

Crawley Borough Council

Report to Overview and Scrutiny Commission 28th June 2021

Report to Cabinet 30th June 2021

Temporary Accommodation Modular Housing Solution

Report of the Head of Strategic Housing Services, **SHAP/81**

1. Purpose

- 1.1. The purpose of this report is to request Cabinet to approve the delegated authority for Officers to progress with the procurement of a modular housing solution for the provision of urgently needed temporary accommodation. To negotiate and complete all relevant legal documentation, and for the appropriate delegation required for the Leader to enter into the necessary contracts.
- 1.2. The reasoning behind this approach is to expedite the provision of quality accommodation through the use of off-site construction methods as the quickest and most versatile option in meeting the immediate demand for temporary accommodation. This will reduce the reliance on expensive nightly paid accommodation, including out of borough placements. This in turn reduces the pressure on the General Fund and the risk of breaching the legal requirement to ensure families do not remain in this type of accommodation for more than 6 weeks.
- 1.3. The selection of suitable sites will be undertaken by the Head of Strategic Housing Services, following discussion with any relevant Ward Councillors and in consultation with, and agreement in-principle, with the Leader of the Council and Cabinet Member for Housing.
- 1.4. Any contracts to be considered will be procurement compliant and any schemes to be progressed will remain subject to a successful planning application. Schemes will be from within an approved budget, and the delegated authority being requested will permit Officers to proceed with procuring a suitable provider, and determining the appropriate sites to progress through to Planning. Delegated authority for the Leader to award any contracts will enable approved schemes to be delivered through to completion in the most expeditious way.

2. Recommendations

- 2.1. To the Overview and Scrutiny Commission

That the Commission consider the report and decide what comments, if any, it wishes to submit to the Cabinet.

2.2. To the Cabinet

The Cabinet is recommended to:

- a) Delegate authority to the Head of Strategic Housing Services, following discussion with any relevant Ward Councillors and in consultation with, and agreement in-principle from the Leader of the Council and Cabinet Member for Housing to identify suitable sites.
(Generic Delegation 7 will be used to enact this recommendation)
- b) Delegate authority to the Head of Strategic Housing Services to progress with procurement to address the need for temporary accommodation.
(Generic Delegation 7 will be used to enact this recommendation).
- c) Delegate authority to the Leader of the Council in consultation with the Cabinet Member for Housing, Head of Strategic Housing Services, Head of Legal, Governance and HR to approve the award of the contract following an appropriate procurement process.
- d) Delegate the negotiation, approval and completion of all relevant legal documentation, following the awarding of the contracts to the Head of Strategic Housing Services, Head of Legal, Governance and HR, Head of Corporate Finance, in consultation with the Leader of the Council and the Cabinet Member for Housing.
(Generic Delegations 2 & 3 will be used to enact this recommendation)

3. Reasons for the Recommendations

- 3.1. The Council currently has 265 households in temporary accommodation, with 97 of these presently in nightly paid accommodation, including 26 out of borough placements. This represents the highest level of need and demand for temporary accommodation across the County. These levels will inevitably rise significantly with the lifting of the ban on evictions.
- 3.2. The average cost of nightly paid accommodation to the council per household per week is £211.50 equating to £21,154.00 per week for current numbers (rent arrears and ineligibility for benefits not included in this figure). There are also the additional costs and burdens on Housing Benefit to process and pay the associated claims.
- 3.3. Nightly paid temporary accommodation is the most expensive and least desirable form of accommodation, particularly where there are children in the household and as a result, such households can only be placed into this type of accommodation in an emergency, and then only for a maximum period of six weeks.
- 3.4. A raft of measures are being progressed both locally and at a county-wide level to reduce the pressure on nightly paid accommodation. This report is focused on one of these work strands, namely the modular housing solution with its rapid pace of delivery.
- 3.5. The Council has recently secured £600k capital funding from the Government towards the provision of 10 additional units as part of a temporary housing pathway to support the prevention of homelessness and rough sleeping. Linked to this capital grant is a further £240k in revenue funding that has been awarded over a 3-year period to provide wrap around support services. The grant conditions require these units to be delivered within the current financial year or this funding will be lost.

- 3.6. Due to the volumetric design concept of modular housing, it is necessary to first select the particular modular provider. The scheme is then designed in accordance with their volumetric design, and progressed through the planning process while gearing up the off-site construction. A short period of on-site works then follows to complete the development. The delegated authority being requested will enable Officers to progress this procurement, and for the Leader (in consultation with those mentioned in 2.2c) to award any contracts that will allow this initiative to derive the full benefits of fast-track housing delivery that modular housing offers.
- 3.7. The selection of any particular modular housing provider will be procurement compliant, and the site selection and planning application will follow the usual internal and external consultation, and will be fully policy compliant, including meeting national space standards. It will be delivered in accordance with an approved planning application, and to the high levels of efficiency and sustainability as is expected for Council housing.

4. Background

- 4.1. The Covid pandemic and the current economic climate has fuelled what is already a high demand on the homelessness service. In responding to this demand the Council has been forced to resort to some of the most expensive forms of temporary accommodation, such as B&B's and other nightly rated forms of accommodation.
- 4.2. The Council presently has access to 192 temporary accommodation units, with about one-third in the form of Council-owned hostel accommodation, and the other two-thirds being self-contained accommodation provided by Housing Association partners. To meet the current needs that exceeds this available stock, the Council spot-purchases nightly paid provision within and outside of Crawley.
- 4.3. The need to increase the supply of available temporary accommodation, in order to reduce the demand on nightly paid accommodation, is a key priority within the Council's Homelessness and Rough Sleepers Strategy. It is estimated that a small 10-unit scheme for temporary accommodation can save the Council in excess of £110k per annum in temporary accommodation costs.
- 4.4. The Council has been successful in bidding for £600k in capital funding, and £240k in revenue funding, towards the prevention of homelessness and rough sleeping, which needs to be implemented within the current financial year as a condition of this funding.
- 4.5. A range of other measures are also being implemented alongside this proposed fast-track modular housing approach, which include property acquisitions as well as homeless prevention, tenancy sustainment and move-on options with different levels of support.

5. Description of Issue to be Resolved

- 5.1. In order to respond to the immediate and pressing need for temporary accommodation, alongside the knowledge that a substantial spike is expected in future months, it is imperative that the Council pursues all available avenues to expand the existing temporary accommodation portfolio.
- 5.2. While traditional build remains an option, this route is typically drawn-out when compared with the off-site modular construction model that is proven to be significantly quicker to deliver and at a very competitive cost, and offers versatility of use such as using 'air-space' above car-parks or garages.

- 5.3. With the current burden of nightly paid accommodation, and the increases demand that is expected to follow, it is considered that off-site modular construction will result in the quickest solution that will remain in Council's control to provide the most cost-effective and sustainable solution, alongside all the other measures that are also being explored.
- 5.4. The delegated authority being requested will serve to expedite the process that will enable Officers to directly engage with modular providers and to progress into contract for the identified schemes to be delivered most effectively through to completion in response to the immediate need for temporary accommodation.

6. Information & Analysis Supporting Recommendation

- 6.1. The proposal to explore off-site modular construction is primarily due to the pace at which schemes can be delivered in order to address this immediate challenge for temporary accommodation, and in anticipation of the pending increase in this demand that is expected on temporary accommodation.
- 6.2. A significant benefit of modular housing is the off-site construction method, which ensures that quality is maintained in a controlled environment, and that the disruption of on-site works is reduced to a minimum. Modular housing is now being provided at almost 'Passivhaus' standards of sustainability, and offers an array of internal designs and a wide palette of external finishes, and meets all Building Regulations and National Space Standards as is necessary to be policy compliant.
- 6.3. Furthermore, modular housing can be placed on podiums above car-parks or garages, or used for upward extensions of existing buildings, thereby able to utilise 'air-space' that traditional build methods would find challenging. If required, it also has the potential to be moved and relocated if this requirement is incorporated into the design brief. Otherwise it can be permanently sited in the same way as traditionally built housing.
- 6.4. This report is not intended to be site specific, as site selection is still to be agreed with the Leader and relevant Members, which will then be further explored with the identified modular housing provider, to assess the best options. Proposed sites will be brought forward through normal planning processes and subject to the usual Ward Member and public consultation.
- 6.5. With respect to addressing this pressing need for temporary accommodation, the Local Government Association (LGA) has promoted modular housing as a solution for Local Authorities to follow.
- 6.6. The £600k in capital funding and £240k in revenue funding that has recently been awarded by the Government, is to be match-funded with £800k from the Council's homelessness prevention budget, to enable the delivery of 10-units for move-on accommodation, with the potential to expand this provision to approximately 20-units within the available budget, aimed at preventing homelessness and rough sleeping and to increase the supply of temporary accommodation.
- 6.7. The Housing Options Team saw a 39% increase in overall approaches from 1st January – 31st December 2020 when directly compared to the previous year which equated to 507 additional cases during that 12 month period. This translated through to the additional demand for temporary accommodation.

- 6.8. The increase in demand has remained at the same elevated level between 1st January 2021 through to 31st May 2021.
- 6.9. A large proportion of the demand from March 2020 was direct result of the “Everyone In Initiative” in response to the Covid pandemic, where rough sleepers and those at risk of rough sleeping were accommodated from March 2020 and the drive to ‘keep everyone in’. However, the same increased levels have remained steady and are likely to increase further this year.
- 6.10. The ban on the enforcement of most residential repossessions ended on 30th May 2021 (referred to as the “Eviction Ban”) and those in private rented and mortgage accommodation who saw a change to their financial circumstances and built up rent and mortgage arrears since lockdown measures started in March 2020 will now see their safety net disappear. It is this anticipated increase in demand that will start presenting to the Housing Options Service from June 2021 onwards, and will increase significantly from September 2021 as the Courts start working through the backlog of cases and notices are enforced.
- 6.11. Research from the National Residential Landlords Association 18th December 2020 suggested that 7% of private renters in England and Wales have built arrears since lockdown measures started in March 2020, which amounts to 840,000 renters across the sector as a whole. This situation will result in greater demands for temporary accommodation. The latest research by Shelter indicates 1.8 million private rented adults in England (22%) are worried they will lose or be asked to leave their home at short notice, equating to one in five private renters.
- 6.12. The above will meet the Council’s Homelessness & Rough Sleeping Strategy 2019-2024 priority 4.2 to *“keep the temporary accommodation portfolio under review to ensure it meets the Council’s statutory duties”*.
- 6.13. It will meet the Council’s Statutory Duties under the Housing Act 1996 (as amended) to secure suitable temporary accommodation for the homeless whilst investigations are made into their entitlement and subsequently, if certain conditions are met.
- 6.14. It will meet the duty under section 208 of the Housing Act 1996 (as amended) which states the Council *“must, so far as practicable, secure temporary accommodation within its district”*.
- 6.15. It will meet the duties of The Homelessness (Suitability of Accommodation) (England) Order 2012 and the accompanying Supplementary Guidance issued by the Secretary of State, which confirms that the location of the accommodation – including *“where the accommodation is out of the borough, its distance from the borough is relevant to the suitability of the accommodation secured”*. The 2012 Order also identifies a series of other matters related to location to which the authority must have regard in considering suitability of accommodation.
- 6.16. To fulfil the Council’s Temporary accommodation Placement Policy *“to provide, wherever reasonably practicable, suitable accommodation within Crawley, except in cases where there is a specific reason why the household should not be accommodated within our borough. However, our ability to meet this policy objective is subject to the supply of suitable temporary accommodation being available”*.

7. Implications

7.1. Financial implications:

- 7.1.1. The Budget and Council Tax 2021/22 [FIN/514](#) report to Cabinet on 3rd February 2021 and Full Council on 24th February 2021 included a recommendation to increase the budget for temporary accommodation acquisition to £1.1m funded from Homelessness monies.
- 7.1.2. Report Fin/526 2020/2201 Budget Monitoring Quarter 4 elsewhere on this Agenda has a recommendation to full Council to increase the budget for Temporary Accommodation Acquisitions to £2.4m, this will be funded in part by the £600,000 capital grant that has been secured.
- 7.1.3. The purchase of such modular housing can be funded from this allocation where the report states: 'The strategic housing officer group are working at identifying suitable accommodation, and are looking at multiple opportunities. Should suitable accommodation become available officers would want to quickly make a purchase. This would be done in consultation with appropriate Members.'
- 7.1.4. A further £600k capital funding and £240k revenue funding for an additional 10 units of temporary accommodation is available to the Council through Government grant to supplement this budget subject to these additional 10 units being delivered during the current financial year.
- 7.1.5. The properties will be general fund properties, they will be maintained by Crawley Homes and a charge will be made for that. Rental income will be covered by housing benefits, this will result in additional income into the general fund.

7.2. Legal Implications:

- 7.2.1. In accordance with the recommendations above, the delegation of the negotiation, approval and completion of all legal documentation, and the awarding of any contracts, will require legal oversight and approval, and will also ensure procurement compliance.
- 7.2.2. Over-reliance on nightly paid accommodation increases the risk of failing to comply with legal duties.

7.3. Staffing Implications:

- 7.3.1. An additional £240k revenue funding spread across three years is available to the Council to meet the additional management and support costs associated with the prevention of homelessness and rough sleeping, subject to the delivery of 10 additional units in the current financial year. Any additional costs will be addressed, as far as practically possible, through current grant allocations and further funding bids.

7.4. Procurement Implications:

- 7.4.1. Procurement will be managed in accordance with the Public Procurement Regulations (2015) and in accordance with the Council's Procurement Code.

7.5. Consultation Implications

- 7.5.1. Consultation with Ward Members will take place at an appropriate stage of the site identification process, once agreed by the Cabinet Member for Housing and the Leader of the Council.

8. Background Papers

Crawley Borough Council's Homelessness & Rough Sleeper Strategy 2019-2024

[Housing](#) Act 1996

[Homelessness Reduction Act 2017](#)

Council's Temporary accommodation Placement Policy

Homelessness (Suitability of Accommodation) (England) Order 2012

Crawley Borough Council's Temporary accommodation Placement Policy

[Homelessness Code of Guidance](#)

<https://www.nrla.org.uk/research/deep-insight/tenant-survey-nov2020>

LGA Council Innovation and Learning in Housing our Homelessness Households

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