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| Item No. N/A | Classification: Open | Date: 25 March 2024 | Decision Taker: Cabinet Member for Council Homes |
| Report title: | | Annual Lettings Plan 2024-25 | |
| Ward(s) or groups affected: | | All | |
| Cabinet Member: | | Cabinet member for Council Homes | |

RECOMMENDATION(S)

That the Cabinet Member for Council Homes;

1. Agrees to the annual lettings plan (ALP) for social housing allocations in 2024-25.
2. Notes the proposal that the ALP will include an increased allocation of accommodation to Homeless households in temporary accommodation (TA) which will see savings to the council of £4.8m in 2024/25.
3. Notes the council will provide a review of the ALP within the first half of 2025/26 to the Cabinet member for Council Homes.

BACKGROUND INFORMATION

4. The allocation of housing is governed by Part VI of the Housing Act 1996 as amended. Southwark is required to have an allocation scheme which must give reasonable preference to certain groups of people. These include:
 - People who are homeless
 - Those living in insanitary or overcrowded housing conditions
 - Those who need to move due to medical or welfare needs
 - Those that need to move to a particular location within the district where it would cause hardship if they were unable to do so.
5. In line with the councils allocations scheme 2013, section 3.13, the council will produce an ALP which will set out the annual targets for property types across priority housing needs bands.
6. Demand for social housing has grown substantially with the number of households listed on the housing register increasing by 62% since 2018, rising from 10,902 to 17,731 households as recorded on the 1 Feb 2024.
7. The councils new build programme has enabled the council to provide additional homes for residents in housing need. The new build homes

have also enabled the council to develop several local lettings schemes which prioritise some council tenants in a housing need living locally to the scheme, the ability to transfer from one council home to another. This will include households who are residing in overcrowded conditions, under occupiers, households in properties which do not meet their medical/welfare needs, etc.

8. In London and nationally levels of homelessness have been consistently rising. In Dec 2023, it was reported that the number of households in TA in England was at its highest since records began in 1998, with 104,510 households in temporary accommodation.
9. One of the results of this is the increase in numbers of children in TA, recorded at 131,370, again a record high. 1 in 23 children in London is in some form of temporary accommodation, meaning it's likely that there is a child in every classroom that is in temporary accommodation. Southwark recorded 4,571 children listed in TA as at the 1 February 2024 as a result of a homeless application.
10. Southwark council has equally seen an increase in the number of homeless households approaching the council for assistance. This has led to an increase in the number of households placed into temporary accommodation which has seen an increase of 43% since 2018, rising from 2,653 to **3,781** households as recorded at the 1 February 2024. In line with this, we also have to significantly rely on out of borough placements into TA and this will likely increase as the demand for TA also increases.
11. The market for the procurement of temporary accommodation has seen a number of changes within the recent years which has resulted in a reduction of suitable temporary accommodation available for residents and the accommodation that is available is seeing inflated costings from the providers. This is making it extremely difficult for the borough to provide suitable accommodation for residents who are facing homelessness.
12. The pressures on temporary accommodation have been increasing substantially over the last year. The average net cost for each unit of temporary accommodation per annum has increased to approximately £8,437 in 2023/24 from £5,857 the previous year in 2022/23. This is now leading to budget overspend in 2023/24 of over £4m.
13. The council has a suite of activities designed to increase the provision of private accommodation for residents in a housing need. This includes exploring investment opportunities, greater engagement with providers, introducing refined procurement arrangements to manage the supply and management of accommodation, etc. However these will take time and in the meantime the pressures continues to build upon the council to provide suitable accommodation for residents.

14. Whilst the council has not yet implemented an ALP in recent years, the acute pressures facing the authority is such that it is required to introduce and ALP in order to fulfil the council’s statutory duties whilst also accounting for local pressures impacting the council.

KEY ISSUES FOR CONSIDERATION

Previous Lettings and Housing Register– Data

15. A summary of the allocation activity over the last 6 years from April 2018 is displayed within appendix 1.
16. Historic lets over the past 6 years (including 2023/24 year to date) has shown there has been on average 1,117 allocations made per year.
17. It is noted that the COVID-19 pandemic had an impact on lettings where we saw a reduction of available accommodation as national restrictions hindered lets. The council’s response also involved prioritizing homeless households in shared accommodation moved into self-contained accommodation. This meaning the number of homeless lets increased during this period also.
18. It is noted the majority of lets went to homeless households, accounting for an average of 27% per year over the 6 year period. This was achieved through significant council intervention in which 27% was achieved through a direct allocation and bidding support. Had the council not completed this, there would be greater financial pressures impacting the council because placed in band 3 on the housing register, substantially fewer would have moved on.
19. The property sizes that were let between 2018 to date are as follows:

| | Total | Percentage | Average per year |
|---------|-------|------------|------------------|
| Bedsit | 344 | 5% | 57 |
| 1 bed | 2278 | 34% | 380 |
| 2 bed | 2348 | 35% | 391 |
| 3 bed | 1180 | 18% | 197 |
| 4 bed + | 554 | 8% | 92 |
| Total | 6704 | | |

20. There is a disparity in the properties sizes that become available and the housing need (bands 1-3) in the borough. Essentially our housing register shows we have a greater need for family sized units. The previous lets displayed above, shows 39% of properties that come available are bedsits or 1 bedroom properties suitable for single bedneed households. However current housing register data shows the housing need (bands 1-3) requirement for single person accommodation is 29%. Therefore we can explore greater work to right size households to free up larger properties which are currently under occupied.

21. Rising pressures on temporary accommodation has meant that the council has been required to use the more expensive and insecure 'nightly paid' accommodation.

Annual Lettings Plan 2024/25 and new opportunities

22. The Council's new build homes programme anticipates a sizeable number of new build homes that will be completed within the year 2024/25 and will be let to residents on the housing register. Letting of these homes to existing tenants will also create the further availability of homes as a move will free up accommodation for another household to occupy.
23. The council notes the rehousing requirements of tenants from our regeneration schemes, the potential loss of housing stock from specific blocks such as the Ledbury tower block and Marie Curie block. All of which will have an impact on the available homes to the council.
24. Based on data from past lettings, the supply of new build homes and the loss of accommodation identified above, we project 1,886 lets for the year 2024/25.
25. The allocation of the anticipated 1,886 available homes in 2024/25 to households in housing need is displayed within the ALP, appendix 2.
26. The increased number of new build homes available in 2024/25 presents an opportunity to increase in the number of homes allocated. We anticipate the percentage of allocations to specific rehousing categories to remain within 1-3% of allocations of previous years. Therefore the number of households within specific rehousing categories will continue to be rehoused at similar rates as in previous years. For example, properties allocated to households over previous years were allocated 12.2% (136 households) however under the annual lettings plan the percentage will reduce to 10% but this will equate to more households as 189 households will be rehoused.
27. The key exception to the level of change between 1-3% is the number of allocations to homeless households. The council will now seek to increase the number of allocations to households in temporary accommodation. This will see an increase from an average of 27% of lets to approximately 42%. Equating to around 740 lets to homeless households in TA. This will reduce the impact resulting from increased cost pressures and the supply reduction relating to temporary accommodation.
28. Whilst the housing register shows demand for sheltered accommodation, historic lettings data has shown slow property take up and therefore it is not anticipated there will be a large increase in the number of lets in this area.

29. Similarly this is relevant to households requiring accessible housing where we anticipate the number of lets to remain similar to that of previous years.
30. With the development of the ALP, Southwark will continue to meet the responsibilities as a corporate parent. In doing so, children leaving care will continue to be rehoused through the register and have access to the bedsit accommodation made available to them in line with the allocations scheme. This forms part of the opportunity for cross departmental discussions to aid clients from this group to engage with the bidding process and maximize opportunities for rehousing to a bedsit or studio accommodation.
31. The council will also explore further opportunities to engage with council tenants who are under occupying as well as additional opportunities via a mutual exchange or alternative social housing lets will also be developed. This will be an ongoing priority for the council to make best use of housing stock and meet the needs of our residents.

How will properties be allocated under the ALP

32. The council will continue to operate a choice based lettings bidding process. This will include properties that are available for households active on the housing register to engage with the weekly bidding system. Households will be continue to be selected based on the housing band, then the additional priority through the starring system and then finally the qualification date within the priority band.
33. However in order to achieve the lettings outcomes for homeless households in TA, the council will make direct allocations to households and utilise restricted bidding where necessary. The council will monitor the number of lets on a regular basis in order to track the rate of rehousing of residents in TA and the impact of the ALP and the amended processes.
34. Housing database records includes data on each homeless household placed in TA. This includes data on household need, household composition, age profiles, welfare/medical needs and other exceptional circumstances. In addition this, the records also includes accommodation and application details such as registration date, type of TA, cost, location, as well as information relating the providers of TA who have requested the handback of their TA so they can recover it for alternative use.
35. The housing Solutions service consider all of the above factors when selecting households for accommodation for a direct permanent let.
36. Prior to a move each homelessness household will be subject to a suitability assessment to ensure the accommodation they have matched to meets the needs of the household.

37. The allocation numbers within the ALP to other priority groups (i.e. overcrowded, careleavers, etc) will be dependent upon the bidding activity from these priority groups. For example if no households in the statutory overcrowded priority group places any bids for accommodation, the percentage of lets to this group will be lower than what is listed within the ALP.

Policy framework implications

38. The Council's main housing allocations scheme, in place since 2013 provides a provision for the publication of an ALP (para 3.13).

“3.13.1 The London Borough of Southwark will produce and publish an Annual Lettings Plan; this will set annual targets for property types across priority bands.

3.13.2 The London Borough of Southwark operates a robust monitoring mechanism in order to demonstrate that overall reasonable preference is given to the reasonable preference categories.

3.13.3 If Monitoring shows that outcomes are not as per the lettings plan the Council reserves the right to implement a quota system and/or restrictive labelling in relation to bidding to ensure that I meets the statutory obligations.”

39. The introduction of an ALP 2024/25 is not an alteration of the existing scheme but the adoption of the provision already set out in the main scheme.
40. The introduction of an ALP will help the council to meet targets to reduce costs to the council incurred as a result of external pressures from the private rental market. This will also enable the council to meet the demands relating to housing pressures from increased homelessness presentations. It is an appropriate use of the ALP to respond to a specific time-bound, urgent rehousing pressure.
41. The ALP will also help to meet wider council objectives in line with the council's fairer future values. This includes the ability to enable residents to realise their potential through having stable accommodation, moving away from TA. At the same time this will also help to Southwark to be more equal and just as identified through the Equalities assessment, referred to below from para 51 to 57.
42. In creating the ALP, the council has had due regard to the Housing strategy 2020 in which we are meeting the housing needs of our residents, from the increased number of properties available.
43. In creating the ALP, the council has had due regard to the Tenancy Strategy and the Council's Tenancy Policy. The tenancies that will be offered will be in line with the existing strategy, offering lifetime tenancies to residents who are allocated properties.

44. The council has also had regard to the Homelessness and Rough Sleeping Strategy in the development of the ALP. We will seek to reduce the number of homeless households recorded and provide suitable and stable accommodation, providing better outcomes for our residents in TA.
45. A review of the main housing allocations scheme is currently underway and it is anticipated a new scheme will be agreed in autumn of 2024. This will have due regard to all the policies mentioned above and will impact upon how we allocate accommodation in the future.
46. A review of the ALP lettings outcomes will be completed at the end of the 2024/25. A new ALP will be devised based on these outcomes and in line with the updated main housing allocations scheme.

Community, equalities (including socio-economic) and health impacts

Community impact statement

47. The council will maximize the opportunities arising from our investment in new council home and allocate homes based on housing need, prioritizing in an ethical and purposeful way to achieve best possible outcomes for residents.
48. The ALP will have a positive impact to many households in a housing need, providing permanent accommodation which meets their requirements in a timely manner.
49. A clear ALP will also enable shorter void periods and ensure properties are allocated in an efficient and timely reducing the possibility of ASB arising from empty homes. This will be done through robust suitability assessments so that households can be matched up to homes efficiently and reduce the refusal rates of accommodation offers. This will also have a positive impact on our empty homes
50. Allocations through the ALP will continue to build mixed and balanced communities within the borough.

Equalities (including socio-economic) impact statement

51. In making decisions the council is required to have regard to its public sector equalities duty, contained in section 149 of the Equality Act 2010 to eliminate discrimination, harassment and victimization. Equalities analysis and screening helps to understand the effects of the ALP on different groups and whether there may be any unintended consequences.
52. An Equalities Impact and Needs Analysis (Appendix 3) has been completed detailing the positive impacts of the ALP and ways to mitigate any potential negative impact on local communities.

53. The lasting impact of the COVID-19 pandemic and the on-going cost of living crisis continues to exacerbate the housing needs of residents. The increased number of properties that will come available in 2024/25 will provide an opportunity for the council to address the negative experience too many people experience. Overall the EINA has identified the Annual Lettings Plan will have a positive impact to residents who experience inequalities, namely ethnic minority grounds, people with mental health issues and children placed in TA all of whom are over-represented amongst households in temporary accommodation and homelessness more generally.
54. There are a number of residents who have protected characteristics where the main allocations scheme already provides priority, and therefore the ALP will not have an impact on these groups. This includes households who require an adapted property or older persons who can access sheltered or older persons accommodation.
55. There will be priority groups (i.e. overcrowded, welfare, etc) on the register who could also benefit from the additional allocation of properties, however the mitigating actions will include greater information relating to renting in the private sector and engagement through prevention mechanisms to help resolve their housing need.
56. Overall the equalities assessment has not found any grounds that would conclude the implementation of the ALP will have a significant negative impact on households on the housing register.
57. It is intended to complete a further EINA following the completion of the 2024/25. However through the year, various equalities data will be recorded and tracked to identify if there has been an adverse impact.

Health impact statement

58. The ALP outlined within this report will help the council to deliver its commitments to young people and families which is highly beneficial for mental health. Providing permanent housing for residents will enable residents to maintain access to local health care provision.

Climate change implications

59. The council has committed to do everything it can to make Southwark Carbon neutral by 2030. The climate emergency is a major focus for the council, working in partnership with stakeholders, residents and staff to tackle the effects of global warming. How the council uses its resources can have an impact on the borough's carbon emissions and the climate action strategy sets out the council's plans and progress against the plan is monitored and published on the website.

60. The development of the ALP has been done with due regard to the councils commitments and the actions that are underway. Specifically the decarbonisation programme for council housing which the residents benefitting from as part of the ALP.

Resource implications

61. As a result of the anticipated increase in new build homes within 2024/25, the council has agreed additional staffing resources to administer the allocation and lettings processes related to the new homes.
62. The introduction of the ALP will not generate the requirement for additional staffing resources however implementation will require minor administrative amendments to working processes in order to monitor and assess the operation of the plan.
63. The council will use existing IT systems, making adjustments to reporting and analytical processes where necessary.
64. There are no further resource implications identified as part of the implementation of the ALP.

Legal implications

Allocation of Council Housing Accommodation

65. The allocation of housing is governed by Part VI of the Housing Act 1996 as amended.
66. Housing authorities are required to have an allocations scheme for determining priorities and as to procedure to be followed in allocating housing accommodation under a secure council tenancy or nominating to registered providers under a nomination agreement between the council and the provider.
67. The scheme must give 'reasonable preference' to certain groups of people. This includes:
- People who are homeless
 - Those living in insanitary or overcrowded conditions or otherwise living in unsatisfactory housing conditions
 - Those who need to move on medical or welfare grounds
 - Those who need to move to a particular locality within the district where it would cause hardship if they were unable to do so.
68. Although there is no requirement to give equal weight to each of the reasonable preference categories, overall, reasonable preference has been given to all of the categories.

69. Subject to certain limited exceptions, a housing authority must allocate its housing in accordance with its allocations scheme.

Homelessness

70. The council's powers and duties relating to homelessness are set out in Part VII of the Housing Act 1996 Act. The Act defines when a person is homeless or threatened with homelessness, and sets out detailed requirements of housing authorities in relation to such persons.
71. In summary, Part VII imposes on local housing authorities three categories of duty:
- Prevention (threatened with homelessness)
 - Relief (homelessness)
 - Full or 'main' housing (homelessness)

The Act also confers powers and duties on local housing authorities to provide 'temporary' accommodation to homeless persons in certain situations. The Council's main scheme of housing allocation does not apply to the provision of "temporary" accommodation.

Financial implications

72. In 2023/24 the service has seen rising numbers of homeless cases, exacerbated by the cost of living crisis. In addition, there is an emerging and more serious financial pressure on the supply-side as providers are exiting the private rental market due to rising interest rates impact on the financial return, availability issues and escalating rental costs. At month ten, the forecast of payments to private landlords was estimated to be £48m and an overall forecast to TA after being offset by rental income was £21.1m (compared with £12m in 2022/23); £4m over the current budget.
73. The council anticipates that through the implementation of an ALP, the council will see allocations of 792 properties to homeless households in TA. This will create savings of an average £6,000 per household moved from TA (based on the average nightly paid cost). Therefore based on the proposed ALP, the council will see £4.8m savings for 2024/25.
74. In order to enhance the savings position and support the service to meet statutory duties in the context of the challenges sourcing TA supply, it is also proposed that a greater proportion of voids will be used as estate TA. Currently 50% of 1 beds are used in this way and a modest number of family homes on regeneration estates where we are no longer allocating secure tenancies. It is proposed to increase these proportions in order to both achieve further savings on the growing cost of provision and enable more lettings of TA in Southwark. These lettings are not part of the annual lettings plan as they are specifically excluded from the lettings rules under our allocations scheme.

75. Alternative investment opportunities for an increase in supply of TA and accommodation available for the council to discharge duty through the offer of accommodation must be alongside this.

Consultation

76. The Housing Allocations Scheme 2013 was subject to a statutory consultation process which confirmed the council will implement an annual lettings policy. There is no further statutory requirement to conduct an additional consultation process on the proposed ALP.
77. Given the pressures surrounding temporary accommodation, the council needs to respond to the current demand and provide the support needed for households by moving and enhancing resources to tackle homelessness and get residents accommodated into permanent accommodation as soon as possible.
78. Consultation on the ALP has not been carried out. However, the council proposes completing a review of the full housing allocation scheme in summer 2024. This will be subject to a formal consultation process and determination of implementation through a Cabinet decision.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Assistant Chief Executive, Governance and Assurance 25/03/2024 DG

79. As referenced in the main body of this report, the Council's housing allocation scheme, in place in compliance with the statutory requirement under the Housing Act 1996, makes provision for an Annual Lettings Plan (ALP).
80. The proposed ALP is produced in response to urgent and acute pressures on the council set out in the report.
81. The Assistant Chief Executive notes a review of the main allocation scheme is under way and, the plan to consult on the proposed new scheme later this year. The Assistant Chief Executive, Governance and Assurance and her staff will be able to provide advice to officers on legal and governance issues arising during the review of the allocation scheme.
82. The council is required under section 149 of the Equality Act 2010 (the public sector equality duty), to have due regard to the need to:
- Eliminate unlawful discrimination harassment and victimisation
 - Advance equality of opportunity between people who share protected characteristics and those who do not
 - Foster good relations between people who share protected characteristics and those who do not.

83. Equality analysis is the mechanism by which the council considers these effects. The report references the equality analysis undertaken in relation to the ALP appended to this report.
84. The duty to have regard to equality issues is a continuing one and will need to be actively considered during monitoring of the ALP once implemented.
85. It is essential that the cabinet member give due regard to the council's duty under the Equality Act 2010 and the implications for protected groups in the context of that duty in relation to this decision.

Strategic Director of Finance

86. The Strategic Director of Finance notes the proposal for the ALP to include an increased allocation of accommodation to Homeless households in TA in 2024/25 which is expected to see general fund savings to the council of £4.8m.
87. Rising private sector rents, particularly in London, along with increased demand has exacerbated the pressure and councils are competing for the limited affordable housing stock putting compounding pressure on the TA budget. A higher percentage of allocations for TA households for 2024-25 will reduce reliance on expensive nightly paid to better control the costs and improve efficiency in service provision due to increased housing, as well as wider social and economic benefits of providing stable housing. As noted in the financial implications, increasing estate voids used as TA and alternative investment options are also being explored alongside this.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|---|-------------------|----------------------------------|
| Housing Allocations Scheme 2013 | Resident Services | Cheryl Russell 020 7525 5000 |
| https://moderngov.southwark.gov.uk/documents/s41248/Appendix%20%20Housing%20Allocations%20scheme.pdf | | |
| Housing Strategy 2020 | Resident Services | Cheryl Russell 020 7 525 5000 |
| Housing strategy - Southwark Council | | |

APPENDICES

| No. | Title |
|------------|--|
| Appendix 1 | Housing Allocations Data |
| Appendix 2 | Annual Letting Plan 2024/25 |
| Appendix 3 | Equalities Impact and Needs Assessment |

AUDIT TRAIL

| | | |
|---|---|--------------------------|
| Cabinet Member | Councillor Sarah King, Cabinet Member for Council Homes | |
| Lead Officer | Cheryl Russell, Director of Resident Services | |
| Report Author | Ricky Bellot, Budget Recovery Board Programme Manager | |
| Version | Final | |
| Dated | 25 March 2024 | |
| Key Decision? | Yes | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER | | |
| Officer Title | Comments Sought | Comments Included |
| Assistant Chief Executive – Governance and Assurance | Yes | Yes |
| Strategic Director of Finance | Yes | Yes |
| List other officers here | None | |
| Cabinet Member | Yes | Yes |
| Date final report sent to Constitutional Team | | 25 March 2024 |