

**Extract from Cabinet Minutes
18 January 2011**

A7. TEMPORARY ACCOMMODATION FOR THE HOMELESS

The Cabinet considered a joint report by the Head of Environmental Services and Head of Finance and Asset Management (Reference 11/32). Cabinet were informed that this was the first of a number of reports following an earlier report to Cabinet on the changes to housing benefit that indicated there were likely to be increased costs on homelessness due to these changes. It was noted that a more cost effective and sustainable approach was required to provide temporary accommodation. This report proposed making a capital investment – match funded via Registered Social Landlords' (RSL) contribution (50% of total costs) in order to make a revenue saving over the long term. This would be used to offer grants to RSLs to enable them to identify and bring back into use empty homes (likely to be blocks of flats) that would be used by the Council to discharge its duties in relation to homelessness via a contract agreement. The benefits of this approach were that RSL investment/borrowing was exempt from Local Housing Association rate restrictions and there would be proper and effective management. There would be no revenue costs for the Council. The report recommended changes to current empty homes policy and to borrow up to £750,000. The revenue savings to the Council were anticipated to be £134,000 per year and money would be drawn down as opportunities arose.

The third recommendation related to a homeless hostel that was no longer suitable for use. The cost to bring this back into use would be £400,000. Under this model of match funding via RSLs a more cost effective option would be to sell the property and take capital receipts to reduce the borrowings.

RESOLVED that Cabinet:

- (i) agree to the following change to the Councils Empty Homes Grant policy to ensure that:
“Empty homes grants are targeted towards RSLs to help support the purchase of long term empty dwellings on the open market. A maximum level of grant (£50,000) is payable per dwelling and that this grant should not exceed more than 50% of the total cost of the Purchase, Repair or Conversion of that dwelling. As a condition of the grant award, the RSL is required to enter into a 25 year agreement with the Council, giving the Council 100% nomination rights. Dwellings brought back into use can only be used by the RSL as temporary accommodation for homeless.”
- (ii) agree that an Invest to Save bid in the sum of £750,000 be included in the Council's Financial Strategy 2011-21, which will be presented to Full Council for approval in February 2011. This funding will provide grant payments to match fund RSL contributions, enabling the purchase of empty dwellings that can be brought back into use as temporary accommodation for the homeless. The £750,000 is to be funded from an increase to borrowing to be repaid from revenue savings achieved on the cost of temporary accommodation;
- (iii) instruct officers to market the sale of the Councils former homeless hostel at 6-8 Alma Square (Newburn House).

Reasons:

The Council has a legal obligation to provide temporary accommodation for homeless people. We currently discharge that obligation for single people through the use of Bed and Breakfast Accommodation.

B&B is expensive. This proposal will reduce the Council's reliance on B&B and generate revenue savings to the Council of around £134,000 a year. The report also recommends that the Council's former hostel for homeless people, at 6-8 Alma Square is sold. This recommendation is made following an assessment of the costs associated with bringing it back into use.