

Lease with Cross Keys Homes for the use of Elizabeth Court as interim accommodation for homeless families
Councillor David Seaton, Cabinet member for Resources
May 2017
Deadline date: May 2017

Cabinet portfolio holder: Responsible Director:	Councillor David Seaton, Cabinet Member for Resources Wendi Ogle-Welbourn – Corporate Director for People and Communities
Is this a Key Decision?	YES If yes has it been included on the Forward Plan : Yes Unique Key decision Reference from Forward Plan: KEY/17APR/04
Is this decision eligible for call-in?	Yes
Does this Public report have any annex that contains exempt information?	No
Is this a project and if so has it been registered on Verto?	NO Verto number: N/A

R E C O M E N D A T I O N S

The Cabinet Member for Resources is recommended to: -

approve entering into a five year lease agreement with Cross Keys Homes regarding the use of Elizabeth Court as interim accommodation for homeless families at a cost of £366,122 per annum, reducing a forecast full year spend on interim accommodation by circa £800,000.

1. SUMMARY OF MAIN ISSUES

- 1.1 This report seeks approval of the Cabinet Member for Resources to enter into a lease for the duration of five years with Cross Keys homes for the use of Elizabeth Court as interim accommodation for homeless families.

2. PURPOSE OF THIS REPORT

- 2.1 This report is for the Cabinet Member for Resources to consider exercising delegated authority under paragraph 3.4.8 of Part 3 of the Constitution in accordance with the terms of their portfolio at paragraph (a) and (f).

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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4. DETAILS OF DECISION REQUIRED

- 4.1 To enter into a lease with Cross Keys Homes for the provision of interim accommodation for a period of five years. The accommodation is located at Elizabeth Court, Garton Street, Peterborough.
- 4.2 The Council will take a lease with vacant possession from Cross Keys Homes in respect of their freehold land at Elizabeth Court. The Council will subsequently grant interim tenancy agreements to individual occupiers but the properties will be managed by Cross Keys Homes under the terms of the lease.

5. CONSULTATION

- 5.1 Ward councillors have been consulted on the proposed decision.

6. ANTICIPATED OUTCOMES

- 6.1 By using Elizabeth Court for temporary accommodation for homeless households this will provide self-contained good standard accommodation for up to 53 households at any one time. These households would otherwise be placed into B&B type accommodation, which is unsuitable for prolonged periods of time. In addition use of self contained temporary accommodation provides a financial benefit to the council as opposed to B&B type accommodation as detailed below.

7. REASONS FOR RECOMMENDATIONS & ANY RELEVANT BACKGROUND INFORMATION

- 7.1 As per the diagram below, there has been increase in the use of temporary accommodation which is used to meet the Council's statutory duties towards homeless households. Aside from the impacts on households, the most significant financial impact is caused by the amount we are able to reclaim via Housing Benefit Subsidy when non self-contained (i.e. bed and breakfast) accommodation is used; typically B&B accommodation costs the Council c.£386 per week per room but the amount reclaimable is just c.£92 per week (capped at the Local Housing Allowance 1-bedroom rate).
- 7.3 In 2016/17 the council experienced a financial pressure of £1.439m. Based on levels of usage of non-self-contained accommodation remaining static the forecast full year impact for 2017/18 is anticipated to be £1.965m. However, further national changes could negatively impact on this position:
- a reduction to the existing housing benefit cap due at the end of November 2017, further impacting the difference between the subsidy rate and the current non self-contained accommodation rate paid by the council
 - the continued roll-out of Universal Credit impacting the way housing benefit is received (direct to the tenant rather than to the landlord further increasing the risk of non-payment of rent)
- 7.4 The proposed use of Elizabeth Court for interim accommodation follows the recent decision to enter into a lease with Stef and Phillips Ltd to use accommodation at St Michael's Gate for homeless households. The accommodation at Elizabeth Court is currently vacant.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 Option 1 - Do not use Elizabeth Court

If we decide not to enter into a lease with Cross Keys Homes the Council will not be able to make use of the 53 properties for interim accommodation, meaning the current pressures on existing provision will remain along with the associated costs of using non self-contained accommodation.

8.2 Option 2 - Develop alternative interim accommodation with a different provider

There are currently no known alternative providers with suitable and available accommodation in the short term. This option would have a much longer lead-in time and will not be able to support the immediate temporary accommodation need.

8.3 Option 3 - Commit to a longer term contract with Cross Keys Homes

Initially a five year contract is preferred as it is probable that there will be dips in demand for this type of accommodation over the longer term, which might result in underutilisation of the accommodation. Should this occur the council will be liable to pay for any voids. However, this is unlikely to occur as this accommodation is suitable for people with additional needs and it is proposed, in order to mitigate the risk, that we also accommodate people with additional needs who are also eligible for Housing Benefit.

9. FINANCIAL IMPLICATIONS

9.1 The nightly rates proposed are significantly lower than the costs being incurred by the Council for non-self-contained accommodation:

Accommodation type	Nightly rate	Number of units	Total annual cost
Bedsit	17.60	23	£147,347.20
1 Bedroom Flat	19.90	29	£210,064.40
3 Bedroom Maisonette	25.00	1	£9,100.00
		53	£366,511.60

9.2 Additionally, the Housing Benefit Subsidy the Council can reclaim if we use self-contained temporary accommodation is more generous and would reduce the forecast overspend significantly. The table below shows the costs of B&B accommodation compared to the rates for properties at Elizabeth Court and the levels of subsidy the council could claim over the period of a full year.

Bedroom Need	Number of households	B&B costs	HB subsidy level	Net costs	Elizabeth Court Costs	HB subsidy level	Net Costs
Bedsit	23	£462,134	£110,403	£351,732	£147,347	£99,363	£47,984
1 Bedroom Flat	29	£582,691	£139,203	£443,488	£210,064	£125,284	£84,780
3 Bedroom Maisonette	1	£20,093	£4,800	£15,293	£9,100	£6,426	£2,674
Totals	53	£1,064,918	£254,406	£810,512	£366,511	£231,073	£135,438

9.3 The removal of the Temporary Accommodation Management fee from the Housing benefit subsidy calculation has meant that there is a net cost to the council however the council has received £489,321 from the DCLG as a ring-fenced flexible homelessness support grant, which will be used to support the accommodation costs at Elizabeth Court, St Michael's Gate & Cross Keys Homes Hostels.

10. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

None.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

None.