DECISION-MAKER:	**COUNCIL** **CABINET**
SUBJECT:	**EMERGENCY ACCOMMODATION ACQUISITIONS**
DATE OF DECISION:	**24 SEPTEMBER 2025** **25 SEPTEMBER 2025**
REPORT OF:	**COUNCILLOR FRAMPTON** **CABINET MEMBER FOR HOUSING**

CONTACT DETAILS				
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STATEMENT OF CONFIDENTIALITY
NOT APPLICABLE.

BRIEF SUMMARY
This report sets out the detail of the Emergency Accommodation Acquisitions initiative that sits within the Homelessness Prevention Transformation Programme.
This report has been written to obtain approval for additional capital funding of £3,000,000 via the Housing Revenue Account (HRA), to facilitate the acquisition of emergency accommodation properties that will be retained within the HRA.
Emergency accommodation relates to the term used for when homeless households are first placed in accommodation by the local authority under a relief duty.

RECOMMENDATIONS:		
CABINET		
Subject to Council approval on 24 September 2025:		
	(i)	To approve the additional borrowing of £3,000,000 through the Housing Revenue Account (HRA) Capital Programme for purchasing additional units of emergency accommodation, that once purchased will sit in the HRA.
	(ii)	To delegate to the Director of Housing following consultation with the Executive Director of Enabling Services, Executive Director of Growth and Prosperity, the Director of Legal and Governance and the Cabinet Member for Housing, to agree and approve the detail of the additional property investment in line with the details set out in this paper.
COUNCIL		

Council is recommended to:		
	(i)	To approve the additional borrowing of £3,000,000 through the Housing Revenue Account (HRA) Capital Programme for purchasing additional units of emergency accommodation that will sit in the HRA.
REASONS FOR REPORT RECOMMENDATIONS		
1.	In the Cabinet report dated 25 February 2025 and the Council meeting of 26 February 2025, capital expenditure of £3,000,000 from the General Fund was approved for the purchase of additional emergency accommodation units, aimed at reducing the council's expenditure on nightly paid accommodation. Following further review from Legal and Finance Teams, it has been determined that funding for these additional units should be sourced from the HRA, as the properties should to be held under the HRA rather than the General Fund to enable appropriate maintenance and management of the properties. Approval of these recommendations will enable officers to initiate the Delegated Decision Notice process for viable opportunities and ensure the acquisition process is carried out efficiently. The properties will generate a rental income for the HRA. If any additional resources are required to administer these properties this will be funded through general fund activity.	
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED		
Option 1 – Do Nothing		
2.	If we do nothing, then our spend on emergency accommodation will continue to increase and could exceed that of previous years**.**	
Option 2 – Continue to look at alternative options for prevention		
3.	Currently we are exploring other options which focus on preventing homelessness which includes working with landlords in the private rented sector, working with households to prevent them from becoming homeless where possible. The prevention work will continue alongside this initiative, alongside the other activity within the Homelessness Transformation Programme.	
Option 3 – To purchase the properties out of General Fund Capital		
4.	Consideration has been given to the option of purchasing the properties with General Fund Capital but this would require an income stream and housing land generally falls under the HRA, where the income from rents is used to manage and maintain the properties. The properties could be appropriated from the General Fund into the HRA, but this would need a formal resolution under the Local Government Act 1985 (section 74). A valuation at the time of appropriation would be required as the HRA must pay the GF for the asset, usually at market value unless the Secretary of State consents to a different approach.	
DETAIL (Including consultation carried out)		
5.	The Council has a statutory duty to provide temporary accommodation to homeless households in certain circumstances in The Housing Act 1996 (as amended).	
6.	The Council must ensure that accommodation is available for an applicant where it has reason to believe they may be homeless, eligible for assistance, and in priority need (The Housing Act 1996, Section 188). This duty is known as	

	the 'interim duty' and continues until the Council has made a final decision as to whether the applicant is owed the 'main housing duty'. A further temporary accommodation is owed in those cases where a main housing duty is owed (section 193) until permanent accommodation is made available.
7.	The provision of temporary accommodation is a statutory duty and priority for the City Council. The Council's duties in respect of homelessness fall outside of the scope of the Housing Revenue account. The service and administration of temporary accommodation and homelessness services are therefore funded by General Fund.
8.	The Council is empowered to provide housing accommodation by erecting or acquiring property (The Housing Act 1985, Section 9). This includes the acquisition of temporary accommodation.
9.	Properties acquired under Section 9 powers must be accounted for in the HRA (Local Government and Housing Act 1989, Section 74(1))
10.	The Emergency Accommodation Acquisitions initiative has been set up due to the increasing levels of homelessness across the city, and country, which has led to significant pressure on the Council to support the most vulnerable residents.
11.	The budget for this work will be used to purchase additional properties that will be Council owned accommodation which will sit within the HRA, to provide temporary accommodation to homeless households. This will reduce the need to use expensive nightly paid accommodation, like B&Bs and hotels.
12.	The Emergency Accommodation Acquisitions work sits within the Homelessness Prevention Progamme, which forms part of the Corporate Adapt, Grow, Thrive Programme.
Homelessness demand	
13.	Since 2019-2020, the number of homeless households approaching the council as homeless has surged by 64%, with a further 14% rise in the past 12 months. This escalation, compounded by economic disruptions, has resulted in a 61% increase in households requiring emergency accommodation. The current demand for housing in the city far exceeds the available supply. This heightened demand, shows no sign of slowing, and is significantly impacting the council's ability to prevent homelessness, and, where it cannot be prevented, making it a rare, brief, and non-recurring experience. This has led to the current operating model at the Council becoming financially unsustainable.
14.	Bed and Breakfast (B&B) accommodation is used by the Council out of necessity when it has no other accommodation available to accommodate families to whom it owes a legal duty to house. B&B is acknowledged to be an unsuitable form of temporary accommodation for families. Legally B&B is only allowed to be used for homeless families in an emergency, and even then, for no longer than 6 weeks. Apart from being very expensive in itself, with an average cost of £27,375 per annum per property, there is an ongoing risk of the Council being required by the Housing Ombudsman to compensate families in B&B over 6 weeks financially, which would further add to costs.
15.	Homelessness has a profound human cost, particularly for families living temporarily in B&B accommodation. These environments often lack the space, privacy, and stability needed for children to thrive. The uncertainty and disruption can lead to emotional distress, affecting their mental health, education and development. Frequent moves and cramped conditions can leave children feeling

isolated, struggling to form friendships, and falling behind in school. This instability can also strain family relationships, exacerbating the stress already felt by parents trying to navigate an uncertain future.

16. As at June 2025, the council currently had:

Number of Households	Type of Accommodation
229	Temporary Accommodation
162	Emergency Accommodation

Those 162 households in emergency accommodation are waiting for a move into temporary accommodation.

17. Approval of the recommendations will allow officers to start actively purchasing discrete properties that are suitable for the use of emergency accommodation and provide value for money. To date, a block of six flats has been identified that would be viable for this initiative. Pending approval of this report, work will begin to secure this property via a delegated process subject to completion of the financial appraisal and value for money assessment.

RESOURCE IMPLICATIONS

Capital/Revenue

18. The budget requirement of £3M will be met through HRA Capital funding, financed via borrowing. The associated interest costs will be accommodated within the existing HRA budget provision. Any additional financial impact on the HRA arising from the investment, will be offset through a recharge to the General Fund, which stands to benefit directly from the initiative through reduced expenditure on high cost nightly paid accommodation.

19. A breakdown of the borrowed amount, repayments, and potential savings have been set out within the table below.

	£	Assumptions/ narrative
HRA		
Borrowed amount	3,000,000	
Daily interest repayment cost	411	Assumed £50k per £1m borrowed (5% over 20 years) The yearly repayment cost is predicted to be £150,000.
Daily Rental Income	317	Based on current average social rent at £111 per week for 20 properties
Total Daily HRA Cost	**94**	Estimated cost based on borrowing and income assumptions
General Fund		
Total nightly cost for the Council	1,560	This is based on: • An average daily cost of £78 (£93 minus

			£15 for housing benefit). • 20 units being purchased as part of this initiative
	General Fund daily subsidy to HRA	94	GF saving covering the daily HRA unfunded cost of borrowing the £3M
	Potential daily saving	1,466	Potential yearly saving of £535,090 (Assumed all 20 properties are fully occupied per year).

The target of properties to acquire has been set at 20 in total but it dependent on the market and availability. However, if the initiative only purchases 10 properties, there will still be a potential daily saving set at £527, based on the assumptions and narrative set out in the table above. The funding will be used for the purchase of the properties including any improvements needed, and legal costs associated with the purchase. Any repairs and maintenance (R&M) needed to the properties will be covered as a recharge to the existing R&M budget.

20.	The purchase of property for emergency accommodation will contribute to the planned transformation savings set out within the Homelessness Prevention Transformation Programme. In assessing the financial viability of the purchases consideration will be given to the net financial impact to the Council after allowing for the capital financing costs and the cost operating and maintaining the property.
Property/Other	
21.	A dedicated Development and Regeneration Consultant resource has already been secured to support with this work, alongside the other housing solution initiatives that are in scope for the Homelessness Prevention Transformation Programme. The Development and Regeneration Consultant will be leading on the purchase process, and external leads will be supporting with the Redbook Valuations and Surveys. The professional fees will be funded within the approved budget.
22.	As noted previously in the report, the objective is to acquire up to 20 properties, depending on market availability. The intention is to purchase a combination of one- and two-bedroom units within the boundaries of Southampton City Council.
23.	Each acquisition will be supported by a financial appraisal approved under the Delegated Decision Notice. All sales are agreed upon for vacant possession, subject to negotiation and contract.
24.	If they are not already, any properties purchased will need to be brought up to a lettable standard after purchase and before first lets. The Asset Management team will be involved in deciding what works are necessary, and meeting Decent Homes standards will be a priority in preparing any work specification. Any works needed to the properties including professional fees will be met by the budget and works will be carried out by Housing Operations.
25.	Any properties purchased or delivered will be held within the Housing Revenue Account.

26.	The Council has a statutory duty to provide temporary accommodation for homeless households under the Housing Act 1996 (as amended by the Homelessness Act 2017).
27.	Households that are placed in the acquired homes for temporary accommodation will be granted a non-secure tenancy. Under Schedule 1, Housing Act 1985 tenancies granted to fulfil homelessness duties under Part VII of the Housing Act 1996 (as amended by the Homelessness Act 2017) are not secure tenancies. This essentially allows the council to place homeless households in temporary accommodation (including council owned stock) on a non-secure basis so they can be moved where appropriate. Non-secure tenants do not have the right to buy this enables the properties to be continued to use for temporary accommodation for the long term.
28.	If in the future the need for emergency accommodation was not required these properties would be able to be let to applicants on the Council's Housing Register in accordance with the Council's Allocations policy.
LEGAL IMPLICATIONS	
Statutory power to undertake proposals in the report:	
29.	The Council has the appropriate statutory powers contained within section 9 Housing Act 1985 which covers the basis upon which an LA may acquire or indeed erect property for the purposes of discharging its statutory functions (provision of housing to be held within the HRA). The power to acquire within sec 9 is a discretionary power and nothing within that section shall be taken as placing a mandatory requirement upon the LA to purchase any property.
30.	Under Section 17 Housing Act 1985 the Council has the statutory power to acquire land or properties for housing purposes
31.	The Council has a duty under the Housing Act 1996 (Part VII), as amended, to ensure that accommodation is made available for homeless applicants who are owed a full housing duty by the Council.
32.	Where the Council determines under the provisions of the Housing Act 1996 Part VII (as amended) that a person/household is eligible for assistance, homeless, in priority need and not homeless intentionally, it has a duty to secure suitable accommodation (unless it refers the applicant to another authority under the local connection provisions): s193(2), s206(1).
33.	The suitability of accommodation is governed by s210 of the 1996 Act, a number of statutory instruments made under that provision (SIs 1996/3204, 2003/3326 and 2012/2601) and by the Homelessness Code of Guidance for Local Authorities. When discharging its housing duties under Part VII, the Council must, so far as reasonably practicable, secure that accommodation is available for the applicant's occupation in their own district: s208(1) 1996 Act.
34.	The Homelessness Reduction Act 2017 places a duty on Local Authorities to intervene at an early stage to help prevent homelessness and take reasonable steps to relieve homelessness for all eligible applicants, not just those in priority need.
Other Legal Implications:	
35.	The Equality Act 2010 imposes various duties on Local Authorities and in particular the duty to have due regard to its public sector equality duty when carrying out any function.

36.	The council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness-the best value duty.

RISK MANAGEMENT IMPLICATIONS

37. A detailed risk register has been created to track all risks associated with the recommended approach. Listed below are the key risks that have been identified to date, along with the mitigations:

Risk	Probability	Impact	Mitigation
There is a risk that changes will be made during project delivery around the conditions and standard of temporary accommodation going forward.	Possible	Significant	• Keeping up to date on any changes in legislation. • Careful consideration of guidance.
There is a risk that no suitable properties are on the market.	Possible	Major	• Work to be undertaken to identify homes at the earliest point. • Engagement with housing providers and developers within the city.
There is a risk that refurbishment works cannot be accommodated for within the budget.	Possible	Significant	• Careful consideration when viewing properties to understand the state they are in. • Engagement with Housing Operations to gain advice in terms of refurbishment works needed.
There is a risk that this work will not meet the targets of the councils criteria.	Possible	Major	• Careful consideration of the various guidance documents • Clarification with the relevant internal teams when required.
There is a risk that agreements cannot be reached on a price.	Possible	Major	• Early engagement with developers. • Being clear on expectations and budgets.
There is a risk that the purchase process, and obtaining legal documentation	Possible	Major	• Weekly progress check ins to ensure work is on track. • Escalation taken to the relevant forums.

	is not undertaken within the timeframe.			• Regular engagement with teams and external providers supporting the work.	
38.	The risk will be mitigated through officers keeping up to date on any significant changes regarding property conditions, and ensure the changes, if any, are reflected within the properties purchased for emergency accommodation.				
POLICY FRAMEWORK IMPLICATIONS					
39.	Southampton City Council Corporate Plan 2025 sets out a commitment to improve the quality of our homes and housing services and reduce homelessness. This work will support this objective by providing residents of Southampton who have no place to call home a safe, good quality interim offer of accommodation which will provide the foundation from which they can begin to rebuild their lives.				
40.	The Council's Homelessness and Rough Sleeping Strategy (2024-2029) sets out a vision- ''A city where everyone has a safe place to call home'' Where homelessness cannot be prevented it is imperative that the council can intervene with a suitable good quality and affordable accommodation option.				

KEY DECISION?	**Yes**		
WARDS/COMMUNITIES AFFECTED:	All		
SUPPORTING DOCUMENTATION None			
Appendices			
1.	ESIA		
Documents In Members' Rooms			
1.	n/a		
Equality Impact Assessment			
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.			**Yes**
Data Protection Impact Assessment			
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.			**No**
Other Background Documents **Other Background documents available for inspection at:**			
Title of Background Paper(s)		**Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)**	
1.	n/a	n/a	