



## London Borough of Enfield

<b>Report Title</b>	Homelessness in Enfield (5) – Housing residents where accommodation is affordable
<b>Report to:</b>	Cabinet
<b>Date of Meeting:</b>	7 June 2023
<b>Cabinet Member:</b>	Cllr Savva
<b>Directors:</b>	Sarah Cary, Executive Director Joanne Drew, Director of Housing and Regeneration
<b>Report Author:</b>	Richard Sorensen Richard.sorensen@enfield.gov.uk
<b>Ward(s) affected:</b>	all
<b>Key Decision Number</b>	KD 5625
<b>Implementation date, if not called in:</b>	17 June 2023
<b>Classification:</b>	Part I Public
<b>Reason for exemption</b>	N/A

### Purpose of Report

1. This report proposes a new approach to maximise the opportunities for residents to secure affordable accommodation in the light of increased pressures on accessing temporary and affordable housing in the borough. This report seeks approval for a new service model and a revised Placement Policy.

## **Recommendations**

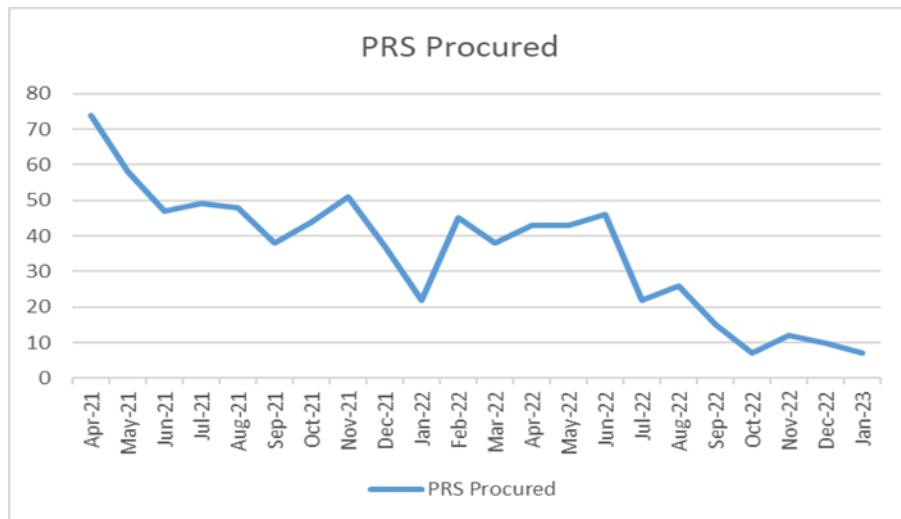
- I. Note the impact of current housing and welfare benefits policy on residents which is resulting in increased homelessness and residents in hotel accommodation for long periods of time.
- II. Agree the response which is to rehouse residents where rents and LHA levels converge maximising the choice that is available.
- III. Agree the new service model and communications with residents outlined in this report to address this. Delegate authority to the Director of Housing and Regeneration in consultation with the Cabinet Member for Social Housing to develop bespoke support arrangements consistent with the needs of residents and the local areas in which placements are made.
- IV. Approve the Placement Policy
- V. To maximise the available accommodation for those in most need, agree to request the Housing Gateway Board to revise its housing policy to offer new tenancies for a two year period at LHA rates and thereafter at market rent levels.
- VI. Agree to request the Housing Gateway Board to set rents at market rates for existing tenants from April 2024.

## **Background and Options**

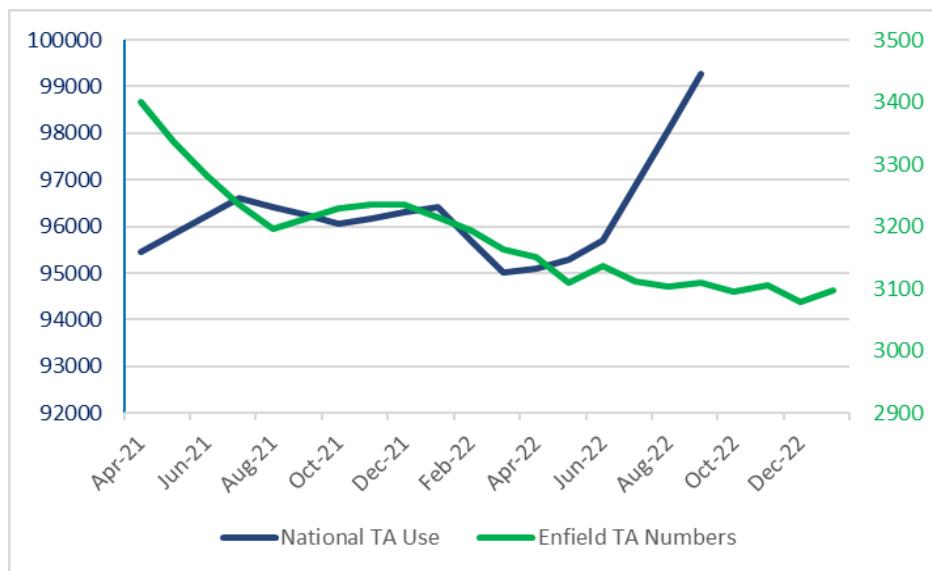
- 2. This report sets out the many reasons for the recommendations contained in it. By way of summary, but not exhaustively, the Council is experiencing unprecedented demand from residents losing their homes. This is at a time when the private rented sector is contracting, rents are rising and there is a severe shortage of affordable privately rented homes across the whole of the southeast of England.
- 3. This shortage of affordable accommodation means that few households have the financial capacity and opportunity to move out of temporary accommodation.
- 4. The supply of temporary accommodation has also fallen, and landlords are exiting the temporary accommodation market as they can gain higher returns through privately renting their properties.
- 5. The number of households being accommodated in hotels has risen to over two hundred and over 100 of these have been in hotels for more than six weeks.
- 6. The impact on families staying for extended periods in hotels is immense and this places extreme pressure on both the families and officers. Whilst this type of accommodation should only be for emergencies the reality is that it is being used for extended periods of time.
- 7. This is mirrored by the financial cost to the Council. Without action we project a £20m deficit for 2023-24, directly caused by the cost of hotel accommodation, the rising costs of existing leased temporary accommodation and the impact of the welfare system on temporary accommodation costs.
- 8. Market changes have been driven by central government policy which has led to a rapid decline in the supply of privately rented properties and a rise in rent levels. Research carried out by Savills (on behalf of Capital Letters last summer) suggested that rents had increased in Enfield by between 4% and 6%.

They also found that there had been a 42% reduction in the supply of private rented properties in Enfield over the last two years.

9. These figures match the experience of the Housing Advisory Service which rely on properties that can be rented at LHA levels so that they are affordable to residents. The supply of private rented properties at Local Housing Allowance (LHA) rents has reduced by 90% since April 2021 and 84% since April 2022. With LHA frozen at 2020 rates there is little prospect of an increase in supply of affordable private rented accommodation within the borough and the trend of landlords exiting the market is set to continue over 2023.



10. This challenge is happening at a national level and is reflected in both the number of homelessness approaches and the use of temporary accommodation. The effectiveness of our prevention activity has mitigated the impact in Enfield to some degree but nationally the use of temporary accommodation has risen from 95,000 households at the end of March 2022 to over 100,000 households – the highest figure for over 20 years..



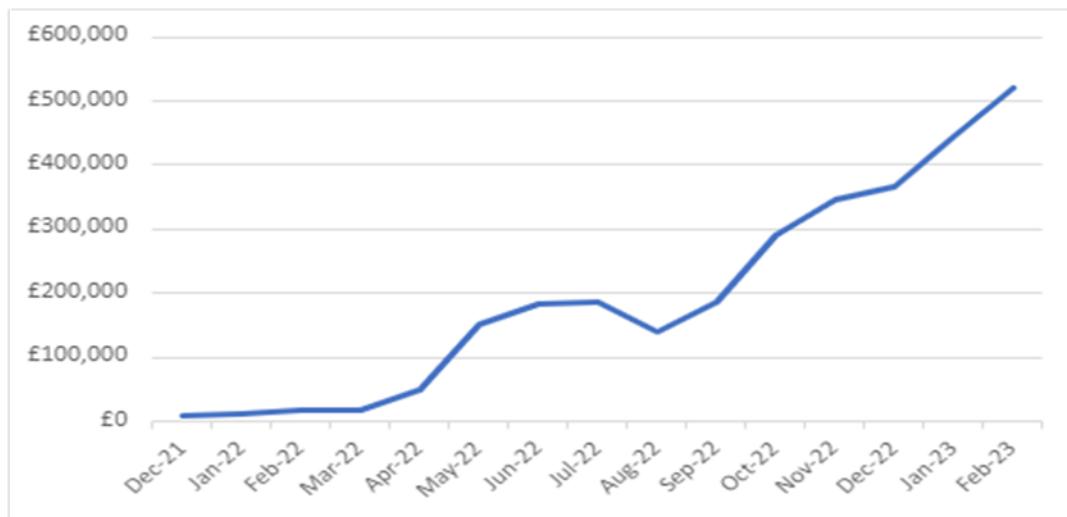
11. In Enfield, the number of households in temporary accommodation has remained relatively static at just under 3100 due to the focus of our service on prevention.

12. The number of Enfield households in temporary accommodation securing move on accommodation in the private rented accommodation has fallen in line with the supply. This is reflected in the number of households moving out of temporary accommodation.



13. This shortage of affordable private rented homes has meant that the service has not been able to achieve its targets in reducing the number of households in temporary accommodation.
14. The changes in the housing market have also impacted on the supply of temporary accommodation. Nightly paid accommodation is below Local Housing Allowance rent levels and so supply has also been impacted by the rise in rent levels. The portfolio of temporary accommodation has decreased. The effect of this is that whilst the overall number of households in temporary accommodation has not increased significantly so far, the shortfall in supply of self-contained accommodation has resulted in more households being accommodated in hotels. The lower numbers of households moving out of temporary accommodation has increased this pressure as this has increased the need for more temporary accommodation.
15. This shortage of temporary accommodation means that the service has been dependent on commercial hotels and shared accommodation in recent months. This is not suitable for residents, particularly those with children, for any length of time.

16. The chart below shows the financial spend on commercial hotels.



17. These pressures are not unique to Enfield and are being felt nationally. The problem is most acute in London and London Councils have been collating data from boroughs to monitor the effect of the current challenges. The table below shows the year-on-year changes to February 2023 across Greater London which demonstrates the pressures and inability to seek rehousing for residents across the wider London area.

Homelessness pressures	February 2022	February 2023	Number of responses
Total number of homelessness presentations	5,545	5,592 (+0.8% +47)	23
Total number of households owed a prevention or relief duty	5,609	6,418 (+14.4% +809)	25
Total number of households in TA	47,961	50,168 (+4.6% +2,207)	25
Total number of Children in TA	61,128	63,418 (+3.7% +2,290)	21
Families in Bed and breakfast (B&B) hotels (including shared annexes)	580	1,550 (+167.2% +970)	24
Families in B&B hotels (including shared annexes) for longer than 6 weeks	64	591 (+823.4% +527)	23

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18. Welfare benefits play a key role in trapping people in temporary accommodation. Most people are aware of the benefit cap, and this limits welfare support to single people and households with more than two children who are not in employment. However, whilst a household is in temporary accommodation, they are entitled to full Housing Benefit provided they have a Universal Credit claim, regardless of their income. Their Housing Benefit is not included in the benefit cap calculation. If they move to a private rented property, they will be worse off as their housing costs will be included in the calculation. This effectively traps people on Universal Credit as it means that it is always cheaper for them to live in temporary accommodation than any other tenure.

19. The acceleration of the transition from legacy benefits to Universal Credit has recently been announced. This is important because it will mean that more people in temporary accommodation will be entitled to full housing benefit and become trapped as a result.
20. The lack of alignment of the benefit system and temporary accommodation rents is therefore trapping households in temporary accommodation, as even households securing Council housing tenancies at social rent levels are financially worse off if they leave temporary accommodation.
21. This is exacerbated by the freeze in Local Housing Allowance at 2020 rates. Rents have increased significantly over the last three years, but Local Housing Allowance has been frozen. The table below sets out the monthly Local Housing Allowance rates for Enfield alongside the average private rent:

	<b>1 bed</b>	<b>2 bed</b>	<b>3 bed</b>	<b>4 bed</b>	<b>5 bed</b>
LHA 2020	£1,067	£1,296	£1,596	£1,895	£1,895
Average Rent 2021	£1,000	£1,400	£1,780	£2,090	£2,780
Average Rent 2022	£1,070	£1,510	£2,000	£2,490	£3,060
Annual change	6.80%	7.60%	12.00%	18.90%	10.10%

22. The above figures are based on research by Hamptons. As a result, most properties within Enfield and Greater London are out of reach of households reliant on benefits to assist in paying their housing costs. This in turn means that we are unable to secure in-borough accommodation in the private rented sector. Similar scenarios are playing out across Greater London and are leading to the number of out of borough placements increasing both in terms of number and distance from the host authorities. This exacerbates the shortage of supply of both privately rented and temporary accommodation, and we are unable to find enough affordable homes within an hour and a half travel radius of Enfield.

### **Competition for Accommodation**

23. There are approximately 25,000 privately rented properties in Enfield. Of these the Council uses around 2000 homes as temporary accommodation. However, we estimate that there are over 3000 private rented properties used by other local authorities within Enfield. There are currently 21 boroughs who are actively procuring in Enfield, and this means that we are effectively competing for the few available properties.
24. Within Greater London there is an agreement in place to mitigate the effects of this competition. Each borough publishes the maximum rate that it will pay for both temporary accommodation and incentives for privately rented homes. This is administered through the Inter-borough Accommodation Agreement (IBAA). Boroughs make quarterly returns on the implementation of the agreement. However, other boroughs are not the only organisations procuring in Enfield. In particular, the Home Office has embarked on a large-scale procurement programme to rehouse

refugees currently in hotels. The contractor, Clearsprings, is not subject to the IBAA and regularly outbids local authorities.

### **Need for additional supply of homes**

25. In simple terms, we need to be able to source around 50 homes per month to meet the needs of those households newly approaching us. To deliver a sustained reduction in the use of hotel accommodation will require a minimum of 100 properties per month.
26. We are currently managing to source around 10 properties per month within an hour and a half travel of Enfield. This includes properties procured through Capital Letters.
27. The lack of affordable accommodation in the local and regional area means that if we are to fulfil our statutory duties, we need to secure accommodation for households in parts of the country where Local Housing Allowance will cover all or most of the rent.
28. Keeping families in hotel accommodation is only ever an emergency solution and it would be unfair to residents to imply unrealistic expectations about our ability to secure affordable accommodation locally. Equally the cost of the provision to the Council is currently circa £850,000 per month and is unsustainable.
29. Our aim is therefore to start securing properties further afield and to maximise choice for residents on these options. Where residents can secure accommodation more locally, we will continue to offer financial and practical support through our Find Your Own Home scheme. However, our primary focus will be on areas where rents are more closely aligned with Local Housing Allowance. For most residents in hotel and temporary accommodation this will mean relocating out of London and the southeast of England.
30. The new Placement Policy sets out the criteria that will be used to prioritise vulnerable residents for the extremely scarce supply of more local private rented accommodation and temporary accommodation.
31. Our aim is to end the use of hotel accommodation by the end of September 2023 and to deliver sustained reductions in the use of temporary accommodation thereafter. This is a challenging objective but provides a necessary focus to support the need for rapid change.
32. To facilitate out of area moves and reductions in the use of temporary accommodation we will need to change the way in which the service operates and the way in which we support residents.

### **New Service Model**

33. The traditional approach towards homelessness services has three stages:
  - Prevention – where we work with households who are likely to become homeless within 56 days to prevent homelessness
  - Relief – where we work with newly homeless households to secure permanent accommodation whilst we also issue decisions on priority need, intentionality, suitability and main duty

- Main duty – where we have accepted a full housing duty towards the household and are working with them to secure a permanent home.
34. The new approach will see this process simplified. Decisions on priority need, intentionality and Relief will be made at the prevention stage. We will aim to secure alternative accommodation before the date the family are due to become homeless. For most households this will be outside the southeast of England. We will make two reasonable offers of accommodation in accordance with our new approach.
35. At the relief and main duty stage, the initial focus will be on those households currently in hotel accommodation and residents in other forms of temporary accommodation. . where we will relocate households to private rented accommodation in areas where rents and LHA converge.
36. The only exception to this will be households that approached the Council before November 2012. There are currently 330 households in temporary accommodation in this position. The Council has a statutory duty to make an offer of social housing to these households.
37. The proposed changes will affect all other homeless households.
38. Staff will need to be supported with training and supervision on the approach. .
39. We will support residents with relocation including:
- a. Extending the Find Your Own Home scheme to apply nationally where rent deposits and rent in advance can be paid to landlords to support access to private rented accommodation
  - b. Identifying opportunities to work in partnership with Registered Providers to access social rented properties where there is availability
  - c. Making financial payments to support residents with relocation costs
  - d. Information on how to prepare for a relocation
  - e. Ensuring that accommodation is of an acceptable quality and that residents can furnish homes ready for occupation
  - f. Support to settle into a local area, to find employment and access local services including through our partners including the charity BEAM

### **Other Options Considered**

40. The options considered to increase the supply of properties include:
41. Increased priority for social housing for homeless households. Each year around 350 homes become available to let through the Housing Needs Register. However, the scale of the challenge means that around 450 households approach the Council for assistance each month. There is simply not enough social housing to meet this level of demand.
42. Increased use of Discretionary Housing Payments to meet increased rents. This would both prevent households from losing their home and enable residents to access more expensive privately rented homes. This option was rejected because it would lock the Council in to an open-ended

arrangement where the Council was subsidising the rent of an ever-increasing number of households. The Government has not committed to a future increase in Local Housing Allowance and so this option would rapidly become unaffordable.

43. Paying market rent levels for temporary accommodation. This would be significantly more expensive than the current procurement of temporary accommodation and would cost in excess of £500 per property per month. This does not resolve the issue of finding a permanent home for residents and would result in the Council subsidising the rent of an ever-increasing number of households. It is likely that existing temporary accommodation landlords would also seek to increase their rents to match the rates faced on procurement of new properties meaning an increase in cost to the Council of up to £3.5m.

### **Housing Gateway**

44. Move on rates in Housing Gateway accommodation are low with some residents remaining tenants for 3 years or more. Given the wider pressures the Council is facing it is proposed that new tenants are given 2 year tenancies at LHA rents reverting to market rents beyond this period rather than the current rolling tenancy. The product still provides a vital route for residents that do not have a deposit or credit history that would support a tenancy in the private rented sector. A successful tenancy with Housing Gateway provides an opportunity to build a tenancy track record enabling access to the private rented sector. Existing tenants will be moved to market rent from April 2024 and advised of this and options for move on following this decision.

### **Preferred Option and Reasons For Preferred Option**

45. The lack of affordable accommodation in the local and regional area and the scale of the pressures means that if we are to fulfil our statutory duties, we need to secure accommodation for households in parts of the country where Local Housing Allowance will cover all or most of the rent.
46. Keeping families in hotel accommodation is only ever an emergency solution and sets unrealistic expectations about our ability to secure affordable accommodation locally. Equally the cost of the provision to the Council is currently circa £850,000 per month and is unsustainable.
47. Our aim is therefore to start securing properties further afield. Where residents can secure accommodation more locally, we will continue to offer financial and practical support through our Find Your Own Home scheme. However, our primary focus will be on areas where rents are more closely aligned with Local Housing Allowance. For most residents in hotel and temporary accommodation this will mean relocating out of London and the southeast of England.
48. The new Placement Policy (attached at Appendix 1) sets out the criteria that will be used to prioritise vulnerable residents for the extremely scarce supply of more local private rented accommodation and temporary accommodation.
49. Our aim is to end the use of hotel accommodation and to deliver sustained reductions in the use of temporary accommodation thereafter.

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

Good homes in well-connected neighbourhoods

50. In seeking to drive up the quality and availability of properties in the private rented sector, the proposal will increase the number and quality of homes available to low-income households in the borough.

Sustain strong and healthy communities

51. Poor quality housing and homelessness have been identified as key factors in health inequality. Through reducing the number of households reaching crisis point and increasing the supply and quality of rented homes we will help to reduce the impact of homelessness and poor housing on the health and wellbeing of our residents.

Build our local economy to create a thriving place

52. The proposals aim to ensure a thriving, high quality private rented sector that is accessible to low-income households. By acting proactively to engage with and support landlords we aim to increase the supply of rented homes.

## **Financial Implications**

53. Procuring properties at scale out of borough should achieve both a short and long term reduction in TA costs for Enfield.

54. In order to maximise the cost avoided while residents are housed in TA, the areas where placements are made need to be targeted to specific Broad Rental Market Areas (BRMA's) where the LHA rate has remained close to the 2011 LHA rate. This will ensure that Housing Benefit will cover most of the rent without a large Council contribution.

55. For placements made into the PRS – where the Council has ceased its obligation to the tenant, then placements should be made in areas where the LHA rate is very close to the rent the tenant will need to pay in order for the property to be affordable to them on an ongoing basis.

56. There are some obvious costs attached to this process, the level of which are not currently clear;

- In depth training for a large number of staff on the new arrangements and how to deal with them.
- An increase in highly skilled staff procured through agencies to help make the proposal a reality and reduce the risk of legal challenge.
- The use of national relocation organisations in order to ensure a sufficient supply of accommodation outside of London on an ongoing basis.

57. It is also important to note the likely requirement from 2025 that all new lets will need to be EPC C or above. Most, if not all, of the current TA portfolio is currently below that level. The Council therefore will need some strategic focus to ensure this does not become an issue 2 years from now. Engagement with agents and landlords from an early stage will hopefully avoid many issues further down the line and it may be appropriate to offer some sort of incentive to landlords to undertake the required works well in

advance of 2025 in exchange for a long-term agreement to let the units to the Council.

58. That incentive should not be limited to landlords currently leasing units to the Council, a wider approach could produce significant supplies of new properties for the Council to use.
59. To help facilitate the transition to the new service model and placement policy, the Council will be allocating £1.1m from the Housing Support Fund towards Temporary Accommodation in order to provide support to those households moving out of the borough.

### **Legal Implications**

60. Local authorities have a duty to accommodate homeless people under the Housing Act 1996 ("the Act"). If an accommodation duty is owed, the local authority must ensure that suitable accommodation provided.
61. Section 208(1) of the Act says "so far as reasonably practicable a local housing authority shall in discharging their housing functions under this Part secure that accommodation is available for the occupation of the applicant in their district." This means that so far as reasonably practicable a local authority must try and provide accommodation in the local authority's area.
62. The concept of "suitability" is central to the ways in which a local authority can discharge its housing functions. The Homelessness (Suitability of Accommodation) (England) Order 2012 says that in determining whether accommodation is suitable for a person, a local authority must take into account such matters as the location of accommodation including where the accommodation is situated outside its district, the distance from its district and the significance of any disruption which may be caused by the location of the accommodation to the employment, caring responsibilities or education of the person or members of the persons household.
63. Section 11 of the Children Act 2004, requires local authorities, when discharging its housing functions, to have regard to the need to safeguard and promote the welfare of children when making decisions about suitability of accommodation for a person and their household. This means that when arranging in borough or out of borough accommodation, local authorities must consider the educational and welfare issues of a child.
64. The case of *Nzolameso v City of Westminster [2015] UKSC 22* involved issues regarding the Children Act 2004 and out of borough accommodation. The Court said that the question of whether accommodation offered is "suitable" for the applicant and each member of their household requires the local authority to have regard to the need to safeguard and promote the welfare of any children in her household. This requires the local authority to identify the principal needs of the children, both individually and collectively, and have regard to the need to safeguard and promote them when deciding whether accommodation is suitable.
65. Section 182 of the Housing Act 1996 requires that in the exercise of their functions relating to homelessness, a local authority shall have regard to the Secretary of State's "Homelessness Code of Guidance for Local Authorities". The Code says that local authorities who find it necessary to

make out of district placements, are advised to develop policies for the procurement and allocation of temporary accommodation which will help to ensure suitability requirements are met.

66. Where homeless people are accommodated out of borough, this will engage the duties under the Equalities Act 2010. Broadly, that is a duty to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation and advance equality of opportunity and foster good relations between different groups. When the authority is looking to offer accommodation out of borough, the Equality Act duties will need to be considered to prevent any unlawful discrimination.

67. In principle the council's new "Placement Policy" is in line with legal requirements

### **Equalities Implications**

68. The shortages in the supply of affordable accommodation are driven by central government policy, and in particular the freeze of Local Housing Allowance and the Benefit Cap to 2020 levels. The Placement Policy seeks to mitigate the effect of these on Enfield residents but is not the driver of negative outcomes for residents.

69. An Equalities Impact Assessment has been completed for the Placement Policy. This found that although there was a differential impact on groups with protected characteristics, the impact of the Placement Policy was broadly positive. The Placement Policy sets out the criteria that will be used to prioritise the most vulnerable households for the extremely limited supply of more local accommodation. The key impacts on groups with protected characteristics are as follows:

#### *Socio-Economic Deprivation*

70. The biggest differential impact was in socio economic deprivation which reflects the link between poverty and homelessness. The widening gap between benefit levels and rents across the Southeast is both driving increases in homelessness and limiting the supply of properties that can be used as an affordable solution either as temporary accommodation or as a permanent home. Placing households in areas where there is closer alignment between rents and Local Housing Allowance is the only option open to the council to resolve the housing needs of poorer households.

71. Equally there are 750 households in more settled temporary accommodation who would become benefit capped if they moved out of temporary accommodation. We will need to work closely with these households to secure employment before a sustainable offer of accommodation can be made.

#### *Ethnicity and Religion*

72. Just 14% of households for whom the Council has accepted a duty described themselves as 'White British', compared with 52% of Enfield's wider population. The impact of the policy is positive in that it will ensure that households have access to a permanent, affordable, home. This applies to both residents in more settled temporary accommodation and those in hotels. However, we identified that there was a risk that households from a minority ethnic background may be isolated in their

new communities. This issue was also identified as applicable for religious groups.

73. It will therefore be important that we procure properties in areas where there is a diverse range of ethnic and religious groups to ensure that residents placed in these areas do not become isolated and are able to rebuild their lives.

*Marriage and Civil Partnership and Pregnancy and Maternity*

74. There is also an impact around marriage and civil partnership and pregnancy and maternity. For single parent households and new parents who are more dependent on local support networks, relocation to a new area will be challenging. Whilst the Placement Policy will prioritise the more vulnerable households for local accommodation there will be a need to ensure that households have access to local support networks and provided with links to local community groups.

*Disability*

75. Households with a disabled member of the family are more likely to be dependent on local support networks and services. The Placement Policy is designed to ensure that the most vulnerable households will be prioritised for local accommodation. This will increase the supply of properties available to households with a disabled member of the family and a demonstrable need to remain more locally.

76. We will need to continue to monitor the impact of the policy to ensure that there are no unintended consequences.

**HR and Workforce Implications**

77. To mobilise the new service model rapidly, the Council is taking a project management approach with dedicated teams working on specific workstreams and pathways. No changes in line management arrangements or formal structures are currently planned. We envisage continuing this approach for the next six to twelve months. Consultation with the unions took place on 10 May 2023.

**Public Health Implications**

78. Poor quality housing and homelessness have been identified as key factors in health inequality. Through reducing the number of households reaching crisis point and increasing the supply and quality of rented homes we will help to reduce the impact of homelessness and poor housing on the health and wellbeing of our residents.

79. The effects on households in hotel accommodation are extreme as there are no cooking facilities or private areas. The health implications are therefore that residents are dependent on takeaway food which is both unhealthy and expensive.

**Safeguarding Implications**

80. Safeguarding is a key concern for the service. Keeping households in hotel accommodation for extended periods is a key safeguarding risk. There are currently 32 children in hotel accommodation where Children and Family Services are actively involved, and the nature of the accommodation is interfering with our ability to fulfil our statutory

obligations. Moving families to self-contained accommodation will reduce the risks to vulnerable households and residents.

81. We will assess the needs of each household to be relocated against the Placement Policy. This prioritises the most vulnerable households for the extremely limited supply of local accommodation.

82. We will ensure a coordinated approach with Children and Family Services to ensure that the welfare of children and families is paramount.

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### **Appendices**

Placement Policy  
EQIA

### **Background Papers**

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

Cabinet Report – Homelessness in Enfield  
Cabinet Report – Homelessness in Enfield (2)  
Cabinet Report – Homelessness in Enfield (3)  
Cabinet Report – Homelessness in Enfield (4)