

## London Borough of Enfield

### Portfolio Report

**Report of:** Joanne Drew

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**Subject:** Grant Funding for Rough Sleepers Accommodation

**Cabinet Member:** Cllr Needs Cabinet Member for Social Housing

**Executive Director:** Sarah Cary

**Ward:** All

**Key Decision:** 5244

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### Purpose of Report

1. In July 2020, the Greater London Authority (GLA) launched the Rough Sleeping Accommodation programme to deliver 900 longer-term move-on accommodation for rough sleepers in the capital. Following a bidding round, the Council has been allocated £9.082m to deliver 73 homes for move on accommodation for people sleeping rough in the borough. This report seeks approval for the Council to enter into the funding agreement(s) with the GLA, to be delivered by Housing Gateway Ltd which will purchase the units on a leaseback arrangement (up to 10 years) to the Council, to be let as non-secure tenancies for temporary housing.

### Proposal(s)

2. Approve the GLA grant funding allocation of £9.082m and expenditure for acquisition and management of properties and relevant funded support services, for the specific use of move-on accommodation for rough sleepers.
3. Agree the transfer of grant to Housing Gateway Ltd under a funding agreement for the purchase of up to 73 homes for the delivery of the GLA Rough Sleeper's Accommodation Programme.
4. Approve the entering into the GLA Funding Agreement (Revenue) and establishment of posts for the delivery of the 4 year programme related to the GLA support funding under the Rough Sleeper's Accommodation Programme.
5. Approve the investment and expenditure for the design and planning of newbuild homes for move-on accommodation on land owned by the Council at Bullsmoor Lane.

6. Delegate the approval to enter into the GLA Grant Funding Agreement to the Director for Housing and Regeneration, in consultation with the Cabinet Member for Social Housing, and completion of all necessary agreements, including leases and licences required between Housing Gateway Ltd and the Council.

### Reason for Proposal(s)

7. Since the start of the Covid-19 pandemic, we have seen approximately 276 vulnerable people housed in hotels and other forms of emergency accommodation in the borough. This includes people coming in directly from the streets, people previously housed in shared night shelters and people who have become vulnerable to rough sleeping during the pandemic. As of January 2020, 159 rough sleepers have moved on from their emergency accommodation, with 102 of these supported into longer term accommodation.
8. The current crisis underlines the importance of accessing external funding for those in emergency accommodation as a result of the pandemic as well as provision of longer term homes for those who left the streets a while ago, and are currently in hostels or other supported housing and ready to move on with their lives. There is also a pressing need for longer-term homes for those who remain or arrive on the streets, particularly given predictions of increasing homelessness arising from the economic impacts of Covid-19.
9. A key feature of the GLA funding is that it comprises not only capital funding, for the development, acquisition or refurbishment of homes, but also a very significant element of revenue funding. This means that for every home delivered, up to four years' support can be funded. Revenue funding can also be used for other purposes, including minor repairs.
10. Crucially, this funding is highly flexible, so it can be used for a wide variety of schemes and approaches, on a capital or revenue-only basis or with a combination of both.
11. The Council submitted a combined bid for £9.082m as below, which is the highest approved allocation in the whole of the UK and whilst this will provide welcome provision it will not address the needs of all those in need of long term accommodation.

GLA reference no.	No. homes	Scheme type	Funding recipient (homes)	Funding allocation for homes		Funding recipient (support)	Funding allocation for support
				Capital	Revenue		Revenue
sh14a	25	New build - modular	London Borough of Enfield	£2,500,000		London Borough of Enfield	£892,056
sh14c	20	Purchase and repair		£2,911,340			£722,192
sh14e	28	Purchase and repair		£1,381,333			£675,069

Total	73			£6,792,673			£2,289,317
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## Relevance to the Council's Corporate Plan

### 12. Good homes in well-connected neighbourhoods

The plan will help to create a sustainable pathway for rough sleepers back into the wider community. It will increase the provision of supported housing for rough sleepers and connect residents with the services they need to sustain their housing.

### 13. Sustain strong and healthy communities

Rough sleeping is a key factor in health inequality. The average age of death for rough sleepers is currently 44 years for men and 42 years for women. This is 30 years lower than that of the general population. Bringing rough sleepers into accommodation should therefore have a major impact on their quality of life and life expectancy

### 14. Build our local economy to create a thriving place

Employment support will be at the heart of the service offer, particularly for those with no recourse to public funds. The plan will help to support residents into employment.

## Background

15. Enfield has had historically high levels of homelessness. Between 2010 and 2016 Enfield experienced a 246% increase in the rate of homelessness, compared with 35% across the rest of London.
16. Additionally, Enfield is also a net importer of homeless households due to the number of boroughs placing households within our borders. There are currently 25 other boroughs actively procuring accommodation within Enfield.
17. On Thursday 26<sup>th</sup> March, Dame Louise Casey, chair of Government's Rough Sleeping specialise taskforce, wrote to all local authorities requesting that all rough sleepers be accommodated as part of the national response to the Covid-19 pandemic. This included closing dormitory style accommodation such as night shelters.
18. By 21 May, the Council had provided emergency accommodation to some 200 residents, who were entrenched rough sleepers, new to rough sleeping or at risk of rough sleeping.
19. On 24 May, the Secretary of State announced £161 million for 2020/21 (as part of an overall £433 million for the lifetime of this parliament) to deliver 3,300 units of longer- term move on accommodation nationally.

20. The £161 million for this financial year (2020/21) is split into £130 million capital funding and £31 million revenue funding. The Mayor has secured funding £66.7m (£57.8m of capital and £8.9m of revenue) to deliver 900 units of accommodation in the capital.
21. The Council submitted a bid to the GLA in accordance with KD5166 Rough Sleepers Local Delivery Plan (July 2020), which supported the submission of bids to secure funding to implement the plan.
22. Following a highly competitive and oversubscribed bidding round, all applications have been evaluated and moderated jointly by the GLA and Ministry for Housing, Communities and Local Government (MHCLG). Funding has been focused on the most deliverable schemes which meet the RSAP criteria with GLA offering London Borough of Enfield an overall allocation of £9,081,990 to deliver 73 homes by 31 March 2021. This allocation is subject to contract.
23. During the Covid-19 response Enfield provided accommodation to over 270 people. The Council was unable to access the GLA's hotel scheme and therefore set up local provision. It established Edmonton Green Travelodge as a hostel and base for the service, mobilising a new cohort of staff to enable us to bring in all those either rough sleeping or a risk of rough sleeping. This means that the Council has the 5<sup>th</sup> highest level of people in emergency housing as a result of Covid when compared with other London boroughs.
24. The Council has already managed to secure appropriate accommodation for some of the clients we have housed and the GLA funding will enable us to secure more homes as transitional arrangements for some of those we have accommodated.
25. The number of people we have provided emergency accommodation to continues to grow daily. Funding settlements to date are insufficient to meet the costs of the emergency measures required by government during the pandemic and to support them going forward.
26. The cost to Enfield of housing all of those in need during the pandemic has been calculated at £945,000. These costs include the salaries of those staff who have been seconded into delivering our response as well as the additional accommodation cost. We estimate that it will cost an additional £1.4M to ensure that none of the people we have accommodated return to rough sleeping. This figure includes staffing and accommodation costs and a phased approach to securing move on accommodation.

### **Main Considerations for the Council**

27. The GLA funding requires grant funded homes to be owned and managed by a Registered Provider or the Council. However, as the Council cannot let on Assured Shorthold Tenancies, the proposal is for homes to be acquired via Housing Gateway Limited (HGL). To allow this, the GLA requires the homes to be leased to the Council to act as the landlord and let the homes on non-

secure basis for temporary accommodation for a period of no less than 3 years

28. Housing Gateway Limited is responsible for the acquisition and management of a property portfolio, to provide sub-market accommodation for Enfield residents. Our aim is to secure local properties for local people with housing needs.
29. Housing Gateway Limited is wholly owned by Enfield Council and was formed in 2014 as an innovative way to help assist the Council in reducing its budget pressure, by providing more affordable accommodation in the Private Rented Sector. Although HGL is a company wholly owned by the Council, it is not registered with the Regulator for Social Housing and therefore cannot be the recipient of grant.
30. As the council cannot increase its borrowing limits in the HRA or General Fund this financial year, acquiring properties through HGL means the majority of match funding is already available for much needed acquisitions by March 2021. There are also existing delegations in place which enable HGL to progress the acquisitions quickly under the existing Entrustment Agreement. In order to deliver all 73 homes by March 21, HGL will require an agreement from the Council to bring forward borrowing previously allocated to 21/22.
31. The existing portfolio held by HGL for temporary accommodation is let at LHA rates. However, the bid submitted to the GLA assumes most of the new units will be let as London Affordable Rent levels which is considered more affordable for former rough sleepers to sustain tenancies. HGL will seek to provide 4 Houses of Multiple Occupancy (HMO) which will be licensed and let at LHA rates and managed by a dedicated Council property manager.
32. To manage the properties successfully we will be taking a preventative approach ensuring intensive housing management from the start. This will involve a sign up with the Property Manager, Support Worker and Income officer in attendance. The tenancy agreement will be explained and a comprehensive welcome pack issued containing essential information, for example how to report a repair, signing up for gas/electricity and key contact numbers. Benefit applications will be completed at this stage in order to ensure Housing Benefit/universal Credit is claimed from the start
33. It is imperative that these proposals are deliverable within Housing Gateways overall financial model, ensuring that whilst being as tax efficient as possible, there is not undue pressure on cash flows. Amendments can be made to the financial model to ensure it is viable for Housing Gateway and modelling of this arrangement suggest the scheme will be viable if the Council pays a lease premium equivalent to the rental income HGL would have otherwise have received. HGL will be seeking approval on the project from its Board..
34. Although existing resources will be used for the purchase of homes, the conveyancing process requires dedicated staff to achieve the GLA target and reconfiguration of staff on a short term basis for this programme is underway.

35. HGL currently has a service level agreement and Full Repairing Lease(s) in place with the Council which sets out how the company will operate and acquire homes. The team has established relationships with estate agents and is contacting vendors who have previously approached the council to sell. The focus is on properties on the open market, predominantly on 1 beds and shared accommodation which are vacant or will be vacant before 31 March 2021. The funding bid allowed for void works to bring the properties back into use.
36. Additional services including substance abuse support, training and employment advice will be offered to residents to enable them to maximise their opportunities for housing, as part of our wider offer to households at risk of becoming homeless.
37. In consideration of the additional support needs that many rough sleepers have, the GLA funding will provide specialist support to meet the needs of rough sleepers housed under this programme, including a high needs Housing First scheme.
38. To deliver this programme, the Council will seek to increase capacity in the dedicated Rough sleeper's team and establish a number of roles including a Team Manager, Cohort Lead, Support Workers, Social Worker and a property manager. Intensive support will be provided to rough sleepers housed in the Housing First "High Needs" scheme focussed on Substance Misuse and Mental Health Needs.
39. Our in-house Street Homelessness Team have substantial experience of providing both specialist support to rough sleepers and intensive support to those housed under our First Housing model. Support will be provided via a combination of virtual/phone contact, floating support, and an emergency out of hours duty line. This support will be intensive in the early days of rehousing working with residents to settle into the community.
40. The GLA funding requires the homes to be used as move-on accommodation and therefore tenancies should be no longer than 2 years.

### **Safeguarding Implications**

41. This is a highly vulnerable group of residents. Safeguarding issues are therefore paramount in both the design and delivery of services to rough sleepers.

### **Public Health Implications**

42. Rough sleeping is a key factor in health inequality. The average age of death for rough sleepers is currently 44 years for men and 42 years for women. This is 30 years lower than that of the general population. Bringing rough sleepers into accommodation should therefore have a major impact on their quality of life and life expectancy.

## **Equalities Impact of the Proposal**

43. Providing additional affordable housing has the potential to benefit the most economically disadvantaged and those with protected characteristics. A full impact assessment was provided for The Rough Sleepers Local Delivery Plan which relates to the objectives of this proposal.

## **Environmental and Climate Change Considerations**

44. All schemes will be delivered in accordance with current environmental standards.

## **Risks that may arise if the proposed decision and related work is not taken**

45. The alternative options would be:

- To simply end the provision of accommodation. This would see the majority returning to rough sleeping and the reestablishment of encampments across the borough. This option has been ruled out as unacceptable.
- To continue the existing arrangements. The costs of this would be significantly higher than moving people into other forms of housing and would mean placing people out of borough for an extended period

## **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

46. The key risk is that we are unable to secure sufficient funding to secure accommodation for all those we have housed to date. This is particularly relevant in considering the housing options for those with no recourse to public funds.

47. The mitigation for this is the emphasis on employment support for this cohort and the time limited nature of the support being offered.

48. There is a risk that enough suitable properties will not be available for purchase before 31<sup>st</sup> March 21, particularly given the current pandemic restrictions. Negotiations are underway with the GLA to agree a flexible target date which better reflects the conveyancing timescales. Experienced acquisition officers will contact their property network to source as many properties with vacant possession. The process will be closely tracked and reported against.

49. In order to mobilise the proposed HMOs, planning permission is likely to be required to agree a change of use for the properties. A council-wide collaborative approach will be needed to minimise the risk that planning permission may not be granted in time or at all, as this will jeopardise the funding and place more vulnerable people back on the streets. Prior to the purchase of any HMO's the Acquisition Team will liaise with the Planning Team to improve the likelihood of success and reduce timescales.

## **Financial Implications**

50. The Council has been awarded total grant funding of £9,081,990 – capital grant of £6,792,673 and revenue of £2,289,317 in order to purchase 73 units to house former rough sleepers brought in due to the Coronavirus pandemic and to support the tenants in their new accommodation.
51. The Council will pass this grant funding to HGL as the property purchasing arm of the Council's housing operations to match fund the grant and procure the units. The purchased units will then be leased back to the Council.
52. The units purchased by HGL for exclusive use by the Council will be leased back on a 30 year FRI (Full repairs and insurance) lease. Break clauses will be inserted if necessary. As an interim measure due to delays in the grant funding being received from the GLA the Council has agreed to underwrite the grant portion of the cost of each unit up to a maximum of £1.5m in totality. This will be reviewed on a monthly basis and is designed to ensure HGL can meet the challenging acquisitions target of 73 bedspaces by the end of the financial year.
53. The rent payable by tenants for these units will be a mixture of LHA (Local Housing Allowance) rents and LAR (London Affordable Rent). Enfield will be offered a discounted lease premium by Housing Gateway to enable the Council to manage and repair the units without incurring additional budget pressure.
54. It is highly likely that as the funding for these units is via GLA grant the Council will not be liable for any stamp duty land tax (SDLT). Similar previous arrangements involving Enfield have not been subject to SDLT.
55. The capital funding aspect of the grant is proposed as 50% down payment for start on site and 50% on completion. Financially this is not anticipated to cause HGL any issues providing the GLA funding is released promptly on completion.
56. The revenue funding is linked to the properties purchased via the capital grant, therefore to access the associated revenue funding the units will need to have been purchased and tenanted by 31/3/21.
57. All funding is ringfenced for the specific projects detailed above and cannot be used on any existing schemes.
58. The income & expenditure of these units will be monitored and reported on as part of the overall budget monitoring process.

### **Legal Implications**

59. The Council is under a duty to consider housing conditions in their district with respect to the provision of further housing accommodation.
60. Section 9 of the Housing Act 1985 permits the Council to provide housing accommodation by acquiring houses. Non secure tenancies can be granted



for the move on temporary accommodation using Section 6 of Schedule 3 of the 1985 Act.

61. In order to receive the full grant the Council must comply with the terms and conditions of the grant funding.
62. The general power of competence in s.1 (1) of the Localism Act 2011 states that a local authority has the power to do anything that individuals generally may do provided it is not prohibited by legislation and subject to Public Law principles.
63. The resultant contracts with the GLA and any leases granted by Housing Gateway Ltd to the Council must be in a form approved by the Director of Legal and Governance.
64. The Council must be mindful of the new subsidy control system which replaces the previous EU state aid regime in the UK as of 1 January 2021. It is likely that the previous exemptions which applied to any aid/subsidy from the Council to HGL will continue to apply, but the position should be kept under review.

### **Workforce Implications**

65. As this is a high level report it does not clearly outline the proposed structure or nature of the workforce required to support both the Rough Sleeper's Accommodation Programme and the wider support services.
66. If it is determined that additional resource is to be recruited directly by the LBE then this will need to be enacted in accordance with Council processes including union consultation, evaluated job descriptions and standard recruitment protocols.
67. The report indicates that the programme is time limited therefore I would advise considering the use of fixed term contracts if recruiting to posts, whilst noting that employees with requisite local government service may still have entitlement to redundancy payments at the end of the fixed term contract. There are also specific legislative caveats relating to fixed term contracts in excess of 4 years.
68. Should the report result in recruitment to an existing team or teams within the Council it may be necessary to review the scope and responsibilities of the current team as outlined in their current job descriptions. This could have an impact on the current evaluated grades of these roles.

### **Property Implications**

69. The properties can be held by the Council in the General Fund. If less than 10 years, the 1997 Direction for the HRA (Exclusion of Leases) issued by the Secretary of State makes it clear that the costs of leases of less than 10 years for the provision of temporary accommodation for the homeless could not be met from the HRA. This is to stop HRA funds being used for the provision of a

type of accommodation provision that may not fall within the HRA. The arrangement for how the properties are accounted for, should not affect the nature of the lease interest granted between HGL and the Council.

### **Other Implications**

70. The main implications for this proposal relate to the conveyancing and tenancy management of the acquired properties to be delivered under this programme.

### **Options Considered**

71. To meet the needs of rough sleepers in the borough, the Council is unable to scale up much needed accommodation and support within existing financial resources. If the funding agreement is not entered in, this means 73 bedspaces will be lost to transition rough sleepers into longer term accommodation and the risk is the clients will return to the streets during the pandemic. This has potential to create a public health risk for the individuals and the wider borough.

### **Conclusions**

72. The GLA allocation of £9.082m by March 2021 presents the Council with an opportunity to help meet the aims set out in the Rough Sleepers Local Delivery Plan and the statutory duty set out in the Homelessness & Rough Sleeper's strategy.

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Report Author: Amena Matin  
Housing and Estate Regeneration Programme Manager  
Amena.matin@enfield.gov.uk  
0208 1484384

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### **Appendices**

**None**

### **Background Papers**

The following documents have been relied on in the preparation of this report:

Rough Sleepers Local Delivery Plan (KD5166)