

# Cabinet Report



Listening Learning Leading

Report of Head of Development and Housing

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Wards affected: ALL

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To: CABINET

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## Temporary accommodation provision 2017-2022

### Recommendations

(a) After consideration of comments from Scrutiny Committee, Cabinet approve the approach to temporary accommodation provision.

(b) That Cabinet recommends to Council to make a supplementary estimate of up to £1,000,000 in 2018/19 for the purchase of temporary accommodation (should this be required) and that the “temporary accommodation properties” scheme is added to the provisional capital programme.

### Purpose of Report

1. To inform Cabinet of the projected demand for temporary accommodation to accommodate homeless households over the next five years.
2. To seek Cabinet approval for the recommended option to meet this demand by initially purchasing two properties in Didcot.
3. For Cabinet to recommend to Council making provision for a supplementary estimate of up to £1,000,000 in 2018/19 for the purchase of temporary accommodation (should this be required) and that the “temporary accommodation properties” scheme is added to the provisional capital programme.

## Corporate Objectives

4. Developing homes and jobs for everyone.
5. Services that reflect residents' needs.

## Background

6. The council has a statutory duty to assess the housing needs of households who present as homeless to the council. This duty may include the provision of temporary accommodation.
7. The Temporary Accommodation Provision report makes a recommendation on how best to meet the future demand for temporary accommodation in South Oxfordshire.
8. The recommendation follows a review of the current provision of temporary accommodation; a forecast of future demand and an assessment of the available options to meet the future demand.
9. The strategy will be reviewed annually by Officers. The review will identify any variances against forecast and propose any necessary adjustments to temporary accommodation provision.
10. The council does not own any temporary accommodation. The duty to provide temporary accommodation is met either through hotels or by using VWHDC units.
11. The demand model forecasts that the council will need an additional two units of temporary accommodation to meet the baseline demand. This demand can no longer be met by VWHDC, who will require their hostels to meet their own future demand.
12. There is a business case for the council to invest-to-save by initially purchasing two properties to meet future demand. The council would save expenditure on hotel accommodation and also generate its own rental income. This business case is detailed within the report.
13. The Temporary Accommodation Provision report considers the housing options available and recommends that the most suitable properties to meet future demand are two-bedroom properties located in Didcot.

## Options

### Option a): Do nothing

14. The demand for temporary accommodation would continue to be met through the use of local hotels.
15. If the council does not make any provision for the baseline increase in demand for temporary accommodation, there is a high risk that hotel expenditure will increase significantly over the next five years.
16. The cost to the council of providing the equivalent of two units of temporary accommodation in hotels would be approximately £48,000 per annum.

### **Option b) Purchase own temporary accommodation**

17. The council initially purchases two properties to meet the forecast future demand for temporary accommodation.
18. The cost of purchasing and refurbishing two units of temporary accommodation in Didcot would be approximately £520,000. This would meet the forecast baseline demand. A capital provision of £1,000,000 would provide the flexibility to secure additional properties if necessary over the next five years.
19. The council could potentially save approximately £48,000 per annum in hotel accommodation costs by purchasing two properties. The properties would also generate a rental income of approximately £14,000 per annum after deducting ongoing maintenance costs. This means that purchasing appropriate property would provide a nominal annual benefit of £62,000, which effectively provides a realistic payback on any investment in purchasing and refurbishing two properties in Didcot.
20. The council would also retain capital assets that may appreciate over the next five years.

### **Financial Implications**

21. The capital expenditure for purchasing and refurbishing initially two properties in Didcot would be approximately £520,000.
22. The council could achieve a nominal annual benefit of £62,000 through savings on hotel costs and the rental income generated from purchasing two properties.
23. The impact upon estimated usable council balances as at March 2022 (excluding balance held for the long term under the Medium Term Financial Strategy) will be a fall from £14.2million to £13.2million.

### **Legal Implications**

24. The council will be in an improved position to meet its statutory duties under homelessness legislation to provide suitable temporary accommodation.

### **Risks**

25. A risk is that the forecast demand for two additional units is not realised. This risk is mitigated by using the baseline forecast increase of two units, rather than the upper range forecast of seven units. The forecast demand will also be reviewed annually by Officers to make any necessary adjustments in provision. If the baseline demand is still not realised, the council would still own the properties as capital assets.
26. The further potential risks associated with purchasing the properties are capital depreciation or a reduction in rental income. The reduction in rental income may result from changes to subsidy levels or welfare reform.
27. These risks are partially mitigated by the historic increase in property values and the necessity of Government to ensure councils are able to meet their legal duty to provide temporary accommodation.

## **Other implications**

28. The management of the additional units can be absorbed within the current resources of the housing needs team.

## **Conclusions**

26. Option a) would not be a cost effective option and it would also not meet the objective of the report to provide self-contained accommodation, with at least one unit having wheelchair accessibility.

27. Option b) is the most cost effective method of meeting future demand for temporary accommodation and also meets the objective of the strategy to provide self-contained accommodation, with at least one unit having wheelchair accessibility.

## **Background Papers**

- South Oxfordshire District Council and Vale of White Horse District Council: A study into future demand for temporary accommodation (Three Dragons)
- Report into the provision of temporary accommodation in South Oxfordshire and Vale of White Horse District Councils (Arcadis)
- Equality Impact Assessment