

LONDON BOROUGH OF BROMLEY

TEMPORARY ACCOMMODATION

PROCUREMENT STRATEGY 2015

1. Overview

1.1 This strategy provides a framework for the procurement of suitable temporary accommodation within and outside of the London Borough of Bromley. It applies to accommodation sourced for use as temporary accommodation in order to fulfil the Council's duties in relation to temporary accommodation in accordance with Part VII of the Housing Act 1996.

1.2 It will be used to guide the Housing Management and Acquisitions Team in their daily business, ensuring that the correct accommodation is procured to meet the overall demands for temporary accommodation as well as the individual requirements of households with very high support needs.

1.3 It has been developed in accordance with the Temporary Accommodation Placement Policy and with reference to the statutory duty imposed upon Local Authorities to provide suitable temporary accommodation for priority homeless households in accordance with part VII of the Housing Act 1996 and the accompanying Homelessness (Suitability of Accommodation) (England) Order 2012 which sets out details of the standards of accommodation in respect of its nature, style, affordability and location.

1.4 It takes account of the local and national factors impacting upon the sourcing of accommodation; increases in the cost of home ownership and the scarcity of affordable new build accommodation, an increasing reliance on the private sector which has in turn led to an increase in rental costs. In addition to this there have been changes to case law and a number of legal judgements which mean that there are far greater restrictions on the placements that a Local Authority can make than was previously the case.

2. Background and context:

2.1 The London Borough of Bromley is the largest borough in Greater London, however much of its land is rural and classified as part of the Metropolitan Green Belt. There is a high level of owner occupancy with over 70% of residents either owning their home outright or with the aid of a mortgage. There are excellent transport links into central London making it an ideal location for commuters. Bromley is a popular place to live and has seen significant price increases with rental prices up by 20% and purchase prices up by 27% in the last two years.

2.2 The following table shows the average asking prices in Bromley and surrounding boroughs:

| | July 2013 | July 2015 | Change |
|------------------|------------------|------------------|---------------|
| Bromley | £386,992 | £493,869 | +27.6% |
| Bexley | £259,335 | £321,933 | +24.1% |
| Lewisham | £317,497 | £440,580 | +38.8% |
| Southwark | £468,458 | £594,483 | +26.9% |
| Greenwich | £329,651 | £427,976 | +29.8% |

**Figures taken from the website www.rightmove.co.uk

2.3 The following table shows the average private sector rental prices, per calendar month, in Bromley in November 2015. Many rents within the private sector exceed the local housing allowance levels for those in receipt of housing benefit making such accommodation difficult to obtain:

| | Average Rent in Bromley | Median Rent in Bromley |
|-------------------|--------------------------------|-------------------------------|
| 1 bedroom | £990.00 | £995.00 |
| 2 bedrooms | £1,343.00 | £1,300.00 |
| 3 bedrooms | £1,674.00 | £1,600.00 |
| 4 bedrooms | £2,162.00 | £2,102.00 |
| 5 bedrooms | £3,199.00 | £3,000.00 |

**Figures taken from the website www.home.co.uk

2.4 The following table shows the Local Housing Allowance rates, per calendar month, in Bromley (as of April 2015):

| 2015 LHA Rates | | |
|-----------------------------|--|--|
| | Inner South East London Broad Market Rental Area: | Outer South East London Broad Market Rental Area: |
| Shared accommodation | £412.44 | £365.17 |
| 1 bedroom | £884.34 | £697.75 |
| 2 bedrooms | £1,110.59 | £858.47 |
| 3 bedrooms | £1,433.12 | £1,050.40 |
| *4 bedrooms | £1,807.08 | £1,355.33 |

2.5 The Council does not own its own housing stock and social housing within the borough, some 16,000 units in total, are managed by social landlords and registered providers.

2.6 The traditional models of temporary accommodation procurement no longer yield sufficient resources. These are due to a number of factors which include;

- Schemes such as the right to buy and the introduction of the spare room subsidy which have diminished the supply of social housing, leading to increased waiting times on the Housing Register.
- A diminishing supply of affordable private rented accommodation as a result of a reduction in the number of new affordable homes and the difficulties experienced by first time buyers who are unable to afford home ownership.
- Welfare reform changes such as the spare room subsidy and caps to benefits.
- Rising homelessness.
- The temporary accommodation funding level of 90% of the 2011 LHA rates plus £40 is uncompetitive and well below current market prices.

2.7 TA Subsidy Levels:

| TA Subsidy Levels Within Bromley | | |
|---|--|--|
| | Inner South East London Broad Market Rental Area (weekly amount): | Outer South East London Broad Market Rental Area (weekly amount): |
| Single Room | £190.33 | £155.75 |
| Multiple Rooms | £190.33 | £155.75 |
| Studio | £211.33 | £180.04 |
| Self-contained 1 bed | £211.33 | £180.04 |
| Self-contained 2 bed | £268.45 | £211.33 |
| Self-contained 3 bed | £310.03 | £246.61 |
| Self-contained 4 bed | £413.84 | £310.03 |
| Self-contained 5 bed | £413.84 | £310.03 |

2.8 The shortage of local self-contained temporary accommodation which is accessible to households who are homeless or on benefits is leading to a greater dependence on expensive emergency, spot purchased, nightly paid accommodation. Such bookings lead to additional pressure upon the Local Authority; they are expensive, insecure and many households require additional assistance to protect their belongings as there is insufficient space for their items in accommodation sourced on a nightly basis.

2.9 Many units of accommodation that are sourced in an emergency and paid for on a nightly basis consist of a single room or rooms with shared facilities. The Local Authority has a statutory duty to ensure that households with children, or those who are pregnant, are only placed in such accommodation in an emergency and even so for no more than six weeks. Failure to do so can see a financial penalty and award for compensation imposed upon the Local Authority.

2.10 The number of households in temporary accommodation has increased in recent years. At the end of October 2015 there were:

- 1125 households in temporary accommodation; this is an increase of 18% from the same period last year.
- 683 households in nightly paid accommodation, this is over 60% of all households placed.
- 440 (39.1%) of households placed in long term accommodation which is an AST or leasehold managed by a Registered Provider.
- 583 households living in self-contained accommodation.
- 100 in shared accommodation.
- 40 households with dependent children in shared accommodation, all of whom had been in shared B&B style or annexe accommodation for over 6 weeks.

2.11 48% of current TA placements are in borough. Of the 52% of placements which are outside of the boundaries 41% are in London and 11 % are outside of London.

2.12 905 (80.4%) of all households in Temporary Accommodation are families with dependent children, 62% of which are lone parent households and a further 18% are couples with dependent children or pregnant mothers.

2.13 In June 2012 the average number of days spent in temporary accommodation was 186. As of September 2015 this has almost doubled and households can now expect to spend an average of 304 days in temporary accommodation.

3. Demand for accommodation:

3.1 Despite the focus on preventative measures the Council continues to see an increase in the number of households who are homeless or threatened with homelessness.

- 184 homeless decisions were made between July and September 2015.
- 128 applicants were accepted as owed a main homelessness duty between July and September 2015.

This equates to over 69% of all decisions taken within the quarter. This is an increase of around 29% from the same period in 2014/15.

3.2 Households on low incomes are struggling to meet rental increases and landlords are seeking to maximise their income in line with the changing market and increase of available renters who, in the past may have sought a route into home ownership but for whom this is not currently a financially viable option.

3.3 On average more than 100 households complete an application to join the Council's Housing Register each week. The threshold for inclusion onto the Register is very high and only those with the highest levels of need and to whom the Council owes a statutory duty are included.

3.4 As of December 2015 there were 2850 households included on the Housing Register:

| | | BEDSIZE | | | | | | | TOTAL |
|----------|------------------------------|---------|----|------|-----|-----|----|---|-------|
| | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | |
| CATEGORY | Homeless | 269 | 19 | 866 | 200 | 52 | 11 | 2 | 1419 |
| | General Register | 503 | 42 | 76 | 42 | 19 | 3 | 0 | 685 |
| | Housing Association Transfer | 194 | 31 | 201 | 231 | 77 | 11 | 1 | 746 |
| TOTAL | | 966 | 92 | 1143 | 473 | 148 | 25 | 3 | 2850 |

3.5 The majority of households included on the Housing Register are at risk of homelessness or already homeless and in temporary accommodation. Waiting times for accommodation via this route continue to increase and are broadly as follows:

| Bedsize | Emergency | Band 1 | Band 2 | Band 3 |
|---------|-----------|--------|--------|--------|
| Studio | 3 | 15 | 14 | 9 |
| 1 bed | 6 | 21 | 15 | 13 |
| 2 bed | 4 | 13 | 27 | 21 |
| 3 bed | 6 | 14 | 18 | 28 |
| 4 bed + | 5 | 27 | 42 | 40 |

**average waiting times shown in months; based on data collected between April 2012-April 2015.

3.6 The need for longer term, good quality temporary accommodation is deep rooted in the wider housing crisis. The decline and in some cases complete absence of new affordable housing has contributed to price inflation across all sectors of the housing market.

4. Current procurement:

4.1 The Council has worked collaboratively with other local authorities, most notably on a sub-regional and pan-London basis to monitor data and develop best practice.

4.2 Significant work has been undertaken in order to clarify and stabilise prices so that boroughs can seek to procure local accommodation using consistent practices and not outbid each other for the scarce resources that are available.

4.3 The tables below detail the current maximum rates that temporary accommodation can be procured at on a nightly basis in Bromley:

| Outer South East London Broad Market Rental Area (nightly rate) | | | |
|--|-----------------------|------------------|-----------------------|
| | Exclusive Rent | Utilities | Inclusive Rent |
| Shared Single Room | N/A | N/A | £25.00 |
| Shared Double Room | N/A | N/A | £30.00 |
| Shared Triple Room | N/A | N/A | £30.00 |
| Shared Quad Room | N/A | N/A | £30.00 |
| Studio | £29.50 | £6.00 | £35.50 |
| 1 Bed | £33.00 | £6.00 | £39.00 |
| 2 Bed | £40.00 | £8.00 | £48.00 |
| 3 Bed | £47.50 | £10.00 | £57.50 |
| 4 Bed | £50.00 | £10.00 | £60.00 |

| Inner South East London Broad Market Rental Area (nightly rate) | | | |
|--|-----------------------|------------------|-----------------------|
| | Exclusive Rent | Utilities | Inclusive Rent |
| Shared Single Room | N/A | N/A | £27.00 |
| Shared Double Room | N/A | N/A | £35.00 |
| Shared Triple Room | N/A | N/A | £45.00 |
| Shared Quad Room | N/A | N/A | £51.00 |
| Studio | £30.00 | £6.00 | £36.00 |
| 1 Bed | £35.00 | £6.00 | £41.00 |
| 2 Bed | £45.50 | £8.00 | £54.00 |
| 3 Bed | £57.50 | £10.00 | £67.00 |
| 4 Bed | £74.00 | £10.00 | £84.00 |

4.4 Whilst such work has been beneficial in setting a benchmark and methods of good practice it has not increased access to accommodation.

4.5 The Council has sought to make best use of existing local accommodation. One former care home, Bellegrove, has been brought up to standard and back into use as temporary accommodation and a second is due for completion in 2016.

4.6 In reviewing the cost efficiency of the accommodation at Bellegrove, based upon occupancy levels for the first part of 2015/16 against the average costs of alternative provision the savings figure based upon the minimum alternative provision for 2016/17 is estimated to increase by a further £24K for the full year to £270k.

4.7 The Council continues to utilise funding to bring empty homes back into use, both improving local facilities and ensuring good quality homes for local families. Between April 2013 and November 2015, thirty formally empty homes within the borough have been brought back into use:

| | Studio | 1 bed | 2 bed | 3 bed | 4 bed | 5 bed | Total |
|-------------|--------|-------|-------|-------|-------|-------|-----------|
| 2013 | 0 | 0 | 0 | 3 | 0 | 0 | 3 |
| 2014 | 0 | 1 | 2 | 4 | 0 | 0 | 7 |
| 2015 | 10 | 0 | 4 | 4 | 1 | 1 | 20 |

4.8 The Council has entered into block booking arrangements with temporary accommodation providers in lieu of accommodation secured on a nightly basis. This guarantees the Local Authority access to a certain number of good quality, affordable accommodation for a known period of time.

4.9 In order to get best use of existing social housing stock within the borough the Council works with Housing Associations to gain access to temporary accommodation within the borough. Such arrangements allow access to a mixture of shared facility and self-contained accommodation of varying sizes. Some benefit from onsite management or floating support whilst others offer entirely independent living which maximises the opportunities for the Council to make placements appropriate to the needs of the household. As well as having access to a core group of units such partnership working also allows the Local Authority to access short term lets which might otherwise not be available such as homes freed up as part of a long term decant programme or where the home is empty pending determination of its future use.

4.10 The Council works with Registered Providers and temporary accommodation management companies to secure accommodation on a long term basis. Known as Private Sector Leases these are properties that are secured by the company to manage for between 3-5 years. Supply against this model has dried up and properties are being handed back at the same or greater rate than new procurement is taking place. The temporary accommodation subsidy rate of 90% of the 2011 LHA rate plus a £40 management fee is not enticing enough in the current market to encourage landlord buy in. Whilst rents at this rate are guaranteed by the provider to the landlord the opportunity for increased income in light of the current market rates means that for many the risk of letting their property on the open market is financially worthwhile and the number of PSL units available has continued to decrease:

| | PSL Placements |
|------------------|----------------|
| Apr-13 | 213 |
| Jul-13 | 203 |
| Oct-13 | 200 |
| Jan-14 | 199 |
| Apr-14 | 189 |
| Jul-14 | 182 |
| Oct-14 | 186 |
| Jan-15 | 195 |
| Apr-15 | 189 |
| Jul-15 | 177 |
| Oct-15 | 161 |
| Reduction | 24.41% |

5. Future demand:

5.1 Using current demand, trends and data monitoring this strategy also seeks to forecast future demand and areas of pressure. At present the numbers requiring temporary accommodation are increasing at a rate of 15 households per month; 180 per year at an average net cost of £6,500 per unit or £1,170,000 per annum which will need to be met in order for the Council to continue to meet its statutory responsibilities.

5.2 It is clear that the Council has an ongoing need for additional temporary accommodation and must continue to work to drive down the cost of such provision given the rising demand.

6. Future procurement:

6.1 If it is to meet the rising demand for accommodation the Council must continue to use existing models of temporary accommodation as well as looking towards new and innovate methods of procurement in the future. This is particularly the case for a non- stockholding authority such as Bromley who have traditionally been reliant on third parties to provide the accommodation necessary to meet its statutory responsibilities.

6.2 Whilst the changes to case law and recent legal judgements make strong recommendations for providing local temporary accommodation it is not immediately possible to provide such accommodation in the numbers required.

6.3 A second former care home is currently being brought back into use for temporary accommodation which will provide 44 units of good quality temporary accommodation within the borough. It is expected to be ready for occupation in early 2016. It is projected that the revenue saving generated to the Local Authority will be £322,324.00 per annum.

6.4 The Council is currently undertaking a Gateway Review to explore future procurement methods in relation to temporary accommodation provided through the private rented market and is looking at the potential to develop a Dynamic Purchasing System. This would also explore the opportunity for increased joint sub-regional procurement. This would enable the Local Authority to have greater control over the services being provided and the speed at which accommodation could be sourced.

6.5 In order to gain greater control over the procurement and management of temporary accommodation the Local Authority has reviewed existing Council and Housing Association sites and buildings in order to review their suitability for use as temporary accommodation, both in terms of existing and new structures.

6.6 Over the next three years the Council is embarking upon the acquisition of up to 400 units of self-contained temporary accommodation. These units would be purchased through the open market using institutional funding acquired through an LLP (Limited Liability Partnership) and managed on behalf of the Council by a Registered Provider.

7. Procurement Model

7.1 In undertaking procurement the Council will always seek to source a sufficient supply of accommodation that meets the needs of the households approaching it for assistance and ensure that it achieves best value for money.

7.2 Procurement must be reasonable and affordable for the households placed and the Council must ensure that any action it takes does not have a detrimental effect on the local market so as to drive up prices further or allow a decrease in the suitability and condition of the accommodation that is available.

7.3 In seeking temporary accommodation the Council will always endeavour, in the first instance, to procure temporary accommodation that is;

- Located within borough boundaries.
- Self-contained, without shared facilities.
- Located on the 3rd floor or lower.
- Not accessed via external staircases.
- Managed by approved providers; who are signed up to adhere to the standards set by the Council in respect of management requirements in addition to the legal requirements associated with property standards.
- Within local and nationally agreed rates.
- Longer term, available for a minimum of 12 months.
- If secured on a nightly paid basis done so as a long term block booking.

7.4 Given the shortage of accommodation and the pressure to provide accommodation to households who require emergency accommodation it will not always be possible to procure accommodation in line with the above preferences.

7.5 Where the Council has no option but to secure accommodation outside of the borough boundaries we will ensure that:

- We work outwards from the borough boundaries; always seeking to procure accommodation as close to Bromley as possible.
- We do not breach the procurement methods of the host borough.
- We will notify the host borough of any households placed with children aged 16 or under.