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Dear Member

## **CABINET - TUESDAY, 10 MAY 2022**

I am now able to enclose, for consideration at the Tuesday, 10 May 2022 meeting of the Cabinet, the following reports that were unavailable when the agenda was printed.

<b>Agenda No</b>	<b>Item</b>	<b>Page</b>
7.	<b>Temporary Accommodation Sufficiency Implementation</b>	(Pages 2 - 24)

Yours sincerely

Lisa Antrobus  
Clerk

**Meeting:** Cabinet / Council      **Date:** 10 May 2022 / 17 May 2022

**Wards affected:** All Wards

**Report Title:** Temporary Accommodation Sufficiency Implementation

**When does the decision need to be implemented?** Immediately

**Cabinet Member Contact Details:** Christine Carter, Cabinet Member for Corporate & Community Services, [Christine.carter@torbay.gov.uk](mailto:Christine.carter@torbay.gov.uk)

**Director/Divisional Director Contact Details:** Tara Harris, Divisional Director Community & Customer Services, [tara.harris@torbay.gov.uk](mailto:tara.harris@torbay.gov.uk)

## 1. Purpose of Report

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- 1.1 To address our critical need to access accommodation for the provision of Temporary Accommodation for Families in Torbay this paper outlines the proposal to undertake a rapid acquisition (either through purchase or long-term leasing) of 37 properties within Torbay. To enable this Torbay Council will need to re-activate its Registered Provider status.
- 1.2 The report includes proposals for two procurements to be undertaken as part of this project;
  - A procurement for a development and management partner to support us in the acquisition and redevelopment of the required properties. This contract is proposed to be structured as a 1+1+1-year contract to ensure we have the flexibility to expand the programme further if future business cases identify the need to increase our levels of housing stock, either for Temporary Accommodation or more widely for social rent.
  - A procurement for a property management partner to oversee the maintenance and running of our temporary accommodation once secured and operational.
- 1.3 Demand for temporary accommodation is continuing to increase and access to suitable and appropriate accommodation for homeless families is becoming increasingly difficult to source.
- 1.4 The costs associated with the delivery of this statutory duty are likely to continue to rise and cause a significant cost pressure on Council budgets. Current spot purchasing

arrangements mean we are subject to market and seasonal fluctuations in accommodation costs that are difficult to predict, influence or control and render us unable to control the associated costs of providing temporary accommodation.

- 1.5 A procurement undertaken to source appropriate accommodation for the provision of temporary accommodation has not yielded the required quantity of accommodation for families and therefore an urgent alternative solution to address both the access and costs associated with this service is required.

## 2. Reason for Proposal and its benefits

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We want Torbay and its residents to thrive.

We want Torbay to be a place where we have turned the tide on poverty and tackled inequalities; where our children and older people will have high aspirations and where there are quality jobs, good pay and affordable housing for our residents.

We want Torbay to be the premier resort in the UK, with a vibrant arts and cultural offer for our residents and visitors to enjoy; where our built and natural environment is celebrated and where we play our part in addressing the climate change emergency

- 2.1 The proposals in this report help us to deliver this ambition by ensuring we have access to the required range and types of appropriate quality accommodation to meet our statutory duties to homeless families. Having access to appropriate and adequate accommodation is essential in enabling citizens to thrive and turn the tide on poverty.
- 2.2 The proposal will enable the Council to gain stability on both the sufficiency of family based temporary accommodation and security of the financial costs associated with this statutory function.
- 2.3 The reasons for the decision are to ensure that we are able to secure properties and make them available for use within the shortest timeframe possible. This will address the current critical issues of both access and financial stability.

## 3. Recommendation(s) / Proposed Decision

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1. That subject to final due diligence, the Divisional Director of Community and Customer Services in consultation with the Cabinet Member for Corporate and Community Services be authorised to undertake the required actions to activate the Council's Registered Provider status and apply for Investment Partner status with Homes England;
2. Subject to Full Council approval of the Prudential Borrowing for the purchase and renovation of properties for temporary accommodation;

- (i) that authority be delegated to the Divisional Director of Community & Customer Services in consultation with the Head of Finance, Cabinet Member for Economic Regeneration, Tourism & Housing and Cabinet Member for Community and Corporate Support, to award contracts to successful bidders on the Temporary Accommodation Development & Management Partner procurement;
- (ii) That authority be delegated to the Divisional Director of Community & Customer Services in consultation with the Head of Finance, Cabinet Member for Economic Regeneration, Tourism & Housing and Cabinet Member for Community and Corporate Support, to award contracts to successful bidders on the Temporary Accommodation Property Management Procurement; and

That the Cabinet recommends to Council:

- 3. That prudential borrowing of up to £10m to fund the purchase and renovation costs of properties for the provision of temporary accommodation, be approved and that approval for the purchase of individual properties be delegated to the Chief Finance Officer in consultation with the Cabinet Member for Finance.

## **Appendices**

Appendix 1: Background Information: process and Implications of Torbay Council Activating its Registered Provider Status

## **Background Documents**

None

# Supporting Information

## 1. Introduction.

- 1.1 We have a statutory duty to provide accommodation to homeless households, required until either the duty ends, or alternative accommodation is secured. Torbay has no current contracts for temporary accommodation, and we are reliant on a handful of providers, bed and breakfasts and other holiday-based accommodation. We have tried to address this through a robust procurement exercise that has been run from 17<sup>th</sup> January to 6<sup>th</sup> May 2022, however the type and volume available has not been sufficient for our needs.
- 1.2 The current housing crisis means that more people need temporary accommodation and are staying in it for longer. There has been a 150% increase in temporary accommodation need compared to April 2018.
- 1.3 Not only have we experienced an increase in duration and demand for temporary accommodation services under our statutory duties but also we have seen an escalation in the costs associated with sourcing and supplying the accommodation required – which is often based in inadequate B&B and holiday type accommodation. The impact over the past few years of both the Covid pandemic and cost of living crisis has (which will continue for the foreseeable future) severely impacted on the demand, cost and availability of accommodation.
- 1.4 Benchmark data in relation to homelessness acceptances (see figure1) provides a number of headlines including:
- We need to increase the level of prevention activity undertaken
  - Levels of homelessness are high, but equivalent to Plymouth.
  - Our issues are compounded by the dynamics of the local housing market and the availability of stock.

Area	Total owed prevention or relief duty <sup>i</sup>	Households assessed as threatened with homelessness per (000s)	Households assessed as homeless per (000s)
England	268,560	5.07	6.34
South West	27,430	4.87	6.35
Exeter	1,140	11.93	9.11
Hastings	929	9.99	11.54
Plymouth	1990	4.74	13.11
Isle of Thanet	1,235	9.46	9.7
<b>Torbay</b>	<b>1,051</b>	<b>3.61</b>	<b>13.17</b>

- 1.5 A disproportionately low number of people, compared to other areas, are able to access affordable social housing with the main option for accommodation being sought through the private rented sector, where costs are escalating.

Area	Total owed relief duty	Relief duty ended with accommodation secured (no. & %)	PRS (no. & %) where accommodation secured	Social rent (no. & %) where accommodation secured	Other (no. & %) where accommodation secured.
England	149,160	66,240 (44.4%)	20,890 (31.5%)	31,580 (47.7%)	13,770 (20.8%)
South West	15,520	7,060 (45.5%)	2,610 (37%)	3,500 49.6%	192 (2.7%)
Exeter	497	171 (34.4%)	61(35.7%)	95 (55.6%)	15 (8.8%)
Hastings	498	75 (14.1%)	47 (62.7%)	25 (33.4%)	3 (4%)
Plymouth	1,462	747 (51/1%)	358 (47.9%)	287 (38.4%)	102 (13.7%)
Isle Of Thanet	625	161(25.8%)	125 (77.6%)	31 (19.3%)	5 (3.1%)
Torbay	825	379 (45.9%)	278 (73.4%)	75 (19.8%)	26 6.9%

(Figure 2: Relief Duty met by tenure 2020/2021)

- 1.6 The Homelessness Suitability of Accommodation Order 2003 outlines that housing authorities must not use B&B to accommodate families with children or pregnant women except in an emergency when there is no alternative available, and then for a maximum period not exceeding 6 weeks.
- 1.7 Torbay Council government HCLIC data returns for July to September, reported 16 family households in B&B accommodation, of which 7 breached the statutory period of 6 weeks. The government return for October to December, which is yet to be published will report 13, with the return for Q4, being 6. Since 4 April 2022, there have been no families in B&B for 6 weeks or more.
- 1.8 Grant conditions have been added to the Homelessness Prevention Grant from 2021/22 onwards that requires the authority to produce and agree a B&B elimination plan with their Government Housing Advice and Support Team (HAST) Adviser should they have more than 5 families in B&B accommodation for longer than the statutory period of 6 weeks.
- 1.9 This trigger has now been reached and as such an action plan has been developed and agreed with the HAST Advisor and Housing Minister, which will be reviewed on a monthly basis. Part of the action plan is to increase access to self-contained accommodation for families.
- 1.10 At the start of 2022 we reviewed our performance management arrangements. Systems now track families in B&B and triggers are set at 2 and 4 weeks where the Housing Options Manager reviews these cases with staff on a weekly basis and action plans enacted for each placement.

- 1.11 At the time of writing the report (3<sup>rd</sup> May 2022) there are a total of 157 households in Temporary Accommodation of which 62 are families. This equates to 39% of all accommodation placements. Of these 4 are in B&B accommodation. One family has been in for 6 weeks or more.
- 1.12 We are currently finalising a procurement exercise (contract award date due early May) which has been undertaken to secure the required accommodation for the provision of Temporary Accommodation Services. Pre-market engagement work was undertaken and indicated an interest from the market in the provision of all sizes of accommodation required. Despite this the procurement exercise currently indicates that whilst it will have been successful in securing some of the accommodation required for single households it has not yielded the accommodation required for homeless families. This is of significant concern due to both the difficulty in sourcing and accessing suitable family-based accommodation alongside the associated costs.
- 1.13 Figure 3 outlines the total units of accommodation required to run our Temporary Accommodation services based on our recent procurement exercise and needs assessment. This equates to 37 units of family self-contained accommodation. The procurement undertaken will not deliver the family accommodation we need and requires an immediate plan to cover this summer period but also a longer-term strategy to provide a sustainable cost effective solution.

Accommodation Unit Type	Number of Units
1. Single Bedroom Shared Facilities	36
2. Single Bedroom Self-Contained	
3. Single Bedroom Self-Contained (Adapted)	2
4. Single Bedroom Self-Contained (High Risk)	2
5. Two Bedroom Self-Contained	22
6. Three Bedroom Self-Contained	4
7. Four Bedroom Self-Contained	10
8. Five Bedroom Self-Contained	1

(Figure 3 – Accommodation requirements for temporary accommodation service by unit size)

## 2. Options under consideration

- 2.1 **Summer Arrangements** - To manage the immediate summer demand we have 12 units of leased accommodation coming online imminently. This will meet most of our 3 and 4 bed

need. This is coming from direct approaches on short term lease arrangements to stabilise supply.

- 2.2 We have also made direct approaches to Registered Providers (Housing Associations) to take a few properties out of general needs accommodation over the summer period.
- 2.3 We will secure some units of accommodation from the Temporary Accommodation procurement, but these will mainly be based around accommodation for single households.
- 2.4 For the summer period only we are looking to secure access to holiday accommodation.
- 2.5 **Autumn onwards** - To ensure to stability (both in access and costs) over the longer term we have explored several options.
- 2.6 Option 1 – Continue with spot purchase arrangements as we have been operating for the past 6 years – but this is not considered suitable due to fluctuations in availability, cost and no availability of appropriate accommodation to meet the needs of households – especially families.
- 2.7 Option 2 – Undertake a second procurement to secure the remaining properties required. Whilst the pre-procurement market engagement work indicated there was some interest in providing larger family-based accommodation (we offered both options for service delivery model and leasing model), the procurement has not realised this and there is no indication from the work undertaken to date that a second procurement exercise would result in an alternative improved outcome.
- 2.8 Option 3 – Seek the provision of temporary accommodation units from Registered Providers (RP's) in Torbay. Discussions with RP's have indicated that there is already insufficient stock within the current general needs stock to meet increased demand for social housing. Reducing the availability of this limited stock would only create further blockages within the system for people needing to move onto long term accommodation and increase the costs associated with providing temporary accommodation.
- 2.9 Option 4a – Capital Investment Programme – the purchasing and/or long-term leasing of properties to provide temporary accommodation for families (2+ Bed units) undertaken internally by Council staff. As we currently are a non-stock holding authority we need to look to establish a small stock holding of our own to ensure stability in both availability and costs. Option discounted as neither the capacity or skill set exist within our current staffing to deliver the scale of purchasing/leasing of properties at the scale and pace required to meet the current crisis situation.
- 2.10 Option 4b – Capital Investment programme with external development and management partner – Procure 3rd party assistance for the purchasing and/or long-term leasing of properties to provide our temporary accommodation. This is the preferred option and outlined in more detail below.



## 2.11 **Overarching proposal**

The overall purpose of this scheme would be to purchase and/or long-term lease 37 properties to meet our Temporary Accommodation requirements. This will enable the use of B&B accommodation as required in an emergency situation for very limited periods and for purchased self-contained accommodation to be used as move on accommodation until permanent homes are sourced. The first wave of properties would need to be ready for occupation by 30<sup>th</sup> September 2022 with all properties on board by the 31<sup>st</sup> December 2022.

2.12 For Torbay Council to own the stock and for the potential draw down of grant funding through Homes England (HE), this will require the activation of the Torbay Council Register Provider (RP) account and to obtain Investment Partners (IP) status.

2.13 Rental income will pay for the loan repayment costs, management and repairs (full financial model outlined below).

2.14 If a non-stock owning Council wishes to take ownership of dwellings for social housing purposes it can own up to 200 dwellings without being required to operate a Housing Revenue Account (HRA).

2.15 Alongside this we would also need to apply for Investment Partner status with Homes England to enable us to apply for Homes England grant funding (to support the acquisition).

2.16 Due to the urgent need to acquire properties at pace to meet the current crisis situation we need to enlist external expert support, management and development ability to source, acquire and refurbish properties to the standards we require. This will require a procurement exercise to be undertaken.

## 2.17 **Registered Provider Status**

The fact a Council intends to own property for social housing purposes by default reactivates its Registered Provider status. Local authorities that provide social housing are required to compulsory registration under section 114A of the Housing and Regeneration Act 2008. This is a straightforward process and has been activated within 2 days for other Local Authorities. This is very different than the process and requirements for other organisations.

## 2.18 **Investment Partner Status**

If the Council wishes to apply for Homes England (HE) grant funding, then it will need Investment Partner (IP) status to achieve this. The purpose of achieving IP status is to draw down HE grant funding. Applying for IP status is a case of completing a fairly straight forward application, within which the applicant needs to demonstrate its capacity and capability to manage and finance a grant funded affordable housing programme.

2.19 It is proposed that the Council will apply for IP status concurrently with a grant application to support acquisitions and this is an acceptable process by Homes England. Assessment of applications are undertaken within 8 weeks. Initial conversations have been undertaken with Torbay’s Homes England representative on the process to understand any challenges. Conversations on both the notification of RP and applying for IP status have been very positive.

2.20 See Appendix 1 – Background Information: process and Implications of Torbay Council Activating its Registered Provider Status for further detail on RP status and Investment Partner status requirements.

**2.21 Grant Funding**

Discussions have taken place with Homes England to assess if the scheme would be eligible for grant funding under their Affordable Homes Programme. The scheme maybe eligible on the grounds of move on accommodation, where properties can still be occupied under licence.

2.22 Indicative grant levels are estimated to be approximately £50,000 per property but are assessed on a scheme-by-scheme basis. Based on these projections approximately £1.85m could be obtained through grant funding.

2.23 In an acquisition programme such as this, the properties may not have even been identified at the point of bid application and there is a greater level of uncertainty around purchase costs in a competitive market. As such, the submitted bid will be indicative of anticipated acquisition and refurbishment values.

2.24 If the properties are not needed in the future for temporary accommodation purposes, then they could be used for affordable general needs accommodation or sold. If not required and disposed of the grant would either be recycled or repaid.

**2.25 Procurement Process – Development & Management Partner**

To support us in delivering on this programme at the scale and pace required to meet the current crisis we require an external development and management partner with experience and expertise of delivering similar programmes successfully.

2.26 A full open tender will be undertaken imminently to secure an experienced partner – with requirements of experience of working on Homes England grant funded projects being a mandatory requirement, with award subject to the approval sought in this report.

2.27 The current proposed timeline for this procurement is:

Procurement Stage	Dates
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Sent Call for Competition and Tender Documents Published	Wednesday 04 May 2022
Clarification Question Submission Deadline	Monday 23 May 2022
Clarification Responses Deadline	Monday 30 May 2022
Tender Submission Date & Time	Monday 06 June 2022
Evaluation Period	Tuesday 07 to Wednesday 15 June 2022
Contract Award Notification	Thursday 16 June 2022
Standstill Period	Friday 17 to Wednesday 29 June 2022
Contract Start	Monday 04 July 2022

(Figure 4: Procurement timetable for Property Development& Management Partner)

2.28 The contract for this procurement is structured as a 1(+1+1) year contract. Whilst the initial requirement is for 37 properties (2-5 bed), flexibilities have been incorporated to allow for both the reduction and increase in the number of properties that we will require over the full three-year period. This procurement therefore provides the opportunity and scope for the Council to undertake wider analysis and business case development for broader Social Housing requirements.

#### 2.29 **Procurement process – Management of Temporary Accommodation**

The Housing Options team currently manage placements into accommodation. Once a placement is undertaken, people are visited by Resettlement Officers and contacted by their Housing Options case officer. This would continue and the accommodation occupied under license, issued by the Housing Options team along with reclaims for Housing Benefit.

2.30 It is proposed that the management of the properties be undertaken by a third party, so as not to distract from the provision of statutory services of the team. This would require a procurement process to be undertaken. This contract would include:

- the cleaning of the properties at short notice upon vacation (to reduce the void time)
- the arranging of repairs
- annual compliance checks
- general assessment of the property.

It is anticipated that the procurement process for this service contract will run from June - September 2022 so as to be in place and operational for new properties becoming available for occupation at the end of September 2022.

### 3. Financial Opportunities and Implications

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- 3.1 Financial modelling has been undertaken to establish the level of funding required to support a capital investment programme to purchase 37 self-contained properties for families as detailed in figure 3 above. This also includes the costs of providing the programme through a third party to ensure deliverability and reduce the need for expensive spot purchased accommodation at the earliest opportunity.
- 3.2 In summary the costs of the borrowing associated with these properties will be funded from the use of these properties for temporary accommodation instead of using the “market” supply of accommodation for rent which is subject to competition. If at some point in the future these properties are not required by the Council, they can be sold.
- 3.3 A comprehensive full market assessment has been undertaken of the properties currently on the market that would meet the needs of the local authority. The price range of which have been assessed and an average property value assumed for the purpose of the modelling and assessment.
- 3.4 The financial modelling to assess the viability of the scheme, has also included the following:
- Full purchase cost, due diligence, compliance checks and legal requirements
  - A budget to undertake renovation cost associated with each purchase to ensure compliance and suitability.
  - Third party Agent fees for the purchase and project management of the scheme
  - Life cycle costs of the property, including additional expenditure as a result high wear and tear due to its use as temporary accommodation.
  - Utility costs as appropriate
  - Property Management fees associated with the use of the accommodation e.g., accommodation rotation costs (cleaning, checks), annual compliance checks etc.
  - The VAT implications of this activity on the Council’s VAT position will need to be kept under review.
- 3.5 The rental income received from the households in temporary accommodation, which is paid directly to the local authority, will be used to fund the loan repayments and the cost of housing management, repairs, and maintenance. The level of which are based on Temporary Accommodation Local Housing Allowance (LHA) rates (90% of 2011 LHA levels).

- 3.6 Temporary accommodation is currently, in part, funded through this mechanism. However due to the differential in costs of spot purchasing accommodation against the income received through LHA, the current rate of return varies between 33% to 50%.
- 3.7 Current temporary accommodation cost provided through the open market are detailed in Figure 5.

Property Size	Average rental (p.c.m)	Approximate costs Spot Purchased TA (weekly)
1 Bed	£450 - £650	£490
2 Bed	£600 - £800	£700
3 Bed	£800 - £1250	£840
4 Bed Plus	£1000 - £1500	£1050

(Figure 5: Average cost of TA in Torbay and private rental accommodation rates for comparison)

- 3.8 Compared to the average rentals in the table above the ongoing costs of a council owned property for temporary accommodation are as follows:
- Borrowing costs - on a 40-year loan period at 3% the cost on a £250,000 purchase and renovation costs would be £11,000 per annum (£211 per week).
  - Operational costs, to include ongoing repair and maintenance, utilities, council costs and the management of units are estimated to be £9,000 per annum (£173 per week).

Clearly to maximise the service and financial gains from purchasing properties then the periods of these properties being unused or void need to be minimised.

- 3.9 The borrowing allocation of £10m is sufficient to buy 37 properties at an average purchase and renovation cost of £270,000. Due diligence will be undertaken on all properties before purchasing. The delegation of the approval of individual properties is to be to Chief Finance officer in consultation with Cabinet Lead for Finance.
- 3.10 The financial implications in this report are on the basis that the properties are purchased by the Council. There may be an option to acquire these properties under a long-term lease (up to 40 years) with a purchase option at the end of the lease. If this option is taken the length of the lease and the purchase option will make this long-term lease transaction capital in nature so the prudential borrowing approval funding will still be required although the cash flows and accounting will be different. This option however is not the currently the preferred option.

- 3.11 The cost of borrowing will be reduced if any capital grant funding from Homes England is obtained.

## 4. Legal Implications

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- 4.1 The Housing Act 1996 as amended, sets out the responsibilities of the Council to persons threatened with homelessness. There are various sections of the act which trigger a temporary accommodation duty. The Homelessness Code of Guidance sets out how these responsibilities should be met:
- S188 – the duty to provide temporary accommodation to anyone we have reason to believe may be homeless and believe may be in priority need.
  - S190 – in the event of an adverse decision, we have a duty to provide temporary accommodation for a reasonable period of time in order to give clients the opportunity to make their own arrangements.
  - 193 – following acceptance of what we call the main housing duty, we are required to continue to provide temporary accommodation until suitable, affordable alternative accommodation can be found.
- 4.2 In fulfilling these duties, the Council must have regard to the Code of Practice issued by the Secretary of State
- 4.3 If sufficient and appropriate accommodation is not provided the local authority will be open to legal challenge and scrutiny from central government.
- 4.4 It is recognised that further due diligence is needed with Legal Services in respect of the need to activate the Council's Registered Provider status, which will be undertaken.

## 5. Engagement and Consultation

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- 5.1 The proposals in this report have been developed in consultation with:
- Housing Options Team
  - Finance Team
  - Procurement Team
  - Senior Insurance Officer
  - Information Governance Team

- 5.3 Consultation has also been undertaken with Registered Providers who currently are experiencing similar shortages of accommodation and as such do not have capacity to integrate/allocate properties to the provision of temporary accommodation.
- 5.4 As part of the Temporary Accommodation procurement a number of pre-procurement consultation activities were undertaken with market providers to inform the approach to the temporary accommodation procurement – this information has informed the development of this proposal based on the lack of family-based accommodation sourced from that process.

## 6. Purchasing or Hiring of Goods and/or Services

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- 6.1 Whilst the implementation of this plan will involve the procurement of services it has been assessed by the Lead Specialist for Commissioning (with responsibility for Social Value) as having low opportunity for securing Social Value from these procurements. The key reasons contributing to this assessment include:
- Potentially limited marketplace – need to maximise accessibility of procurement to implement at the pace needed to secure the services required. Duration of any proposed contract to provide the services outlined will limit the amount of social value able to be procured. There is a risk that social value requirements may discourage some bidders and this needs to be factored in.
  - Make up of marketplace indicates they may need support to understand and implement social value within their business practices – due to the pace this project needs to be implemented at there is limited scope for providing support to bidders if required.
- 6.2 Work will be undertaken as part of any procurements associated with this project to maximise opportunities for securing Social Value from any associated spend (It is intended that there will be more opportunity to secure Social Value from the Management of Temporary Accommodation contract for which we will utilise the light Torbay TOMs Framework). The Lead Specialist for commissioning will be involved in all procurement developments to ensure appropriate consideration is undertaken at each stage and where it is possible use of the Torbay TOMs Framework for Social Value will be fully implemented within the procurement and contract management process.

## 7. Tackling Climate Change

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- 7.1 Through the purchasing and upgrading of properties the Council can look to increase home energy efficiency savings on each property individually. As the properties will be owned and managed by the Council, we will have more opportunities to introduce energy saving improvements throughout the life course of the property.

- 7.2 Work can be undertaken as part of any procurement exercise to set a minimum efficiency rating for any properties purchased (or ensure upgrade to level is included) as part of any property improvements.
- 7.3 As owners of properties for temporary accommodation we can ensure any white goods for use in properties meet energy efficient ratings and ensure that all white goods are purchased and disposed of in a manner to reduce or neutralise any negative environmental impacts.
- 7.4 Purchase of our own properties for the provision Temporary Accommodation will reduce the need for out of area placements and reduce any transport related environmental impacts of families having to commute in and out of the Bay (to access education, work, medical appointments etc). By controlling our own stock of temporary accommodation and families placed in them we will be able to maximise opportunities for families remaining in their local communities (where this is of benefit) and reduce unnecessary additional travel.

## 8. Associated Risks

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### **Associated risk of not implementing the proposal**

- 8.1 The availability of larger self-contained accommodation remains a significant challenge and it is considered that this will remain the case for the foreseeable future due to external market influences.
- 8.2 If this proposal is not implemented then there is a significant risk the availability of suitable accommodation to meet the needs of families will not be able to accessed to meet the increasing demand for temporary accommodation.
- 8.3 The lack of accommodation on a spot purchase basis is becoming increasingly difficult to manage and the current open procurement for temporary accommodation services indicates that the market has been unable to offer forward the family-based accommodation we require to meet our statutory duties to relieve homelessness and provide sufficient accommodation.
- 8.4 The costs associated with spot purchase arrangements for family based temporary accommodation are likely to continue to rise and cause a significant cost pressure on Council budgets. Spot purchasing means we are subject to market and seasonal fluctuations in accommodation costs that are difficult to predict, influence or control and render us unable to control the associated costs of providing temporary accommodation.
- 8.5 The increasing inability to access accommodation within Torbay, increases wider corporate financial risk, such as school transport costs.



- 8.6 If this proposal is not implemented we are likely to continue to need to rely on spot purchased accommodation – much of this is likely to be holiday / B&B based accommodation which is not suitable for families and goes against statutory guidance.
- 8.7 Not implementing this proposal will impact on our ability to meet the statutory requirements under Homelessness Suitability of Accommodation Order 2003 and therefore we are at risk of being required to repay the Homelessness Prevention Grant.
- 8.8 By failing to deliver this proposal we risk not meeting the requirements of the B&B Elimination Action Plan overseen by the Housing Minister.

**Associated risks of the proposal**

- 8.9 It is considered a minimal risk that the accommodation acquired will not be required. If so, then the properties can be converted to general needs affordable accommodation or sold. In the current housing market, neither is considered to pose a significant risk.
- 8.10 The risk associated with the purchase of the properties and ongoing cost has been mitigated by building in sufficient wear and tear costs and a sink fund for the refurbishment of the accommodation. The saving however offered through the proposal are significant and therefore offset any risk.
- 8.11 The risk of managing the properties and reputational damage to the Council are mitigated through contracting out the property management of the service, allowing sufficient resource to manage the people element. Households are already accommodated within our community daily, with minimal impact.

**9. Equality Impacts - Identify the potential positive and negative impacts on specific groups**

	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people	<p>Access to secure quality provision of temporary accommodation will have a positive impact on both older and younger people presenting as homeless.</p> <p>Additional work is being undertaken as part of the wider sufficiency plan to ensure the</p>		

	temporary accommodation needs of 16-17 yr olds and care experienced young people/adults are addressed as a specific group.		
People with caring Responsibilities	Access to temporary accommodation based in Torbay will ensure anyone requiring the provision of temporary accommodation who has caring responsibilities will have an increased ability to continue with those roles whilst being temporarily housed.		
People with a disability	Buying and maintaining our own accommodation for the provision of temporary accommodation means we will be able to ensure that we have access to accommodation with appropriate adaptations for those with a physical disability wherever this is possible. For those people living with either/ both physical and/or mental disabilities, ensuring we are able to provide temporary accommodation within Torbay means they will continue to be able to access both medical and social support systems they have in place.		
Women or men			No differential impact
People who are black or from a minority ethnic background (BME) (Please note			No differential impact

Gypsies / Roma are within this community)			
Religion or belief (including lack of belief)			No differential impact
People who are lesbian, gay or bisexual			No differential impact
People who are transgendered			No differential impact
People who are in a marriage or civil partnership			No differential impact
Women who are pregnant / on maternity leave	Access to appropriate temporary accommodation should ensure that we do not need to temporarily house pregnant women or families with children in B&B accommodation		
Socio-economic impacts (Including impact on child poverty issues and deprivation)	This proposal is likely to positively impact on families experiencing the impact of deprivation and poverty – Access to a good standard of family-based temporary accommodation with cooking and laundry facilities will reduce the negative socio-economic impacts on families.		
Public Health impacts (How will your proposal impact on the general health of the population of Torbay)	Access to secure, quality temporary accommodation will improve the mental wellbeing of residents.		

## 10. Cumulative Council Impact

10.1 Move On Accommodation - The reliance on the PRS for many low-income households makes people vulnerable to any changes within the sector. One of the reasons the Housing Options Team is struggling to place homeless households in the PRS is due to an increase in demand for accommodation in Torbay. The change in working habits and the impact on the housing market has yet to be fully understood along with a change to holiday type

accommodation, for example Air bnb. Also, landlords are deciding to leave the market and capitalise their assets. All are having a significant impact.

- 10.2 Due to the rapid change in the private rental market and increase in costs, the private rental market is now becoming unaffordable to those in receipt of Housing Benefit and Universal Credit housing element. There is now a significant difference between LHA rates and the average rental cost.
- 10.3 As such the ability to access affordable move on accommodation will remain a challenge. Further work will be undertaken with private landlords to access accommodation, as this is the main route of rehousing. This will also be accompanied by Right Sizing program with RP's and reducing the number of empty properties in Torbay.
- 10.4 Homelessness affects everyone, but severely affects families and children. Having access to stable appropriate temporary accommodation enables all support services from Universal to Safeguarding services to provide the appropriate support required for children and families. We need to ensure that we provide temporary accommodation that enable families to prioritise the health & wellbeing of their children without the stress and complications of repeated moves and uncertainty as to living arrangements. This will reduce the need for higher level interventions being required from Children's services to protect and safeguard children.
- 10.5 The lack of access to secure, stable, quality temporary accommodation can have wider cost implications within the Health & Social Care System. For example, it can lead to the need for higher cost placements within Children's services for 16–25-year-olds and children and families in instances where having stable accommodation is crucial in them implementing and prioritising interventions aimed at safeguarding them and keeping family units together.
- 10.6 It is considered likely that the current cost of living crisis is likely to impact on the need for temporary accommodation services (increasing demand). We need to ensure we have both the availability and stability in associated costs to manage this effectively going forward. Whilst we expect an increase in demand we anticipate that changes in the wider housing system (increased work focused on preventing homelessness) will help mitigate the impact of rising demand.

## 11. Cumulative Community Impacts

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- 11.1 It is recognised that there may be community tension around the placement of temporary accommodation. Most accommodation provided within our community has minimal if no impact. Well managed and contracted accommodation will reduce the risk of any impact further and therefore forms part of the procurement process.
- 11.2 Any accommodation provided through this process will need to comply with the relevant legislation including any planning requirements.

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<sup>i</sup> A prevention duty is owed if a person is threatened with homelessness within the following 56 days. During the prevention duty we will aim to prevent homelessness occurring and work with households to remain where they are living or help to find a private rented tenancy. The prevention duty ends if suitable accommodation is found, or if suitable accommodation is refused. If we have not been successful in being able to prevent homelessness then a Relief Duty is owed which lasts for up to 56 days. The relief duty ends when suitable accommodation is found by the Council or the individual or if suitable accommodation offered is refused.

Background Information: Process and Implications of Torbay Council Activating its Registered Provider Status.

### 1.0 Local Authority Registered Provider status

If a non-stocking owning Council wishes to take ownership of dwellings for social housing purposes, it can own up to 200 dwellings without being required to operate a Housing Revenue Account (HRA). [Housing Revenue Account - GOV.UK \(www.gov.uk\)](http://www.gov.uk) The following link provides a useful decision flowchart on the explanation of an HRA and the application. [HRA Flowchart.pdf \(publishing.service.gov.uk\)](#) The fact a Council intends to own property for social housing purposes by default reactivates its Registered Provider status. Local authorities that provide social housing are required to compulsory registration under section 114A of the HRA 2008. [Housing and Regeneration Act 2008 \(legislation.gov.uk\)](http://legislation.gov.uk) This is a straightforward process and has been activated within 2 days for other Local Authorities. This is very different that the process and requirements for other organisations. [Guidance for new entrants on applying for registration as a provider of social housing - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

### 2.0 Investment Partner status and grant funding process

If the Council wishes to apply for Homes England (HE) grant funding, then it will need Investment Partner (IP) status to achieve this. If the Council acquires a property with an existing grant liability, then it does not need investment partner status.

The purpose of achieving IP status is to draw down HE grant funding. Applying for IP status is a case of completing a fairly straight forward application, within which the applicant needs to demonstrate its capacity and capability to manage and finance a grant funded affordable housing programme. [Apply to be an investment partner for the Affordable Homes programme - GOV.UK \(www.gov.uk\)](http://www.gov.uk) From a Torbay perspective we would need to demonstrate that the appropriate external management and development partnerships are in place to deliver the programme, given we have no internal capacity. Exploratory conversation have been undertaken with development and management partners to ensure that the market is available for this to be undertaken.

It is likely that the Council will apply for IP status concurrently with a grant application to support acquisitions and is an acceptable process by HE. Assessment of applications are undertaken within 8 weeks. Initial conversation have been undertaken with Torbay Homes England representative on the process and if there would be any challenges. Conversation on both the notification of RP and applying for IP status have been very positive.

### 3.0 Grant funding process

Applications for HE grants is by way of their Integrated Management System (IMS) – i.e. the grant bid system. This requires the applicant to input scheme details as far as they are known. This will include projected capital costs, operational costs, contribution from the RP which results in the residual grant required to fund the project. The timetabling of delivery is included within the bid system, including site acquisition, start on site and practical completion. In usual circumstances, applications for HE grants will be relate to a new build scheme where the costs are more certain as the scheme will usually be within the applicant's ownership and capital costs will be backed by a QS assessment if not a contract price. The construction costs should be updated as prices change- for example if a QS assessed price is submitted at the bid stage and the tendered price differs from this.

In an acquisition programme, the acquisition properties may not have even been identified and there is a greater level of uncertainty in a competitive market. As such, the submitted bids will be

indicative of anticipated acquisition and refurbishment values. For these types of programmes, an indicative scheme is bid. Simplistically the applicant inputs an indicative programme based on benchmark costs and values, and the grant ask to cover the funding gap. This is illustrated simplistically below (note the figures are for illustration purposes only):

Indicative programme (no.)	Cost of acquisition (incl. fees & taxes)	Cost of refurbishment (incl. fees)	RP funds (borrowing and/or other capital)	Grant bid
10	£1,000,000	£200,000	£900,000	£300,000
Per Unit	£100,000	£20,000	£90,000	£30,000

Inputs into the IMS system form the bid as stated. However, the bid can be subject to a degree of negotiation, if for example Homes England believe the grant ask is too high.

Once a bid is approved, then the applicant (the RP) will need to enter into contract with Homes England, the terms of which are not negotiable. The bid on IMS will form the basis of this contract and, as such the grant recipient, as the RP is now referred to in contract terms, is contracted to deliver the submitted scheme in accordance with the submission details. There will be an allowance to vary submission details with the agreement of the grant provider. Often this will relate to delays in the scheme and the key message from Homes England is about communication.

Every time a property is purchased through the scheme, then this individual property is set up as a separate 'firm scheme' within IMS. The indicative programme is then reduced by one unit and so this process continues every time a property is acquired. The point to note is that the indicative allocation is unlikely to divide equally across each acquired property. In the example below the RP has acquired the first unit at below the indicative per unit value and hence the residual grant is at a slightly rate per unit. This can work the other way and hence the programme needs to be carefully managed.

Firm scheme 1	Cost of acquisition (incl. fees & taxes)	Cost of refurbishment (incl. fees)	RP funds (borrowing and/or other capital)	Grant allocated
1 Akasia Av	£95,000	£15,000	£85,000	£25,000
Indicative programme (no.)	Cost of acquisition (incl. fees & taxes)	Cost of refurbishment (incl. fees)	RP funds (borrowing and/or other capital)	Grant allocated
9	£900,000	£180,000	£810,000	£275,000
Per Unit	£100,000	£20,000	£90,000	£30,556

The grant system through IMS may seem complicated, but operation of the system is more about familiarity. This is an aspect that Council could consider outsourcing to their development partner, although the Council will need some form of oversight for audit purposes.

#### 4.0 Other Requirements

The other aspect that the Council needs to be aware of is the annual scheme audit. It is likely, if the Council is successful in bidding for grant funding, that one of its schemes (1 acquisition) will be audited. The audit is relatively straightforward for an acquisition programme and the key

consideration as with audits is transparency and clear audit records. There are audit templates that can be used, and this is an element where the processes can be outsourced to the development partner, although oversight is again required.

The Homes England audit will not be considering matters that the Council's internal and external auditors would consider, such as contractor procurement. The HE audits will focus on evidencing scheme costs and delivery timelines accord with what has been submitted on the IMS system.

The final piece of administration is that if the Council will need to provide a letter of good statement on an annual basis.