

Title of report: Strategic Housing: Three-year Capital Programme 2026/27 – 2028/29

Decision maker: Cabinet member economy and growth

Decision date: 30 April 2026

Report by: Strategic Housing Manager

Classification

Open

Decision type

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

To approve the draw down of the capital budget allocated to the Strategic Housing Team through the council's capital programme to meet the immediate housing need of vulnerable groups and provide grant assistance to bring empty properties back into use.

Recommendation(s)

That:

- a) The Cabinet Member for Economy and Growth approves the spend of £4.1 million for Strategic Housing capital projects over the next three years.**

- b) **Authority is delegated to the Corporate Director, Community Wellbeing to take all operational decisions and allow flexibility in the use of the budget to meet identified immediate housing need with the parameters of this report.**

Alternative options

1. Do nothing. This is not recommended as the council has a statutory duty prevent homelessness and where homelessness does occur, to provide accommodation for people and families in housing need. Additionally, the council is a corporate parent for children in care and care leavers. Government data indicates that care leavers are disproportionately affected by homelessness compared with their peers.
2. Not to approve the use of the capital funding for the purposes outlined in this report; this would be in conflict with the decision taken at full council on 13 February 2026 to approve the council's capital programme and with the Council's Plan 2024 – 2028; specifically the people and place priorities which seek to enable residents to realise their potential, to be healthy and to be part of great communities that support each other and have access to the right housing in the right place.

Key considerations

3. The council has a statutory duty to prevent and relieve homelessness. Nationally, the number of households in temporary accommodation (TA) has reached record levels. Demand continues to grow, both nationally and locally; 93 households were accommodated in TA in January 2023, 148 in January 2024, 156 in January 2025 and 184 in January 2026. Demand for TA is mainly driven by a shortage of social rented housing, the high cost of private rented housing and the increased cost of living. The Council provided 326 households with temporary accommodation during 2024/25.
4. Spend on TA has increased alongside demand, as can be seen in the table below, which includes the forecast spend for the current financial year.

Temporary Accommodation Provision (Bed & Breakfast, Hotel)		
Period	Gross expenditure total	Full year gross expenditure forecast
2025-2026 at end of December 2025 (Period 9)	2,295,635	2,977,970
2024-2025 final spend	2,217,061	
2023-2024 final spend	1,675,935	

5. The limited supply of B&B/ Hotel accommodation in Herefordshire, along with increasing demand and seasonal variations mean the cost of securing short term accommodation for people that are homeless continues to rise. The current average cost (January 2026) to the Council for an individual placed in the Travelodge is £85.00 for one night. This equates to £595 per week, £2,550 per month and £31,025 per year. The TA team offset as much of this cost as possible by claiming housing benefit, but this does not cover the whole cost, or all circumstances.
6. The average costs of self-contained private sector rented accommodation used for TA are set out below alongside the Local Housing Allowance (LHA) rates that are used to offset these costs. Current LHA rates are well below current market rent values and local authorities can only claim 90% of LHA rates for temporary accommodation. The table below

demonstrates that whilst the council negotiates rents that are as close to LHA rates as possible in a competitive market, LHA rates do not come near to covering the whole cost.

Average Monthly Rent	Weekly LHA rates (90%)	Monthly LHA rates
1 bed - £520	1 bed - £86.19	1 bed - £373.49
2 bed - £631	2 bed - £109.04	2 bed - £472.51
3 bed - £755	3 bed - £129.81	3 bed - £562.51
4 bed - £1000	4 bed - £155.77	4 bed - £675.00

7. The aim of the proposals set out in the capital programme and this subsequent cabinet member decision, is to invest in housing solutions that provide eligible households in Herefordshire with suitable housing, reducing homelessness and revenue costs to the council.
8. **Bringing empty properties back into use:** There are currently **1220** properties identified as long term (empty for 6 to 12 months) and **616** Premium Long Term empty properties (empty for 1 year or more) across Herefordshire. To incentivise property owners to bring their empty properties back into use, the Strategic Housing Team will run an Empty Properties Grant Scheme. Grants of up to £50,000 per property will be offered to bring empty properties back into use across Herefordshire. Larger grants may be agreed by exception depending upon the property e.g. large family homes that need additional investment, that would be a valuable resource to the TA team. Grant agreements will include conditions that the accommodation is offered at less than market rent levels for an agreed number of years depending upon the value of the investment. Nominations agreements will enable the Council to move families out of TA into these properties, reducing spend on expensive B&B/ chain hotels. This complements ongoing council work to increase the number of empty properties brought back into use, aiming to work collaboratively with property owners. For properties within this scope, the council charges a council Tax premium to encourage owners to bring them back into use, ranging from a 100% council tax premium through to 300%; this is on top of the standard annual charge. The council can also take enforcement action if needed, such as serving improvement or hazard notices, issuing civil penalties, enforcing council tax premiums, or in serious cases pursuing compulsory purchase orders.
9. **Local authority housing fund (LAHF):** The council have been allocated a LAHF grant for 20 properties in Herefordshire. The grant is for the purchase of properties for temporary accommodation and resettlement. The council will work with Registered Providers to deliver this scheme.
10. **Temporary accommodation for large families and people that need accessible accommodation:** We are currently accommodating 3 large families (6+ family members) in TA with a 4th family living in their existing unsuitable accommodation because we cannot find them suitable TA. One of these families was accommodated in a local hotel during 2023, whilst a more suitable solution was sought, at a cost of more than £90,000 for 6 months. The council have been fined by the Housing Ombudsman because we cannot find suitable accommodation for large families. There is little prospect of these families being housed in social housing because Registered Providers only have a very small number of units large enough to accommodate them, so these families are likely to live in TA for extended periods of time, which is why we need flexible cost-effective solutions that we can manage directly.
11. There is also unmet need for units of accessible TA. Due to a lack of alternatives, the TA team currently place people in accessible rooms in the Travelodge. This means that we often send people out of county and pay higher rates for accessible rooms due to limited supply. This solution is expensive and takes people away from their established support networks, services and makes access to healthcare very difficult. Evidence suggests that this approach

can also lead to otherwise preventable hospital admissions. This funding will help us to develop local solutions that we can manage directly.

12. **Accessible Homes for large families:** A disproportionate number of disabled people live in social housing, with the Office for National Statistics stating that in the year ending June 2021, 24.9% of disabled people aged 16 to 64 years rented social housing compared with only 7.9% of non-disabled people. The Council work closely with Registered Providers using the disabled facilities grant to make adaptations to existing general needs housing stock to ensure that it is accessible for people with accessibility issues. However, for some people / families general needs housing will never be a workable solution because their needs are so specific.
13. The Strategic Housing team keep an accessible homes register (AHR) of households that need bespoke housing solutions to meet their health and access needs and work with developers through the planning system to develop homes to meet the specific needs of these households. There are over 70 households on the AHR. This includes 7 families waiting for an accessible 4-bedroom unit, 3 families awaiting an accessible 5 bedroom unit and 1 family waiting for an accessible 6+ bedroom unit. Some of these families have more than one child with an impairment or a life limiting illness.
14. Negotiating homes of this size on new development sites is very difficult as they are costly and take up more land. Where we have successfully negotiated a large accessible unit via the planning process, it can take 3 or more years to deliver the home. Some of the families on the AHR have been waiting for years for a suitable home. Many of these families are living in accommodation that is not fit for purpose and will need increasing amounts of formal support from children's or adults social care to meet their escalating needs if we cannot provide them with a suitable home.
15. **Homeless young people and care leavers ready to move on from supported accommodation:** When a young person aged 16/17 presents as homeless, they have an assessment and can choose to become looked after by Children's Social Care or follow the homelessness route, meaning that they would be provided with accommodation only by the Housing Service. The council do not currently have any specific accommodation for young people that choose not to become looked after; we are working closely with commissioning colleagues to resolve this.
16. Young people across the country on the basic rate of Universal Credit find it extremely hard to move on from supported accommodation due to affordability issues, with Registered Providers turning their social housing applications down because they do not believe that they can afford to live independently.
17. This same challenge is experienced by young people that are Care Leavers. As a result we are aiming to invest in transitional accommodation for young people, enabling them to move on from costly supported accommodation, when they are ready to do so, and move into transitional accommodation that is a stepping stone to independence and enables them to build the skills needed to manage their own tenancy.
18. The average cost to the council of a supported housing placement for a looked after child during 2024/25 was £61K per annum, some of this cost is offset by housing benefit, but not all. The introduction of transitional accommodation has the potential to save the council hundreds of thousands of pounds. The budget allowance will enable the council to purchase at least 4 properties, to accommodate young people once they are ready to move on.

Community Impact

19. All the projects set out above link directly to the priorities set out in the council's corporate plan:

- a. **People** - We will enable residents to realise their potential, **to be healthy and benefit from communities that help people to feel safe and supported**;
- b. **Place** - We will protect and enhance our environment and ensure that Herefordshire remains a great place to live. **We will support the right housing in the right place** and do everything we can to improve the health of our rivers.

20. The projects also support the aims and objectives of Herefordshire's joint local health and wellbeing strategy 2023-2033 which includes a focus on supporting people to live and age well, supporting people with complex needs and improving housing and homelessness.

21. The inclusion of accommodation solutions for homeless young people and care leavers means that this decision impacts positively on the council's role as a Corporate Parent. Being a good corporate parent means we should; accept responsibility for children in the council's care; make their needs a priority; and seek for them the same outcomes any good parent would want for their own children.

22. Improving emergency responses to homelessness is one of the five pillars of the new National plan to end homelessness and links directly with the Government's National Child Poverty Strategy, which seeks to eliminate the use of B&B accommodation for families, except in emergencies, by the end of this parliament. This is also reflected in Herefordshire's Homelessness Prevention and Rough Sleeping Strategy 2026 – 2031, developed with partners, which was published in March 2026. The capital investment plans outlined in this report will directly contribute to the reduction and prevention of homelessness.

Environmental impact

23. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.

24. Where applicable the environmental impact of this proposal will be considered through the service specifications and includes appropriate requirements on the contractor/delivery partner to minimise waste, reduce energy and carbon emissions and to consider opportunities to enhance biodiversity. This will be managed and reported through the ongoing contract management.

25. The development of this proposal has sought to minimise any adverse environmental impact and will actively seek opportunities to improve and enhance environmental performance. Wherever possible we will purchase properties with an EPC of C or above, or work towards this EPC level.

Equality duty

26. The Public Sector Equality Duty requires the council to consider how it can positively contribute to the advancement of equality and good relations, and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.

27. The mandatory equality impact screening checklist has been completed for this decision, and it has been found that whilst this project does make a positive contribution to improving housing for some of our most vulnerable households the overall impact for equality is low, so a full Equality Impact Assessment is not required. The following equality considerations have been taken into account when developing the proposals set out in this decision report:
- a. A report based on Government and ONS data published by the charity Shelter in December 2025, revealed some significant inequalities in the populations accessing TA nationally, specifically;
 - Black-led households are significantly more likely to be homeless in temporary accommodation compared to other groups. They make up just 4% of the general population but a huge 23% of households in temporary accommodation.
 - Lone women with children are also hugely over-represented in temporary accommodation. They make up 22% of families in the general population, but 58% of families in temporary accommodation.
 - b. Disabled people and people with a long-term condition are also overrepresented amongst households in TA. Information from the charity, Homelessness Impact, suggests that in England the number of households owed a statutory housing duty due to physical disability or ill-health increased by 73% between 2018/19 and 2021/22. This overrepresentation is reflected in the ONS data setting out demand for social housing from disabled people and people with a long-term health condition, highlighted in section 11 of this report.
 - c. The council is a corporate parent for children in care and care leavers. Government data indicates that care leavers are disproportionately affected by homelessness compared with their peers. In 2024/25, 4,610 care leavers aged 18-20 were assessed as facing homelessness, which represents an 11% rate for this group.
 - d. The number of young care leavers (18-20) facing homelessness has risen by 37% in the last five years, which is over twice as fast as the overall increase in households facing homelessness in England.

Resource implications

28. The overall capital budget approved for the delivery of the proposals set out above is £4.1m; this was agreed by Full Council in February 2026. This is not a repayable sum.
29. The tables below are to support setting out the financial implications of the decision. The proposals that form part of this decision have been developed on a spend to save basis.
30. A basic annual cost per household has been worked out by dividing the annual cost of TA for 2024/25 (£2,217,061) by the number of households accommodated during the same period (326) = £6,800 per household. This cost has been used to calculate potential savings but doesn't take into account any costs offset by housing benefit, as this is not guaranteed and doesn't cover the full cost of providing accommodation.

Capital cost of project	2026/27	2027/28	2028/29	Future Years	Total
Capital	£000	£000	£000	£000	£000
Empty Property Grants	250	250	250		750
LAHF 4 Match Funding	100				100
TA for large families / Accessibility needs	450	450	450		1,350
Accessible homes for large families	450	450			900
<i>Accommodation for homeless Young People</i>	500	500	250		1,000
TOTAL	1,750	1,400	950	0	4,100

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2026/27	2027/28	2028/29	Future Years	Total
	£000	£000	£000	£000	£000
Corporate funded borrowing	1,750	1,400	950		4,100
TOTAL	1,750	1,400	950		4,100

Revenue budget implications	2026/27	2027/28	2028/29	2029/30	Total up to 2029/30
	£000	£000	£000	£000	£000
Potential Savings					
<i>Empty Property Grants – potential savings</i>	20	34	68	68	190
<i>LAHF 4</i>	0	0	0	0	0
<i>TA for Large Families – potential savings</i>	7	14	42	42	105
<i>Accessible Homes for Large Families – no specific savings as this will be social housing, although investment in suitable accommodation will reduce the risk of escalating needs and cost to social care.</i>	0	0	0	0	0
<i>Accommodation for homeless young people – potential savings</i>	122	366	488	488	1,464
TOTAL	149	414	598	589	1,759

Legal implications

31. There are no specific legal implications within this report.

32. The relevant legal provisions for this decision can be found in the council's constitution, www.herefordshire.gov.uk/constitution.

Risk management

33. Consideration has been given to the risks / opportunities to the council if the recommendation(s) are agreed / not agreed and how these will be managed;

Risk / Opportunity	Mitigation
If agreed: Unable to secure suitable properties for purchase..	The Strategic Housing team are familiar with the housing market in Herefordshire and officers have a good knowledge of the age and condition of our housing stock, as well as established relationships with estate agents
If agreed: Older housing stock may need more work to bring it up to EPC C.	Our focus will be on purchasing housing stock with an existing EPC of C and above. Where this is not possible, funds will be set aside to do this work.
If agreed: Grants of £50K are not sufficient to bring empty properties back into use.	Discretion around the grant level will be applied and the most suitable properties will be funded in order to accommodate households that are in existing, costly, TA.
If agreed: Refurbishment costs may run over budget	This will be mitigated by a focus on buying newer properties, which will require less remedial works than older housing stock. Properties will be subject to surveys and a detailed specifications will be developed for any refurbishment works

34. Risks will be managed at a service level but escalated if there is a risk to spend.

Consultees

35. This proposal forms part of the wider capital programme that has been through the governance process and reviewed and agreed by full council.

36. Consultation undertaken with the political groups was held on the 21st April 2026; the following feedback was received:

- Councillors generally agreed with the approach to invest in council-owned accommodation to reduce reliance on costly temporary solutions and improve outcomes for families and care leavers.
- Councillors highlighted the difficulty in finding suitable properties for large families, noting the high costs and legal obligations associated with accommodating them.
- There were questions about the scale of the impact at these measures could have in light of rising demand and the limited budget. Officers explained that they hoped to secure match funding wherever possible to maximise the budget and that the measures included in the programme will make a significant difference to the lives of families and individuals impacted by homelessness, whilst also reducing revenue costs.

- Councillors asked about flexibility within the budget to maximise its impact. Officers confirmed that a delegation had been included in the decision to enable this.

Appendices

None

Background papers

None

Please include a glossary of terms, abbreviations and acronyms used in this report.

- AHR = Accessible Homes Register TA = Temporary Accommodation
- LAHF = Local Authority Housing Fund. This is a government funded grant scheme.
- MHCLG = Ministry for Housing, Communities and Local Government