

Report for: Cabinet – 17 October 2023

Title: Use of hotel accommodation to meet homelessness need

Report

authorised by: Beverley Tarka, Director of Adults, Health and Communities

Lead Officer: Denise Gandy, Assistant Director of Housing Demand/Linmora Blair, Head of Temporary Accommodation

Ward(s) affected: All

Report for Key/ Non-Key Decision: Key decision

1.0 Describe the issue under consideration.

- 1.1 It is a statutory requirement that we provide interim accommodation to households who the Council has reason to believe are homeless, eligible for assistance, and in priority need while we look to relieve their homelessness and complete our investigations. If following investigation, we accept that we owe a household a main housing duty we then have responsibility to provide suitable temporary accommodation until we discharge that duty through an offer of social housing or a suitable tenancy in the private rented sector.
- 1.2 Haringey uses a range of types of accommodation to meet these responsibilities, including use of our own hostel stock, properties that have been vacated to facilitate regeneration, properties leased from private landlords and emergency accommodation sourced from suppliers. However, an increasingly challenging market has meant that we have not been able to secure access to enough accommodation, and for the first time for over a decade we are using hotel accommodation to accommodate households facing homelessness.
- 1.3 We recognise that the use of hotel accommodation to meet our statutory duties is something that we need to address as a priority – the impact on the households placed is significant and the position presents significant financial and reputational risks to the Council. We are, therefore, committed to move away from a reliance on hotels as soon as possible and our plans to do this are contained in our B&B Elimination Plan (appendix 1).
- 1.4 As of 25 September 2023, there were 103 households living in hotels (34 singles and 69 family households). The situation has meant that the Council has needed to enter into arrangements with hotels to meet this pressure and this report seeks to highlight the additional spend incurred in order to meet our statutory requirements and to provide information on the arrangements we have entered into. The unprecedented increase in hotel usage was not accounted for in the 2023/24 budget.
- 1.5 The total expected expenditure of the hotels up to 31 January 2024, which includes the last financial year (2022-23) is £3.38M. The 2022-23 net cost was absorbed in the 2022-23 accounts.
- 1.6 As of September 2023 we projecting to spend £2.7m with an income generation of £0.7m creating a net pressure of £1.979m.
- 1.7 Hotel accommodation falls under the Public Contract Regulations 2015, unlike leasing properties for temporary accommodation which is exempt due to being a

property/lease transaction. To address the ongoing need for temporary accommodation, the Council needs to put in place corporate contracts for hotel accommodation. Strategic Procurement are currently working with colleagues in housing demand to establish a framework for hoteliers to enable a compliant process that enables officers to call off hotel accommodation from the framework.

2.0 Cabinet Member Introduction

- 2.1 The latest homelessness information from London Councils is stark. Boroughs are reporting an increase in new temporary accommodation placements (up by 22%), a resulting increase in the number of households living in temporary accommodation and a shocking 375% increase in the number of households living in B&B accommodation (1,674 families across London).
- 2.2 There is a homelessness crisis in London which boroughs, including Haringey, are working hard to mitigate the impacts of - but more fundamental change is needed. Despite being one of the best performing councils for homelessness prevention, the Council continues to experience a high level of homelessness demand. We are seeing an increase in demand in three main areas: evictions from the private rented sector, approaches from refugee households and approaches from people fleeing domestic abuse. Furthermore, the number of landlords quitting London's temporary accommodation sector has risen by 140%, making hotel accommodation the only remaining option.
- 2.3 The reduction in availability of affordable private sector lets has affected our ability to move families who are facing homelessness to alternative settled accommodation rather than into temporary accommodation. Boroughs are attempting to find accommodation in a market that is broken and can no longer meet the housing needs of those who need accommodation most.
- 2.4 Although the additional award of Homelessness Prevention Grant has allowed us to reduce the impact of the costs of B&B on the budget, this ad-hoc one-off payment does not reflect the scale of the challenge faced or provide any financial stability going forward. Local authorities need the funding and the power to provide the good quality, affordable, and stable housing Londoner's need.

3.0 Recommendations

Cabinet is asked to:

- 3.1 Note the current pressures and reliance on the use of hotel accommodation to meet our statutory homelessness responsibilities, including the block-booked arrangements that we have entered into.
- 3.2 Approve the Recommendation contained in the Exempt part of this report
- 3.3 Authorise the use of the additional £2M of the recently awarded additional £2.1M Homelessness Prevention Grant to cover the increased budget pressures resulting from hotel use and supply pressures.
- 3.4 Approve the establishment of a Hotelier Framework, and delegate authority to the Head of Procurement to appoint hoteliers onto the framework in accordance with the Public Contract Regulations 2015.
- 3.5 Delegate authority to the Director of Adults, Health and Communities following consultation with the Lead Member for Housing Services, Private Renters and

Planning, to award block contracts for hotel accommodation commissioned from the Hotelier Framework (referenced in 3.4 above), valued from £500,000 up to a maximum of £2m.

- 3.6 Note the development of the B&B Elimination Plan, which has been submitted to DLUHC, which contains a range of actions aimed at reducing and then eliminating our use of hotel accommodation by the end of the year.

4.0 Reasons for decisions

- 4.1 It is a legal requirement to provide interim accommodation to households who approach us for homelessness assistance if we have reason to believe they are homeless, eligible for assistance and in priority need, and to provide temporary accommodation to households once we have accepted a housing duty until we can end that duty with an offer of settled accommodation.
- 4.2 Establishing a Hotelier Framework enables the Council to have a compliant flexible procurement process to draw down hotel accommodation when required with fixed rates.
- 4.3 Delegating the award of suppliers on the framework to the Head of Procurement enables the Council to establish the framework and commence using it at the earliest opportunity.
- 4.4 Establishing the Hotelier Framework does not in itself financially commit the Council to awarding contracts. The award of contracts for each individual placement will be in accordance with the Council's Contract Standing Orders.
- 4.5 Delegating authority to the Director of Adults, Health and Communities following consultation with the Lead Member for Housing Services, Private Renters and Planning, to award contracts valued from £500,000 up to a maximum of £2m, allows the service to respond quickly in emergency/unforeseen situations, whereby the Council may need to secure large block booking arrangements. Hoteliers generally require upfront payments for bookings and therefore the Council needs to be able to respond swiftly to ensure the relevant accommodation can be secured in a timely manner.
- 4.6 The report seeks to highlight the use of hotel accommodation to meet this requirement, and the implications of this.

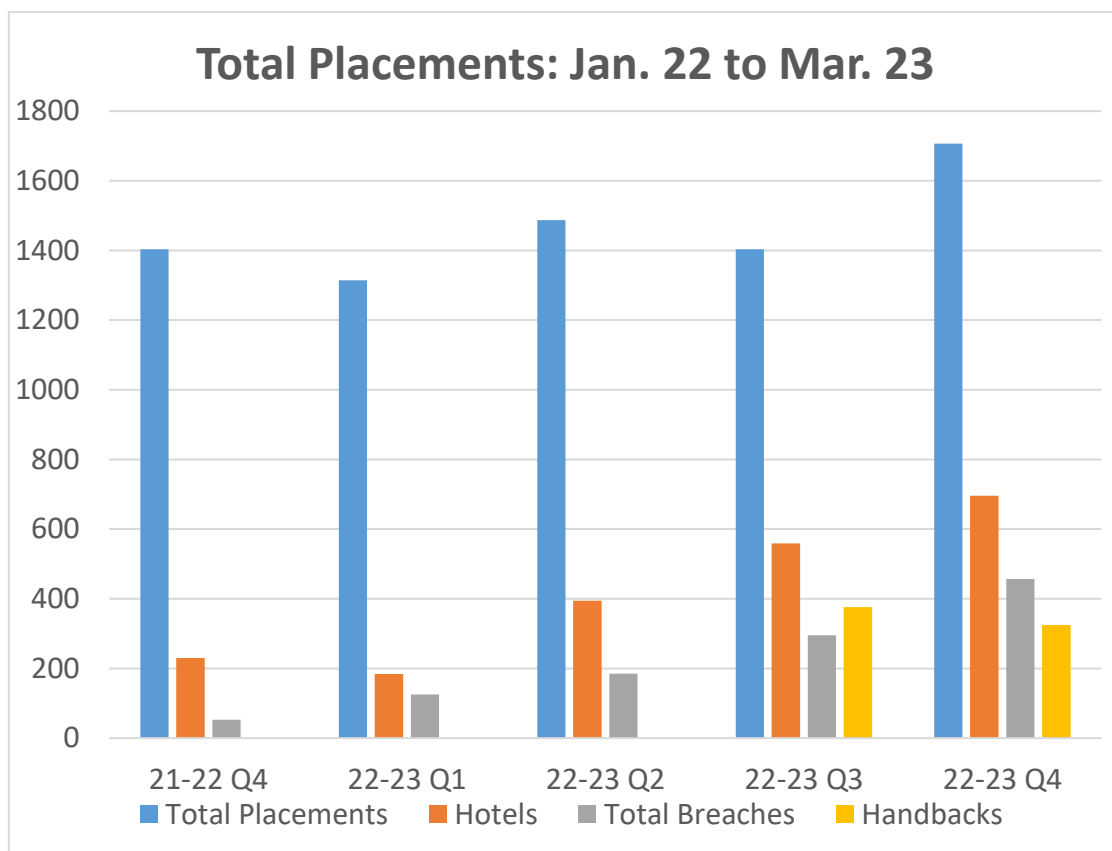
5.0 Alternative options considered.

- 5.1 The option of doing nothing is not feasible as it is unlawful to leave families who are owed a duty without accommodation.
- 5.2 A series of mitigating actions are planned to reduce the use of hotel accommodation throughout the year but at this stage we have a continued need to use hotel accommodation to meet our statutory responsibilities.
- 5.3 The impact on the general fund can be mitigated through the use of additional Homelessness Prevention Grant (£2.19M), which was recently awarded by DLUHC. However, the situation will need to be closely monitored as failure to deliver the actions in the B&B Elimination Plan will mean that the cost of the use of hotels will continue to rise and place additional financial pressure on the Council.

6.0 Background Information

- 6.1 The Council continues to experience a high level of homelessness demand. Although we continue to deliver top quartile performance on homelessness prevention, we are seeing an increase in demand in three main areas – evictions from the private rented sector, approaches from refugee households and approaches from people fleeing domestic abuse. There has also been a reduction in the availability of affordable private sector lets, which has affected our ability to move families who are facing homelessness to alternative settled accommodation rather than into temporary accommodation.
- 6.2 The supply of temporary accommodation across London has also been falling as owners look to exit the sector or are able to get higher rents from private tenants than they can from offering their properties for use as temporary accommodation.
- 6.3 Many London Boroughs are using commercial hotels, such as Travelodge, to meet their immediate homelessness need. Along with many other boroughs, Haringey has needed to enter into arrangements with hotels to meet this pressure and this report seeks to provide information on the additional spend incurred in order to meet our statutory requirements and to provide information on the arrangements we have entered into to meet its statutory obligations to homeless households.
- 6.4 Figures from the North London Housing Partnership boroughs (Westminster, Enfield, Haringey, Islington, Barnet, and Camden) show that between January 2022 and March 2023, there were a total of 7,501 placements into temporary accommodation, of which 1,115 were breaches (boroughs paying more than the agreed Inter Borough Agreement rates). 2,064 households were placed in hotels (28% of all placements). Between October 2022 and February 2023, 701 hand backs were reported. A similar pattern is also being reported across London with most boroughs reporting increases in demand, increasing reliance on hotels and the loss of properties.

Table 1 shows the number total number of placements across the North London partnership between January 2022-March 2023.



- 6.5 This is a London wide problem. Hotels are now the most common type of accommodation offered to boroughs, with average nightly rates of £133 increasing to £279 in central London.
- 6.6 In May 2023, a delegated decision report was authorised by the Assistant Director of Housing Demand to award multiple contracts to multiple hotel providers including the Travelodge, Premier Inn, Ibis, Holiday Inn and other similar providers up to a total aggregate value across all contracts of £499K from the 1st of April 2023 in accordance with contract standing orders 9.01 and 9.07. 1C. However, the need for hotel provision is on-going and we have needed to enter into additional arrangements as stated in Part B of this report.
- 6.7 Haringey Council has so far managed to meet its statutory duty to provide temporary accommodation but at increasing cost and with an increased reliance on the use of hotel accommodation. In recent months, we have transitioned away from the use of high-cost commercial hotels and towards a block-booked approach with suppliers who specialise in the provision of hotels to meet homelessness need.
- 6.8 A benefit of moving away from the Commercial hotel is that families can have more stability by avoiding the need to relocate to a different hotel across London every week. Our approach involves reserving blocked booked rooms in hotels that are as close to the borough as possible, at a fixed rate that has been agreed upon for the duration of the term. This helps to reduce costs and competition from other councils. It's important to note that all of the rooms are exclusively reserved for Haringey residents and cannot be used by residents from other Councils.
- 6.9 We consider the use of block booked arrangements to be a short-term measure to meet our basic statutory duty to provide temporary accommodation. However, hotel accommodation is not a good option for households facing homelessness.

6.10 We are committed to move away from the use of hotels as soon as possible. As we now have over 6 households who have been living in a hotel for longer than 6 weeks we are required to submit a B&B Elimination Plan to DLUHC as a condition of our Homelessness Prevention Grant funding. We have taken this opportunity to review our approach, using the DLUHC B&B Elimination template as a self-assessment tool, and have now submitted an updated Plan to DLUHC. We have also meet with our DLUHC Specialist Adviser who found the Plan to be comprehensive and ambitious.

6.11 The B&B Elimination Plan contains a range of actions against the following set of headings:

- Prevention of Temporary Accommodation need against main causes of Family Homelessness
- Reducing/End family B&B initial placements. Managing move on from Emergency placements.
- Increasing supply of suitable accommodation

Although not required by DLUHC we have also added actions that also address:

- Increasing supply of suitable accommodation for single adults.

The plan is attached as appendix 1.

7.0 Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes

Homes for the future

- There will be a decrease in the number of families who need to live in temporary accommodation.
- Further development of supply options to support the avoidance of temporary accommodation where possible but ensuring the quality of TA supply when needed.
- There will be a co-ordinated and compassionate response single adults who are facing homelessness.
- There will be a decrease in rough sleeping in the borough.
- We will ensure that our council housing is allocated fairly to those in housing need and that we make best use of our stock.

8.0 Carbon and Climate Change

8.1 Not applicable

9.0 Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

Finance

9.1 The housing demand budget is currently forecasting an overspend. The use of hotels for temporary accommodation will lead to further overspend without additional funding or mitigation.

9.2 It is estimated that the use of hotels for temporary accommodation will create additional net cost pressure of £1.98m.

- 9.3 The Council was recently awarded a homelessness prevention grant (HPG) top up of £2.19m.
- 9.4 It is proposed that £2m of this top up grant is utilised to cover the retrospective and potential net cost arising from use of hotels in 2023/24.
- 9.5 If the recommendation is approved, the housing demand Year end forecast overspend will likely remain at the level reported in the Quarter 1 budget report.
- 9.6 The spend will be closely monitored as there is a risk of cost escalation leading to additional cost pressure on the budget.

10.0 Strategic Procurement

- 10.1 Strategic Procurement has been consulting with colleagues in housing demand to establish a Hotelier Framework to provide a compliant and flexible process for commissioning hotel rooms in accordance with CSO 9.01.1 and the PCR's.
- 10.2 Please see Part B of this report for further information
- 10.3 Please see Part B of this report for further information

11.0 Legal

- 11.1 The Head of Legal and Governance has been consulted in the drafting of this report and comments as follows.
- 11.2 By s188(1) of the Housing Act 1996 the Council has a statutory duty to secure accommodation for those persons who approach the Council and whom the Council has reason to believe may be eligible, homeless and in priority need and whom it is not satisfied are intentionally homeless, pending a decision on those matters.
- 11.3 By s192(3) of the same Act the Council has a statutory duty to secure accommodation for those whom it has found to be eligible, homeless (not intentionally) and in priority need.
- 11.4 The Homelessness (Suitability of Accommodation) (England) Order 2003 restricts the use of hotel accommodation, particularly for those with family commitments, to use as a last resort and for limited periods. The Code of Guidance advises that "the Secretary of State considers that where housing authorities are unable to avoid using B&B accommodation to accommodate applicants, they should ensure that such accommodation is of a good standard and is used for the shortest period possible."
- 11.5 The Council has a general power of competence under Section 1(1) of the Localism Act 2011 to do anything that individuals may do, provided it is not prohibited by legislation. The Council may exercise the general power of competence for its own purpose, for a commercial purpose and/or for the benefit of others. Further, the Council has power under S.111 Local Government Act 1972 to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The recommendations within this report are in accordance with these powers.
- 11.6 The suggested procurement of a framework agreement for using hotel accommodation for provision of temporary accommodation does not constitute

leasing of properties and therefore falls within the scope of the Public Contracts Regulations 2015 (PCRs). The procurement constitutes a public services contract for the purposes of the PCRs and as the estimated value exceeds the financial threshold for these services, the procurement must be run in accordance with the rules stipulated under the PCRs. Further, the suggested procurement is in line with the CSO 9.01.1, according to which contracts for value above £160,000 must be advertised as a tender. The Council must ensure best value is achieved through the suggested procurement.

11.7 Any resultant framework agreement shall be sealed in accordance with CSO 9.08.11.

11.8 There are no legal reasons why Cabinet should not approve the recommendations in this report.

12.0 Equality

12.1 The council has a Public Sector Equality Duty (PSED) under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advance equality of opportunity between people who share protected characteristics and people who do not.
- Foster good relations between people who share those characteristics and people who do not. The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

12.2 The report in question is regarding the council's provision of temporary accommodation, namely the use of hotels, the financial risk to the council as a recently awarded homeless prevention grant is nearly used up and the B&B elimination plan, which contains a range of actions aimed at reducing and then eliminating our use of hotel accommodation by the end of the year.

12.3 Data held by the council suggests that women, young people, BAME people, those who identify as LGBTQ+, disabled individuals and those from a low socioeconomic background are known to be particularly vulnerable to homelessness. As such, any action to ensure a good supply and improve the quality of temporary accommodations should positively impact those who share these protected characteristics. In the same vein, any outcomes that limit the supply of temporary accommodation would have a negative impact on those who share these protected characteristics.

13.0 Use of Appendices

13.1 The B&B Elimination Plan

14.0 Background Papers

14.1 None