

<b>This report is public</b>	
<b>Extending Temporary Accommodation Lease Arrangements</b>	
<b>Committee</b>	Executive
<b>Date of Committee</b>	4 March 2024
<b>Portfolio Holder presenting the report</b>	Portfolio Holder for Housing - Councillor Nicholas Mawer
<b>Date Portfolio Holder agreed report</b>	8 February 2024
<b>Report of</b>	Assistant Director Wellbeing and Housing, Nicola Riley

## Purpose of report

To activate the extension within the existing lease with Punch Taverns (Jubilee) Limited for 1 year

## 1. Recommendations

The Executive resolves:

- 1.1 To approve the exercise of an option within the existing lease allowing the Council to take a further lease of the premises for one year.

## 2. Executive Summary

- 2.1 The Council currently leases a 10-unit block of rooms at the Musketeer pub, Ruscote Avenue, Banbury. The lease expires in September 2024. There is a clause within the lease to extend the arrangement by one year, A decision is required to exercise that option.

## Implications & Impact Assessments

<b>Implications</b>	<b>Commentary</b>
<b>Finance</b>	There are no new financial implications outlined in the report as the existing arrangement is captured in the base revenue budget Kelly Wheeler, Finance Business Partner
<b>Legal</b>	The exercise of the option will enable the Council to renew the existing legal arrangements for its use of these premises. As a land contract the arrangement is considered to be outside of the scope of the Public Contracts Regulations 2015. Adrian Thompson, Principal Solicitor - Property

<b>Risk Management</b>	As per paragraph 5, there will be a risk linked to the rejection of this proposal, agreement on the recommended action will mitigate the risk of increase costs for Temporary Accommodation. Any further arising risks will be managed through the service operational risk and escalated to the Leadership Risk register as and when necessary. Celia Prado-Teeling, Performance & Insight Team Leader			
<b>Impact Assessments</b>	Positive	Neutral	Negative	Commentary
<b>Equality Impact</b>				Not applicable
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		
<b>Climate &amp; Environmental Impact</b>				Not applicable
<b>ICT &amp; Digital Impact</b>				Not applicable
<b>Data Impact</b>				Not applicable
<b>Procurement &amp; subsidy</b>				Not applicable
<b>Council Priorities</b>	Housing that meets your needs			
<b>Human Resources</b>	Not applicable			
<b>Property</b>	Not applicable			
<b>Consultation &amp; Engagement</b>	None			

## Supporting Information

### 3. Background

- 3.1 The accommodation that is leased at the Musketeer is a 10 unit block of studio flats, immediately adjacent to the pub of the same name. The managers of the pub also manage the rooms. The establishment is owned by Punch Partnership (PTL) Limited and let to Punch Taverns (Jubilee) Limited, which in turn lets the accommodation to the Council.
- 3.2 The Council has sole use of the accommodation on a year around basis. The Musketeer is used to assist the Council in meeting its temporary accommodation duties for homeless households.
- 3.3 The Council has a varied temporary accommodation portfolio. It has a number of self-contained units provided by Sanctuary housing that it uses for temporary accommodation, as well as some of its own units. The demand for temporary accommodation and housing options services in general mean that these units are not enough to meet the demands on the service. Therefore, commercial hotels are also used on an ad hoc basis.
- 3.4 Homelessness pressures and the need to accommodate singles and families in "Priority Need" mean that when the self-contained units of accommodation that the Council has access to are oversubscribed, which is routine, commercial hotels are used. Hotels are also used to house people in times of severe weather or when a homeless emergency occurs out of hours.

### 4. Details

- 4.1 The routine use of hotel accommodation leads to the Council seeking the greatest value for money to achieve this. The cost to Council budget for the Musketeer lease is £124,100 per annum, which is around £34 per night per room. If we were to purchase commercial rooms at a chain hotel on the spot, it would cost significantly more, and we cannot guarantee location or availability, particularly at weekends. Housing Benefit claims do offset costs of hotel accommodation, but not fully. Please see Table 1 below to show benefits and costs of potential options

Option	Cost	Benefits/disbenefits
Extend the Musketeer	£124,100 per annum	Known location, within main population centre of Banbury
Use commercial hotels	£255,500 estimated	Not able to guarantee location and some hotels are away from town centre

Block book a commercial hotel (based on one example of a 30 room minimum booking)	£662,475	Costs exceed budget and income received from grants
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- 4.2 The Musketeer therefore offers greater value for money than using other commercial hotels, such as the chain hotels within Banbury and Bicester. The Musketeer is also within District and close to the town centre and amenities, so it has additional benefits.
- 4.3 The Council is currently reviewing its temporary accommodation offer, particularly with a view to increasing demand pressures placed on the services due to resettlement schemes and market conditions. There is therefore increased usage and thus higher costs of providing temporary accommodation. This review forms two main strategies, attempting to secure more temporary accommodation from partners or exploring new partnership opportunities and reviewing the usage of our own small stock holding and how it is used. The use of commercial hotels is routine and is unlikely to completely cease as outlined earlier in the report, however, if the Council were able to create further opportunities within its own stock or other stock it could access, and remove the need for the Musketeer, the Council could make revenue savings.
- 4.4 Within Council stock holding, the availability of Town Centre House for temporary accommodation is within this consideration. However, Town Centre House will not be available in the timescales outlined in the report and before the Musketeer lease expires.
- 4.5 The Council's existing three-year lease of the accommodation at the Musketeer is due to expire on 30 September 2024, but includes an option for the Council to extend the lease for a further 12 months, from and including 1 October 2024, on the same terms. Save for the length of the lease and the exclusion of a further option to renew, the Council will be entitled to take the new lease on the same terms as the existing lease, including the current rent of £124,100 per annum and the right for either the landlord or the Council to terminate the arrangement on giving six months' notice to the other. In order to exercise this right of the new lease, the Council will need to have served notice on its landlord before the 1st April 2024, stating its intention to take on the new lease.
- 4.6 As the current rent of £124,100 for the new lease is above the officer delegations within the Council's constitution, the Executive will need to give authority before the Council commits itself to taking the new lease.

## **5. Alternative Options and Reasons for Rejection**

- 5.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Not agree to exercise the option in the existing lease to take a new lease of the accommodation at the Musketeer for one year and to vacate these premises at the end of the existing lease. This is a consideration but is rejected because it would lead to a short term rise in costs due to placements of households in more

expensive commercial hotels

Option 2: Enter negotiations for a new lease for a term longer than one year. This is a consideration but is rejected at the current time due to the review of our own stock and other potential opportunities outlined in the report. Following the review, it may be a result that a new lease is required as the best way to assist in the discharge of the Council's temporary accommodation function.

## 6 Conclusion and Reasons for Recommendations

- 6.1 Exercising the option within the existing Musketeer lease and entering a new lease for use of these premises would avoid a short term rise in costs attributed to temporary accommodation linked to the use of other commercial hotels. This would also allow for other opportunities to be explored for temporary accommodation in the medium and long term.

### Decision Information

<b>Key Decision</b>	Yes
<b>Subject to Call in</b>	Yes
<b>If not, why not subject to call in</b>	Not applicable
<b>Ward(s) Affected</b>	Banbury Ruscote

### Document Information

<b>Appendices</b>	
<b>Appendix 1</b>	None
<b>Background Papers</b>	None
<b>Reference Papers</b>	None
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