

Report to: Executive Board Monday 22<sup>nd</sup> July 2002

**HOMELESSNESS - FIRST STAGE ACCOMMODATION - SHORT-TERM**

**LEASING OF TEMPORARY ACCOMODATION**

<p><b>Report of:</b> <i>Strategic Director with responsibility for Housing Management</i></p>	<p><b>WARDS AFFECTED</b> <b>ALL</b></p>
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<p><b>Lead Member</b> <b>Responsible:</b> <i>Housing Portfolio Member</i></p>	
<p><b>Overview and Scrutiny Committee</b>      <i>Economic and Social Well-Being Overview and Scrutiny Committee</i> <b>Responsibility:</b></p>	
<p><b>Key Decision:</b> <i>No</i></p>	
<p><b>SUMMARY AND RECOMMENDATIONS</b></p>	
<p><b>This report outlines the current situation with regard to the procurement and funding of First Stage Temporary Homelessness Accommodation. The proposal will contribute to the following strategic aims of the Council : Sound Management, Strengthening Local Communities, Reducing Poverty and Inequality. By: enabling more effective use and monitoring of financial resources, improving management of temporary accommodation, and reducing rent levels for homeless people in our accommodation .</b></p>	
<p><b>The Board is ASKED to</b></p>	
<ol style="list-style-type: none"> <li><b>1. Grant Major Project Approval for the immediate short term leasing of a number of properties for use as First Stage Accommodation ; and</b></li> <li><b>2. Authorise the Strategic Director to take residential leases (totalling approximately one hundred and fifty units of accommodation), selected by the Strategic Director for use as First Stage Accommodation as set out in the report.</b></li> <li><b>3. Authorise the setting of rent for the tenants in these properties at a level in excess of the Housing Benefit threshold.</b></li> </ol>	

1. **Background.** A report to the Executive Board on the 27<sup>th</sup> of May 2002 obtained approval for two courses of action in regard to First Stage Accommodation, as a response to the problems experienced with the Private Hostel Initiative, and the subsequent reversion of the properties involved to a system of nightly charges.
2. Firstly, that report sought permission to negotiate price reductions with the current providers of temporary accommodation in order to reduce the financial burden on the Council, whilst maintaining the Authority's ability to meet its duties under the Homelessness legislation.
3. Secondly, permission was sought for a tendering process aimed at acquiring sufficient suitable properties for use as temporary accommodation on a leased basis. It was explained that this was Central Government's preferred option for the acquisition of such properties, and that there were financial advantages in terms of Housing Benefit subsidy payable to the Council. It was initially thought that such a tendering process could be completed within two months.
4. Since those permissions were obtained, it has become obvious that in order to comply with all relevant regulations, the tendering process will be much longer than anticipated. It is estimated that a minimum of five months will be necessary in order to complete the required paperwork for compliance with E.U. competition regulations which apply as the cost of the contract will exceed the relevant E.U. threshold. Additional delay is possible, as the officers responsible for the process are keen to produce an accurate specification to ensure that the tender truly reflects the needs of the Council in this area, and delivers a competitively priced service whilst at the same time enhancing the level of support and management available to the Homeless Persons Unit's more vulnerable clients.
5. Current arrangements for the provision and funding of temporary accommodation are expensive, and some of the accommodation is problematic, both for our clients and for members of the local communities in which it is located. Some reduction in cost has been negotiated, but the nightly charge system remains the most expensive way of providing this accommodation.
6. As part of the pricing negotiations, officers have determined that a number of landlords are willing to lease properties to the Council immediately for use as temporary accommodation. Some of these properties are already in use by the Homeless Persons Unit, others are new developments, or properties which have previously been used by other statutory bodies. We have involved elected members in this process. A basic agreement on pricing and related issues which represents a substantial saving to the Council has been formulated, and meets with the approval of the Internal Audit Business Unit.
7. To give some indication as to the cost to the Council, and the level of savings which may be achieved, a comparison chart, based on current and

projected costs, is attached at appendix A. Leasing costs for these properties would be paid quarterly in advance. The chart does not take account of any increased administration costs incurred in the management of rent accounts and Housing Benefit claims. We are currently scoping the need for increased resources in this respect, and believe that any extra resources needed could be funded from within the savings achieved by the scheme.

8. The savings outlined in this proposal are considerable. However, it should be borne in mind that the failure of the PHI initiative has led to considerably increased spending in the first quarter of the current financial year. We believe that the leasing scheme will, at the very least, compensate for that increase, but we are not currently in a position to forecast the eventual out turn of the Homelessness budget as a whole. The recent visit by the Benefit Fraud Inspectorate suggested that rents charged on second stage accommodation supplied by the Oxford Social Lettings Agency should be subject to Rent Officer referral, and although work is underway to try to limit the impact of this development, the effect on the budget is not yet quantifiable.
9. Negotiations are underway to determine an acceptable level of pricing, and to select properties which will best serve the purposes of the Homeless Persons Unit, whilst minimising impact on local communities. We will consult elected members in this regard. The Board is therefore asked to delegate authority to the Strategic Director of Housing, Health and Community to select and lease sufficient properties for the Council's needs in this respect, for a period not in excess of twelve months, as a first step towards the necessary reform of our temporary accommodation function.
10. Current Council policy dictates that rents for Council owned properties used by the Homeless Persons Unit should be set at the current Housing Benefit threshold. This policy does not apply to the rent payable on properties used on the current nightly charge scheme, or the previous Private Hostel Initiative. Because the proposed leasing scheme fits neither the Council Owned or Private Landlord categories, we are seeking fresh permission to set rents at a level above the Housing Benefit threshold, to reflect the greater costs which will be paid by the Council for the leases which are higher than those incurred through outright ownership.

THIS REPORT HAS BEEN SEEN AND APPROVED BY: HOUSING PORTFOLIO HOLDER, STRATEGIC DIRECTOR (HOUSING, HEALTH AND COMMUNITY, HEAD OF LEGAL SERVICES, HOUSING ACCOUNTANT.
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Background papers: None.