Brighton & Hove City Council

Cabinet

Agenda Item 169

Subject: **Temporary Accommodation Transformation for Financial Sustainability**

Date of meeting: **Thursday, 23 April 2026**

Report of: **Cabinet Member for Housing**

Lead Officer: **Name: Corporate Director for Homes & Adult Social Care**

Contact Officer: **Name: Harry Williams**

Email: **harry.williams@brighton-hove.gov.uk**

Ward(s) affected: (All Wards);

Key Decision: Yes

Reason(s) Key: Is significant in terms of its effects on communities living or working in an area comprising two or more electoral divisions (wards).

For general release

1. Purpose of the report and policy context

1.1 This report sets out the scale and nature of homelessness in Brighton & Hove, the council's current use of temporary accommodation, and the associated social and unsustainable financial impact.

1.2 It explains how the council will transform its temporary accommodation portfolio in response, shifting away from costly and unplanned nightly paid provision towards a more sustainable mix of better quality council-owned, leased, block-booked and supported accommodation over the Medium Term Financial Plan.

1.3 It includes a series of interconnected recommendations which taken together will achieve this change, in line with the Council Plan outcome of a fair and inclusive city and the council's recent Homelessness & Rough Sleeping Strategy.

2. Recommendations

That Cabinet;

2.1 Agrees to continue the use of using Housing Revenue Account voids as Temporary Accommodation from 19 January 2026 up to 1 May 2027, subject to the exemptions described at paragraph 4.4 and 4.5, with a maximum of 180 properties in scope over that time period.

2.2 Agrees the amended policy on the use of Housing Revenue Account voids as Temporary Accommodation as set out at Appendix 1 of the report.

2.3 Notes the Equality Impact Assessment in relation to the use of voids as detailed at Appendix 2 to the report.

2.4 Agree the new rent review policy as set out in paragraph 5.1 to 5.8 which will set council-owned and long-term leased Temporary Accommodation rents at the appropriate Local Housing Allowance (LHA) Rate for the type of accommodation.

2.5 Note the findings of the Equality Impact Assessment as detailed at Appendix 3 to the report.

2.6 Agree to the establishment of a new hardship fund for households who are in the relevant council-owned, and long-term leased properties who may otherwise be adversely financially impacted as a result of the rent review not in receipt of benefits. The scope, purpose and operation of the hardship fund are detailed in Appendix 4, with the intention of providing support during the transition to the new rent arrangements.

2.7 Agree to delegate authority to the Corporate Director of Homes and Adult Social Care, in consultation with Cabinet Member for Housing, to align rents for council owned properties owned or on long leases by the Council and used as TA with any future increases in Local Housing Allowance rates.

2.8 Agree to delegate authority to the Corporate Director of Homes and Adult Social Care, in consultation with Cabinet Member for Housing to finalise the supporting documents and operational guidance for the hardship fund in accordance with the scope set out in Appendix 4.

2.9 Agree the principle of working with Registered Providers to develop an Exempt Supported Temporary Accommodation model that reduces reliance on high- cost spot- purchased placements and provides vulnerable residents with stable accommodation and embedded support.

2.10 Agree the creation of a nomination process and Service Level Agreement with Registered Providers to govern delivery of the model, clarify roles and responsibilities and establish an appropriate approach to risk- sharing.

3. Context and background information

3.1 Brighton & Hove is experiencing sustained and acute pressure in demand for homelessness services. High housing costs, limited availability of genuinely affordable homes and increasing complexity of need have driven a prolonged increase in demand for temporary accommodation. More than 2,100 households are currently living in emergency or temporary accommodation, around 40% of whom include children.

3.2 Prolonged stays in temporary accommodation, particularly nightly-paid provision, are associated with poorer outcomes for households, including disrupted education for children, and negative impacts on physical and mental health.

3.3 Related to these pressures in demand is the sharp increase in financial cost of meeting the council's statutory homelessness duties. Nightly-paid accommodation remains the most expensive form of provision and continues to be relied upon as supply fails to keep pace with demand.

3.4 In 2025/26 the council is forecasting an overspend of around £6m on temporary accommodation. In 2026/27 the council has committed an additional £11m to manage homelessness pressures alongside £5m of agreed savings and a further £5.4m of savings is required across the Medium Term Financial Plan (MTFP) to 2029/30 to place temporary accommodation spending on a more sustainable footing.

3.5 Without structural change, reliance on high-cost emergency and nightly-paid accommodation would continue to increase, driving higher spend, greater use of out-of-area placements and poorer outcomes for households, while increasing financial risk to the council.

3.6 In response, the council has taken immediate action to stabilise the system while longer-term solutions are developed. This has included converting some nightly-paid arrangements into contracted provision through a Direct Award and introducing a time-limited policy from 19 January 2026 to use selected council-owned homes as temporary accommodation.

3.7 While these measures have helped reduce immediate financial pressure, demand remains high and alternative supply takes time to deliver. Demand is currently growing by around 166 households per year. On a "do nothing" basis, modelling indicates growth of approximately 664 additional households by the end of the MTFP, increasing overall numbers to around 2,860 households by 2029/30.

3.8 The recommendations in this report form part of a wider transformation programme to improve the financial sustainability of temporary accommodation and set a different path for the city. They are designed to fundamentally change the shape, cost and quality of provision. Under this approach, temporary accommodation is expected to grow by around 220 households over the Medium Term Financial Plan, resulting in total numbers of approximately 2,440 households by 2029/30 and reflecting a whole-system shift away from nightly-paid accommodation.

3.9 Achieving this change depends on coordinated action across three inter-connected areas: reducing inflow through stronger prevention; accelerating move-on for households already in the system; and increasing the supply of planned, lower-cost and stable provision.

4. Using council-owned homes as Temporary Accommodation

4.1 As set out in the report to the Leader of the Council on 14 January 2026, the council introduced a time-limited policy from 19 January 2026 to allow the use of selected Housing Revenue Account (HRA) void properties as temporary accommodation.

4.2 During the interim period, the policy has been used to move households from some of the least suitable and most disruptive forms of accommodation into self-contained, council-managed homes. The majority of nominations (86%) have been for households previously placed in high-cost nightly-paid or spot-purchased accommodation, often assessed as unsuitable, unstable and, in many cases, located outside the city.

4.3 At the time of writing this report, 42 council homes have been repurposed as temporary accommodation, with a further 19 expected to become available by 1 May, bringing the total to 61 homes. A pipeline of a further 43 properties is being progressed by the council's Empty Homes team.

4.4 The interim policy was introduced in response to acute and exceptional pressures, and while early outcomes have been positive for households in nightly-paid accommodation, the underlying drivers of demand have not materially reduced. Supply constraints, the time required to bring forward alternative accommodation mean that, without further action, the council would remain exposed to renewed growth in nightly-paid placements and associated financial risk.

4.5 An extension of the policy from 19 January 2026 to 1 May 2027, subject to the existing exemptions and safeguards and with a maximum of 180 properties in scope, is therefore considered necessary to sustain progress while wider prevention, supply and move-on measures continue to take effect. Without extending the policy, the council would be unable to sustain current reductions in nightly-paid and out-of-area placements, exposing the General Fund to renewed cost growth and undermining the delivery of the temporary accommodation savings assumed within the Medium Term Financial Plan.

4.6 Following the council's consultation on the use of council homes as temporary accommodation, discussed later in this report, the proposed extension includes two changes to the policy. These are the exclusion of 4-bedroom homes and the introduction of a more flexible approach to allocation, with a cap of no more than 180 properties over the period, to enable the council to increase or decrease the number of homes used as temporary accommodation on a month-by-month basis as supply becomes available.

4.7 These changes are intended to mitigate the impact on households on the council's housing register, as set out in the report to the Leader of the Council on 14 January 2026 and discussed further in Section 11 of this report.

5. Reviewing Local Housing Allowance rates (LHA) in council-owned and long-term leased Temporary Accommodation

5.1 A combination of national factors is driving the rising cost and financial unsustainability of temporary accommodation, including the widening Housing Benefit subsidy gap and the continued use of Local Housing Allowance (LHA) rates frozen at January 2011 levels, which no longer reflect current rental markets. The Local Government Association reports that in 2024/25 local authorities spent £1.27bn on temporary accommodation but were reimbursed £911m, creating an annual shortfall of nearly £360m. The government's National Plan to End Homelessness (December 2025) similarly acknowledges record levels of pressure and the need for more sustainable funding arrangements.

5.2 As part of the council's wider temporary accommodation financial sustainability programme, an opportunity has been identified to improve Housing Benefit subsidy recovery by reclassifying eligible council-owned and long-leased temporary accommodation within the Housing Revenue Account (HRA) and aligning rents with the relevant 2025/26 LHA rates. This is particularly timely given the council's emerging supply strategy, which will increase the number of council-owned homes used as temporary accommodation over the medium term.

5.3 The council has identified council-owned and long-leased properties that will be reclassified to ensure they are correctly categorised for Housing Benefit subsidy purposes, maximising recovery from the Department for Work and Pensions within the existing framework. Rents on these properties will be aligned with current 2025/26 LHA rates, ensuring income more accurately reflects the cost of provision and that subsidy recovery is calculated on the correct basis.

5.4 Aligning rents with LHA rates is consistent with existing arrangements when households move from temporary accommodation into settled homes in the private rented sector. It also helps ensure that the Housing Revenue Account, which is statutorily ring-fenced and required to be financially self-sustaining, is not placed under ongoing pressure from rents set materially below recoverable subsidy levels.

5.5 Based on the current 282 council-owned temporary accommodation properties, financial modelling indicates that these proposals could generate a net increase in rental income of approximately £1.3m per annum by 2027/28, after allowing for void losses, arrears and the operation of a hardship fund. Full modelling assumptions and financial tables are set out in Appendix 8.

5.6 Affordability remains a central consideration. For the majority of households living in council-owned temporary accommodation, there is expected to be no change in affordability, as Housing Benefit entitlement will increase in line with revised rent levels. A small number of households may experience higher charges.

5.7 For households who may be adversely affected, a dedicated hardship support fund will be established, alongside personalised advice and welfare entitlement checks, to minimise the risk of financial hardship as a result of the transition. Support will be time-limited and targeted while sustainable longer-term solutions are secured. Full details are set out in Appendix 4.

5.8 Subject to Cabinet approval, the revised rent-setting policy will apply consistently to all existing and future council-owned and long-leased temporary accommodation, including homes brought into use through the extension of the council housing voids policy and new acquisitions.

6. Developing an Exempt Supported Temporary Accommodation Model

6.1 Alongside rising demand, the council's Homelessness and Rough Sleeping Strategy identifies increasing vulnerability and complexity of need among households living in temporary accommodation. For some households, the current system does not consistently provide the level of support required, contributing to longer stays and limiting effective move-on.

6.2 Supported Exempt Accommodation (SEA) offers a way to address this challenge. Delivered by not-for-profit providers such as registered providers, charities or voluntary organisations, SEA enables accommodation to be provided alongside more than minimal care, support or supervision. Nationally, this model is recognised as an effective means of providing greater stability, improving outcomes and supporting households to move towards independent living.

6.3 SEA also operates under a different Housing Benefit framework to general temporary accommodation. Where eligibility criteria are met, Housing Benefit can cover up to 100% of reasonable eligible rent and associated housing-related management costs. In contrast, the council can recover only a capped level, resulting in significant subsidy loss in high-cost areas such as Brighton & Hove.

6.4 Partnering with registered providers maximises subsidy recovery and ensures accommodation is delivered and managed by organisations with the capacity and experience to provide appropriate housing and embedded support. This approach allows the council to retain control over nominations, oversight and quality standards through formal service-level agreements, while reducing reliance on the most expensive and least stable forms of temporary accommodation.

6.5 To assess the viability of this approach locally, the council commissioned 31ten to develop an initial feasibility assessment and indicative financial modelling for a Supported Exempt Accommodation model. This work demonstrated the potential to reduce reliance on nightly-paid accommodation, strengthen Housing Benefit recovery and provide more intensive housing management and support for specific households entering temporary accommodation.

6.6 This feasibility work has since been developed into a more detailed business case, setting out the proposed model, governance arrangements and indicative financial benefits. The full business case is included at Appendix 7.

7.0 Analysis and consideration of alternative options

7.1 In developing the proposals set out in this report, the council has considered alternative options in relation to each set of recommendations.

7.2 In relation to the use of council-owned homes, one alternative option considered was making greater use of direct offers of settled housing, within HRA stock to households living in temporary accommodation. This approach was suggested by the People Overview & Scrutiny Committee as part of its consideration of the interim policy. While direct offers remain an important tool and can be used in exceptional circumstances, this option is not viable at scale. The council's allocations framework is based on Choice Based Lettings, with direct offers reserved for limited circumstances. Expanding their use would risk undermining fairness and transparency, reduce flexibility to respond to fluctuating demand, and constrain the council's ability to prioritise urgent rehousing activity, including Large Panel System (LPS) blocks. Limited availability of settled homes also means that many households would still require interim accommodation, maintaining pressure on high-cost provision.

7.3 The recommended option is therefore a time-limited and flexible approach to the use of council-owned homes, with a clear cap on the total number of properties in scope. This approach was refined in response to consultation feedback and is considered the most balanced option available at this stage.

7.4 Three options were considered in relation to rent setting for council-owned and long-leased temporary accommodation. The first was a 'do nothing' option, retaining rents at 90% of the January 2011 Local Housing Allowance rates. This option was discounted as it would perpetuate Housing Benefit subsidy losses.

7.5 A second option was a partial uplift towards current Local Housing Allowance rates. This was also discounted, as there is no clear rationale for setting rents below applicable LHA rates where Housing Benefit will meet the rent in full for the majority of households. This approach would only partially address the subsidy gap, introduce additional complexity, and fail to deliver proportionate financial benefit.

7.6 The recommended option is to align rents with the relevant 2025/26 Local Housing Allowance rates. This maximises Housing Benefit recovery, improves financial sustainability and remains affordable for the majority of households. For households not in receipt of full Housing Benefit, a hardship support fund is proposed to ensure affordability is managed.

7.7 Two broad options were considered in relation to meeting the needs of households with higher or more complex support requirements. The first was to continue with existing temporary accommodation arrangements, while seeking efficiencies within the existing system, it would not address the underlying cost pressures associated with high-cost private sector placements, or strengthen support pathways for households with complex needs. This option does not provide a sustainable long-term approach.

7.8 The second option, and the recommended approach, enables delivery of more stable, supported accommodation, improves Housing Benefit recovery, and strengthens financial sustainability, while providing clearer governance, defined standards and integrated support. Independent technical and financial analysis commissioned by the council indicates that this option offers a more sustainable alternative to continued reliance on high-cost nightly-paid accommodation.

8. Community engagement and consultation

8.1 Given the urgency of the financial pressures facing the council, it was not feasible to undertake public consultation prior to the introduction of the interim policy in January 2026. However, a full six-week public consultation on the interim use of council-owned homes as temporary accommodation was subsequently undertaken, running from mid-February to 1 April 2026.

8.2 The consultation generated a high level of engagement, with 378 responses received. A full report summarising the consultation findings is provided at Appendix 5. Of respondents, 39.7% identified as being on the council's housing register, 32% were living in temporary or emergency accommodation, and 12.4% were council tenants or leaseholders. Around half of respondents supported the proposal to use a limited number of empty council homes as temporary accommodation or were neutral or unsure.

8.3 A range of engagement methods were used to support participation, including the council's online consultation hub, an article in Homing In, targeted bulletins, and direct communications to households on the housing register and those living in temporary accommodation. In parallel, the proposals were considered by the People Overview & Scrutiny Committee on 17 March 2026, enabling structured scrutiny and Member feedback to inform the council's response.

8.4 Responses showed broad support for the principle of using empty council homes as temporary accommodation, particularly where this results in improved quality, safety and stability compared with nightly-paid or out-of-area placements. Many respondents, including families with children and households with additional needs, highlighted poor conditions, instability and adverse impacts on health, wellbeing and education associated with existing temporary accommodation. Respondents also highlighted the high public cost and poor outcomes associated with prolonged use of nightly-paid accommodation, reinforcing the need for the council to prioritise more stable, lower-cost forms of provision while longer-term supply is delivered

8.5 At the same time, the consultation identified consistent concerns from people on the housing register about reduced availability of homes for bidding, longer waiting times, and issues of fairness and transparency. These concerns were particularly strongly expressed by households who had been bidding for extended periods or were living in overcrowded or accommodation inappropriate for their households' needs.

8.6 The consultation findings have directly informed the recommended approach set out in this report. In response to feedback, the council has amended the policy to introduce a clear overall cap, apply a more flexible month-by-month approach, exclude four-bedroom homes. These changes are intended to mitigate impacts on households waiting for settled housing while retaining the council's ability to reduce reliance on the most unsuitable and costly forms of temporary accommodation.

8.7 The council has carefully considered the views expressed through the consultation, including the strength of feeling among around half of respondents who opposed an extension of the policy. These views have been balanced against those of respondents who supported the proposal or were neutral or unsure, and against the outcomes achieved to date. These outcomes include improved quality and stability of accommodation for households, increased provision of in-city accommodation, and reduced reliance on high-cost nightly-paid provision, helping to release resources to support households experiencing homelessness more effectively. On balance, the recommendations set out in this report are considered the most appropriate way of proceeding.

8.8 Formal public consultation is not required in relation to changes in rent setting for temporary accommodation, as these are implemented within the statutory framework governing council housing rents and homelessness duties. However, the council has undertaken a full Equality Impact Assessment to understand how the proposed changes may affect households with protected characteristics and to inform the development of appropriate mitigation measures, as outlined further on in this report.

8.9 Formal public consultation has not been undertaken at this stage in relation to the development of a Supported Exempt Temporary Accommodation model, reflecting that the work to date has focused on developing a delivery model and partnership framework rather than proposing changes to service entitlements, allocation policies or residents' rights. Instead, the council has engaged specialist external advisers, 31ten, to undertake independent technical and financial analysis, which has informed the proposed model, including governance arrangements, risk management and indicative financial benefits. Engagement with Registered Providers and wider market participants will form part of the next phase of work, alongside further consideration of equalities implications should the model be expanded or materially altered in future.

9. Financial implications

9.1 As outlined in the main body of the report, there are significant financial challenges to meeting the current levels of demand for Temporary Accommodation in the city. The proposals in the report aim to reduce reliance on the most expensive forms of temporary accommodation to ensure the council has a more sustainable financial position across the Medium Term Financial Plan (MTFP).

9.2 The proposed transformation plan for Temporary accommodation sustainability include time-limited use of selected HRA void properties as temporary accommodation, changes to rent setting for council-owned temporary accommodation to improve cost recovery and the development of an exempt supported accommodation model.

9.3 The projected savings to the General Fund from making full use of all HRA void properties available between 19 January 2026 and 1 May 2027 amount to £0.092m for 2025/26, £1.336m 2026/27 and £0.476m in 2027/28, £1.704m in total. These savings are based on reducing reliance on emergency and out-of-area placements for temporary accommodation. The savings assume the number of council-owned temporary accommodation units increase by 180 in total which is expected to have an annual cost of £1.053m on the Housing Revenue Account (HRA) allowing for necessary repairs and maintenance, of which approximately £0.270m will be a pressure above the level anticipated through voids materialising as part of the council's regular Housing Allocations Policy.

9.4 The proposed rent increase of Temporary Accommodation properties within the HRA to full 2025/26 Local Housing Allowance levels is projected to result in additional income to the HRA of £0.425m in 2026/27 and a further £0.852m in 2027/28 above the current rent levels, based on the existing stock of 282 units.

9.5 The figures above do assume the creation of a hardship fund totaling £0.203m per annum, as outlined in the main body of the report.

9.6 Currently the council's MTFP includes a recurrent general fund saving of £0.820m for this proposal and it is expected that this will be delivered through full cost recovery of the management for council-owned temporary accommodation units.

9.7 The report details the financial benefits of an exempted supported accommodation model including reducing reliance on spot-purchased placements and lower net unit costs per household. Detailed financial implications will need to be modelled as part of future plans and the council's MTFP includes a recurrent general fund saving of £0.681m from 2026/27 linked to this proposal.

Name of finance officer consulted: Sophie Warburton Date consulted: 26/03/2026

10. Legal implications

10.1 The council is under a duty to provide temporary accommodation for homeless individuals and households under Part 7 of the Housing Act 1996. Under S206 local authorities must secure suitable accommodation for homeless applicants. Suitability is not strictly defined by law but depends on individual circumstances, including affordability, space, health needs, and proximity to services. Section 208(1) imposes a duty to 'so far as reasonably practicable […] secure that accommodation is available for the occupation of the applicant in their district'.

10.2 The report sets out the exceptional pressures being experienced by the council to find sufficient suitable Temporary Accommodation at reasonable cost, and the impact on the council's overall budget and ability to meet a range of statutory duties including the duty to prevent homelessness.

10.3 In considering options for the use of the void homes, the council is entitled to consider where assets can have the greatest impact, and there is no legal bar to the use of HRA council voids for Temporary Accommodation.

10.4 Where the council has a statutory obligation to provide accommodation pursuant to obligations under Part VII Housing Act 1989, the proposed time limited interim policy for the allocation of a maximum number of HRA voids for use as temporary accommodation legitimately aims to both assist the council to meet statutory duties in relation to homelessness in a manner which is more effective in meeting the needs of those in need of accommodation, and mitigate the excessive spend on Temporary Accommodation.

10.5 The voids policy sets out the considerations for the allocation of HRA council voids for TA and specifies exemptions to the use of voids for temporary accommodation.

10.6 The social benefits of the use of council voids for temporary accommodation, especially in relation to families with children, are a relevant consideration. It is, however, recognised that the allocation of a limited number of council voids to use as temporary accommodation over the time period specified will impact on those people who are on the waiting list for council accommodation or eligible for transfers. Given the extent of the financial challenges faced by the council commissioning sufficient temporary accommodation to meet statutory obligations, and the complex needs of the homeless population requiring temporary accommodation, the adoption of this temporary measure is considered proportionate to the challenge faced by the council.

10.7 HRA voids offered as temporary accommodation will be the subject of non-secure tenancies. This would require possession proceedings should the council require the return of the property and so offers a greater degree of security to eligible households than temporary accommodation by way of licenses.

10.8 The Local Government and Housing Act 1989 sets out legal requirements in relation to housing finance, in particular a duty under Section 74 of the Act to maintain a Housing Revenue Account (HRA). Pursuant to Section 76 of the Act, the council is required to budget to prevent a debit balance on the HRA and to implement and review the budget.

10.9 Section 24 of the Housing Act 1985 gives the council power to ‘make such reasonable charges as [it] may determine for the tenancy or occupation of [its] houses’. Section 24 additionally requires the council, from time to time, to review rents and make such changes as circumstances may require. Section 24(5) of the Housing Act 1985 states that in exercising the functions under section 24, the council shall have regard in particular to any relevant standards set for them under section 193 of the Housing and Regeneration Act 2008.

10.10 There is established precedent by other councils that where TA is owned by the council and let out to a homeless household in performance of a statutory homelessness duty (1996 Housing Act Part VII) under licence or non-secure agreement the DWP subsidy system can cover 100% of the actual rent charged for households who qualify for benefits. The council is proposing to reclassify those properties that it owns and uses for Temporary Accommodation so that Housing Benefit subsidy can be claimed for 100% of the actual rent charged. In order to fully maximise Housing Benefit Subsidy income, it is proposed that rents for council owned properties be made consistent with current Local Housing Allowance rates.

10.11 Local Housing Allowance (LHA) rates are set annually by the DWP and are the maximum amount of Housing Benefit households living in private rented accommodation can receive. LHA rates are based on average rents and vary across both property sizes and different geographic areas. LHA rates are based on private market rent being paid by tenants in a broad rental market area and are intended to reflect the cost of renting modest accommodation.

10.12 Section 206 (2) (a) of the Housing Act 1996 allows a local authority discharging its functions under Part VII of the Housing Act 1996 by providing temporary accommodation, to require the person to whom the duty is being discharged to pay such reasonable charges as the council may determine. Section 206 (1) of the 1996 Act also requires the accommodation provided in discharge of homelessness functions to be suitable and that means that it must be affordable. Setting the rent levels at the LHA subsidy rates should ensure that the accommodation is affordable. Those households who do not have access to benefits to cover the increase to LHA rates may be eligible for support under the terms of the hardship fund proposed.

10.13 Section 210(1) of the Housing Act 1996 provides the Secretary of State with power to issue orders specifying the circumstances in which accommodation is or is not to be regarded as suitable and matters to be taken into account in determining whether accommodation is suitable for a person. Article 2 (a) of the Homelessness (Suitability of Accommodation) Order 1996 requires the financial resources available to that person to be taken into account, including (but not limited to) “(ii) social security benefits”. Article 2(b) requires the costs in respect of the accommodation to be taken into account, including but not limited to (among other things) “(i) payments of, or by way of, rent; (ii) payments in respect of a licence or permission to occupy the accommodation". When considering suitability for a specific individual, the council should also be able to take into account the availability of the hardship fund now proposed.

10.14 The Income-related Benefits (Subsidy to Authorities) Order 1998 sets out the rules for what housing benefit subsidies may be claimed by the council from the Department for Work and Pensions. Where the council holds property for the purpose of self-contained temporary accommodation by way of long lease over 10 years or on a freehold basis, (and where none of Articles 14, 16, 17, 17A, 17B and 17C of the 1998 Order applies) precedent suggests that the council should be able to recover 100% of its “qualifying expenditure” as defined at Article 11(2) and (3) of the Subsidy Order, regardless of whether the accommodation is accounted for within a HRA or within the General Fund.

Name of lawyer consulted: Natasha Watson Date consulted: 27/03/2026

11. Risk implications

11.1 The proposals set out in this report respond to acute and sustained pressures within the council’s homelessness and temporary accommodation system. An overarching risk, which applies across all recommendations, is that the council does not achieve the required financial sustainability in the provision of temporary accommodation. If the proposed measures are not taken and the council’s reliance on high-cost nightly-paid accommodation continues, it would remain exposed to significant and ongoing financial pressures within both the General Fund and the Housing Revenue Account. This would increase the risk of continued overspends and constrain the council’s ability to meet its statutory duties.

11.2 A specific risk associated with the continued use of council-owned homes as temporary accommodation is the temporary reduction in the availability of settled housing for households on the housing register, potentially increasing waiting times for some applicants, including households living in overcrowded or unsuitable accommodation. This risk is recognised in the report to the Leader of the Council and has been a consistent theme raised through consultation and scrutiny.

11.3 This risk is mitigated through the recommended capped and flexible approach, with a maximum of 180 homes in scope over a time-limited period, representing around 20% of annual lettings. The ability to increase or reduce use month-by-month allows the council to respond to peaks and troughs in demand, including specific rehousing requirements linked to Large Panel System blocks, while reducing the risk of unnecessary or prolonged removal of homes from general lettings. Additional mitigations include strengthened exemptions, the exclusion of four-bedroom homes, clear governance through a Lettings Panel, and ongoing monitoring of impacts.

11.4 The impact of using a limited proportion of existing stock is also partially offset by new affordable housing supply coming forward in 2026/27. The council's housing delivery programme forecasts the delivery of 159 new council homes over the year through a combination of new build homes and acquisitions. In parallel, contractors have now been appointed for major schemes such as Moulsecoomb, delivering 222 homes, with enabling works underway alongside further pipeline sites progressing. While these homes will not remove short-term pressures, this additional supply increases overall system capacity and helps mitigate the temporary effect of using a proportion of existing stock as temporary accommodation.

11.5 The primary risk associated with reviewing rents align with Standard Local Housing Allowance levels is that a small number of households may experience increased housing costs where they are not in receipt of full Housing Benefit or are affected by wider welfare rules, such as the benefit cap. There is also a risk of increased arrears or financial stress for households with existing vulnerabilities if affordability is not carefully managed.

11.6 These risks are mitigated through a package of measures including proactive identification of affected households, welfare entitlement checks, personalised support and the establishment of a dedicated hardship support fund to provide time-limited assistance where required. The majority of households are expected to experience no change in affordability, as Housing Benefit entitlement will increase in line with rent levels. For those who may experience short-term affordability pressures, a package of mitigations is in place, including welfare entitlement checks, personalised advice, Discretionary Housing Payments where appropriate, and a dedicated hardship support fund.

11.7 The development of a Supported Exempt Temporary Accommodation model introduces delivery and commercial risks, including provider capacity constraints, void risk, ongoing compliance with Housing Benefit regulations, and exposure to future policy or regulatory change within the Supported Exempt Accommodation sector.

11.8 These risks are considered manageable and are mitigated through the proposed partnership approach with Registered Providers, clear nomination and service-level agreements, proportionate risk-sharing arrangements, and robust governance, contract management and performance monitoring. The model will be implemented on a phased basis, allowing assumptions to be tested, costs validated and risks managed incrementally, with flexibility to adapt in response to emerging issues

12. Equalities implications

Using council-owned homes as Temporary Accommodation

12.1 An Equality Impact Assessment on the use of council-owned homes as temporary accommodation is included at Appendix 2. The assessment identifies a number of positive equalities impacts arising from improved housing quality, stability and suitability for households experiencing homelessness. Children and families are expected to benefit from reduced disruption to education, health care and support services through placements in self-contained, in-city accommodation. Disabled people, including those with non-visible disabilities and neurodivergent conditions, are likely to benefit from greater stability and improved access to local health and support networks. Women, including lone parents and survivors of domestic abuse, are expected to benefit from safer and more secure accommodation, while Black and Minority Ethnic households, who are over-represented among homeless applicants, are more likely to benefit from reduced out-of-area placements and improved access to community and cultural support.

12.2 The assessment also identifies potential adverse impacts for some households on the housing register, including existing tenants seeking transfers, arising from the temporary reduction in the availability of settled council housing. These impacts may disproportionately affect some protected groups who already experience disadvantage. In response, the recommended approach incorporates a clear cap on the number of homes used, time-limited application of the policy, strengthened exemptions, exclusion of four-bedroom homes, and flexible month-by-month operation. Ongoing monitoring and review are built into the approach to ensure impacts remain proportionate and can be addressed if required.

Reviewing Local Housing Allowance rates in council-owned and long-term leased Temporary Accommodation

12.3 An Equality Impact Assessment on the proposed changes to rent setting for council-owned and long-leased temporary accommodation is included at Appendix 3. The assessment identifies that Housing Benefit entitlement, rather than protected characteristics, is the primary determinant of financial impact. For the majority of households, there is expected to be no change in affordability, as Housing Benefit entitlement will increase in line with rent.

12.4 A smaller number of households who are not in receipt of full Housing Benefit, including those affected by the benefit cap or with fluctuating incomes, may experience short-term affordability pressures. These impacts are financial rather than equalities-based and are mitigated through a package of measures including proactive welfare entitlement checks, personalised support, Discretionary Housing Payments where appropriate, and the establishment of a dedicated hardship support fund. All placements will continue to require affordability to be assessed in line with the council’s homelessness duties.

Developing an Exempted Supported Temporary Accommodation Model

12.5 A stand-alone Equality Impact Assessment has not been undertaken at this stage, as the proposal relates to the commissioning and delivery of Supported Exempt Temporary Accommodation rather than changes to statutory entitlements, eligibility or access to services. Equalities considerations have nonetheless been embedded throughout the development of the proposed approach.

12.6 Expanding Supported Exempt Temporary Accommodation is expected to deliver positive equalities impacts by improving access to stable, supported accommodation for households with higher or more complex needs, including people with disabilities, mental health needs, survivors of domestic abuse and those with multiple vulnerabilities, who are disproportionately affected by prolonged stays in unsuitable temporary accommodation.

12.7 The partnership model provides clearer pathways into accommodation with meaningful, tenancy-sustaining support. Any future expansion or material change affecting residents' access to services or entitlements would be subject to further equality impact assessment as appropriate.

13. Sustainability implications

13.1 The refurbishment, management and maintenance of council-owned temporary accommodation are delivered through existing, compliant procurement arrangements. This enables the council to apply its sustainable procurement and social value expectations consistently.

13.2 Bringing void properties back into use supports efficient use of existing housing stock and circular economy principles, reducing prolonged vacancy and avoiding unnecessary new build or short-term accommodation solutions.

13.3 The proposed rent-setting policy strengthens the financial sustainability of the Housing Revenue Account, supporting continued investment in property standards, maintenance and compliance, and reducing reliance on high-cost, short-term provision.

14. Health and Wellbeing Implications:

14.1 The proposals in this report are expected to have a positive impact on the health and wellbeing of households experiencing homelessness. Evidence shows that prolonged stays in poor-quality, unstable or nightly-paid temporary accommodation are associated with negative physical and mental health outcomes, particularly for families with children, disabled people, survivors of domestic abuse and households with complex needs.

14.2 Increasing the use of council-owned, self-contained temporary accommodation that meets the council's lettable standard improves housing quality and stability. Providing accommodation under non-secure tenancies rather than nightly licences offers greater certainty, supports routine and reduces crisis-driven moves, enabling better engagement with health, education and support services.

14.3 Keeping households within Brighton & Hove, close to schools, health services and established support networks, further supports wellbeing and reduces disruption to care pathways and safeguarding arrangements.

Where households have higher or more complex needs, the development of supported and exempt accommodation pathways provides a more appropriate alignment between housing and support.

14.4 The proposed rent-setting policy also supports wellbeing by strengthening the financial sustainability of the temporary accommodation portfolio, enabling continued investment in safe and healthy living environments. For most households, rent changes will be met through Housing Benefit, with a hardship fund in place to prevent unmanaged financial stress where full benefit entitlement is not available.

15. Procurement implications

15.1 The leasing and rental of properties under this programme are not covered by the Procurement Act 2023 (PA23). Under PA23, contracts for the acquisition of land and buildings are classified as "subject-matter exempted" and therefore fall outside the scope of the procurement team. Where refurbishment works are necessary for properties within this programmes scope, these will be carried out through compliant procurement processes in accordance with PA23 regulations and BHCC Contract Standing Orders (CSOs).

16 Crime & disorder implications:

16.1 The proposals in this report are not expected to give rise to adverse crime or disorder impacts. They focus on improving the quality, stability and management of temporary accommodation, reducing reliance on nightly-paid and out-of-area placements, and increasing the use of self-contained, council-managed homes.

16.2 Greater housing stability, clearer tenancy arrangements and consistent housing management are expected to support safeguarding and reduce the risks associated with frequent moves and insecure accommodation. Where households have higher or more complex needs, the development of supported and exempt accommodation pathways provides a more appropriate setting with embedded oversight and support.

17 Conclusion

17.1 This report sets out a clear and proportionate response to sustained and acute pressures within the council’s temporary accommodation system. Demand continues to rise, costs have increased sharply, and without intervention the council would remain exposed to escalating financial risk, continued reliance on high-cost provision and poorer outcomes for households.

17.2 The proposals represent a shift from short-term, reactive measures towards a more planned, stable and financially sustainable approach. They combine immediate actions to reduce reliance on nightly-paid accommodation with longer-term structural change, including a revised temporary accommodation trajectory, improved cost recovery through changes to rent setting, targeted and time-limited use of council-owned homes, and the development of supported exempt accommodation pathways for households with higher or more complex needs.

17.3 Taken together, these measures are designed to improve the quality, stability and suitability of temporary accommodation, reduce avoidable cost, and strengthen the council's ability to meet its statutory homelessness duties over the Medium Term Financial Plan. The approach has been shaped by consultation and scrutiny and is supported by clear mitigations for identified risks and equalities impacts.

17.4 Cabinet is therefore asked to approve the recommendations set out in this report, enabling the council to stabilise the temporary accommodation system in the short term and to deliver a more sustainable and effective model over the medium term, aligned to the Homelessness and Rough Sleeping Strategy and the council's wider financial sustainability objectives.

Supporting Documentation

Appendices

1. **Appendix 1**: Updated Policy on use of Housing Revenue Account Void Properties as Temporary Accommodation
2. **Appendix 2**: Equality Impact Assessment on using council-owned homes as Temporary Accommodation
3. **Appendix 3**: Equality Impact Assessment on Reviewing Local Housing Allowance rates in council-owned and long-term leased Temporary Accommodation
4. **Appendix 4**: Policy outline on Hardship Fund
5. **Appendix 5**: Consultation Report on use of council-owned homes as Temporary Accommodation
6. **Appendix 6**: Draft minutes from People Overview & Scrutiny Committee meeting on 17 March
7. **Appendix 7**: Financial Modelling for Exempted Supported Accommodation Temporary Accommodation
8. **Appendix 8:** Financial Modelling for TA uplift, Voids and newly purchased TA

Background documents

1. Use of Housing Revenue Account voids as Temporary Accommodation.pdf
2. Report on Consultation on use of empty council homes as Temporary Accommodation.pdf