



## Housing Select Committee

### **Report title: Introduction of a new Accommodation Procurement Strategy**

**Date:** 17 November 2022

**Key decision:** Yes.

**Class:** Part 1

**Ward(s) affected:** All

**Contributors:** Fenella Beckman, Director of Housing Services

### **Outline and recommendations**

Housing Select Committee are asked to review the report and the proposed strategy and to provide comments.

Housing Select Committee are asked to support the approval of this strategy by Mayor and Cabinet.

## Timeline of engagement and decision-making

11 November 2015	Mayor and Cabinet approval of Procurement Strategy and Location Priority Policy.
22 <sup>nd</sup> March 2017	Mayor and Cabinet approval of Private Rented Sector Discharge Policy
18 November 2019	Housing Select Committee review of Out of Borough Placements
12 March 2020	Housing Select Committee review of Homelessness in Lewisham
11 and 18 November 2020	Housing Select Committee and Mayor and Cabinet approved proposed Allocations Policy changes, with recommendation for Public Consultation
6 October 2021	Allocations Policy Consultation report and Revised Allocations Policy approved by Mayor and Cabinet
6 July 2022	Mayor and Cabinet approval of new Location Priority Policy

### 1 Summary

- 1.1. The Supreme Court judgment in the case of *Nzolameso v Westminster City Council* required local authorities to have “a policy for procuring sufficient units of temporary accommodation secondly, each local authority should have and keep up to date, a policy for allocating those units to individual homeless households.”
- 1.2. The Accommodation Procurement Strategy (Appendix 1) was developed and approved in 2015 to demonstrate Lewisham’s approach to procuring sufficient units of temporary accommodation following the Supreme Court decision in *Nzolameso v Westminster City Council*. The council’s Accommodation Procurement Strategy has been updated to reflect the current pressures of demand and supply for temporary accommodation which the Council is facing.
- 1.3. The strategy provides an action plan for meeting demand and sets out procurement activities that will be followed to sourcing properties, both for temporary accommodation and for private rented sector offers. This report outlines the Lewisham picture, summarises the key elements of the strategy and the rationale behind the proposed strategy.
- 1.4. The proposed Accommodation Procurement Strategy is included as Appendix 1.

### Recommendations

- 1.5. Housing Select Committee are asked to review the report and the proposed strategy and to provide comments.
- 1.6. Housing Select Committee are asked to support the approval of this strategy by Mayor and Cabinet.
- 1.7. Housing Select Committee are asked consider the need to increase the procurement of properties outside of London.

## 2. Policy Context

- 2.1. The contents of this report are consistent with the Council’s policy framework. It supports the achievements of the Corporate Strategy objectives:
  - Tackling the housing crisis – Everyone has a decent home that is secure and affordable.
- 2.2. The contents of this report support the achievement of the following Housing Strategy 2020-26 objectives:

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- Preventing Homelessness and meeting housing need;
  - Strengthening communities and embracing diversity.
- 2.3. The contents of this report also support the achievement of the following Homelessness Strategy 2020-22 objectives:
- Support people to access a stable and secure home.

### **3. Background**

- 3.1. Mayor and Cabinet approved a Location Priority Policy and Procurement Strategy on 11<sup>th</sup> November 2015. The Procurement Strategy sets out the approach that the council will take to ensure it secures enough accommodation to meet the anticipated demand.
- 3.2. The previous strategy had 4 themes, each of which was underpinned by a set of activities that set out how the Council intended to deliver against those aims. The themes were:
- Increase supply
  - Provide Temporary Accommodation at a cost that is affordable to residents and value for money for the Council.
  - Provide a range of Temporary Accommodation products to meet various different needs
  - Support those affected by homelessness
- 3.3. Many of the challenges that exist around homelessness and in the housing market are the same as in 2015, however these have become more amplified and widespread. As a result, whilst many of the themes of the previous strategy remain relevant as we consider our direction going forwards, these have been updated to reflect the current pressures faced by the council and now include a more comprehensive list of activities that the council will deliver.
- 3.4. A Private Rented Sector Discharge Policy was approved by Mayor and Cabinet in March 2017, which provides a framework for the way in which the council will discharge the main housing duty under s.193 Housing Act 1996 by arranging an offer of suitable accommodation in the private rented sector.
- 3.5. There has been a substantial change in demand over this time. In September 2015 the council was accommodating 1,741 households in temporary accommodation. As of the end of October 2022 the council was accommodating 2,740 households in temporary accommodation
- 3.6. In November 2019, Housing Select Committee reviewed a paper on Out of Borough placements and made comments on the policy and practice of the Council.
- 3.7. Mayor and Cabinet approved a revised Allocation Policy in October 2021. The report set out the need to review the Location Priority Policy and the Private Rented Sector Offer policy prior to implementation of the new Allocations Policy.
- 3.8. In July 2022, an updated Location Priority Policy was approved to Mayor and Cabinet, which provides a framework for the fair allocation of temporary accommodation within and close to the London Borough of Lewisham. No material changes were proposed to the existing Private Rented Sector Offer policy.
- 3.9. Housing Select Committee set out the need to review the Accommodation Procurement Strategy for discussion at a future meeting.

### **4. Purpose of the Procurement Strategy**

- 4.1. The strategy aims to provide enough temporary accommodation for new households that are accepted as homeless and households that need to move from existing

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- temporary accommodation (because they are overcrowded, for example).
- 4.2. The strategy aims to provide enough housing in the private rented sector to prevent households at risk of homelessness from entering temporary accommodation, and for households in temporary accommodation who are able to be re-settled into the private rented sector.
  - 4.3. It aims to contain temporary accommodation costs by ensuring that supply is affordable to the council. The policy aims to use resources available as efficiently as possible, retaining flexibility to respond to fluctuations in demand from different client groups, preventing homelessness and offering choice to applicants.
  - 4.4. The strategy also aims to ensure that properties meet housing need, and locations where properties are procured are suitable for homeless households.
  - 4.5. The strategy also aims to ensure that housing, for both temporary accommodation and for private rented offers, is affordable to low income households and within benefit levels, so it is sustainable in the longer term. This means that some properties procured will be outside London.
  - 4.6. It includes an action plan to increase supply of housing for temporary accommodation and properties for private rented offers.

## 5. Procurement challenges

### Demand

- 5.1. Managing the number of people in temporary accommodation is a challenging process because there is a worsening lack of supply to match demand.
- 5.2. There are currently 10,000 households which have priority for social housing in Lewisham. Of these, 2,740 are homeless households living in temporary accommodation. This is an increase of 297% since April 2011.
- 5.3. As table 1 below shows, the number of new homelessness acceptances each year spiked in 2019/20. Whilst the number of acceptances has declined since then, there had also been a recent decrease in the supply of private rented sector accommodation. This means that of the households that do enter temporary accommodation, we are not moving households out of temporary accommodation at an equal rate. This is causing the overall number of households in TA to increase and based on current trends, we would predict an extra 200-240 households entering TA by the end of 2022/23.

**Table 1 – Number of acceptances compared to number of cases relieves and prevented by year\***

	Approaches	Main Duty Acceptances	Homelessness relieved	Homelessness prevented
2018/19	2977	554	252	206
2019/20	2830	908	491	568
2020/21	3080	552	496	788
2021/22	3649	285**	439	541

\*Main duty acceptances, homelessness relieves and homelessness prevented do not total approaches as there are many cases where the council does not accept a duty and provides advice only.

\*\*The actual figure is likely to be higher. We have improved our backlog management and we are completing more main duty assessments.

- 5.4. A principal cause of homelessness continues to be the loss of private rented tenancies. Wider market changes have significantly impacted council's ability to find affordable private sector accommodation, as procuring properties within LHA rates locally has become increasingly difficult.

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5.5. The Councils house building programme is targeted to deliver a total of 2,000 new social homes between 2018 and 2026. Despite this, the supply of social housing in Lewisham cannot keep pace with demand for it. The below table sets out the housing need of those on the housing register and in temporary accommodation, and compares it with the number of social lets in 2020/21.

**Table 2 – Households on the housing register and in TA by bedroom need 2021/22**

Bedroom need	Housing Register (Apr 2022)	Of those, no. in TA (Apr 2022)
1 bed need	1863	182
2 bed need	3532	1261
3 bed need	3321	632
4 bed need	1033	163
5 bed+ need	532	49
<b>Total</b>	<b>10,281</b>	<b>2,287</b>

2.1.1 The council is also experiencing an acute need for adapted or accessible properties, with 77 people on the housing register who require a home that is wheelchair accessible, 67 people who require an adapted property and 119 people who are currently in housing that cannot be adapted to meet their needs.

5.6. The Council strives to make all placements in borough or as close to borough as possible, however given the challenges described below this is becoming increasingly difficult. The Council's Location Priority Policy sets out how it will prioritise the allocation of the temporary accommodation that is available, and establishes criteria by which households will be prioritised for in-borough accommodation or accommodation closer to the borough.

5.7. The policy currently prioritises people for accommodation based on an assessment of their circumstances and then awards them one of the following:

- 'In-borough priority' - priority for a placement in Lewisham;
- 'Close to borough priority' – priority for a placement within the Greater London area<sup>1</sup>;
- 'No locational priority' – no priority for a placement in or near to Lewisham.

5.8. Table 3 below sets out the current proportion of assessments awarded for each location priority. Table 4 sets out the actual location of all current temporary accommodation placements made by Lewisham. As is shown, of the 2,740 households in temporary accommodation, approximately 59% are housed in Lewisham compared to 28% being awarded an in-borough priority, and 3% are housed outside of London compared to 23% of households being awarded no location priority.

5.9. Since the LPP was approved, there have been significant changes to demand and cost of temporary accommodation and so it may be necessary to increase procurement outside of Lewisham and London to a proportion that is more in line with location priority awards. This is covered in more detail at paragraph 5.31.

**Table 3 – Location priority awarded to current applicants**

In Borough	Close to borough <sup>2</sup>	No location priority
28%	49%	23%

<sup>1</sup> In July 2022 Mayor and Cabinet agreed a Location Priority Policy that changed the definition of a 'close to borough' placement from one that is within 90 minutes travelling distance by public transport to one that is within the Greater London area.

<sup>2</sup> Prior to the definition of close to borough changing, this referred to Bexley, Bromley, Croydon, Greenwich, Lambeth and Southwark

**Table 4 – Temporary accommodation placements for current applicants (as at November 22/23)**

In Borough	Close to borough	No location priority
59%	38%	3%

## Supply

5.10. London is in the midst of a severe housing affordability crisis at a time when the financial pressures on low-income Londoners have never been greater. This crisis is driven by wider changes to the Private Rented Sector (PRS) in London, including a sharp reduction in the supply of accommodation alongside rents climbing to higher than pre-pandemic levels, but for low-income households the impact has been compounded by limits on the level of Local Housing Allowance (LHA).

### Temporary Accommodation Supply

5.11. Demand for temporary accommodation comes from new households that are accepted as homeless and households that need to move from existing temporary accommodation (because they are overcrowded, for example). Based on the net number of people entering and leaving temporary accommodation, we estimate an additional 200 households will require temporary accommodation during 2023/24.

5.12. The Council's in-borough temporary accommodation consists of a combination of hostels, which are owned and managed by the Local Authority, and Private Sector Leased (PSL) properties which are procured on long leases and managed by the authority. The Council also purchases nightly-paid (Bed and Breakfast type) accommodation for those it is not able to accommodate in hostels or PSL properties, which has become the most common type of temporary accommodation. The end cost of each of these types of TA to the council varies significantly.

5.13. This market is becoming increasingly difficult and competitive between local authorities in London as there is a shortage of properties that are affordable to homeless households within benefit levels. The council is currently procuring enough units in or close to Lewisham to meet demand based on the proportion of households requiring a placement in borough or close to Lewisham. However, London is experiencing an affordability crisis driven by wider changes to the PRS, including a sharp reduction in the supply of accommodation while rents are climbing to higher than pre-pandemic levels.

5.14. For low-income households the impact has been compounded by limits on the level of Local Housing Allowance (LHA) and in the one year to Q1 2022 only 8.8% of all properties listed for rent across London were affordable on LHA. At the same time, LBL currently has 97% of households in TA placed in Lewisham or Greater London. Median house prices and median monthly rents are almost twice (100%) higher in London than England overall, and market rents are more affordable outside of London as they are closer in line with LHA rates. Changes to the cost of living are expected to amplify these challenges. Therefore, whilst the council's Location Priority Policy strives to make as many placements in borough or as close to borough as possible, there is a need to consider increasing the procurement of properties outside of London.

5.15. Furthermore, the Housing Service is in competition with other council partners, organisations such as the Home Office and Ministry of Justice and provider/third sector organisations, who are able to access housing without being subject to pan-London local authority rent cap agreements. This can mean that fewer landlords are interested in leasing their property to the housing service.

5.16. The council is doing everything it can to develop more new affordable temporary

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accommodation through identifying under-utilised assets both in and outside of the councils ownership. As the strategy shows, plans are ongoing for c100 new additional buy-back properties and 120 new builds over the next 2 years to be used as temporary accommodation. In addition, 18 converted units are planned to be secured for hostel accommodation.

### Private Rented Sector Accommodation Supply

- 5.17. Given the shortage of social housing previously described in this report, councils have become heavily reliant on the private rented sector to provide permanent accommodation solutions for homeless households.
- 5.18. As with temporary accommodation, this market is becoming increasingly difficult and competitive in London. In all London boroughs average rents are now higher than their pre-pandemic levels and in the year to February 2022 London rents increased by an average of 10.3%. Part of the reason for rents increasing during 2021 and early 2022 has been the significant fall in supply. The number of properties listed to rent across London in the first quarter of 2022 was 35% lower than the pre-COVID quarterly average. This has had an impact on the number of properties affordable at LHA rates.
- 5.19. Research has also found that many landlords took the opportunity of the strong sales market during 2021, supported by the Stamp Duty holidays, to sell their properties, and that a larger proportion of these properties have been purchased by owner occupiers rather than re-entering the rental market. Additionally, tax credits, which came into full effect from April 2020, mean that landlords can no longer deduct any of their mortgage interest from their rental income when calculating their taxable profit. This is likely to impact on the number of landlords who sell their properties.
- 5.20. Lewisham is currently the most affordable London borough based on the proportion of 2 and 3 bed listings at or below LHA rate within the last 2 years. Whilst it is debatable whether these would be made available to homeless households, this is likely to attract procurement activity from other boroughs. It is also our experience that fewer landlords are willing to rent properties at LHA rates. LHA rates are set at the 30th percentile meaning that 30% of the total number of PRS properties in Lewisham should be within LHA rates. In reality, this is significantly lower.

The benefit cap also limits the ability of applicants to access accommodation. The benefit cap places a hard limit on the maximum benefits that some households, such as non-working households, can receive. In London that limit is set at £23,000 per year for couples, £23,000 per year for single parents with children and £15,410 per year for single adults. The table below sets out the current cap levels for different household types.

**Table 5 – Benefit cap rates in Greater London (2022)**

Household Composition	Benefit Cap
Adult Couple	£442.31 per week
Single parent with children	£442.31 per week
Single adult	£296.35 per week

- 5.21. The majority of non-working households are being capped because of the housing element using up most of their benefit entitlement before living costs are even taken into account. As can be observed in table 6 and table 7, for those who are benefit capped, the average Local Housing Allowance (LHA) level compared with rents in Lewisham can mean that there is very little that would provide affordable accommodation, or accommodation that would not leave households with very little additional money once housing costs are considered. Properties are therefore judged to be not affordable and consequently no reasonable housing offer that can be made to

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them by the local authority. This demonstrates the need to consider increasing the supply levels of TA and private sector accommodation out of London and in new geographical areas.

**Table 6 – Average weekly rent (based on Local Reference Rents) of accommodation in Lewisham**

<b>BRMA (LRR)</b>	<b>Inner South East London</b>	<b>Outer South East London</b>
One room (board)	£227.00	£190.50
One room (shared facilities)	£178.85	£129.81
One room (self-contained)	£242.31	£183.64
Two rooms	£370.20	£245.20
Three rooms	£447.50	£300.00
Four rooms	£571.15	£346.16
Five rooms	£622.50	£415.39

**Table 7 – Applicable LHA per week in Lewisham**

	<b>Inner South East London</b>		<b>Outer South East London</b>	
	<b>Private Rented</b>	<b>TA</b>	<b>Private Rented</b>	<b>TA</b>
Shared	£118.87	£171.34	£103.56	£140.19
1 Bedroom	£264.66	£171.34	£205.97	£140.19
2 Bedroom	£310.68	£228.47	£253.15	£171.34
3 Bedroom	£385.48	£270.00	£299.18	£206.66
4 Bedroom	£506.30	£373.84	£368.22	£270.00
5 Bedroom	£506.30	£477.69	£368.22	£353.08

### Social housing supply

- 5.22. In 2012, the council started building its own council homes again for the first time in a generation and it continues to push forward with an ambitious programme to provide new homes for our residents. However, huge funding cuts and a lack of the right powers and resources have meant that the number of social homes available is far below the need.
- 5.23. There are currently 10,000 households which have priority for social housing in Lewisham. Of these, 2,700 are homeless households living in temporary accommodation.
- 5.24. The number of social lets made by the council has decreased by 46% since 2011, including the number of social lets made to homeless households which was 196 in 2022. The council is also facing a reduction in turnover within its social housing stock, with fewer families moving on from social housing and consequently fewer voids available for those on the housing register and in temporary accommodation.
- 5.25. The table below shows the number of social lets made to homeless households since 2015.

**Table 4 – Social lets made to homeless households by year**

<b>Year</b>	<b>Social lets to homeless households</b>
<b>2015</b>	408
<b>2016</b>	594
<b>2017</b>	387

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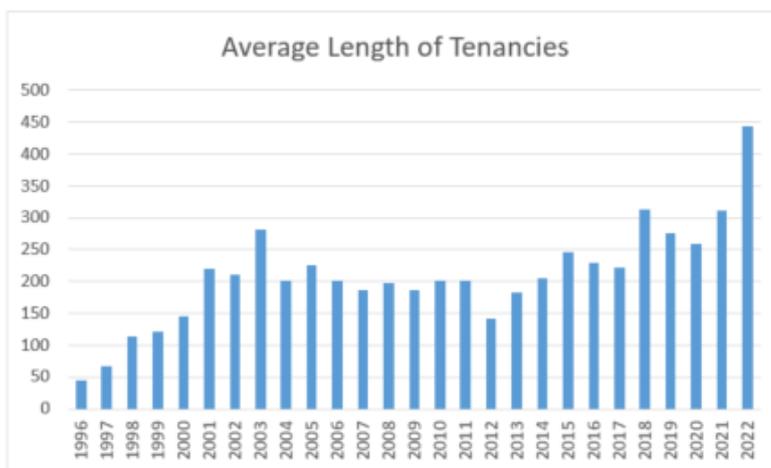
<b>2018</b>	404
<b>2019</b>	528
<b>2020</b>	426
<b>2021</b>	204
<b>2022</b>	196

- 5.26. Until recently, the councils Allocation Policy for social housing had been supplemented by an Annual Lettings Plan, which allocated a high percentage of lettings to homeless households. The council has now discontinued its ALP, and from October 2022 through its new Allocations Policy will implement a new priority banding scheme that provides some homeless households with a higher priority for social housing. We expect the new allocations policy to result in around 20 to 35% of lets going to homeless households.
- 5.27. The introduction of the new Housing Allocations Policy will also include the introduction of 'Smart Lettings'. This proposal seeks to ring-fence up to 20% of properties per annum to households that are in social housing and require a transfer (due to overcrowding, for example). The resultant void would then be prioritised for a household that is living in temporary accommodation or the private sector. The council is considering whether this process could be used to facilitate chain lets, whereby a series of resultant voids would be prioritised for multiple transferring tenants in social housing, with the final void being prioritised for a household living in temporary accommodation.

Human Impact

- 5.28. Homeless households are spending an increasingly long period of time in temporary accommodation waiting for social housing.
- 5.29. As the cost of housing increases, the council is increasingly unable to find affordable permanent accommodation that it can make suitable offers of. The result is that the number of households in nightly paid accommodation has steadily increased since 2020. Depending on the size of property required, some of these waits can be very lengthy – and they are likely to become longer. The table below sets out the average length of stay in TA.

**Table 8 - Average length of stay in TA (nights)**



- 5.30. A lack of available suitable accommodation can also result in moving people between multiple TA properties. Table 9 shows the average number of times a household moves between different TA properties per year. This impacts people's wellbeing and creates negative consequences for children and family who are often uprooted from their social networks and schools. We are successfully moving households fewer times, however the maximum numbers of moves per year remains high.

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**Table 9 – Average number of moves per year between different TA properties**

Year	Average no. of Moves	Max no. of Moves
17-18	0.9	12
18-19	0.9	9
19-20	0.6	9
20-21	0.4	5
21-22	0.3	5

### Financial Impact

- 5.31. Over the last 12 years, the Government has cut Lewisham Council’s budget by £137 million. This is equivalent to £1,055 less per household per year. Lewisham Council will have to make an additional £40m worth of cuts over the next four years.
- 5.32. The provision of temporary accommodation is the highest spending area of the Housing Services directorate. The council is forecast to spend £43m on temporary accommodation in 22/23, an increase on the £34m it spent on temporary accommodation in 21/22.
- 5.33. The Strategic Housing Division is currently facing a forecast overspend of £6m in 2023/24. This is mainly related to the increase in the numbers of people accommodated in temporary accommodation, and more specifically in nightly paid accommodation which has risen from 745 at the start of April 2021 to 1,034 at the end of July 2022. The monthly average number of clients accommodated for financial year 2021/22 was 866. The current monthly average for 2022/23 is 1,011.
- 5.34. Whilst a large proportion of what is spent on temporary accommodation can be recouped through housing benefit and payment from tenants, any rent amount that is above the temporary accommodation Local Housing Allowance (LHA) cap is charged back to the council as a cost. This represents the biggest net expenditure in the directorate and a significant cost to the Council overall, with impacts on other services..
- 5.35. It should also be noted that a number of nightly paid landlords have approached the authority with requests or notifications to increase the current rental charge to off-set the increase in utilities costs resulting from the increase in the Energy Price Cap. If agreed, this would put further pressure on the service via the HB limitation recharge and increase the current forecast overspend.
- 5.36. In July 2022 Mayor and Cabinet agreed a Location Priority Policy that changed the definition of a ‘close to borough’ placement to one that is within the Greater London area. LBL currently has 59% of households in TA placed in borough and has assessed almost 80% of households as needing to live in London or Greater London. Median house prices and median monthly rents are almost twice (100%) as high in London than England overall, and market rents are more affordable outside of London as they are closer in line with LHA rates.
- 5.37. Therefore, whilst the councils Location Priority Policy strives to make as many placements in borough or as close to borough as possible, it may be necessary to increase procurement outside of Lewisham and London to a proportion that is more in line with our assessment of location awards under the policy.

## **6. Proposed Strategy**

- 6.1. In light of the substantial challenges outlined in this report and the changing landscape since the last Accommodation Procurement Strategy in 2015, officers have developed the attached two-year strategy. The key priorities of the Accommodation Procurement

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Strategy are set out below.

## **Increasing the use of the private rented sector**

### **Reducing the number of people in temporary accommodation and preventing homelessness through increased use of the private rented sector**

6.2 The demand and supply factors set out in this report combine to severely restrict our ability to prevent and relieve homelessness. However, the council relies heavily on the private rented sector and will seek to increase the number of private rented sector homes at its disposal by:

- *Procuring 432 properties for Private Rented Sector Offers for households at risk of homelessness and in temporary accommodation;*
- *Focus procurement activity on sourcing affordable properties in and close to the borough of Lewisham;*
- *Increase procurement of properties outside of London;*
- *Review our incentive packages for private sector landlords to maximise our ability to secure properties;*
- *Organise a series of Private Landlords Forums in order to maintain and develop supplier relationships;*
- *Support more households to access the private rented sector through working with employment support and benefit advice partners;*
- *Continue working with Capital Letters to secure the right homes for households in need.*

### **Reducing the use of nightly paid temporary accommodation**

6.2.1 There is a growing need to reduce the use of expensive, insecure temporary accommodation. As of the end of May 2022 there were approximately 900 - 1,000 households in nightly paid accommodation and this has been increasing for many years. The council has historically used leasing schemes as more cost-efficient and long term source of temporary accommodation. Whilst the availability of homes through these schemes enables the council to reduce the usage of nightly paid accommodation, there is also a need to review the value for money case for these schemes. The council will:

- *Review its use of PSL/PMA schemes on a case-by-case basis to determine where they represent value for money;*
- *Increase the number of cases being prevented from becoming homeless;*
- *Review processes regarding how the council will discharge the main housing duty for households in temporary accommodation, where appropriate;*
- *Work with Asset Management and other partners to identify opportunities for existing council or community assets to be repurposed for temporary accommodation;*
- *Review policy and practice regarding the councils voids process for PMA/PSL properties to make quicker decisions and reduce the overall void period;*
- *Focus procurement activity on areas where the Temporary Accommodation LHA makes up a greater proportion of rent.*

### **A flexible approach to procuring homes for those with specific needs**

6.3 Households with specific needs are often accommodated for long periods of time in insecure, expensive accommodation whilst the council sources a property that is suitable for the household. There are currently over 200 households in temporary accommodation in need

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for a 4 or 5 bedroom property, 77 people on the housing register who require a home that is wheelchair accessible, 67 people who require an adapted property and 119 people who are currently in housing that cannot be adapted to meet their needs. The council is also facing a growing need for properties that accept pets. Whilst temporary accommodation meets the needs of the household in the short-term, the length of time that households have to remain in such accommodation can often have a detrimental impact. The council will:

- *Work closely with homeless households and property owners to identify and procure the home that is right for the household;*
- *Conduct an ongoing review of data to understand the greatest need;*
- *Work with partners across the council to support the procurement of accommodation for specific cohorts, including but not limited to people sleeping rough, people with disabilities including ground floor and wheelchair adapted properties, victims of domestic abuse, people with care needs and young people; and*
- *Continue to seek out opportunities to access grant funding for accommodation for people with specific needs.*

## **Working with partners to maximise our impact**

### **Working with Capital Letters to secure the right homes for households in need**

6.4 In 2018 the council agreed to join Capital Letters, a multi-party initiative aimed at procuring homes across London in a joined-up way. The council has been an active partner and recent figures show 201 properties were offered to the council in 2021/22. Of these, the council accepts 61% of the homes that it is offered by Capital Letters. The council will:

- *Continue to work with Capital Letters to maximise access to private rented sector properties;*
- *Review opportunities to join Capital Letters new business investment model;*

### **Act as a central procurement hub for the council**

6.5 The Procurement team play a key role in sourcing homes on behalf of other departments within the council. This includes but is not limited to procuring accommodation for households that have no recourse to public funds, households that are working with our social care teams and homes for refugee resettlement. This work assists the council in meeting other strategic objectives but is also essential to maintaining a one council approach to service delivery. The council will:

### **Work with Asset Management and other partners to identify opportunities for existing council or community assets to be repurposed**

6.6 The council has an excellent track record of identifying under-utilised assets and bringing them back into use for households in need. The council will:

- *Work in partnership with the council's acquisitions team to identify opportunities for purchasing buy-back properties and properties on the open market, to be prioritised for accommodation for homeless households;*
- *Work closely with the asset management team and Assets Review Board to identify opportunities for council assets to be converted into accommodation for homeless households;*

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- *Work with the Empty Homes team to explore further initiatives to obtain usage of empty properties;*
- *Explore setting aside council and provider voids for use of temporary accommodation, and opportunities to convert these into permanent tenancies;*
- *Explore opportunities to purchase properties off the market at scale, for use as accommodation for homeless households;*
- *Continue regular liaison with the Greater London Authority, the Department for Levelling Up, Housing and Communities and other partner agencies to maximise the resources available to the council to deliver the homes that are needed;*
- *Continue to attend pan-London housing meetings to access and share best practice around temporary accommodation with other London boroughs.*

### **Adherence to pan-London protocols**

6.7 Many London boroughs face similar pressures to Lewisham, with demand outstripping supply and authorities often placing households in other boroughs. In recent years London boroughs have collaborated to develop ways of working together that seek to ensure the cost effectiveness of procurement and to guarantee the quality of the homes that are procured. Through continued adherence to these protocols the council will continue to ensure that the accommodation it sources is appropriate for households, of good quality and represents value for money. The council will:

- *Continue to adhere to the Inter-Borough Accommodation Agreement (IBAA) to maintain set upper limits on the rates that authorities pay when procuring units of temporary and private sector accommodation. The council will report monthly on each of the placements that it makes, ensuring transparency in the operation of the agreement.*
- *Continue to adhere to the pan-London 'Setting the Standard' scheme, ensuring an expected quality and management of certain types of nightly paid and private rented sector accommodation.*
- *Work with partner authorities to ensure these protocols are effectively implemented and to review any new proposals which seek to provide an improved service.*

### **A review of policy and practice**

6.8 The substantive framework governing the councils approach to temporary accommodation procurement was established in November 2015 with additions made in March 2017. Recent changes mean this is a right and proper time to review the way in which the council approaches this significant area in detail. By undertaking the below the council will establish a new set of principles and practices by which it will deliver the best possible service:

#### **Implement and monitor the impact of the new Locational Priority Policy**

6.9 This Procurement Strategy has been produced to support the implementation of a new Locational Priority Policy. The new policy changes the definition of 'close to borough' as within the Greater London area; includes changes to ensure that households that are eligible for certain benefits are considered; includes those who are cared for in our in-borough priority in certain instances; and clarifies how education impacts priority.

6.10 As described in this strategy, affordability challenges demonstrate the need to consider increasing the supply levels of TA and private sector accommodation out of London and in new geographical areas. As such, comprehensive and ongoing analysis will be initiated to

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review whether changes may need to be implemented. This analysis will inform the future development of both the Locational Priority Policy and the Procurement Strategy.

## **Review policy and practice**

- 6.11 This Procurement Strategy has been produced to support the implementation of a new Locational Priority Policy. The new policy changes the definition of 'close to borough' as within the Greater London area; includes changes to ensure that households that are eligible for certain benefits are considered; includes those who are cared for in our in-borough priority in certain instances; and clarifies how education impacts priority.
- 6.12 As described in this report, affordability challenges demonstrate the need to consider increasing the supply levels of TA and private sector accommodation out of London and in new geographical areas. As such, comprehensive and ongoing analysis will be initiated to review whether changes may need to be implemented. This analysis will inform the future development of both the Locational Priority Policy and the Procurement Strategy.
- 6.17 New working practices will also be developed to assist in the management of private rented sector offers to bring the main housing duty to an end. As with the letting of temporary accommodation, the focus will be on ensuring the appropriateness of the home for the household and compliance with all the relevant statutory and policy requirements. The new working practices will then take account of the council's strategic objectives.

## **7. Next Steps**

- 7.1. Officers have develop an action plan setting out targets/deliverables that the council needs to meet when implementing this strategy. Officers will continue to closely monitor the implementation of this action plan.
- 7.2. Officers will continue to closely monitor the projected demand for housing support, the supply of accommodation and any market/legislative changes that may impact these. This will allow the strategy to adapt and respond to any issues that arise so that they can be addressed promptly.

## **8. Financial implications**

- 8.1. This report requests that Housing Select Committee review the contents of the report and proposed accommodation procurement strategy and to provide comments. In addition Housing Select Committee are asked to support the approval of proposed strategy by Mayor and Cabinet.
- 8.2. As outlined in this report, the current housing issues, both nationally and in-borough are putting severe pressure on the council's housing allocations and budgets for Temporary Accommodation. There have been significant increase in the costs of providing temporary accommodation and providing relief from homelessness over the last 3 years, with an average increase in net costs to the authority of over 10% in each of the last 3 financial years. There are significant costs associated with housing generally, managing the provision of council housing and providing services to those experiencing homelessness or the threat of homelessness.
- 8.3. All of these are affected over time by the demand for housing. The accommodation procurement strategy, which references the Location Priority Policy, will contribute to manage how that demand is allocated to existing or additionally secured properties.
- 8.4. The accommodation procurement strategy will assist in managing Housing accommodation pressures and help officers to make the best use of the resources available to them.
- 8.5. It should be noted however that the close to borough requirement of 'Greater London', as a location could put additional pressure on the Housing services budget as Greater London rents tend to be more expensive than locations outside of the London region.

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This could increase the net cost of placements over time, depending on which London locations clients are placed.

## 9. Legal implications

8.1 The Council are bound by the legislative framework in the operation of the homelessness service at Lewisham and has a duty to provide temporary accommodation for households who approach the Council as homeless and who meet the criteria as set out in Part VII of the Housing Act 1996 (as amended) and the Homelessness Reduction Act 2017. Under certain sections of the Acts, councils have a duty to provide short-term accommodation placements whilst homelessness enquiries are undertaken. The legislation also sets out duties to provide longer-term temporary accommodation placements for certain households depending on their circumstances. Parliament also amends or introduces new acts that impact on the way the Government expects homelessness to be administered.

8.2 This report has been developed in accordance with the relevant sections of and complies with relevant legislation and case law, including: The Housing Act 1996 (as amended by the Homelessness Act 2002 and the Homelessness Reduction Act 2017); The Localism Act 2011; Homelessness (Suitability of Accommodation) (England) orders 1996, 2003 and 2012; Equality Act 2010; Children Act 2004; R (G) v London Borough of Southwark (2009); R (on the application of Carstens) v Basildon DC; Kensington and Chelsea LBC, exp Kujtim; and Nzolameso v City of Westminster .

8.3 *Nzolameso v Westminster City Council* – This is the key piece of case law regarding accommodation procurement and placements strategy. It sets out a range of issues that councils need to consider when allocating temporary accommodation to homeless households and makes certain requirements of councils. These include;

- A requirement that local authorities need to explain their decisions as to the location of the properties offered.
- Each local authority should have, and keep up to date, a policy for allocating temporary accommodation to homeless households.
- The policy should reflect the authority's statutory obligations under both the Housing Act 1996 (as amended) and the Children's Act 2004.
- Where there is an anticipated shortfall of accommodation in the borough, the policy should explain the factors to be considered when making decisions on where a household is placed.
- The Supreme Court also proposed that each local authority should have a policy for procuring sufficient units of temporary accommodation to meet anticipated demand for the coming year.

8.4 In accordance with legislation, case law and statutory guidance, the Council seeks to accommodate homeless households within or close to the borough of Lewisham. Whilst the council will always seek to place a household in borough if possible, households may be allocated accommodation outside of the borough as far as is reasonably practicable, and as close to where they were previously living as possible, unless the applicant's choice is to move further afield. However, as there is a shortfall of temporary accommodation to meet housing need in Lewisham, it will not always be practicable to provide accommodation to homeless households close to where they were previously living. There will be a need to use accommodation outside the borough of Lewisham.

8.5 The Council will assess the suitability of every offer of accommodation that is made to individual homeless households, in line with legal requirements including legislation, associated case law and statutory guidance (such as the Suitability of Accommodation Order 2012). We will take account of all relevant factors when assessing the suitability of temporary accommodation regarding size, location, accessibility and facilities.

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## **10. Equalities implications**

- 10.1. A draft Equalities Analysis Assessment has been completed and is included at Appendix 2.

## **11. Climate change and environmental implications**

- 11.1. There are no anticipated climate change and environmental implications.

## **12. Crime and disorder implications**

- 12.1. There are no anticipated crime and disorder implications.

## **13. Health and wellbeing implications**

- 13.1. Accommodation procured must meet appropriate levels of suitability. Checks will be carried out to ensure that properties are of a decent quality and landlords hold all relevant licenses where applicable.
- 13.2. The Location Priority Policy gives in borough preference to residents with medical need, classified as under-going treatment for a physical or mental health condition, which cannot be transferred. It also gives preference to children subject to a Child Protection Plan, an Education Health and Care Plan or a Statement of Educational Needs in the London Borough of Lewisham, which cannot be transferred to another local authority. Those in receipt of care or those caring for someone outside of their household through longstanding arrangements are also given preference for allocations in-borough. Whilst the council will strive to procure enough accommodation in Lewisham for those who need it, this will not be possible in every case.

## **14. Appendices**

- 14.1. Appendix 1: Proposed Accommodation Procurement Strategy
- 14.2. Appendix 2: Equalities Analysis Assessment

## **15. Background papers**

- 15.1. Current Accommodation Procurement Strategy – approved by Mayor and Cabinet in 2015
- 15.2. Current Location Priority Policy – approved by Mayor and Cabinet in July 2022

## **16. Report author and contact**

- 16.1. Fenella Beckman, Director of Housing, 020 8314 8632; Fenella.Beckman@lewisham.gov.uk
- 16.2. Comments for and on behalf of the Executive Director for Corporate Resources: Tony Riordan, principle accountant, 020 8314 6854, Tony.Riordan@lewisham.gov.uk
- 16.3. Comments for and on behalf of the Director of Law, Governance &HR Leonard Tribe, Senior Lawyer; 020 8314 7820, [Olufolake.Ibikunle @lewisham.gov.uk](mailto:Olufolake.Ibikunle@lewisham.gov.uk)

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