



**South Oxfordshire District Council
Vale of White Horse District Council**

**Temporary Accommodation
Provision 2017-2022**

May 2017



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Appendices

Appendix 1

South Oxfordshire District Council and Vale of White Horse District Council:
A study into future demand for temporary accommodation

Three Dragons

Appendix 2

Report into the provision of temporary accommodation in South Oxfordshire
and Vale of White Horse District Councils

Arcadis



EXECUTIVE SUMMARY

1. The councils have a statutory duty to assess the housing needs of households who present as homeless to the authority. This duty may include the provision of temporary accommodation.
2. This provision report makes recommendations on how best to meet the future demand for temporary accommodation in South Oxfordshire and Vale of White Horse.
3. The recommendations follow a review of the current provision of temporary accommodation; a forecast of future demand and an assessment of the available options to meet future demand.
4. This provision report will be reviewed annually by Officers. The review will identify any variances against forecast and propose any necessary adjustments to temporary accommodation provision.

South Oxfordshire District Council

5. South Oxfordshire does not own any temporary accommodation. The duty to provide temporary accommodation is met through either hotels or by using VWHDC units.
6. The demand model forecasts that SODC will need an additional two units of temporary accommodation. This demand can no longer be met by VWHDC, who will require their hostels to meet their own future demand.
7. There is a business case for SODC to invest in two properties to meet future demand. The council would save expenditure on hotel accommodation and generate its own rental income.
8. The most suitable properties to meet the future demand are two-bed properties in Didcot.
9. This report considers the options available and recommends that South Oxfordshire purchases two units of temporary accommodation in Didcot, at least one of which should be wheelchair accessible.



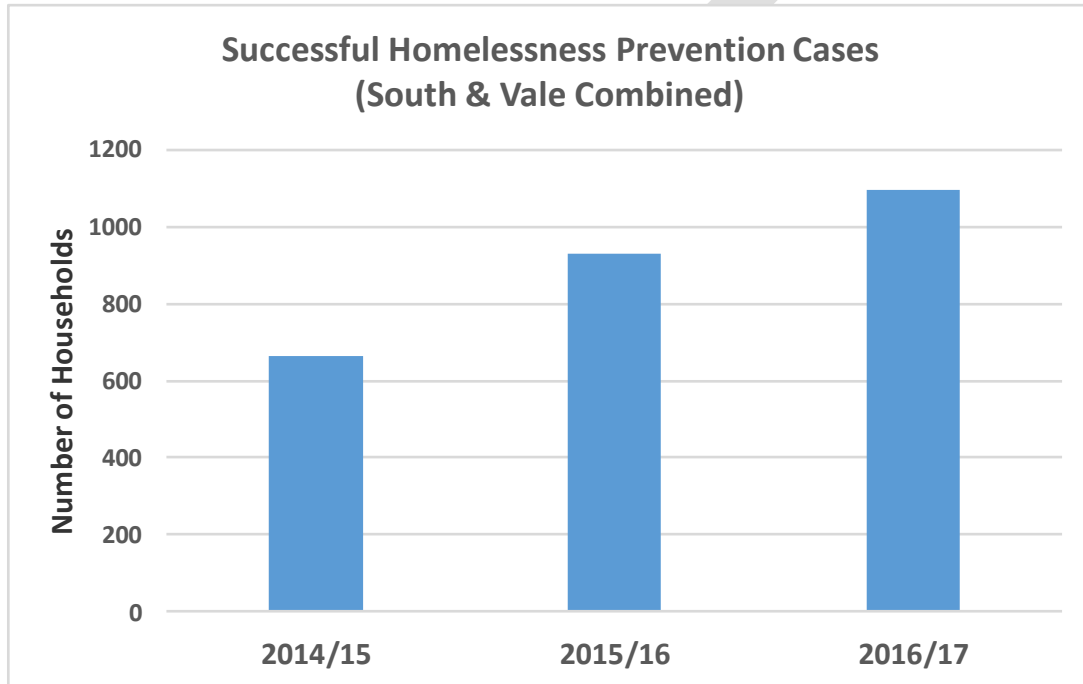
Vale of White Horse District Council

10. Vale of White Horse District Council owns 19 units of temporary accommodation. There are three houses in Abingdon, a six bed hostel, Tiverton House, in Wantage and a ten bed hostel, Elmside, in Faringdon.
11. Both of the hostels have shared bathroom and toilet facilities which are not appropriate for housing vulnerable families and individuals. The council has a duty of care towards homeless applicants it places into temporary accommodation.
12. The reconfiguration of the two hostels into self-contained units would result in a reduction of two units at Tiverton House and three units at Elmside.
13. The total number of units available following reconfiguration of the hostels would however remain sufficient to meet current demand. The newly-available three refurbished houses in Abingdon, together with the two units vacated by SODC, will offset the reduced number of units.
14. The demand model forecasts that VWHDC will require a further two units to meet newly arising demand over the next five years. This additional demand can be met through increasing the occupancy rates at the hostels.
15. The cost of converting the hostels into self-contained units is more cost effective than selling either or both hostels and purchasing equivalent replacement units.
16. This report considers the options available and recommends that both hostels are reconfigured into self-contained units, including one wheelchair accessible unit.



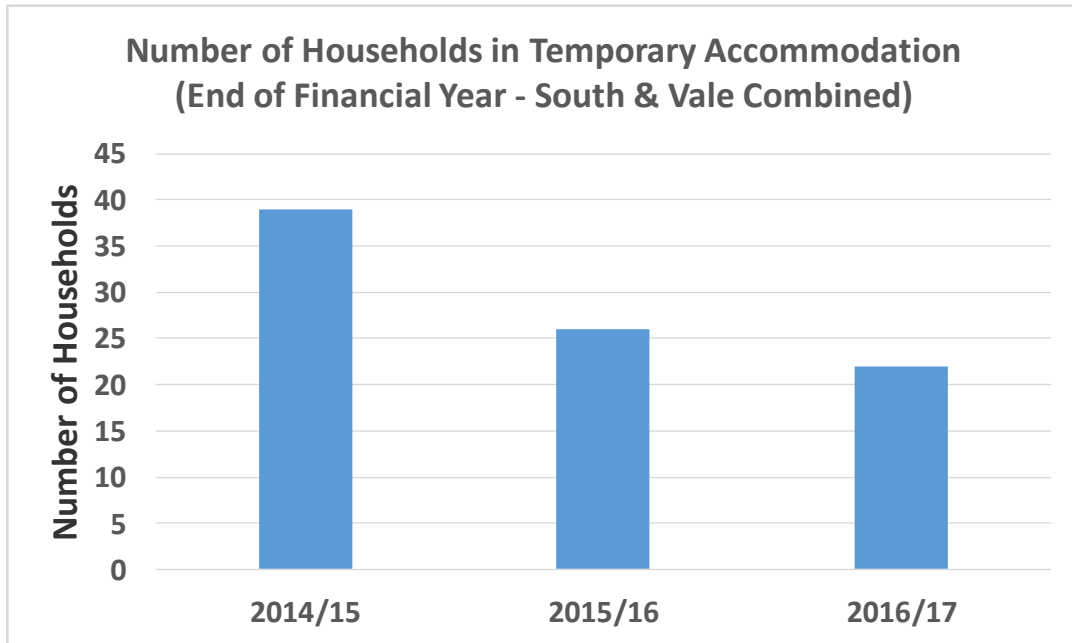
INTRODUCTION

17. South Oxfordshire and Vale of White Horse District Councils have a strong track record in preventing homelessness. This has been achieved by identifying families and individuals at risk of becoming homeless as early as possible and using a wide range of intervention tools and techniques to overcome this threat. This has led to a steadily increasing number of prevention interventions and a consequent reduction in homelessness.

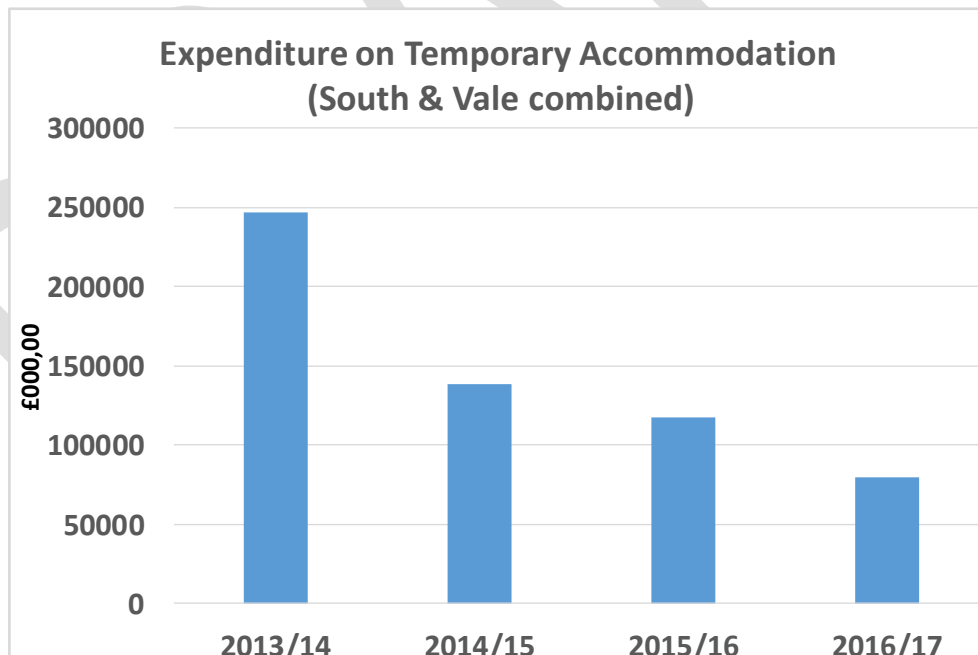


18. South Oxfordshire and Vale of White Horse District Councils successful prevention strategy has also meant that the use of temporary accommodation has reduced in recent years. This has also been helped by an increased supply of affordable housing in recent years, as new housing developments come on stream and developers comply with the Council's affordable housing policy, which requires that 40% and 35% of all new houses be affordable homes in South and Vale respectively.





19. The reduction in the use of temporary accommodation has also led to significant financial savings for the councils over the last four years.



20. However, the pressure on housing services however continues to grow, with a year-on-year increase in the number of households at risk of homelessness approaching the councils for assistance. These increasing pressures have led to a nationwide 30% rise households in temporary accommodation since 2013 – which makes South and Vale’s success in reducing homelessness even more significant.



21. Nevertheless, councils cannot take into account their available resources when deciding what housing duties are owed under homelessness legislation. It is therefore a demand-led service which makes forecasting future demand particularly difficult. There is also the difficulties of predicting the impact of future variables, such as legislative changes and welfare reform.
22. It is therefore desirable for councils to produce a forecast of future demand. It enables a proactive, rather than a reactive, approach to planning the future provision of temporary accommodation.
23. This report is divided into three sections. The first section reviews the current provision of temporary accommodation. The second section is a forecast of future demand and the third section assesses the most effective way of meeting this future demand.

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THE LEGISLATIVE CONTEXT

24. All district councils have a statutory duty to assess the housing needs of homeless households who approach them for assistance. This statutory duty may include the provision of temporary accommodation.
25. The duties owed to homeless households are set out within the provisions of the Housing Act 1996 (as amended by the Homelessness Act 2002).
26. Homelessness legislation is complex, however in its simplest form a homelessness assessment is a series of tests to establish the extent of the housing duty, if any, owed to the applicant.
27. The five tests applied by councils under homelessness legislation are:
 - a) Is the applicant eligible for assistance?
 - b) Is the applicant homeless?
 - c) Does the applicant have a priority need?
 - d) Did the applicant become homeless intentionally?
 - e) Does the applicant have a local connection?
28. The main categories of priority need are:
 - a) Households with dependent children
 - b) Households with a member who is pregnant
 - c) Households who are vulnerable (eg physically disabled or mental impairment).
 - d) Households fleeing domestic abuse
29. The council only has a duty to provide temporary accommodation if an applicant is eligible for assistance, homeless and has a priority need. The council may however also have a duty to provide temporary accommodation pending a decision on the application.
30. An intentionally homeless applicant will normally only be provided temporary accommodation for a short period of time and any applicant without a local connection will be referred to the authority with whom they do have a local connection.
31. The temporary accommodation provided must be suitable for the needs of the applicant in accordance with the Homelessness (Suitability of Accommodation) (England) Order 2012. The council must also take into account homelessness caselaw, in particular *Nzolameso v City of Westminster* 2015. This caselaw states that a council should provide temporary accommodation within their own district whenever possible.



32. There are a number of circumstances in which the council can end its duty to provide temporary accommodation. The most common reasons are that the applicant is re-housed through the housing register or they have secured alternative accommodation.

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SECTION ONE - A REVIEW OF CURRENT PROVISION

33. The provision of temporary accommodation is, by its nature, normally for a short period of time. The applicant may not be owed an ongoing housing duty following their assessment; they may be found intentionally homeless or they may be accepted as homeless and moved to accommodation with a Registered Provider.
34. It is essential that councils can quickly move applicants into and out of temporary accommodation. The council therefore offers temporary accommodation under licence to the occupier. The licence agreement enables the council to terminate accommodation with reasonable notice without the requirement to obtain possession through a lengthy court process.
35. The exception to offering licences is when the applicant is offered temporary accommodation by a Registered Provider. Both councils have access to a small number of “joint-protocol” properties owned by Registered Providers for the purpose of providing temporary accommodation. However, these properties can only be offered as Assured Shorthold Tenancies that cannot be terminated without a court order and a warrant for eviction.
36. The provision of temporary accommodation must be sufficiently flexible to allow both emergency placements and emergency evictions. The joint-protocol properties are therefore only suitable for applicants with an ongoing housing duty.
37. There will always be a need to spot purchase emergency temporary accommodation, for example when applicants are placed out-of-hours.
38. Neither council has provision for wheelchair accessible temporary accommodation.

South Oxfordshire District Council

39. South Oxfordshire District Council does not own any temporary accommodation.
40. The council has access to 11 joint protocol properties available for homeless households. These are self-contained properties mainly located in Didcot and Wallingford. They are provided and managed by SOHA and A2 Dominion.
41. The council also uses temporary accommodation owned by Vale of White Horse District Council.
42. The council uses hotels for emergency temporary accommodation.



Vale of White Horse District Council

43. Vale of White Horse District Council owns 19 units of temporary accommodation. There are three houses in Abingdon, a six bed hostel in Wantage and a ten bed hostel in Faringdon.
44. Both of the hostels have shared bathroom and toilet facilities which are not appropriate for housing vulnerable families and individuals. The council has a duty of care towards homeless applicants placed into its temporary accommodation.
45. The council has access to nine self-contained units of joint protocol properties for homeless households located in Abingdon. The properties are owned and managed by A2 Dominion.
46. The council uses hotels for emergency temporary accommodation.

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SECTION TWO - A FORECAST OF FUTURE DEMAND

47. The councils have a statutory duty to accommodate certain homeless households. This duty cannot be limited by the council's available resources.
48. A demand-led service makes forecasting future demand particularly difficult. There are a number of future variables, such as legislative changes and welfare reform, for which it is difficult to assess the impact on homelessness.
49. It is however beneficial for councils to forecast demand. By adopting a planned approach councils are in a better position to manage resources effectively.
50. A model of future demand was developed by Three Dragons consultancy in their report: "*South Oxfordshire District Council and Vale of White Horse District Council: A study into future demand for temporary accommodation*" (Appendix 1). The report is a detailed analysis of the projected future demand for temporary accommodation over the next five years.
51. The model of future demand assesses the potential range and impact of certain defined variables. These variables are related to the effect of:
 - a) demographic change
 - b) the benefit cap in private rented sector
 - c) households excluded from the private sector on affordability grounds
 - d) LHA on vulnerable single households in social rented sector
 - e) changes to service provision for vulnerable rough sleepers
52. The report forecasts that temporary accommodation will increase over the lifetime of the strategy despite the council's successful track record in preventing homelessness.

South Oxfordshire District Council

53. The model of future demand indicates a newly arising **baseline-need of two units** of temporary accommodation across the lifetime of the strategy.
54. The upper range forecast is for an additional seven units of temporary accommodation needed over the lifetime of the strategy.



Table 1: SODC: Summary of newly arising demand for temporary accommodation

	2017/18		2018/19		2019/20		2020/21		2021/22	
	B	UR	B	UR	B	UR	B	UR	B	UR
Households	9	29	6	10	7	23	4	24	4	25
Units	2	7	2	3	2	6	1	6	1	6

B = Base Rate forecast

UR = Upper Rate forecast

The figures are not cumulative– they give the number for additional units in each distinct year.

- 55. The report states that two-bedroom properties offers the most flexible solution to meet the demand from differing household sizes.
- 56. The highest demand areas for temporary accommodation are Didcot and then Henley.
- 57. The report also identifies that there is ongoing unmet demand for the provision of wheelchair accessible accommodation.

Vale of White Horse District Council

- 58. The model of future demand indicates a newly arising **baseline-need of two units** of temporary accommodation over the next five years.
- 59. The highest demand areas are Abingdon and then Wantage.
- 60. The upper range forecast is for an additional six units needed over the lifetime of the strategy.

Table 2: VWHDC: Summary of newly arising demand for temporary accommodation

	2017/18		2018/19		2019/20		2020/21		2021/22	
	B	UR	B	UR	B	UR	B	UR	B	UR
Households	2	9	1	3	9	25	9	25	9	25
Units	1	2	0	1	2	6	2	6	2	6

B = Base Rate forecast

UR = Upper Rate forecast

The figures are not cumulative– they give the number for additional units in each distinct year.

- 61. The report states that two-bedroom properties offers the most flexible solution to meet the demand from differing household sizes.
- 62. The report also identifies that there is ongoing unmet demand for the provision of wheelchair accessible accommodation.



SECTION THREE - MEETING THE FUTURE DEMAND

63. The forecast of demand produced a baseline and upper range of the additional units of temporary accommodation needed by both councils over the lifetime of the strategy.
64. The procurement of additional units would require significant capital expenditure by the councils. ***The prudent approach adopted in this strategy is therefore to meet the baseline need for additional units, while keeping under annual review the level of demand.***
65. The baseline demand for both councils is two additional units over the lifetime of the strategy.
66. A second report compiled by Arcadis Design and Consultancy was commissioned to consider the options available to meet the identified South and Vale's baseline temporary accommodation requirements and make recommendations to meet the baseline demand for both councils.
67. The report takes into account the specific requirements of temporary accommodation and the management of the properties, and a detailed financial assessment is provided for each viable option appraised in the report.
68. The report also considers the management of temporary accommodation. It recognises that it is a specialist housing function, dealing with vulnerable people in potentially volatile circumstances.
69. The report concludes that the experience and expertise of the temporary accommodation team at the councils are the best option to provide the ongoing management of the properties.
70. The option of leasing accommodation from a Registered Provider is not a viable option. Registered Providers are not in a position to meet the specialist demands of temporary accommodation.

South Oxfordshire District Council – Options appraisal

71. The forecast demand for SODC is that two units of temporary accommodation will be required to meet the baseline demand over the lifetime of the strategy.
72. The options available to SODC are as follows:



a) Do nothing

73. If SODC 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.

The net cost of providing the equivalent of two units of temporary accommodation in hotels would be approximately £48,000 per annum.

b) Purchase own temporary accommodation

74. The cost of purchasing and refurbishing two units of temporary accommodation in Didcot would be approximately £520,000. This figure includes the acquisition costs.
75. The council could potentially save approximately £48,000 per annum in hotel accommodation costs. 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 they may make in purchasing and refurbishing two properties in Didcot.
76. The council would also retain a capital asset that may appreciate over the next five years.
77. A detailed financial appraisal of this proposal is included within the Arcadis report.
78. The potential risks of purchasing 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.
79. 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.

Vale of White Horse District Council – Options appraisal

80. The forecast demand for VWHDC is that two additional units of temporary accommodation are necessary to meet the baseline demand over the next five years.
81. This increase in demand for two additional units can be met by increasing the occupancy of the hostels from 63% in 2016/17 to 80%.
82. There is however an issue concerning the suitability of the hostels. The shared bathroom and toilet facilities are not appropriate for housing vulnerable families and individuals. The council has a duty of



care towards homeless applicants placed into its temporary accommodation.

83. The hostels could be converted into self-contained units to resolve the problems associated with shared facilities. They would also provide a minimum of one wheelchair accessible unit.
84. The optimum use of space when converting the hostels into self-contained units would result in the following configuration:

Wantage hostel	–	2 x 1 bedroom units 2 x 2 bedroom units
		An overall reduction of two units
Faringdon hostel	-	5 x 1 bedroom units 2 x 2 bedroom units
		An overall reduction of three units

85. The options available to VWHDC are therefore as follows:

a) Do minimum

86. The demand for temporary accommodation would continue to be met over the lifetime of the strategy. In addition, the council would receive a net income of approximately £94,000 from the hostels. This is £25,000 more per annum than achieved by the other options.
87. The hostels however are in need of refurbishment that would incur an estimated cost of £317,000.
88. The hostels would also remain as rooms with shared facilities that are not appropriate for accommodating vulnerable households and may be subject to legal challenge. Option a) is therefore not a viable option.

b) Reconfigure only the Wantage hostel into self-contained units. Sell the Faringdon hostel and purchase replacement units.

89. The estimated reconfiguration cost for converting the Wantage hostel into four self-contained units is £322,000.
90. The sale of the Faringdon hostel would generate a capital receipt of approximately £470,000 after the deduction of disposal costs.
91. The estimated cost of purchasing the equivalent seven replacement units in Abingdon, including acquisition costs, would be £1,570,000.



92. The cost of reconfiguring the Wantage hostel and replacing the Faringdon hostel units would not represent value for money.

c) Reconfigure only the Faringdon hostel into self-contained units. Sell the Wantage hostel and purchase replacement units.

93. The estimated reconfiguration cost for converting the Faringdon hostel into seven self-contained units is £563,000.
94. The sale of the Wantage hostel would generate a capital receipt of approximately £493,500 after disposal costs.
95. The estimated cost of purchasing the equivalent four replacement units in Abingdon, including acquisition costs, would be £940,000.
96. The cost of reconfiguring the Faringdon hostel and replacing the Wantage hostel units would not represent value for money.

d) Sell both hostels and purchase equivalent accommodation.

97. The sale of both properties would generate a capital receipt of approximately £963,500 after disposal costs.
98. The cost of replacing both hostels with an equivalent number of units in Abingdon, including acquisition costs, would be approximately £2,510,000.
99. The cost of selling both hostels and replacing them with an equivalent number of units would not represent value for money.

e) Reconfigure both hostels into self-contained units.

100. The estimated cost of reconfiguring both hostels into self-contained units would be £885,000.
101. The cost of reconfiguring the hostels is £661,500 less than selling the hostels and purchasing the equivalent number of temporary accommodation units.
102. The reconfiguration of the hostels therefore represents the most cost efficient approach to meeting the need for temporary accommodation.
103. However, a transitional plan would be necessary to manage the process of converting the hostel accommodation.
104. A detailed financial appraisal of each proposal is included within the Arcadis report. However the summary figures are present in Table 3.



Table 3: Options Table

	Sales receipt	Reconfiguration cost	Replacement Units cost	Net Cost
Option b) Reconfigure Wantage hostel; sell and replace the Faringdon hostel	£470,000	£322,000	£1,570,000	£1,422.000
Option c) Reconfigure the Faringdon hostel; sell and replace the Wantage hostel	£493,500	£563,000	£940,000	£1,009.500
Option d) Sell and replace both hostels	£963,500	£0	£2,510,000	£1,546.500
Option e) Reconfigure both hostels	£0	£885,000	£0	£ 885,000



CONCLUSION

105. The current provision of temporary accommodation will not meet the future demand forecast in both South Oxfordshire and Vale of White Horse.
106. South Oxfordshire District Council will need to provide a minimum of two additional units of temporary accommodation to meet demand. These units would ideally be two bedroom properties in Didcot with at least one unit having wheelchair accessibility.
107. An appraisal of the options identified the most cost effective and practical option for South Oxfordshire District Council would be to purchase and self-manage the units.
108. Vale of White Horse District Council is able to meet future demand for temporary accommodation within its current stock by increasing occupancy rates. This, however, would mean the retention of the hostels that are not appropriate due to their shared facilities.
109. An appraisal of the options available to Vale of White Horse District Council identifies that the reconfiguration of both hostels is the most cost effective and appropriate option to meet demand. This includes one unit of wheelchair accessible accommodation.
110. This appraisal also recommends that the management of temporary accommodation should remain in-house due to the specialist skills required.

RECOMMENDATIONS

South Oxfordshire District Council

111. The council should make provision for a capital allocation of £520,000 for the purchase of two properties in Didcot to meet the forecast demand for temporary accommodation.

Vale of White Horse District Council

112. The council should make provision for a capital allocation of £885,000 for the reconfiguration of both hostels into self-contained units.
113. The council should make provision for a revenue allocation of £25,000 per annum to offset the estimated reduction in rental income.



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