



## London Borough of Enfield

<b>Report Title</b>	Homelessness in Enfield (6) Homelessness Housing Schemes; A Delivery Strategy
<b>Report to</b>	Cabinet
<b>Date of Meeting</b>	13 September 2023
<b>Cabinet Member</b>	Cllr George Savva (Social Housing)
<b>Director</b>	Joanne Drew, Strategic Director of Housing and Regeneration
<b>Report Author</b>	Nnenna Urum-Eke 0208 132 1665
<b>Ward(s) affected</b>	All
<b>Key Decision Number</b>	KD 5640
<b>Classification</b>	Part 1 Public
<b>Reason for exemption</b>	

### Purpose of Report

1. The Council has relied on the private rented sector to meet its statutory homelessness duties. This is no longer possible, and a new accommodation delivery strategy is required.
2. This report sets out a framework for delivering a new approach through a number of options including repurposing existing assets, construction of temporary dwellings and the acquisition or lease of out-of-borough stock, to address the rising issue of families being housed in commercial hotel rooms and B&Bs, which are inappropriate for families and carry a great cost to the council.

## Recommendations

- I. Agree the delivery strategy for meeting the Council's statutory homelessness responsibilities over the next 5-years as set out in this report.
- II. Note that requests from Housing Gateway for an additional equity contribution from Enfield Council in order to facilitate the acquisition or lease of properties for use as temporary accommodation and private rented accommodation for the purpose of discharging the Council's homelessness duty are to be anticipated and that any such requests will be referred to Cabinet for approval or to Council if it falls outside the Council approved budget.
- III. Note that a review of the HRA Business Plan is underway, which will identify capacity within the capital programme to enable the delivery of Modular Housing.
- IV. Agree £330k HRA revenue spend related to feasibility studies of modular housing.
- V. Delegate to the Strategic Director of Housing and Regeneration, in consultation with the Executive Director of Resources and the Director of Law and Governance, authority to dispose of, appropriate, lease or otherwise acquire any land, building or property in furtherance of the agreed delivery strategy, subject to compliance with the General Disposal Consent (England) 2003 and any other consents or requirements but not including the disposal or appropriation of any Open Space.
- VI. Delegate to the Strategic Director of Housing and Regeneration, in consultation with the Executive Director of Resources and the Director of Law and Governance, authority to procure any works or services necessary to support delivery of the strategy up to a maximum cost of £3m per contract.
- VII. Delegate to the Executive Director of Resources, in consultation with the Cabinet Member for Finance, to release General Fund assets to the HRA, Housing Gateway Limited (HGL) or other parties for the purposes of increasing the supply of accommodation for homeless and at-risk households subject to compliance with the General Disposal Consent (England) 2003 and any other consents or requirements.

## Background and Options

3. Homelessness demand is currently at crisis point fuelled by rising demand and collapse in availability of available private sector properties, especially at the affordable end of the market. This impact is being felt all across London and in other parts of the country.
4. Enfield Council currently provides temporary accommodation to just over 3000 households. There are five main types of accommodation:
  - a. 2000 Nightly Paid Properties (NPA) which are procured from private landlords on a night-by-night basis
  - b. 550 leased properties (PSL) that are leased from private landlords with a term of between three and five years
  - c. 600 properties that have been leased from managing agents who in turn have leased the property from a private landlord (PLA)

- d. Accommodation at Brickfield House and Greenway House. These blocks are owned by Housing Gateway and leased to the Council. There are 124 flats at Brickfield House and 84 flats at Greenway House.
  - e. Commercial hotels and bed and breakfast. These rooms are booked on a nightly basis and are inherently unsuitable for families but provide a last resort option.
5. The costs of the existing portfolio and for acquiring new supply are rising as a result of competition for the limited availability.
  6. The growing use of hotel accommodation for nightly paid accommodation is a key budget pressure within the 2023/24 position. On average, the use of a single hotel room for one year represents circa £40k more cost than traditional TA options, which in turn are loss making for Enfield.
  7. If left unabated at current levels the use of hotel accommodation and local nightly paid accommodation will increase substantially over the next five years for 3,000 units. Further, these costs are volatile and increases, for which we have limited control, may be seen over the period as we expect to see further withdrawal by landlords from the LHA market. The alternative proposed by this strategy is that we bring more accommodation under the Council's direct control, through ownership or lease, giving increased certainty and providing greater resilience against price fluctuations in the private rented sector.
  8. This report therefore sets out a plan to deliver a 5-year accommodation strategy and in line with the Placement Policy agreed by Cabinet in June 2023 (KD5625) and that is aligned with the ambitions of the Council's approved homelessness prevention strategy – Ending Homelessness in Enfield: Preventing Homelessness and Rough Sleeping Strategy 2020-2025. This will recognise that there is very limited affordable accommodation in London and that solutions to meet our statutory homeless duties must be secured where LHA and rents are more closely aligned.
  9. The Council's MTFP assumptions for 2024/25 (under ongoing review) currently provide for a revenue budget growth to this statutory service of £9.8m. This arises as a result of the cost of providing accommodation solutions being more than the rental income and Homelessness Prevention Grant allocated by Government. As the Council reduces its use of revenue funded temporary accommodation solutions the aim would be to service debt costs to support the capital investment from this contribution. The priority is to reduce the use of hotels and the 2,000 Nightly Paid Accommodation units which have the biggest impact on driving the deficit position. The financial strategy to support the plan is set out later on in the report.
  10. It should be noted that the plan to secure 3,900 solutions includes significant nominations to PRS accommodation which are usually self-sustaining after the initial costs of securing the property for rental purposes – this includes the incentive to the landlord, a deposit and rent in advance. The acquisition and modular development programmes would result in homes owned by HGL and the Council which would need to be supported by capital investment.

### **Preferred Option and Reasons for Preferred Option**

11. The following table demonstrates how costs have risen since the financial crisis (before which the annual gross cost per household was around £16k) and the cost avoidance that could be derived from alternative housing solutions.

		Local NPA pre financial crisis	Current Position		Alternative Solutions	
			Local NPA	Travelodge	Council Owned Modular TA Housing	Leased TA Housing where LHA and rents are aligned
Annual Costs	Cost per annum	£16,071	£21,170	£54,750	£18,386	£17,903
	Less Housing Benefit Income per annum	(£14,079)	(£14,079)	(£9,326)	(£14,079)	(£11,698)
	Net Loss per annum	£1,992	£7,091	£45,424	£4,307	£6,205

12. We must adopt a different approach to meeting our statutory homelessness duties over the next 5 years to reduce reliance on the current rented market which is seeing structural change.

13. We need to pursue alternative solutions (as set out in the following table) to housing families in commercial hotels and B&Bs and to address the increasing cost base. The overall requirement is to provide housing solutions at 100 units per month over the next 2 years which would allow to reduce the existing reliance on hotels and to address ongoing statutory homelessness responsibilities. A proportion of these solutions will require capital investment. The aim is to maximise accommodation for rent (as opposed to TA) which allows us to discharge our homelessness duties. This concurs with the Placement Policy agreed by Cabinet on 7 June 2023 (KD5625) which outlines the limited circumstances in which accommodation must be local, in the majority of cases provision will be in areas where LHA and rents are more closely aligned. We will still require some accommodation for emergency temporary use.

Approach	Service	Description	Timeframe	No. of Units	Indicative Budget
Acquisition	HGL	Acquisition by Housing Gateway Limited (HGL) of street properties/PRS, commercial properties with the benefit of permitted development rights for housing use (e.g., care homes and hotels) and bulk purchase of residential properties for sale across England.	Delivery over the next 5 years	Approx. 100 properties per rolling year for the first 2 years then 50 properties per year to 2028	This is likely to cost in the region of £170m (over next 7 years – of which £90.5m has already been budgeted for in the Council's capital programme over the next 4 years)

Approach	Service	Description	Timeframe	No. of Units	Indicative Budget
		Procurement of properties across England for PRS discharge by the Council in accordance with the previously agreed Placement Policy	Delivery over the next five years	Approx. 100 units per month	Incentive payments to landlords currently average £6k per unit
		Lease properties by HGL for PRS discharge by the Council in accordance with the previously agreed Placement Policy	Year 1	Approx. 300 units	Further working Capital requirements to be determined and requested from Council in due course
<b>Repurpose of Council assets</b>	HGL & HRA	Repurposing General Fund or HRA assets to HGL or other providers to deliver/manage as TA or PRS accommodation	As opportunities arise	As opportunities arise	Further working Capital requirements to be determined and requested from Council in due course
<b>Short life accommodation on regeneration schemes</b>	HRA	We currently use accommodation being vacated to support regeneration schemes as shortlife housing to provide emergency temporary accommodation.  Includes temporary use of units on the Joyce and Snell's estate; supported by the deployment of the £50m Land Fund allocation to buy back leaseholders	Delivery from Year 1 and beyond next 5 years	As opportunities arise	£20k per unit to refurbish properties to lettable standard
<b>Market led solutions</b>	GF	Working with developers, including supporting the creation of voluntary sector entities like Community Land Trust and Cooperatives, to bring forward solutions like build-to-rent (BtR) schemes and secure nomination rights through our	Delivery over the next 5 years	As opportunities arise	Potential nomination fee required

Approach	Service	Description	Timeframe	No. of Units	Indicative Budget
		intermediate housing and discount market rent (DMR) policies Also partnering with institutional investors finance the delivery TA and PRS schemes			
<b>Traditional PRS places across England</b>	GF	Continuing to procure private rented homes through Capital Letters and managing agents	Delivery over next 5 years	As opportunities arise	£9.9m total net increase
<b>Modular, meanwhile housing solutions</b>	HRA	Development of modular homes on council owned vacant land, car parks and rooftops that can be demounted and moved as needed, subject to planning permission and other permissions and consents	Delivery from Year 2 – 4	Approx. 33 units per year over 3 years for a total of around 99 units by 2028 plus 30 rooftop units by 2027, subject to consultation and planning permission	£24.4m (based on average cost of £246k per unit) to be funded through the identified capacity within the HRA capital programme

## Objectives

14. The objectives of this report are to enable a 5-year accommodation delivery plan that addresses current hotel use and avoids this going forward. It must support the new Placement Policy which prioritises accommodation where LHA and rents are more closely aligned and therefore affordable.

15. Potential schemes will be evaluated against the following objectives:

- Cost efficiency
- Quantity
- Speed (Design, Planning and Build stages)
- Quality
- Financial risks
- Complexity (including site suitability)
- Sustainability

## Funding

16. There are a number of potential sources of funding that could support the delivery/provision TA and we are actively seeking to maximise all of these:

- a. Right to Buy Receipts (RTB) can be applied if the dwellings are held in the HRA and leased for TA use. RTB receipts could contribute towards 40% of the development costs. This can be supported by a Buy Back programme to be launched by the GLA in the near future.
- b. The Refugee Housing Programme (RHP) – supports the delivery of homes for those with acute housing needs who have arrived in the UK via recent Ukrainian and Afghan resettlement schemes to address the immediate housing pressures faced by these cohorts and create a new and permanent

supply of affordable housing in London. The grant rates for outer London boroughs are £175k for small homes (1-3 beds) and £250k for large homes (4 bed+).

- c. The Local Authority Housing Fund (LAHF) Round 1 (now undergoing reallocation of unspent funds) – supports the acquisition of affordable homes for Afghan and Ukrainian households, at a grant rate of 40% of the average lower quartile property price in the borough plus £20k for refurbishment per home. Round 2 is aimed at acquisition of family homes for Afghan households and for homeless households in temporary accommodation, at a grant rate of 40% of the median borough property price plus £20k per home for refurbishment and other costs. Enfield has been allocated circa £2m funding through this programme and we are seeking additional funding including to support Modular schemes.
- d. Right to Buy back scheme – a new scheme is due to be announced shortly and will be a priority, along with LAHF above to assist the finance of specific HGL acquisitions. In addition, the HRA can progress a programme of acquisitions and initially these homes can be used for temporary accommodation with the potential to switch them out for social rent when TA pressures have reduced.
- e. Community Infrastructure Levy (CIL) – Since its inception in 2016 the receipt of borough CIL has varied from £1-6m every year, dependent on housing activity in the borough. Strategic and Neighbourhood CIL could be utilised for enabling, infrastructure and amenity works to support delivery.
- f. Section 106 – The council receives approximately £2-3m in S106 receipts every year. In 2022/23, circa. £1.8m of S106 funding was allocated to infrastructure projects across the borough, including parking improvements, wetlands, and a large grant to Winchmore Secondary School. As of March 2022, the S106 balance stood at £6.5million of which £1.6m was committed to projects and £4.9m remained available for future allocations. S106 funding could be utilised for enabling, infrastructure and amenity works to support delivery.
- g. Housing Gateway Ltd (HGL) – HGL is able to borrow from the Council at PWLB rates, repaying principal and interest to ensure there is no cost to the Council. Additionally, HGL holds funds which it can use as equity to assist with property purchases and is able to fund activities via its own capital loans and equity.
- h. PWLB Borrowing – The Council’s capacity for servicing existing debt and entering into new borrowing is under review and will be reported to Cabinet as part of the updated Capital Strategy. This will provide the foundations of the Capital expenditure and borrowing estimates from 2024/25 whilst ensuring overall costs to the General Fund and HRA remain sustainable.
- i. Other grants – The Single Homelessness Accommodation Programme (SHAP) supports the funding of permanent development or acquisition of temporary accommodation for individuals. As the majority of our TA need concerns family housing, and we are looking at short-medium term acquisitions and demountable housing, this is unlikely to be an applicable funding route.

- j. Nil/under value of assets – The Council could fund delivery by forgoing all or part of an asset’s value. For example, to enable delivery through the disposal of a building, the Council would forgo the capital receipt as its contribution in recognition of the wider social and economic savings achieved. This principle could also apply to the appropriation of assets from the General Fund to the HRA to enable schemes to be viable.

### **HGL Acquisitions**

17. Bringing housing solutions under the Council’s control ensures supply is available and provides certainty over cost when compared to the current market conditions.
18. HGL has restarted purchasing properties in Enfield and areas where we have existing owned and managed services. Due to the recent interest rate increases, HGL is applying a greater amount of equity to each purchase which has received Shareholder consent. This approach is being coupled with the bulk lease of out borough schemes for a minimum term of 5 years. The lease scheme will require appropriate working capital arrangements.
19. It is proposed that HGL purchase a maximum of 100 properties per rolling year for the first 2 years, then 50 properties per year to 2028. The properties would be reviewed for disposal after 5 years. It is noted that HGL may need to seek approval for additional equity in order to reach these targets.
20. The properties would deliver much needed savings against the TA budget.
21. HGL is in the process of leasing blocks for PRS discharge. These arrangements will enable the Council to end the use of hotel accommodation at an earlier date generating significant cost avoidance this financial year. Without a significant increase in Local Housing Allowance, the lease costs are higher than the rental income meaning that this is not a long-term scalable solution to the shortage of accommodation.

### **Repurposing of General Fund assets for housing use**

22. It is proposed to dispose of assets by way of various partnership arrangements for new build housing, and land transactions including sale and leaseback and development agreements. This may include nomination agreements for the developer to transfer or provide new TA accommodation to Enfield. Each disposal will be considered on its merits in accordance with the Council’s property procedures, delegated to the Strategic Director of Housing and Regeneration in consultation with the Executive Director of Resources. Best value and best consideration criteria will be applied to ensure value for money by having regard to all social and economic benefits arising to the Council.

### **Meanwhile Modular solutions**

23. Modern Methods of Construction (MMC) is a good option for fast-tracking temporary accommodation as it is fast to construct and requires minimal site intervention as it is lightweight with shallow foundations. The units can be delivered already fitted out internally, further reducing construction times. These sorts of flatted blocks allow for a combination of individual and family units to be provided.
24. Costs typically exclude enabling and on-costs such as:



	Approximate cost per site
Servicing – water, electric & gas	£50,000
Title and VP – appropriation, ROL claims, etc	varies
Legal services/recharge	tbc
Internal project management capitalisation	1.4% of build cost

25. The modular units can be procured as a fixed price turnkey solution covering design, feasibility studies and site surveys, together with planning engagement, off-site construction, and installation. There are a number of frameworks such as: Crown Commercial Service Offsite Construction Solutions, LHC MMC framework and The Off-site Homes Alliance Framework.
26. Although temporary, these proposals do not fall under permitted development because they will be in use for longer than 28 days. Also, even the rooftop developments may not meet the permitted development conditions.
27. As such, they would need to undergo the full planning application process, including going to planning committee as such application cannot be determined by way of delegated authority to planning officers. Obtaining planning consent is part of the turnkey package provided by suppliers.
28. Lightweight steel modules are suitable for installation hard-to-develop HRA sites, e.g. at the back land of existing estates. The homes are demountable so can be moved elsewhere if the sites are developed in future, so work well for meanwhile use of sites. Their reuse will also reduce the amount of embodied carbon in materials, and resources going into their fabrication, and reduce the waste stream following their use. Modular units can also be high performing in their operation.
29. There are many demountable systems available, a few are delivered fully furnished and can be standalone or stacked up to two storeys high with an external stair. They have been delivered for Haringey, Ipswich City, Stevenage, Southend and Cambridge councils.
- a. The price varies by supplier and is just for the housing unit - excludes services/enabling, installation, contingency & on-costs. The typical price for a 2 – 3 bed unit is around £120k.
  - b. The typical timescale for delivery is 51 weeks of which procurement and planning account for 33 weeks and manufacture and installation are about 14 weeks.
30. Demountable homes can also be installed on existing car parks; erected on steel frame stilts to enable continued parking provision on the sites. This allows for these structures to either be permanent with the option to move them should the sites be brought forward for full scale redevelopment. These homes have been delivered for Bristol, Ashford, Maidstone and Bromley councils.
- a. The price varies by supplier and is just for the housing unit. The typical price, including services, podium and installation for a 2-bed unit is around £216k.
  - b. The typical timescale for delivery is 61 weeks of which procurement and planning account for 33 weeks and manufacture, services and installation are about 24 weeks.
31. Once the design of the demountable homes and structure is known, the impact on the use of existing operational car parks will be considered alongside any necessary

further action.. This will include consideration of the dual use of operational assets and appropriation, plus any other consents. It might be prudent to appropriate for planning purposes to extinguish any existing rights and mitigate against potential injunctions.

32. The value at which sites are appropriated from the General Fund to the HRA or sold to HGL or another provider should reflect compliance with valuation and legal requirements.

### **Rooftop Developments**

33. Development of additional storeys on the roof of an existing TA block, using lightweight steel construction may be possible.
34. Pending structural surveys, one (or sometimes two) storeys can be built on top of the existing building without needing to strengthen the foundations. This lack of need for new foundations is a big cost saving. A lightweight steel pre-fabricated elements system is best to use, and the Council has already successfully delivered this type of scheme at Lytchet Way. Using steel elements instead of a modular system allows more flexibility in type and size of units.
  - a. Depending on unit mix, building surveys, and MMC system chosen, the price would range from £200k to £250k per unit.
  - b. The typical timescale for delivery is 52 weeks of which procurement and planning account for 36 weeks and construction is about 12 weeks.
35. Since 2020, rooftop development under certain circumstances falls under 'permitted development' so doesn't require a full planning submission, although 'prior approval' will still need to be sought. In granting prior approval, the planning authority will still consider certain matters relating to the proposed construction of additional storeys, including design and impact on the surrounding neighbourhood. This will be subject to consultation. The local planning authority is required to make a decision on an application for prior approval under the right within 8 weeks.

### **Market-led Solutions**

36. In response to the ongoing volatility in the housing market, many developers are seeking to convert private sale homes to build-to-rent (BtR) or are bringing forward schemes with significant discount market rent (DMR) and BtR homes.
37. The Council could, through its Intermediate Housing policy and planning policies on private rented sector housing, secure nomination for residents who would otherwise end up in TA accommodation.
38. There is also the opportunity to partner with institutional investors to bring forward solutions within a financial framework that would secure further delivery of both TA and PRS housing. Potential terms that could be acceptable to the Council are set out below:
  - Borrowing – no additional borrowing placed on the Council particularly in the context of most leases becoming on balance sheet as a result of new lease accounting standard (IAS16) becoming mandatory for Local Authorities from 1st April 2024.
  - Revenue impact – overall positive revenue impact on the Council after taking account of financing costs, temporary accommodation costs avoided and cost

inflation which mirrors and does not outpace changes to the rent-setting ability of the Council.

39. Partnership opportunities also exist to work with other public, voluntary, and private sector entities to enable the creation of Community Land Trust and tenant cooperatives to deliver, own and manage DMR homes to address the reduction of affordable rental properties and to which the Council could discharge its homelessness duty. This approach would rely less on the Council's own financial resources and more on the Council's ability to bring together and support these partnerships to arrest the housing insecurity in Enfield. Any proposals to do this will be the subject of a separate report.
40. The Council currently provides incentives to landlords to make available private rented accommodation and supports residents with deposits and rent in advance. Given the unfavourable market and the challenge in bringing forward schemes, the continued provision of this sort of support may also enable supply to be sustained.

### **Traditional use of the PRS**

41. The Council has an ongoing procurement programme with the aim of securing, for nomination purposes, 100 private rented sector properties per month across the country for prevention of homelessness and discharge of duty. A network of suppliers is being developed to secure an ongoing supply of properties.
42. Capital Letters, a property finding service for London councils, can make a contribution. Three programmes are currently in development:
- Spot procurement of properties for difficult to place households. This programme is designed to secure properties for households with specific needs. The Council provides Capital Letters with the specific needs of the households and Capital Letters then search for a specific property to meet those requirements. The programme will be mainly used for the procurement of homes for large families and adapted properties.
  - Procurement of private rented accommodation for discharge of duty. This programme is an extension of Capital Letters existing procurement arrangements. Capital Letters will procure properties outside London. Properties will be placed on a portal for member Councils to draw down on.
  - Leasing properties for discharge of duty. Under this programme Capital Letters will lease properties from a private landlord and provide housing management and income collection services. This provides the landlord with a guaranteed rent. The programme is still in development.

### **Relevance to Council Plans and Strategies**

43. Tackling homelessness through the provision of fit-for-purpose temporary accommodation and affordable market housing solutions directly aligns with the Council Plan principals of a Fairer Enfield as it uses every opportunity to tackle the inequalities and improve the outcomes experienced by homeless families and financial resilience by seeking more cost-effective solutions to nightly paid accommodation.
44. In doing so, it addresses three of the five Council Plan priorities:
- a. More and better housing by delivery much needed homes that keep families out of unsuitable nightly paid accommodation such as hotels.

- b. An economy that works for everyone by providing the right type of housing support to low-income households that have become homeless
  - c. Thriving children and young people by providing families with children and young people the right sized temporary accommodation they need and a permanent housing solution to ensure that the loss of their home does not have lasting impact on their life chances.
45. The proposed solutions in this report are aligned with the Council's approved homelessness prevention strategy, *Ending Homelessness in Enfield: Preventing Homelessness and Rough Sleeping Strategy 2020-2025*, and direct addresses 3 of its 5 ambitions for ending homelessness in Enfield:
- a. Make homelessness prevention a priority for everyone – the proposals in this report are a result of, and are dependent upon, cross departmental and cross sector joint working
  - b. Treat people with empathy, dignity and respect – the proposal in this report seeks to provide households with better and more suitable temporary accommodation
  - c. Support people to access the right accommodation – this report also seeks to enable pathways into better and more secure private rented accommodation
46. The proposals will have a positive differential equalities impact on all households with protected characteristics as set out in Appendix 1: Equalities Impact Assessment.

### **Financial Implications**

47. Temporary Accommodation costs are currently forecast to exceed budget by £17.8m 23/24. This level of spend is unaffordable and unsustainable for future years and therefore requires action.
48. The Medium Term Financial Plan currently assumes an £9.8m budget pressure from temporary accommodation in 2024/25. This can only be achieved if we take action now to pursue solutions, including those outlined in this report.
49. Each potential avenue of solutions will be subject to individual business plans and due diligence prior to additional capital budget being allocated, for example to ensure that any capital financing costs are offset by the temporary accommodation cost avoidance of a specific solution.

### **Housing Gateway**

50. Properties purchased or leased via Housing Gateway Ltd will require either an incentive payment or a nominations fee to be paid by the Council to make the acquisitions viable for the company. A similar arrangement may need to take place should any units be acquired through the Housing Revenue Account for use as Temporary Accommodation.
51. Savings and cost avoidance of specific solutions will be reported through the Council's standard budget monitoring cycle.
52. It is likely that further equity and/or incentive payments will be requested by HGL in order to make the level of property purchases noted in this report financially viable.

53. Housing Gateway Limited have begun to purchase properties, for which the equity contribution has increased from £50k per property to up to a maximum of £100k per property. This allows an increased accessibility to the lower end of the market. HGL currently holds approximately £5m of funds which are to be used towards the equity element of property purchases. This is a Council contribution (funded by Council Tax Payers via Minimum Revenue Provision over time) for which there is no direct remuneration back to the Council. The contribution is equivalent to 2 years of hotel accommodation savings.
54. The transfer of TA leases from the Council may require working capital which is currently being determined and may require financial support from the Council (for example via a working capital loan).
55. All funding streams via grant and government schemes will be maximised to increase capacity.
56. HGL will continue to assess potential property purchases on a case-by-case basis to ensure financial viability for both HGL and the Council. This will address:
- a. acquisitions
  - b. lease purchases
  - c. all funding streams via grant or government scheme
57. Leasing of the accommodation will require recognition of the asset and associated liability in the accounts of HGL under IFRS 16 which will impact on the gearing and performance ratios.

#### HRA Financial Implications

58. This report is proposing to approve a revenue budget of £330k within the HRA to fund feasibility studies to progress the delivery of Modular Housing.
59. The feasibility budget will be part funded from the current approved feasibility budget with the remaining funded from HRA reserves.
60. There are a number of potential alternate delivery options proposed in this report:
- a. Acquisitions – delivered by HGL
  - b. Repurpose GF/HRA assets – delivered by HGL/HRA
  - c. Short life accommodation on regeneration schemes – delivered by HRA
  - d. Market led solutions – delivered by GF
  - e. Traditional PRS places – delivered by GF
  - f. Modular, meanwhile housing solutions – delivered by HRA
61. Some points to note on the potential delivery options, in relation to the HRA:
- a. We are maximising the use of void properties on Council housing estates awaiting regeneration. In the next five years a significant number of properties will be bought back as part of the Joyce and Snell's project, with these units to be let (depending on length of tenancies) to TA and HGL. The rental income remains within the HRA and the GF benefits from cost avoidance.
  - b. Appropriation will take place if land or properties within the GF are proposed to be used for social housing. Property must be accounted for in the HRA if it is provided for the purposes of Part II of the Housing Act 1985 (social housing).

Appropriation from the GF to the HRA will take place at a certified value based on a fair value.

- c. There is currently no budget provision to deliver Modular Housing within the HRA. A review of the HRA Business plan is underway, which will include reviewing the current development programme with a view to substituting schemes to enable delivery of modular housing.
- d. Right to Buy Receipts (RTB) can be used as funding to support the delivery of new affordable homes within the HRA, these receipts would contribute towards 40% of the development costs

62. These delivery options are yet to be costed and will require a full financial viability assessment to ensure the projects deliver value for money and meet approved financial metrics before they progress.

### **Legal Implications**

63. Section 2 of the Local Government Act 2000 provides that local authorities have power to do anything they consider likely to promote or improve the social, economic or environmental well-being of their area or the persons resident therein. Therefore, the Council has discretionary power to pursue a course of action if it is considered likely to have social, economic or environmental advantages in the area. In exercising such discretionary power, the decision makers need to take into account all relevant considerations.

64. The Housing Act 1996 requires local housing authorities to secure accommodation for homeless persons and members of their household if they are owed the interim or main housing duty ("the accommodation duty").

65. If the accommodation duty is owed, it cannot be postponed and is an immediate, unqualified and non-deferrable duty. Section 206 permits a local housing authority to discharge its housing functions by securing that suitable accommodation provided by it is available, by obtaining suitable accommodation from some other person or by giving advice assistance that will secure suitable accommodation is available from some other person.

66. Section 9(1) of the Housing Act 1985 grants a local housing authority the power to provide housing accommodation by erecting or acquiring houses, converting buildings into houses. It may alter enlarge, repair or improve a house so erected, converted or acquired.

67. These powers may be exercised in relation to land acquired for the purpose of disposing of houses provided or to be provided on land including disposing of the land to a person who intend to provide housing accommodation on it.

68. In pursuing property transactions, the Council must also comply with the provisions of its Constitution, including but not limited to its Property Procedure Rules, which set out mandatory procedures regarding (amongst other things) the acquisition, management and disposal of property assets.

69. Section 123 of the Local Government Act 1972 gives a power of sale or leasing to Councils. Pursuant to this section, the Council has a statutory duty to achieve best consideration (save for tenancies of less than seven years). Flexibility is afforded by virtue of the General Disposal Consent (England) 2003, which permits the Council to dispose of land at less than its market value, without the need to seek specific permission from the Secretary of State, provided that (i) the purpose for which the

land is to be transferred is likely to contribute to the 'promotion or improvement' of the economic, social, or environmental well-being of the area; and (2) the difference between the market value of the land and the actual price paid for the disposal (if any), is not more than £2,000,000.

70. Legal due diligence is required so as to understand the specific issues applying to sites, with further legal advice to be provided, once sites have been identified. It should be noted that restrictions apply for certain types of land (including housing, open space and playing fields) and the Council must have regard to applicable statutory requirements.
71. Consideration will also have to be given to any proposed change of use or closures of affected car parks, including necessary orders and consents.
72. The Council holds land and property for a variety of statutory purposes in order to perform its functions. The Council is authorised by virtue of section 122 of the Local Government Act 1972 to appropriate land within its ownership for any purpose for which it is authorised to acquire land by agreement, where it is no longer required for the purpose for which it is held immediately before the appropriation. Furthermore, Section 203 of the Housing and Planning Act 2016 enables a local authority to override third party rights, where the relevant building or maintenance work is being carried out with planning permission on land that has been acquired or appropriated by the council for planning purposes, with a right to compensation arising in favour of the proprietor of the rights overridden.
73. Appropriation to housing purposes (HRA) is specifically dealt with in section 19(1) of the Housing Act 1985 in that "A local Housing Authority may appropriate for the purposes of this Part [2- dealing with the provision of housing accommodation] any land for the time being vested in them or their disposal and the authority have the same powers in relation to land so appropriated as they have in relation to land acquired for the purpose of this part."
74. As the HRA is a ring-fenced account under section 74 of the Local Government and Housing Act 1989, a transfer from the General Fund to the HRA will essentially result in an accounting adjustment in accordance with the Code of Practice on Local Authority Accounting in the UK, subject to a certified value for the property transfer being agreed. Therefore, in the event of a transfer from the General Fund to the HRA by appropriation, there will be need to compliance with these requirements.
75. Development under permitted development rights is subject to prior approval from the local planning authority. Factors to consider in a prior approval application include transport and highways impacts, flooding risks, the external appearance of the building, the provision of adequate natural light in all habitable rooms and the impact on the amenity of the existing building and neighbouring premises including overlooking, privacy and loss of light. Where planning applications are required, they will need to be submitted to the Local Planning Authority for approval. This process requires statutory and public consultation and works should not commence until such time as approval is given and any pre-commencement conditions (if required) by the planning permission are discharged, in compliance with the Town and Country Planning Act 1990.
76. When procuring any goods, works or services in connection with the proposals in this Report, officers must ensure compliance with the Council's Contract Procedure Rules and, where relevant, the Public Contracts Regulations 2015.

77. The Council is required to act in accordance with the Public Sector Equality Duty under section 149 of the Equality Act 2010 and have due regard to this when carrying out its functions.

78. Legal services will need to undertake due diligence and provide further input on applicable legal considerations, once delegated decisions with proposed terms are available. Furthermore, any legal documents to be entered into in connection with the subject matter of this report must be approved in advance by Legal Services on behalf of the Director of Law and Governance.

### **Procurement Implications**

79. Following approval to investigate and implement the solutions described in the report, Procurement Services should be engaged and instructed to develop an appropriate strategy and programme of procurement that ensures value for money, is compliant with Public Contracts Regulations 2015 and the Council's Contract Procedure Rules prior to seeking formal approval to procure.

### **Equalities Implications**

80. The attached EQIA notes that there is a positive differential effect on a number of groups with protected characteristics, due to their over-representation within households in need of temporary accommodation.

81. The equalities impact of individual disposals, acquisitions, procurements and contracts will be assessed at the point of approval by the Strategic Director of Housing and Regeneration.

82. Monitoring outcomes for households will form part of the monthly performance challenge meetings for the Housing Advisory Service.

83. Equalities data will be linked to data on placements to ensure that there are no unintended consequences and monitored through the performance challenge meetings.

### **Environmental and Climate Change Implications**

84. The plan must take into consideration the energy efficiency of the acquired accommodation and possible improvements to lower carbon emissions and costs to the council in the long-term.

85. In order to meet the Council's commitments to carbon neutrality and lead by example, we have an obligation to meet the energy efficiency requirements as set in the Climate Action Plan.

### **Public Health Implications**

86. Housing is a basic necessity for health as evidenced by the 30-year gap in life-expectancy between the homeless and general population. This work will help to reduce this gap.

### **Property Implications**

87. This report suggests some high-level principles that could have implications to corporate property in the future. Whilst the report has no specific property implications at this time, any future delegated decisions should be fully consulted with Strategic Property Services for implications in order to ensure no detrimental impact on the General Fund portfolio.



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## **Appendices**

*Appendix 1: Equalities Impact Assessment*

### **Background Papers**

*Ending Homelessness in Enfield – Preventing Homelessness and Rough Sleeping Strategy 2020-2025*

*Homelessness in Enfield (KD 4959), 11 September 2019*

*Homelessness in Enfield (2) (KD 5049), 22 January 2020*

*Homelessness in Enfield (3) (KD 4682), 15 July 2020*

*Homelessness in Enfield (4) (KD 5511), 14 September 2022*

*Homelessness in Enfield (5) – Housing residents where accommodation is affordable (KD 5625), 7 June 2023*

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