

## MUNICIPAL YEAR 2016/2017 REPORT NO.

### ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

### PORTFOLIO DECISION OF:

Cabinet Member for Housing &  
Housing Regeneration and Cabinet  
Member for Finance & Resources

### REPORT OF:

Director – Regeneration &  
Environment

Agenda – Part: 1

KD Num: 4268

### Subject:

Utilising the 2016/2017 Affordable Housing  
Capital Programme to Support Christian  
Action to Acquire a Mix of 27 Dwellings for  
Affordable Rent.

Wards: All

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### EXECUTIVE SUMMARY

- 1.1 The Cabinet Report KD 3932 set out a number of proposals to ensure the Borough complied with the Government's Right to Buy (RTB) One for One replacement scheme.
- 1.2 A key recommendation, in paragraph 2.5 of the report, was to agree details of a scheme to grant fund registered provider partners, to deliver new affordable housing.
- 1.3 The Council has been working with Christian Action Housing Association, (CAHA) to explore the viability of using RTB receipts to fund the acquisition and renovation of up to 27 properties currently used as temporary housing with a view to converting them to permanent affordable rented accommodation.
- 1.4 This report seeks capital expenditure of £2,166,300 from the remaining indicative 2015/2016 Affordable Housing Capital Programme budget which totals 2.529m, to fund the scheme agreed jointly with CAHA. It should be noted that this can be funded through the Government's "RTB One for One Replacement Scheme".

## 2. RECOMMENDATIONS

- 2.1 That the Cabinet Member for Housing & Housing Regeneration and Cabinet Member for Finance & Resources approves expenditure of £2,166, 300 from the 2015/2016 Affordable Housing Capital Programme, (see paragraphs 3.5, 3.6 and 3.7), noting that this sum will be fully funded from "RTB One for One Replacement Receipts".

### **3. BACKGROUND**

- 3.1 On 11<sup>th</sup> March 2015, Cabinet approved a range of short to mid-term schemes to maximise the Council's ability to spend receipts generated from right to buy sales and at the same time limit the likelihood of returning them to central Government.
- 3.2 A report to Housing Board on 14th October 2015 noted that despite raising awareness amongst our registered provider partners about the possibility of the Council granting them funding from right to buy receipts, (RTB) to support development of new affordable housing there has only been minimal interest from them. To date, only CAHA has shown any interest in submitting proposals for the Council's consideration.
- 3.3 In January 2016, CAHA met with the Council to discuss the possibility of using RTB receipts to acquire up to 27 dwellings they were leasing in Enfield as temporary housing. It is to note that these dwellings are occupied temporarily by households the Council has a statutory obligation to house.
- 3.4 CAHA proposes to purchase the freehold interest of these dwellings and has asked the Council to help facilitate this by providing RTB receipts to part fund acquisition costs. Subject to acquisition, the dwellings would be renovated and brought back into use as permanent, affordable rented accommodation to which the Council would be granted 100% nomination rights, in perpetuity.
  - 3.4.1 It is to note that RTB grant would not only enable CAHA to purchase the dwellings but also allow them to charge a lower rent than current temporary accommodation charges. This will generate savings to the Council of 32% on the current cost of temporary accommodation managed by CAHA, (see Table 3.4.4 below).
  - 3.4.2 A further benefit of using this funding is that the Council would be able to recoup its capital outlay of £2,166, 300 from the savings generated from lower weekly temporary accommodation charges. Using annual savings of £119, 549, or 29% on current weekly TA costs, (see Table 3.4.4 below), as a basis, the Council would get its money back in 18.2 years.

Table 3.4.3

**Current Temporary Accommodation Costs v Proposed CAHA Affordable Rents**

Current Weekly TA Charge per Bedroom £	Anticipated Weekly CAHA Affordable Rent including service charge	Saving to Council
2bed 247.90	185.00	62.90
3bed 310.00	215.00	95.00
4bed 375.00	225.00	150.00
<b>Total</b>		
£406,328 pa.	£286,780 pa	£119,548 pa

NB. Rents for 3 bed properties, which form the majority i.e. 59%. of properties to be purchased, will be lower than the "London Living Rent", (LLR) proposed by the Mayor of London". Although details have yet to be announced it is anticipated the LLR will be based on a third of median income for London. As of July 2015, this was £51,770, (GLA Household Income Estimates).

- 3.5 The 27 dwellings CAHA would like to purchase comprise the following mix: 10 x 2B4P; 16 x 3B5P and 1 x 4B6P. The majority, i.e. 17, are located in EN3 and 7 in EN1. The remainder are dispersed within the Borough boundary in N11. Subject to the award of funding CAHA proposes to charge the following affordable rents (2B4P @ 70% market rent; 3B5P @ 60% market rent and 4B6P @50% market rent.
- 3.6 The dwellings are currently owned by a 3<sup>rd</sup> party GAMMA Ltd and leased to CAHA. CAHA has agreed an acquisition cost of £7,140,000. With on costs, the total would be £7,221,000. 30% of this equates to a grant of £2,166, 300 or £80, 233. per dwelling. Subject to funding CAHA proposes to complete acquisition of all 27 dwellings in May. To that end, officers recommend that approval for funding be granted well in advance of this.
- 3.7 CAHA will enter into a legal agreement with the Council to secure delivery of new affordable homes and protect the Councils interests in relation to the funding. A clause has been inserted in the agreement to ensure recovery of the grant if CAHA has been overpaid, or if they fail to complete acquisition, or renovation as outlined.

- 3.8 The remaining indicative funding in the 2015/2016 Affordable Housing Capital Programme budget totals £2.529m. £2,166, 300 however, is required now to fulfil the Council's commitment to part fund acquisition as outlined in paragraph 3.6 above.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 If the Council chooses not to utilise this expenditure it will not only have to return the receipts to central Government but also pay a punitive rate of interest, currently @4.5% pa.

#### **5. REASONS FOR RECOMMENDATIONS**

- 5.1 The movement away from temporary, to more permanent accommodation helps to meet a key Council objective i.e. to develop and sustain healthy balanced communities.
- 5.2 Market testing has been undertaken which identified no interest by RP's with schemes that can be funded using RTB receipts.
- 5.3 It is to note that no other RP is managing properties as temporary accommodation on behalf of the borough.
- 5.3 If approved the funding will;
- increase the portfolio of permanent rented accommodation in the Borough  
assist the Borough in discharging its statutory duties to households on the housing waiting list and living in temporary accommodation
  - reduce disruption to families and schools by keeping families in settled accommodation.
  - ensure the Borough retains 100% nomination rights to a mix of 27 dwellings
  - assist the Borough in meeting its temporary accommodation reduction target

#### **6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES, AND OTHER DEPARTMENTS**

##### **6.1 Financial Implications**

As described in the report, the proposed grant of £2,166, 300 represents 30% of the total cost of the CAHA scheme and the Council's contribution will be 100% funded from "RTB One for One Replacement" receipts - no borrowing will be required.

The Council always proposed to work with local Registered Providers to comply with the Government's scheme, as this means that the required 70% match funding is raised outside of the HRA. There are

not enough resources in the HRA to match fund all of the RTB One for One Replacement receipts raised to date, so a scheme such as the one proposed in this report not only helps the Council increase housing supply in the Borough and avoid expensive Temporary Accommodation costs, but also avoids repayment of RTB One for One Replacement receipts to Central Government, along with additional interest.

An agreement will be put in place to ensure that the expenditure incurred by CAHA complies with all of the requirements of the RTB One for One Replacement scheme so that this proposal satisfies any audit requirements.

Claw back provisions are also included in the agreement to ensure

There is sufficient indicative funding in the 2015/2016 Affordable Housing Capital Programme budget available to fund this scheme.

## **6.2 Legal Implications**

- 6.2.1 The proposed agreement to be put in place between LBE and CAHA (as referred to in para 6.1 of the report) would be deemed a public contract with reference to the Public Contracts Regulations 2015 ( " the Regulations " ), is in excess of the relevant EU threshold ( £164,176 ) and therefore with reference to the Regulations, ought to be put out to tender, unless any exemptions apply.
- 6.2.2 The only exemption relevant or applicable in this instance, is the award to a particular provider where they are the only provider in the market capable of meeting the requirements encapsulated within the contract awarded. In order for this direct award of this RTB grant/contract not to be open to challenge, CAHA would have to be shown to be the only provider in the market capable of providing the required ( RTB grant ) services as laid out. On the face of it, this does not appear to be the case, and therefore as it stands, the award of the RTB grant to CAHA in the manner proposed, would be open to legal challenge from anyone perceiving that they have suffered a disadvantage by way of the actions of LBE, awarding the RTB grant/contract in this manner.
- 6.2.3 The challenge, in all likelihood, would come from those other Providers in the market who can legitimately show they could also provide the services required. A successful challenge could have the contract set aside, and the Council forced to pay damages to the successful challenger (based on loss of profits that would have been secured had the challenger been awarded the contract).
- 6.2.4 In light of the above, the choice is therefore: to progress the award of the RTB grant to CAHA in the manner proposed, and run the risk of a legal challenge and/ or judicial review, or award the RTB to CAHA as a preferred bidder, who has emerged as a preferred bidder, from a prior compliant procurement process run by the Council.

### **6.3 Property Implications**

It is proposed that the Council's only interest in the properties would be contracted nomination rights in perpetuity.

## **7. KEY RISKS**

- 7.1 If the Council does not do this there is a risk that it could fail to meet its temporary accommodation reduction target.
- 7.2 There is also a significant risk to the Council's reputation if it fails to provide suitable accommodation to some of the most vulnerable households in the community.
- 7.3 There is a risk of entering into a partnership arrangement with an organisation that could cease trading. To mitigate this risk, the Council could seek to procure professional technical resources to deliver the project itself.
- 7.4 There is a possibility of the RTB receipts not being spent within the specified timeframe. To mitigate this risk, the Council will enter into a grant funding agreement with CA which would include a long stop date that is up to 3 months in advance of the final RTB payment deadline date.
- 7.5 This proposal provides a great opportunity for the Council to use RTB receipts in a new, innovative way. If successful, this award has the potential to be rolled out across the Borough.

## **8. IMPACT ON COUNCIL PRIORITIES**

### **8.1 Fairness for All**

The diverse mix of dwellings and plans to bring them into use as permanent rented accommodation will maximise the supply of affordable housing in the Borough, providing more opportunities for people in Enfield to access homes they can afford.

### **8.2 Growth and Sustainability**

Supporting the acquisition of housing with a view to converting it to permanent rented accommodation will enable the Council to increase the portfolio of stock it has to discharge its statutory housing responsibility to households that live in the Borough.

### **8.3 Strong Communities**

Developing good quality housing in areas where people desire to live will help to create and maintain strong sustainable communities.

## **9. EQUALITIES IMPACT IMPLICATIONS**

This proposal will be subject to an Equalities Impact Assessment. However, providing good quality, affordable housing within the Borough is targeted at those most in need of a home and least able to afford property on the open market.

## **10. PERFORMANCE MANAGEMENT IMPLICATIONS**

- 10.1 This proposal will increase the portfolio of stock that is available to assist the Council to discharge its statutory housing obligations i.e. supporting those in temporary accommodation seeking permanent and assisting with decanting of households directly affected by the Councils regeneration proposals.
- 10.2 The acquisition of this housing will be subject to strict performance management to ensure that timelines are adhered to and the Council's ability to retain RTB receipts maximised.

## **11. HEALTH AND SAFETY IMPLICATIONS**

All properties owned and rented by Enfield are subject to rigorous health and safety checks as a matter of course.

## **12. PUBLIC HEALTH IMPLICATIONS**

The provision of safe, clean affordable housing has a clear connection to individuals' health and wellbeing. Providing renovated affordable rented housing as proposed in this report will have a positive impact on Public Health.

### **Background Papers**

Cabinet Report: "Operation of the Government's Right to Buy (RTB) One for One Replacement Scheme" 11<sup>th</sup> March 2015.

Housing Board: "Update on Enfield's Operation of the Government's Right to Buy (RTB) One for One Replacement Scheme". 14<sup>th</sup> October 2015

## MUNICIPAL YEAR 2016/2017 REPORT NO.

### ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

### OPERATIONAL DECISION OF:

Director – Regeneration  
and Environment

<b>Agenda – Part: 1</b>	<b>KD Num: 4311</b>
<b>Subject:</b> <b>Extension of current contract for Parking Enforcement and Related Services</b>	
<b>Wards: All</b>	

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### 1. EXECUTIVE SUMMARY

- 1.1 This report seeks approval to extend the existing parking contract with NSL Ltd ('NSL') by a further 12 months to July 2017.

### 2. RECOMMENDATIONS

- 2.1 To extend the existing six year contract with NSL ('the Contract') until July 2017 as permitted under clause 1.8.2 of the Contract. This is a one year extension of the contract, whilst alternative options set out in paragraph 4 are evaluated.



### 3. BACKGROUND

- 3.1 Parking was decriminalised in 1994 when local authorities took over enforcement from the police. The primary parking legislation is covered under the Traffic Management Act 2004 (formally the Road Traffic Act 1991) though other legislation covers additional enforcement areas such as CCTV and bailiffs (enforcement agents).
- 3.2 The majority of the parking function is outsourced to our Parking Contractor NSL. They were the incumbent contractor having first been awarded the parking contract in 2004. The current contract from July 2010-July 2016 has an option for a further 4 years in yearly increments.
- 3.3 The current contract value is (see table below) Services are split between in-house and outsourced provision.

Actual 2012/2013 £000's	Actual 2013/2014 £000's	Actual 2014/2015 £000's	Actual 2015/2016 £000's
£2,672	£2,798	£3,148	£3,208

- 3.4 The Council is responsible for the managing and co-ordinating the activities of the contractor, carrying out the adjudication and bailiff debt recovery operations which is a statutory function and dealing with financial management, and auditing/reconciliation functions relating to all parking and traffic enforcement activities within the Borough including initial appeals to CCTV Penalty Charge Notices (PCNs)

#### 3.4.1 In-house

- Parking furniture (pay and display machines etc), unattended CCTV, car parks and lorry park maintenance
- Parking appeals (the statutory function)
- Contract monitoring which includes Civil Enforcement Officer monitoring, signs and lines, vehicle pound (scrapping of vehicles), staff permits, FOIs and members enquires

#### 3.4.2 Outsourced

- Civil Enforcement Officers
- Notice Processing which includes scanning of documents, issuing or reminder notices, answering of informal non-statutory appeals, processing of CCTV Penalty Charge Notices (PCNs) and banking payments
- IT system and website management
- CCTV, removal and clamping of vehicle enforcement and management
- Management of the Council vehicle pound and lorry park
- Management of residents and business permit system
- Management of Palace Garden car park

- 3.5 The Council is actively reviewing options for the future of its parking contract. These are identified in section 4 of this report as alternative options currently being considered. However pending a detailed evaluation of these options, to ensure effective continuity of service, the report recommends a one year extension to the existing Contract in accordance with its terms.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The Council is currently investigating alternative options identified in paragraphs 4.2, 4.3 & 4.4.
- 4.2 Extend the Contract for a further year and then re-tender a new parking contract.
- 4.3 NSL has proposed a number of efficiencies if the Council agrees to extend for the full available term of the Contract, which would be for four further years (in yearly increments). The extension of the Contract is required for the first year to fully investigate this option.
- 4.4 The Council has been working with a number of neighbouring boroughs (London Boroughs of Islington, Waltham Forest, Barnet and Haringey) to investigate a joint contract and shared service option. The extension of the Contract is required for the first year to fully investigate this option.

#### **5. REASONS FOR RECOMMENDATIONS**

- 5.1 Indicative financial benefits would be available to the Council with the alternative options set out in paragraph 4; however, these require a full and proper evaluation. Extending the Contract for a year will enable the Council to consider which option to progress.
- 5.2 Extending the Contract will maintain continuity of service whilst future options are explored.

#### **6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES, AND OTHER DEPARTMENTS**

##### **6.1 Financial Implications**

- 6.1.1 The total cost of the contract with NSL Limited 2015/16 was £3.208m (see the table below), and this is met from the existing Parking Services Budgets.
- 6.1.2 It is estimated the total cost of the contract will probably remain the same as the 2015/16 actual costs.

- 6.1.3 The projected total cost of the contract extension (one year - £3.208m) will be met from the existing Parking Services Budgets.

<b>Actual 2012/2013 £000's</b>	<b>Actual 2013/2014 £000's</b>	<b>Actual 2014/2015 £000's</b>	<b>Actual 2015/2016 £000's</b>
£2,672	£2,798	£3,148	£3,208

## **6.2 Legal Implications**

- 6.2.1 The Council has responsibility for managing all on-street and some off-street parking under the Road Traffic Regulation Act 1984 and the Road Traffic Act 1991. Part 6 of the Traffic Management Act 2004 (and associated Regulations) provides for the civil enforcement of most types of parking contraventions. In addition, Section 111 of the Local Government Act 1972 gives the Council power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The recommendations within this report are in accordance with these statutory powers.
- 6.2.2 The Council's Contract Procedure Rules (CPRs) permit extensions to contracts where – among other conditions - the terms of the contract allow for such an extension, the extension would not breach the Public Contracts Regulations, and the appropriate authority is in place.
- 6.2.3 The Contract contains provisions (clause 1.8.2) allowing for extensions in annual increments up to a maximum of 4 years and was procured on this basis. The recommendations within this report can therefore be implemented in accordance with the CPRs and public procurement legislation.
- 6.2.4 The document implementing the extension must be in a form approved by the Assistant Director of Legal and Governance.

## **6.3 Property Implications**

None

## **7. KEY RISKS**

- 7.1 Not having a parking contract would mean that the enforcement of parking and traffic restrictions and the running of the vehicle and lorry park could not take place. This would lead to traffic and parking problems such as dangerous parking.

## **8. IMPACT ON COUNCIL PRIORITIES**

## **8.1 Fairness for All**

- 8.1.1 Parking enforcement has a consistent approach to dealing with all customers the same.

## **8.2 Growth and Sustainability**

- 8.2.1 The current contract has been flexible to deal with the changing patterns of parking and traffic enforcement. For example the emphasis on enforcement of moving traffic regulations as well as parking restrictions

## **8.3 Strong Communities**

- 8.3.1 Parking Services is a service that the public may not appreciate. However, most understand the need to enforce to keep traffic flowing on busy roads and intersections
- 8.3.2 Parking is at a premium in shopping areas. Enforcement encourages the spaces to turnover which in turn means that more patrons visit businesses in all parts of the borough.

## **9. EQUALITY IMPACT IMPLICATIONS**

- 9.1 Corporate advice has been sought in regard to equalities and an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report to extend the current contract for services.

## **10. PERFORMANCE MANAGEMENT IMPLICATIONS**

- 10.1 Performance management of the parking contract will continue

## **11. HEALTH AND SAFETY IMPLICATIONS**

- 11.1 Work undertaken by a contractor there are key messages to remember that both parties will have responsibilities under health and safety law. Measures should also be taken to regularly review contractors' performance to ensure that the contractors' work, which forms part of the employers undertaking is being conducted in a way that is legally compliant.

## **12. PUBLIC HEALTH IMPLICATIONS**

- 12.1 Transport is a major determinant of health and controlling parking is part of this. Inappropriate parking can prevent others from conducting their daily business, blight the landscape and create areas of danger for pedestrians and cyclists. Enforcing appropriate parking is therefore a necessary function

**Background Papers**

None