

# Communities Scrutiny Commission

Date 15<sup>th</sup> April 2019



**Report of:** Director of Housing & Landlord Services

**Title:** Temporary accommodation – costs and options

**Ward:** Citywide

**Officer Presenting Report:** Andrew Corp

**Contact Telephone Number:** 0117 3521601

**Recommendation:** Update only for information

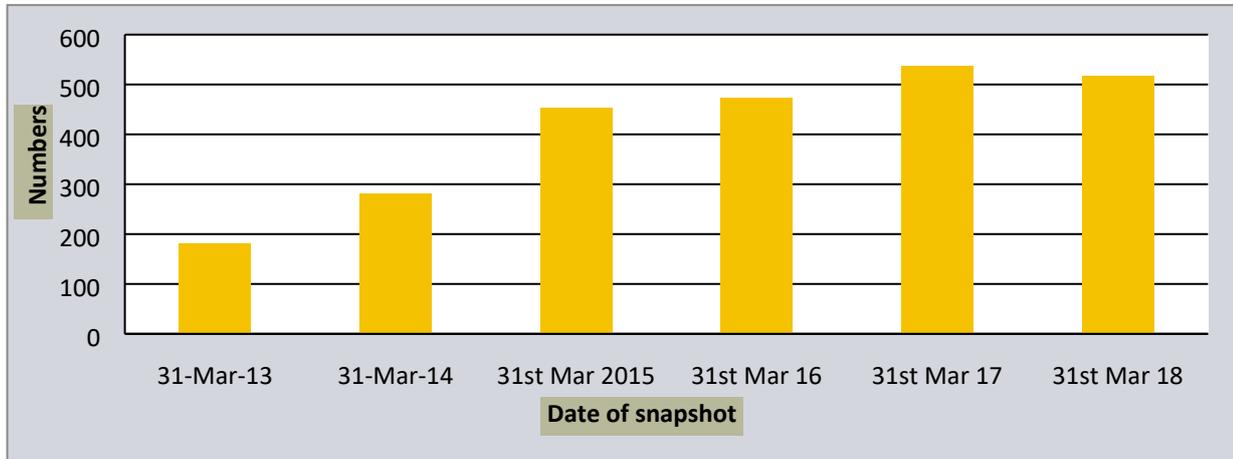
**This report follows on from the November 2018 Housing crisis report and provides clarity on the following:**

- Provision of emergency accommodation and the new Supported Family units: the costs and savings.
- Options of alternative provision of temporary accommodation, including using our own units: the costs and savings



## 1. Numbers in Temporary accommodation

**Table 1: Snapshot of total numbers placed in TA at the end of Q4 (2012-2017)**

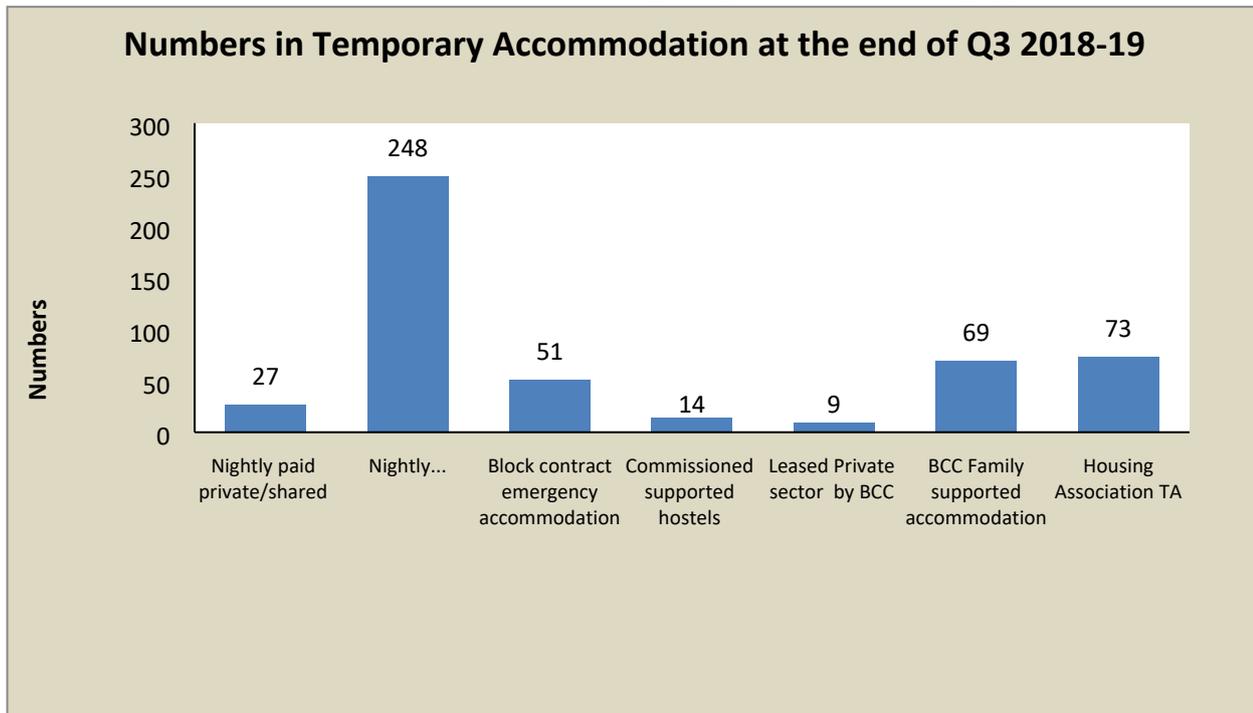


On the 31<sup>st</sup> March 2018 there were 517 households living in temporary accommodation<sup>1</sup>. in Bristol. On the 31<sup>st</sup> March 2012 there were 160, this is a 223% increase in use of TA over a 5 year period.

In recent years like other peer local housing authorities Bristol has become heavily dependent on the use of Temporary Accommodation to place people pending determination on a statutory duty to accommodate.

## 2. Types of temporary accommodation used

**Table 2: Breakdown of temporary accommodation by type**



The total number of households in Temporary accommodation at the end of Q3 18/19 was 491.

- 275 households were in privately managed nightly paid accommodation, also known as spot purchased
- 51 households were in block contract unsupported accommodation managed by Housing Associations. It is these units that are moving to family supported from 1<sup>st</sup> April 2019
- 156 households in a range of commissioned supported accommodation
- 9 households in leased private rented properties

### **3. Cost of Temporary accommodation**

The most costly types of TA are privately managed spot purchased accommodation followed by Housing association block purchased accommodation. When figures are quoted on BCC spend on TA it is the combined cost of these types of provision that is used.

The total cost of TA to BCC is made up of Housing Options spend plus Housing Benefit subsidy loss.

The providers of this accommodation charge BCC for using this accommodation and BCC partly recover these costs through Housing Benefit and accommodation charges paid by the households living in this accommodation, however not all costs are recovered. The accommodation is not supported accommodation and therefore Housing Benefits cannot claim full Housing Benefit subsidy.

The costs of the other types of TA, aside from leased private rented, are covered through Housing Benefit payments. Where support is provided, this is commissioned and contract managed by BCC.

Leased private rented properties are significantly cheaper than spot purchased accommodation. 4 of the 9 units are covered by Housing Benefit with the remaining 5 units attracting a small subsidy loss.

#### **Housing Options spend**

In terms of BCC's spend on Temporary Accommodation we are forecasting a gross spend of £6.4million in 2018-19 of which we will receive £4.9 million in Housing Benefit and £0.5 million in TA charges from households. This leaves a net spend of £1 m for Housing Options.

#### **Housing Benefit subsidy loss**

Subsidy loss occurs when the Local authority pay's more in Housing Benefit than the subsidy which it can claim back from Government (Department of Work & Pensions).

The charges for spot and block purchased accommodation are significantly higher than subsidy caps which leads to BCC having to finance the difference.

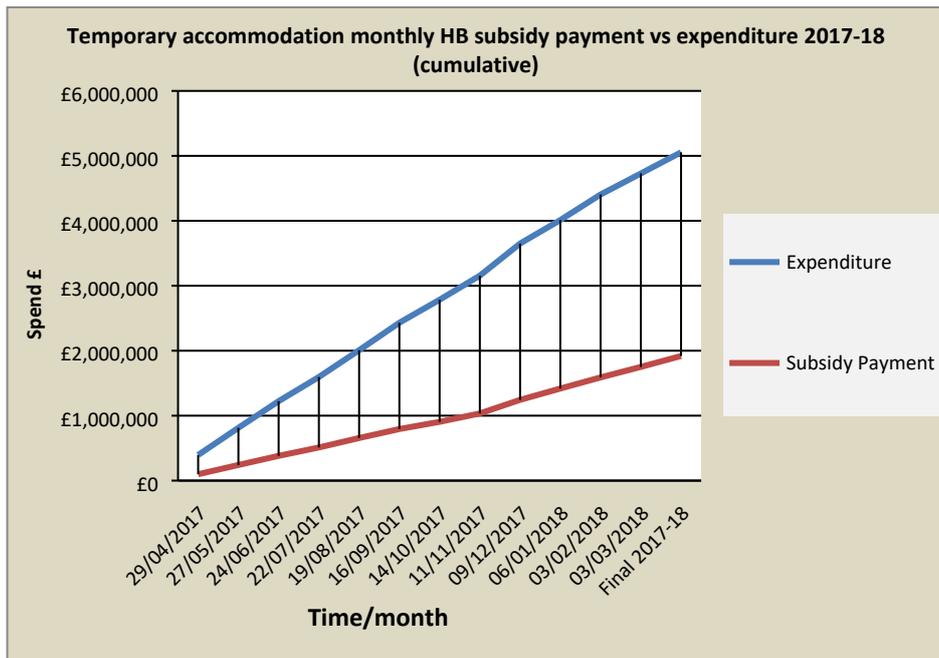
The subsidy loss for 2017/18 is just over £3million and we are projecting a similar loss for 2018/19 for each year

We will reduce expenditure on temporary accommodation by reducing our use of TA through:

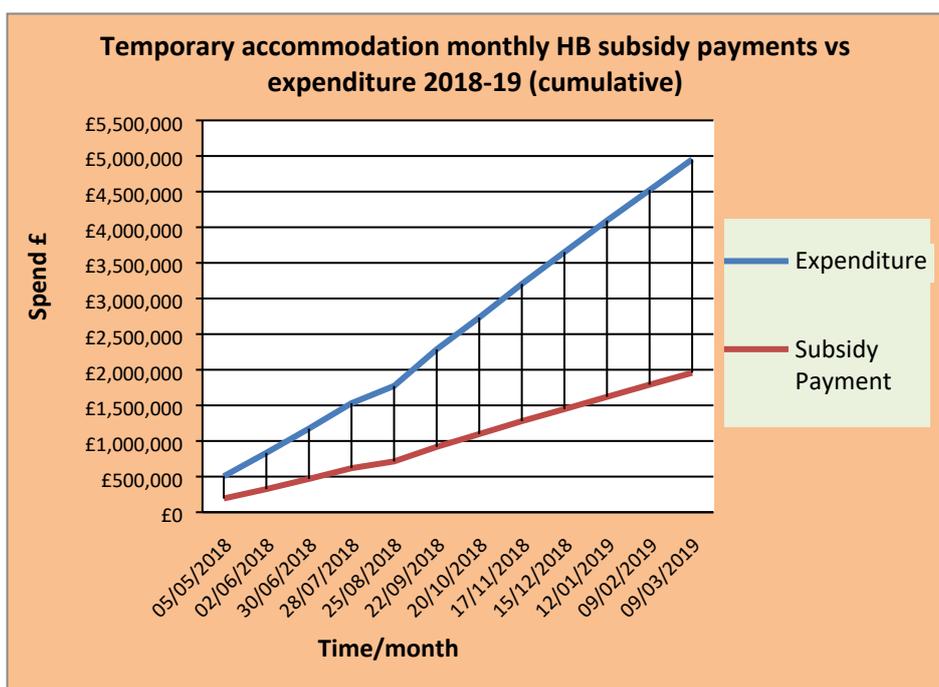
- building more homes
- improving access to the private rented sector and
- preventing households becoming homeless through early interventions

We will also reduce expenditure on TA by reducing the unit cost of TA and increasing the supply of temporary accommodation that attracts no subsidy loss.

**Table 4 – Subsidy loss for 2017/18**



**Table 5 Subsidy loss 2018/19**



#### **4. Moving from block contract emergency unsupported accommodation to family supported accommodation**

See attached report which was agreed at Cabinet on 5<sup>th</sup> February 2019 – Appendix 1.

We have been in discussions with Housing Associations that provide block contract properties with the view to switch these units to family supported accommodation. We now have agreement to move 49 out of 51 block contract properties onto the family supported framework w.e.f 1<sup>st</sup> April 2019.

We opened up the framework and encouraged other providers to apply, however no additional providers came on board.

For the 49 properties there is currently a subsidy loss of about £270k per annum. The cost to Housing Options is approximately £80k per annum. The total cost to BCC is £350k per annum.

For Supported Family Accommodation BCC only have to cover the costs of providing support. The provider of Supported Family Accommodation is responsible for collecting the rent/housing benefit. The costs of support are set out in the Supported Family Accommodation framework. For the 49 units the costs of support would be £149k per year, which is £201k per year less than current costs, or £4k less per unit.

The temporary accommodation budget has overspent in recent years due to increased numbers of families requiring accommodation and the increase cost of individual units. The Flexible Homeless Support Grant (FHSG), which replaces the Department for Work and Pensions' temporary accommodation management fee and is ring-fenced to tackle and prevent homelessness, has been used to mitigate the in-year overspends but that is not a sustainable position. Increasing the number of family supported units will reduce the call on the FHSG, reduce the housing benefit subsidy loss and bring forecast expenditure back to within budget.

#### **5. Property purchase**

To reduce reliance on costly spot purchased accommodation we are planning a rolling programme of purchasing properties to be used as temporary accommodation, starting in 2019/20 with securing 30 homes, through the open market.

Opportunities will be sought to deliver the best value throughout the project, for example by:

- Maximising opportunities to buy back homes sold through right to buy (allowing up to 50% funding through retained right to buy receipts);
- Acquiring homes built through both traditional and non-traditional methods, i.e. explore opportunities to acquire modular homes, which could be obtained at a lower cost.

These homes will be funded through the use of prudential borrowing, to be held in the general fund. Rents will be charged at Local Housing Allowance plus a reasonable service charge, ensuring where household are eligible; the costs should be covered by Housing Benefit. The rental income will cover the cost of the loan repayment and interest, plus ongoing management and maintenance. There

remains the option of disposing of these properties at a later date if they are no longer needed and/or to generate additional funds for BCC.

We estimate that replacing 30 spot purchased properties with these properties will reduce spend on TA by approximately £300,000 per annum.

Approval will be sought at the May Cabinet, with purchase to commence later in 2019/20

### 6. Using BCC acquired properties for TA

Since 2017 57 HRA void (empty) acquired homes have been brought back into use for temporary accommodation. Acquired homes are not purpose built Council properties and have been acquired by the Council over time for various reasons. For example properties bought for major infrastructure changes that weren't implemented. They tend to be more expensive to maintain.

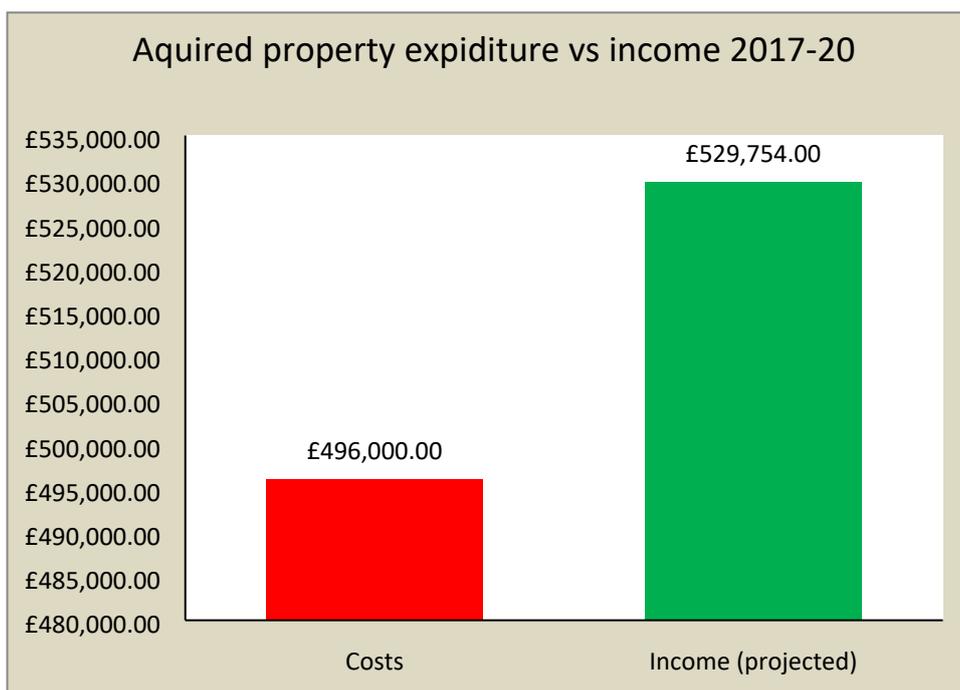
In addition to the 57 acquired properties we also have 2 small schemes where properties have been converted into TA which were previously office accommodation and one property that is being used as TA following the voluntary purchase of a long term empty property.

2017/2018 36 Acquired

2018/2019 21 Acquired plus 1 voluntary purchase

The rent and management charge for each property is around Local Housing Allowance. It is covered in full by Housing Benefit with no subsidy loss.

By the end of 2019/20 the income collected from these properties will have covered the costs of bringing the properties into use and ongoing maintenance.



## **7. Alternative options for reducing spend on Temporary Accommodation**

There is a balance to be had between investing in alternative temporary accommodation and increasing the supply of affordable rented accommodation. The end goal should always be the latter and the focus of new build development will be affordable rented accommodation.

There are, however, alternatives to spot purchased TA that could prove cost effective. These include conversions of existing buildings on a “meanwhile use” basis and modular construction options like those promoted as part of the Housing Festival which could also be used for intermediate move on.