

REPORT TO: Overview & Scrutiny Committee

DATE: 7th November 2019

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REPORT TITLE:

Temporary Accommodation

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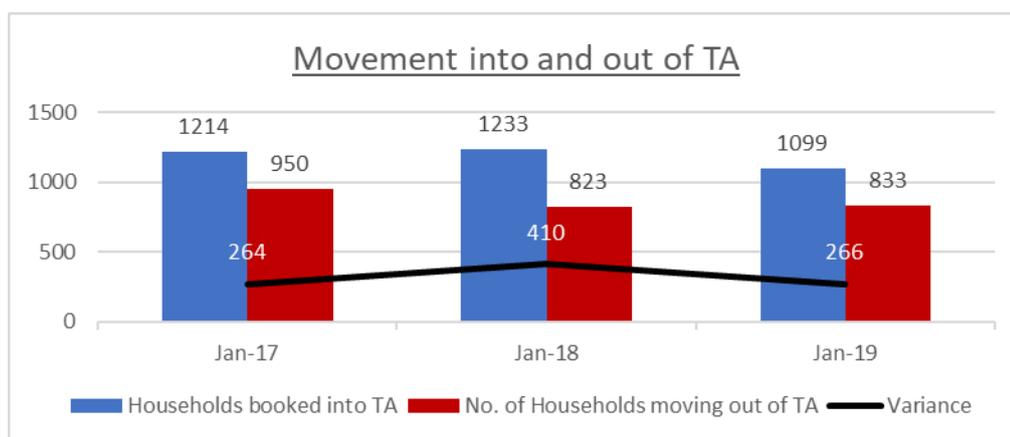
1. PURPOSE OF REPORT

In response to the brief set by the Overview and Scrutiny Committee this report sets out how the Temporary Accommodation service is run and the role of the Housing Gateway in helping us to meet and discharge our homelessness obligations. This report needs to be read in conjunction with the report on the future of the Homelessness service submitted to Cabinet in September 2019.

2. BACKGROUND TO THE SERVICE

Enfield had 3410 families in TA as at April 2019, this represents the 2nd highest number of families in TA nationally. This has been driven by a 246% increase in homeless acceptances between 2010 and 2017 compared to 35% average increase across London. We recently commissioned the Smith Institute (see appendix 1) to carry out research on homelessness in Enfield and it was found that loss of a private rented sector tenancy (AST) is the key driver of homelessness.

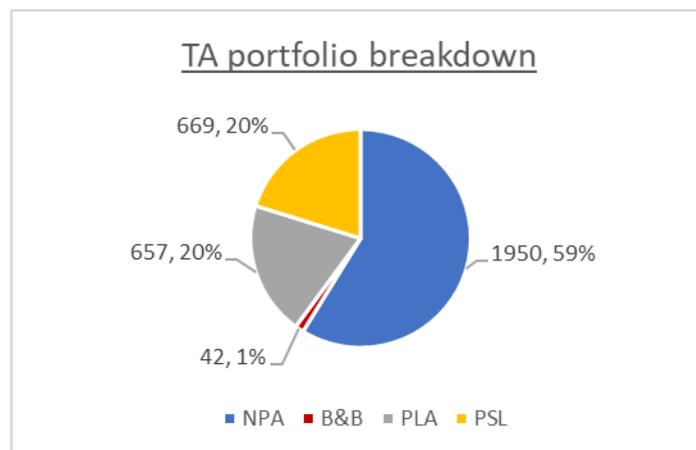
For each of the last three years, there have been more households entering Temporary Accommodation (TA) than exiting. The net inflow has been 940 households. Although over the last 12 months, the number of households in TA has stabilised at between 3,300 and 3,400.



Enfield procures TA across four broad types. They are Nightly Paid Accommodation (NPA), Bed & Breakfast Accommodation (B&B), Private Leased Annexes (PLA) and Private Sector Leased (PSL) Accommodation. For the first two, the arrangements are on a day by day basis with only 24 hours' notice required for the Council to not pay for the accommodation. For the second two types of accommodation, these are long term leases generally for 2-5 years. Some of our leasing arrangements have been in place for more than 10 years. PLA's are leased from estate agents in block contracts whereas PSL's from private landlords.

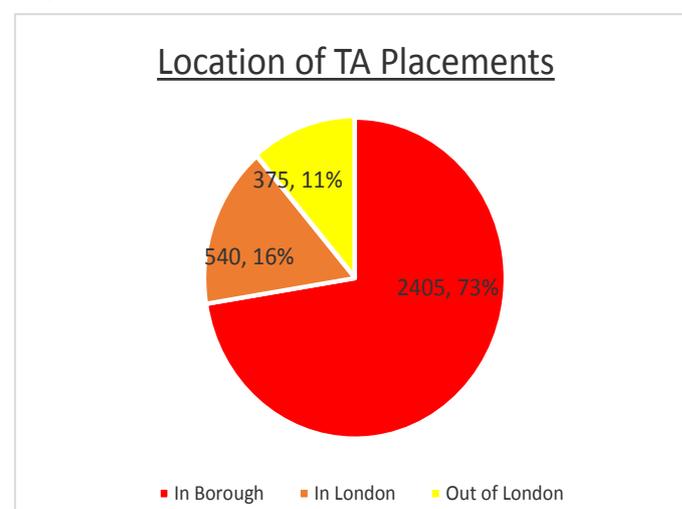
TA Portfolio breakdown

As of 31st August 2019, most of the portfolio is Nightly Paid (59%). Leased accommodation across PLA & PSL is responsible for most of the remainder with only 42 B&B placements still in use.



Net unit loss per night vary significantly across accommodation types with Nightly paid the most expensive. PSL properties turn a subsidy for the Council. This is an indication that contracting and interacting effectively with Private Sector landlords rather than block bookings is more cost effective. Nightly paid is higher cost to the Council per unit than B&B.

Location of TA placements



Our TA portfolio is primarily located in the Enfield Area with an even split of nightly let and leased accommodation (please see chart above). Historically we mainly procured in the Enfield area, however due to high homelessness demand and limited supply of suitable accommodation in the borough we have had to place further away, both out of borough (in London), and out of London areas.

The Haringey area is where we place the highest number of households compared to other areas of London totalling in the region of 300 placements. We have been in contact with Haringey recently to start the process of discussing how we can exchange properties as Haringey have 600 households placed in the Enfield area.

In relation to out of London placements Harlow is where we have the highest proportion of TA placements. The issue for out of borough placements is dealt with in part 2 of this report – Issues and challenges.

TA Spend

Enfield's spend on TA is high, however in comparison to other boroughs we receive a high income for those properties, please see table below detailing key costs for TA:

Key Areas	2018/19	2019/20
Staffing	£3,951,821	£3,184,440
Property Costs	£50,161,329	£48,600,560
Incentives	£917,932	£1,354,760
Bad Debt	£1,330,392	£1,408,700
Repairs	£786,957	£844,830
Rental Income	-£45,522,590	-£45,558,260
Decant income	-£200,000	-£1,275,000
Total Spend	£7,879,977	£5,249,230

We are under continued pressure to lower the budget deficit and have several projects and schemes in process to achieve this as follows:

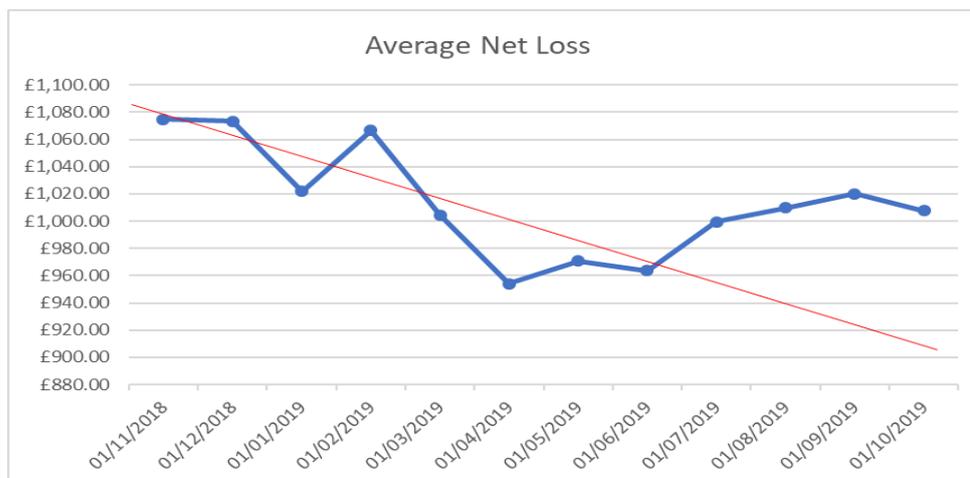
- Use of regeneration decants
- Move on from TA (Homefinders)
- Portfolio renegotiation
- Homelessness Service Review

The effect on the General Fund budget from delivery of the above projects and schemes for the next 3 years is forecast as follows:

3 YEAR BUDGET PROFILE FOR TEMPORARY ACCOMMODATION/HOMELESSNESS		
	Proposed TA Budget deficit	Decrease in Budget
TA Budget 19/20 (current)	5,797,920	-
TA Budget 20/21	4,017,920	1,780,000
TA Budget 21/22	3,182,920	835,000
TA Budget 22/23	3,057,920	125,000
3 Year Total	10,258,760	2,740,000

TA net cost

The chart below demonstrates an overall drop in net cost of TA, however we have seen a slight increase since April – this is normally down to highs and lows in demand for nightly let accommodation.



Nightly let procurement

Enfield use an online web portal Dynamic Purchasing System (DPS) – *adam*. We work jointly with Waltham Forest, Redbridge, and Newham (WREN Group) to procure nightly let and leased accommodation to meet our needs.

The DPS has been running for approximately 3 years and provides us with a fully procurement compliant platform as covers accreditation for suppliers, transparency in pricing, and full compliance for properties in relation to gas, electric and EPC certificates. We are currently in the process of re procuring the DPS.

The system also provides a consolidated payment service where Enfield pay one payment for each scheme and the DPS pays all our individual suppliers.

There are cost benefits both from a staffing and transparency in pricing perspectives.

Children in Temporary Accommodation

Enfield currently have nil households with children in B&B (shared accommodation) over 6 weeks. This is monitored on a weekly basis to ensure there is not an issue. Our use of shared accommodation has significantly reduced over this financial year. We are also working as part of the Children's Service Improvement Board to ensure that the suitability policy has proper regard to the needs of Children as highlighted in a recent report by the Children's Services Commissioner.

Nightly let inspections

There is a high demand for nightly let accommodation through our service, the chart below shows the number of properties procured from April to October 2019. In-borough inspections are in most inspected with 24 to 48 hours of procurement as we generally procure the properties on the day required.

Property Location	Properties Procured	Properties Inspected	Inspections Outstanding	% Visited
out of borough	136	38	98	28%
In borough	377	373	4	99%
Total	513	411	102	

In relation to the out of borough placements we insist that photographs are uploaded prior to acceptance of the property by the procurement team in order that we are happy with the state and condition.

During the period April to October 2019 a procurement visiting officer left our employment and we recruited a replacement. The backlog generated in the borough as you can see is almost up to date. This still proves to be a challenging area for us as most issues that arise regarding standards of accommodation usually manifest once the clients have been living in TA for a period of time.

Housing Gateway Ltd (HGL)

We work closely with Housing Gateway, Nick Martin acts as commissioner on behalf of the council and sits on the investment committee to ensure that HGL are meeting the needs of the council.

HGL Mission:

The Company's refocused mission, in line with the Council's Good Growth Housing strategy is:

Housing Gateway provides quality housing for Enfield residents to help the Council end the use of Temporary Accommodation.

Achievements to date:

- Maintaining a property portfolio of 535 units, valued at £124m

- Provided more than 695 families with quality accommodation and sustained tenancies
- Provided the Council with total savings of £6.5m by reducing the reliance on temporary accommodation
- Purchased homes to meet the specific needs of residents with additional challenges such as learning disabilities and improving the quality, availability and security of private rented accommodation for those at risk of homelessness.

Portfolio Breakdown:

Property Type	No. of Units	Total No. of units
Street Properties	299	535
Block purchases	207	
Head lease units	24	
LD properties	4	
Development sites	1	

Property Portfolio		
Property Type	No. of Units	Percentage of Portfolio
Studio	129	24%
1 bed	71	13%
2 bed	129	24%
3 bed	121	23%
4 bed	85	16%
Total	535	100%

2. ISSUES AND CHALLENGES

Supply issues

Enfield has significant supply issues due to an escalated rental market, and competition from other local authorities who place in the borough. Looking at the Inter Borough Accommodation Agreement (IBAA) data for FY17/18 Enfield received 44% of the available booked TA and PRS accommodation declared. For FY18/19 this figure dropped to 40% with the balance of properties utilised by 25 other London boroughs.

Enfield made 453 out of borough placements in the last financial year, however 657 placements were made by other boroughs in the Enfield area. If we had more control over the supply of properties would be enabled to place more of our TA clients in the borough.

We are under significant pressure in relation to high incentive payments paid to landlords and agents in our area by other boroughs. Our approach to this has been to lead the setting of incentive rates across London in conjunction with London Councils so that we are not outbid in the Enfield area.

Through the call for evidence request in relation to the Homeless Reduction Act from the Ministry of Housing, Communities and Local Government (MHCLG) we have provided the following feedback:

- Ban the use of landlord/agent incentives payments
 - Enable tenants to take responsibility for a deposit and rent in advance, as tenants do in the professional private rented market
 - Give tenants more choice in the market and the ability to move without further assistance from the local authority
- Availability of more affordable private rented accommodation
 - Bridge the gap between the Local Housing Allowance (LHA) and market rents
 - Pair increases in LHA with rent capping - In our experience increases in LHA trigger landlords/agents within our market to increase their rental charges

TA Movement from out of borough to in borough

We have received pressure recently from Harlow in relation to placements of homeless families in the area. We currently have 150 placements in Harlow, this includes Greenway House owned by Housing Gateway but leased to the council. An agreement has been made with Harlow to vacate a block of flats in the centre within the next 6 months.

The issue with widescale movement of households in this circumstance is finding the available stock in the Enfield area. There are also a proportion of households who do not wish to return to Enfield.

We are in the process of commissioning a report to show how many households are currently placed by other local authorities in the Enfield area. This will show us the number of both TA placements, and social services placements. This will help us to build a strategy for how we address this issue with other local authorities with the aim to increase the use of our own PRS stock.

We are one of the lead boroughs currently working with the Local Government Association (LGA) in relation to how we can improve communication between local authorities with the aim to make responsible placements when out of the local authority boundaries.

3. NEXT STEPS

Restructure of Temporary Accommodation Services

The TA procurement team have now moved to Housing & Regeneration with effect from 1st October 2019. It is proposed that this team will also encompass

TA Property Management, TA Allocations, and all associated business support functions.

The benefits of this are that there is one lead across TA forming a more cohesive/efficient service. There are efficiency targets established for 2020/21 which will be enabled through this management arrangement.

New service model for TA and Homelessness

We are in the process of redesigning the Homelessness and TA service offer to assist in driving down homelessness demand, reducing the number of families who are living in TA, and providing a more efficient, early intervention and customer focused service as follows:

- Engaging with the market to signal our needs earlier
- Better use of data to intervene earlier and stop risks from escalating
- Partnering with PRS Landlords – seeing them as part of the solution, thus driving a mature Private Rented Sector
- More information and advice so people can make informed decisions when in challenging circumstances
- Advisory Service working across the borough – libraries, information points
- Equipping tenants for success with skills and training needed to sustain future tenancies in the PRS – set up of a housing academy for both tenants and landlords to support.

Our ambition is to ensure there are no households in TA for more than 6 months

Housing Gateway

Three-year objectives:

1. Deliver demonstrably, good quality housing for residents through a variety of products suitable for residents on low to medium income levels. Deliver increased housing supply to the Council with at least an additional 250 units by 2022.
2. Deliver savings to the Council of £1m pa, contributing to the Council's financial pressures arising from the shortfall in the provision of temporary accommodation.
3. Ensure a suitable financing structure for the company. Either return 50% of post-tax profits to the Shareholder each year in the form of a dividend providing the Council with an additional cash injection or invest in additional housing to meet housing needs.

Portfolio Expansion:

- Increase the property portfolio by an additional 250 properties by 2022.

- Develop a new business arm, managing a mixed tenure, leased portfolio of c. 800 units – Enfield Lets
- Develop the Council's build to rent products in future estate regeneration projects and programmes, initially focussing on Joyce and Snells, potential of 2000 build to rent properties

Enfield Let

We are investigating the viability of a social letting's agency with a mixed rent model, LHA, intermediate, and an additional market rent option. Enfield have a potential pipeline of 2000+ build to rent properties requiring management, we are also on this basis looking at development of a shop front for further visibility.

Capital letters

This project is a collaboration between London boroughs working together to improve housing options for homeless households, funded by Ministry of Housing, Communities and Local Government (MHCLG) - £39m over 3 years. There are 13 boroughs currently engaged, Enfield intend to join April 2020 subject to cabinet approval. The aim of Capital Letters is to reduce competition between boroughs and assist with incentive costs.

Appendix 1

Homelessness in Enfield – A report by the Smith Institute
(Attached document)