



City of Westminster

# Officer decision report

**Meeting or Decision Maker:**

Gerald Almeroth – Executive Director of Finance and Resources

**Date:**

31 January 2025

**Classification:**

Part exempt

The accompanying part B report is exempt from disclosure by virtue of the following Paragraphs of schedule 12A to the Local Government Act 1972:

2. Information relating to the financial or business affairs of a particular person (including the authority holding that information).

**Title:**

**Residential Portfolio in Southwark, London SE16**

**Wards Affected:**

Outside of Westminster Borough

**Policy Context:**

To support the Council's obligation to provide suitable accommodation to residents

**Key Decision:**

No

**Financial Summary:**

The proposal seeks to acquire a property portfolio to help meet the growing demand for Temporary Accommodation, and reduce the Council's reliance on more expensive alternatives

**Report of:**

Coralie Somos – Senior Investment Manager, Property, Planning and Asset Management, Housing and Commercial Partnerships

## 1. Executive Summary

- 1.1 The report recommends the acquisition of a portfolio of 61 vacant residential properties in Southwark, SE16 (The Southwark Portfolio) from an institutional investor on the terms detailed in the confidential Appendix. The properties are to be used by the council as temporary accommodation to help discharge its obligation to house residents in need.
- 1.2 This report follows on from a report presented to Cabinet on 16 December 2024, seeking approval for several property acquisitions in relation to the Council's ongoing temporary accommodation acquisitions programme. Cabinet approved 'in principle' the acquisition of the subject portfolio at the 16 December meeting, and delegated responsibility for approval of the final terms to the Executive Director for Finance and Resources, in consultation with the Cabinet Member for Finance and Council Reform.

## 2. Recommendations

That the Executive Director for Finance and Resources approves the acquisition of the Southwark Portfolio on the terms set out in this report and the accompanying confidential Appendix.

## 3. Reasons for Decision

The Council has a statutory obligation to house people in need and this portfolio of properties will assist the council in meeting this obligation.

## 4. Background, including Policy Context

The background and policy context to the council's temporary accommodation acquisitions programme is set out in the 16 December 2024 Cabinet Paper and are not repeated in this report. The details of the subject portfolio are set out in the confidential Appendix, as prior to exchange of contracts, the information is still commercially sensitive.

## 5. Financial Implications

- 5.1 The increasing demand for Temporary Accommodation in the Borough represents a significant budget risk for the Council. The cost of Temporary Accommodation has increased from £4.5m in 2021/22 to a forecast £66m in 2024/25, as shown below:

Year	Net Spend on TA £m
2021/22 actual	4.469
2022/23 actual	11.129
2023/24 actual	37.777
2024/25 forecast	66.321

5.2 The 2025/26 budget position assumes an additional increase in demand of 670 units. To provide the resource to fund the purchase of properties to meet this future demand, the Capital programme, which was approved by Council in March 2024, set aside a capital budget as follows:

	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>
TA Acquisitions	55,124	34,465	5,000

5.3 In addition, recognising the ongoing need to maximise and accelerate the acquisition process, a capital bid has also been submitted as part of the 2025/26 MTFP process to secure an additional £139m from 2025/26 to acquire and refurbish additional properties, and further reduce the Council's reliance on leased in properties and nightly booked accommodation.

5.4 In order to establish value for money, a robust financial appraisal has been undertaken to assess the financial impact of the proposed acquisition and compare that against the cost of alternative sources of temporary accommodation.

## **6. Legal and Governance Implications**

6.1 Section 1(1) of the Localism Act 2011 confers a general power of competence on the Council and provides that a local authority may do anything that individuals generally may do, even though they are in nature, extent or otherwise: a) unlike anything the authority may do apart from subsection (1); or b) unlike anything that other public bodies may do. In addition to this, Section 111 of the Local Government Act 1972 provides that a local authority shall have the power to do anything (whether involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions;

The Council also has the power under section 120 of the Local Government Act 1972 to acquire land for any purpose for which it is authorised under any enactment to acquire land or for any of its functions;

The Council has a duty under Housing Act 1996 (Part VI) to have a scheme for determining priorities in allocating housing accommodation. The duty under Housing Act 1996 (Part VI) allocation scheme must be framed so as to secure that reasonable preference is given to specified groups;

- (a) people who are homeless (within the meaning of Part 7);
- (b) people who are owed a duty by any local housing authority under section 190(2), 193(2) or 195(2) (or under section 65(2) or 68(2) of the Housing Act

1985) or who are occupying accommodation secured by any such authority under section 192(3);

- (c) people occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions;
- (d) people who need to move on medical or welfare grounds (including any grounds relating to a disability); and
- (e) people who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others).

Section 206 Housing Act 1996 states that a local housing authority may discharge their housing functions under Part 7 of the Act only in the following ways:

by securing that suitable accommodation provided by them is available;

by securing that he obtains suitable accommodation from some other person, or

by giving him such advice and assistance as will secure that suitable.

Further legal implications are set out in Confidential Part B of the report.

## **7. Climate Impact**

77% of the portfolio achieves the target EPC rating of C or above and the remainder will be upgraded to a C rating prior to occupation.

## **8. Equalities Implications**

The equalities implications of the council's temporary accommodation acquisition programme, of which the subject acquisition form part, are set out in the 16 December 2024 Cabinet Paper and are not repeated here.

## **9. Consultation**

The Executive Director for Finance and Resources consulted with the Cabinet Member for Finance and Council Reform on the contents of this report on 28 January 2025, as required by the Decision of the Cabinet on 16 December 2024.

**If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:**

[Csomos@westminster.gov.uk](mailto:Csomos@westminster.gov.uk)

**APPROVED BY**

<b>Name and Title</b>	<b>Date sent</b>	<b>Date approved</b>
Coralie Somos, Senior Investment Manager	24/1/2025	24/1/2025
Nick Haverly, Finance	17/1/2025	22/1/2025
Varuna Bhuruth, Principal Lawyer	10/1/2025	24/1/2025
Rosamund Cox, Governance	24/1/2025	30/1/2025

