BUSINESS CASE

Friary Fields, Maldon – Temporary Accommodation Acquisition

1. EXECUTIVE SUMMARY

1.1 This business case supports the acquisition of Friary Fields, Maldon, comprising six self-contained one-bedroom flats, together with approval of a total capital budget in the 2026/27 financial year of up to £800,000 to fund the acquisition and any essential refurbishment works required to bring the accommodation into use as Council-owned temporary accommodation (TA).

1.2 The agreed purchase price will reflect the condition of the property, with the Council seeking a reduction in the purchase price to offset the cost of the required works. Approval of a total budget of up to £800,000 provides flexibility should additional essential works be identified following acquisition, avoiding the need to seek further Member approval.

1.3 The acquisition will increase in-district TA capacity, reduce reliance on costly nightly paid and out-of-area accommodation, and create a long-term Council owned housing asset supporting statutory homelessness duties.

1.4 The property is suitable for use as TA once the necessary remedial works have been completed. It will be managed through a procured management agreement with an established and appropriate Registered Provider, mirroring the successful operating model at Stephens House.

2. STRATEGIC CASE

2.1 Statutory and Policy Context

2.1.1 The proposal supports the Council's statutory duties under:

- Housing Act 1996 (Part VII)
- Homelessness Reduction Act 2017

2.1.2 It aligns with:

- Corporate Plan 2025–2028 priorities
- Housing Strategy objectives to reduce homelessness and improve local supply
- Preparation for Local Government Reorganisation (LGR)

2.2 Demand and Service Pressure

2.2.1 The Council continues to accommodate approximately 40 households in TA, with a sustained and increasing need for one-bedroom accommodation.

2.2.2 Key pressures include:

- limited in-district TA supply
- increasing reliance on nightly paid accommodation
- longer lengths of stay due to constrained move-on options
- affordability and availability pressures in the private rented sector

2.2.3 This results in:

- increased exposure to cost volatility
- reduced placement control

weaker housing outcomes for residents placed out of area

2.3 **Strategic Fit**

2.3.1 The acquisition builds on the successful delivery model at Stephens House, which has demonstrated:

- improved local accommodation availability
- reduced out-of-area placements
- better resident outcomes
- efficient third-party management

2.3.2 Friary Fields represents a direct replication and expansion of this proven model, focused on high demand one-bed units.

3. OPTIONS APPRAISAL

3.1 **Option 1 – Do Nothing**

- continued reliance on nightly paid accommodation
- increasing cost volatility. Costs are dependent on demand and availability.
- continued out-of-area placements which places individuals further from their support networks.

3.2 **Option 2 – Acquire Friary Fields (Preferred Option)**

- 6 x self-contained one-bed flats enhances longer term security in respect of availability of housing within the district
- immediate in-district TA capacity increase
- Reduced reliance on externally procured nightly paid accommodation, where availability and costs are subject to market conditions.
- Creation of a Council-owned housing asset that provides long term temporary accommodation capacity and reduces reliance on externally provided accommodation
- professionally managed via an appropriate third party.

4. FINANCIAL CASE

4.1 **Acquisition Cost**

Maximum capital budget sought**:** £800,000

This comprises:

- Purchase price (subject to negotiation)
- Allowance for essential refurbishment and compliance works
- Fees and charges relating to sale

The Council is seeking to negotiate a reduction in the purchase price to reflect the condition of the property and the investment required before occupation. However, seeking approval for a total capital budget of up to £800,000 provides appropriate flexibility should negotiations not achieve the full reduction anticipated or should additional essential works be identified following completion of more detailed inspections and surveys.

The recommendation to delegate authority to the Director of Place, Planning and Growth in consultation with the Chairperson of the Strategy and Resources Committee and the Section 151 Officer to agree the final purchase price and approve the scope and cost of refurbishment works within the approved capital limit of £800,000 avoids the need to seek further Member approval should costs vary within the approved budget limit.

4.2 **Current Cost of Equivalent Provision**

4.2.1 The approximate, average net cost of nightly paid temporary accommodation is £10,300 per household per annum. For six units, this equates to £61,800 per annum.

4.3 **Rent Setting and Housing Benefit Income**

4.3.1 Friary Fields will be let at Local Housing Allowance (LHA) rates, consistent with TA charging policy.

Bedroom Category	LHA Weekly Rate	Calendar Monthly Equivalent
Shared Accommodation	£98.11	£426.31
1 Bedroom	£182.96	£795.00
2 Bedrooms	£218.63	£950.00
3 Bedrooms	£276.16	£1,199.98
4 Bedrooms	£333.70	£1,450.01

4.3.2 <u>Key assumptions:</u>

- Tenants' rent is funded via Housing Benefit / Universal Credit housing element
- Rental income is therefore largely recoverable from central government funding streams
- Income offsets a significant proportion of operating costs

4.3.3 <u>Council financial position:</u>

4.3.4 Income will support:

- management fees
- repairs and maintenance
- compliance and cyclical works
- void periods and re-letting costs

4.3.5 The assumption is that the income received materially offsets the ongoing maintenance cost in relation to the property. However, the following risks may impact the ongoing costs to the Council:

- subsidy rules on temporary accommodation
- void risk and turnover delays

- operational and maintenance costs exceeding LHA in some scenarios

4.3.6 Operationally, it will be sought to minimise the impact of these scenarios through active and ongoing management of the property in partnership with the management company.

4.4 **Financial Implications**

4.5 The forecast annual ongoing income and expenditure is as follows:

Friary Fields	Budget (£)
Net income	(51,400)
Premises	20,900
Goods and services	8,600
Support Services	21,900
Total	-

4.5.1 In modelling the ongoing revenue income and expenditure, no inflation has been assumed.

4.5.2 Based on the financial assumptions outlined above, on a like for like basis, the purchase of Friary Fields for use as temporary accommodation will reduce the overall cost of short-term accommodation. Currently, the existing cost for six units of nightly paid accommodation is £61,800. Therefore, this acquisition would generate a corresponding annual reduction in expenditure on this type of provision of the equivalent amount.

The estimated payback period, based on a capital investment of £800,000, and net annual savings of £61,800, is 13 years.

5. OPERATIONAL CASE

5.1 **Delivery Model**

- Managed by a Registered Provider
- Based on Stephens House operating model
- Council retains nomination rights
- Registered Provider responsible for:
    - tenancy management
    - repairs and maintenance
    - resident support and engagement

Prior to occupation, the Council will undertake essential repairs and compliance works identified through condition surveys. These works are intended to ensure the accommodation is safe, compliant and suitable for use as temporary accommodation, whilst protecting the Council's long-term investment in the asset.

5.2 **Benefits**

- No additional Council staffing required
- Accommodation available within the current financial year (2026/27)
- Professional housing management

- Reduced operational burden on housing service
- Consistent service model across TA portfolio

5.3 **Benefits for residents**

- Increased in-district accommodation for vulnerable households
- Reduced disruption to employment, education, and support networks
- Improved housing stability and outcomes
- Reduced reliance on dispersed out-of-area placements
- Enhanced dignity and suitability of accommodation
- Strengthened homelessness prevention response capacity

5.4 Mitigation of risks

- A full structural survey has been completed as part of the initial due diligence prior to any decision to purchase in order to provide assurance over the condition of the property. A contingency has been included in the budgeted purchase assumptions for any essential work arising post purchase.

- A prudent assumption of 10% void rate has been included within the financial modelling to mitigate the impact of periods of time when the accommodation may be empty and not generating rental income.

- The purchase of the property will ensure its continued flexible use within a unitary structure under LGR.

6. CONCLUSION

6.1 Friary Fields presents a strategic opportunity to increase in-district one-bedroom temporary accommodation capacity. Approval is sought for a capital budget of up to £800,000, covering both the acquisition of the property and the delivery of essential refurbishment works required before occupation.

6.2 The scheme:

- reduces reliance on nightly paid accommodation
- introduces a controlled, LHA-funded income model
- creates a long-term Council asset
- replicates a proven delivery model
- supports improved outcomes for homeless households