

Temporary Accommodation Deep Dive

Portfolio Holder(s):

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Reason for this report

Advance notification was received from the Department of Levelling up, Housing, Communities and Local Government (DLUHC) that Oldham Council's Chief Executive was due to be contacted to ask the Council to participate in a deep dive around its temporary accommodation (TA) use.

This context for this contact and the deep dive is concern about the particularly acute pressures on the TA market at present, and the increase in poor quality, poor value-for-money accommodation types; including Bed and Breakfast and 'nightly paid' TA.

DLUHC is keen to understand more about the drivers of these changes and will be carrying out 'deep dive' sessions in collaboration with local authorities in a number of areas, which will look at the reason these forms of TA are used and work together to identify some potential solutions.

Scrutiny Committee Members are asked to note the content of this report, to discuss the challenges with TA at this time, and to reflect on any additional areas which need exploring ahead of the deep dive discussions with DLUHC.

1 Deep Dive Details

- 1.1 DLUHC have advised that the details of the Deep Dive are yet to be confirmed, but similar exercises have been carried out around service areas such as the Rough Sleeping Initiative and have taken approximately two days, requiring on-site visits and follow-up work.
- 1.2 The Deep Dive is likely to involve:
- Focus sessions with key staff and residents
 - Visits to properties to review quality
 - Analysis of budgets
 - Case studies
- 1.3 DLUHC have advised that they are looking to work with six local authorities across England, whom they have selected in regional pairs. In the north, this is Oldham and Manchester. Oldham and Manchester have been invited to participate. Selection has been based on ensuring a diversity of areas across the six, and in areas which are using Bed and Breakfast / Nightly Paid accommodation according to statistical returns made to DLUHC.
- 1.4 As well as hoping to identify potential solutions, another aim of the Deep Dive is to potentially build a business case around TA. Whilst this may not provide additional funding for Oldham, this could be utilised towards future service change.
- 1.5 DLUHC have noted that they are aware of Oldham being a Levelling Up area and have advised that they will ensure there is no duplication with work around this.

2 TA overview

- 2.1 TA utilised in Oldham is split into several categories:
- **Nightly paid, privately managed accommodation:** this is the largest category of accommodation used by the Council. The majority is self-contained and of varying sizes from dispersed houses to bedsits within larger blocks, but some is House of Multiple Occupation (HMO) style accommodation where residents have en-suite rooms but may share a kitchen and other facilities
 - **Accommodation within registered provider stock:** this includes properties leased from providers by the Council, and properties that the Council refers to where the provider fully manages the accommodation as well as providing on-site support
 - **Accommodation leased from a private sector landlord:** the Council has arrangements in place where some properties are facilitated via arrangements with landlords on an ongoing basis. This is an area of current and future growth for the Council within its Temporary Accommodation Strategy
 - **Accommodation within the Council's own stock:** this forms the smallest group of TA, with the service only owning a handful of properties
 - **Bed and Breakfast hotels:** the Council spot-purchases accommodation with hotel providers on a nightly basis for up to a maximum of 6 weeks for families with children, although this can occasionally be longer for single people /

couples within dependants. These will usually be en-suite roomst but will not have cooking facilities so are not intended to be used as long-term accommodation.

- **Refuges:** the Council will refer victims of domestic abuse to refuge accommodation where this is the most appropriate option to meet their needs and circumstances. These are safe and secure facilities, usually with on-site support.

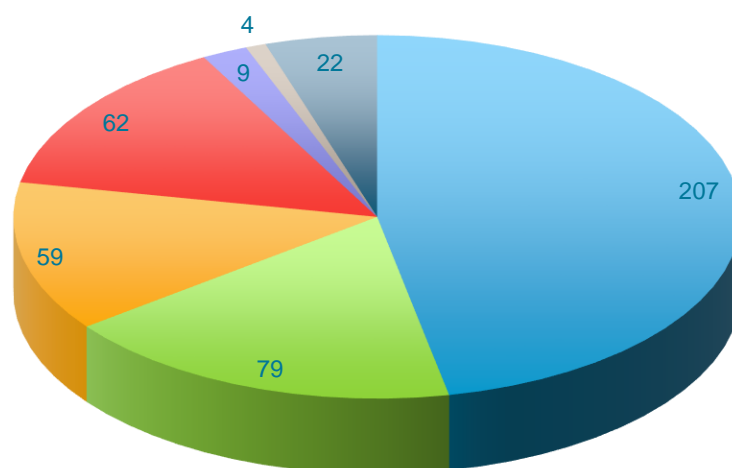
2.2 Other options that could be considered for temporary accommodation, but are not currently utilised in Oldham, are hostels and reception centres. There were previously utilised, but such large, semi-shared environments were considered unsuitable and decommissioned several years ago in favour of a dispersed model.

3 TA data

3.1 The 'deep dive' will primarily look to focus on Nightly Paid and Bed and Breakfast Accommodation. Nightly paid currently represents Oldham's largest proportion of TA – although households within this vary – and Bed and Breakfast.

3.2 The table below shows the current split of TA types as of 30/06/2023. 'ABEN residents' are people accommodated in the A Bed Every Night scheme which is comprised of two Houses of Multiple Occupation.

TA 30.06.2023



■ Nightly Paid ■ Private Rented ■ Social Rented ■ Bed and Breakfast ■ Refuge ■ Council ■ ABEN residents

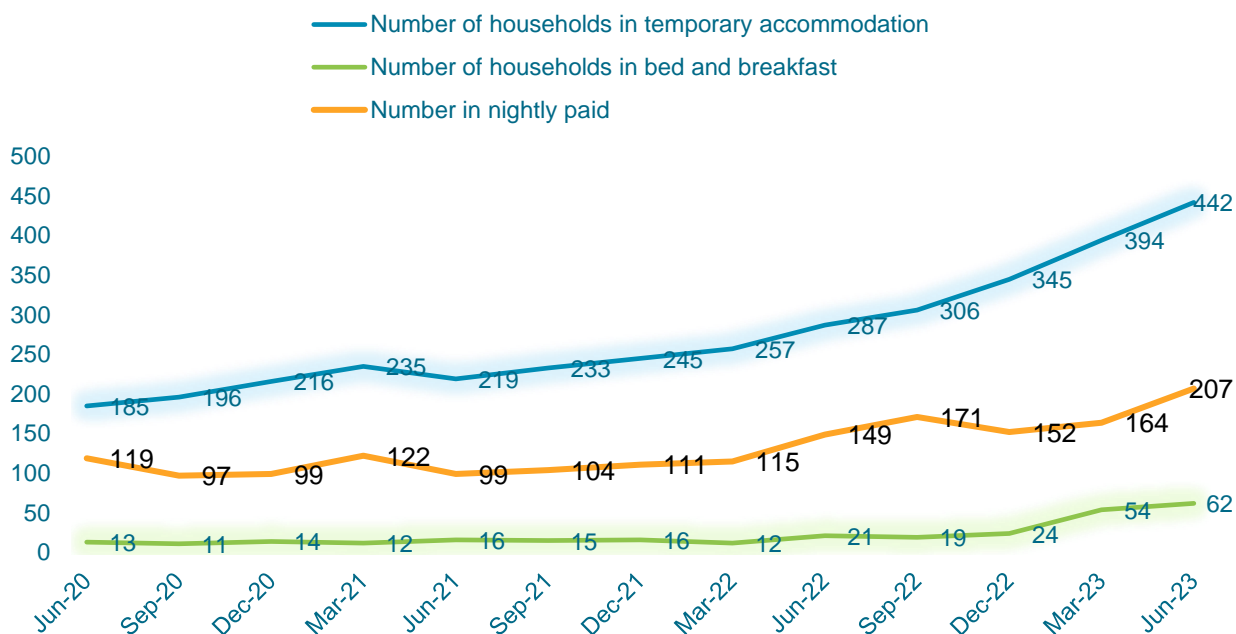
3.3 TA in Oldham has increased over the past year, which may be why DLUHC has identified the borough as an area for the deep dive exercise. Nightly paid accommodation has particularly increased since the Covid-19 pandemic, due to these units providing a self-contained accommodation option that is available at relatively short notice. For single people the option of 'bedsit' or HMO style

accommodation for example offers an improved alternative to Bed and Breakfast or hostels, as the resident has access to cooking facilities. However, it does however carry a 'nightly' cost implication.

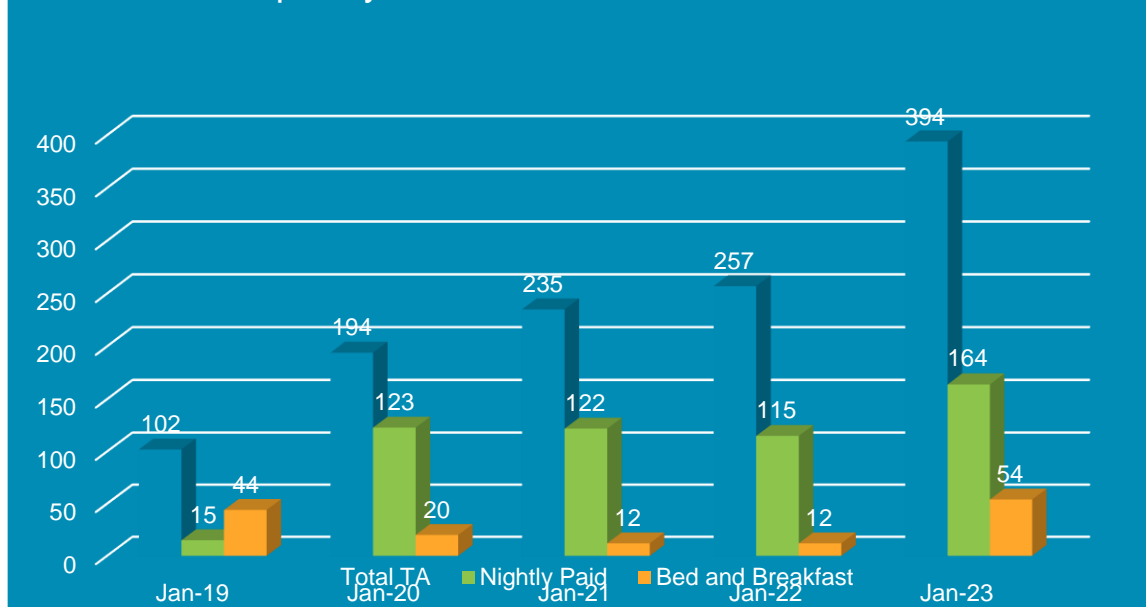
3.4 Some nightly paid provision has since been moved or replaced by providers who are able to offer an Intensive Housing Management / supported accommodation arrangement, hence the slight reduction / slowing in numbers in the chart below.

3.5 Despite efforts to bring alternative options to Bed and Breakfast, numbers in this form of accommodation have unfortunately increased in recent months in line with overall demand.

Households in TA / B&B



Temporary Accommodation - 5 Year Overview



3.6 Usage of TA has been driven by the following reasons for homelessness over the past year:

- Asked to leave by family (23%) – up 1%
- End of private rented tenancy (22%) – up 3%
- Domestic abuse (16%) – up 2%
- Asked to leave by friends (9%)
- Relationship breakdown (7%) – up 1%
- Departure from institution: custody (5%) – up 1%
- Required to leave accommodation provided by Home Office as asylum support (5%) – up 1%
- Non-racially motivated / other motivated violence or harassment (3%)
- Eviction from supported housing (3%)
- End of social rented tenancy (2%) – down by 4 %

5. TA Costs

5.1 Council expenditure on temporary accommodation over the past three financial years is summarised in the following table –

Financial Year	Annual Total Spend
2020/21	£1,997,716
2021/22	£2,278,687
2022/23	£3,244,018

5.2 A thorough analysis of 2023/24 temporary accommodation expenditure has been undertaken, ensuring all forecasts are as accurate as possible. Invoices from temporary accommodation providers have been scrutinised to ensure costs are accurate and to identify where invoice billing is up to within the current financial year. The following table highlights spend by key TA providers and again helps emphasise the growing demand for TA over the last few years

TA Provider	2020/21 (£)	2021/22 (£)	2022/23 (£)	2023/24 * (£)
Carepoint	182,478.07	320,087.00	694,408.27	321,177.50
Cromwood	371,625.90	558,235.64	754,545.93	478,316.14
Hendham House		122,760.00	263,558.00	211,056.00
Howarth Housing	742,582.76	759,890.00	611,420.00	184,656.00
24/7 Hotel	93,847.20	113,958.40	235,482.87	106,347.50
Total	1,390,533.93	1,874,931.04	2,559,415.07	1,301,553.14

* 2023/24 expenditure to date

6. Suitability

- 6.1 Despite the increases in TA and service demand, there are several positive aspects to highlight, and learning opportunities to be gained from the forthcoming Deep Dive:
- Oldham is committed to monitoring its statutory duties around not using Bed and Breakfast for families with children for longer than 6 weeks and monitors this indicator closely. Only one family exceeded this in Quarter 4 (January) of 2022/23 and one so far in Quarter 1 2023/24, and solutions soon put in place
 - As previously mentioned, the increase in 'Nightly Paid' accommodation is partly due to moving away from Hostel and Bed and Breakfast accommodation, which include shared facilities and a lack of amenities. This has promoted better facilities such as their own bathrooms and kitchens, and families having access to dispersed properties in the community. However, this does come at a cost
 - Oldham recently commissioned a TA Framework and providers are contract managed and monitored to ensure quality and consistency to ensure their provision meets standards
 - The household may be able to ask for a review by a Senior Officer of any TA that is offered or challenge the Council via judicial review if they do not feel it is suitable, and this will be carefully considered and dealt with appropriately.

7. Areas of challenge

7.1 Homelessness Prevention Grant formula

7.1.1 DLUHC have updated Homelessness Prevention Grant (HPG) funding arrangements from 2023/24 from 2023/24 with the intention to better reflect current pressures, improve understanding of how the grant is used and improve the quality of homelessness data.

7.1.2 This updated grant combines several previous grants and funding methodologies into two sections.

- **£200m reflecting homelessness and temporary accommodation pressures**, calculated by adding the total number of prevention and relief cases to the number of prevention and relief cases achieved by securing a private rented sector tenancy, with the following adjustments:
 - To take account of different private sector rental costs in different areas
 - To ensure a minimum allocation level of £40,000
 - To ensure that no authority receives an allocation less than 90% of their 3-year average historic spend share on temporary accommodation costs
- The £200m above has been calculated using data up to 2021/22, so will not reflect current costs; however, this applies to every local authority.
- Unfortunately for Oldham, outcomes achieved by securing private rented sector tenancies are low due to the availability of stock and low LHA rates in the borough; therefore, this element of the grant calculation is not favourable whilst the housing market remains in this position.
- **£110m reflecting homelessness prevention and relief pressures** 20% of which is based on single homelessness pressures owed a prevention or relief duty, and the remaining 80% is based on a combination of relative homelessness pressures including:

- The number of housing benefit claimants at December 2021: DLUHC expect this to reflect the relative number of households becoming homeless
- Lower quartile monthly private rented sector rents for 2-bedroom properties 2021-22. It is not yet known if/when DLUHC will update this in line with current property prices or use anything other than the lower quartile, but despite property prices increasing this element does result in higher grant for more affluent areas than Oldham.
- Area cost adjustment, as used in allocating COVID-19 related funding to lower-tier authorities. This is intended to reflect the relative costs of prevention in terms of staff time, which includes factors such as wages, commercial rents and other geographical features which affect the cost of delivering services. Given some of these are lower in Oldham than other areas, this may be why grant is also lower.

New grant breakdown



Funding levels awarded to GM Local Authorities

Authority	Homelessness Grant - total allocation for 2023-24 (£322.8m)	Homelessness Prevention Grant - total allocation for 2024-25 (£331.3m)
Manchester	446	244
Oldham	977	958
Sheffield	6,444	9,074
Stockport	770	599
Tameside	181	777
Trafford	2,747	7,685
Wigan	800	941
Wolfeaton	333	663
Wolverhampton	865	824
Worthington	447	370

7.2 Temporary Accommodation subsidy rules

7.2.1 DWP assesses the amount of subsidy grant allowed against expenditure using Local Housing Allowance rates set in 2011. These rates are as follows:

Description	Rate (£)
Shared	59.00
1 bedroom	91.15
2 bedrooms	103.85
3 bedrooms	121.15
4 bedrooms	160.38
5 bedrooms	219.23

7.2.2 Subsidy is determined by a formula based on:

- the type of accommodation (leased/licensed/board and lodging (or B&B))
- whether it is self-contained or non-self-contained
- the size of the property (number of bedrooms) and
- the January 2011 LHA rate appropriate to the size of the property
- The subsidy is also limited by an upper cap based on the Broad Market Rental Area (BRMA) of the accommodation.

7.2.3 For residents placed into non-self-contained accommodation (board and lodging or licensed), Housing Benefit (HB) subsidy will be limited to the one-bedroom self-contained Local Housing Allowance (LHA) rate based on the location of the property. For those in self-contained licensed and short-term lease accommodation, the maximum HB subsidy will be determined by using 90% of the LHA rate for the size of the property.

7.2.4 These subsidy rules have a significant impact depending on the income the Council can recoup, and the type of accommodation used, particularly when this is Bed and Breakfast or Nightly Paid accommodation. The following is a worked example of a current temporary accommodation property using actual figures, and shows the following:

- Local authorities are, in some ways, disadvantaged – as to claim the most economically beneficial intensive housing management subsidy (see example below) an arrangement with a registered provider or other eligible organisation is required
- Leasing arrangements are clearly a positive way forward, but require resources to deliver the management of properties, and the acquisition of stock. There also needs to be long-term certainty around revenue funding for local authorities to be able to take on the financial risk of leasing arrangements, and the staffing needed to support these. These arrangements are still, however, subject to a 90% LHA subsidy – unlike the IHM arrangement above.

Worked Examples

Provision	Housing Benefit per week	Charge per week	Budget pressure per week
Bed and breakfast	£91.15	£280	£188.81
Nightly Paid (self-contained)	£109.04	£346.50	£45.05
Nightly Paid (shared)	£91.15	£245	£24.53
Leased	£82.04	£90	£7.96
Registered Provider – Intensive Housing Management	£121.42	£128.50	£7.08

7.3 Cyclical grant funding

7.3.1 Long-term revenue funding is a particular source of uncertainty for local authorities, with the Housing Options service affected by grants such as:

- The Rough Sleeping Initiative (RSI), which funds three posts internally and a commissioned service supporting rough sleepers in the borough. These are all currently due to end in March 2025, and without which would leave Oldham with no support provision for this group
- A Bed Every Night (ABEN): This grant is actually provided by the Greater Manchester Combined Authority (GMCA) but it funds the majority of Oldham's non-statutory rough sleeping accommodation, alongside Housing Benefit and the Homelessness Prevention Grant. Without ongoing funding commitment around RSI and other funding streams, Oldham will not be able to continue to deliver its commitment to the Government's Ending Rough Sleeping Strategy
- Accommodation for Ex-Offenders (AfEO) / Community Accommodation Service (CAS-3): Both programmes aimed at supporting ex-offenders, but both due to end in March 2025, Oldham is currently in the process of re-recruiting to posts within these services at present and is experiencing difficulties attracting candidates due to fixed-term contracts. Ongoing funding certainty would help with this, and with securing outcomes for people being supported by the programme.
- Domestic Abuse Safe Accommodation funding, which funds staff within the refuge and housing services and again is only confirmed until March 2025, despite this ongoing duty to support victims of domestic abuse and increasing numbers of residents in need in Oldham.

7.3.2 The impact of short-term funding has been felt particularly in the ability to recruit and retain staff, and – where this has been successful – in the level of experience and training required by new people joining the local authority. These factors combined undoubtedly impact service delivery and ability to prevent homelessness and support residents effectively.

7.4 Local Housing Allowance

7.4.1 The freezing of LHA rates since 2020 despite rising rents and living costs has severely impacted the ability of residents and the local authority in Oldham to secure affordable accommodation.

7.4.2 As detailed in section 5.1, the inability of the Council to discharge prevention and relief duties into the private rented sector also impacts on Homelessness Prevention Grant levels, creating an ongoing, vicious cycle for both residents and the local authority.

7.4.3 LHA rates in Rochdale in Oldham are as follows:

Number of rooms	Rate
Share room or bedsit	£66.39
1 bedroom	£90.90
2 bedrooms	£103.85
3 bedrooms	£126.58
4 bedrooms	£159.95

7.4.4 Average rental costs based on a current market search however are clearly well in excess of this, with the most affordable 2-bedroom property for example being marketed at £700pcm:

Number of rooms	Average rent per month
1 bedroom	£579
2 bedrooms	£843
3 bedrooms	£1,026
4 bedrooms	£1,495

7.5 Out of Borough Procurement and Placements

7.5.1 As with other neighbouring authorities in the North-West, Oldham's housing market is affected by procurement activity undertaken in respect of other local authorities and government departments. For example:

- S208 placements under homelessness legislation
- Procurement of properties utilised to provide accommodation under Children's Act duties
- Accommodation acquired to provide asylum support
- Community Accommodation Service housing for individuals on licence or bail orders
- Supported accommodation acquired by non-commissioned providers, some of which is established without prior consultation with the local authority

7.5.2 The extent of this accommodation is difficult to quantify and map, but it is known that:

- SERCO were accommodating just over 660 asylum seekers across approximately 200 dispersed properties in Oldham, with a further 159 individuals

being accommodated in hotels. This figure fluctuates, with dispersed properties having reached almost 220 in December 2022

- Oldham has received 37 property procurement requests from SERCO since October 2022; although the majority have been declined, full feedback has not yet been received. Terms offered by SERCO are generous, including 5-year leases, full repair and maintenance and no arrears. Payment terms have not been shared with the Council
- This issue is now being compounded by high prices being paid by local authorities procuring properties on behalf of Afghan families leaving bridging hotels via the 'Find Your Own' scheme. Amongst notifications so far have included three properties at over double Local Housing Allowance rate, with an offer to cover the rent shortfall for 12 months. Whilst this may encourage landlords to rent to tenants, it does not offer long term security of tenure to tenants and may leave families homeless in Oldham after this time.
- In terms of s208 placements, current numbers of families accommodated are not known as by its nature this accommodation is temporary and local authorities only notify when households are placed, not when they leave. However, of notifications received it is known that there were:
 - 404 placements into Oldham in 2021/22
 - 285 by Manchester Council, 190 into Bed and Breakfast and 95 into dispersed / nightly paid accommodation
 - 65 by Rochdale Council into Bed and Breakfast accommodation
 - 52 by Salford Council into dispersed / nightly paid accommodation
 - 2 by Tameside Council into Bed and Breakfast accommodation
 - 440 placements into Oldham in 2022/23
 - 341 by Manchester Council, 270 into Bed and Breakfast accommodation and 71 into dispersed accommodation
 - 79 by Rochdale Council, all into Bed and Breakfast accommodation
 - 18 by Salford Council, 13 into dispersed / nightly paid accommodation and 5 into Bed and Breakfast accommodation
 - 1 by Tameside Council into Bed and Breakfast accommodation
 - 1 by Trafford Council into Bed and Breakfast accommodation

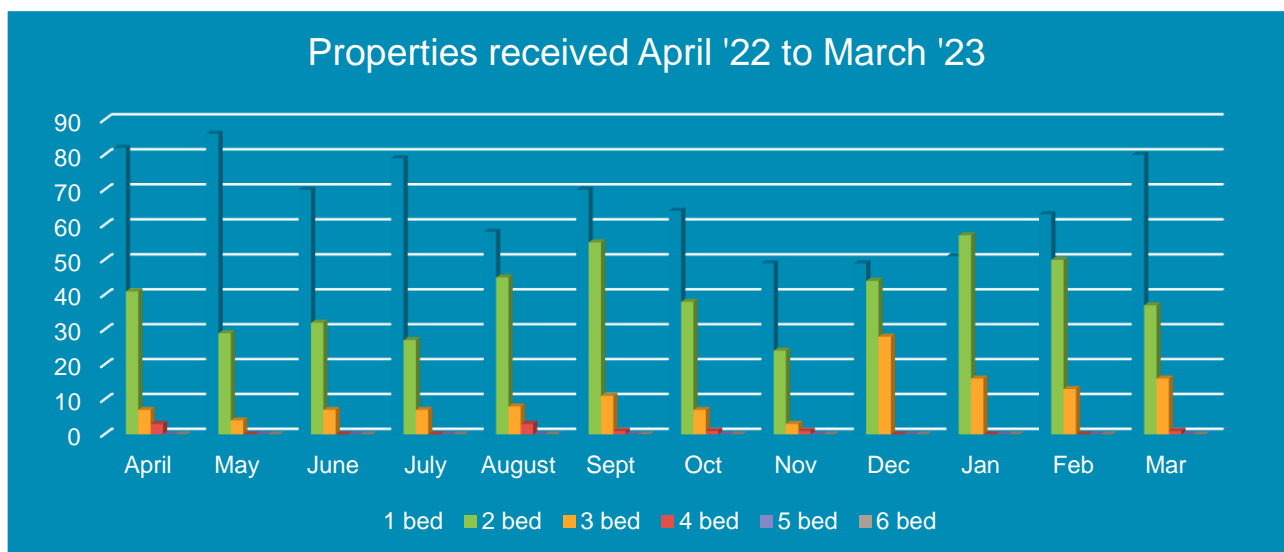
7.5.3 Whilst B&B placements are concerning due to the lack of suitability for families, placements into dispersed and assured shorthold tenancy accommodation are of particular concern due to the long-lasting impact on Oldham's housing market and community cohesion.

7.5.4 It is acknowledged that Oldham Council did also make approximately 300 out of borough placements in 2022/23, although predominantly into B&B accommodation due to the lack of available alternatives in borough.

7.6 Part VI Allocations

7.6.1 The demand for social housing continues to grow with the supply of accommodation falling. During the financial year 2022/23 the following number of properties were received

Bed size	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
1 bed	82	86	70	79	58	70	64	49	49	51	63	80	801
2 bed	41	29	32	27	45	55	38	24	44	57	50	37	479
3 bed	7	4	7	7	8	11	7	3	28	16	13	16	127
4 bed	3	0	0	0	3	1	1	1	0	0	0	1	10
5 bed	0	0	0	0	0	0	0	0	0	0	0	0	0
6 bed	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	133	119	109	113	114	137	110	77	121	124	126	134	1417



7.6.2 The number of households with a housing need has increased. At the end of Quarter 3 2021/22 there were 6,919 households on the Council's Housing Register

Applicants on the Council's Housing Needs Register 31 Mar 22

Bed size	Band 1	Band 2	Band 3	Band 4	Total
1 bed	742	1393	661	132	2928
2 bed	402	858	354	69	1683
3bed	309	927	311	47	1594
4 bed	173	328	79	16	596
5 bed	38	48	9	3	98
6 bed	8	10	1	0	19
7 bed	1	0	0	0	1
Total	1673	3564	1415	267	6919

7.6.3 At the end of Quarter 4 2022/23 there were 7,349 households on the Council's Housing Register

Applicants on the Council's Housing Needs Register 31 Mar 23

Bed size	Band 1	Band 2	Band 3	Band 4	Total
1 bed	809	1344	710	174	3037
2 bed	455	938	355	89	1837
3 bed	332	1050	307	51	1740
4 bed	169	347	83	17	616
5 bed	40	49	10	2	101
6 bed	7	9	1	0	17
7 bed	1	0	0	0	1
Total	1813	3737	1466	333	7349

8. Areas of development

8.1 Compliance

8.1.1 Oldham works hard to ensure that the service is compliant in terms of meeting its statutory duties, which includes:

- Ensuring temporary accommodation is provided where there is 'reason to believe' a household is eligible, homeless and in priority need
- Only one family having spent longer than 6 weeks in bed and breakfast in the past 6 months. This happens only in exceptional circumstances, and a plan to move the family was in place

8.1.2 The service also supports its partners with wider strategic and corporate commitments such as:

- Corporate Parenting duties such as not making care leavers intentionally homeless
- Promoting support for babies and children through safe sleep advice and provisions through partnership working with local health agencies.

8.2 Temporary Accommodation Strategy

8.2.1 Oldham Council published its Temporary Accommodation Strategy in 2021/22, and as part of this mobilised a new Framework agreement in March 2023.

8.2.2 Lot 1 of this agreement was Nightly Paid accommodation, which – whilst incurring some financial costs – as discussed in section 4, does offer a greater degree of suitability than other options and can be mobilised quickly to meet need. The rationale for increasing access to this type of accommodation part of wider step-down model that sought to offset the use of expensive and unsuitable B&B with cheaper and more practical self-contained options.

8.2.3 The changes to TA subsidy calculations in 2017 namely, the removal of the management fee payable to local authorities for leasing TA has significantly the Council's ability to procure cost-effective TA. This has been compounded over the years by housing market challenges leading to the "perfect storm" we're now experiencing.

8.2.4 In response the Council's TA strategy has mobilised Lot 3, Leased Accommodation, with a view to delivering longer-term, sustainable temporary accommodation options for the local authority. Despite the challenging economic and housing landscape, this will be made more achievable with support to overcome challenges such as LHA, TA subsidy and HPG outlined above, given the need to source and adequately staff properties, as well as prevent future homelessness.

8.3 Homelessness Prevention

8.3.1 Oldham Council's long-term goal is to move towards a more prevention-focused service than being reactive and reduce the number of placements being made into temporary accommodation.

8.3.2 One of the notable changes introduced by the Homelessness Reduction Act 2017 was the Prevention Duty. It placed a legal duty on Councils to take earlier steps to resolve homeless, extending the period which households are considered threatened with homelessness from 28 to 56 days.

8.3.3 Successful homelessness prevention not only negates the use of emergency accommodation, but it also contributes to additional funding via the HPG. Hence, a dedicated Housing Options Project Team has been set up to shape the service in a way that supports Place Based Integration, joined up systems and services and sufficient resources to enable early intervention.

8.3.4 DLUHC would be aware that out of 10 GM districts, Oldham is ranked 8th for successful Prevention outcomes. Therefore, it's important to reflect the ongoing work that colleagues are progressing to address this and implement solutions.

9. Risks

9.1 The following outlines some of the potential risks of the Deep Dive:

- The Deep Dive will be published, which, if there are any negative implications, will pose reputational risks for the Council
- The Deep Dive will require time resources from teams across the Council, including Housing, Finance and Executives
- Whilst Oldham Council has carried out a recent re-procurement in terms of its TA providers and they are expected to adhere to established standards, it would be prudent to undertake further communications and checks to ensure current TA not managed by itself meets expected standards to minimise any potential risk
- Oldham Council currently has some staffing vacancies within the Housing Options Team, including the Senior Officer for TA – although this role is filled

by agency staff. This may affect the ability of the service to fulfil the demands of the Deep Dive

10 Benefits / Opportunities

10.1 The following outlines some of the potential benefits and opportunities of the Deep Dive:

- DLUHC have advised that, whilst there are no confirmed financial incentives attached, the Deep Dive may be able to build a future business case that can be utilised towards policy and service change
- Oldham Council has the potential to learn best practice from advisors at DLUHC as well as other local authorities from participating in the Deep Dive
- Oldham would be contributing to research which will directly influence central government policy
- Positive participation may improve the Council's reputation

11 Next steps

11.1 Oldham's CEO has now been contacted and held an initial call with the Director for Homelessness and Rough Sleeping at DLUHC. Whilst dates are still to be confirmed, the Deep Dive is likely to take place mid-September to mid-October or mid-November to mid-December.