

## THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

### HOUSING AND PROPERTY SCRUTINY COMMITTEE

16 NOVEMBER 2016

#### REPORT BY THE DIRECTOR OF HOUSING

#### LIVE ISSUES REPORT BY THE DIRECTOR OF HOUSING

The purpose of this report is to inform Members of recent policy and practice developments, which are likely to impact on the future work of the Business Group and to update Members on progress of current projects.

**FOR INFORMATION**

#### **1. Adair & Hazlewood Enforcement Notices - Update on works to comply with the Enforcement Notices**

- 1.1 An extension of time (a three-month period) for completion of the works required by the London Fire Brigade Enforcement Notices for these blocks was sought and approved by the LFB.
- 1.2 The Adair Tower Notice expired on 23<sup>rd</sup> September at which point all of the required works had been satisfactorily completed and the Fire Risk Assessment had been comprehensively reviewed. The LFB audited this block on 28<sup>th</sup> September and, whilst RBKC and KCTMO have received no formal correspondence on the outcome of this, at the conclusion of the audit the officers did indicate that they were happy with the works.
- 1.3 The Enforcement Notice on Hazlewood Tower expires on 18<sup>th</sup> October. All necessary works have been satisfactorily completed, and the Fire Risk Assessment has been comprehensively reviewed. RBKC and KCTMO currently await contact from the LFB with a date for their audit.

## **2. Purchasing of properties for Temporary Accommodation**

- 2.1 RBKC has just completed the 13<sup>th</sup> property purchase, and to date has spent £3.8 million of the £10 million allocated budget.
- 2.2 This expenditure includes all costs associated with bringing the accommodation up to a lettable standard – the purchase price, stamp duty, legal fees, agency fees and refurbishment costs. On average each property has been purchased for just over £270k, with an extra £20k accounting for all other costs for each property.
- 2.3 The properties are spread over three main areas: East London, North London and South London, and specifically in the following areas:- Croydon (5), Newham (3), Havering (2), Enfield (2) and 1 in Waltham Forest. RBKC has purchased 3 freehold properties (all three-beds) and of the 10 leasehold properties bought, 3 are three-beds and 7 are two-beds. On average it takes 10 weeks to complete the purchase for freehold properties (from offer accepted to completion), but substantially longer for leasehold properties (17 weeks on average) which often involve time-consuming enquiries and requests for information from Council leasehold departments. Once a purchase has been completed, on average agents take 4 weeks to bring the property up to a lettable standard, and officers at RBKC are quick to let these units once they are ready (1 week on average). Although some of these timescales are positive, RBKC continues to work hard to improve upon these times, and to be more efficient where opportunities arise.
- 2.4 RBKC has another 17 properties with accepted offers that are all at various stages of the conveyancing process, all in similar areas to those already purchased. If all 17 complete – which is highly unlikely as there will inevitably be some aborted purchases – RBKC will have spent close to £8.75 million. However, Places for People are proving a steady flow of prospective properties, so it is likely that the allocated budget will be spent by the end of the financial year even if some properties do fall through.
- 2.5 RBKC is currently using existing temporary accommodation managing agents to refurbish and manage properties in each respective area on a pilot basis. RBKC will be carrying out a formal tender in the new year and will advertise for potential agents to bid for separate lots to cover all aspects of the

purchase and management of these properties. This extra competitive element will enable agents who represent better value for money to the Council, and better quality, to come forward.

### **3. The Homelessness Reduction Bill**

- 3.1 On 28 October, the Homelessness Reduction Bill passed its second reading in the House of Commons.
- 3.2 The Bill proposes to introduce a number of new duties on local authorities to prevent and relieve homelessness. The Bill contains many welcome and laudable provisions that will help to prevent homelessness. However, it is the Royal Borough's position (and that of most other local authorities) that a number of provisions in the Bill are unworkable and / or risk imposing a very high financial burden on councils. More fundamentally, the Bill does not and cannot address the structural root causes of homelessness.
- 3.3 The Committee will be updated on the progress of the Homelessness Reduction Bill.

### **4. Informal consultation on the Temporary Accommodation Management Fee (TAMF)**

- 4.1 Currently DWP pay local authorities a management fee (in arrears) for each placement of a homeless household in temporary accommodation, except for placements in:
  - B&B accommodation,
  - not self-contained accommodation held on license
  - accommodation (including hostels) from the LA's own stock
- 4.2 The fee is £40pw if the placing Local Authority (LA) is in London, £60pw if elsewhere.
- 4.3 This fee will end on 31<sup>st</sup> March 2017, to be replaced by new funding from DCLG. In late summer 2016, the DCLG launched an 'informal consultation' with LAs with regard to the future design and funding of temporary accommodation.
- 4.4 The DGCL have cited the following motivations for reform of the funding regime:

- Temporary Accommodation Management Fee funding is the largest dedicated government funding stream for LAs for homelessness (£617m over the next three years compared to £238m in Homelessness Prevention grant).
- It is a reactive funding stream, paid only to help meet the cost of Temporary Accommodation that has been used during the year.
- It does not take into account the different costs of providing services in different areas.
- It cannot be used flexibly to resource councils' homelessness strategies and support their goals to increase homelessness prevention.
- Funding could be better aligned with homelessness pressures and the costs of meeting them in different areas, increasing overall impact.
- LAs face a challenging affordability environment for procuring accommodation – restrictions on tenant benefit entitlement create a shortfall in most areas between what LAs receive in subsidy and what authorities have to pay landlords.
- Temporary Accommodation subsidy rates have been frozen since April 2011, and the Local Housing Allowance rates, which will apply with the introduction of Universal Credit, have been frozen for 4 years from 2016. Private rent levels however have increased substantially since 2011, and are expected to continue rising.
- The shortfall particularly affects London, which accounts for three quarters of TA in England

#### 4.5 RBKC responded to the consultation making the following key points and recommendations.

- 4.5.1 In high demand / high cost areas such as Kensington and Chelsea, the cost of providing temporary accommodation is extremely prohibitive. The costs of securing private rented accommodation to prevent homelessness may be even greater.
- 4.5.2 LAs in high demand / high cost areas such as Kensington and Chelsea find it extremely difficult to help households move to affordable, sustainable accommodation that will promote their independence and self-enhancement. It would be a mistake to believe that LAs in these areas have not already explored a variety of methods by which to prevent or relieve homelessness. Cyclical homelessness is not and cannot be addressed given these systemic challenges, meaning that households can become trapped in a cycle of homelessness,

ever dependent on local authority resources to help them sustain or secure accommodation.

- 4.5.3 Given that the cost of PRS accommodation is both the major cause of homelessness and the most significant barrier to the prevention of homelessness, and given that the supply of social housing is unlikely to increase, the Royal Borough is facing further increases in its temporary accommodation population.
- 4.5.4 A review should be undertaken of LHA levels as they apply in London and other high demand, high cost areas, so that LAS can reasonably and effectively access the PRS, both for prevention and temporary accommodation.
- 4.5.5 Further thought and resource should be given to increasing employment and training opportunities for households in temporary accommodation as another means to lower cost.
- 4.5.6 A new funding formula should take into account:
- local housing need and demand
  - temporary accommodation occupancy and backlog
  - adjustments to reflect local variations in market rent
  - the very real challenge within high demand / high cost of preventing and relieving homelessness, given the systemic causes of homelessness.
- 4.5.7 A minimum three year settlement for the transition period is necessary, but it should be reviewed annually to reflect changes in market conditions, changes to the legislative and regulatory framework, and to reflect the true costs property procurement for temporary accommodation and prevention. This should ensure ongoing fairness of funding. Transitional funding must not result in a fall in funding to the Borough at any point throughout the transition period.
- 4.5.8 Grant funding for pan-London projects should not leave local authorities under-funded with respect to temporary accommodation costs. Pan-London initiatives to support and sustain household relocation should be explored.
- 4.6 The Committee will be updated on the progress and outcome of the TAMF consultation.

## **5. Council tenants: Welfare Reform and tenants without work**

- 5.1 Universal Credit (UC) was introduced in the borough from 9<sup>th</sup> November 2015 for single claimants. The KCTMO has seen a steady increase in the number of claimants, currently 64 residents. 19 are on Alternative Payment Arrangements following them accruing arrears.
- 5.2 KCTMO Rent Income and Welfare Reform Officers have had additional training to ensure the best advice is given to residents, with further training due in December by the DWP to promote the working relationship between agencies.
- 5.3 The Welfare Reform Officers have been making contact with those residents likely to be affected by the reduction in the Benefit Cap, offering one-to-one advice and support to discuss their options to afford any shortfall in Welfare payments and rent due.
- 5.4 The KCTMO's first roadshow of the year took place in May at the Lancaster West estate. The event included an employment and training area where people could get advice, and a Jobs Board with a range of local jobs available for people to take away details on. 287 people attended the whole day, with 19 people specifically registering with the employment section, though others are likely to have passed through. Jobs Board engagement is not recorded.
- 5.5 As part of the procurement framework agreement the KCTMO has to deliver its major works projects, a range of employment and training related projects are being run by the suppliers. In the first 6 months of this year this has included the creation of 2 paid jobs, 4 people on training and work experience, community support for 27 events.

## **6. Local Plan Partial Review**



- 6.1 The Council is undertaking a Partial Review of its existing Local Plan, and on 28 October 2016 the Planning Department launched the second stage of the Review: the 'Draft Policies' consultation.
- 6.2 There are a number of topics that are being reviewed as part of the Local Plan Partial Review including the vision and objectives, places, site allocations, infrastructure and planning contributions, housing, and Gypsy and Traveller accommodation.
- 6.3 The consultation is for six weeks, starting on Friday 28 October 2016 and ending at 11:59 pm on Sunday 11 December 2016.

## **7. Amendments to the Council's Allocation Scheme - consultation**

- 7.1 At the July Housing and Property Scrutiny Committee, Members were presented with the proposed amendments to the Council's Allocation Scheme.
- 7.2 Consultation on the amendments was launched on Monday 31 October and will close on Friday 2 December 2016.
- 7.3 Should any or all of the proposals be carried, an amended Scheme will implemented in January 2017.

**FOR INFORMATION**

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Background papers used in the preparation of this Report: None

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