

Temporary Accommodation (TA) – Options Appraisal

February 2025

Background

Under the [Housing Act 1996 Part VII – s188](#) the Council may have a legal duty to provide TA, if there is reason to believe that the applicant may be homeless, eligible for assistance and have a priority need.

Current TA Provision

Housing Needs presently has access to the following TA options.

Bed & Breakfast (B&B) placements (inc hotels and guest houses)

At present, B&B accommodation is offered routinely to almost all homeless households including families, and availability in Pendle is very limited. This is due to lack of B&Bs willing to accept Council placements. As such, most placements are made in Burnley, Blackburn or further afield and not in Pendle.

Refuges (for victims of domestic abuse) – spaces within refuges do come available but its often very difficult to secure accommodation immediately i.e. on the same day. Refuges have to undertake checks on referrals in order to ensure safety of the applicant, current residents and staff.

Housing Needs also has access to the following accommodation options, to help move people on from TA.

- ***Gateway, Mitre Street, Burnley*** – A proportion of the 30 mainstay rooms are available to Housing Needs. The scheme does not have immediate access and referrals need to be assessed.
- ***Gateway Mitre St, Burnley*** – cold weather provision – 1 x dormitory bed for homeless emergencies between October and March (winter months).
- ***East Lancashire Homeless Families Project (Managed by Calico)*** – Housing Needs can access two 3-bed properties for families. **contract only runs up to September 2025 at present*

The Council is also in process of helping improve TA options through the following scheme:

Local Authority Housing Fund (LAHF)

The Council has been awarded capital grant funding of £149K in order to provide by the end of 2025/26 one unit of TA accommodation and one unit of accommodation for Afghan resettlement.

As Housing Needs only have access to B&Bs in most cases, and this is almost always outside the district of Pendle, the Council risks failure in relation to the following legislation and guidance under Housing Act 1996 Part VII as amended:

- Section 206 (1) provides that the authority may discharge their housing functions *only* by securing “suitable” accommodation, albeit by a variety of routes. The [Homelessness \(Suitability of accommodation\) \(England\) Order 2003](#) also states that B&B’s are considered unsuitable for households with family commitments or those aged under 18.
- Section 208(1) provides that: “So far as reasonably practicable a local housing authority shall in discharging their housing functions under this Part secure that accommodation is available for the occupation of the applicant in their district”.

Use of TA

Table 1 – use of TA 2019 - 25

Year	Number of nights provided at B&B	Number of placements	Average length of stay (<i>nights</i>)
2019/20	768	79	9.72
2020/21	2077	130	15.98
2021/22	3530	121	29.17
2022/23	5372	195	27.55
2023/24	5837	209	27.93
2024/25 (<i>up to 31st December 2024</i>)	3865	147	26.29

Table 2: Spend on TA by year

Item	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 – (to 31/12/24)
Expenditure	44,722.70	196,279.43	255,351.83	364,224.15	388,557.23	214,519.90
Income from HB – <i>after subsidy paid back to DWP</i>	11,236.00	43,254.00	49,929.00	64,720.00	71,013.00	approx 1/6 of overall spend
Total cost of providing TA	33,486.70	153,025.43	205,422.83	299,504.15	317,544.23	Based on the above - £178,766.58

** this is a snapshot as not all invoices for placements made in the period had been received*

As per Table 1 and 2, although the out-turns for 2024-25 are likely to be slightly lower than 2023-24, the broad trajectory has been rising use and subsequent expenditure since 2019. Whilst its not known how much demand there will be going forward, its unlikely that demand will reduce for the foreseeable future and expenditure will remain very high.

Although the Council seeks the cheapest accommodation available, most options aren't available as many placements have considerable presenting risk issues, which reduces options significantly. In general, although the costs of B&B are variable, on average, after VAT and HB reclaims, the average placement costs the Council c£400 / £450pwk. Therefore, it's reasonable to consider alternative TA options which might reduce the high costs and help ensure the Council meets all statutory duties.

NB it cannot be guaranteed that providing alternative TA such as houses, will result in a corresponding saving in B&B use. Anecdotally, it is believed that because the Council has such limited options for TA which are all located outside the borough, many households choose to arrange their own temporary accommodation e.g. staying temporarily with friends etc. If houses are provided, its likely this will drive up demand for TA. As such, whilst it's reasonable to assume there will be some savings, over and above the cost of managing the houses, it can't be guaranteed what level of savings can be achieved.

In terms of potential TA options, regardless of whichever route is chosen, the Council would only receive Housing Benefit Subsidy paid at the LHA rate minus 10% for any household staying within the property. The maximum Housing Benefit Subsidy is determined by using 90% of the LHA rate from 2011 for the size of the property. Based on a 2 bedroomed property the rate is £86.54, this would equate to an income of £77.89 per week.

The cost of private renting in Pendle is estimated to be in the region of £200 per week. The property will need to be fully maintained and receive full housing management i.e. letting, collection of rent, general housing management, dealing with ASB, serving notices, evictions, void rent loss.

In essence the Council will receive £200 Housing Benefit payment as Pendle Council will be the Landlord and the Council will also receive £77.89 subsidy for every £200 per week paid out in Housing Benefit.

Currently a typical claim in B&B costs the Council 400-450 (before VAT) per week and we can only reclaim £77.89 per week.

TA options going forward

The following options have been considered

1. Do nothing

Rely on our current approach to meet TA needs

Pro's

- No need to find significant financial resources to procure new TA, which based on provision of four x 2-bed houses inc purchase / renovation / furnishings at an assumed cost at this stage of c£80K per property could cost c£320K. *Four units have been chosen as an initial figure, as the Council will gain 1 x unit of TA from the LAHF scheme.

Con's

- TA expenditure is already very high and likely to remain so. Additional TA is likely to reduce yearly spend on B&B, although to what extent is not known.
- The Council often fails s206, the Homelessness Suitability Order 2003 and s208 which impacts directly on those being placed and risks judicial review / criticism
- All Lancashire boroughs including Pendle have agreed a memorandum of understanding (MoU) in relation to out of area placements. Failure to expand TA options within the borough risks failure of the commitment within the MoU.

2. Request housing associations to re-purpose some of their properties, which could be leased to the Council as TA.

Housing associations were contacted but were not in a position to assist. Even if housing associations could assist, it would have meant the loss of some social housing in the district, which is very much needed.

3. The Council leases properties from the private rented sector

The Council could lease properties from the private sector whether directly or via a third party such as Calico who would seek to procure properties on the Council's behalf for a fee.

Pro's

The Council would not have to pay directly (c£320K) for 4 x 2 bed properties.

Con's

- The Council would have the use of the properties not necessarily sufficient control i.e. leasing from private landlords could make it difficult to ensure sufficient housing standards are met, if the landlord isn't in agreement with required to be carried out
- Rents could rise without a clear agreement and as such, a long-term agreement would be required, whether the properties are needed in the future or not.
- The Council would be taking such properties away from other potential tenants, who may be struggling for housing.
- There could be some difficulties in evicting residents where issues occur with a lease agreement, as opposed to the Council directly owning the properties.
- There would likely be higher costs to the Council in leasing properties over a long period, as opposed to direct ownership, due to the costs of the lease.
- The Council could consider leasing a property for a period of time, refurbishing to lettable standard, managing it and collecting rent and then passing the property back to the landlord at the end of the lease in much improved condition. However, this approach was taken by AAW Ltd and caused proved to be disastrous financially. Thus, this approach should only be considered with extreme caution.

4. The Council procures its own accommodation

If the Council chose this route, caution needs to be taken as to how this is achieved. Many neighbourhoods will not welcome a house being used for homeless families or

single person where there wasn't any need at that time for a family. Therefore, buying on the open market risks criticism in that it takes a property away from other people who would wish to buy and there could be criticism from neighbours who don't want such a facility in their area.

It is therefore proposed that properties for this scheme come from purchasing existing long-term empty property stock or via [Empty Dwelling Management Orders](#) or ultimately Compulsory Purchase Orders. This approach would bring empty properties back into use and help improve neighbourhoods, especially as the properties will be managed well.

Pro's

- The Council would have full control of the property
- It will be possible to ensure all housing standards are met
- There will be no lease agreements, which would add cost to the rent
- If the property rises in value, the Council benefits directly
- The Council can always sell properties if need be if there is an economic case to do so, whereas under any form of lease, the Council could be trapped into making payments regardless of whether the need for TA still exists.
- This option is being taken forward by both Burnley and Rossendale Council's who will have considered similar issues in terms of provision of TA.

Con's

- The Council would have to purchase the properties which based on 4 x 2-bed properties, this could equate to c£320K
- The Council takes all the risks associated with owning property

Should this option be chosen

Initial Selection criteria

The acquisition of each property will be ratified by a separate business case, signed off by CLT, and the properties will be chosen according to the following criteria:

- The properties must be Class C3 residential dwellings
- Must be empty/unoccupied for a period of 6 months, or currently empty and expected to be long term empty without intervention from the Council
- The owner (or agent acting on behalf of the owner, or the executor etc.) must be willing to act reasonably with the Council to transfer the property
- The properties will be 1 or 2 bedroom houses and be freehold or with a nominal ground rent.
- The properties will be reasonably close to facilities, services and bus routes in one of Pendle's main settlement areas.
- The locations of the properties will be consulted on with the relevant Portfolio Holder, Director and any other officers they deem appropriate.

Recommendation

As this is likely to be a long-term commitment towards improving support for homeless households within the borough and avoiding the high costs of TA, doing nothing is a risky approach, particularly due to likely failure to meet statutory duties.

Whilst there is risk whichever route is taken in terms of provision, there appears to be much more benefit to the Council owning the property and having the option to dispose of properties should need arise than paying for leases.

It is therefore recommended that, subject to funds being made available, the Council purchase long-term empty properties which meet the selection criteria detailed.

Management of TA

Regardless of whether the Council chooses to lease or purchase, the properties require management.

There appear to be two options

1) The Council pays an external agency e.g. a housing association to manage the properties.

Pro's

The Council would likely seek a housing association to manage the properties as they have experience in managing properties and resources to meet all aspects of housing management. Housing associations also benefit from the economy of scale in managing large numbers of properties and this could mean a lower fee being offered for management.

Con's

The Council would lose some control in contracting out e.g. some processes could take longer which may result in tenant dissatisfaction and additional cost to the Council e.g.

- Void turnaround may be longer than if directly owned
- Responding to disrepair could be longer and perhaps less effective
- Notices and sign up may take longer to be served than anticipated.

A housing association was contacted regarding the option to manage these properties, and the issue was discussed in depth but to date, no response has been received. Therefore, it's not known what the costs might be but there also appears to be no appetite for a housing association to manage such properties.

2) The Council manages the properties directly

Pro's

- The Council would have full control of the properties and thus full flexibility in their operation. This is likely to be beneficial in terms of ensuring tasks are completed on time and receive the required attention, where failure to act in a timely manner, results in additional cost.

- The Council would not have to pay a fee to an external agency to manage the properties

Con's

The Council does not have experienced housing management staff and would need to train / recruit in this area.

Properties may not come 'online' until different parts of the year and as such, any officer employed may initially have limited work to complete, which would not be an effective use of their time.

Recommendation

Based on the situation as things stand, the only realistic option would be for the Council to manage the properties directly as this is the only option available

Costs of the temporary accommodation properties

As the Council has not managed such properties for many years i.e. prior to stock transfer in 2006, the costs of managing the additional temporary accommodation properties are relatively unknown.

Costs which would likely arise are

Management of the properties (staffing)

- 0.5 FTE post to manage day to day issues which might arise

Furnishings

- Essential furnishings inc beds, settee, low loader fridge with ice box, oven, light bulbs

Welcome packs

- Additional items as required eg bedding, kettle, toaster, cutlery, crockery, cleaning equipment and towels for the kitchen and bathroom. Hygiene packs include essential toiletries. To be provided at each change over. Only one pack on arrival. **Possibly seek funding from Household Support Fund to pay for these packs.*

Utilities

- The properties will have gas and electric prepayment meters only, in order to manage consumption. Upon arrival the cards will be pre-loaded to value of £20 to allow the resident to move in straightaway and avoid additional temporary accommodation costs.

Maintenance

- PAT testing, smoke alarms, Gas and Elec install testing
- Changeover / cleaning costs

- Maintenance costs inc replacement of items as and when required eg fridge, cooker.
- Access to emergency plumber and electrician to deal with disrepair / faults.
- Property insurance

The table below provides an estimate of the cost:

Temporary Accommodation	No of Properties	1	2	3	4	5
<u>REVENUE EXPENDITURE</u>						
Staffing		0	0	0	26,000	26,000
Utilities Cards - at start of stay		200	400	600	800	1,000
Property Maintenance		2,500	5,000	7,500	10,000	12,500
Property Insurance		250	500	750	1,000	1,250
Ctax @ Band A(Impact dependant on our status as Landlord)		1,700	3,400	5,100	6,800	8,500
Temporary Accommodation Costs - Reduction		-23,400	-46,800	-70,200	-93,600	-117,000
		-18,750	-37,500	-56,250	-49,000	-67,750
<u>REVENUE INCOME</u>						
HB Payments		10,400	20,800	31,200	41,600	52,000
		10,400	20,800	31,200	41,600	52,000
<u>NET REVENUE COSTS</u>		-29,150	-58,300	-87,450	-90,600	-119,750

Should it be agreed that the Council will manage its own temporary accommodation properties, the following issues would need to be addressed:

Issue	Detail
Legal	Confirmation of use of Homeless licence agreement, risks and parameters to be outlined.
	Termination process to be agreed and RA
	Insurance costs for landlord (TA) insurance, damage,
	Documents outlining rights/rules for occupancy and dispute procedures Inventory checklists, keys, contractors
Housing & EH	Confirmation of regs, fire, standards for occupation and safety measures Fire safety, CO, Electrical safety, free of C1 hazards, regular safety checks
Housing / Property	Disrepair requests inc during void periods, whilst tenanted during office hours and out of hours emergencies response.
Property / finance	Costings for repair and maintenance / Repair and maintenance schedules Pre/ during and post letting checklists
	Location suitability keys
Property / legal	Valuation and purchase / lease of properties

