

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 09 April 2024

TITLE	Temporary Accommodation Update		
Ward(s)	Citywide		
Author: Paul Sylvester	Job title: Head of Housing Options		
Cabinet lead: Councillor Tom Renhard, Cabinet Member for Housing Delivery and Homelessness	Executive Director lead: John Smith, Interim Executive Director Growth and Regeneration		
Proposal origin: BCC Staff			
Decision maker: Cabinet Member Decision forum: Cabinet			
Purpose of Report:			
<ol style="list-style-type: none"> To approve the Full Business Case (FBC) for the conditional assignment of a property lease from a Registered Provider of Social Housing and to conditionally approve the release of £980,000 of capital funding To update cabinet on plans to extend the lease with the Hospital Trust for 24 units of accommodation (see previous cabinet paper Cabinet 1 November 2022 Temporary Accommodation Partnership) and seek delegated authority for Executive Director for Growth and Regeneration to negotiate the extension of the lease. 			
<ol style="list-style-type: none"> Evidence Base: Lease of 10 flats from a Registered Provider of Social Housing As of March 2023, there were 105,000 households living in temporary accommodation (TA) across England, including 131,000 children. In 2010, there were only 49,580 households in TA. According to research from Shelter published in January 2023 the number of people identified as living in temporary accommodation had risen by an alarming 74% in the last 10 years. Of that total, more than two-thirds had been living in temporary accommodation for more than a year. Many local authorities are feeling the impact of this locally and Bristol is no different. In Bristol, demand has 			

continued to grow and there are now over 1,400 households in TA. The council has a legal obligation to house people who are legally homeless and vulnerable. Due to a lack of affordable housing much of that accommodation is secured via expensive spot purchased accommodation from the private rental sector. The council claims some of the cost back via Housing Benefit, but this is capped by central government, linked to Local Housing Allowance (LHA) rates set in 2011, so the amount that the council pays above the cap results in a loss to the council, known as subsidy loss.

5. The annual TA subsidy loss for 2024/25 is estimated to total over £17m if no steps were taken to reduce this cost. Long-term, the solution to high numbers of households in TA is to increase the amount of general needs affordable housing available and so we are working with our Housing Revenue Account (HRA) and Registered Provider (RP) partners to identify opportunities to increase our housing stock at pace. In the short-term we are working on various workstreams to reduce our dependence on expensive private-rented TA to reduce our subsidy loss.
6. Without transformation, continuing to work 'as-is' will simply see an increase in subsidy loss to the council as demand increases.
7. An opportunity has arisen to explore taking a lease (c.10 years) for a city centre building containing 10 ex-student flats for conversion and use as temporary accommodation (TA) – potentially a replica of the 'hospital trust' project, though over a longer period.
8. The building contains 34 bedrooms, and on first consideration, based on generating savings by moving people out of the most expensive accommodation we use for TA under the current Emergency Accommodation (EA) Framework, it could generate c. £237k per year (recurring) in subsidy loss savings.
9. These flats will be used for households who we have a duty to provide with temporary accommodation. These households will be registered with the council and nominated to occupy the flats until they are able to move on into settled longer-term accommodation, for example, into a private renting or a social tenancy. BCC will commission support for each household for the duration of their stay. They will be supported in areas such as finances and budgeting, physical and mental health and wellbeing, employment skills, and move on planning. A full housing management service will be implemented to ensure the building and flats

are kept to good repair and maintenance standards. Housing management and support staff will regularly visit the building to help avoid any issues that may occur during occupation. BCC will cover any void periods, however, the demand for TA as mentioned above provides confidence that voids will be minimal during the lease length.

10. A full legal report on title has been commissioned, that sets out the liabilities that the council would incur under any assignment and confirms that those liabilities have been appropriately factored into the financial modelling within the Full Business Case.
11. The next steps for the project will be to first agree the lease with the third party, then carry out surveys and begin the necessary conversion works to bring them up to the standards required for TA. It's assumed that the conversion works for all the flats in the block would complete at the same time, and then households would be moved in as needed. Households would then move out as and when suitable longer-term accommodation is found for them, and other households in need of TA would be brought in.
12. If there were found to be issues in some flats that were more substantial than others, there could be a case for following a more incremental project approach, where households could move into some flats while others were still being worked on, but this would only be allowed if it is safe for the households to be on site.
13. The proposal is estimated to provide savings of £237,000 per annum in subsidy loss savings, by transferring clients from our expensive accommodation through the EA framework into these units.

14. Extending the Lease on 24 Units with the Hospital Trust

15. In November 2022, Cabinet agreed that the council should proceed with leasing 24 units of accommodation from the Hospital Trust, for use as Temporary Accommodation. The initial lease was due to expire in October 2024, but it was noted that there could be an option to extend the lease, which would provide the council with a greater return on its investment in the refurbishment of these flats. The council has spent £800,000 on the refurbishment, so a longer term on the lease will increase value for money.
16. This would also provide the council with additional availability for temporary accommodation over a number of years, at a time when we are seeing unprecedented increase in demand for TA. This benefits families who

need temporary accommodation, as well as saving the council money by reducing the amount of subsidy loss on placements into these flats, resulting in savings of £328,000 per annum.

Cabinet Member/ Officer Recommendations:

That Cabinet:

1. Approves the Full Business Case at Appendix A and exempt appendix I and the allocation of the capital budget up to £980,000, to support the delivery of the refurbishment of the city centre flats.
2. Approves the assignment of a property lease from a Registered Provider of Social Housing, pending a satisfactory property review to confirm the costs set out in the Full Business Case (£980,000).
3. Authorises the Executive Director – Growth and Regeneration in consultation with Cabinet Member with responsibility for Housing Delivery and Homelessness and the Director of Finance (\$151 Officer) to take all steps required to negotiate the assignment of the property lease and procure and award contracts (which may be over the key decision threshold) for the refurbishment of the city centre flats for use as TA.
4. Authorises the Executive Director – Growth and Regeneration in consultation with Cabinet Member with responsibility for Housing Delivery and Homelessness and the Director of Finance (\$151 Officer) to take all steps required to negotiate the extension of the lease with the Hospital Trust, to maximise savings through the continued use of the 24 flats for TA.

Corporate Strategy alignment:

1. These work streams support the following themes within the Corporate Strategy:
2. HC2 - Low or zero carbon homes: new builds and refurbishments will increase the number of low carbon homes. A sustainably sensitive conversion of the building will increase its EPC rating.
3. HC3 - Homelessness: Cost effective Temporary Accommodation for people who are homeless will increase.

City Benefits:

1. Both items in this proposal will provide good quality temporary accommodation for households who need it, preventing them from being placed into unsuitable TA such as hotels.
2. The buildings will be energy efficient and low carbon homes.

Consultation Details:

1. The proposal has been discussed at Cabinet Member briefing on 25 March 2024.

Background Documents:
[Cabinet 1 November 2022 Temporary Accommodation Partnership](#)
[6 June 2023 Temporary Accommodation](#)

Revenue Cost	N/A	Source of Revenue Funding	N/A
Capital Cost	£980,000	Source of Capital Funding	Prudential Borrowing through Invest to Save
One off cost <input checked="" type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input checked="" type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice:

Temporary Accommodation (TA) demand and cost pressures continue to increase across Bristol, as well as the country as a whole.

As a result, the reduction of TA costs has been identified as one of the top 4 priority savings areas within the Council. The proposal outlined in this report would deliver savings of £237k p.a. against these costs. The savings generated are sufficient to repay the total funding requirement of £980k over a nine-year period at an interest rate of 5%. Residual revenue savings after these repayments are £99k p.a.

Borrowings repaid could then be available for any further invest to save initiatives.

A Net Present Value (NPV), Internal Rate of Return and Payback calculation have been undertaken on this appraisal, the results of which are shown in section 3 of the appended Full Business Case. All three metrics demonstrate the proposal to be a viable option in delivering a medium to long term contribution towards the savings requirement.

Finance Business Partner: Martin Johnson - Interim Finance Manager Housing and Landlord Services 6 March 2024

2. Legal Advice:

The Council's power to acquire property by agreement and at market value falls within the Local Government Act 1972 for the purpose of any of its functions or for the benefit, improvement or development of the area. Terms for the assignment of the lease and grant of new lease should be approved by Legal Services to ensure no hidden cost for the Council and subsidy loss margins are maintained.

Legal Team Leader: Andrew Jones - Team Manager 8 March 2024

3. Implications on IT: I can see no implications on IT in regard to this activity.

IT Team Leader: Alex Simpson - Lead Enterprise Architect 8 March 2024

4. HR Advice: There are no HR implications evident

HR Partner: Celia Williams, HR Business Partner 7 March 2024

EDM Sign-off	John Smith – Exec Director Growth and Regeneration	13 March 2024
Cabinet Member sign-off	Councillor Tom Renhard, Cabinet Member for Housing Delivery and Homelessness	25 March 2024
For Key Decisions - Mayor's Office sign-off	Mayor's Office	5 March 2024

Appendix A – Further essential background / detail on the proposal	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO

Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	YES
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	YES
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO