

TEMPORARY ACCOMMODATION REVIEW AND THE CONSIDERATION OF ADDITIONAL RESOURCES.

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Wards Affected: All
Key Decision: No
Report to: Council
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Purpose of Report

1. The purpose of this report is to recommend Council to agree to the provision of additional resources to provide temporary accommodation.

Recommendation

2. **Following a recommendation from Cabinet on 16th March 2020 Council is asked to agree to:**
 - (i) **provide additional resources of £4.2 m as a specific reserve to acquire temporary accommodation in order to meet the Council's statutory responsibilities under the Homelessness Legislation.**
 - (ii) **initially make £1.4m available to purchase 5 properties. The additional funds reserved to be accessed in stages as funds become available.**

Summary

3. In July 2018, Cabinet agreed to acquire a portfolio of up to 20 units and leases for up to 10 units to provide temporary accommodation for homeless households within the district using reserves of £4 million approved in May 2018.
4. Since then, the Council has acquired 15 properties. Action to secure leased properties is in progress with the aim of meeting the original target of 10 later in 2020.
5. These acquisitions enable the Council to provide high quality temporary accommodation while also reducing expenditure on guest house accommodation. It is estimated that the new accommodation will save approximately £240k each year. This is in line with the original business case with an estimated saving of £3.6 million over 15 years.
6. However, there is a continuing and increasing demand for the service. At 1 January 2019, there were 40 households in temporary accommodation in the district. On the same date in 2020, there were 72 – an 80% increase. At the 31st of January the number had increased to 81 with 41 in guesthouse. Responding to this demand is increasing expenditure on guesthouse accommodation.
7. The largest rise in demand for temporary accommodation is from single households and this has doubled since 2017. Many of these are vulnerable, having mental health and other complex needs.

8. Given this demand in March 2020, Cabinet were asked to recommend to Council that the project is extended in two ways through the creation of a specific reserve of £4.2m, as follows:

Purchase five additional properties to respond to the increasing demand for temporary accommodation and to offset the cost pressures arising. It is anticipated that this will deliver further savings of c£62k per year by avoiding guesthouse costs.

- Acquire accommodation units, whether by lease or purchase, which specifically meet the needs of single homeless people with complex health needs. The estimated cost of purchasing 10 units for this group is c £2.8m. The annual savings from this investment would be c£125k. There will be revenue implications in terms of providing intensive housing management support. It is proposed that this is funded through Government Flexible Homelessness Support Grant (FHSG).
9. Since the Scrutiny Committee's consideration of this proposal, the COVID-19 pandemic has clearly impacted on the Council, and in particular on demand for housing. The issues this has created are set out in the reports to Cabinet on the 1st June and to the Scrutiny Committee for Leader, Finance and Performance on 17th June 2020.
 10. It is clear that the COVID-19 pandemic places an even greater emphasis on the need to provide a sustainable approach to the provision of temporary accommodation.

Background

11. The Council has a legal duty to provide temporary accommodation to comply with the Homelessness Reduction Act 2017 and the Housing Act 1996. This requires that those who are homeless and in priority need are accommodated until decisions are reached on their homelessness application and they can be moved on once there is accommodation available.
12. The demand for temporary accommodation is proportionate to the demand for housing more generally and the lack of affordable housing. The impact of welfare reform and COVID-19 has created additional pressures. Temporary accommodation is one part of the tools available to respond to housing need. It is a short-term provision only for the time it takes to reach decisions on new homeless applications and to move people on into more settled accommodation.
13. Some of the accommodation used for these purposes is nightly paid guesthouse accommodation. This is expensive and of variable quality; most is outside the District.
14. In July 2018, Cabinet agreed to purchase up to 20 units and lease up to 10 units to provide temporary accommodation in the District using a reserve of £4 million previously approved in May 2018.
15. The Council's approach to acquiring temporary accommodation is based on an analysis by Appraisals Abound, a specialist advisor. The plan assumed that the acquisition of 20 properties would deliver savings of £5.7m over 15 years, and that leasing 10 properties would enable cost reductions of around £1.4m in the same period.

Assessment of success

16. In August 2019, Appraisals Abound reviewed progress on the aforementioned project, and considered this in relation to the demand for the service.
17. The outcome of this review was reported to the Scrutiny Committee for Housing, Planning and Economic Development.
 - Savings achieved to date are c £82k (when compared with the cost that would otherwise have been incurred using nightly paid accommodation)

In summary the project has been successful, and it is estimated that the accommodation acquired to date will save approximately £240k each year. This is in line with the original business case with an estimated saving of £3.6m over 15 years.

Current and future demand for temporary accommodation

Notwithstanding the impact of COVID-19 homelessness is increasing nationally, and the pressures in Mid Sussex mirror national pressures. Official figures released in December 2019 showed that nationally there has been an 11.4% increase in the number of households homeless over the past year and nationally the numbers in TA are the highest in over a decade (Shelter). The Local Government Association report in January 2020 showed council spending on guest houses rose by more than a fifth from £93m in 2017/18 to £114.9m in 2018/19, 69.3% of English councils were overspent on their homelessness budgets.

18. In Mid Sussex, there has been a 40% increase in households the Council has a duty to house between 2018/19 and 2019/20.
19. Headlines provide further evidence of the increased demand:
 - At 1 January 2019, there were 40 households in temporary accommodation in the district. On the same date in 2020, there were 72, an 80% increase.
 - The largest growth in demand for temporary accommodation is from single people: 58% of households in Temporary Accommodation in June 2019 were single people. This is a 230% increase since June 2017.
 - Many of these single homeless people are vulnerable, having mental health and other complex needs: 63% of single homeless people in TA have mental health needs.
20. The demands of homelessness and the consequent provision of temporary accommodation is likely to increase, and this will be further exacerbated by the impact of the COVID-19 pandemic:
 - The Council has seen an increase in demand for temporary accommodation. The Council had 873 approaches in 2018/19. This could increase to well over 900 in 2019/20 if current trends continue.
 - The increase in numbers in guesthouse accommodation created a budget pressure of £77k in 2020/21.

Options to address the increasing demand

21. Given the current and future pressure on the service, there is a need to consider options to expand the available provision of temporary accommodation, while also reducing the cost burden on the Council arising from reliance on guest house accommodation for homeless households.
22. Officers have estimated that a total of 30 TA properties could be managed within existing staffing resources.
23. On this basis, it is proposed that the Council purchase five further properties. The estimated cost of this is £1.4 million, while delivering further savings of c£80k per year. No further revenue investment would be required. It is expected that this work would be completed in 2020/21.
24. In the medium term, there is a need to consider further acquisitions to boost the Council's ability to respond to the specific demand of vulnerable single households and to meet increasing demand.

On the assumption that 10 units would be sufficient to address the current need, a budget of £2.8 million is proposed. Based simply on savings on guest house accommodation, this investment could deliver savings of £160k per year.

25. There will however be revenue implications as a result of this investment, in relation to additional staffing requirements to provide support. There is potential to expand the resources available to support and manage these households using Flexible Homelessness Support Grant (FHSG).
26. It is acknowledged that these proposals respond only partly to the projected increase in demand set out by Appraisals Abound. Officers will continue to keep the rising demand under review.

Policy Context

27. The report supports and contributes to the priorities in the Corporate Plan to provide effective and responsive services, to provide strong and resilient communities and to achieve financial independence. The provision of good quality temporary accommodation within the district for homeless households will assist with the well-being of these households who are amongst the most vulnerable in the community. The investment in these properties will provide long term assets for the Council and contribute to a reduction in the costs incurred to meet statutory obligations under the homelessness legislation.

Other Options Considered

28. An alternative option would be to not invest in the acquisition of more temporary accommodation. The projection of increased demands on the service indicate that it is likely that the costs incurred by the Council by providing temporary accommodation through nightly paid guest houses are likely to increase significantly.

Financial Implications

29. The recommendation is for a specific reserve of £4.2m be provided to be invested in the provision of temporary accommodation. By investing in the acquisition of additional properties the costs of meeting the Council's statutory obligations should be reduced as less nightly paid guesthouse will be required.

Risk Management Implications

30. The acquisition of 5 additional properties to add to the temporary accommodation stock is low risk because 14 units have already been successfully delivered.

The provision of an additional 10 properties to specifically meet the needs of single vulnerable people presents more of a risk. These households may have complex and challenging needs and the management of these properties will require a different approach. To mitigate the risk, it is intended that we provide an intensive housing management and support service to these households. The funding for this service can be provided from Flexible Homelessness Support Grant in the short to medium term.

Equality and Customer Service Implications

31. The Equality legislation requires the Council to have "due regard" for advancing equality involves removing or minimising disadvantages suffered by people due to their protected characteristics. and taking steps to meet the needs of people from protected groups where these are different from the needs of other people. Homeless households can meet the protected characteristics criteria as set out in the Equality Act 2010. These can include age, both young and older people, disability, pregnancy and maternity. The provision of good quality temporary accommodation in the district, close to support networks and health care will assist with the health and well-being of such households and lessen the otherwise negative impact of experiencing homelessness.

Other Material Implications

None