



**Hinckley & Bosworth
Borough Council**

Forward timetable of consultation and decision making

Council 8 July 2025

Wards affected: All Wards

**Business case to purchase 20 units of accommodation for temporary
accommodation requirements**

Report of [Director (Community Services)]

1. Purpose of report

1.2 To outline a business case and rationale to purchase 20 units of accommodation, 10 in the immediate term, and a further 10 after review and process implementation, to be used as temporary accommodation to help to reduce expenditure on nightly paid accommodation to meet homelessness demand.

2. Recommendation

2.1 Council approve the recommendation and delegate authority to the Director of Community Services and Head of Finance to proceed with the purchase of up to 20 properties, 10 initially, following the implementation of a working group.

2.1 Council approve the purchase of an up to an additional 20 properties, following a period of review, and delegate authority to the Director of Community Services and Head of Finances to proceed with this second stage.

3. Background to the report

3.1 The report presents a business case and supporting rationale for the purchase of 20 properties for temporary accommodation, to be held by the General Fund.

3.2 The Council has a legal obligation to provide temporary accommodation. The Housing Act 1996, Part VII (as amended by the Homelessness Reduction Act

2017) imposes a statutory duty on local authorities to provide accommodation for those who are homeless or at risk of homelessness. In meeting this duty, local authorities often rely on temporary accommodation, which is typically funded outside the HRA through the General Fund. Section 188 outlines the duty to provide interim accommodation, and local authorities may acquire or lease properties for this purpose.

- 3.3 This business case proposes that Hinckley and Bosworth Borough Council purchase 20 properties to provide temporary accommodation for homelessness customers. The scheme will help to reduce reliance on costly paid nightly arrangements, fulfil statutory housing obligations, and generate potential savings in the longer term.
- 3.4 The Home Office Code of Guidance details that Housing Authorities should not utilise Bed and Breakfast placements for families needing temporary accommodation for over 6 weeks. This scheme will ensure compliance with both statutory obligations and best practice by providing good quality local accommodation for homelessness customers. Whilst the Council does rely on self-contained accommodation for families also, this accommodation type is often scarce and often of poor quality. The Council is also unable to control rent levels and often pays a premium for temporary accommodation outside of its own supply. The Council also uses its own hostels to provide accommodation for families; these remain at capacity. The Council currently has none of its own accommodation for singles households either.

3.5 Current position

Since the pandemic homelessness demand has continued and present a sustained financial burden to the Council.

Table A outlines the demand in homelessness and temporary accommodation over the last 5 years.

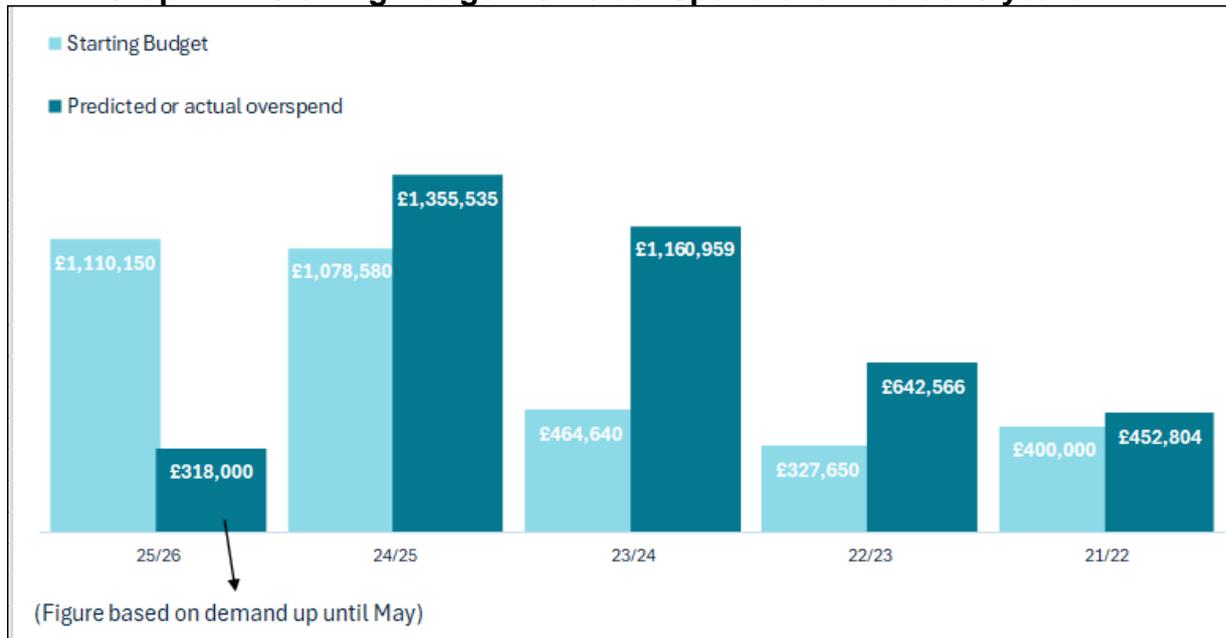
Table A- Number of households in temporary accommodation by category over the last 5 years.

Year	Number of families in B&B/TA	Number of singles in B&B	Total cases in B&B	Numbers in hostel
2020/2021	24 (12.12%)	174 (87.88%)	198 (Covid)	49
2021/2022	26 (13.20%)	171 (86.80%)	197 (Covid)	64
2022/2023	64 (30.77%)	144 (69.23%)	208	54
2023/2024	88 (43.14%)	116 (56.86%)	204	56
2024/2025	82 (33.34%)	164 (66.66%)	246	80
2025/2025-up to May	27 (33.75%)	53 (66.25%)	80	28

3.6 Budget position

- 3.7 As stated, reliance on temporary accommodation continues to create a financial pressure to the general fund. Table B shows the budget and actual spend on temporary accommodation over the last 5 years.
- 3.8 The starting budget for temporary accommodation in 2025/26 is £1,150,000. As of the end of May, expenditure on TA was £223,356.90. Should demand continue at the same rate an overspend of circa £300,000 is anticipated in this financial year.

Graph B – Starting Budget vs Actual Spend over the last 5 years



3.9 Legal basis for acquisition

- 3.10 The legal basis for purchasing or leasing accommodation for temporary housing outside the HRA lies primarily in the Local Government Act 1972 (general acquisition powers), the Housing Act 1985 (which defines the scope of the HRA), and the Housing Act 1996 (which outlines homelessness duties). The Localism Act 2011 further grants local authorities' broad powers to meet their duties, allowing them flexibility in how they address housing needs, including using the General Fund.

3.11 Business case for the purchase of 20 properties for temporary accommodation

- 3.12 The proposal is for up to 20 two-bedroom units of accommodation to be purchased by the General Fund to be used to meet the council's duty to provide temporary accommodation in accordance with the Housing Act 1996, Part VII (as amended by the Homelessness Reduction Act 2017). A dedicated housing officer will manage the accommodation, and the financial

assumptions include this ongoing resource. Therefore all costs and income will go to the general fund, with the homes owned by the general fund.

3.13 Members have already agreed in principle a £15m capital budget as part of the council's Acquisition and Development Strategy programme, which specifically allows for delivering new housing opportunities and stays within the restrictions on guidance for the use of Government provided Debt, often referred to as PWLB loans.

3.14 The overall saving to the general fund is £106,516 for 10 units (20 units £213,032). Further details are contained in the financial implications section below. This ties in with the need to generate savings from new income sources as agreed in the MTFS approved in February 2025.

3.15 Next steps and Recommendations

3.16 Council support progression of the next steps. It is recommended that, following member approval, a working group be convened to progress the following elements of the project.

Table C- Next steps should the business case be supported

Action	Resource
Development of project working group	Head of Housing
Identify and secure funding	Head of Finance/Strategic Housing Enabler
Identify suitable properties for purchase	Strategic Housing Enabler
Development of resource to oversee scheme	Head of Housing

4. Exemptions in accordance with the Access to Information procedure rules

4.1 To be taken in open session.

5. Financial implications [AW]

5.1 The proposal is for up to 20 two-bedroom units of accommodation to be purchased by the General

5.2 Members have already agreed in principle a £15m capital budget as part of the council's Acquisition and Development Strategy programme, which specifically allows for delivering new housing opportunities to be considered.

5.2 The overall saving to the general fund is £106,516 for 10 units (20 units £213,032) and based on the costs and income included in the table below. This assumes the properties will be fully utilised for temporary accommodation costs, for 52 weeks of the year. If in future years the demand falls for temporary accommodations, the level of return will fall. If they were

not needed for temporary accommodation the project is loss making at this level of rent, which is 9-0% of the LHA rate of £149.59 as most will be on benefit, and DWP only pay 90% of this rate.

- 5.3 The savings of £2,800 per month on temporary accommodation is based on an average saving provided by housing services. It would have to fall to £1,915 per month for the position to move into a loss making position.

Table C- Financial assumptions for proposal

Description	Cost per unit	Total 10 units	Total 20 units
Cost of Units	£250,000	£2,500,000	£5,000,000
Capital Works (Avoidable if purchasing new build)	£10,000	£100,000	£200,000
Legal Fees	£7,500	£75,000	£150,000
Total Capital Costs		£2,675,000	£5,350,000
Income			
LHA Rent (Weekly)	£134.63	£70,008	£140,016
Saving on TA costs (Average)	£2,800	£336,000	£672,000
Total income & savings		£406,008	£812,016
MRP - Minimum Revenue Provision (45 year life)		-£59,444	-£118,889
Interest	6.17%	-£165,048	-£330,095
Other annual running costs	£3,000	-£30,000	-£60,000
Staff Costs	£4,500	-£45,000	-£90,000
Total running costs		-£299,492	-£598,984
Net benefit/Cost		£106,516	£213,032

- 5.4 The interest rate of 6.17% used is based on 45 year PWLB rates currently (27/5/2025) in place. These rates are high based on historical comparisons.
- 5.5 The estimated payback term is 25.1 years, but it makes a positive contribution to the general fund in year (First 12 months in place, which may be split over two financial years), with a return on investment of 4%.
- 5.6 Future proofing- unfortunately, the housing crisis is such that long term temporary accommodation requirements are likely for homeless customers. By owning 20 assets, the council can look to use the accommodation more flexibly should demand reduce, for example the accommodation could be let at market rent. The council could also look to dispose of these assets in the future and obtain a capital receipt.

6. Legal implications [SK]

- 6.1 Set out in the report

7. Corporate Plan implications

- 7.1 The objectives of the report align to the following corporate plan objectives
People- Helping people to stay safe, healthy, active and in employment.

8. Consultation

- 8.1 None

9. Risk implications

- 9.1 It is the council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 9.2 It is not possible to eliminate or manage all risks all the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.
- 9.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) risks

Risk description	Mitigating actions	Owner
Service demands exceed allocated budget	Exploration of schemes to meet demand	Head of Housing
Failure to meet Homelessness duties	Robust management of homelessness cases	Housing Options Manager

10. Knowing your community – equality and rural implications

- 10.1 The objectives of the report are to support some of the most vulnerable members of the borough.

11. Climate implications

- 11.1 The Housing Services strives to deliver its services to compliment climate change objectives.

12. Corporate implications

- 12.1 By submitting this report, the report author has taken the following into account:
- Community safety implications
 - Environmental implications
 - ICT implications

- Asset management implications
 - Procurement implications
 - Human resources implications
 - Planning implications
 - Data protection implications
 - Voluntary sector
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Background papers: None

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