

	<b>Cabinet</b> 7 April 2026
	<b>Report from the Corporate Director Residents and Housing Services</b>
	<b>Lead Member - Cabinet Member for Housing (Councillor Fleur Donnelly- Jackson)</b>
<b>Approval to increase supply of Temporary Accommodation</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Part Exempt - Appendix 1 (Financial Comparison) is not for publication as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (including the authority holding that information).
<b>List of Appendices:</b>	One: Appendix 1: (Exempt) Financial Comparison
<b>Background Papers:</b>	None
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## 1.0 Executive Summary

- 1.1 This report seeks Cabinet approval to adopt a strategic approach to increasing the supply of Temporary Accommodation through long-term leasing

arrangements (10 years or more) with private sector housing providers delivering new and refurbished accommodation at affordable rental terms.

1.2 This approach will enable the Council to:

- Deliver annual savings or cost avoidance compared to current nightly-paid accommodation costs.
- Secure a significant number of high-quality Temporary Accommodation units in Brent and neighbouring areas, improving cost certainty and reducing exposure to market volatility.
- Improve housing conditions and stability for vulnerable households placed in Temporary Accommodation.

1.3 The report therefore seeks delegated authority for officers to negotiate and enter into individual lease agreements, together with any necessary ancillary documentation. This will enable the Council to progress suitable leasing opportunities in a timely manner where they represent best value and support the Council's Temporary Accommodation strategy.

1.4 The opportunities described in this report and in Appendix 1 (which has been classified as exempt) illustrate the types of arrangements currently being explored and demonstrate the potential scale and financial benefits of the proposed approach.

## **2.0 Recommendation(s)**

2.1 To approve the strategic approach to increasing the supply of Temporary Accommodation, in Brent and neighbouring areas, through long-term leasing arrangements (10 years or more) with accommodation providers delivering new and refurbished accommodation at affordable rental terms.

2.2 To delegate authority to the Corporate Director of Neighbourhoods and Regeneration, in consultation with the relevant Lead Member, the Corporate Director of Finance and Resources, and the Corporate Director of Residents and Housing Services, to:

- a) Negotiate and agree on detailed Heads of Terms and enter into individual lease agreements with accommodation providers for Temporary Accommodation with terms of 10 years or more, in the best interests of the Council.
- b) Delegate authority to approve the finances and budgetary adjustments to the Corporate Director of Finance and Resources, in consultation with the Cabinet Member for Finance and Resources.

2.3 Note the risks identified in paragraphs 3.2.18 to 3.2.22, including the potential impact on forecast savings or cost avoidance, and the steps proposed by officers to mitigate these risks.

## **3.0 Detail**

### **3.1.1 Cabinet Member Foreword**

3.1.2 This report requests approval for a strategic shift towards long-term leasing (10+ years) of new-build and refurbished accommodation, providing:

- Material revenue savings or cost avoidance compared to nightly-paid accommodation.
- Certainty of supply over an extended period.
- Minimised exposure to inflation and market volatility.
- Enhanced quality and suitability of accommodation for households.

3.1.3 The approach aligns with the Council's Medium-Term Financial Strategy (MTFS) and its obligations under the Homelessness Reduction Act 2017. It aims to provide higher-quality accommodation at a lower cost to the Council, while achieving better outcomes for homeless households.

3.1.4 This proposal directly supports the following Borough Plan priorities:

- A Borough where we can all feel safe, secure, happy and healthy: By providing good-quality, stable accommodation, we support the physical and mental health of vulnerable households and reduce the harm caused by housing insecurity.
- A Borough where everyone has access to opportunities: Stable housing enables children to remain in local schools, adults to maintain employment, and families to access local services and support networks.
- A future built for everyone, an economy that works for all: This approach provides cost-effective use of public resources while supporting responsible investment in Brent's housing infrastructure.

3.1.5 The proposal supports the Council's MTFS by reducing revenue pressures on the Housing General Fund, ensuring more sustainable budget certainty over a 10-year period.

3.1.6 This approach aligns with the Homelessness Reduction Act 2017, which obliges councils to prevent and relieve homelessness. Long-term leasing allows us to better fulfil our duties by providing suitable accommodation that satisfies statutory requirements.

3.1.7 The proposal supports the Council's Climate Emergency Strategy by prioritising energy-efficient accommodation (EPC C or above), reducing carbon emissions linked to temporary housing, and encouraging sustainable development.

## **3.2 Background**

- 3.2.1 Over the past two years, the Housing Needs Service has seen a sustained and significant rise in demand from homeless households, currently receiving approximately 170 approaches a week. This increase is driven by rising private sector rents, reduced availability of affordable housing, the cost-of-living crisis, welfare pressures, and an increase in households presenting with complex needs, including domestic abuse, mental health issues, and family breakdown. The subsequent use of Temporary Accommodation to meet this demand has resulted in considerable financial pressure caused by reliance on nightly-paid Temporary Accommodation.
- 3.2.2 During the 2024/25 financial year, Brent owed 2,028 households an initial prevention or relief duty upon assessment, representing a 27% increase from the previous year. The authority currently has 2,450 households in temporary accommodation, of which 60% are in nightly-paid arrangements.
- 3.2.3 In response, the Council has strengthened early intervention and prevention efforts, including establishing a presence within community settings such as Family Wellbeing Centres so households can access advice at an earlier stage, often before a homelessness crisis occurs. This approach is being further enhanced by using predictive analytics to identify households at risk earlier, enabling more targeted and effective preventive support. However, there will always be a need for Temporary Accommodation, and it is therefore vital that good-quality, affordable housing is secured for this purpose.
- 3.2.4 The Housing Needs Service has made considerable progress in reducing the cost of Temporary Accommodation, removing the most expensive nightly units, and negotiating better rates with providers. However, structural pressures mean that demand for Temporary Accommodation will continue to rise.
- The Renters' Rights Act 2025 will abolish Section 21 'no fault' evictions, effective 1st May 2026. However, the Service is experiencing a rise in approaches from homeless individuals looking for private rentals, as landlords attempt to evict their tenants before the implementation date.
  - Frozen Local Housing Allowance rates (last increased to 30th percentile rents on 1 April 2024) continue to render the private rented sector unaffordable for most households.
  - Economic forecasts predict increasing unemployment and ongoing cost-of-living pressures through 2026 and beyond.
  - Chronic undersupply of social housing and affordable accommodation in the private rented sector leads to longer waiting times and fewer move-on opportunities.

While homelessness demand should hopefully decrease following the implementation of the Renters' Rights Act 2025, the number of households moving out of Temporary Accommodation will likely decrease further due to reduced availability of social housing and affordable accommodation in the

private rented sector, leading to a higher net increase in Temporary Accommodation in 2026.

3.2.5 The current Temporary Accommodation supply chain mainly involves private providers offering nightly-paid accommodation. This model presents several challenges:

- Financial volatility: Providers can raise prices with little warning, complicating budget planning.
- Limited discharge opportunities: High costs prevent the Council from easily fulfilling its duty in the private rented sector at Local Housing Allowance rates.
- Growing caseload: The combination of high inflow and low outflow means the Council's Temporary Accommodation case-load continues to increase.
- Quality concerns: Nightly-paid accommodation often varies in quality, with limited Council control over standards.

3.2.6 The combination of macroeconomic factors, market pressures, and frozen Local Housing Allowance rates means the Council's overspend on Temporary Accommodation will continue to rise without fundamental changes to the supply chain. The current forecast overspend for 2025/26 is £4.5m.

3.2.7 In recent years, an increasing number of accommodation providers have started offering long-term housing solutions for local authorities. These providers can deliver accommodation over an extended period, allowing councils to secure a stable supply at affordable rental rates while enhancing the quality and stability of Temporary Accommodation for households.

3.2.8 This approach offers the Council the chance to secure accommodation through longer-term leasing arrangements at more stable and affordable rental rates. It presents an alternative to the current Temporary Accommodation market, which largely depends on nightly-paid provision. Nightly-paid accommodation usually operates on short-term agreements with limited price certainty, making financial planning difficult and exposing the Council to significant market fluctuations. In contrast, longer-term leasing arrangements allow the Council to access better quality accommodation with greater cost certainty and increased stability for households.

3.2.9 Long-term leasing models for Temporary Accommodation have been discussed in the sector for some time; however, providers have only recently started offering terms that are more viable for local authorities. The Ministry of Housing, Communities and Local Government, in collaboration with HM Treasury and sector partners, is currently exploring the potential of these leasing arrangements to provide better-value-for-money temporary accommodation options for homeless households.

3.2.10 Leasing opportunities are now available for 10 years or more, as opposed to the Council being locked in for 30 to 40 years. These opportunities offer longer-term settled housing solutions for homeless households, as well as better financial outcomes for the Council, since rents can be set at the current LHA rate, rather than the TA subsidy rate of 90% of the 2011 LHA rate, resulting in higher rental income.

### **Existing Opportunities**

3.2.11 The Council is currently exploring a number of leasing opportunities with accommodation providers. If progressed, these opportunities would provide approximately 367 units of Temporary Accommodation and deliver estimated annual savings or cost avoidance of £4.8m compared to equivalent nightly-paid accommodation. Financial details are included in Confidential Appendix 1.

3.2.12 These properties are a mixture of new builds or refurbished developments, offering high-quality accommodation for households in and around Brent. An example of one of the proposed schemes is set out below.

### **Civic Nest – Supported Apartment Block (62 apartments)**

3.2.13 Civic Nest is a Temporary Accommodation provider specialising in offering property opportunities with comprehensive support services. Civic Nest proposes to provide their wraparound support package for a c.63-unit apartment block in neighbouring Barnet, on the border of the Borough.

3.2.14 The apartment block has recently been completed and released onto the market as a block purchase by a developer. Civic Nest is proposing to acquire (subject to contract) the 63-unit block and convert it into 62 apartments, with the ground-floor property adapted or converted to enable them to provide their wraparound support package.

3.2.15 The 'Nest', which provides additional support, helps households move into private sector accommodation and permanently out of Temporary Accommodation by working with the Local Authority and specialist providers such as Bridge, Relocate, and BEAM to enable the move on. The 'Nest' will also offer employment support, NHS community health services for households with health issues, council-wide programmes like education and apprenticeship opportunities, and a space for households to socialise and support each other.

3.2.16 Civic Nest's offer and terms comprise the following:

- A mix of high-quality 1, 2, and 3-bedroom apartments.
- All properties will comply with the Decent Homes Standard and achieve an EPC rating of C or higher.
- Ten-year-plus lease terms.
- Discharge of at least 15 households annually.

- Properties available immediately.

### **Summary of Existing Opportunities**

3.2.17 Collectively, the existing opportunities would deliver approximately 367 units of Temporary Accommodation for individuals and large families on more affordable rental terms and establish a longer-term sustainable property supply chain. The 367 units are projected to generate estimated annual savings or cost avoidance of £4.8m (detailed financial analysis in Confidential Appendix 1).

3.2.18 General assumptions are as follows:

- Opportunities must deliver savings or cost avoidance.
- Properties must achieve a minimum EPC rating of C.
- Properties must meet the Decent Homes Standard.
- The leases will be structured as either FRI (Fully Repairing and Insuring) or IRI (Internal Repairing and Insuring) arrangements, subject to final agreement of terms.
- Subject to the completion of negotiations, due diligence, and legal documentation, the leases for the existing opportunities are expected to commence within 3–6 months.

3.2.19 It should be recognised that no lease arrangement is entirely risk-free, and some residual financial and operational risks may remain despite the protections included within the lease agreements. Officers will seek to identify, mitigate and manage these risks through the negotiation of robust lease provisions, including appropriate limits on repair obligations, clear tenant damage and reinstatement responsibilities, and suitable dilapidations protections.

3.2.20 While the proposed leasing arrangements are expected to deliver revenue savings or cost avoidance, there remains a risk that these could be partially offset by liabilities arising under the lease terms.

3.2.21 Officers will seek to manage the risks through appropriate due diligence prior to entering into any lease arrangement, including commissioning condition surveys and other relevant assessments where required. Officers will also seek to negotiate lease provisions that are clearly defined, proportionate and not absolute, with appropriate recognition of fair wear and tear and, where possible, the exclusion of liability for pre-existing defects.

3.2.22 As part of this due diligence process, the Council may need to commission independent condition surveys where appropriate to assess the condition of properties before entering into lease agreements. When necessary, a budget allocation will be required to fund these surveys, ensuring the Council has

enough assurance about the property's condition and guiding the negotiation of suitable lease terms.

#### **4.0 Stakeholder and ward member consultation and engagement**

- 4.1 At this stage, ward member engagement has not yet taken place, as the opportunities need to be considered on a scheme-by-scheme basis. Where these opportunities affect a specific ward within the London Borough of Brent, the relevant member will be consulted.
- 4.2 No statutory consultation with residents is needed at this stage, as the report relates to an accommodation strategy or approach rather than changes to service eligibility or access. Residents placed in accommodation secured through these arrangements will have the same rights and support as those in current Temporary Accommodation.

#### **5.0 Financial Considerations**

- 5.1 Nightly-paid accommodation provides limited cost certainty, is subject to frequent price increases, and contributes to in-year budget pressures and overspends within the Housing General Fund. This model creates ongoing financial risk and undermines the Council's ability to plan effectively within the Medium-Term Financial Strategy (MTFS).
- 5.2 The proposal to enter into long-term leasing arrangements of 10 years or more with accommodation providers is intended to reduce unit costs, improve budget certainty, and mitigate financial risk. However, entering into arrangements that extend over a 10-year period carries inherent risks, as it establishes a long-term commitment for the Council. Under such arrangements, the Council would remain obligated to meet the committed costs throughout the contract term, even in the event of significant changes in demand, the economic environment, or other external factors.
- 5.3 An annual cost saving and/or cost avoidance of £4.8m is expected to be achieved by moving current households in nightly paid accommodation into the 367 units with lease terms over 10 years, where the 2024 LHA rate can be recovered at a lower nightly cost. This compares favourably with the current position, where the 2011 LHA rate is recoverable alongside a higher nightly paid rate. The estimated savings and/or cost avoidance are calculated on the basis of a full-year impact and when compared against the current provider rates. In practice, the timing of implementation and the point at which financial benefits begin to materialise may vary. Therefore, the realised savings and/or cost avoidance in the first year may be lower.
- 5.4 The current forecasted overspend for Housing Needs is £4.5m. The 2026/27 budget will be uplifted, with £8m of growth allocated to address both new and existing demand pressures facing the service. The forecasted spend on nightly paid accommodation is expected to reach £38m in 2025/26. The £8.8m annual cost for the 367 units will be funded from the Housing Needs budget, with the expectation that this investment will avoid an additional £4.8m in costs that

would otherwise be incurred if these households remained in nightly paid accommodation.

For context, the tables below highlight the difference between the 2011 LHA rates and the current 2024 LHA rates that is recoverable for TA households across Brent:

**Table 1**

<b>April 2024 BRMA</b>	<b>Shared</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>	<b>4 Bedroom</b>
<b>Inner North London</b>	£163.00	£331.39	£412.86	£497.10	£704.22
<b>Inner West London</b>	£174.90	£310.68	£373.97	£471.78	£586.85
<b>North West London</b>	£142.99	£253.15	£310.68	£386.63	£483.29

**Table 2**

<b>January 2011 BRMA</b>	<b>Shared</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>	<b>4 Bedroom</b>
<b>Inner North London</b>	£114.42	£260	£340	£450	£600
<b>Inner West London</b>	£109.62	£240	£315	£395	£550
<b>North West London</b>	£87.53	£173.08	£219.23	£288.46	£357.69

## **6.0 Legal Considerations**

- 6.1 The Council has the legal power to enter into lease arrangements for the purpose of securing accommodation to meet its homelessness duties under Part VII of the Housing Act 1996, as amended by the Homelessness Reduction Act 2017.
- 6.2 The proposals set out in this report involve the Council entering into long-term lease agreements (10 years or more) with accommodation providers. These arrangements are a recognised and lawful mechanism used by local authorities to secure Temporary Accommodation and do not in themselves alter the Council's statutory duties or decision-making responsibilities.

- 6.3 Legal advice has been obtained from Browne Jacobson to clarify the Council's ability to charge 2024 Local Housing Allowance (LHA) rates for Temporary Accommodation secured on leases of ten years or more.
- 6.4 The advice sets out a clear mechanism by which Brent Council can recover full Housing Benefit Subsidy for Temporary Accommodation only when lease terms exceed 10 years. This is commonly referred to as the "10- year recovery" model.
- 6.5 If the property is:
- Acquired into the General Fund
  - Lease term is more than 10 years but less than 30 years
  - Let to households owed a duty under Part 7 of the Housing Act 1996
  - Occupied via licence
  - Qualifies as Temporary Social Housing under the Rent Standard

Then Brent could claim a housing benefit subsidy from the DWP for 100% of the total housing benefit that Brent paid, which would not be caught by the Rent Standard caps, enabling Brent to potentially claim subsidy in respect of rents up to the 2024 LHA.

- 6.6 To benefit from full subsidy recovery, the Council must not acquire the properties into the HRA. The Council should rely upon its general power of competence to acquire properties into its General Fund on lease terms of more than ten years.
- 6.7 Please note that if the Secretary of State decides that the 10-year-plus lease model is not lawful, it may seek to claw back the difference between 2011 and 2024 LHA rates. The council should consider break clauses in the leases to mitigate against this risk.

## **7.0 Equity, Diversity & Inclusion (EDI) Considerations**

- 7.1 The Public Sector Equality Duty, as set out in section 149 of the Equality Act 2010, requires the Council, when exercising its functions, to have "due regard" to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a "protected characteristic" and those who do not share that protected characteristic. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation. The Council also internally recognises care experience and socio-economic status as protected characteristics.
- 7.2 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising

disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.

7.3 Households placed in Temporary Accommodation are disproportionately likely to include individuals and families with protected characteristics, including (but not limited to):

- Families with children
- Women, including lone parents
- Disabled people or households with health conditions
- People from Black, Asian and Minority Ethnic communities
- Socio-economically disadvantaged residents

7.4 The proposal to enter into long-term (10 years+) leasing arrangements for Temporary Accommodation is expected to have a positive equality impact by:

- Increasing the supply of stable, good-quality accommodation, reducing reliance on unsuitable or emergency placements.
- Improving accommodation standards, including space, safety, accessibility and energy efficiency.
- Reducing the frequency of moves, which disproportionately affect families with children and those with disabilities or health needs.
- Supporting greater consistency in service delivery and housing outcomes.

7.5 An Equality Impact Assessment (EIA) is not required at this stage as the proposal does not introduce a change in eligibility or access to services. However, equality considerations have been considered in the development of the proposal and will continue to be considered as individual leasing arrangements are brought forward. Where appropriate, equality implications will be reviewed and assessed at project or scheme level.

7.6 The use of poor-quality, insecure or unsuitable Temporary Accommodation is widely recognised as having a negative impact on physical and mental health, particularly for children, older people, and individuals with existing health conditions. The proposed approach is expected to deliver positive health equality outcomes, including:

- Improved housing conditions, supporting better physical health outcomes (e.g. reduced damp, overcrowding, and cold homes).
- Greater housing stability, which can reduce stress, anxiety and mental health pressures associated with frequent moves and uncertainty.
- Improved ability for households to maintain access to healthcare, education and support networks due to reduced displacement.

- Reduced use of emergency accommodation, which is often associated with poorer health outcomes.

7.7 By securing longer-term, purpose-suitable accommodation, the proposal supports the Council's wider objectives to reduce health inequalities and promote wellbeing among vulnerable residents.

## **8.0 Climate Change and Environmental Considerations**

8.1 The move towards long-term (10 years+) leasing of newer or refurbished accommodation for Temporary Accommodation is expected to have a positive environmental impact when compared with the Council's current reliance on nightly-paid and emergency accommodation. In particular, the proposals will:

- Enable improved energy efficiency standards, with a preference for accommodation meeting EPC C or above, supporting reductions in carbon emissions and energy consumption.
- Reduce reliance on poor-quality and inefficient buildings, which are often associated with higher heating demand, greater fuel poverty, and increased emissions.
- Support more stable accommodation use, reducing the churn associated with short-term placements and emergency moves, which can increase travel demand, waste, and inefficiencies in property use.
- Encourage investment in modern, efficient homes, aligning with investor-led delivery of lower-carbon housing stock.

## **9.0 Human Resources/Property Considerations**

9.1 Implementation of this strategy will require additional officer capacity within both Housing, Legal and Property to:

- Negotiate and execute lease agreements.
- Conduct due diligence on providers and properties.
- Establish monitoring and quality assurance frameworks.
- Manage the transition of households into new accommodation.

9.2 Once implemented, the long-term nature of lease agreements is expected to reduce ongoing officer workload compared to managing multiple nightly-paid provider relationships and frequent property changes. This will free up capacity for housing officers to focus on prevention and casework.

9.3 No permanent changes to staffing establishment are proposed. Any future capacity requirements will be reviewed as part of annual service planning and brought forward through normal budget processes if required.

## **Property Implications**

- 9.4 The proposed approach reduces the Council's exposure to property market risk by avoiding ad-hoc direct property acquisition.
- 9.5 Properties will be subject to initial inspection to ensure they meet the required standards before accepting any placements. Ongoing monitoring arrangements will be established with annual inspections and response protocols for any property condition concerns.
- 9.6 All leasing arrangements carry liability for the landlord and tenant and the extent of the liabilities and risks depend on the type of lease (i.e., fully repairing and insuring or internal repairing and insuring leases). These are set out in paragraphs 3.2.18 to 3.2.22 with available mitigations.
- 9.7 No implications for the Council's existing corporate property portfolio are anticipated.

## **10.0 Communication Considerations**

- 10.1 As outlined within the main body of the report.

**Report sign off:**

***Thomas Cattermole.***

Corporate Director of Residents and Housing Services.