

## Agenda Item 6

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<b>Date</b>	19 January 2016		
<b>Ward (s) affected</b>	All	<b>Key Decision</b>	Yes
<b>Subject</b>	<b>Acquisition of Emergency Accommodation</b>		
<b>RECOMMENDATIONS</b>			
<p>The Executive is asked to approve capital expenditure of up to £300,000 to acquire a two bedroom property to be used for emergency accommodation for statutory homeless households. The approved amount to be made up of £61,500 remaining from the £1.4m approved budget from 2013 to acquire additional emergency accommodation, and £238,500 from the 2016/17 capital budget.</p>			
<b>EXECUTIVE SUMMARY</b>			
<p>On 25 June 2013, the Executive approved up to £1.4m from the 2013/14 capital programme to acquire five emergency accommodation units to reduce the Council's dependence on bed and breakfast accommodation for homeless households. It was estimated that this initiative would achieve a net annual saving of £56,000.</p> <p>The programme proved to be cost effective with seven units acquired rather than five. All the units are located within Mole Valley and are made up of three x two bedroom flats, one x two bedroom house, one x three bedroom house and two x two bedroom flats resulting from the conversion of the former Council owned commercial units at 33 and 34 Edenside, Bookham. The Executive approved the conversion of the Edenside units on 8 April 2014. All the units are now in constant use.</p> <p>The homelessness service is demand led and since the original 2013 projections were made, there has been an increase in statutory homelessness acceptances in 2015/16 of a projected 42 compared to 28 in 2014/15, placing greater demand on emergency and bed and bed breakfast accommodation. Had the additional seven emergency accommodation units not been available more households would have been placed in bed and breakfast accommodation at a net of cost of £78,000 per annum. The recent peer review resulted in the National Practitioner Support Service commending the Council for its initiative to acquire more emergency accommodation.</p> <p>The Thomas Flack Fund has provided a three bedroom house to the Council since 1988, to use for emergency accommodation. A recent assessment has been made by the charity and it's views as expressed to the Executive for agreement are that it should invest in works to refurbish the property and let it at a commercial rate to provide the charity with an improved annual return to carry out its charitable objectives. There is a</p>			

need therefore to replace this property with a two bedroom property, as there is a greater demand from homeless households for smaller units. This matter is referred to in the report on the Thomas Flack Fund on this agenda.

The majority of the £1.4m budget has been spent and a balance of £61,500 remains. In keeping with the Council's corporate commitment to tackle homelessness, approved by the Executive on 3 February 2014, it is considered cost effective to use this balance towards the acquisition of an additional two bedroom unit. It should be possible to purchase a two bedroom flat with up to £300,000 taking account of the purchase price, acquisition and any refurbishment costs. Approval is, therefore, required to spend up to £300,000 from the 2016/17 capital programme. The £300,000 to be made up of the remaining £61,500 from the original £1.4m capital budget for emergency accommodation plus a further £238,500.

## **CORPORATE PRIORITY**

### **ENVIRONMENT**

#### **A highly attractive area with housing that meets local need**

- **Identify opportunities to create more affordable housing.**

Whilst the emergency accommodation acquired does not fall within the formal definition of affordable housing the units are used to assist the needs of those who are homeless and on a low income.

## **PROSPERITY**

#### **A vibrant local economy with thriving towns and villages**

- **Look for innovative ways to minimise the cost to taxpayers of Mole Valley District Council whilst protecting the standard of services.**

The initiative will provide the Council with potential long term savings and will help to avoid the use of bed and breakfast, which is more often than not located outside of Mole Valley and is an unsuitable and costly form of emergency accommodation.

Government guidance on emergency accommodation requires that it should be self-contained. An additional property within the district will help improve the service provided to homeless households and supports their health and wellbeing.

## **COMMUNITY WELLBEING**

#### **Active communities and support for those who need it**

- **Support individuals and families who find themselves unintentionally homeless so that education and employment are not put at risk.**

The additional unit of emergency accommodation provided within Mole Valley will help the Council to achieve the above corporate priority and reduce the need for families to be temporarily housed outside of the district in bed and breakfast accommodation. It will provide them with stability and the ability to access local schools and services.

**The Executive has the authority to determine the recommendations as set out in the Part 3 of the Council's Constitution.**

## 1.0 BACKGROUND

- 1.1 Under the homelessness legislation the Council is required to provide applicants with emergency accommodation whilst their application is investigated and, if their application is accepted, until they are housed. The Council now owns a stock of 26 units, which are detailed below.

Location	Number of units	Number of bedrooms
Poplar Road, Leatherhead	8	Bedsits
Church Gardens, Dorking	6	One bedroom
Cressall Close, Leatherhead*	1	Two bedrooms
Cressall Mead, Leatherhead*	1	Two bedrooms
Edenside, Bookham*	2	Two bedrooms
Holmbury Drive, Dorking*	1	Two bedrooms
Mill Lane, Dorking	1	Two bedrooms
Rough Rew, Dorking *	1	Two bedrooms
Barnett Wood Lane, Ashtead	1	Three bedrooms
Clare Crescent, Leatherhead	1	Three bedrooms
Curtis Road, Dorking	1	Three bedrooms
Falkland Grove, Dorking*	1	Three bedrooms
Kingston Road, Leatherhead**	1	Three bedrooms
<b>Total</b>	<b>26</b>	

\* Purchased or converted through the acquisition programme

\*\* Owned by the Thomas Flack Fund

- 1.2 This stock is in constant use and units only become vacant when current occupants are housed into housing association or private rented sector homes or they leave for other reasons. A member of staff in the housing team is responsible for managing and maintaining these units. The stock is complemented by three units that Mount Green Housing Association owns and manages and they have agreed to use the units as emergency accommodation for homeless households referred by the Council. This makes a total local stock of 29.
- 1.3 Since 2011, the Council has relied on bed and breakfast to initially house homeless households, because the above emergency accommodation is often full and appropriate private rented sector and housing association accommodation is

not always available. In 2013/14 the number of households in bed and breakfast hit a peak of 17 and some households with children were remaining in bed and breakfast beyond the government's regulation maximum of six weeks. The number on the last day of each month is reported through corporate performance monitoring and currently there are no families housed in bed and breakfast who have been there for more than six weeks. The total number staying in bed and breakfast in 2015/16, currently ranges from eight to 11 and has peaked at 18.

- 1.4 The continued use of bed and breakfast to meet the Council's statutory responsibilities to homeless households justifies the need to buy an additional property. In addition the Thomas Flack Fund charity that owns the Kingston Road property has expressed the view to the Executive that it should let the property at a commercial rate to generate sufficient funds to carry out its charitable objectives, which would mean the property will no longer be available to the Council in 2016/17 for emergency accommodation. Currently the charity receives from the Council about £6,500 in rent per annum. A separate report on this agenda about the Thomas Flack Fund refers to this matter. By replacing this property with a new acquisition will mean that the Council is able to retain the full rent.
- 1.5 The recent peer review resulted in the National Practitioner Support Service commending the Council for its initiative to acquire more emergency accommodation.

## **2.0 THE APPRAISAL**

- 2.1 The original appraisal made in June 2013, concluded that the acquisition of emergency accommodation units as an alternative to bed and breakfast accommodation would produce a net annual saving for the Council of £56,000. This was calculated by taking the savings in revenue costs and reducing them by the investment income lost by diverting £1.4m of capital resources. The cost of management and maintenance was offset by income of approximately £30,500 per annum. The additional income from one extra property will be around £6,600 per year.
- 2.2 The homelessness service is demand led and since the original 2013 projections were made, there has been an increase in statutory homelessness acceptances in 2015/16 of a projected 42 compared to 28 in 2014/15, placing greater demand on emergency and bed and bed breakfast accommodation. Had the additional seven emergency accommodation units not been available more households would have been placed in bed and breakfast accommodation at a net of cost of £78,000 per annum.
- 2.3 The proposed additional unit will require up to £300,000 from the 2016/17 capital programme, which will include the remaining £61,500 from the original approved £1.4m budget. It will be a two bedroom property because smaller units are in greater demand from homeless households.

### **3.0 THE LONG TERM**

3.1 In keeping with the report on this agenda regarding the suitability of emergency accommodation the Council will need to review from time to time whether to either increase or the stock. Should the level of need reduce so that the emergency accommodation units owned by the Council are not required there are a number of options for the units which are to:

- lease to Surrey districts or boroughs for use as emergency accommodation;
- lease or sell to a local housing association or charitable body; or
- sell on the open market.

3.2 Whilst the acquisition of an additional unit for emergency accommodation will help alleviate the current pressure and need to use bed and breakfast accommodation it will not necessarily assist in meeting the long term projected need for affordable housing identified in the Adopted Core Strategy 2009. To tackle the long term need it is essential that the Council maintains its successful arrangements to house households in the private rented sector and ensures that there is an ongoing supply of new affordable homes at an average of at least 50 per year (Core Strategy target).

### **4.0 FINANCIAL IMPLICATIONS**

4.1 The original business case, supporting £1.4m investment in Emergency Accommodation in June 2013, estimated that net revenue savings of £56,000 could be realised. The saving was based on the displaced net cost of bed and breakfast and associated storage and the rental income on the new properties, offset by management and maintenance costs and lost investment income. The estimated saving represented a 4% return on the investment which was, in 2013, significantly higher than the average yield on the investment of capital reserves at that time - around 1%. The average yield has not changed substantially since then. The annual saving from this investment is again estimated at 4% of the £300,000 investment - which is £12,000.

4.2 It is possible to increase the Council's housing stock up to 50 units without the need to open a Housing Revenue Account. There are currently, along with other residential property owned by the Council and the emergency accommodation, 29 dwellings formally registered with the Department of Communities and Local Government, leaving scope to increase by 21. The acquisition of a further property will not have a significant impact.

### **5.0 LEGAL IMPLICATIONS**

5.1 Bed and breakfast accommodation is not to be regarded as suitable for an applicant with family commitments, except where no other accommodation is available and the applicant occupies the bed and breakfast accommodation for a period, or a total of periods, which does not exceed 6 weeks (The Homelessness (Suitability of Accommodation) (England) Order 2003). Therefore, whilst the Council is reliant on bed and breakfast accommodation it runs the risk of being legally challenged should any family with children remain in the accommodation for more than six weeks.

## **6.0 OPTIONS**

There are two options the Executive are asked to consider.

### **Option 1**

Approve the capital expenditure of up to £300,000 (to include the remaining £61,500 balance from the £1.4m capital investment agreed in 2013) to acquire a two bedroom property to be used for emergency accommodation for statutory homeless households.

### **Option 2**

Do not approve the capital expenditure of up to £300,000 to acquire a two bedroom property to be used for emergency accommodation and request further work to be undertaken.

### **Option 3**

Do not approve the capital expenditure of up to £300,000 and return the balance of £61,500 from the original £1.4m budget for emergency accommodation to the capital programme.

## **7.0 CORPORATE IMPLICATIONS**

### **Monitoring Officer Commentary**

The Monitoring Officer is satisfied that all relevant legal implications have been taken into account in the report.

### **S151 Officer Commentary**

The s151 Officer confirms that all relevant financial issues and risks have been taken into account in this report.

### **Risk Implications**

There is a significant financial and legal risk to the Council if action is not taken to reduce the use of bed and breakfast, which is explained above in the report. Should the need for emergency accommodation reduce the options the Council could consider are explained in section 3.0 above.

There is a risk of a purchase falling through and this has been built into the acquisition costs.

### **Equalities Implications**

There are no equalities implications arising from the proposal. Where possible a property will be bought that has the potential for disabled access.

### **Employment Issues**

The additional responsibilities of managing and maintaining an additional property will be met by existing staff resources.

### **Sustainability Issues**

Where possible a property will be purchased with good energy efficiency ratings and where appropriate the ratings will be improved on acquisition. This has been built into the acquisition costs.

**Consultation**

The Scrutiny Committee has been consulted on this report and their comments will be reported to the Executive.

**Communications**

A press release will be prepared.

**BACKGROUND PAPERS**

- Reports to the Executive on the acquisition of emergency accommodation 25 June 2013 and 8 April 2014.
- The Homelessness (Suitability of Accommodation) (England) Order 2003

