

Report for:
ACTION

Item Number:

Contains Confidential or Exempt Information	Yes – appendix 1 is confidential pursuant to para. 3 of Part 1 of schedule 12A of the Local Government Act 1970 (Information relating to the financial or business affairs of any particular person, including the council). Urgent, pursuant to the following procedures: Rule 16 of the Access to Information Procedure Rules (impractical to comply with Forward Plan requirements) Rule 5 of appendix to the Access to Information Procedure Rules (urgent ICMD) Rule 16 of the Scrutiny Procedure Rules (special urgency and exemption from call-in)”
Title	Approval of one year lease for temporary accommodation
Responsible Officer(s)	Nicky Fiedler, Strategic Director for Housing and Environment
Author(s)	Mark Awbery
Portfolio(s)	Cllr Mahfouz, Cabinet member for safe and genuinely affordable homes Cllr Manro, Cabinet member for good growth and new housing
For Consideration By	Cllr Mahfouz, Cabinet member for safe and genuinely affordable homes
Date to be Considered	27 th March 2024
Implementation Date if Not Called In	Not applicable, as the decision is exempted from call-in, pursuant to Rule 16 of the Scrutiny Procedure Rules.
Affected Wards	All
Keywords/Index	Lease of property for use as temporary accommodation or move on accommodation Housing Homelessness

Purpose of Report:

As a result of the housing crisis facing Ealing where an increasing number of households are approaching the Council for housing there has been an increasing use of nightly paid accommodation including bed and breakfast and commercial hotels. Due to the unplanned nature of the demand the bookings into such accommodation are based on immediate need and therefore subject to any fluctuations in the pricing of these types of accommodation which in itself is linked to wider factors, For example, concerts, school and public holiday times or other events etc.

The purpose of this report is to obtain authority for a one year lease for the provision of 73 units of dedicated use hotel accommodation with facilities (including laundry and shared kitchens) at a fixed rate to give the Council surety of the budget, and reduce the costs currently being incurred in relation to spot purchased B&B and commercial hotel rooms.

The accommodation includes larger rooms (which are suitable for families) and function spaces within the hotel that can be used to provide drop in services for those who are accommodated there.

Securing this accommodation will provide the Council with certainty of supply and cost for the units concerned - which is significantly lower than the commercial hotel rates it is currently achieving. It will also provide additional ongoing capacity that it can use to support accommodated households' move on from short term accommodation into either the private sector or other accommodation.

1 Recommendations

It is recommended that the Strategic Director of Housing and Environment:

- 1.1 Agrees to enter into a lease for one year for the provision of emergency accommodation to homeless households.
- 1.2 Delegates authority to Strategic Director for Housing and Environment to finalise the terms of the lease following consultation with the S151 Officer.

2 Reason for Decision and Options Considered

- 2.1 The Council continues to experience a high level of statutory homeless acceptances generating a requirement to provide emergency and temporary accommodation.
- 2.2 Due to the shrinking private rental market and reducing availability of properties for use as temporary accommodation the Council is placing an increasing number of households into bed and breakfast and hotel accommodation. The commercial hotel accommodation is procured on a 'spot purchase' basis which means that these increase (from rates that are already well above subsidy) due to demand from other events and this is increasing the pressure on budgets as the cost fluctuates according to demand.
- 2.3 Leasing this hotel for one year will give the Council cost-certainty and offer savings in comparison to renting the room equivalents on an ad-hoc basis over this length of time, but more importantly, provide the Council with a secured amount of space in order to meet our statutory requirements.' There is still an expectation and focus on moving people on from this type of accommodation, but the leasing of this hotel will enable the Council to secure better financial rates and larger rooms with the relevant facilities.

3 Background

- 3.1 The Private Rented Sector (PRS) in Ealing is reducing and is increasingly unaffordable to recipients of housing related benefits. The fact that owner occupation in London is beyond the reach of most people means that there are prospective renters on high salaries, and there is evidence that landlords are choosing not to expose themselves to the risk of renting properties to low-income families who rely on benefits.
- 3.2 This, along with the impacts of the cost of living crisis has meant an increase in homelessness approaches and a reduction in available properties to rent for temporary accommodation.
- 3.3 Cost of living factors, asylum seekers and other displaced groups are all increasing the demand for housing in the borough, and this – combined with the reducing supply has created a housing crisis with families remaining in ‘temporary accommodation’ for years, an increasing number of households placed into bed and breakfast (B&B) accommodation, and – more recently – into commercial hotels which is an unsustainable and inappropriate housing solution.
- 3.4 The use of commercial hotels is related to demand and so booking is done ‘at the time’. This means that the Council is exposed to fluctuations in price due to demand such as events in the wider area, or other organisations booking spaces. This means that there is no certainty on the price.
- 3.5 The majority of hotels being used have standard sized rooms, so larger families have to be accommodated in more than one room. The hotels do not all have laundry facilities, very few have cooking facilities and some don’t having fridges in the rooms. This makes them poorly suited to accommodating homeless households as well as being costly solution for the Council in meeting the increasing demand.

4 Temporary Accommodation

- 4.1 The council is required to provide temporary accommodation to households in accordance with the homelessness legislation duties. Between 2011 and 2019, the number of households in temporary accommodation (TA) more than doubled, primarily due to changes in the Local Housing Allowance (LHA) system which reduced the purchasing power of low-income households in Ealing’s private rented sector.
- 4.2 The number of households in temporary accommodation continued to increase between 2018 and 2022, as even though the council continued strong work in prevention, the overall number of households approaching increased.
- 4.3 2023/24 has seen an increased use of B&B accommodation, and for the first time the use of Commercial Hotels used due to the lack of supply. With some private sector landlords requesting their properties back, some households are having to move back into B&B or hotel accommodation.

- 4.4 This means that there are currently 265 families (February 2024) in hotels and 443 in B&B.
- 4.5 Households' current average length of stay in B&B is over 22 weeks and in Commercial Hotels it is 15 weeks – both types of accommodation that are meant to be used for short periods in an emergency. The reason for this is the lack of supply that people can move on to, and a proactive approach to resettlement.

5 Budget Pressures

- 5.1 The use of commercial hotels has almost tripled in the current year, and there are over 100 households that need more than one room. The costs for hotels is included in the confidential appendix.
- 5.2 The cost and use of B&B is also increasing and is now almost as much as a private sector leased property but more unsuitable for households who are accommodated there. For both B&Bs and commercial hotel there is limited or no access to cooking or laundry; households are often spread across a number of rooms and the location may be less than ideal for accommodated households impacting on school and work commutes.
- 5.3 The number of households in commercial hotels has increased by a similar amount to the reduction in the number in PSL and if this trend continues then the budgetary impact on the council will be significant.
- 5.4 The Council is under increasing risk of failing to meet its statutory duty to provide temporary accommodation, and this is also at an increasing cost with a high-level of reliance on local chain hotels and Bed & Breakfast accommodation.
- 5.5 The Council is also not in compliance with Suitability of Accommodation Order act which requires it to ensure that families are not placed in private non self-contained accommodation for more than six weeks¹.
- 5.6 In summary, the statutory six week rule states that Bed & Breakfast accommodation is not suitable accommodation for homeless families with children and households that include a pregnant woman unless there is no alternative accommodation available and then only for a maximum of six weeks.
- 5.7 If the accommodation is “owned or managed” by a housing authority, a registered social landlord or a qualifying voluntary organisation, then this is deemed not to be bed and breakfast accommodation which falls within the statutory six week rule.
- 5.8 A number of projects are underway to reduce reliance on temporary accommodation. These include a broad-based purchasing programme, active

¹ This rule does not apply to provision where the accommodation is owned or managed by a local authority, a registered social landlord or a qualifying voluntary organisation (by the Council using its own premises or leased premises)

resettlement conversations with residents currently accommodated in temporary accommodation as well as a review of those who have been in this for a long period to help them understand their future options (and choices).

- 5.9 As the Council now has a number of families in this type of accommodation over the six week period, it is required to submit a B&B elimination plan to the Department of Levelling Up, Housing and Communities (DLUHC) as a condition of its Homeless Prevention Grant funding.
- 5.10 As part of this there is a fortnightly officer group working on the exit plan from hotels and B&Bs. This has been developed holistically, and includes initiatives focusing on communications; resettlement; liaison with other services as well as the work already underway in acquiring new accommodation.

6 Transitioning Away from use of Commercial Hotels

- 6.1 As part of the work on housing demand in temporary accommodation, a range of market opportunities have been assessed to address the increase in the use of commercial hotels. While the housing of residents in hotels is not a long term solution, this is a transition opportunity to provide accommodation with improved facilities at a lower price for the short term.
- 6.2 A hotel approached the Council in January 2024 offering a one year lease opportunity at a flat rate per room per night. Since that time work has progressed inspecting the premises and carrying out negotiations on rates, and we are now in a position to progress a decision. The property has been visited and viewed to ensure it is appropriate accommodation. It is close to local transport links although outside of the borough boundaries.
- 6.3 It is proposed that this hotel is leased for a period of twelve months with an appropriate break clause which will enable the Council to terminate the arrangement if expected levels of demand are not sustained, although we do have more than 70 households in commercial hotels at the current time.
- 6.4 The hotel is already carrying out works to create kitchen facilities that can be used by accommodated households, as well as a laundry room. Each room in the hotel will also have fridge facilities.
- 6.5 A council officer inspection will be undertaken at a minimum of three monthly intervals while in use and we will also ensure that all statutory compliance requirements are adhered to and have already reviewed certification in this regard.. Use will not commence until an inspection confirms the laundry and kitchen facilities are in place, and that confirmation is received that the accommodation is both compliant and satisfactory for us to use. The condition of the property and up keep will be a part of the lease ensuring that regular checks that are required are carried out, and spot checks will also be carried out during the term of the lease. The lease will cover the general requirements alongside terms of occupation such as such as cleaning, booking in and out, as well as liaison with Council officers as required.

6.6 The lease will provide Ealing with exclusive rights to use the accommodation for the duration of the lease and it is currently vacant having recently ceased trading as a hotel. It is anticipated that the lease will commence as soon as possible in April 2024.

7 Risks

7.1 There are risks to the proposed arrangements as shown below:

Reputational

7.2 The Council will need to ensure the accommodation provided is of a satisfactory standard and that it is regularly checked and reviewed. The facilities are being upgraded and the size of the rooms is significantly larger than in currently used commercial hotels with the inclusion of suites for larger families.

Location

7.3 The hotel is not within the borough of Ealing, but is just outside and within walking distance to a tube station and has good transport links.

Financial

7.4 The total cost of the lease is high, but this delivers a saving against if normal commercial hotels were used. The cost is a standard cost per room per night with no increase for larger rooms.

7.5 There is a risk that rooms may be left vacant, but a review of the current demand means that we can relocate people immediately and hold a number of rooms for future use. There is little likelihood of not being able to occupy all the available rooms all of the time.

7.6 There is a risk of repair cost but this will be covered within the heads of terms noting the different approach to intentional damage. All other repairs will be by the freeholder.

Procurement

7.7 As this is a lease transaction it falls outside of Public Contract Regulations 2015 .

8 Legal

8.1 Part 7 of the Housing Act 1996 imposes statutory duties on the council to provide temporary accommodation to homeless applicants in a number of situations. These include when it is assessing the homeless application of a person who it has reason to believe may be eligible for assistance, may be homeless and may be in priority need and when it has completed an assessment and concluded that an applicant is owed the full housing duty.

- 8.2 Section 206 Housing Act 1996 states that a local housing authority may discharge their housing functions under Part 7 of the Act only in the following ways—
- (a) by securing that suitable accommodation provided by them is available,
 - (b) by securing that they obtain suitable accommodation from some other person,
 - or
 - (c) by giving them such advice and assistance as will secure that suitable accommodation is available from some other person.
- 8.3 Section 208(1) Housing Act 1996 provides that so far as reasonably practicable a local housing authority shall in discharging their housing functions under Part 7 of the Act secure that accommodation is available for the occupation of the applicant in their district.
- 8.4 Section 210(1) states that in determining whether accommodation is suitable for a person, the local housing authority shall have regard to Parts 9 and 10 of the Housing Act 1985 (slum clearance and overcrowding) and Parts 1 to 4 of the Housing Act 2004 (houses in multiple occupation). The Secretary of State may, by order, specify circumstances in which accommodation is or is not to be regarded as suitable for a person, and matters to be taken into account or disregarded in determining whether accommodation is suitable for a person. The Secretary of State has done so by the following Orders: - Article 2 of Homelessness (Suitability of Accommodation) Order 1996 provides that in determining whether accommodation is suitable for a person there shall be taken into account whether or not the accommodation is affordable for that person. - Articles 3 & 4 of the Homelessness (Suitability of Accommodation) (England) Order 2003 provide that B&B accommodation is not to be regarded as suitable for an applicant with a family except where no accommodation other than B&B accommodation is available for occupation and the applicant occupies B&B accommodation for a period, or a total of periods, which does not exceed 6 weeks.
- 8.5 The Homelessness (Suitability of Accommodation) (England) Order 2012 states that in determining whether accommodation is suitable for a person, the local housing authority must take into account the location of the accommodation, including—
- (a) where the accommodation is situated outside the district of the local housing authority, the distance of the accommodation from the district of the authority;
 - (b) the significance of any disruption which would be caused by the location of the accommodation to the employment, caring responsibilities or education of the person or members of the person's household;
 - (c) the proximity and accessibility of the accommodation to medical facilities and other support which—
 - (i) are currently used by or provided to the person or members of the person's household; and
 - (ii) are essential to the well-being of the person or members of the person's household; and

(d) the proximity and accessibility of the accommodation to local services, amenities and transport.

- 8.6 The Department for Levelling Up, Housing and Communities has produced guidance on how local authorities should exercise their homelessness functions, in accordance with the Homelessness Reduction Act 2022. The combined effect of the above homelessness legislation is that accommodation provided or arranged to meet a homeless duty must be affordable for the homeless applicant. Accommodation is not affordable if the applicant would require the local authority to contribute towards the cost of the accommodation. Where affordable accommodation is not available in the borough the local authority must provide affordable accommodation out of borough.
- 8.7 The council has the power to acquire land under section 120 of the Local Government Act 1972.
- 8.8 The landlord will provide some services which are ancillary to the lease but the agreement is a land disposal which is exempt from the Public Contracts Regulations 2015.

9 Value For Money

- 9.1 The value of the lease is included in Part B of this report and will be funded from the Housing Demand Revenue budget. The detail is shown in Part B. Value for money is considered as part of the Confidential Appendix in the form of a estimated cost avoidance/ saving.

10 Sustainability Impact Appraisal

- 10.1 There are no Sustainability Impacts associated with this proposal.

11 Community Safety

- 11.1 Providing suitable and sustainable housing provision for homeless households is key to creating and maintaining safe, welcoming and cohesive communities.

12 Links to the 3 Key Priorities for the Borough

- 12.1 The council's three key priorities are:
- a. creating good jobs
 - b. tackling the climate crisis, and
 - c. fighting inequality
- 12.2 The recommendations of this report will support the priority of fighting inequality.

13 Equalities, Human Rights and Community Cohesion

- 13.1 Providing suitable and sustainable housing provision for homeless households is key to creating and maintaining safe, welcoming and cohesive communities.

14 Staffing/Workforce and Accommodation implications:

14.1 There are no direct staffing implications to this proposal.

15 Property and Assets

15.1 This is an all-inclusive lease which, in its final form, must protect the Council from unnecessary responsibility or costs and allow the Council to use it for Temporary Accommodation.

16 Consultation

16.1 None.

Timetable for Implementation

16.2 It proposed to begin the lease in April 2024 at the latest and to review mid way through the term to ascertain if it could be extended if required.

17 Appendices

17.1 Confidential appendix: Detailed costs and comparitors of the proposal.

18 Background Information

None

Consultation

Name of consultee	Post held	Date sent to consultee	Date response received	Comments appear in paragraph:
Internal				
Nicky Fiedler	Strategic Director, Housing and Environment			
Alice Rowland	Head of Legal Commercial)			
Russell Dyer	Assistant Director of Accountancy			
Jessica Tamayao	Assistant Director of Strategic Property and Investment			

Report History

Decision type:	Urgency item?
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Key decision	Urgent, pursuant to the following procedures: Rule 16 of the Access to Information Procedure Rules (impractical to comply with Forward Plan requirements) Rule 5 of appendix to the Access to Information Procedure Rules (urgent ICMD) Rule 16 of the Scrutiny Procedure Rules (special urgency and exemption from call-in)
Report no.:	Report author and contact for queries: