

 <p>ADUR &amp; WORTHING COUNCILS</p>	<p>WBC Cabinet Member for Citizen Services ADC Cabinet Member for Adur Homes &amp; Customer Services</p> <p>Date: 19 May 2023</p> <p>Decision to be taken on or after 29 May 2023</p>
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Key Decision [Yes]

Ward(s) Affected: Selden

## Emergency Accommodation Contract Award

### Report by the Director for Housing and Communities

#### Executive Summary

##### 1. Purpose

- 1.1 To acquire by service agreement additional emergency accommodation to enable the council to fulfil its statutory housing duties under S188 and S193 of the Housing Act 1996.

##### 2. Recommendations

- 2.1 Subject to approval of planning permission, to approve a 10 year (5yr+5yr) service contract with a private sector emergency accommodation provider to acquire nomination rights to 44 units of 24 hour staffed emergency accommodation for single people.
- 2.2 Within existing and approved budgets, to agree a delegated authority under delegation 2.6.8 of the Officer Scheme of Delegations for the Director of Housing and Communities to enter into a service contract for the purpose of acquiring temporary accommodation.

### 3. Context

- 3.1 Since the introduction of the Homelessness Reduction Act in April 2018 and the COVID-19 pandemic, we have seen a sharp rise in the number of single people presenting as homeless, increasing the demand for emergency accommodation. Single people now represent 52% of the total emergency accommodation placements in Adur and 63% in Worthing and at the time of writing this report there are a total of 47 Adur and 220 Worthing single person households residing in emergency accommodation, many of whom are placed in expensive nightly booked bed and breakfast.
- 3.2 Furthermore, the added pressure of the current economic downturn on the housing market has resulted in lower supply and raised rental values of private rented accommodation. A recent [report by the BBC](#) has confirmed that a third less rented accommodation is available now compared to 18 months ago and rents have risen by ~11% over the same period. Conversely, the Local Housing Allowance has not risen inline with this and has again been frozen for 2023/24.
- 3.3 These combined factors have resulted in an increase in net temporary accommodation placements of 157% for WBC and 98% for ADC over a 36 month period and our net increase in emergency accommodation placements is currently at ~5 per month for WBC and ~1.6 per month for ADC.
- 3.4 The table below shows the estimated number and type of properties that are needed to replace our existing expensive nightly booked bed and breakfast accommodation and meet new demand up until April 2025.

WBC Total TA supply required 2023/2025						
Room/studio: Medium/Complex needs singles	Room: general needs singles	Studios	1 bed	2 bed	3 bed	TOTAL
150	38	43	52	23	4	310

ADC Total TA supply required 2023/2025						
Room/studio: Medium/Complex needs singles	Room: general needs singles	Studios	1 bed	2 bed	3 bed	TOTAL
42	11	23	25	8	1	110

- 3.5 In accordance with the Homelessness Reduction Act 2017 and Part VII of the Housing Act 1996, the council has a legal obligation to prevent homelessness and reduce the need for placement into temporary accommodation. In a one year period, homelessness has been prevented for 74 households and relieved for 96 households in Worthing and prevented for 29 households and relieved for 48 households in Adur.
- 3.6 With the sources of homelessness increasingly from those with no security of tenure or fleeing domestic abuse, homelessness is often not possible to prevent. This is also coupled with increasing numbers of both young and older people as well as increasing numbers with high support needs across the population and our need for supported and staffed accommodation has increased. We are currently meeting this need with provision of inreach into accommodation and security patrols out of hours which is also helping to highlight when support is needed, but this is not able to fully meet the need.
- 3.7 Provision of move on accommodation is an extremely important factor in reducing the number of households in temporary accommodation; however, due to the shortage of available social rented and affordable private rented accommodation, this is often a great challenge. This shortage has been compounded by the COVID-19 pandemic as people from more expensive areas in the South East, such as London and Brighton, are continuing to take advantage of new working from home arrangements and moving to surrounding areas where the rental and house prices are comparatively low.
- 3.8 To attract more private landlords, the council introduced its UKHA award-winning 'Opening Doors' private sector letting service. This has been a great success and has been key in preventing and relieving homelessness by enabling a supply of good quality privately rented homes to people with housing needs. Since its introduction in July 2019, it has provided homes to over 100 households and is still a growing success with an additional 67 properties in the pipeline that we expect to be occupied by the end of Q2 2024.
- 3.9 We are also building relationships with larger developers that are attracted to 'Opening Doors' guaranteed rent and additional support they receive by the council. A recent example of this includes a 21-flat development in Worthing that was secured on a five-year deal using an Empty Properties Grant that will provide affordable (LHA rate) and eco-friendly private rented accommodation for local people with housing needs, greatly reducing the pressure on our temporary accommodation stock and budgets. This development alone is expected to save close to £1m in equivalent temporary accommodation costs over the 5 year term of agreement.
- 3.10 As well as working to increase and improve our local temporary accommodation supply we are also working on other initiatives to meet this need, these include working with RSL and support providers for supported move on

accommodation and provision of support accommodation for those with complex needs.

#### **4. Issues for consideration**

- 4.1 The average nightly cost of emergency accommodation is currently £46 per night with some providers charging as much as £90+ per night, excluding any added costs of staff inreach and security patrols. The current market conditions are also resulting in providers increasing their rates. At £47.00 per night, this new accommodation will offer comparable value for money and is more suitable in terms of location and the services offered. It will also include 24 hour staffing, which is not provided by most of our temporary accommodation services.
- 4.2 Serious anti-social behaviour (ASB) in single person emergency accommodation is uncommon, however it is important that measures are put in place to prevent its occurrence and ensure that any incidents can be quickly responded to. In this proposal, there will be a minimum of one member of 'waking' staff on site 24 hours a day, 365 days a year, plus CCTV for added security. The accommodation will be split into clusters to separate parts of the building and reduce the potential for ASB among residents.
- 4.3 Full terms of the contract and the services included can be viewed upon request in the form of a Heads of Terms agreement that will form the basis of the service agreement should the proposal go ahead.
- 4.4 Demand for emergency accommodation is increasing and the council is required under a statutory duty to provide this. Without long term provision of lower cost emergency accommodation, the only option is to use financially unsustainable short-term nightly booked accommodation that is often unsuitable and outside of the Borough.
- 4.5 The provider has requested a 10-year agreement as this enables them to financially plan using an emergency accommodation business model on the agreed rates. A much shorter contract would not be worth the risk or labour to acquire the property, particularly as the property does not currently have the requisite planning consent.
- 4.6 A longer contract also means the service can be provided at lower cost because it gives the provider added financial security for their long-term business plan, plus it gives the council the guarantee that this provision of temporary accommodation for this cohort will be available for an extended period of time.
- 4.7 The provider initially requested a compounded RPI increase to be implemented at year five of the contract; however, due to the uncertainty of the economy and the anticipated rise in inflation and interest rates, we have agreed that the rates will be reviewed at months 48-50. This gives the council the opportunity to review its options and reassess value for money rather than agreeing

unknown rates in years 5-10. If both parties cannot agree on the rates the contract will terminate at the expiry of 5 years.

## **5.0 Planning Considerations**

- 5.1 The current use class of the property is C1 hotel which will require a planning application for a change of use to sui-generis HMO for sole use as emergency and temporary accommodation. The key considerations would be the loss of a tourist facility and the management of the accommodation to avoid issues of anti-social behaviour, loss of amenity to adjoining residents and the impact of potential noise.
- 5.2 A previous planning application (AWDM/1472/22) for this property was refused on the grounds that it would represent an over-concentration of this form of accommodation on the site which would have a detrimental impact on the character of the area and amenities of neighbours in terms of increased antisocial behaviour, noise and disturbance. A subsequent appeal has been lodged and a resubmission of the planning application is due in June 2023 which is expected to provide clarity on the intended end user of the accommodation together with a detailed management plan to address the concerns of local residents.
- 5.3 The Cabinet Member will be aware that the use of Hotels in the area for emergency accommodation has been controversial. A Certificate of Lawful Use was submitted to formally establish the use of the Castle Hotel at 6 Windsor Road as an HMO for temporary accommodation; however, this was refused and the subsequent appeal recently dismissed. The proprietors of the Castle Hotel are due to submit a fresh application to regularise the use of the property in the coming months which, if approved, will permit continued use as emergency accommodation.
- 5.4 The owners of the Castle Hotel are also in the process of purchasing the nearby Wolsey Hotel, a former temporary accommodation service used by WBC and ADC. Once acquired, they intend to reopen the service. WBC or ADC have not yet entered into a contract to use the Wolsey or Castle Hotels, but we are planning to do so in the near future. It is important to note however that if we choose not to use these properties it would not prevent other local authorities or government departments from doing so.
- 5.5 The Home Office is currently seeking accommodation in West Sussex to meet current demand for asylum seekers and have approached the owners of the Windsor Hotel. Advanced discussions have taken place but have been put on hold pending the outcome of the appeal and resubmitted planning application. It is important to note that if the provider is unable to secure planning permission to work with the council then they may reconsider the option to offer the property to the Home Office as an asylum hostel.

## **6.0 Number and type of households to be accommodated**

6.1 There are a total of 44 units of accommodation all with ensembles and shared kitchen facilities that will accommodate 44 single people currently placed in nightly booked emergency accommodation.

## **7.0 Proposed management/maintenance/insurance arrangements**

7.1 General breakdown of terms:

### **Council is responsible for:**

- Rent collection
- Arranging placements
- Contract management (i.e ensuring the provider is keeping the property in good, safe condition)

### **Landlord responsible for:**

- All internal and external parts of the building and associated repairs
- Tenant damage
- Building/landlord insurance
- Maintaining the property in a lettable standard if for example there was a fire or flood
- Attending evictions
- Day-to-day management including dealing with anti-social behaviour
- Arranging and undertaking repairs
- Electrical and gas safety checks
- Check-in/check-out occupiers
- 24 hour emergency call out
- All furnishings including adequate provision of beds and mattresses
- Water, gas and electricity bills
- Council tax
- CCTV
- 24 hour on site staff
- Cleaning

7.2 A full list of services offered can be found in the agreed Heads of Terms.

## **8.0 Alternative options considered**

8.1 The council is purchasing and developing its own temporary accommodation stock. So far three buildings have been developed to create 38 self-contained flats in Worthing and one building in Adur consisting of 6 self-contained flats. Whilst this is an effective long term strategy to lower the cost of temporary

accommodation, it can take many months or years to develop each site and therefore this in isolation is not sufficient to keep up with current demand.

- 8.2 Other options include spot purchase of rooms and flats, however this is very costly and unsustainable in the medium to long term as well as not being suitable for the majority of single person households due to level of need and risk that requires staffing.
- 8.3 Doing nothing and continuing to use nightly booked accommodation will see costs spiral and increased out of area placements and is therefore not recommended.

## 9.0 Engagement and Communication

9.1 Steps taken to date e.g. initial discussions with owner, initial condition survey

- Monthly rates negotiated as low as possible
- SLA to be 10 years (5+5 years)
- Rates fixed for the first 5 years with a rate review set at month 48-50 for years 5-10.
- The property will be inspected by a private sector housing officer to ensure it is fit for habitation and meets health and safety standards.
- The following documents will be obtained before commencement of the agreement:
  - Electrical Installations Conditions Report
  - Gas Safety Cert (if applicable)
  - Land Reg search to confirm owner and mortgage (if any) on property
  - Permission from the owner's lender
  - Landlord and buildings insurance policies
  - Fire Risk Assessment
  - Building Control certificate (if applicable)
  - HMO licence (if applicable)
- The property will be managed by the provider with 24hr staffing and equipped with CCTV in the communal areas for safety and security of the residents which develops our model taking account of the learning from 'Everyone In'.
- Full planning permission to obtain the correct use class will be required prior to any agreement being entered into. All neighbours, council departments and other relevant consultees will be contacted for their consideration and comments as part of the planning application.

## 10.0 Proposed Timescale

Agreement of Heads of Terms	Complete
WBC necessary Approvals to agree from members	End of May 2023
Public Consultation for planning application	Early June 2023
Re-submission of application for consent	Mid June 2023
Planning Decision	September 2023

Enter formal contract	September 2023
Phase 1 open (estimated)	December 2023
Phase 2 open (estimated)	March 2024

## 11.0 Financial Implications

- 11.1 The table below shows that the net cost of placing people with temporary accommodation need in the property under the proposed service agreement is considerably less than the alternative of bed and breakfast:

	<b>Proposed service contract Net Cost £</b>	<b>Bed and Breakfast Net Cost £</b>	<b>Saving associated with service contract £</b>
<b>Total saving in year 1</b>	<b>462,957</b>	<b>638,722</b>	<b>(175,815)</b>
<b>Cumulative saving over the term of the agreement (10 Years)</b>	<b>4,848,225</b>	<b>7,403,562</b>	<b>(2,555,337)</b>

- 11.2 The saving in the first year against the cost of bed and breakfast for year one is ~£176k. The cumulative saving over 10 years is ~£2.5m. The comparison is based on 44 single bed and breakfast placements.
- 11.3 The total contract value over 10 years is £7,780,776.
- 11.4 The full financial appraisal can be viewed [here](#).

## 12.0 Legal Implications

- 12.1 The Housing Act 1996, Part VII (as amended) sets out the circumstances when a local authority is required to provide temporary accommodation to homeless households. The expectations for this temporary accommodation are then set out in the Homelessness (Suitability of Accommodation) (England) Order 2012. Not having a fit for purpose service will leave the Councils open to a legal challenge.



- 12.2 Section 1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.
- 12.3 Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 12.4 s1 Local Government (Contracts) Act 1997 confers power on the local authority to enter into a contract for the provision of making available of assets or services for the purposes of, or in connection with, the discharge of the function by the local authority.
- 12.5 The proposals set out in this report amount to the provision of a Service contract that would fall within the Public Contract Regulations 2015. procurement advice has been taken, and is set out at paragraph 12 below.

### **13. Procurement**

- 13.1 Procurement rules do not usually apply for acquisitions of temporary accommodation however the high value and heavy service element attached to this contract, plus the fact that this is a nominations agreement rather than a lease, means procurement rules must be followed.
- 13.2 A formal tender process has not been conducted as the timescale involved to do this is impractical, the need for emergency accommodation is urgent and the nature of provision requires the service to consider offers made by providers assessing them against need and value. To ensure full transparency, a Voluntary Ex-Ante Transparency (VEAT) notice will be published on Find a Tender System prior to completion of the contract to inform the market of our intentions to enter into this contract (subject to satisfactory planning consent).

### **Background Papers**

- [Financial appraisal](#)
- [Delivering Pathways to Affordable Homes](#)
- [Temporary Accommodation Placement and Procurement Strategy](#)
- [Housing Strategy 2020-23](#)

### **Officer Contact Details:-**

Steve Hay  
Acquisitions and Landlord Support Coordinator  
Tel: 07778 256807  
Email: [steve.hay@adur-worthing.gov.uk](mailto:steve.hay@adur-worthing.gov.uk)

## **Sustainability & Risk Assessment**

### **1. Economic**

- The scheme will create 6.5 FTE jobs (external)
- Providing good quality local accommodation gives people a better chance to improve their circumstances and provides access to local services that can help with employment, physical and mental health as well as addiction.
- The scheme will reduce costs for accommodation provision.

### **2. Social**

#### **2.1 Social Value**

- All employees of the provider will be paid at no less than the Real Living Wage (currently £10.90ph).
- Many people are being placed in temporary accommodation out of the Borough. This accommodation will greatly improve people's lives by allowing them to remain or return to their local area which is particularly important for those that rely on local services and their social support networks.
- The provision includes staffing support and cooking facilities which will improve the quality of accommodation enabling people to meet daily living needs and improve health and wellbeing.

#### **2.2 Equality Issues**

- The councils [Temporary Accommodation Placement and Procurement Strategy](#) takes into account the public sector Equality Duty (Section 149 of the Equality Act 2010) and the Council's allocation and procurement of temporary accommodation will have due regard to the need to:
  - Eliminate unlawful discrimination, harassment and victimisation
  - Advance equality of opportunity between different groups
  - Foster good relations between different groups
  - of any household with a member with a 'relevant protected characteristic' when placing in temporary accommodation.

#### **2.3 Community Safety Issues (Section 17)**

- To prevent occurrences of anti-social behaviour, the property will have 24-hour staffing and will be equipped with CCTV within the internal and outdoor communal spaces.
- The building will be compartmented into smaller units to reduce contact between residents and lower the risk of potential incidents.
- The council's housing needs team will maintain regular contact with the provider to ensure any incidents relating to the occupiers are closely

monitored and appropriate action is taken to reduce or eliminate the impact on local residents.

#### **2.4 Human Rights Issues**

- Matter considered and no issues identified.

#### **3. Environmental**

- This property will be designed to maximise thermal efficiency and will conform with current building regulations.
- Recycling will be encouraged
- Local provision of temporary accommodation will reduce the need to travel for residents as well as staff who are providing inreach support to service users who are currently placed in our out of area accommodation.

#### **4. Governance**

- As set out in the Delivering Pathways To Affordable Homes document and the Housing Strategy 2020-23, we have increasing demand for temporary accommodation that requires us to secure more affordable accommodation options.
- Section 3.1 of [Temporary Accommodation Placement and Procurement Strategy](#) requires the councils to use a variety of approaches to maintain the supply of good quality TA, including increasing the number of leased properties in its stock by developing a private rented leasing scheme. This property is not leased but the agreement allows us to secure nomination rights without taking a legal interest in the property or land.
- The property will be fully managed by the provider and we have a grant funded support staff and therefore no additional resources or staff are required.
- The property will be required to meet all housing health and safety requirements including building, fire, electrical and gas safety legislation and must be fully compliant with the Housing Health and Safety Rating System (HHSRS) as defined in the Housing Act 2004. The property will be inspected by a private sector housing officer and all required certificates shall be obtained prior to occupation.