



ADUR & WORTHING
C O U N C I L S

Joint Strategic Committee
7 December 2023

Key Decision: Yes

Ward(s) Affected:
Marine

Adur and Worthing strategic acquisition approach for Temporary Accommodation

Report by the Director for Housing and Communities

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Executive Summary

1. Purpose

1.1 This report updates Members on the strategic acquisition programme to acquire more affordable temporary accommodation (TA). The purpose is to reduce the extraordinary cost pressures of meeting our housing duties to place homeless households in more affordable accommodation, compared to using more expensive nightly-booked accommodation (which is subject to fluctuating and expensive rates that change during peak periods), and to secure better quality accommodation, enabling more people to remain closer to their local families and social networks.

1.2 The report highlights the data informed approach that is being used to assess demand and supply and the good progress being made to reduce overall spend. It seeks Member approval on a future approach to acquiring long-term leases and service level agreements using delegated authorities governance, due to the significant spend being incurred on this type of accommodation.

1.3 Finally, the report requests approval to enter into two separate service level agreements (SLAs), for temporary accommodation service provisions with accommodation nomination rights to enable Worthing Borough Council (WBC) and Adur District Council (ADC) to fulfil their statutory housing duties under S188 and S193 of the Housing Act 1996.

2. Recommendations

2.1 Recommendation 1: To acknowledge the progress made to date by using long-term leases and service level agreements to reduce budget pressures and improve our provision of temporary accommodation having regard to the financial implications in this report.

2.2 Recommendation 2: Subject to the information contained in this report and the exempt appendix, to authorise the Director for Housing and Communities to enter into two separate new 5-year service level agreements (containing a 3-year break clause) with Revival Investments Limited for the acquisition of nomination rights to 37 units of managed temporary accommodation, with one service being located at High Street, Littlehampton, and another combined service at Goring Road and George V Avenue, Worthing, to enable the councils to discharge the housing duties owed to homeless households under S188 and S193 of the Housing Act 1996.

2.3 Recommendation 3: To note and approve that authorisation to enter into contracts for acquisition of temporary accommodation by way of long-term leases and service level agreements will continue to be obtained using the existing delegated authorities and governance arrangements set out at paragraph 4.3 below.

3. Context

3.1 The Councils' have a statutory duty to provide TA for those owed a relief or full housing duty in accordance with Part VII of the Housing Act 1996 and the Homelessness Reduction Act 2017. Councils who fail to fulfil their statutory duties can be subject to judicial review and financial penalties, which would be damaging to the councils reputation as well as placing additional financial burdens.

3.2 Like many other councils up and down the country, the number of homeless households in TA is rapidly increasing for both our Councils. Between April 2020 to March 2023, the number of households in TA increased from 136 to 348 for Worthing Borough Council and from 46 to 91 for Adur District Council and our costs are continually rising in line with this. Expenditure on TA now poses a significant risk to the councils' budgets and therefore reducing this by using more cost-effective options to acquire suitable TA remains an urgent priority.

3.3 On 31st October, Adur and Worthing Councils took part in an emergency summit co-hosted by Eastbourne Borough Council and the District Councils Network with

119 council leaders who signed a letter to the Chancellor requesting action on the homelessness and temporary accommodation crisis that threatens the financial sustainability of councils and the vital services upon which the most vulnerable people in our society rely. The letter has received cross-party consensus and is signed by councils from across the country led by Labour, Conservatives, Liberal Democrats, the Green Party and Independents.

3.4 As the impact of high interest rates and inflation has taken effect, rents have risen and the disparity between the LHA rate and market rents have grown to unaffordable levels, leading to an increase homelessness and a further reduction in the availability of affordable private rented accommodation. The Chancellor of the Exchequer has confirmed in the Autumn Statement that the LHA rates are to be unfrozen and rates will be increased to equal the 30th percentile of an area's market rents in 2024/25; however, the actual financial benefits for individuals and the impact that this will have on reducing homelessness are unknown until the new LHA rates are published in April 2024. It should also be noted that this is a temporary measure and that any benefits of this change will not directly benefit the Councils' budgets.

3.5 One method which has been successfully adopted in Adur and Worthing to lower our costs and improve the suitability of TA is to secure accommodation using long-term leases and service level agreements (SLAs), as they are usually cheaper and more suitable than nightly-booked accommodation. The majority of our lower-cost provision is delivered in this way as most TA providers will lower their nightly rates in exchange for the benefits of the financial stability and security of a long-term council contract. These contracts can also help providers to secure vital funding for building new accommodation or for the conversion or refurbishment of existing buildings.

3.6 The key benefits for the councils with this arrangement are the ability to secure a medium to long-term provision of suitable TA and the savings made to the TA budget, plus the fixed-price costs enable the Councils' to more accurately estimate future budgets. In comparison, nightly-booked accommodation is often unreliable due to the short-term nature of the arrangement, and costs are more difficult to forecast as prices are often high and vary significantly. For example during school holiday periods. This also enables the Councils' to have more control over where this accommodation is located and thereby reduce the need for people to be placed away from their social networks.

3.6 Contracting TA not only reduces expenditure by reducing reliance on nightly-booked accommodation, but it also enables us to improve the standards of TA and its amenities for those experiencing homelessness as well as enable improved budget forecasting on TA spending.

3.7 Alongside increasing temporary accommodation the current and future Housing Strategies will address the need to increase supply of affordable homes and move on accommodation to reduce the reliance on temporary accommodation and enable homelessness to be prevented.

4. Issues for consideration

4.1 Progress to date

4.2.3 The programme to date has secured a strong pipeline of more affordable TA for the Councils and brought about significant savings, when compared to more costly nightly-booked accommodation, including:

- We currently have 15 long-term service level agreements and leases ranging from 2 to 7 years in length.
- It is important to note that each contract has a 2 or 3 year break clause that enables the Councils' to terminate the agreement early should the accommodation no longer be required. The lease start dates are also staggered throughout the year, increasing flexibility to terminate contracts should the need arise. The only exceptions to this are the two contracts, one for a site in Worthing, and one for a site in Bognor Regis, which are 5 years with the option to extend for a further 5 years subject to further Cabinet Member approval. The start dates of the contracts are staggered throughout the year
- These provide 144 units of TA across both councils, equating to 28% of our total TA stock across both councils.
- These contracts save an estimated £1.5m annually compared to nightly-booked alternatives.
- Two further contracts have received Cabinet Member approval - a site in Worthing (subject to planning) and a site in Bognor Regis. These are anticipated to be available for occupation from the end of Q3 2024 and will deliver further savings.

4.2 TA Supply Requirements and Pipeline

4.2.1 The tables below show the results of a TA analysis from September 2023 and include the estimated number and type of properties that are needed to replace 90% of our existing expensive nightly-booked flats and bed and breakfast accommodation and meet new demand for the next 24 months. They also show the current pipeline accommodation, of which the SLAs requiring approval in this report are included. Despite having a healthy pipeline we are still anticipating a shortfall of 129 units for Worthing and 52 for Adur.

4.2.2 Reducing our reliance on nightly-booked accommodation is conducive to lowering expenditure. The long-term ambition for the councils is to replace 90% of our current nightly-booked TA with owned, leased or SLA arrangements, with a target for the TA mix to be approximately 40% owned, 50% leased/SLA and 10% nightly-booked to retain some stock which can be terminated with immediate effect and allow us to serve notice on other stock as required should demand decrease.

4.2.3 As part of the review of our Temporary Accommodation Placement and Procurement Policy, the % mix of accommodation types will be reviewed to take account the development pipeline for owned stock.

Estimated TA Supply Requirements WBC to end Sept 2025							
	Room/studio: Medium/Complex needs singles (80%)	Room: general needs singles (20%)	Studios	1 bed	2 bed	3 Bed	TOTAL required
No of units required to replace current spot	97	24	39	45	8	2	215
Estimated demand to Sept 2025(+5.6 per month, +67 per annum)	60	14	24	28	6	2	134
Less 10% retention of current nightly-booked	-10	-2	-4	-5	-1	0	-22
Less pipeline-leased/SLA in next 24m	-105	-33	-26	-28	-6	0	-198
Less pipeline-owned in next 24m	0	0	-3	-9	-4	0	-16
TOTAL additional accommodation required	42	3	30	32	3	4	114

Additional accommodation required by tenure WBC to end Sept 2025							
50% leased/long term SLA	21	2	15	16	2	2	58
40% purchased	17	1	12	13	1	2	45
10% spot booked	4	0	3	3	0	0	11

Estimated TA Supply Requirements ADC to end Sept 2025							
	Room/studio: Medium/Complex needs singles (80%)	Room: general needs singles (20%)	Studios	1 bed	2 bed	3 Bed	TOTAL required
No of units required to replace current spot	28	7	7	9	2	0	53
Estimated demand to Sept 2025(+1.6 per month, +19 per annum)	18	6	6	6	2	0	38
Less 10% retention of current nightly-booked	-3	-1	-1	-1	0	0	-6
Less pipeline-leased/SLA in next 24 months	-22	-5	0	0	0	0	-27
Less pipeline-owned in next 24 months	0	0	0	-3	-3	0	-6
TOTAL additional accommodation required	21	7	12	11	1	0	52

Additional properties required by tenure ADC end Sept 2025							
50% leased/long term SLA	11	4	6	6	1	0	27
40% purchased	8	3	5	4	0	0	21
10% spot booked	2	0	1	1	0	0	4

4.2.4 Our strategy and approach to TA acquisitions will be included within the TA Placement and Procurement Policy which is due to be updated by the end of 2023/24.

4.3 Governance

4.3.1 Our current governance arrangements are that where there is an approved budget, there are currently two separate officer delegations in place for the acquisition of TA as follows:-

- At 3.1.8 of the Scheme of Delegations to enter into a Lease, in consultation with the Leaders, Cabinet Members for Resources and Chief Finance Officer; and
- At 2.6.8 of the Scheme of Delegations to enter into a Service Level Contract and in accordance with Councils' contract standing orders. This requires consultation with the Chief Financial Officer, Assistant Director for Legal and Democratic Service and a report to Cabinet Members for a joint decision.

4.3.2 These Delegations are crucial to the effective delivery of TA for the following reasons:

- It enables the Councils' to act promptly when providers come forward with new proposals.
- Providers often require a quick decision to be able to purchase the property and have contracts in place to secure the necessary finance.
- They avoid delays in decision making avoiding continued use of alternative more expensive nightly-booked accommodation.
- The market is very competitive and delays can cause lost opportunities.

4.3.3 The Committee is being asked to approve the two SLAs referred to in this report as the cumulative effect of the SLAs is likely to take the Councils over the budgeted net forecast spend for emergency accommodation 2023/24 budgets. The authority to enter into these two SLAs therefore has both resource and housing portfolio implications and is a cross-portfolio decision for the Committee as opposed to an individual Cabinet Member.

4.3.4 Continuing this strategic approach to the acquisitions of TA means that the Councils':

- Continue to be able to secure more affordable TA at a time of significant demand;

- Continue to secure more suitable accommodation for residents, within more suitable geographical distances to enable more people to have access to their support and social network.

4.3.5 It is important to note the data informed approach that is being used to monitor current and projected future demand for this accommodation, from which officers are able to forecast the number of units required.

4.3.6 Whilst this programme is an important part of our strategy, it is also important to note that there are small risks associated with acquiring this accommodation, should homelessness demand reduce during this period and the Councils were in a position of oversupplying TA. However, reduced demand to this extent is unlikely given the pressures in the medium term. Secondly, in this case, we will be able to reduce any liabilities arising from over supply by:

- Reducing / ending any use of nightly-booked accommodation and using these leases / SLAs in their place;
- Ending some of the leases / SLAs through initiating break clauses (available within two years of any lease/SLA);
- Leasing out any over supply to other local authorities and providers until leases / SLAs are ended.
- Quarterly reviewing of our TA demand projections based on the current position.
- Ensuring all of our current contracts start and end at different times and vary in length. This enables us to gradually drop off a proportion of our TA if it is no longer required.

4.3.7 It is therefore recommended to continue with this approach subject to the following criteria being met:

1. Sufficient demand has been confirmed through a quarterly analysis of supply and demand based on current projections which will be reviewed quarterly at the Affordable Homes Group.
2. The combined total net annual expenditure of contracted TA must not exceed the approved annual TA budgets.
3. Where the councils have a confirmed overspend, approval to enter into any new contracts will require further Committee approval via delivery of a report to the Joint Strategic Committee.

5. New contracts for approval

5.1 The Committee is asked to approve the recommendations within this report to enable officers to enter into two separate service level agreements with the same provider for the provision of TA for single people:

- One HMO with shared facilities in Littlehampton
- A combined service across two properties in Worthing
- Total number of units is 37
- 5-year contracts (with 3-year break clauses)
- Part of a pathway of TA with varying levels of management intensity throughout numerous accommodation services to give people the best chance of maintaining their accommodation and achieving positive outcomes with an end goal of securing permanent accommodation
- Both services will be for single people
- Both services will be used by Adur District Council and Worthing Borough Council
- The provider is aiming to increase the energy efficiency of the properties to an EPC 'C' rating by improving the insulation and installing communal air source heat pumps for heating and hot water powered by PV solar panels, which the occupiers will financially benefit from.
- These contracts are less expensive compared to nightly-booked accommodation and will therefore not increase the overspend as they will enable the councils to move people on from costlier nightly-booked accommodation.

5.2 Service attributes:

5.2.1 Littlehampton (23 rooms):

- On-site staff during the day 9am-5pm with overnight and weekend security visits provided
- All rooms have ensuite facilities
- Shared kitchen/cooking facilities
- 10 rooms to be available from Jan 2024 with the remaining 13 rooms to be available from April 2024.

5.2.2 Worthing (14 Rooms):

Year 1:

- On-site staff during weekdays 9am-5pm with overnight and weekend security visits provided
- Shared kitchen/cooking facilities
- All 14 rooms are expected to be ready for occupation in Jan 2024.

Years 2-5:

- A minimum of two daytime visits from staff during weekdays between 9am-5pm with overnight and weekend security visits provided.
- Shared kitchen/cooking facilities

6. Other Options Considered

6.1 Spot Purchasing, also known as nightly purchased.

6.1.1 This is the practice of securing nightly-booked TA at the point of immediate need and can be an effective way of securing short term TA on an emergency basis until the Councils' determine whether a full housing duty is owed or to meet the needs of homeless households whose needs cannot be met in other TA e.g. wheelchair accessible. It is often referred to as 'interim S188 accommodation', 'emergency/temporary accommodation' or 'EA/TA'.

6.1.2 Nightly-booked accommodation is usually more expensive but offers flexibility as neither party is tied into a fixed term contract and the council is only liable for costs when in use, plus it can be terminated with immediate effect. However, a lack of alternative move-on or cheaper TA options means households are frequently left in this type of accommodation for many months, which can be very costly, particularly during peak holiday seasons when nightly rates can be as much as £200. Nightly-booked is therefore not recommended as a financially sustainable method of providing TA in the medium to long term and the council's reliance on it needs to be reduced to use when needed to meet particular households' needs or genuine emergencies e.g. fire/flood.

6.2 Purchase/Ownership

6.2.1 Having our own stock of TA is critical to ensuring the councils have a reliable and continuous source of TA to meet demand whilst also reducing expenditure. Both councils have commenced capital works programmes to purchase and develop their own TA 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.

6.2.2 This is an effective long term strategy to improve suitability and lower the cost of TA and it is important that this work continues, but this is generally a slow process which takes many months or years to develop each site and therefore this in isolation is not sufficient to keep up with current demand.

7. Engagement and Communication

7.1 The commissioning of our TA is based on securing appropriate properties within or close to Adur and Worthing and we are sensitive to the location of sites where this is possible. Where there is no change of use to a building and no planning permissions required, we will not generally consult with local residents as the use of the building will remain the same. However there are a number of measures that are put into place to help alleviate any issues and pressures including:

- Feedback from our inreach staff, who support those in out of area nightly-booked accommodation, about the impact on those housed out of area and being removed from social networks, highlighting the importance of providing accommodation as local as possible to enable access to social networks and not be isolated by the distance and costs of travel. Meeting the need for those homeless and vulnerable by keeping them in the area as much as possible is important.
- Each site is assessed for its suitability and when planning permissions are required, consider the use of management plans and engagement with residents.
- When opportunities are offered for TA use, the planning process provides a framework of checks and balances to assess the need and take account of local residents' views.
- When planning permission is not required, the councils do not publicise the exact location of TA due the potential risks posed to some occupiers who may be at risk of exploitation or fleeing domestic abuse.

7.2 We do also provide opportunities for community voice within this process including:

- Local residents do have the opportunity to comment as part of any planning process where planning permission is required to establish the correct planning use for any new TA opportunities.
- All residents - including those residing in TA - are able to contact the councils' housing needs team to report any concerns regarding the management of a property or any individuals accommodated in TA in their local area. These concerns will be considered and investigated on a case-by-case basis and evidence will be collated by the housing needs team with appropriate action taken depending on the type and severity of the reported concerns, including any risks to the individual or other people residing in the TA and the impact on the wider local community.

7.3 Members should also note that work has begun on the development of our new Housing Strategy where we will define our approach to resident and service user engagement, and going forward, when and how we will consult and engage with partners and communities about housing, homelessness and about how the councils will fulfil its statutory duties to meet the needs of those experiencing homelessness whilst taking account of the communities in which they are housed.

8. Financial Implications

8.1 The Housing Needs budgets for both councils have been under pressure for some years. The councils have recognised this and have increased the Adur and

Worthing budgets for this service by £566k and £1m respectively over the last 4 years. Despite this:

- Net spending on TA has increased for both councils over the same period. In Worthing Borough Council it increased from £1.13m in 2019/20 to £2.37m in 2022/23. In Adur District Council increased from £238k in 2019/20 to £898k in 2022/23.
- The net forecast spend for 2023/24 is £2.9m for Worthing and £1.08m for Adur.
- Temporary Accommodation overspend for 2023/24 is £783,940 for Worthing and £204,990 for Adur.

8.2 The table below sets out our net annual costs for all current and pipeline long-term leases/SLAs and excludes nightly-booked. It also shows the committed spend for 2023/24 separated for each of the councils, which has been calculated using the current percentage of our total TA placements of 22% for Adur and 78% for Worthing. This shows Members that these costs will be met within the allocated annual budgets due to the savings achieved from these leases and SLAs.

Contracted Committed Annual Spend (2023/2024)

		Committed Annual Spend 2023/24	
	TOTAL Annual Contract Costs (net)	Adur	Worthing
Current long-term leases/SLA (144 units)	£277,000	£60,940	£216,060
Pipeline Approved (82 units)	£861,632	£0	£0
Pipeline requiring approval in this report (37 units*)	£407,682	£14,461	£51,271
TOTAL	£1,546,314	£75,401	£267,331

*only 24 units will be in use this financial year.

8.2 The estimated savings for the Worthing and Littlehampton sites are included in the exempt appendices. These services will be used to move people on from more expensive nightly-booked accommodation and support the work to reduce the forecast budget overspend. A recent count of our temporary accommodation has shown that we have around 78 single people in these nightly booked placements, all of which are outside of West Sussex.

9. Legal Implications

9.1 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 TA 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.

9.2 Section 1 of the Localism Act 2011 empowers the councils to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.

9.3 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.

9.4 Section 1 of the 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.

9.5 Regulation 10.1 (a) of the Public Contract Regulations 2015 provides for an exclusion to usual procurement procedures for public service contracts which are for the acquisition or rental, by whatever financial means, of land, existing buildings or other immovable property, or which concern interests in or rights over any of them. This Service Level Agreement is a public service contract for the acquisition of property, services and nomination rights, falling under Regulation 10.1 (a).

Background Papers

- [Housing Strategy 2020-23](#)
- [Temporary Accommodation Placement and Procurement Policy](#)

Sustainability & Risk Assessment

1. Economic

- TA services located within our district and borough may create jobs for people in the local community.
- Providing good quality and suitable TA gives people a better chance to improve their personal circumstances. Some of the recent and pipeline services to be acquired provide access to local support to help with physical and mental health and improve their general wellbeing to give people a better chance to secure employment.
- TA acquired using long-term contracts with fixed costs will enable the councils to budget for TA more effectively and reduce costs.
- The properties requiring approval in this report are expected to lower expenditure on our TA budgets.

2. Social

2.1 Social Value

- Experiencing homelessness is often rooted in trauma and experiencing homelessness can cause trauma in of itself. Research by Northumbria University, revealed that 94% of people facing homelessness have experienced trauma that was most often complex and occurred at multiple stages throughout life, the research also concluded that until the trauma is tackled, then their homelessness will not be resolved.
- Many people are being placed in TAs that does not meet their needs due to its location, which disconnects them from their social networks and lack of amenities such as cooking facilities, and without onsite support which can hinder recovery from and perpetuate homelessness, worsening their mental health issues and increase the chances of resorting to poor lifestyle choices. Some of the services being acquired include holistic additional support that gives those who need it the opportunity to improve their mental and physical wellbeing, learn essential life-skills, prepare for work and secure permanent accommodation and receive basic support with issues associated with moving such as changing GP, change of address for medical appointments, benefits and bills.

2.2 Equality Issues

- The councils' Temporary Accommodation Placement and Procurement Policy takes into account the public sector Equality Duty (Section 149 of the Equality Act 2010) and the councils' allocation and procurement of TA will have due regard of the need to:

- Eliminate unlawful discrimination, harassment and victimisation
- Advance equality of opportunity between different groups
- Foster good relations between different groups
- Consider any household member with a 'relevant protected characteristic' when placing them in TA

2.3 Community Safety Issues (Section 17)

- To prevent occurrences of anti-social behaviour, we request from our providers that staffed accommodation is required where possible. Our providers also work very closely with the councils' accommodation team to report any issues when they occur.
- The councils' housing needs team will maintain regular contact with providers 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. When necessary, this will result in eviction.

2.4 Human Rights Issues

- Matter considered and no issues identified.

3. Environmental

- The provider is aiming to increase the energy efficiency of the properties to an EPC 'C' rating by improving the insulation and installing communal air source heat pumps for heating and hot water powered by PV solar panels, which the occupiers will financially benefit from.
- Recycling is encouraged at all TA sites.
- Contracted TA is 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. Any HMOs will have a valid HMO licence and be inspected by a private sector housing officer upon completion.
- All required certificates in relation to electrical, gas and fire safety are obtained prior to occupation.

4. Governance

- As set out at clause 4.3 of this report.