Local Government Property Consultants

SERVICE PROPOSITION FOR LOCAL AUTHORITIES

Temporary Accommodation: Strategic Acquisition and Delivery

A whole-life approach to council-controlled accommodation.

50% of lower-tier councils identify housing and homelessness as their single greatest short-term spending pressure. One district council reported directing 40% of its entire budget to housing costs.

Source: 2025 State of Local Government Finance in England

IN THIS DOCUMENT

PREPARED BY

Kane Lennon MNAEA

Director, Local Government Property Consultants

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SECTION ONE

The strategic question

Councils across England face a recurring choice that is rarely framed as a strategic estate decision: whether to continue procuring a service externally at escalating cost, or to acquire or repurpose an asset that the authority controls.

Temporary accommodation is the most visible example. A household placed in a hotel or bed-and-breakfast at £60 per night costs a council approximately £21,900 per year - with no asset created and no residual value retained by the authority. But the question is not simply "can we afford to acquire?"
It is:

> What is the whole-life cost of continuing to procure the service externally compared with acquiring or repurposing an asset that the authority controls?

40%
of one district council's entire budget directed to housing costs, as reported to the same survey

£21,900
per household per year in bed-and-breakfast at £60 per night, with no asset created

£233m
boost to the Homelessness Prevention Grant - after which one authority still forecast a £3m gap

Beyond temporary accommodation

The same strategic logic can apply beyond temporary accommodation - to supported accommodation, operational property, depots, education assets, and other service-critical estate requirements. Where ownership demonstrably reduces whole-life cost or secures strategically important service capacity, selective acquisition can be the most financially responsible course of action.

What this document sets out. The financial context driving temporary accommodation pressure; the case for selective acquisition and how it sits within Green Book and Best Value requirements; LGPC's three-stage service; the considerations a council should weigh before committing capital; an illustrative financial scenario; and our fee structure.

SECTION TWO

The financial context

The 2025 State of Local Government Finance in England survey found that housing and homelessness is the single greatest short-term spending pressure for 50% of all lower-tier councils.

One district council reported directing 40% of its entire budget to housing costs. Another described demand for temporary accommodation as "unprecedented and extremely costly." A chief financial officer noted that even after the Government's £233 million boost to the Homelessness Prevention Grant, their council's "expenditure gap in this area alone will rise to £3 million."

The alternative to recurring external expenditure is proactive supply creation - acquiring and delivering purpose-held accommodation units that the council owns, controls, and retains as long-term assets.

Where an acquired unit substitutes for a higher-cost nightly-paid placement, the authority can replace recurring external expenditure with the financing, management and lifecycle costs of an asset it controls. Whether this produces a saving will depend on local acquisition values, financing, operating costs and the expected duration of demand. On the illustrative assumptions set out later in this document, the potential difference can be material.

The case for selective acquisition

The HM Treasury Green Book and the Best Value framework provide an established basis for testing this approach. Where appraisal demonstrates that acquisition provides better whole-life value than the realistic alternatives, it can represent a sound use of public capital.

Green Book

Requires that options are assessed against objectives, public-sector financial impact, risk and wider public value - not simply purchase price.

Best Value

Explicitly concerned with economy, efficiency and effectiveness across all council functions, including how service demand is met.

Specialist capacity

Market reach and transaction capability alongside existing Housing, Property and Finance resources.

Delivering a programme of this kind can, however, require specialist capacity and market reach alongside existing Housing, Property and Finance resources. This includes identifying opportunities such as stalled schemes, conversion candidates, unsold stock and unplaced Section 106 units, appraising them against an agreed acquisition mandate and managing viable opportunities through to occupation.

That is the role LGPC provides.

SECTION THREE

What LGPC delivers

LGPC helps councils make and deliver strategic acquisition decisions - identifying opportunities, structuring transactions, and managing delivery through to completed, occupied units. We operate across three stages, each independently commissionable.

01

Define, Find & Appraise

- Acquisition mandate
- Market sourcing
- Desktop appraisals
- Opportunity filtering
- Fortnightly reporting

02

Acquire

- Heads of terms
- Due diligence
- Governance support
- Negotiation
- Transaction management

03

Deliver

- Contractor procurement
- Programme management
- Site inspections
- Quality assurance
- Handover to TA team

Stage 1 - Define, Find and Appraise

Before approaching the market, LGPC works with the authority to define an acquisition mandate covering target unit numbers and mix, geography, management requirements, maximum all-in cost, condition and energy criteria, delivery timescale and potential exit routes. For authorities affected by LGR, this can also incorporate successor-authority requirements and applicable transition controls.

We then identify opportunities that are not visible through conventional property searches. Our sourcing draws on established relationships with housebuilders, SME developers, registered providers of social housing, portfolio landlords, commercial agents, and receivers built over 25 years of market activity. **In the past few years alone, we have advised on transactions exceeding 600 residential units.**

Sourcing channels

- Stalled or unsold development schemes where the developer would welcome a bulk exit
- Commercial buildings suitable for conversion - offices, hotels, student accommodation
- Section 106 affordable housing packages that have not secured an RP buyer
- Sites with existing or obtainable planning consent for residential use
- Portfolio disposals by landlords exiting the private rented sector
- Auction, receivership, and administration opportunities

> Every opportunity is appraised against the council's requirements - location, unit mix, condition, EPC, planning status, conversion feasibility, estimated acquisition cost, estimated works cost, and projected timeline from acquisition to occupation. **Only opportunities that pass this filter are presented to the council.**

SECTION THREE CONTINUED

Stage 2: Acquire
Stage 3: Deliver

Stage 2 - Acquire

We negotiate the acquisition on behalf of the council under its general power of acquisition (Section 120, Local Government Act 1972, and any relevant powers under the Housing Act 1985). This includes agreeing heads of terms, coordinating surveys and due diligence, advising on value for money and governance compliance, and supporting the council through internal approvals including cabinet reports and delegated authority decisions.

The council retains

The investment decision, the funds, and the contractual relationship with the vendor. Every recommendation is presented with the evidence base required for cabinet reports, delegated authority decisions and member scrutiny.

LGPC provides

Market access, negotiation expertise and transaction management. We act solely for the council and do not accept fees or commissions from vendors.

Stage 3 - Deliver

For properties requiring conversion or refurbishment before occupation, LGPC manages the delivery programme. This includes preparing the brief and specification for works, supporting the council's procurement of an appropriate contractor through an applicable framework or competitive process, managing the works programme through to practical completion, coordinating building control and planning compliance, and handing over completed units ready for the council's temporary accommodation management team.

Where our role stops

LGPC does not act as principal contractor, does not employ trades, and does not take construction risk. The council contracts directly with the building contractor. LGPC's role is project oversight, programme management, and quality assurance.

How the stages are commissioned

Independently

Each stage stands alone. An authority may commission sourcing and appraisal only, and take the outcome no further.

Sequentially

Stage 2 follows only where the council resolves to proceed on a specific opportunity that has passed appraisal.

Selectively

Stage 3 applies only to assets requiring conversion or refurbishment before occupation.

SECTION FOUR

What councils need to consider

A strategic acquisition programme is a significant commitment of public capital. The following considerations should inform the business case and programme design.

Financial case and Green Book alignment

The business-as-usual baseline should be properly costed before alternatives are compared. For temporary accommodation this means understanding the full cost of continued nightly-paid provision - accommodation, management overhead, officer time and the opportunity cost of capital spent on revenue rather than assets - alongside the whole-life cost, benefits and risks of acquisition.

Governance and best value

Every acquisition must demonstrate value for money and comply with the council's financial regulations, scheme of delegation, fiduciary duties and the Prudential Code for Capital Finance. LGPC provides the audit trail, value benchmarks and documented option comparison that governance requires.

Planning and conversion risk

Not every building can be converted to residential use. Class MA permitted development rights provide a route for certain commercial-to-residential conversions, but Article 4 Directions, conservation area restrictions and minimum space and amenity standards all apply. LGPC assesses planning risk at the appraisal stage.

EPC and energy performance

Our filtering targets properties rated EPC B or better. Where MEES regulations require a minimum of EPC E, that standard is treated as a floor, not a target. Acquiring stock that already meets the medium-term regulatory trajectory avoids embedding a latent retrofit liability in the portfolio.

Condition and whole-life cost

The acquisition price is only part of the cost. RICS guidance on whole-life costing requires councils to consider the total cost of ownership - acquisition, conversion, maintenance, cyclical replacement and eventual disposal or repurposing. Our appraisal framework assesses condition, estimated works and indicative whole-life cost.

Portfolio strategy

A successful programme is a managed portfolio, not a collection of opportunistic purchases. Consistent with the RICS and CIPFA principle that assets should be retained only where there is a demonstrable need to support service delivery and they are fit for purpose, we apply the same test before recommending any acquisition.

Residual value and exit flexibility. Unlike recurring expenditure on nightly-paid accommodation, acquisition creates an asset with a residual value. That value should be assessed prudently within the business case and tested under appropriate sensitivity scenarios rather than relying on assumed capital appreciation. Equally important is exit flexibility: whether the asset could subsequently support general needs housing, another service requirement, transfer to a successor authority, repurposing or disposal if temporary accommodation demand changes.

Local Government Reorganisation

Councils should clearly avoid speculative acquisitions or transactions that could constrain a successor authority. Transition controls - including those under Section 24 of the Local Government and Public Involvement in Health Act 2007 and any directions issued by the Secretary of State - may impose restrictions on significant financial commitments during the transition period, including spending thresholds, consent requirements, and constraints on new borrowing.

But equally, LGR should not become a reason to defer a demonstrably beneficial estate decision where delay would perpetuate avoidable revenue expenditure, lose an acquisition opportunity, or leave the successor authority with a more expensive operating model. The question is not whether to acquire, but whether the evidence supports it.

SECTION FIVE

Illustrative financial scenario

An indicative comparison between nightly-paid bed-and-breakfast placements and council-owned temporary accommodation, based on a set of generic assumptions.

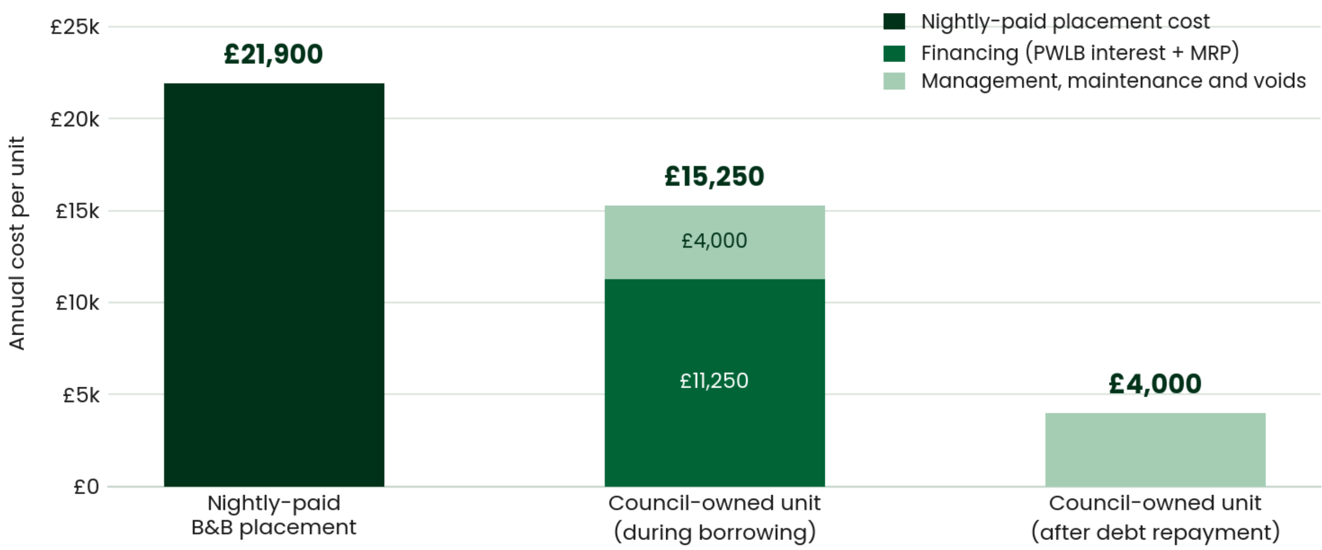
> These figures are illustrative. They should be tested against each council's own treasury management strategy, medium-term financial plan, and local market conditions before being used in a business case.

Assumptions

INPUT	ASSUMPTION
Average nightly-paid TA cost (B&B / hotel)	£60/night (£21,900 p.a.)
Average all-in cost per TA unit (acquisition + works)	£150,000
PWLB borrowing rate (Certainty Rate, 25-year)	5.00%
Minimum Revenue Provision (40-year asset life)	2.50% per annum
Annual management, maintenance and voids	£4,000 per unit
Annual financing cost per unit (interest + MRP)	£11,250
Total annual cost per council-owned TA unit	£15,250
Illustrative annual cost difference per unit	**£6,650**

PWLB Certainty Rate indicative as at July 2026. All figures should be verified against local data, the council's treasury management strategy, and current PWLB rates at the time of any business case preparation.

Indicative annual cost per temporary accommodation unit



Illustrative only. Financing comprises PWLB interest at 5.00% and MRP at 2.50% on an all-in unit cost of £150,000.

> **Beyond year 25.** Following repayment of the borrowing, the interest cost associated with that borrowing falls away. The authority would continue to incur management, maintenance, lifecycle and other applicable ownership costs. On these illustrative assumptions, the indicative annual cost difference per unit increases from £6,650 to £17,900.

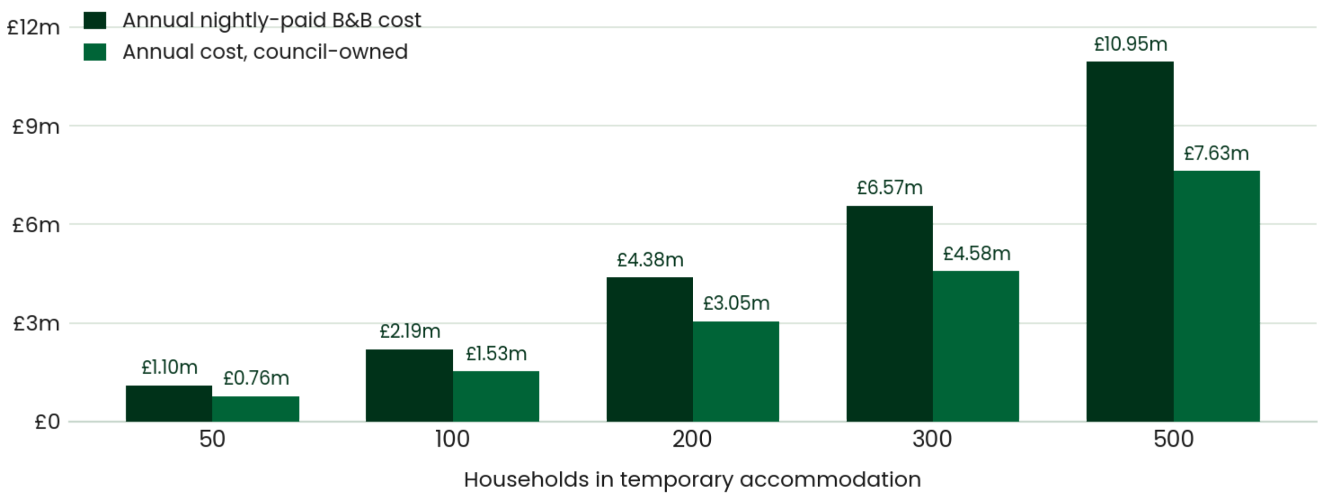
SECTION FIVE CONTINUED

The position at portfolio scale

Indicative comparative annual cost by portfolio scale

HOUSEHOLDS	ANNUAL B&B COST	CAPITAL REQUIRED	OWNED ANNUAL COST	ANNUAL DIFFERENCE
50	£1,095,000	£7,500,000	£762,500	£332,500
100	£2,190,000	£15,000,000	£1,525,000	£665,000
200	£4,380,000	£30,000,000	£3,050,000	£1,330,000
300	£6,570,000	£45,000,000	£4,575,000	£1,995,000
500	£10,950,000	£75,000,000	£7,625,000	£3,325,000

Capital invested is stated at acquisition cost. Residual value is not assumed and should be assessed prudently within the business case. Council-owned annual cost includes PWLB interest at 5% (illustrative), MRP at 2.5%, and management, maintenance and voids at £4,000 per unit.



Illustrative undiscounted 25-year difference

HOUSEHOLDS	25-YR DIFFERENCE	CAPITAL INVESTED
50	£8,312,500	£7,500,000
100	£16,625,000	£15,000,000
200	£33,250,000	£30,000,000
300	£49,875,000	£45,000,000
500	£83,125,000	£75,000,000

Indicative position beyond year 25

HOUSEHOLDS	POST-DEBT COST	DIFFERENCE
50	£200,000	£895,000
100	£400,000	£1,790,000
200	£800,000	£3,580,000
300	£1,200,000	£5,370,000
500	£2,000,000	£8,950,000

A note on funding

Not all councils will borrow from the PWLB. Some may fund acquisitions from capital receipts, reserves, or the Housing Revenue Account, which benefits from a lower HRA-specific PWLB rate at gilt yield plus 40 basis points. Where acquisitions are funded from existing resources rather than borrowing, the financing cost is an opportunity cost rather than an interest charge, and the annual cash financing requirement may therefore be lower.

These illustrations are not a business case

Actual outcomes will depend on acquisition cost, financing structure, MRP policy, lifecycle expenditure, management costs, voids, the authority's existing TA baseline, demand assumptions and residual value. A council-specific appraisal should test these variables through appropriate sensitivity and scenario analysis.

SECTION SIX

Illustrative example

A council is placing 100 households in nightly-paid accommodation at a cost of approximately £2.2 million per year. Demand is assumed to be structural over the appraisal period.

£2.2m

Current position

Annual B&B spend across 100 households

Mandate

100 units within a 15-mile radius, EPC B or better, maximum all-in cost £150,000 per unit

Pipeline

Five transaction types: apartments, houses, hotel, office conversion, s106 package

£1.5m

Indicative outcome

Annual cost during the borrowing period

Working with LGPC, the council defines an acquisition mandate. LGPC identifies a pipeline of opportunities across five transaction types - an unsold apartment block, a portfolio of houses from an exiting landlord, a former hotel with conversion potential, an office building suitable for Class MA conversion, and a package of unplaced Section 106 homes from a local developer.

Each opportunity is appraised against the mandate, with whole-life cost, condition, energy performance, planning status and exit flexibility assessed before any recommendation is made to the council. Acquisitions that proceed are negotiated, completed, and where necessary converted or refurbished under LGPC's programme management before handover to the council's temporary accommodation management team.

On the illustrative assumptions in this document, the council's annual expenditure on those 100 households could reduce from £2.2 million to approximately £1.5 million during the borrowing period - while building a portfolio of assets that the council owns, controls, and retains beyond the life of the debt.

What this means

Councils have statutory responsibilities towards eligible homeless households alongside a responsibility to manage public resources effectively. Nightly-paid placements can meet an immediate accommodation requirement, but sustained reliance on them can create significant and recurring revenue pressure. The case, however, is not only financial.

Control

Over quality, location, management standards, and tenant outcomes

Preparedness

A permanent portfolio that responds to demand without dependence on the private market

Opportunity

To acquire at value-aligned pricing, convert underused buildings, and intercept stock before the open market

Resilience

Potential to reduce recurring B&B expenditure while creating a council-controlled asset

LGPC advises councils on the full range of strategic estate decisions - acquisition, disposal, retention, and repurposing. We do not advocate acquiring property as a default. Some assets should be released. Some should be repurposed. Some warrant further investment. And in the right circumstances, acquiring an asset can be the most financially responsible way of reducing recurring expenditure and protecting service delivery.

The objective is not to minimise the estate. It is to hold the right estate.

SECTION SEVEN

Why LGPC

LGPC combines property market experience with an understanding of local authority governance, estate strategy and housing delivery. This enables us to identify opportunities in the market while structuring recommendations around the evidence, approvals and audit trail a council requires.

- 25 years of residential and commercial property experience spanning Savills, Putterills, Prime Plots, and LGPC
- Direct, long-standing relationships with the Sales Directors, Land Directors and Managing Directors of most housebuilders active across the South East and Home Counties
- Established relationships with the majority of Registered Providers of Social Housing active across the region
- 600+ residential units transacted in the past few years across both acquisitions and disposals
- Lead consultant to multiple local authorities on housing portfolio optimisation and estate strategy
- The consultancy team behind LGPC were Winners of Consultancy of the Year at the Hertfordshire Residential Development Awards 2025 - recognised for innovation in estates strategy, public-sector disposals and long-term asset planning
- Published thought leadership on estate strategy, asset management and the cost of inaction
- Professional Indemnity, Public Liability and Employers Liability insurance maintained and evidenced on instruction

> LGPC is an independent consultancy. We act solely for the council and accept no fees or commission from counterparties. Every engagement is worked on and completed at Director level, by the person responsible for winning the work.

Fee structure

Our fees are transparent, staged, and aligned to the work delivered. Councils pay for what they commission, when they commission it. There are no hidden charges, no dual agency arrangements, and no fees from counterparties. Each stage can be commissioned independently, allowing an authority to test the approach proportionately before making any acquisition commitment.

SERVICE	FEE
Stage 1 - Sourcing and pipeline management	£1,500/month + VAT
Stage 2 - Acquisition (up to £1,000,000)	2% + VAT
Stage 2 - Acquisition (£1,000,001 to £2,000,000)	1.75% + VAT
Stage 2 - Acquisition (above £2,000,000)	1.5% + VAT
Stage 3 - Development management (standard)	5% of works cost + VAT
Stage 3 - Development management (light refurbishment)	3% of works cost + VAT

Stage 1 is payable monthly and covers ongoing market engagement, opportunity identification, desktop appraisals, filtering, and fortnightly reporting. Stage 2 is payable on legal completion of each acquisition. Stage 3 is payable monthly in arrears against contractor valuations.

Next steps

If your authority is experiencing sustained temporary accommodation pressure and is considering whether a strategic acquisition programme could form part of the response, we would welcome an initial conversation. Its purpose is to establish whether the approach is relevant to your circumstances and, if so, what a proportionate first step would look like.

Kane Lennon MNAEA
Director, Local Government Property Consultants
The Crocodile House, 9 Bridge Street, Hitchin, Hertfordshire SG5 2DE

01462 877778
kane.lennon@lgpc.org.uk
lgpc.org.uk

Further reading: The Retrofit Cliff-Edge · The Reuse Instinct · The Cost of Doing Nothing · Why Condition Surveys Are Not Estate Strategy · LGR Will Fail Without Estate Strategy. Available at lgpc.org.uk/insights