

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 08 January 2024

Portfolio:	Housing
Subject:	Emergency and Temporary Accommodation Pressure
Report of:	Director of Housing
Corporate Priorities:	Providing Housing Choices

Purpose:

To seek Executive approval for additional capital budget to be made available to the Capital Programme for the purpose of acquisitions or other forms of provision that will provide emergency and temporary accommodation opportunities.

Executive summary:

The provision of emergency and temporary accommodation is a statutory function of the authority. Costs of providing this are primarily met through the General Fund. The overall expenditure on this by the Council has increased dramatically in recent years. This is reflective of similar trends experienced at other district and unitary authorities.

To mitigate this unsustainable and rising cost it is proposed that further capital budget is made available to allow for property acquisitions or long lease arrangements which will provide a more cost-effective solution. Council provided accommodation in the Borough will often also be better for our customers, decreasing the reliance on B&B use outside of the Borough, and providing accommodation with access to cooking and laundry facilities.

Recommendation:

It is recommended that the Executive:

- (a) agrees an increase in capital budget, to purchase or directly provide further emergency accommodation, to a level of expenditure as set out in Confidential Appendix A to this report; and
- (b) delegates authority to the Director of Housing, following consultation with the Executive Member for Housing, to agree the final acquisition cost, terms of purchase and/or long lease arrangements (subject to the purchase being within affordable levels), of any suitable property or properties identified.

Reason:

To enable the Council to pursue in a timely manner appropriate opportunities for new emergency housing provision directly by the Council.

Cost of proposals:

The additional capital expenditure is detailed in Confidential Appendix A. Although such costs will increase the borrowing costs and capital expenditure from the General Fund, it is intended to reduce the detrimental revenue cost currently being incurred in fulfilling the Council's statutory function to provide emergency/temporary accommodation.

Appendices:

A: Confidential Appendix*

* Commercially exempt from publication

It is not in the public interest to publish this information as revealing the budget values would harm the Council's ability to achieve best value in negotiating a favourable price for the purchase of property or properties. Disclosure of any details prior to any exchange of contracts may result in a weak negotiating position for the Council and potentially jeopardise the successful completion of a transaction.

B: Data (recent costs and need for emergency accommodation)

Background papers: None

Reference papers: 09 October 2023 Executive Report (Town centre property acquisition for affordable housing provision)

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Executive Briefing Paper

Date:	08 January 2024
Subject:	Emergency and Temporary Accommodation Pressure
Briefing by:	Director of Housing
Portfolio:	Housing

INTRODUCTION

1. The Council, like many others nationally, has seen a significant increase in the expenditure on emergency housing provision. This trend continues to rise because of multiple factors. If not addressed, this could compromise the longer-term sustainability of the Council's General Fund resources.
2. Short term urgent action is required to reduce the revenue expenditure in this area. This could be achieved through the acquisition of (or long-lease arrangement for) suitable properties that can provide Council owned emergency accommodation. This would reduce the reliance on external B&B use (often outside of the Borough and at significant financial cost) whilst also provide customers with access to cooking and laundry facilities.

BACKGROUND

3. The table below shows the sharp increase in expenditure on emergency and temporary accommodation by Fareham Borough Council in recent years, including the proportion that cost is as a percentage of the overall General Fund Budget.

	2019/20	2020/21	2021/22	2022/23	2023/24 (until Nov)
B&B/low-cost hotel total costs	£119,782	£607,453	£626,642	£1,108,864	£1,699,214
Net cost to Council*	£72,022	£460,445	£482,374	£892,673	£1,424,240
% of General Fund Budget	0.77%	4.79%	4.6%	8.12%	11.97%

Table 1 (* taking account of Housing Benefit and customer contributions)

4. This is reflective of national trends. Recent information compiled by the District Council' Network (DCN) has shown that 96% of DCN member Council's have reported an increased use of temporary accommodation, 80% of whom describing the increase as 'significant'.

5. Locally, at Fareham Borough, this has been driven by various factors which include: -
- Increased demand/need
 - Insufficient Council owned temporary/emergency accommodation
 - Long placements in Council owned temporary/emergency accommodation (due to difficulty in moving occupants on)
 - Longer placements in B&B/temporary accommodation (due to difficulty in moving occupants on)
 - Increased per night cost at B&Bs and other emergency accommodation options
 - Competition for supply (other Council's drawing on the same limited options, driving cost)
6. Detailed data has been recorded by Officers on the number of Fareham Borough customers/households in B&B/low-cost hotel accommodation since early 2022/23 (table for reference included in Appendix B). This shows a rising trend of customers requiring emergency accommodation, with increased frequency of new placements per month exceeding 20 customers.
7. The need for emergency accommodation can be for many reasons, from family breakdown, loss of private rented accommodation, sudden loss of accommodation (fire or similar), and many other reasons. Often households in emergency/temporary accommodation will be owed a 'main duty'; meaning they will qualify for our Housing Register and await a suitable match based on their banding/priority and need.
8. The currently gross spend on B&B/low-cost hotels for this financial year (2023/24), part way through Quarter 3, is over £1.5M. Trends would suggest that the overall cost could be close to £2M by financial year end. Some of this cost is offset by Housing Benefit payments and customer contributions, but the net costs remain high.
9. Meeting this cost for 2023/24 will require the use of reserves. This is not a sustainable approach should demand and costs continue at current or increased levels. More measures and interventions are now urgently needed to decrease the rate of current net expenditure.

PREVIOUS ACTIONS & MEASURES

92 Gordon Road

10. 92 Gordon Road was purchased by the Council and now provides a 9No. bedroom House of Multiple Occupation (HMO). Each room has an ensuite and residents have access to shared kitchen, lounge/diner, and laundry facilities.
11. Since opening in spring 2023, 92 Gordon Road has largely run at full capacity (save a room that suffered from a roof leak, and minimal void periods between different residents). Despite concerns from neighbours during the change of use planning application, no noise or disturbance complaints have been logged with Environmental Health, Planning Enforcement, or directly with Housing in relation to the use of the property for emergency accommodation.
12. 92 Gordon Road (considering running costs etc.) will avoid circa £290,000 additional expenditure (which would otherwise have been incurred in addition to the figures outlined on Table 1) per annum. Although very successful, it has become increasingly clear that further provision of directly provided emergency accommodation is needed.
13. The acquisition and works costs for 92 Gordon Road will be recouped (via cost

avoidance) in 3-4 years of becoming operational. This property purchase has therefore proved to be a sound financial decision, whilst also providing customers with more facilities than they would have had access to in a B&B, and keeping customers in the Borough.

Leasehold/Farelets

14. Officers continue to try and secure (and retain) appropriate lease options on other privately owned properties which can provide temporary accommodation. This often through the Farelets programme. There is some pressure on this resource as some landlords reconsider their assets, and as we endeavour to compete with higher open market rents that might be achieved via an agent. An internal review of the success and challenges of Farelets will be undertaken in due course to see if there is merit in further support or adaption to the programme.

Town Centre Acquisition (medium term)

15. In September 2023, Executive agreed that officers should pursue an acquisition opportunity in Fareham town centre. Positive discussions are ongoing with the vendor and if achieved the site is intended to be redeveloped to provide purpose-built emergency/temporary accommodation. Although hugely important to the medium/long term solution to the on-going need, this will not provide a solution or mitigate rising costs in the immediate 1–2-year period.

Revisions to the Allocations Policy

16. In addition, proposed changes to the Allocations Policy (subject to consultation early 2024) will increase the priority banding of many customers in emergency accommodation. This will mean those customers who are placed in a B&B or other emergency accommodation will often be given a high priority (when a main duty is owed), allowing them to be moved to a more permanent housing solution via the Housing Register sooner. This in turn frees up the available emergency accommodation for new customers presenting.

Internal Governance

17. Since spring 2023, the Director of Housing, Interim Head of Housing and various managers meet fortnightly to go through, in detail, individual cases in emergency accommodation. The priority of these meetings was initially to ensure families were not in B&B accommodation for more than six weeks (and ideally not at all), but to also focus on moving all customers out of emergency/B&B accommodation sooner, and to make better use of the most cost-effective emergency accommodation available.
18. This approach has successfully ensured fewer families are ever placed in B&Bs (and if they are, they are moved on quickly). Over recent months, no children have been placed in B&Bs. Some long-term individual B&B placements have also been re-housed.
19. These measures have avoided a further worsening of the situation in terms of expenditure, and number of households in B&B at each month end. However, these positive changes have been masked by an increase in demand, particularly during autumn 2023. Further data on new B&B placements, and ended B&B placements, (and total households in B&B) by month, is provided in Appendix B.

CAPITAL INVESTMENT IN FURTHER SOLUTIONS

20. The recommendation of this report is intended to provide Officers (through delegation to the Director of Housing following consultation with the Executive Member for Housing) with the means to pursue further short-term solutions to the ongoing

emergency/temporary accommodation issue, with the objectives to: -

(1) provide a more cost-effective and financially sustainable solution, which lessens the detrimental impact to the General Fund; and

(2) provide, wherever possible, in Borough solutions which allow customers to remain closer to networks, work, schools etc.; and

(3) provide, wherever possible, accommodation that ensures customers have access to cooking and laundry facilities.

21. There is a need for some urgency to this, and delegated authority with associated capital budget will allow Officers to pursue and move forward swiftly with appropriate options. This might include the purchase of freehold premises that could provide emergency accommodation, with no or minimal works required. It may also include a long lease arrangement or similar, or buying newly constructed or existing homes on the market.
22. Any acquisitions will involve appropriate expertise from multiple service areas. This will include Housing teams (in relation to need and potential management), Surveyors from both the Housing and Corporate Property teams (to advise on condition of property, fire risk measures, and any works required), Asset Management (to advise on values, conveyancing, etc.), Finance (to ensure any approach is a sound financial decision, and that most prudent funding/borrowing means are achieved), and Legal services. Consultation with Development Management in its role as Local Planning Authority will also occur if necessary.
23. The capital funds and delegated approval sought as part of this report, is separate and in addition to the specific town centre property acquisition identified in the 09 October 2023 report to Executive.

RISKS

24. Any acquisition/long-lease opportunity will be carefully reviewed by Officers to ensure that values are appropriate, and that the investment will be a sound financial decision when considered against the alternative, which would be the continued use of B&Bs.
25. Property assets remain a sound financial investment, so even should the need for emergency accommodation unexpectedly decline in future years, the Council could then look at other options for any properties acquired, such as residential accommodation for general needs affordable housing, or disposal of the asset.

ENVIRONMENTAL CONSIDERATIONS/CARBON IMPACT ASSESSMENT

26. The subject matter of this report is not anticipated to have an impact on the Council's carbon footprint, nor is it expected to have a detrimental or beneficial impact to the wider environment.

Enquiries:

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