	<p>The council has a statutory duty to carry out certain activities in relation to homelessness. One of these is to provide temporary accommodation to qualifying homeless households. At present, private sector provision outside the district is relied on to accommodate these households. This could continue but may not represent good value nor provide as good accommodation as more permanent housing provision appropriate to the needs of those households.</p>
<b>Performance Management Follow Up</b>	<p>Regular update reports on progress will be brought to Housing Review Panel.</p>
<b>Background Papers/ Appendices</b>	<p><b>Housing Committee</b> 11<sup>th</sup> December 2018: <a href="https://www.stroud.gov.uk/media/970788/item-7-council-responses-to-homelessness.pdf">https://www.stroud.gov.uk/media/970788/item-7-council-responses-to-homelessness.pdf</a></p>

## 1. INTRODUCTION / BACKGROUND

- 1.1 In December 2018, Housing Committee considered a report which, amongst other things, gave an update on the Homelessness Reduction Act and the additional requirements for temporary accommodation resulting from it. Following the introduction of the Homelessness Reduction Act, the budget expended on temporary accommodation has increased considerably, and shows no sign of reducing. At present, households are accommodated in a mixture of accommodation provided by private sector landlords and ranging from use of Travelodge hotels to private 'bed and breakfast' style facilities. The majority of this accommodation is located outside the Stroud district and, at times of high pressure, can be as far away as Bristol or Worcester.
- 1.2 The cost of individual placements vary with the average cost for a single or couple at £190 per week, and £415 per week for families. The budget for Bed and Breakfast cost has been increased significantly for 2019/20,

in line with current levels of usage. The income budget (from Housing Benefit) has also been increased from next year, but there is a net cost assumed of £71k.

- 1.3 In addition, accommodating homeless households away from schools, support networks or places of employment can be detrimental to the life chances of that household.

## **2. ISSUES FOR CONSIDERATION**

- 2.1 A number of avenues have been explored in order to find the most appropriate and cost-effective solution to providing temporary accommodation for homeless households. It is estimated that 12 units of temporary accommodation are required.

- 2.2 Three potential options are explored in this report.  
They are:

1. Build, or commission and lease, a purpose-built building
2. Convert an existing building for use as temporary accommodation
3. Convert existing HRA dwellings for use as temporary accommodation

- 2.3 All of these options would give new units of temporary accommodation in the district, but with different cost implications, and different service levels.

- 2.4 They are not mutually exclusive and could be used in combination with each other.

- 2.5 By providing temporary accommodation in-house, or through a Housing Association, it is likely that more of the cost of temporary accommodation is reclaimable through Housing Benefit. This is because Housing Benefit in the private rented sector is limited by the Local Housing Allowance rate, albeit under a slight variation to longer term rents. However Housing Benefit may not cover all aspects of management or additional support so there would still be a net cost to the Council.

## **3. OPTION 1 – COMMISSION A PURPOSE BUILT BUILDING**

The commissioning and / or building of a bespoke temporary accommodation unit in Stroud utilising council funding or private investment, with management provided by a local Registered Provider.

- 3.1 The Council could either consider taking on the building of the temporary accommodation itself, or commissioning this work externally. This would require a site to be identified and acquired, funding secured and building works procured, resulting in a long lead in time before accommodation could be available. It would however provide modern accommodation built to current energy efficiency standards.

- 3.2 Private investment would allow a purpose built temporary accommodation unit to be built in the district with no upfront cost from SDC. However, lease costs would be payable to the private investor for a number of years (for example 40), at which point the freehold would revert to SDC. Over that time the lease payments are likely to be inflated annually, linked to RPI, and would be payable irrespective of occupancy.
- 3.3 A management agreement would also need to be put in place at additional cost.

#### **4. OPTION 2 – CONVERT AN EXISTING DWELLING**

The purchase and conversion of an existing building by a Registered Provider, either funded by the Council or utilising the resources available to the Registered Provider, and with management to be supplied by that Registered Provider. If funded by the Council, the property would become an asset in our ownership.

- 4.1 The purchase and conversion of a property would mean an upfront capital cost to the authority. If this capital cost is funded from borrowing there would be a long term impact on revenue from Minimum Revenue Provision (MRP) and interest payments. It is likely that this would be considerably lower than the lease payments payable under Option 1 and potentially lower or similar to the costs of the council funded a new build itself depending on the size, age, condition and location of the property.
- 4.2 An opportunity to purchase a housing unit from the Salvation Army in Stroud has arisen. This unit has been empty for some time and the Salvation Army has indicated that they would welcome its purchase to provide temporary accommodation. A local registered provider has visited the property and assessed it as being eminently suitable for conversion for this use. The location of this unit, close to all the amenities of the town centre, makes it ideal for this use.
- 4.3 At time of writing the report, detailed costings for the management of this unit as temporary accommodation are still awaited from the registered provider. A verbal update will be provided at the Committee and this option will only progress if a business case can be made to support this course of action.

#### **5. OPTION 3 – CONVERT FURTHER HRA STOCK TO TEMPORARY ACCOMMODATION**

- 5.1 At present, an HRA property in Stroud has undergone works to make it suitable for use as temporary accommodation; the intention is that it will be managed as such by a private company leasing the property and then making it available for the placement of homeless households.
- 5.2 Further general needs stock in the HRA could be converted for use as temporary accommodation. Whilst this reduce/s the number of units of

long term accommodation there is potential social value in a few number of units being used for this purpose.

- 5.3 If it were to be considered on a larger scale, the relaxing of the debt cap means that the loss of units could potentially be offset with replacement stock being purchased on the open market. This would be subject to appropriate housing being available.
- 5.4 This accommodation is only suitable for households without support needs, or where support can be provided through another organisation, as the cost of providing this support over a small number of dwellings would be too costly.

## **6. CONCLUSION / RECOMMENDATION**

- 6.1 It is likely that the most suitable solution overall lies with a combination of some of the above approaches.
- 6.2 Given the pressing need to provide temporary accommodation, a phased approach could be adopted, with the purchase and conversion of the former Salvation Army unit to take place as soon as is practicable, the letting of a small number of HRA general needs properties to continue with additional accommodation brought on-stream afterwards.
- 6.3 Options to provide more units of temporary accommodation than may strictly be needed by Stroud residents are also worthy of further consideration. Any unused units could be offered to our neighbouring local authorities in order to help them meet their accommodation needs and could generate a surplus back to the Council's General Fund. A business case determining the potential benefits against the risks would need to be drawn up to support this.