

Item No.	Classification: Open	Date: 4 January 2016	Meeting Name: Deputy Leader and Cabinet Member for Housing
Report title:		Temporary Accommodation Proposals	
Wards or groups affected:		All	
From:		Strategic Director of Housing and Modernisation	

RECOMMENDATIONS

1. That the deputy leader and cabinet member for housing agrees to:
 - the provision of placements into temporary accommodation outside of the borough boundary, where no suitable or affordable accommodation is available within the London Borough of Southwark (Southwark);
 - out of borough placements for homeless applicants being based on criteria set out in Appendix 1;
 - out of borough moves being used as a last resort when no in-borough option is available. In addition to achieving as much in-borough accommodation as reasonably practicable, the council will also ensure the accommodation will be as close to where the customer was previously living;
 - customers being moved outside of Southwark to receive appropriate housing, and well-being support to ensure the customer can maintain the accommodation provided, and this support will meet the identified needs from the housing and well-being plan that will be in place for all homeless customers;
 - the operating framework (attached as Appendix 2) being adopted to ensure a transparent framework is adapted in this area of the council's work; and
 - the council making maximum use of its existing affordable housing accommodation and allocates a proportion of 1 bedroom accommodation to homeless pregnant females and homeless families with 1 child under the age of 10, as temporary accommodation.

BACKGROUND INFORMATION

2. Like all London authorities, the housing crisis has hit Southwark hard. The council is experiencing a huge spike in the number of households facing homelessness and in need of temporary accommodation (TA).
3. Historically, TA has been used primarily as an interim solution for homeless households until more permanent accommodation becomes available. But as the cost of private rented housing increases, it has become much more difficult to find TA in the borough and increasingly in neighbouring borough too.

4. The law requires local authorities to accommodate homeless people within their area as far as it reasonably practicable, but if this proves impossible, they must try to place people as close as possible to where they were previously living.
5. A large proportion of TA comes from the private rented sector (PRS). Increasingly, as landlords are able to charge higher rents because of the market in London, the welfare reform changes to the local housing allowance (LHA), and rents being charged well beyond housing benefit levels, supply of private rented properties has greatly reduced year on year. The number of households in TA has increased by 70% over the last 5 years. Current projections show that the demand from homeless households and the supply of accommodation to meet this need represents an additional burden to the council's general fund budget of £4.2m each year.
6. For many, that accommodation is "nightly paid"; bed and breakfast (B&B) type accommodation. This is typically expensive, poor quality accommodation which negatively impacts on the life chances of those occupying it for a prolonged period. Not the type of accommodation we would wish for our own families.
7. TA should only ever be a short-term solution but the reality is that permanent supply in London is drying up. In our own stock too, reduced turnover means that there are much less empty properties available to let every year. In 2009/10, the council had 3000 properties available to let to people on the housing register. This year, we expect to have 1200. This means that families in TA have to wait much longer for permanent accommodation in Southwark.
8. The current housing crisis means that we need to look further afield, in London and beyond, to provide more sustainable and suitable housing options in the private rented sector. The council would not choose to place people outside of Southwark or London, but the paucity of supply means that we no longer have that option and have to increasingly place families beyond the boundaries of Southwark and London.
9. Homelessness is not the only source of demand for TA. Households with no recourse to public funds (NRPF) have in recent years become an increasing pressure on council resources. In May 2016, some 172 NRPF households were also living in TA and NRPF is a pressure for our neighbouring boroughs too.
10. All of this demand for TA means that all of London is chasing the same supply. Development of the nightly-paid market has enhanced the competition for accommodation and there are widely divergent rents for similar properties. London boroughs have developed shared pricing models and agreements to contain costs, but these are not always adhered to.
11. This report sets out the background to the council's use of TA, and the legal and policy framework within which the council must respond to an ever increasing rise in homelessness. It starts to explore options for how the council might provide better accommodation for families, and reduce the rising costs of TA. Fundamentally, the paper seeks to move the discussion on. The truth is that for many families TA is rarely temporary. If the council is unable to provide high quality permanent accommodation within Southwark, how can it help families to have permanent homes and stable family lives.

Overview

12. The Housing Act 1996 (Part 7) places a statutory duty on local authorities in certain circumstances to provide TA for people who apply to the council as homeless. Southwark, like all other London boroughs, is experiencing a huge increase in the number of households facing homelessness and in need of TA.
13. The housing solutions service deals with everyone who applies for council housing within the borough. This includes people already in council housing whose needs may have changed due to overcrowding as families have become larger, who need smaller accommodation because family members have left, or who need adapted or sheltered accommodation as they require more support. It has always been a very busy part of the council but in recent years, the rising numbers of homeless people has placed additional strain on the service, particularly acute in trying to find suitable TA.
14. TA is used primarily by local authorities as an interim solution for statutorily homeless households until more permanent accommodation becomes available.
15. The number of homeless households in TA has increased by 70% over the last five years compared to an average London increase of 42%. The current lack of a permanent housing 'supply' to address this demand has necessitated the increased use of TA, particularly more expensive nightly-paid accommodation. The increase in homelessness approaches and 42% increase in families with children being accepted as homeless while at the same time more families remaining in TA for longer periods of time has created a perfect storm.
16. Southwark is not alone in trying to deal with its homelessness problem. All local authorities are considering new strategies and policies to try to tackle the growing demand. But supply is limited and we are all chasing the same limited options. Increasingly we have to think more radically, collectively, and individually, about how we can deliver better quality longer-term housing solutions for families.

The Law

17. Statute and the related code of guidance requires local authorities to accommodate homeless persons within their area as far as is reasonably practicable, but if not reasonably practicable to do so, they must try to place as close as possible to where they were previously living. This does not mean however, that homeless families can't be accommodated out of borough, but decisions to place homeless families out of borough should be properly evidenced and explained.
18. On 9 November 2012, Part 7 of the Housing Act 1996 was amended by sections 148 and 149 of the Localism Act. These changes enabled councils to fulfil their main homelessness duty with a private sector offer of accommodation, which did not require the household's consent. This means that one of the ways in which we could provide help was to source PRS accommodation with a minimum 12 month assured short-hold tenancy.

KEY ISSUES FOR CONSIDERATIONS

TA Supply and Demand

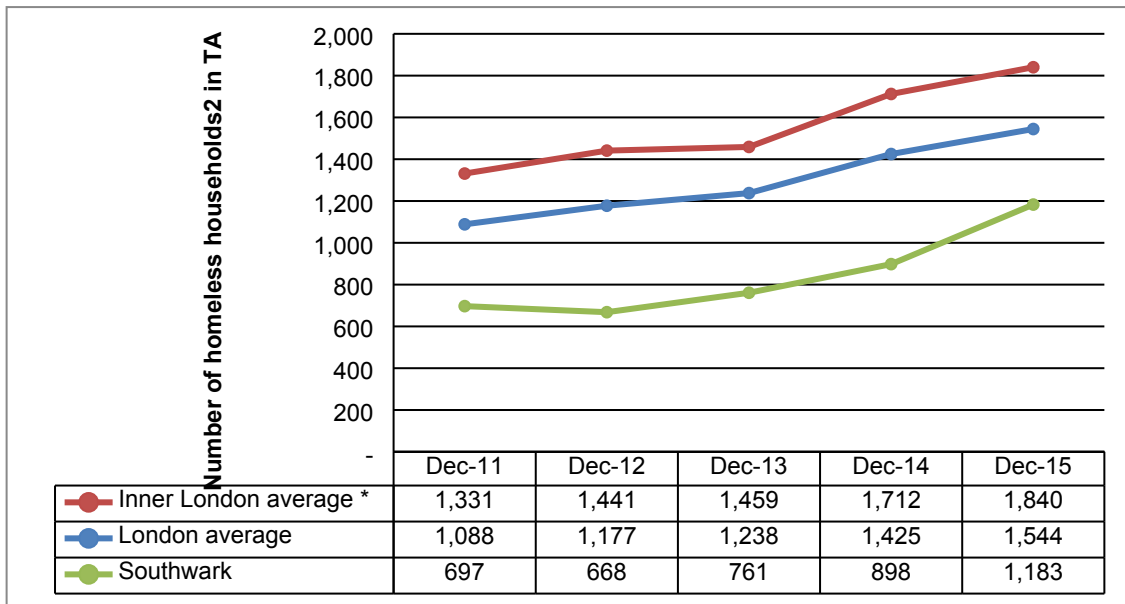
19. A large proportion of TA comes from and is contained within the PRS. There continues to be a growing dependency on acquiring and using this sector. Supply and demand modelling, based on the current TA suggests that the gap between the *demand* from homeless households in temporary accommodation and the *supply* of accommodation to address this need, could increase by up to 896 households in 2019/20;(worst case scenario) (table 1: below) potentially representing an additional burden to the council's general fund budget of £4.2m. (1) Already, the level of homelessness places year on year pressure on council resources.

Table1

TA Demand and Supply					
	15/16	16/17	17/18	18/19	19/20
Net Year End TA population	1639	1762	1791	1861	1968
Total Supply	1192	1215	1170	1267	1072
Projected Gap	447	547	621	594	896
Forecasted GF Budget Variance	£2,100,000.00	£2,571,135.00	£2,918,089.00	£2,790,813.00	£4,211,341.00

TA Demand and Supply model -worse case scenario

20. As a large social housing landlord, historically, the council could rely on sufficient turnover of its own tenancies to help meet the demands of homelessness. However, in recent years, it has seen this supply start to tail off. The provision of affordable accommodation made available from the council's own stock portfolio and Housing Association stock has reduced from 3,030 lettings in 2009/2010, to approximately 1,200 to 1,300 lettings in the 2016/2017 financial year. And, just as there has been a reduction of available alternative affordable accommodation locally there is a dramatic increase in homelessness presentations with a 15% increase in homelessness presentations the first quarter of 2016/2017 compared to the same period in the 2014/2015 year.
21. As the chart below illustrates, this is a London wide problem and although Southwark is doing better than most in containing the demand, the numbers increase year on year.



Sub regional context - Predicted population growth

22. The South East sub-region, of which Southwark is part alongside Greenwich, Lewisham, Bexley, and Bromley, differs from other sub-regions due to higher numbers of ageing residents, some of the lowest incomes, high benefit dependency and relatively low house price to income ratios. In the South East sub-region, estimated average household incomes are £45,000, below the London average, and second lowest among the sub-regions.
23. The number of households in the South East sub-region is forecast to increase. Projections indicate household growth in London will average 6,500 per annum from 2011-2031. The largest increases are projected for Greenwich, Lewisham and Southwark. This population increase brings greater demands for housing of all types.
24. The end of an assured tenancy has increased significantly in recent years, accounting for 5% of homeless applications in 2009/10 and increasing to 28 per cent in 2014/15. Welfare Reform changes to LHA has affected many tenants who are now subject to restrictions in benefits.

Pressure within Housing Market

25. Steep price rises in all tenures, reduced turnover of social sector stock, worsening affordability ratios, high levels of overcrowding, concealed households, repossessions and homelessness are indicators of a housing market under considerable pressure. These market signals suggest that affordability is and will continue to be a key issue for housing planning in South East London.

Private Rented Sector (PRS)

26. Southwark has high average property prices, which are out of reach for many of Southwark's existing residents. In May 2016, the average two bed flat sale price was £520,457. Private rent levels have also been increasing and the average

monthly rent for a two-bedroom property in July 2016, was £1,907 a month (median) or £2,175 (mean).

27. Demand for PRS accommodation in particular has intensified, and rent costs have increased in London faster than in any other English region.

Monitoring use of TA

28. The government monitors the level of TA in use by homeless households, but homelessness is not the only source of demand for TA. Households with NRPF have in recent years become a significant pressure on council resources. In Southwark, 172 NRPF households were living in some form of temporary accommodation in May 2016. In the same month, 116 'resettlement' individuals (those awaiting a suitable supported housing placement) were also living in TA.
29. Across London, local authority demand for emergency TA has escalated and in response the temporary accommodation market has increased the supply of nightly-paid accommodation. This is made available on a nightly use basis, rather than leased by boroughs over longer time periods and is more lucrative to the supplier.
30. Development of the nightly-paid market has enhanced competition for accommodation and the incidence of widely divergent rents for similar properties. Attempts to contain costs in the nightly-paid market led London boroughs to establish an agreement around the nightly rates payable, which has reported some degree of success in slowing the upward trajectory of costs. However, not contravening this agreement remains challenging for many local authorities, and anecdotal evidence suggests there has been an increase in the short-term use of very expensive commercial hotels which fall outside the scope of the agreement.

Length of Stay in TA

31. The length of stay for households in temporary accommodation has also increased in Southwark, although there is a variance across the different forms of accommodation in use. Outside of supported hostels, private sector leased (PSL) accommodation has the longest average length of stay at 329 days. For homeless households in nightly-paid accommodation, self-contained accommodation has a longer average length of stay at 219 days compared to shared accommodation at 75. The use of PSL accommodation continues to decline as landlords convert to private market or the more lucrative nightly-paid option.

Increasing use of Nightly Let Accommodation

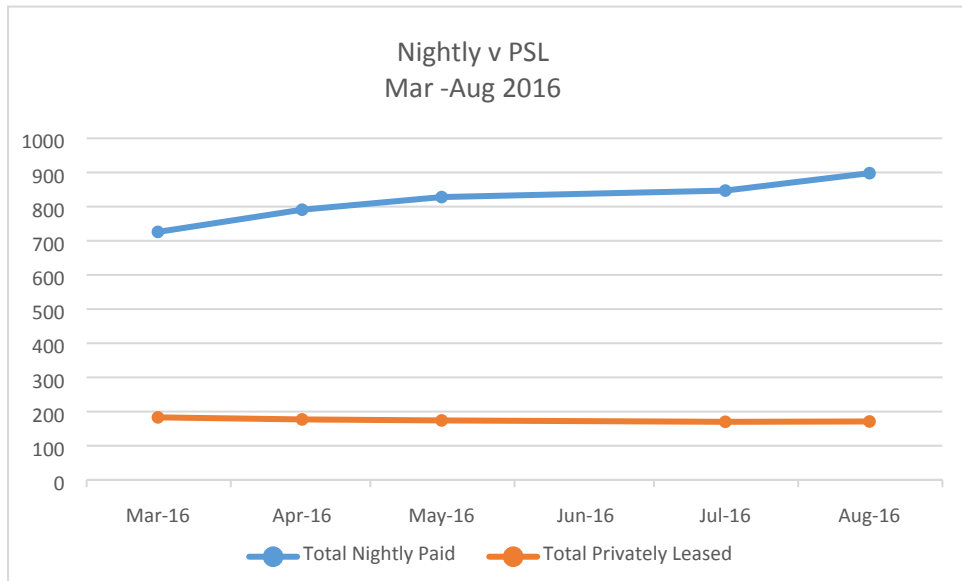


Chart 2 above shows the continuing increase of B&B accommodation and the gradual decline in private sector leased accommodation

32. The decline in PSL accommodation – from 60% of TA in 2010, to 37% in 2015 – is indicative of the increasing instability provided within the TA market as landlords change the use of their property from lease to nightly let accommodation achieving a higher rent. As at August 2016 the total number of placements into TA was 2004.

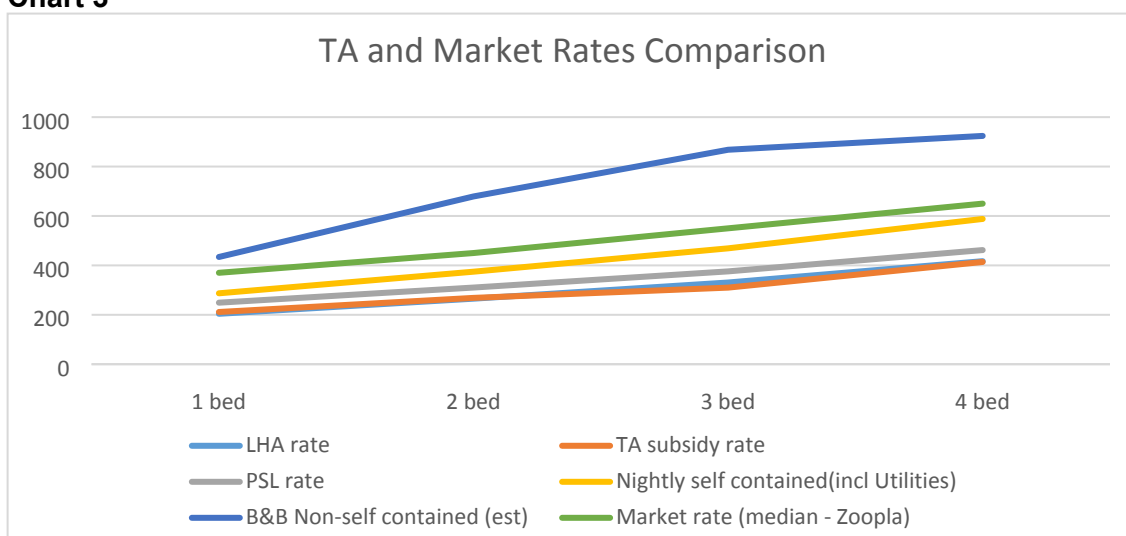
Existing TA Operating Model

33. The current model includes the following:

- The council's own social lettings agency which currently has 86 properties. At the time of inception, the agency provided a good deal for landlords, guaranteed rent, and management and maintenance provided by the council. Increasingly, however, private sector landlords are able to achieve much higher rent yields via self-management or other private agency arrangements.
- PSL / HALS – private sector leased units. These are properties leased from registered providers (housing associations) who are responsible for management and maintenance. They are in rapid decline due to rent affordability.
- PSI – private sector in-house leased units. Mainly leasehold ex Southwark Council properties.
- PSR – private sector rented units similar to PSL. Housing stock includes ex Southwark Council flats.

34. These options are used in addition to the council's own 305 units of hostel accommodation and the council's effective use of empty estate properties available due to regeneration projects. These help to supplement supply and mitigate some of the impacts of increased levels of homelessness.

Chart 3



35. Chart 3 provides an illustration of the cost of TA compared to local housing allowance and median market rent. It is evident that B&B rates are highest. This also reflects the attractiveness of B&B provision from landlords due to the rents that can be achieved.
36. Clearly, the affordability of B&B accommodation as a TA option is of concern. Reviewing the rates and reducing our reliance on B&B in favour of more PSL and Social Lettings Agency accommodation would be a sensible way forward. This would also require a change from the current sub regional pan London rates, which have been in use by boroughs in the South East sub-region for a number of years. This collaborative approach is no longer viable. Within IBAA, all boroughs may set their host borough rates as they wish.
37. But the use of B&B accommodation is more than a challenge around value for money. It will always be the poorest of options for those in housing need, no matter how high the quality of B&B accommodation. As a TA option, it is not something we should aspire to. The cost and value of B&B has to be considered in broader terms than monetary impact.

New ways of working and implications

Table 2

Homelessness Outcomes April-July 2016				
	April	May	June	July
Approaches	184	200	203	173
Acceptances	75	75	65	66
TA bookings (1st)	114	121	84	101
Letting (rehoused)	101	118	95	84
Lettings to homeless	24	28	24	26
% lettings to homeless	24%	24%	25%	31%

38. Table 2 above highlights the number of homeless approaches, placements into TA and number of families being rehoused. With only a quarter of lettings to the homeless, TA placements will continue to increase. Clearly, new approaches to homeless prevention are required.
39. Southwark regularly achieves upper-quartile performance for homeless prevention in comparison with other similar boroughs. The council's housing solutions service leads a range of activities under the banner of homeless prevention, details of which are summarised in the council's review of homelessness report (2014).
40. Southwark is piloting a new system of providing a homelessness prevention service reflecting the positive aspects of the Welsh model. This trailblazer pilot, which has been funded by the Department of Communities and Local Government (DCLG), provides a response to the housing crisis and increased use of TA. The model will provide the opportunity for improved preventative measures, a reduction in homelessness acceptances and enhanced customer journey.
41. The pilot enables the council to consider other ways to reduce the use of TA, and especially B&B, by allowing an element of spend to save to review existing procurement practice and actively acquire more accommodation in the private rented sector.
42. Earlier approaches from homeless applicants will provide the council with greater opportunities to provide applicants with more self-help solutions including offers of accommodation in the private rented sector, thus reducing the need for more expensive B&B accommodation and making more effective use of the PRS.
43. The pilot aims to test a number of reduction methods, including reviewing the current rates for accommodation in the PRS in and out of the borough.
44. The success of the pilot is geared towards achieving increased homelessness preventions of 915 each year and a reduction in homelessness acceptances from 860 in the current 2015/2016 financial year to approximately 573 households each year going forward. The council and DCLG will monitor this pilot scheme on a regular basis with the exchange of data, learning and development outcomes, to enable the pilot to be agile and dynamic.

New TA Proposals

45. The current crisis in supply forces the council to consider all options, including short-term leasing of HMOs (house in multiple occupation), block booking of accommodation to secure more attractive rates, switching TA to assured shorthold tenancies, short-term modular housing provision on council land and new acquisitions or leases. It should also include the rebranding of the social lettings agency to establish a more competitive presence among landlords.
46. It also requires the council to look at how we make best use of our existing permanent supply, including how we use hard to let sheltered housing or using one bedroom accommodation for one parent, one child homeless households where the child is below the age of ten years.

Procurement

47. As a result of agreement of this strategy and there being a preference for more PSL accommodation, there may be procurement implications. All procurement options will be reviewed to decide which option is the most appropriate and will be the subject of a separate Gateway 1 report.
48. One of the procurement options that will be considered is the use of the dynamic purchasing system (DPS) which is an electronic purchasing system for procurement that will enable the council to appoint providers of temporary accommodation on an ongoing basis and improve auditability and monitoring of performance which is limited through existing spot purchase.
49. Changes to procurement legislation in 2015 encourage the use of on-line systems to make the tendering process quicker, efficient and more accessible. Southwark has a new e-procurement tendering system facilitated by Pro-Contract which contains the DPS.
50. Monitoring systems can be included in the DPS to ensure that providers and landlords meet designated standards in the following areas, customer care, repairs service, property standards, management and maintenance and void turnaround times. Requests for accommodation can be made and offers received via the system and this would prevent any unnecessary delays in communication and is a vital tool for upscaling and acquiring accommodation for other services.
51. All providers would have to satisfy the terms, conditions and procurement protocols prior to use, the benefit of the DPS is that the contract is open for providers to join during the length of the term, unsuccessful providers can re-apply encouraging partnership opportunities. Consideration will be given to existing spot purchase suppliers undergoing a more robust verification and due diligence process to enable them to become preferred suppliers of a range of temporary accommodation properties at agreed rates.
52. This TA Strategy includes provision for upscaling procurement operations to become pivotal in acquisition of accommodation for other services. In addition to homeless applicants the service also procures accommodation for households with NRPF and adult and children's services.
53. The current system of spot purchase providers of PSL accommodation is outmoded. Procuring long-term provision via a tender process would ensure competition, better value for money and a clear expectation of service standards in key performance areas such as customer care, repairs and maintenance, management and void turnaround times.
54. These minimum service standards are already clearly set out, monitored and audited in our permanent supply and it seems perverse not to have common standards across all of the council's accommodation.

Out of Borough Placements

55. The increase of out-of-borough placements across London reflects the increasing pressure in the temporary accommodation market.

56. A recent report by Shelter “Home and Away” - May 2016 based on figures from July 2014 – June 2015, found that only one London borough contained all homeless placements within their own borough. (5)
57. At the end of 2015, one in four homeless households in England and one in three homeless households in London lived in temporary accommodation in another local authority area. This marks a major change: five years ago, just one in seven statutory homeless households in London were accommodated out of area. There are predominantly two types of out of area placement, TA and PRS Offer.

Table 3

Placing Borough	Receiving Borough		out of London placements	
	Q4 13/14	Q4 14/15	Q4 13/14	Q4 14/15
	South East	South East		
West	0	3	55	68
North	8	46	26	77
East	14	38	62	73
South East	412	467	63	89
South West	97	184	10	20
Total placements	531	738	216	327
No of Placements from outside SE sub-region	119	271		

Data from NRA (Nightly Rate Agreement) 6-month review 08102015 (4)

58. Tables 3 and 4 shows the number of placements made into the South East London sub-region by all sub-regions during Q4 in 13/14 and 14/15 respectively. This highlights the increasing number of placements into the sub region while at the same time out of borough placements increase. It also provides information on the potential opportunity to engage with landlords and managing agents to access more local and sub regional properties.

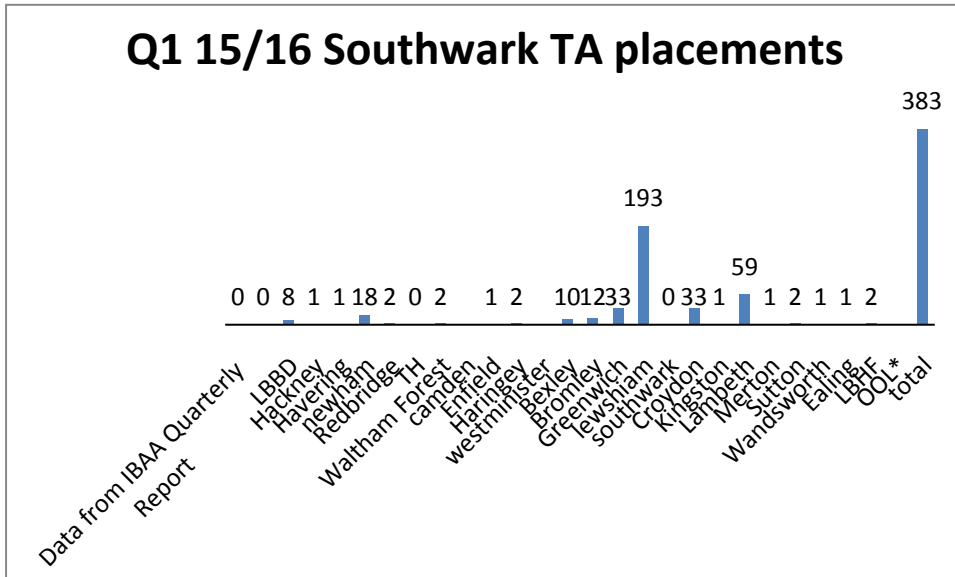
Table 4

TA Placements into South East Sub-region				
15/16	Placements	Total Receiving placements	Potential placements	SE
Q1	523	838	315	
Q2	397	714	317	

IBAA Quarterly Reports Quarter 1 and Quarter 2

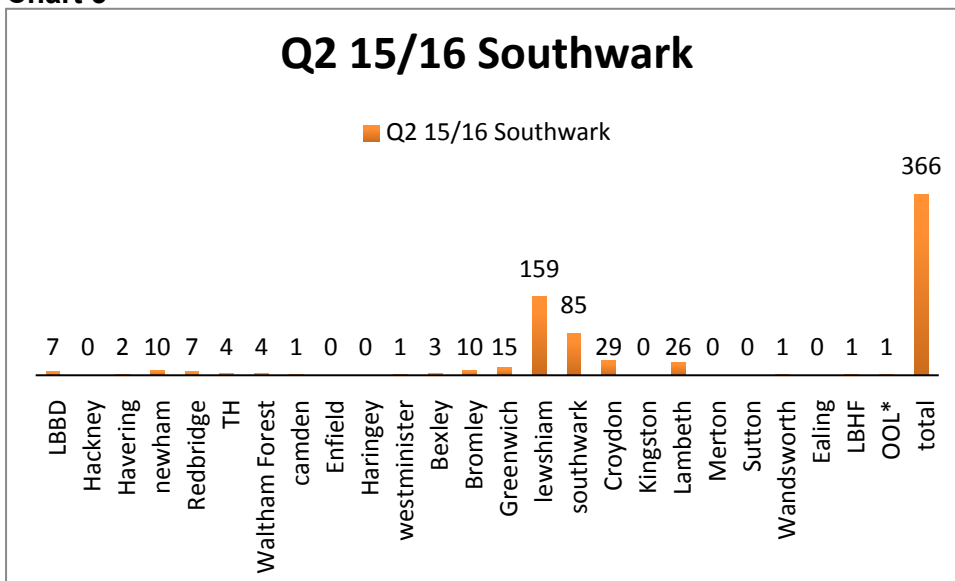
59. Shelter recently cited in the report launched in May 2016, relating to the use of temporary accommodation in London a case where one borough exported as many placements as other boroughs imported. The data above highlights importing and exporting within the sub-region.
60. Chart 4: below illustrates the location of TA placements made during Q1 15/16. Of the 383 placements made 248 were within the sub-region with 135 outside.

Chart 4



As can be seen from Chart 4, Southwark placements range from neighboring boroughs to Haringey and Havering.

Chart 5



IBAA Quarterly Reports Quarter 1 and Quarter 2

- Southwark made the highest number of out of area placements in the South East Sub-region, (although 2/3 were within neighbouring boroughs). As the London market becomes less affordable, Southwark has been increasingly unable to place households locally with 75% of TA placements now being made outside of Southwark.

Table 7

Quarter 3 2015/16					
Out of London household placements					
Receiving Boroughs				Receiving Counties	
Thurrock	60	Ashford	2	Essex	115
Slough	42	County Durham	2	Kent	110
Gravesham	35	Maidstone	2	Hertfordshire	67
Medway	34	Manchester	2	Berkshire	46
Broxbourne	29	North Hertfordshire	2	Birmingham	31
Dartford	28	Runnymede	2	Buckinghamshire	26
Harlow	26	Walsall	2	Bedfordshire	25
Luton	25	Watford	2	Surrey	20
Wycombe	25	Bournemouth	1	Worcestershire	4
Birmingham	22	Colchester	1	East Sussex	3
Basildon	17	Crawley	1	Greater Manchester	2
Welwyn Hatfield	17	Dover	1	Hampshire	2
East Hertfordshire	15	Dudley	1	West Midlands	3
Epping Forest	7	East Hampshire	1	County Durham	2
Tandridge	7	Erewash	1	Derbyshire	1
Sandwell	6	Guildford	1	Dorset	1
Reigate and Banstead	5	Havant	1	Nottinghamshire	1
Spelthorne	5	Leeds	1	West Sussex	1
Swale	4	Liverpool	1	West Yorkshire	1
Windsor and Maidenhead	4	Nottingham	1	Merseyside	1
Wyre Forest	4	Shepway	1	Total	462
Eastbourne	3	South Bucks	1		
Tendring	3	Southend-on-Sea	1		
Thanet	3	Stevenage	1		
Wolverhampton	3	Three Rivers	1		

62. Table 7: above provides information on where London boroughs are making placements for temporary accommodation and discharge of duty. The table provides information on the receiving boroughs and the receiving counties for the 462 out of London placements made during Q3 2015/16.
63. Up until now, Southwark has been able to place homeless households, if not in borough, in adjacent local authorities and largely within the sub-region. Mindful of the need to maintain family and support networks, school places and accessibility to employment, we have tried to ensure that households are within sufficient travelling distances to maintain their local connections.
64. It is however no longer possible to manage the service demands without looking at supply beyond the sub-region. Southwark must consider acquiring private rental sector accommodation outside London because we cannot contain the current demand otherwise. Even if Southwark were to consider a journey target time of 1 hour as a guideline, Southwark would still not be able to acquire enough affordable private rented supply.

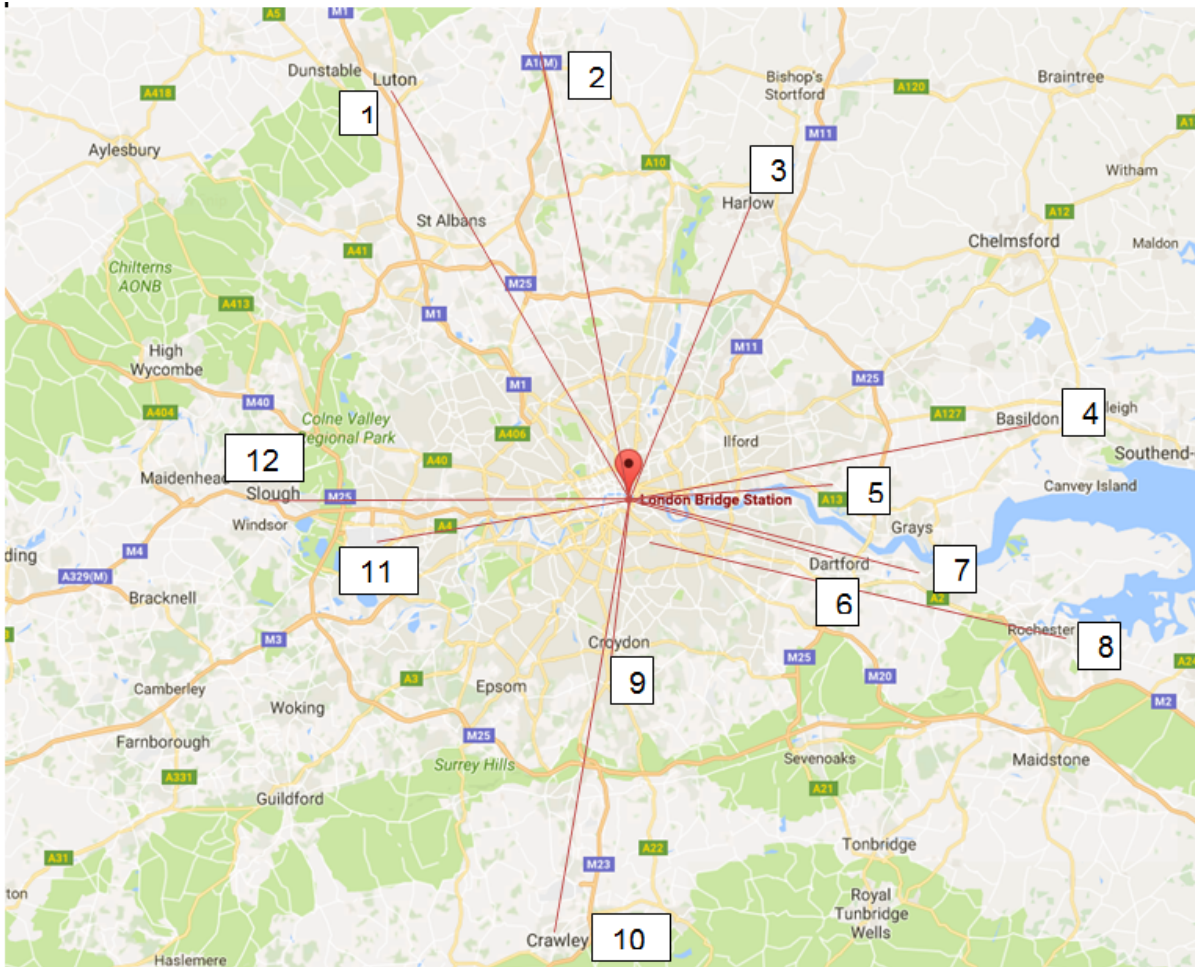


Table 8

From	Destination	Journey time (mins) and daily peak return cost	Frequency	Reference
London Bridge	Luton, Herts	55 - £27.50	Every 20 mins	1
London Bridge	Stevenage, Herts	49 - £25.10	Every 15 mins	2
London Bridge	Harlow, Essex	47 - £18.50	Every 30 mins	3
London Bridge	Basildon, Essex	43 - £23.70	Every 15 mins	4
London Bridge	Dagenham, Essex	39 - £8.30	Every 5 mins	5
London Bridge	Dartford, Kent	37 - £15.70	Every 30 mins	6
London Bridge	Gravesend, Kent	50 - £17.70	Every 15 mins	7
Nunhead	Chatham, Kent	57 - £17.50	Every 30 mins	8
London Bridge	South Croydon	33 - £11.10	Every 30 mins	9
London	Crawley,	47- £27.20	Every 30 mins	10

Bridge	Sussex		mins		
London Bridge	Feltham, Middx	45 - £13.70	Every mins	30	11
London Bridge	Slough, Bucks	60 - £19.90	Every mins	30	12
Peckham Rye	Dartford Kent	34 - £14.10	Every mins	15	6
Peckham Rye	South Croydon	49 - £7.50	Every mins	15	9

Universal Credit

65. In June 2016, Southwark was one of four local authority co-signatories of a joint letter sent to the Department for Work and Pensions from London councils and the Local Government Association. The letter expressed significant concerns in relation to the lack of 'fit' between Universal Credit design and temporary accommodation; particularly nightly-paid accommodation.
66. Under existing arrangements, temporary accommodation is financed through complex subsidy arrangements from central government via the housing benefit system. Housing benefit support for TA households contains two elements; a LHA element directed towards payment of the rent; and a 'housing management' element which is intended to support local authorities' management of the TA tenancy. These arrangements are under review
67. For households placed in shared accommodation (nightly-paid or licensed), subsidy is based on the 2011 one bedroom (self-contained) LHA rate, subject to the location of the property.
68. For those in self-contained licensed and short-term leased accommodation, subsidy is determined by using 90 per cent of the 2011 LHA rate for the size of the property, plus a £40 management element.
69. Arrangements under universal credit will alter, with households living in temporary accommodation eligible to receive support with their housing costs based on current LHA rates for their household size (including a shared accommodation rate). However universal credit will not include any subsidised element to cover the 'housing management' function associated with temporary accommodation.
70. The Autumn Spending Review 2015 included a statement on intended changes to the framework of support for temporary accommodation within the housing benefit system. The statement indicated intentions to devolve the management element associated with temporary accommodation to local authorities via a fixed annual grant.
71. Changes to the benefit cap when it is reduced from £26k to £23k will also affect the applicant's ability to pay rental costs in inner London. Recent reports indicate a reduction in benefit dependant families and an increase in low income families receiving benefit support.

Local Housing Allowance (LHA)

72. The LHA has been set at approximately 30th percentile of the housing market for some time and is now frozen, however, LHA had ceased to maintain its 30th percentile position, where it was believed that claimants could source accommodation from landlords, with the increase in property prices and consequently rents rising.
73. Limitation in the supply of social housing has intensified demand for property at the lower end of the private rented sector, at a time when rents are rapidly increasing. Data from the Greater London Authority, derived from the valuation office, indicates that, at the bottom end of the sector, rents have risen by 39 per cent in Inner, and 32 per cent in outer London. In 2012 there were an estimated 830,000 people living in poverty in the PRS, a higher number than in social housing.
74. LHA for a single person over the age of 35 is £204.08 per week. The average market rent for a 1 bed flat in Southwark is £300 per week nearly £100 above LHA.
75. Many private landlords and agents will not take tenants who rely on Housing Benefit and have increasingly chosen the professional private rental market or nightly let market providing temporary accommodation. Claimants in receipt of Housing Benefit have to top up the rent more often than not and this presents a risk the landlords choose to avoid.
76. LHA in Dartford, Kent (the cheapest rental area in Kent) is £124.69; the average market rent for a 1 bed property in Dartford is £170 per week over £40 per week above LHA allowance. The pattern is the same until one begins to look much further north. If you look towards Derby, Birmingham and beyond market rents are more in line with LHA.
77. The fundamental issue is that out of area moves has historically only being used as a last resort. The effect of out of area placements can cause additional pressures on the receiving borough too, but as this paper demonstrates, we can no longer afford TA solutions within our own borough, within London, or within the sub-region. The last resort is fast becoming our only viable and sustainable housing option.

Homelessness (Suitability of Accommodation Order) 2012

78. This important legal requirement set out the details which must be considered prior to a placement being made. These standards apply to all temporary accommodation placements and discharge of duty cases.
 - a) Distance from the home borough.
 - b) Disruption caused by location on the employment, caring responsibilities and education of the household.
 - c) Proximity and accessibility of the accommodation to medical facilities and other support that are currently used or provided to a member of the household, or is essential to their wellbeing.
 - d) Proximity and accessibility to any local services, amenities and transport

79. The order was reinforced by the 2015 Supreme Court ruling (*Nzolameso v City of Westminster*) on out of area accommodation.
80. The main recommendations put forward by the Supreme Court were: (i) Ideally, each local authority should have, and keep up to date, a policy for procuring sufficient units of temporary accommodation to meet the anticipated demand during the coming year. Such policy should reflect the authority's statutory obligations under the Housing Act 1996 and the Children Act 2004. (ii) Each local authority should also have, and keep up to date, a policy for allocating those units to individual homeless households. (iii) Where there is an anticipated shortfall of 'in borough' units, the policy should explain the factors which would be taken into account in offering units close to home and if there was a shortage of such units, the factors which would make it suitable to accommodate a household further away. (iv) Such policies should be made publically available.
81. London housing directors have considered the implications of boroughs making more out of area placements including the need for openness, transparency and information sharing when homeless households are placed out of London.
82. Particular attention is encouraged where a household includes either vulnerable children, or vulnerable adults. The agreement recommends observing guidance from the London child protection procedures and the guidance for out-of-area safeguarding adults arrangements. These are pan- London procedures which promote a common approach across London.
83. However, it is clear that very intensive support for homeless households who are placed out of borough is required. It would represent a significant change to our operating model with a high degree of resettlement advice and support which would need to consider factors such as:
 - The distance of the accommodation from Southwark
 - The significance of any disruption which would be caused by the location of the accommodation to the employment, caring responsibilities or education of the customer or members of the household
 - The proximity and accessibility of the accommodation to medical facilities and other support which are currently used by or provided to household and are essential to their well-being
 - The proximity and accessibility of the accommodation to local services, amenities and transport.
84. In addition, ongoing pastoral care and financial support would be vital in ensuring the sustainability of the new tenancy following services:
 - Ensuring travel and furniture removal costs are paid
 - Ensuring links with local services in the new area
 - Ensuring there are school places before the household moves
 - Ensuring the household continues to receive essential health and care
 - Ensuring the household is supported to obtain employment and increases job opportunities through the support of the resettlement service
 - Ensuring the household does not feel isolated, and isolation is reduced through the support of the resettlement service, and that there are good travel links back to Southwark

- Ensure the household has access to support networks, for example friends, families and support groups for caring for children and basic every day family tasks
- Ensuring the receiving council is notified of the household's placement into accommodation in the relevant local authority's boundary
- Ensuring the quality of the accommodation always meets the Housing and Health Safety Standard, and the Homelessness (Suitability of Accommodation Order) 2012.
- Ensuring the household's travel to and from places of employment, educational establishments, health and care provision are minimised, and appropriate support is provided to the household to access the cheapest form of travel.

Policy Implications

85. The Housing Allocations scheme promotes the discharge of the homelessness duty into the private rented sector, and this is also contained within sections 148 and 149 of the Localism Act.

Community Impact Assessment

86. Attached to this report as Appendix 3 is the equality analysis to support the contents of this report.

Resource Implications

87. Establishing the average costs of temporary accommodation (TA) is challenging due to the high turn-over of households and the cost variances seen across tenure type, household size and length of stay. In 2015/16, the net cost of placing homeless households in nightly paid accommodation was £3.1m, not including the £6.5m spent on TA for NRPF households, against respective budgets of £1.2m and £2.6m. As a result base budgets were realigned with additional budgets of £2.4m for TA and £2.3m for NRPF. NRPF, like TA, is demand driven and has in recent years become a significant pressure on council resources. For the first six months in 2016/17 the demand for TA for homeless households is already significantly higher per night than budgeted and the NRPF spend is continuing at rates similar to previous year despite mitigating actions by the newly implemented NRPF team. With increased demand and other financial pressures within the council, taking advantage of the PRS across London and beyond would help to provide a financially more sustainable service.

Consultation

88. The housing solutions service have consulted with adult and children's services, the education service, resident services, and the NRPF service on the contents of this report.

Conclusion

89. This discussion paper focuses on TA and considers options for how the council can maximize its supply to tackle the ever increasing level of homelessness.
90. TA in itself however is not housing of choice. And increasingly, it is rarely temporary. There are too many examples of families waiting years in TA for permanent homes. Just as the council recommends that it should have a zero

tolerance to the use of nightly paid or B&B accommodation, every opportunity should be explored to find permanent homes for homeless households.

91. Temporary housing by its very nature increases poverty within households because if not within our own stock, it is nearly always unaffordable in London.
92. Out of borough placements in the PRS should become part of the council's response to this growing problem, not only because it would provide a more financially sustainable service going forward, but also because out of borough placements can provide permanent stable homes for families to put down roots.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

93. The report recommends agreement to the provision of placements in temporary accommodation (TA) to homeless persons outside of the borough boundary where no suitable or affordable accommodation is available with the borough; how it is proposed to operate this is set out in documents appended to the report.
94. Local authorities have a statutory duty to provide accommodation in their own area, 'so far as reasonably practicable' under section 208(1) Housing Act 1996. The accommodation must be suitable to the needs of the homeless person and each member of the household, and the location can be relevant to its suitability. Under section 182(1) of the Act, regard must be given to any guidance given by the Secretary of State. While out of borough placements are not prohibited, the Homelessness (Suitability of Accommodation) (England) Order 2012 requires authorities to take into account the distance of the accommodation being offered from its district and the disruption to caring responsibilities or the education of any member of the household. The obligation to secure accommodation as close as possible to where the household had previously been living was strengthened by supplementary guidance on the homelessness changes in the Localism Act 2011 and on the Homelessness (Suitability of Accommodation) (England) Order 2012, including the need to seek to retain established links with schools, doctors, social workers and other key services and support.
95. Reasonable steps must therefore be taken to secure that accommodation is made available in borough.
96. In 2015 the Supreme Court, in *Nzolameso v City of Westminster*, considered the question of whether it is lawful for a local housing authority to accommodate a homeless person a long way away from the authority's own area where the homeless person was previously living (in that case, from Westminster to Milton Keynes). The court held that where local housing authorities offer accommodation outside of their own district in discharge of their duties under Pt 7, Housing Act 1996, they must explain, ideally by reference to published policies, the choices that have been made. In addition, whether accommodation is suitable, requires the local authority to have regard to the need to promote, as well as safeguard, the welfare of any children in the household.
97. The report confirms the documents appended have been prepared in recognition of the council's legal responsibilities in the provision of temporary accommodation for homeless households.

98. When considering the recommendations in this report, the cabinet member must have due regard to the continuing public sector equality duty contained within section 149 of the Equality Act 2010. That is the need to eliminate discrimination, harassment, victimisation or other prohibited conduct; advance equality of opportunity between persons who share a relevant protected characteristic and those who do not and foster good relations between those who share a relevant characteristic and those that do not share it. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. An equality assessment is appended to this report.
99. The majority of this report deals with property transactions that are outside the scope of the EU Regulations. However, it is noted in paragraph 47 that the preference for more PSL accommodation may result in procurement implications and that various procurement options will be considered and the necessary approval sought in a separate Gateway 1 report when needed.

Strategic Director of Finance and Governance

100. This report seeks approval to the adoption of out of borough placements (subject to certain criteria), in order to mitigate the financial pressure that the council faces due to rising homeless demand and supply-side volatility. In recent years, the net cost of temporary accommodation and no recourse to public funds (NRPF) have consistently exceeded budget provision and been met from corporate reserves. For 2016/17, these budgetary pressures were recognized to some extent and growth approved in the value of £4.69m. Notwithstanding this, the budgets remain under considerable pressure, demand over the first quarter for temporary accommodation shows the average number of households is running in excess of that budgeted for (but can be contained), whilst NRPF spend is continuing at rates similar to the previous year and likely to exceed the revised budget allocation should the trend continue. Hostels and estate voids are already used to mitigate the cost wherever possible, but it is critical that alternative more cost effective provision, such as out of borough placements in the private rented sector becomes part of the council's response to this growing problem. Charge rates are lower and supply more readily available and this would help to provide a more financially sustainable service going forward.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Strategic Review of Temporary Accommodation – commenced May 2016		Ian Swift, Service Manager, Housing Solutions Tel. 020 7525 4089
IBAA quarterly reports - Quarter 1, Quarter 2 and Quarter 3 2015/16		Ian Swift, Service Manager, Housing Solutions Tel. 020 7525 4089
South East London -Strategic Housing Marketing Assessment, June 2014		Ian Swift, Service Manager, Housing Solutions Tel. 020 7525 4089
Strategic Review of Temporary Accommodation – Prioritising more permanent housing solutions for homeless Households – July 2016		Ian Swift, Service Manager, Housing Solutions Tel. 020 7525 4089
Home and Away, Shelter, Out of Area Briefing: 18, May 2016		Ian Swift, Service Manager, Housing Solutions Tel. 020 7525 4089
Temporary Accommodation in London – Local Authority Pressure – Julie Rugg November 2015		Ian Swift, Service Manager, Housing Solutions Tel. 020 7525 4089
National Homelessness Advice Service – Placing Households out of Area, Local Authority Guidance and Best Practise. May 2016		Ian Swift, Service Manager, Housing Solutions Tel. 020 7525 4089
Households in temporary accommodation – England Briefing paper – House of Commons Library Briefing Paper 02110 http://researchbriefings.files.parliament.uk/documents/SN02110/SN02110.pdf		Ian Swift, Service Manager, Housing Solutions Tel. 020 7525 4089
http://www.parliament.uk/business/committees/committees-a-z/commons-select/communities-and-local-governmentcommittee/news-parliament-2015/homelessness-launch-15-16/		Ian Swift, Service Manager, Housing Solutions Tel. 020 7525 4089

APPENDICES

No.	Title
Appendix 1	Lettings framework and frequently asked questions
Appendix 2	Checklist to assess the suitability of the location of the property being considered for offer
Appendix 3	Equality Analysis

AUDIT TRAIL

Lead Officer	Richard Selley, Director of Customer Experience	
Report Author	Ian Swift, Service Manager, Housing Solutions	
Version	Final	
Dated	3 January 2017	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	3 January 2017	