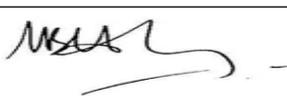




Report to:	Housing, Economy and Business Committee	Date:	23 June 2015
Report title:	Temporary Accommodation Strategy		
Report from:	Mary Morrissey, Strategic Director Environment, Housing and Regeneration		
Ward/Areas affected:	Borough Wide		
Chair of Committee/Lead Member:	Councillor Jayne McCoy, Chair Housing, Economy and Business Committee		
Author(s)/Contact Number(s):	Lorraine Thomas Housing Needs, Homelessness and Support Brokerage Service Manager (020 8770 5794)		
Corporate Plan Priorities:	<ul style="list-style-type: none"> • A Fair Council – providing homelessness households with good quality temporary accommodation within the borough • A Smart Council – making best use of resources 		
Open/Exempt:	Open		
Signed:		Date:	10 June 2015

1. Summary

- 1.1 This report introduces the Temporary Accommodation Strategy 2015-2018, set out at Appendix A.
- 1.2 The Temporary Accommodation Strategy sets out current levels of homelessness in the borough and forecasts activity in Sutton over the next three years.
- 1.3 The Strategy provides an appraisal of the Council's current temporary accommodation provision and identifies the plans to address issues with supply and future requirements for temporary accommodation in the borough.

2. Recommendations

It is recommended that the Housing Economy and Business Committee:

- 2.1 Approves the Temporary Accommodation Strategy 2015-2018, set out at Appendix A.
- 2.2 Agrees to receive a further report in 6 months on progress made in delivering the Strategy and to receive annual reports thereafter.

3. Background

- 3.1 The Council has a statutory duty to provide temporary accommodation for all homeless households to whom it owes a statutory housing duty and must ensure that the accommodation at least meets minimum standards.
- 3.2 The main objective of the Strategy is to reduce the time spent in expensive nightly paid emergency accommodation, address the shortfall in the current provision of temporary accommodation and increase provision of good quality temporary accommodation.



3.3 The Strategy will be developed and updated as progress is made against objectives. An update will be provided to Committee after six months with a full report provided annually.

4. Issues

4.1 The number of homelessness applications is at its highest since 2008, with the number of households accepted as homelessness increasing by 41% in 2014/15. This is a marked increase compared with the percentage increase between 2012/13 and 2013/4, which was 23%.

4.2 The main reasons for homelessness remains similar to previous years with Termination of Assured Shorthold Tenancy accounting for 27% of all homelessness.

Table 1- Main Reasons for Homelessness

Year	Termination of Assured Shorthold Tenancy (TOAST)	%*	Homeless through Parental Eviction	%*	Homeless through Other Relative Not Willing to Accommodate	%*	Homeless through Relationship Breakdown Violent Partner	
2012/13	59	37%	34	21%	13	8%	12	8%
2013/14	50	25%	42	21%	13	7%	21	11%
2014/15	75	27%	65	23%	28	10%	34	12%

4.3 Between April 2014 and March 2015, 412 households were placed in bed and breakfast accommodation, of which 302 (73%) were families and of these 99% were in the first instance placed out of the borough. The average time for all households spent in shared bed and breakfast was 10 weeks, but when family households are separated from singles, the average length of stay for family households only is 3 weeks.

4.4 Table 2 below shows the current profile of temporary accommodation.

Type of temporary housing at 31 st March	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Emergency Accommodation (bed & breakfast and self-contained annexes) <i>90% out of borough</i>	24	55	53	68	60	97
Direct with a Private Landlord <i>-In borough</i>	0	1	2	2	0	0
Emergency accommodation (Andrewes House) <i>In borough</i>	14	19	18	21	23	22



Housing association leased <i>In borough</i>	97	95	85	71	60	45
Council <i>In borough</i>	65	66	86	84	80	115
Supported housing <i>In borough</i>	15	15	10	7	2	1
Total	215	251	254	253	225	280

- 4.5 On 31 March 2015 there were 280 households in temporary accommodation, of which 17 were single households in shared bed and breakfast, 34 were families in shared bed and breakfast accommodation and 41 families in self-contained annexes (these are self-contained properties charged at a nightly rate, commonly used across London as an alternative to shared bed and breakfast).
- 4.6 The use of properties within our own stock provides a valuable resource of good quality temporary accommodation; however, the use of our own stock as temporary accommodation is increasing.
- 4.7 On 2 April 2012, Genesis (the Registered Provider contracted to procure and manage leased accommodation in Sutton) supplied 85 units of temporary accommodation. Only 8 new units of temporary accommodation have been procured since April 2011. In contrast to this low acquisition rate, the number of leases that have ended and not been renewed since April 2012 is 45.
- 4.8 Therefore, the total number of leased units currently available is 48. However, a further 6 leases will end during 2015/16, 30 in 2016/17 and the remaining 12 in 2017/18. Therefore, without any new leasing provision the Council will have no units of leased temporary accommodation remaining by 2017/18.
- 4.9 In 2014/15, despite pressures on rent levels, 161 households were assisted into the private sector by the Housing Centre social letting initiative. Of those 161, homelessness was prevented in 115 cases and the authority discharged its housing duty to 46 households.
- 4.10 However, given the growing disparity between market rents and the Local Housing Allowance, securing accommodation in the private rented sector remains challenging.
- 4.11 Projections indicate a growth in homelessness of between 23% and 41%. Consequently households in temporary accommodation will rise substantially.
- 4.12 Using current data, it is estimated therefore that in 2015/16 an additional 172 to 221 units of temporary accommodation will be required to meet the needs of homeless households. See Table 3 below.



Table 3 - Projected number of temporary accommodation units required.

	Number of projected homelessness acceptances assuming a 23% growth p.a.	Number of social housing lets to Band B	Private Sector Provision – Discharge of Duty	Number of Additional Temporary accommodation units required	Total provision required
31/03/15					280
2015/16	341	119	50	172	452
2016/17	419	409	50	-40	412
2017/18	515	269	50	196	608

	Number of projected homelessness acceptances assuming a 41% growth p.a.	Number of social housing lets	Private Sector Provision	Temporary accommodation units required	Total Provision
31/03/15					280
2015/16	390	119	50	221	501
2016/17	550	409	50	91	592
2017/18	775	269	50	456	1048

4.13 New provision of temporary accommodation, located in the borough, is essential to meet the needs of homeless households if the use of expensive nightly paid temporary accommodation is to be avoided.

4.14 The cost of providing shared bed and breakfast or self contained nightly paid temporary accommodation arises from the gap between the rent charged and the recoverable costs. Costs can be recovered based at 90% of the Local Housing Allowance plus £40 per week. Table 4 below shows the gap between costs and recoverable charges. The table also details the total cost per household, based on the current average lengths of stay in bed and breakfast or self-contained annexes.

Table 4 - Gap between costs and recoverable charges

Size of Household	Ave. cost p.w.	Ave. cost to client p.w.	Ave. Net Cost to Authority p.w.	Current Ave. Length of Stay in weeks	Current cost to Authority per household	Annual cost to the Authority per household
2 person	£273	£218	£55	11	£605	£2,860
3 person	£287	£222	£65	12	£780	£3,380
4 person	£343	£254	£89	10	£890	£4,628
5 person	£427	£276	£151	12	£1,812	£7,852
7 person	£532	£374	£158	4	£632	£8,216

4.15 In 2014/15, net expenditure on bed and breakfast was £327,787. If there were a 23% increase in homelessness acceptances in 2015/16 and assuming growth replicates the same pattern of household size and the length of stay in bed and breakfast/self-contained annexes remains at 10 weeks, expenditure could increase to £403,178 in 2015/16. Should



homelessness acceptances increase by 41%, expenditure on bed and breakfast/self-contained annexes could increase to £462,179.

- 4.16 However, it should be noted that the current supply of temporary accommodation would not be able to support the increases forecasted and without any new provision, the length of stay in bed and breakfast/self-contained annexes could potentially far exceed the 10 weeks.
- 4.17 In contrast, the provision of a unit of temporary accommodation within our own stock or through the current leasing scheme is cost neutral to the authority.

5. Options Considered

- 5.1 The Temporary Accommodation Strategy has been developed to ensure the Council can increase the supply of temporary accommodation and sets out the principles of our procurement approach which are to;
- i) Increase supply
 - ii) Provide a range of temporary accommodation to meet different needs
 - iii) Provide temporary accommodation at a cost that is affordable to residents and cost neutral to the Council
- 5.2 The approach will complement existing work to prevent and manage homeless demand effectively and increase social housing supply.
- 5.3 A range of different temporary accommodation is needed in terms of tenure, lease, size of accommodation and location.
- 5.4 The Temporary Accommodation Strategy sets out the rationale for procuring new temporary accommodation and the proposals for increasing the number of temporary accommodation units.
- 5.5 The strategy proposes that the number of temporary accommodation units in Sutton is increased by:
- i) developing an in house Private Sector Leasing scheme (PSL) to meet the needs of larger sized family households
 - ii) developing off-site modular construction schemes (YCube or similar) within the borough as a longer, more sustainable, response to the need for 2 bedroom temporary accommodation
 - iii) using 1 bedroom properties within our own stock to provide accommodation to single households or those requiring a 2 bedroom and where there are insufficient units of alternative temporary accommodation available
 - iv) discharging our statutory housing duty into the private sector where appropriate
- 5.6 (i) A **Private Sector Leasing scheme** can potentially be developed quickly, does not rely on any capital investment or the acquisition of land and can work in an integrated way with the Council's Social Lettings Scheme.
- 5.7 The current Housing Association Leased (HALs) scheme is managed by Genesis and new acquisition or renewal of existing leases have been low. Without new acquisitions or renewals of existing leases there will be no leased units of temporary accommodation remaining by 2017/18.
- 5.8 The current scheme is unattractive to landlords and this is chiefly due to rents being paid to landlords at only 90% of Local Housing Allowance levels.



- 5.9 Under the current temporary accommodation formula, providers of temporary accommodation are able to claim £40 per week, per property, management costs. Genesis currently have 40 units of leased accommodation in management. This generates an annual income of £2,080.00 per property. Compared with the current arrangements for the in-house management of Andrewes House which costs £28 per unit per week, or £1448.00 per annum, the case for developing an in-house leasing scheme service begins to become persuasive.
- 5.10 The financial benefits of an in house scheme can be demonstrated if we consider how such a scheme would operate. Using a four person (two bedroom property) as an example, if an in-house scheme were able to maintain management costs at £1,448.00 per unit, per annum, a surplus of £632 would be available to offer landlords rents at Local Housing Allowance levels.
- 5.11 Table 5 below shows the Local Housing Allowance for a two bedroom property, in the Outer South London, is £912.47. Under the current temporary accommodation formula the authority can claim 90% of that rent. If we were to pay landlords at Local Housing Allowance levels, this would generate a £1092.00 annual gross cost to the authority. However, offsetting this sum by the surplus above, the net cost reduces to £460.00 per annum.

Table 5 - Shortfall Between LHA Rents and Market Rents

LHA	1 Bed	2 Bed	3 Bed	4 Bed
Outer South London	£724.64	£912.47	£1209.61	£1492.31
Monthly Shortfall	£72	£91	£121	£149
Annual Shortfall	£864	£1092	£1452	£1788
Worcester Park	£909.00	£1215.93	£1466.16	£1807.09
Monthly Shortfall	£91	£122	£147	£181
Annual Shortfall	£1092	£1464	£1764	£2172

- 5.12 In comparison, the net cost of accommodating a household in nightly paid emergency accommodation is far in excess of the above figures. The net cost of providing a 4 person unit of self contained nightly paid temporary accommodation is £3521.44. Therefore, in this example, the use of a leased property instead would generate a potential saving to the authority of £3061.44 (void costs at 5% to 10% will need to be factored into the potential savings figure).

Table 6 - Net cost of self contained annexes

Self-contained annexes	Average net cost per annum
Studio (up to 3 person h/hold)	£2,792.40
1-bed (up to 4 person h/hold)	£3,521.44
2-bed (up to 6 person h/hold)	£4,801.68
3-bed (up to 8 person h/hold)	£8,513.96



- 5.13 (ii) **Off site modular construction (for example, YCube)** can potentially provide cost effective temporary accommodation within the borough. Capital costs are limited to the cost of the units and any land acquisition or leasing.
- 5.14 Such units attract New Homes Bonus and the GLA is very keen to support development to meet housing need and have included this type of scheme within their revised Housing Strategy.
- 5.15 An options appraisal carried out in July 2014 identified this option as the most cost effective alternative way of providing a quick new source of good quality temporary accommodation. Rents will need to be within 5% of Local Housing Allowance rent levels to provide affordable units for homeless households.
- 5.16 Using the example of a scheme developed in a neighbouring borough, the projected rent scheme is £145 p/w for a one bed unit based on covering the cost of purchasing the site and repayment over 15 years, developing 36 units with a management fee of 30%.
- 5.17 These variables will be site specific. Where land can be leased on a peppercorn rent, the cost will be reduced.
- 5.18 However, it should be noted that there are risks associated with this option, particularly around identifying suitable sites and obtaining planning permission. Investigation into using Housing Revenue Account garage sites has revealed complications relating to a number of them, where individual garages have been sold. If we were to take forward the use of such a site, this would therefore involve negotiation with individual owners to purchase back and/or replace their garage elsewhere.
- 5.19 Alternatively, privately owned vacant sites might be leased in the short to medium term while the owners decide on a longer term plan.
- 5.20 Full consultation with residents in the locality about the proposed development would be undertaken. The procurement of a supplier of the modular units also needs to be factored in to the delivery timetable. Once on site the speed at which such schemes can be constructed will compensate for the lead-in time.
- 5.21 (iii) **The use of our own stock** to provide temporary accommodation becomes necessary when supply from other sources cannot meet demand. The data above shows that as leased accommodation has reduced the use of council stock has increased. We now need to be ready to over occupy one bedroom properties more frequently.
- 5.22 Although not ideal, the use of one bedroom properties as temporary accommodation for two-bed need households is a far better option than the use of self-contained nightly paid accommodation or bed and breakfast out of borough.
- 5.23 The current **Private Rented Accommodation Scheme** offers landlords a financial incentive in return for a fixed 2 year tenancy, rent in advance and a deposit guarantee.
- 5.24 Staff are Association of Residential Letting Agents (ARLA) trained and are currently developing a fully managed service to offer to landlords. This scheme should be distinguished from the Private Sector Leasing Scheme and properties acquired through this scheme are used to prevent homelessness or discharge our statutory housing duty to those homeless households not eligible to be placed on the Housing Register.



6 Impacts and Implications

Financial

- 6.1 An insufficient supply of temporary accommodation will have a significant impact on the number of households placed in expensive nightly paid accommodation.
- 6.2 Consequently the cost of providing nightly paid accommodation will have a fundamental impact on the Council's budget and it will be difficult to contain expenditure within the planned budget for 2016/17.
- 6.3 The financial implication of any strategy agreed for will have to be assessed through careful identification and analysis of key drivers of homelessness and designing solutions that would provide temporary accommodation at a cost that is affordable to residents and also mitigate incidence of high cost pressure to the Council.
- 6.4 An over-riding strategy that limits the full impact of the potential cost pressure or shares/spreads the cost pressure amongst other parties or stakeholders will have to be designed and implemented. The financial implication of this sort of risk limiting strategy or cost sharing and service charging arrangement will need to be presented at each annual reporting cycle to the Committee.

Legal

- 6.5 The law, through Statutory Instrument, says that when families apply as homeless, councils should avoid using shared bed and breakfast and where there is no alternative, councils should use it for no longer than six weeks.
- 6.6 Statutory guidance issued by the Government in 2010 states that bed and breakfast accommodation is unsuitable for 16 and 17 year olds, even in an emergency.
- 6.7 There is a potential risk of the Council being subject to a claim for judicial review or a complaint to the ombudsman if the order is breached.
- 6.8 The Council will strive to adhere to the statutory order not to use shared bed and breakfast as emergency accommodation for homeless households for over six weeks. However, performance against this target is dependent on a sufficient supply of temporary accommodation to meet demand.

Integrated Impact Assessment

- 6.9 Temporary accommodation provision meets our statutory duty to a range of households in need in including households falling within the definition of protected characteristics in the Equality Act 2010. These include a significant proportion of households headed by women, pregnant women, a disproportionate number of Black and Minority Ethnic households in comparison to the population of the borough and single vulnerable people with a range of disabilities.
- 6.10 The strategy will assist us in meeting our duties in ways which provide a better range and standard of temporary housing and therefore will have an overall positive impact upon members of the community with a protected characteristic.



- 6.11 A comprehensive diversity monitoring report of housing services is produced annually. This includes data on homeless presentations, acceptances and the use of different forms of emergency and temporary accommodation.

7 Appendices and Background Documents

Appendix Letter	Title
A	Temporary Accommodation Strategy

Background Documents
None

Audit Trail		
Version	Final	Date: 10 June 2015
Consultation with other officers		
Officer	Comments Sought	Comments checked by
Finance	Yes	Akin Akintola
Legal	Yes	Claire Williams

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