

Report to: Cabinet

Date: 9 July 2019

Title: Enabling the supply of temporary homes for homeless families

Report of: Ian Fitzpatrick, Director of Regeneration and Planning

Cabinet member: Councillor Alan Shuttleworth

Ward(s): All

Purpose of report: This report presents an outline of the plans to put in place a new cost-effective supply of temporary accommodation, to provide homes for families to whom the council has accepted a duty under homelessness legislation.

Decision type: Key decision

Officer recommendation(s): (1) For Cabinet to note the plan set out in the report, as to how the Council proposes to reduce the increased cost of temporary accommodation.

(2) For Cabinet to agree delegated authority for the Director of Regeneration & Planning, in consultation with the Cabinet member for housing, to enter into Head & Underleases with Eastbourne Homes Investment Company Limited.

Reasons for recommendations: To provide Cabinet with assurance that the project meets the Council's strategic objectives, by reducing the high costs of using emergency accommodation.

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1 Introduction.

- 1.1 This paper outlines new plans to purchase homes using the Council owned housing investment vehicle, Eastbourne Homes Investment Company Limited (EHICL), which would then be leased by the Council for use as temporary accommodation. Implementation of the new leasing scheme will help reduce reliance on costly placements with emergency accommodation providers.
- 1.2 The use of emergency placements in accommodation has increased significantly over the past year, as the availability of good quality, affordable temporary homes across Eastbourne has struggled to keep up with the rising numbers of homeless presentations. Increases in responsibilities of the Council under the Homelessness Reduction Act, high levels of evictions resulting from the

implementation of Universal Credit, and a reduced supply of accessible market rented accommodation for those on low incomes, are all contributory factors.

1.3 Although down from 192 households last December, the 165 families in emergency accommodation in mid-June still constitutes a 40% increase compared with the position in May 2018. There has been an accompanying increase in the costs of providing emergency accommodation and the net costs of housing 165 households for a full year, could cost up to £1.17M. Clearly this is the key driver for intervention, although it must also be borne in mind that the costs of using of this type of accommodation are more than financial. Emergency accommodation can be cramped, will often necessitate the use of shared facilities, and may be located away from residents' familiar neighbourhoods, schools or places of employment. These factors have been shown to have an adverse impact on the well-being of adults and children alike, so the Council would want to minimise the time spent in such accommodation.

1.4 It is recognised that providing a supply of good quality temporary accommodation will not, in itself, solve or reduce homelessness across the borough. As such, it should be viewed as part of a wider approach that focusses on prevention and seeks to increase the availability of permanent affordable homes. Addressing both is a key priority for the Council and work to review the strategic approach that underpins this will begin immediately and progress across the summer. The resultant revisions to our housing strategy (due to be presented to Cabinet later in the year) will set the context for the policies that the Council puts in place to support different tenures, deliver its own housing investment plans and address homelessness.

2. Our plans.

2.1 The approach of the Council will continue to support people in finding long term homes. However, recognising the demands on the supply of housing across all tenures in Eastbourne, the plans set out here underpin an approach to minimise costs, whilst wider strategic housing interventions to increase supply can be put in place. To address more immediate needs, it is proposed that the Council secure a supply of temporary accommodation from EHICL, which has been acquiring street properties over the past 3 years. The scheme will complement the existing street purchase programme, which has already helped a small number of homeless families secure permanent accommodation in EHICL homes. The new leasing scheme differs in a number of key aspects:

Current plan	New plan
Use EHICL homes for permanent discharge of duty.	Use EHICL homes as medium term, settled, temporary accommodation.
Homes to be purchased / allocated 'one by one'.	Agreement in place to lease up to 70 homes during the first year.
Homes let by EHICL at full market rent.	EBC to pay full market rent to EHICL and let homes to housing needs referrals claiming Housing Benefit at the Local Housing Allowance rate. The

	Council would then fund the difference.
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2.2 The scheme has the potential to considerably reduce the overall cost of providing temporary accommodation, as it is less costly for the Council to pay the gap between LHA and the market rent each week, than it is for the Council to pay for a week of emergency accommodation. More detailed financial forecasts are given in the business case, but it is anticipated that putting in place a scheme of 70 leased homes could save £352,000 each year. In addition, the homes will better suit the needs of families, so improving the wellbeing of residents.

2.3 Although the scheme will provide a new and valuable form of temporary accommodation, the Council will continue to source homes from other private landlords and from within its own housing stock.

3 Consultation

3.1 A project team has been in place since March. Representatives from operational teams including Commercial Business, Neighbourhood Management and Housing Needs, have been successfully working alongside representatives from Finance, Legal and HR to work up proposals, develop the feasibility plans and secure Corporate Management Team approval. The team took over formal project management in May and has agreed an action plan, identified key risks and set out the critical path items that will help deliver the project on time. Regular briefings are provided at team meetings to report progress and gather feedback from affected staff.

4 Outcome expected and performance management

4.1 Key outcomes of the project include:

- A full temporary accommodation needs assessment – analysis of demand confirms that the majority of households have a need for 1-3 bedroom properties, which can mostly be met by allocation to 1-2 bedroom sized temporary homes. A small number of 3-bed homes will also be required.
- A confirmed purchasing ambition – the plans aim to provide a sustainable stock of up to 70 homes for households with children, that takes into account accompanying measures to reduce demand and improve case management. A separate project is working with supported housing providers to identify move on accommodation for single households.
- Agreed heads of terms, template lease and tenancy agreement – the lease agreements will protect the interests of signature parties, whilst the tenancy will give tenants rights, without conferring security of tenure.
- Agreed allocation policies and procedures - to help ensure that purchases are let and re-let in an efficient and fair manner.
- A new management function within the Housing Needs team – to provide a dedicated resource to manage all temporary homes, minimise the use of emergency placements and help secure permanent housing options in private, affordable and social rented homes.
- An agreed financial and savings plan – the business case has been verified and approved by the Finance team, whilst a decision for approval of the

terms set out by the Council will be presented to the EHICL Board in July.

4.2 Key measures that will be used to measure the success of the plans include the:

- Number of purchases and completed leases versus target.
- Number of households in emergency accommodation.
- Average length of stay in emergency accommodation.
- Number of families in emergency accommodation beyond 6-weeks.
- Overall spend on emergency accommodation – versus cost reduction target.

5 Corporate plan and council policies

5.1 Outcomes from the project will meet the Council's broader strategic objectives by reducing the financial cost of using emergency accommodation and providing safer, well managed homes.

6 Business case

6.1 A copy of the savings plan is shown in Appendix 1. This models the impact of housing 70 of the 165 households presently living in emergency accommodation, across a full year. Based on the council meeting the costs of paying the gap between local housing allowance and the full market rent, rather than continuing to house these families in emergency accommodation, the direct saving is forecast to be £352,000. To demonstrate the direct saving, the model assumes that demand for temporary accommodation remains at 165 homes, although the plans being taken to boost preventative activities, improve case management and better manage temporary accommodation should see costs fall further. Increasing the size of the scheme to 100 homes could increase savings, but the initial assessment is that 70 homes, alongside the other sources of temporary homes and demand reduction activities, is enough to provide a sustainable supply.

6.2 Cabinet is now asked to agree that delegated authority be granted to the Director of Regeneration and Planning, to enter into an agreement to lease up to 70 homes from EHICL, thereby guaranteeing the viability of the scheme.

7 Financial appraisal

7.1 As outlined in the report, the proposed plans for the lease of homes have the potential to significantly reduce the Council's revenue costs in respect of the provision of emergency accommodation.

10 June 2019 Ref: EBC-BM

8 Legal implications

8.1 The approach set out in paragraph 6.1 is based on EHICL purchasing existing long leases ("Head Leases") in blocks of flats where the freehold is owned by the Council. EHICL will then let the flats to the Council using underleases ("Underleases"), and the Council will use the flats for temporary accommodation.

- 8.2 A draft Underlease has been prepared and will have to be agreed with EHICL. The Underlease depends heavily on the contents of the Head Lease. The Underlease cannot be in conflict with the Head Lease. Generally, the Underlease is on substantially the same terms as the Head Lease. Some key parts of the current draft Underlease are as follows:
- Duration: Five years with break rights for both parties.
 - Financial terms: In addition to the rent, the Council is liable to pay an amount equivalent to the sums payable by EHICL for the Management Charges due from EHICL under the Head Lease. Management Charges cover matters such as maintenance of the block.
 - Use and occupation: The Council is to use the flat for temporary housing accommodation in accordance with the Housing Act 1985. This is particularly important, in that occupation of temporary housing accommodation under the Housing Act 1985 is excluded from security of tenure. The end result is that occupiers will not have security of tenure against the Council and EHICL if the terms of the Underlease are followed.
 - General: A number of EHICL's obligations in the Head Lease are passed on to the Council with modifications where appropriate.
- 8.3 The precise terms of each Underlease will depend on what is required at the time and may vary from what is set out above. However, Underleases should always include the obligation to use the flat for temporary housing accommodation so as to avoid security of tenure.
- 8.4 The Director of Regeneration and Planning has delegated authority to acquire land in connection with the Council's functions. This includes authority to take leases of land. The Director's delegated authority could be used to authorise individual Underleases of flats (acting on behalf of the Council).

14 June 2019 Ref: 8342-EBC-MR

9 Risk management implications

- 9.1 Risks were identified and rated across all themes of the project, to assess the likelihood and impact they posed to the plans. Four high risk items relating to allocation policies and procedures, as well as the management of the new homes were identified. Steps have been taken to address all of these, by including tasks that will deliver clear procedures and put in place a fully skilled and resourced management team. The scoring and mitigations relating to these items are set out in appendix 2.

10 Equality analysis

- 10.1 A full equality and fairness analysis has considered the impact of the plans on both customers and staff. This concluded that the outcomes of a successfully deployed scheme will increase the provision of better quality, more affordable temporary accommodation, so have a positive effect on the wellbeing and

finances of those households that benefit directly.

- 10.2 A full analysis has been carried out to assess the needs of those households presently living in emergency accommodation. This found that the scheme will have a higher impact (costs and wellbeing) by re-housing households with children, so the scheme target families presently living in emergency accommodation first. To redress this, a separate piece of work is being undertaken by the Housing Needs team, who are working directly with supported housing providers to increase the amount of 'move-on' accommodation for single person households.
- 10.3 The needs assessment also identified up to seven households where disabilities are driving priority need, so the purchasing strategy will actively pursue the acquisition of suitable accommodation for these households, using Disabled Facility Grants to fund adaptations as required.
- 10.4 The scheme does not reflect any change in the way we will deal with our statutory responsibilities in meeting the Council's homelessness duty, or any other preventative advice services delivered by the team, so is not subject to public consultation. Meanwhile, the approach to allocations will follow the wider guidance provided by the existing Council policies that take steps to deliver a transparent service, that monitors the allocation and letting of all homes.

11 Appendices

- 11.1 The following appendices are attached to this report:
- Appendix 1 – Savings plan.
 - Appendix 2 – Key risks.

12 Background papers

- 12.1 The following background papers are associated with this report:
- Equalities and fairness analysis.