

Leasehold Acquisition of housing properties in order to provide Temporary Accommodation for Homeless Households

Meeting:	Cabinet
Date:	11 th February 2025
Cabinet Member	Cllr Moses Crook Deputy Leader of the Council and Portfolio Holder for Transport and Housing
Key Decision Eligible for Call In	Yes Yes
<p>Purpose of Report The paper seeks Cabinet approval to enter into longer term lease agreements with private landlords to increase the level of the Councils temporary accommodation stock for homeless households and reduce the reliance on hotel and B&B accommodation whilst maximising the level of subsidy that can be recovered.</p>	
<p>Recommendations</p> <p>It is recommended that Cabinet:</p> <ul style="list-style-type: none"> a) Considers the content of the public and private reports b) Approves the strategic leasehold acquisition of temporary accommodation as detailed in the Private Appendix and on the terms contained in the Private Appendix c) Delegates authority to the Executive Director for Place in consultation with the Service Director – Legal, Governance and Commissioning, the Section 151 Officer and the Portfolio Holder, the power to negotiate future leasehold property arrangements in order to increase the Councils stock of temporary accommodation that can be used for homeless households and reduce the Councils net spend on temporary accommodation. d) Delegates authority to the Service Director – Legal, Governance and Commissioning to enter into all agreements necessary to effect those arrangements referred to in b) and c) above. 	
<p>Reasons for Recommendations</p> <p>To increase the Councils stock of temporary accommodation for homeless households in order to reduce the reliance on hotel and B&B accommodation whilst maximising the level of subsidy that can be recovered.</p> <p>To have the necessary approvals in place to be able to act at pace and secure additional temporary accommodation when it becomes available in a timeline that aligns with private stakeholders.</p>	

The aim of the above (in conjunction with the Kirklees Preventing Homelessness and Rough Sleeping Strategy and the Temporary Accommodation Placement Policy) is to provide better quality accommodation and reduce the Councils net spend in regard to the provision of temporary accommodation for homeless households.

Resource Implications:

The Council has statutory duties to prevent and relieve homelessness, which give rise to direct resource implications. Over recent years, difficulties in sourcing sufficient housing options for homeless households against a backdrop of rising demand has resulted in a significant increase in costs to the Council particularly relating to much greater use of temporary accommodation.

Indicative net costs (after subsidy) for temporary accommodation in 2023/24 were up to £6.9 million, with hotel spend alone (gross) rising from £3.1 million in 2022 to £7.2 million in 2024 – although not all this spend relates to homelessness temporary accommodation placements.

The costs relating to delivering homelessness services and temporary accommodation are met through a variety of sources. Government grant(s) and partnership funding is utilised, but the majority of costs fall on the General Fund.

The aim of this decision is to contribute to a reduction in these costs by securing alternative properties for use as temporary accommodation therefore reducing the reliance on hotel and B&B accommodation.

A site of existing properties which can provide up to 38 family units has already been identified and terms have been agreed to take a lease of these properties (further information on this lease together with the anticipated impact on the Councils budget is contained within the Private Appendix).

Specific tasks required in order to enter into this lease and any future leases in respect of identified properties will need to be managed amongst wider competing demands given the continued pressure on capacity across professional teams. Robust plans and lead-in times for required instructions will be required.

Signed off by:

- **Executive Director**
- **Service Director for Finance**
- **Service Director for Legal Governance and Commissioning**

David Shepherd – 30/01/25

Kevin Mulvaney – 03/02/25

Samantha Lawton – 30/01/25

Electoral wards affected: All

Ward councillors consulted: No

Public or private: Public with Private Appendix

Exempt information under Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006 as the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It was considered that the disclosure of the information would be contrary to confidential terms and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information and providing greater openness and transparency in relation to public expenditure in the Council's decision making.

Has GDPR been considered? Yes

No personal or sensitive data or other information covered by GDPR is included in this report.

1. Executive Summary

- 1.1 The Council has a statutory duty to prevent and relieve homelessness through the provision of temporary accommodation. Demand significantly outweighs the current stock of Council owned premises available for this purpose which results in the Council having to use Hotel and Bed & Breakfast accommodation. Hotel and Bed & Breakfast accommodation is expensive and only a small proportion of the cost can be claimed from Housing Benefit leaving the Council to subsidise the balance.
- 1.2 A pilot of using former student accommodation to provide temporary accommodation for 14 homeless households has proved successful and terms have been agreed with the landlord to expand the offer to 38 properties and commit to a longer term lease.
- 1.3 The proposed lease alone is not sufficient to remove the Councils reliance on Hotel and Bed & Breakfast to support the provision of temporary accommodation so authority is requested to enter into future lease agreements on similar properties.
- 1.4 The proposed lease and future lease arrangements will increase the Councils stock of temporary accommodation and allow the Council to provide more appropriate and cost effective accommodation for homeless households. The structure of the proposed lease agreements will also allow the Council to claim a higher proportion of Housing Benefit and therefore reduce the Councils net spend in this area.

2. Information required to take a decision

- 2.1 Local authorities need access to temporary accommodation to deal effectively with households who are experiencing homelessness. Homeless households who are assessed as priority need and have nowhere suitable to stay will be offered temporary accommodation. Temporary accommodation is emergency accommodation until the household can secure more appropriate and sustainable accommodation.
- 2.2 One of the priorities within the Kirklees Preventing Homelessness and Rough Sleeping Strategy, which was approved by Cabinet on 10 September 2024, is access to long term homes and temporary accommodation which is safe, decent, accessible and affordable. Increasing the supply and suitability of temporary accommodation options, and endeavouring to use less bed and breakfast, hotels and nightly paid self-contained accommodation is a key objective of the Strategy to ensure that homeless households access more suitable temporary accommodation, and to reduce the cost to the Council.
- 2.3 Housing Solutions Service manage a portfolio of approximately 180 council properties however the number of cases that qualify for temporary accommodation far exceed this amount. This means that the Council are forced to place individuals and families in less appropriate Hotel and Bed & Breakfast accommodation.
- 2.4 A successful pilot has been in place over the past 24 months where the Council has leased a block of privately owned former student accommodation which has been repurposed to house up to 14 homeless households.
- 2.5 Following the success of the pilot, a longer-term lease has been negotiated with the Landlord who has also offered to carry out work to the additional properties within the same development in order to increase the number of homes available from 14 to 38 (terms of the lease are contained in the Private Appendix).
- 2.6 From a financial perspective the Council are currently able to claim 90% of the published LHA rate (as at January 2011) towards rent and housing management fee in respect of this temporary accommodation (funded through Housing Benefit). The Council will be able to continue to claim this subsidy throughout the term of the new lease which is significantly higher than the subsidy recovery for Hotel/B&B.
- 2.7 At present only a very small proportion of the cost of providing temporary accommodation in Hotels and Bed & Breakfasts can be recovered. This means that the Council has to subsidize these arrangements which places a mounting pressure on the Council's budget. For the financial year 2024/25 the temporary accommodation (inclusive of benefit overpayment) is forecast to be circa £7.84 million against a budget of £3.42 million. Financial comparisons between proposed long lease arrangements and Hotel and Bed & Breakfast accommodation can be seen in the Private Appendix.
- 2.8 This proposed lease only adds a relatively small number of properties to the Councils temporary accommodation portfolio and there is a need for more arrangements on a similar basis in the future to support the Councils Housing Solutions Service.
- 2.9 The Councils Finance Procedure Rules together with the Scheme of Delegation for Corporate Landlord and Capital currently grants authority for the Chief Finance Officer and other appropriate Officers to negotiate and approve terms for & instruct the Service Director – Legal, Governance & Commissioning concerning the acquisition of all land, property and rights by agreement or compulsory purchase on behalf of the Council up to the value of £1,000,000.

- 2.10 The cumulative cost of lease agreements for multiple homes that extend to approximately 10 years are likely to exceed this amount and therefore a further delegation is requested to enter into lease agreements similar to the specific example referred to in the Private Appendix.
- 2.11 This further delegation will allow the Council to act quickly when additional properties are identified which will align with the aspirations of private stakeholders and provide the Council with the best chance of securing additional properties and reducing its reliance on subsidised Hotel and Bed and Breakfast Accommodation.
- 2.12 Any further delegated decisions will be made by the Executive Director for Place in consultation with the Service Director – Legal, Governance and Commissioning, Section 151 Officer and the Portfolio Holder. Cabinet will be updated of any further decisions made on an annual basis.

3. Implications for the Council

3.1 Council Plan

Working with people, partners and place

Key partners and stakeholders have and will be identified, engaged, and consulted where appropriate.

Improving outcomes for children

The provision of more appropriate temporary accommodation for families support the improvement of these outcomes.

3.2 Financial Implications

The cost of housing benefits that the Council pay for the accommodation of homeless individuals and families has increased considerably in recent years.

In 2023/24 the Council had a budget of £1.05 million however the total spend was £4.36 million. This equated to a shortfall of £3.31 million. In 2024/25 the Council had a budget of £3.42 million and the total spend is currently forecast to be £7.84 million. This equates to a forecasted shortfall of £4.42 million.

For 2025/26 the Council has increased its budget by £3.60 million to £7.02 million. The approvals sought in this Cabinet report will help the Council to work within this new budgeted amount.

3.3 Legal Implications

Section 120 of the Local Government Act 1972 provides the legal framework for Councils to acquire land and property for the purposes of any of their functions or the benefit, improvement or development of their area. The proposed and future leasehold acquisitions will add stock to the Councils temporary accommodation portfolio and reduce the reliance on hotel and bed & breakfast accommodation.

The Council's Disposals and Acquisitions Policy sets out the general principles that govern strategic acquisitions, including having regard to prudent normal and prudent commercial practises.

4. Consultation

- 4.1 This report has been subject to consultation with the Council's Executive Leadership Team, Executive Board and the Portfolio Holder for Transport and Housing. Comments received have informed the contents of this report.
- 4.2 In addition a number of internal Council services (such as Housing Solutions, Legal and Finance) have been consulted as they are integral to identifying appropriate property solutions with their advice supporting the negotiation, agreement and completion of the proposed and future lease arrangements.

5. Engagement

- 5.1 The Portfolio Holder for Transport and Housing has confirmed that they support both the leasehold acquisition of the property listed in the Private Appendix and the delegation for future leasehold acquisitions in order to increase the Councils stock of temporary accommodation.
- 5.2 Ward members will be informed of progress on a property-by-property basis prior to completion of the proposed and future lease arrangements.

6. Options Considered

- 6.1 Option One – Do Nothing – do not approve the Council taking a long term lease on the terms contained in the Private Appendix and do not approve delegating authority to the Executive Director – Place to negotiate and agree terms for future leases.
- 6.2 Option Two – Approve the Council taking a long term lease of the property listed in the Private Appendix on the terms contained in the Private Appendix.
- 6.3 Option Three – Delegate Authority to Executive Director – Place, to negotiate and agree terms for further leases of properties to be used as temporary accommodation in consultation with the Service Director – Legal, Governance and Commissioning, the Section 151 Officer and the Portfolio Holder.

6.4 Reasons for Recommended option

The Council has a statutory duty to prevent and relieve homelessness and the current demand significantly outweighs the current stock of Council owned property available for this purpose.

The Council is having to rely on Hotel and Bed & Breakfast accommodation to provide temporary accommodation which is expensive and in many cases not appropriate for families.

Limited Housing Benefit subsidy is available on Hotel and Bed & Breakfast accommodation as well as short term lets which leaves the Council with a significant deficit.

The ability to lease in properties such as the one contained in the Private Appendix on longer term lease arrangements for temporary accommodation not only reduces the reliance on Hotel and Bed & Breakfast Accommodation but also maximises the level of subsidy that can be recovered.

The officer recommendation is that Option two and Option three should be approved for the following reasons:

1. To increase the Councils stock of temporary accommodation for homeless households in order to reduce the reliance on hotel and bed & breakfast accommodation whilst maximising the level of subsidy that can be recovered.
2. To provide more appropriate accommodation for homeless households in a more cost effective way than current Hotel and Bed & Breakfast options.
3. To have the necessary approvals in place to be able to act at pace and secure additional temporary accommodation when available in a timeline that aligns with private stakeholders.

Officers recommend that option one should be discounted as the Council has a statutory duty to prevent and relieve homelessness. The current demand significantly outweighs the current stock of Council owned property available for this purpose. The cost of providing temporary accommodation in Hotels and Bed & Breakfasts is significantly more expensive than the Council acquiring long leases of suitable properties.

Should the Council not proceed with the long term lease the families that are in occupation (up to 14) will be required to vacate and the Council will need to find and fund alternative accommodation.

7. Next Steps and Timelines

- 7.1 Following this report, and subject to approval, instruction will be given to complete the leasehold acquisition of 38 family units for temporary accommodation and work to identify, agree terms and complete agreements for other properties that meet the Councils requirements for temporary accommodation.
- 7.2 Cabinet will be updated on an annual basis in respect of any further leasehold acquisitions made under the delegation given in this report to increase the Councils stock of temporary accommodation that can be used for homeless households.

8. Contact Officer

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9. Background Papers and History of Decisions

Kirklees Preventing Homelessness and Rough Sleeping Strategy – Cabinet 10th September 2024

[Kirklees Preventing Homelessness And Rough Sleeping Strategy](#)

10. Appendices

Private Appendix A – Private report on the proposed strategic leasehold acquisition

11. Service Director Responsible

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