

London Borough of Enfield

Portfolio Report

Report of: Joanne Drew

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

Purpose of Report

1. The Rough Sleeping Accommodation Programme (RSAP) was launched by Greater London Authority (GLA) in July 2020. The aim of the programme is “to provide move on accommodation and support to rough sleepers, to enable them to transition to independent living.”
2. The first round of programme (RSAP 20/21 – RSAP 1) opened in 2020 and Enfield Council secured funding to provide 73 units of accommodation and support to rough sleepers. The implementation of Enfield Council’s RSAP 1 Project was approved by key Decision 5244.
3. A capital grant extension of £251,151 for the RSAP 1 Project was agreed by the GLA to deliver more units.
4. The latest round (RSAP 20/24 – RSAP 2) opened in 2021 and Enfield Council has secured additional capital and revenue funding totalling £2,269,878 to provide a further 14 units of accommodation and support to rough sleepers.
5. This report seeks approval for the Council to enter into a letter of variation with the GLA, which varies the initial capital grant funding agreement entered into for RSAP 1. This will facilitate delivery of an additional 4 units for RSAP 1, 14 units of accommodation for RSAP 2 and support to rough sleepers.

Proposal(s)

6. Approve the additional GLA capital grant allocation of £251,151 and agree to transfer the grant to Housing Gateway Ltd, under a variation of the existing back-

to-back agreement with HGL, or a new back-to-back agreement, for the purchase of an additional 4 units for RSAP 1.

7. Approve the GLA capital grant allocation of £1,986,575 to lease 14 units on 3-5 year leases from HGL and/or private landlords, which will be renewed or substituted as they expire, which will ensure the provision of 14 units for period of 30 years.
8. Approve the GLA revenue grant allocation of £283,303 to provide housing support services to rough sleepers for the period up 31 March 2024.
9. Approve entering into the GLA letter of variation to vary the GLA Capital Grant Agreement and completion of all necessary agreements, including leases and licences.

Reason for Proposal(s)

10. Rough Sleeping has been a policy priority for successive governments for over 30 years. The most recent national Rough Sleeping Strategy set out the Government's plans to half rough sleeping by 2022 and end it by 2027.
11. The Strategy's central aim to end rough sleeping by 2027 is underpinned by an increase in affordable housing and the adoption of more evidence-based models, such as rapid rehousing and Housing First. Rapid rehousing enables homeless people to access affordable, decent housing quickly with appropriate support. Housing First enables homeless people with high needs, including entrenched and repeat rough sleepers, to sustain their own homes.
12. Enfield's Preventing Homelessness and Rough Sleeping Strategy 2020-2025 set out Council's plan to reduce homelessness and end rough sleeping in Enfield. A key plank of Enfield's strategy is to increase the supply of supported accommodation, including rapid rehousing and Housing First, for rough sleepers.
13. Enfield Council has been awarded an extension to the first round RSAP 1 funding to provide an additional 4 units and support to rough sleepers, bringing the total units provided by RSAP 1 to 77. Enfield Council has secured second round funding to provide an additional 14 units, which will increase Enfield's total RSAP programme to 91 units of supported accommodation.
14. The 91 units of supported accommodation will play a key role in delivering Enfield's Preventing Homelessness and Rough Sleeping Strategy 2020-2025, namely the aim to end rough sleeping in Enfield. The accommodation will provide supported accommodation to new rough sleepers, including those at the

Somewhere to Stay hub and more entrenched rough sleepers who remain on the streets. The accommodation will also be provided to those housed under the national Everyone In initiative.

Scheme	Type	Capital Grant	Revenue Grant	No. of units	Approval
RSAP 1	Purchase	£6,792,673	£2,289,317	73	Already approved via KD 5244
RSAP 1	Purchase	£251, 151		4	For approval in this report
RSAP 2	Lease	£1,986,575	£283,303	14	For approval in this report
Total		9,030,399	£2,572,620	91	

Relevance to the Council's Corporate Plan

The Project is relevant to the Council's Corporate Plan, particularly the following:

15. 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.

16. 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

17. 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.

Main Considerations for the Council

18. RSAP1 has been delivered in collaboration with Housing Gateway Ltd (HGL), the Council's wholly owned company. HGL can supplement the grant with its own capital to make the purchase of the units viable. However, the GLA funding requires grant funded homes to be owned and managed by a Registered Provider or the Council, HGL is not a Registered Provider.
19. Therefore, the proposal is for homes to be acquired via HGL, leased to the Council via a Full Repair and Insurance lease (FRI Lease) to act as the landlord and let the homes on non-secure basis, at affordable rents. The grant dictates that the properties are available for rough sleepers for at least 30 years. This structure fulfils all the grant terms. HGL has already secured 46 of the 77 units required for RSAP 1.
20. The original RSAP2 proposal, which was approved by the GLA in 2021, required Enfield Council to lease 14 units from private landlords on 30year leases. This proposal subsequently proved undeliverable because market feedback demonstrated that 30-year FRI leases were not acceptable to landlords in the PRS market. Therefore, the Enfield and the GLA agreed on ... to provide 14 units on shorter leases of between 3 and 5 years on the condition that Enfield provided 14 units for 30 year i.e. if a lease expires, it will be replaced with another 1 bed unit.
21. The amended RSAP2 project, agreed with the GLA in March 2022, requires Enfield Council to provide 14 units of accommodation for a period of 30 years via leasing arrangements. Enfield Council acquire the 14 leases from both HGL and private landlords. The proposed leases will run for a period of 3-5years. As the funding requires Enfield Council to provide 14units for 30years, the 3-5years leases will be renewed or substituted as they expire. This will ensure the provision of 14units for 30years.
22. To ensure the effective delivery of the project within the proposed timeframe, Enfield Council and HGL will work in partnership to provide the initial 14 leases. Enfield Council will lease up to 14 units of accommodation at Brickfield House, in which HGL is the Freeholder. As with RSAP1, the leases will be Full Repair and

Insurance lease (FRI Lease) for a period of between 3- 5 years. In line with the FRI lease, Enfield Council will provide a full management and repair service and guaranteed rent to the landlord.

23. It is proposed that Enfield Council will ensure the ongoing provision of 14 units by either renewing the initial 14 HGL leases at Brickfield or seek to acquire several units from private landlords in the market – up to a maximum of 14 units in line with the RSAP funding agreement. The arrangement will enable Enfield Council to provide 14 units in total for the period of 30 years.
24. The extension to RSAP 1 and addition of RSAP 2 will enhance Enfield’s existing RSAP Project providing accommodation and support to rough sleepers in Enfield.
25. The HAS will provide both property management services and housing support services directly. The HAS has considerable experience of delivering property management services and housing support services. The Property Management Team currently manage over 1500 accommodation units, including properties leased under Full Repair & Insurance agreements, such as Greenway House. Property management services will be delivered by the Property Management Team within the Market Management Service.
26. The specialist rough sleeper focused housing support is delivered by the Street Homelessness Accommodation Team within the Sustainable Housing Service. The Team was specifically established to provide the specialist housing support in line with requirements of the RSAP1 contracts and proposed RSAP 2 contract and will include tenancy sustainment support alongside bespoke Employment, Training and Employment support. Additionally move-on support will be provided to help residents successfully resettle into more mainstream housing, such as privately rented and socially rented housing.
27. The Street Homelessness Accommodation Team consists of 14 posts – 10 funded via RSAP1 and 4 via RSAP2. All 14 posts were created via the HAS Amended Restructure Report (Appendix 3). The report was authorised by Joanne Drew, Director of Housing and Regeneration, on 18 June 2021.
28. The structure of the Street Homelessness Accommodation Team and recruitment progress is summarised below:

Post	Grade	Number	RSAP Round	Contract	Recruitment

Street Homelessness Accommodation Team Manager	MM2	1	RSAP1	Fixed term to 31/03/2025	In post
Street Homelessness Accommodation Team Leader	PO2	1	RSAP1	Fixed term to 31/03/2025	Onboarding
Sustainable Housing Support Worker	Sc6	6	RSAP1	Fixed term to 31/03/2025	2 Fixed term in post 3 interims in post 4 Fixed term to recruit
Welfare, Debt and Employment Advisor	SO2	2	RSAP1	Fixed term to 31/03/2025	1 in post 1 to recruit
Sustainable Housing Support Worker	Sc6	2	RSAP2	Fixed term to 31/03/2024	Recruitment contingent on funding
Specialist Street Homelessness Coordinator	SO2	1	RSAP2	Fixed term to 31/03/2024	Recruitment contingent on funding

29. RSAP1 revenue funding runs to 31 March 2025. The 10 RSAP1 funded posts have been appointed on fixed term contracts to this date as will vacant posts.

30. The proposed RSAP2 revenue funding will run to 31 March 2024. The recruitment of the proposed additional posts is contingent on the funding, which is linked to the number of accommodation units secured. Furthermore, the posts will be appointed on fixed term contracts for the period to 31 March 2021.

31. All vacant posts will be initially advertised internally to existing employees in line with Enfield's HR policies and procedures. The additional posts will create a range of deployment and career development opportunities within the homelessness sector. The proposed amendments will not affect existing staff and no staff are being put at risk.

Safeguarding Implications

32. 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

33. 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

34. 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

35. 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

36. The Council has bid for and been successful in securing £11.6m capital and revenue grant funding to deliver the RSAP project. Enfield Council's ability to secure additional funding could be jeopardised if it declines this funding or fails to deliver the project.
37. If this project does not progress, the council may not be able to fulfil its aims to reduce homelessness and end rough sleeping as set out in the Preventing Homelessness and Rough Sleeping Strategy 2020-2025, which included the commitment to increase the supply of supported housing in Enfield.
38. Enfield Council accommodated over 400 rough sleepers between March 2020 and July 2021 under the national Everyone In Initiative, the Government's flagship response to rough sleeping during the Covid-19 crisis. Recent case law developments require local authorities to provide emergency housing to rough sleepers during public health emergencies such as lockdowns. The RSAP project assists with this obligation and without it, there would be an additional financial burden on the Council.
39. The effective resettlement of the rough sleepers was impeded by the insufficient supply of move on accommodation, including supported housing, which increased social and financial costs to both residents and Enfield Council. The increase in supported housing will improve Enfield's resilience to further public health emergencies and move-on rates from emergency housing.

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

40. The primary risk is that the Council will not be able to deliver the project within the timeframe. The risk is linked to the Council's ability to acquire 14 accommodation units by 31st March 22.
41. To mitigate the risk, Enfield Council and the GLA agreed to amend the original proposal of 2021 to lease 14 units for 30 years. The new proposal, agreed in February 2022, will enable Enfield Council to acquire 14 units on shorter leases of between 3 and 5 years. Enfield Council and HGL have also agreed to provide the initial 14 units at Brickfield House.
42. To further mitigate the risk, Enfield Council has maintained regular contact with the GLA and has requested a short extension to RSAP1 and RSAP 2 into 22/23. Initial feedback from the GLA has been positive.

43. Were the GLA to terminate the project for non-delivery, Enfield Council and Gateway will terminate any leases and/or leases set up to implement the project.

Financial Implications

44. The Council has been awarded total grant funding of £2,269,878 for RSAP 2 – capital grant of £1,986,575 and revenue of £283,303 provide 14 units accommodation and support to rough sleepers. It has also been awarded £251,151 capital grant, as an extension to RSAP 1, delivering an additional 4 units.

45. The additional capital grant funding for RSAP will be dealt with in accordance with the initial grant funding for RSAP 1. i.e. HGL will purchase the properties by providing its own capital, up to HGL's yield limit, with the grant being used to "top up" the capital for the property purchase to be financially viable.

46. The Council will acquire and manage 14 units of accommodation under 3 – 5-year leases. The Lease will provide the landlord a full management and repair service, which will be delivered by the Council's inhouse Property Management and Repair Services. The lease will also provide the landlord with a guaranteed rent. Despite the individual leases only spanning 3 – 5 years, the Council is taking an obligation to provide leases for 30 years.

47. The cost of the 30-year lease for RSAP 2 will be covered by two components – the capital grant of £1,986,575 and the rental income from the 14 flats. The grant will be held in a ringfence to be drawn down over the lease period. The rent will be set in line with the London Affordable Rent and uplifted annually. A detailed financial model, prepared by a Senior Finance Officer, demonstrates the financial viability of the project. The model includes bad debt, repairs, maintenance, voids and guaranteed lease uplift subject to an uplift on the affordable rent as determined by the GLA (historically September CPI +1%).

48. The revenue funding of £283,303 covers the period 1 April 2021 to 31 March 2024. The revenue funding will provide additional capacity within the HAS's Sustainable Housing Service and is linked to availability of the additional units. It is yet to be determined if the revenue funding can be retained for a future year in the event of an underspend early in the project. This will be clarified as soon as is practicable.

49. The capital and revenue funding are ring fenced for this specific project, which must be delivered by 31st March 2022, unless an extension is agreed with the GLA.
50. There is some financial risk in terms of renewing leases every 3 or 5 years and it will be important when those renewals arise that they are made at the best possible price and in a timely fashion in line with the modelling to ensure the capital grant and rental income are enough to sustain the project for the 30-year lifespan.
51. Although the capital grant and revenue income should cover the cost of the project over 30 years, consideration may be given to ringfencing some additional funds to cover any unexpected and yet unidentified costs.
52. The income & expenditure of these units will be monitored and reported on as part of the overall budget monitoring process.

Legal Implications

53. 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.
54. The Council must comply with all the terms and conditions of the grant funding from the GLA for both revenue and capital funding. This includes a form of letter of variation that has been provided by the GLA to vary the GLA Capital Grant Funding Agreement. The form of letter of variation must be approved by legal services. As the additional funding is more than £500k, the letter of variation must be executed as a deed. As for the revenue funding element it is expected that the GLA will provide a separate revenue funding agreement that must also be approved by legal services.
55. The GLA Capital grant funding conditions includes many warranties that the council are required to agree to. These warranties include:
 - a. The council not being subject to any Section 15 Direction nor do any circumstances exist which would permit such a direction to be issued in accordance with the Local Government Act 1999; and
 - b. No Section 114 Report has been made nor is the Council aware of any circumstances which would give rise to the making of a Section 114 Report in accordance with the Local Government Finance Act 1988

56. The two warranties set out in paragraph 53 above must be provided by the council's S 151 Officer prior to the Letter of Variation being entered.
57. Proposal 4 in this report refers to transferring the capital grant to Housing Gateway Limited. For this, legal services must be instructed in good time for legal to draw up a new back to back agreement or vary the existing back to back agreement that was put in place under the RSAP 1 project.
58. For all legal transactions between HGL and the council (i.e. leases, back to back agreement, or any variation to an existing back to back agreement), officers must be mindful that no conflicts of interest arise between the council and HGL. As such, HGL should consider appointing a lawyer to represent them to implement these transactions. HGL can instruct a lawyer from the council's legal services department and appropriate Chinese Walls must be set up to avoid any potential conflict.
59. The subject of this report represents a key decision and as such all the procedures for the following of key decisions must be followed.
60. 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.
61. Section 111 of the Local Government Act 1972 permits local authorities to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of their functions.
62. For the avoidance of doubt, the resultant funding agreement variation(s) and back to back agreement(s) and leases to be set up to implement this project must be in a form approved by the Director of Law and Governance.
63. The Council must be mindful of the new subsidy control system which replaced 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

64. Enfield Council was awarded RSAP1 revenue funding of £2,289,317 to provide 77 units of housing support accommodation to 31 March 2025. The housing support is being delivered by the Street Homelessness Accommodation Team. The Team was established specifically to provide the specialist rough sleeper focused housing support in line with requirements of the RSAP1 contracts.

65. The Street Homelessness Accommodation Team sits with Sustainable Housing within HAS and consists of new 10. The posts were created via the HAS Amended Restructure Report (Appendix 3), which was authorised by Joanne Drew, Director of Housing and Regeneration, on 18 June 2021

66. The structure of the Street Homelessness Accommodation Team is summarised below:

Post	Grade	Number	Recruitment Progress
Street Homelessness Accommodation Team Manager	MM2	1	In post
Street Homelessness Accommodation Team Leader	PO2	1	Onboarding
Sustainable Housing Support Worker	Sc6	6	2 fixed terms 3 interims 4 fixed term to recruit
Welfare, Debt and Employment Advisor	SO2	2	1 in post 1 to recruit

67. In accordance to RSAP1 funding, the above posts will be appointed on fixed term contracts to 25 March 2025. This may occur a redundancy payment at the end of the contract.

68. Enfield Council was awarded additional RSAP2 revenue funding of £283,303 to provide 14 units of housing support accommodation to 31 March 2024. The funding will create 4 additional posts within the Street Homelessness Team as follows:

Post	Grade	Number
Sustainable Housing Support Worker	Sc6	3
Specialist Street Homelessness Coordinator	SO2	1

69. The RSAP2 funded posts were also created via the HAS Amended Restructure Report (Appendix 3), which was authorised by Joanne Drew, Director of Housing and Regeneration, on 18 June 2021.

70. Recruitment to posts funded RSAP2 will be dependent on when funding becomes available. The trigger for funding is the linked accommodation coming on stream. Furthermore, the posts will be appointed on fixed term contracts to 31 March 2024 on the condition that the additional RSAP2 funding is secured.

71. The new posts will be advertised internally to existing employees in line with Enfield's HR policies and procedures. The additional posts will create a range of deployment and career development opportunities within the homelessness sector.

72. The proposed amendments will not affect existing staff and no staff are being put at risk.

Property Implications

73. The Property Procedure Rules clearly state that they do not apply to the Council's 'residential housing stock'. As the 14 to be leased-in (and subsequently leased-out) properties are residential housing stock, the proposals within this report are not needing to follow the Property Procedural Rules.

74. The newly leased properties will be added to the existing large portfolio of leased properties for temporary accommodation which has established property management, repair & maintenance, and compliance procedures, systems and resources already in place.

75. Taking the above into consideration, there are no new or extraordinary property implications arising from this report.

Conclusions

76. Enfield Council has secured additional funding to provide support accommodation to rough sleepers. The funding will contribute to the effective delivery of the Council's Corporate Plan, the Homelessness Prevention and Rough Sleeping Strategy as well as improve outcomes for vulnerable residents and mitigate the social and economic costs of public health emergencies.

77. This report seeks approval for the following proposals:

- Approve the additional GLA capital grant allocation of £251,151 and agree to transfer the grant to Housing Gateway Ltd, under a variation of the existing back-to-back agreement with HGL, or a new back-to-back agreement, for the purchase of an additional 4 units for RSAP 1.
- Approve the GLA capital grant allocation of £1,986,575 to lease 14 units on 3-5 year leases from HGL and/or private landlords, which will be renewed or substituted as they expire, which will ensure the provision of 14 units for period of 30 years.
- Approve the GLA revenue grant allocation of £283,303 to provide housing support services to rough sleepers for the period up 31 March 2024.
- Approve entering into the GLA letter of variation to vary the GLA Capital Grant Agreement and completion of all necessary agreements, including leases and licences.

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March 2022

Appendices

Background Papers

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

