

PART 1 - PUBLIC

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**Decision Maker:** Adult and Community PDS Committee

**Date:** 10<sup>th</sup> April 2012

**Decision Type:** Non-Urgent Non-Executive Non-Key

**Title:** **BED & BREAKFAST PRESSURES - UPDATE ON PROPOSED PROPERTY PURCHASE INITIATIVE**

**Contact Officer:** David Gibson (Assistant Director (Housing),  
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**Chief Officer:** David Gibson - R&R Dept on behalf of ACS Department

**Ward:** Borough wide

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**1. Reason for report**

- 1.1 This report provides a progress update on an initiative (previously reported to this committee September and November 2011) that contributes to reducing the increasing use of bed & breakfast accommodation and the resultant significant budget overspend.
- 1.2 It seeks approval to progress work with one of the Council's existing partners Orchard and Shipman, who will purchase existing properties within the Borough and, potentially one other out of Borough, to be let to Council nominees as an alternative to bed & breakfast.
- 1.3 This report outlines how this proposal will provide additional capacity to meet demand for temporary accommodation within existing resources.

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**2. RECOMMENDATION(S)**

2.1 The PDS committee is recommended to:

- a. note and comment on the contents of the report and the recommendations to the Portfolio Holder

2.2 The Portfolio Holder is recommended to:

- b. consider any comments from the PDS Committee and agree the proposal to work with Orchard & Shipman as outlined in the report.

## Corporate Policy

1. Policy Status: Existing policy.
    - b) BBB Priority: Supporting Independence.
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## Financial

1. Cost of proposal: Estimated cost - potential for small cost associated with voids but this can be managed within existing resources
  2. Ongoing costs: N/A. Managed within existing resources
  3. Budget head/performance centre: ACS Housing Needs - Homelessness
  4. Total current budget for this head: £2.689m - latest approved controllable budget
    - c) Source of funding: N/A
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## Staff

1. Number of staff (current and additional): This report relates to part of the work as a number of officers in the Housing Needs service but does not involve any additional staffing
    - d) If from existing staff resources, number of staff hours:
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## Legal

1. Legal Requirement: Statutory requirement.
    - e) Call-in: Call-in is not applicable.
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## Customer Impact

- f) Estimated number of users/beneficiaries (current and projected): 4000+ households per year approach Housing Advice & Options service of whom around 3,000 face imminent homelessness. During the last year there has been a 97% increase in the number of households approaching facing imminent homelessness..
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## Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments: N/A

### **3. COMMENTARY**

#### **Background**

- 3.1 A report was presented to the 27<sup>th</sup> September 2011 meeting of this Committee which provided information on a range of service pressures and drivers that have culminated in rising numbers of households in Bed & Breakfast (B&B) temporary accommodation and a resultant budget pressures. The report included actions being taken and proposed to seek to try and address the rising use of and expenditure on B&B.
- 3.2 A further report to the November meeting of this Committee provided an update on the service pressures, the financial implications for the B&B budget and an update on actions being taken. Recommendations in both reports, including supporting the work on the actions being taken and proposed, were agreed.
- 3.3 The September report stated that numbers had been rising by approximately 15 additional placements each month (total placements 169 households in B&B/NPA on 14<sup>th</sup> September). This was nearly 100 more than March 2011. The November report stated that as at the end of October the numbers had further risen to 213. By end February the number had risen to c240 with consequential additional budgetary pressures to those previously reported.
- 3.4 One of the initiatives covered in the November report covered working with our RSL partners around them purchasing suitable properties and the Council having nomination rights. One of the Council's partners Orchard & Shipman has now submitted a proposal which is outlined below.

#### **Proposal from Orchard & Shipman (O&S)**

- 3.5 O&S are finalising a deal with an investor who will purchase a portfolio of properties, which they will then lease to O&S, who will source tenants from the Council. O&S will manage and maintain the properties and the tenants will be liable for all rent income, arrears, voids, etc. These are the same set of responsibilities and services as in the existing normal lease arrangement that the Council has with O&S.
- 3.6 The investor will require O&S to enter into a 35 year agreement as part of the investment deal and therefore O&S will be looking to the Council to enter into a nomination agreement for a longer period of time than the usual leasing arrangements (an initial term of 3 – 5 years with the option to renew). O&S is negotiating a 20 – 25 year nomination agreement with the Council.
- 3.7 The length of this agreement will not present any risk to the Council; as the Council has used temporary accommodation on a regular basis for the last 20 years, with demand continuing to outstrip supply.
- 3.8 Initially O&S would be looking for a portfolio of properties in the Borough of around 50 properties.
- 3.9 Further conditions to be included in the agreement have been discussed with O&S to further reduce any financial risk to the Council. These cover situations such as in the unlikely event that the Council did not want to take its full nomination rights O&S can

let the property to the market or if the Council wishes it will be able to nominate a non homeless household with the agreement of O&S.

#### **4. POLICY IMPLICATIONS**

- 4.1 The Adult & Community Portfolio Plan contains statements of Council policies and objectives in relation to housing and associated matters along with progress that members expect to make during the financial year and beyond. These are compliant with the statutory framework, within which the service must operate and incorporates both national targets and priorities identified from the findings of review, audits and stakeholder consultation.

#### **5. FINANCIAL IMPLICATIONS**

- 5.1 This initiative will enable ACS to manage increased demand from existing resources, as using these properties offers a cheaper alternative to bed and breakfast.
- 5.2 This option could potentially provide up to 50 additional units for homeless households, helping to negate the potential cost pressures in a full year of £700k as reported in the January budget monitoring report found elsewhere on this agenda.

#### **6. LEGAL IMPLICATIONS**

- 6.1 The Council has a number of statutory obligations in relation to housing. In direct relation to the contents of this report, these include the provision of housing advice and assistance to prevent homelessness or divert from homelessness, assessment of homeless applications, to make temporary and permanent housing provision for those applicants to whom the Council has a statutory rehousing duty, and supporting such households to sustain accommodation. The proposals in this report are consistent with meeting these obligations.

<b>Non-Applicable Sections:</b> Personnel	
Background documents	Reports to September and November ACS PDS Committee on housing and bed & breakfast pressures. Available on Council website.