



## CABINET

**Subject Heading:**

**Cabinet Member:**

**SLT Lead:**

**Report Author and contact details:**

**Policy context:**

**Financial summary:**

**Is this a Key Decision?**

**When should this matter be reviewed?**

**Reviewing OSC:**

## CABINET

**Private Housing Investment for Settled Homes Proposal for Mercury Land Holdings**

Cllr Joshua Chapman – Lead Member for Housing

Patrick Odling-Smee, Director of Housing

Darren Alexander

Assistant Director Housing Demand

The policy context is associated with the Council's statutory duty to prevent homelessness

Over a period of 5 years the Council will fund the Company £59,352,000 through a mix of equity and loan for the purchase of 150 properties throughout Havering. In addition to this funding, the Council will also make a Contingency provision of £2,967,000 to the Company.

Yes- Expenditure over £500k

12 months

Towns and Communities OSC

**The subject matter of this report deals with the following Council Objectives**

Communities making Havering

[X]

Places making Havering

[X]

**Cabinet, 20 October 2021**

Opportunities making Havering  
Connections making Havering

[]  
[]

## **SUMMARY**

1. The Council intends to increase its mixed portfolio of accommodation options in the borough in order to prevent homelessness. The Council's wholly owned company, Mercury Land Holdings limited ("MLH"/the "Company") has the means and opportunity to give the Council access to properties that will provide affordable and better quality than is the case in the open private rented sector market.
2. This report sets out specific Housing Services property requirements associated rental rates to enable MLH to begin property acquisition through the Private Housing Investment for Settled Homes (PHISH).

## **RECOMMENDATIONS**

3. For the reasons set out in this report and its appendices Cabinet is asked to agree that the Council:
  - Acting as Shareholder to MLH, approve the Company Business Case with heads of terms attached at exempt Appendix 1.
  - Enters into a service contract with MLH for the acquisition of assets to house homeless families delegated to the Director of Housing in consultation with Lead Cabinet Member for Housing.
  - Enters into loan agreements at market rate with the Company of up to £62,319,000 including delegating to the Chief Finance Officer, the ability to authorise drawdowns, refinance against the loan facility and approve the terms in consultation with the Lead Cabinet Member for Finance. This is to be in place throughout the duration of the loan in line with the agreement including ensuring appropriate secure charges are registered to protect the Council's interest as lender against each asset purchased.
  - Enters into agreements with MLH whereby the Council HRA provide the relevant support services associated with the management of the assets delegated to the Director of Housing in consultation with Lead Cabinet member for housing.

## **REPORT DETAIL**

4. The Council's Prevention of Homelessness and Rough Sleeping Strategy, adopted by Cabinet in September 2020 set out the objective of reducing the number of households and the overall cost of temporary accommodation (TA). This proposal intends to meet both objectives through MLH's property acquisition and lettings service.
5. MLH will acquire properties from the open market and offer Havering the referral rights for households at risk of homelessness to occupy.

6. This will enable Havering to gradually reduce its Private Sector Lease (PSL) stock where properties are of poorer quality and value for money is no longer achieved. The mix portfolio will also assist in the eventual decant of our two main hostels and shortlife properties which are being released for regeneration purposes.
7. Our Find Your Own scheme yields over 400 properties a year and although it is a hugely successful prevention technique it does not control the market in terms of rent or quality and at times officers are held at the whim of landlords and agents tenant selection process at times over unsuitable accommodation. The council also uses other options to prevent homelessness such as Capital Letters.
8. The previous report “Review of Private Sector Leased Accommodation“ agreed by Cabinet in May 2019 set out the findings of a review of housing and support needs of households living in PSL and recommended a series of actions.
9. It described the Housing Services Department’s needs in terms of accommodation to be sourced and provided through MLH and sets out the basis on which the arrangements would work.
10. For residents in receipt of benefit, changes to the welfare benefit system - such as the Benefits Cap and the Local Housing Allowance (LHA) rates - have significantly reduced the number of properties within affordable reach.
11. LHA is the level at which Housing Benefit and Universal Credit is paid to private renters. LHA rates are calculated for every local area based on local rents. For Havering, those areas are Outer North East London and South West Essex. The maximum amount of support a household can claim will depend on where they live, the number of bedrooms they need, and their income. Most private renters that need their income topped up by housing benefit will face a monthly shortfall between the actual cost of their rent and the support available. Table 1 sets out this shortfall and indication of the direction of travel.

12. Table 1:

<b>Number of Bedrooms</b>	<b>One Bed</b>	<b>Two Bed</b>	<b>Three Bed</b>	<b>Four Bed</b>
<b>2019</b>				
Average monthly rent	£874	£1,111	£1,338	£1,716
Housing Benefit entitlement	£694	£858	£1,082	£1,396
GAP individuals and families need to find each month (average monthly rent – housing benefit entitlement)	<b>£180</b>	<b>£253</b>	<b>£256</b>	<b>£320</b>
Percentage gaps	<b>20%</b>	<b>22%</b>	<b>19%</b>	<b>19%</b>
<b>2020</b>				
Average monthly rent	£896	£1,189	£1,377	£1,802

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<b>2020 POST COVID 16 March 2020/2021</b>				
Average monthly rent	£896	£1,189	£1,377	£1,802
POST COVID Housing Benefit entitlement (LHA uplift new 30 <sup>th</sup> percentile)	£898	£1,147	£1,371	£1,725
GAP individuals and families need to find each month (average monthly rent – housing benefit entitlement)	<b>+2</b>	<b>-£42</b>	<b>-£6</b>	<b>-£77</b>
Percentage gaps	<b>0</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>

13. For households accommodated in PSLs, as they are classified as temporary accommodation by the DWP, the amount of Housing Benefit that they are eligible to receive is capped at the 2011 LHA rate less 10%. Rental charges paid to a landlord for a PSL is related closely to the market rent and therefore a significant gap is created which, on average, is in the region of £2,000 per property per year. The government has provided Flexible Homelessness Support Grant to meet this shortfall however there is no certainty that this will be provided in the future, and there is still a newt cost to the council. The PHISH scheme therefore seeks to minimise the risk and provide alternative accommodation that does not have this funding shortfall.

**14. Impact of COVID - Unaffordable rents & increased demand**

15. For residents in receipt of benefit, rises in local property prices have significantly reduced the number of properties within affordable reach. We know that the inability to afford, or sustain, an assured short hold tenancy (AST) in the private rented sector is a key cause of homelessness. This is not just an issue for people receiving benefits, but also for many in low-paid employment.

16. Since COVID-19, market rents in Havering have slightly reduced, however, there remains a sizable gap between average market rent levels for different bedroom sizes in the private sector and the level of rent that housing benefit will cover. The increase to the Local Housing Allowance (LHA) rates, due to COVID-19, will enable many more households to afford private sector accommodation, however, the details and the duration of this change is still not known, potentially giving a temporary and unrealistic sense of affordability. Taken across the London region, the disparity between monthly rent levels and housing benefit entitlement was greater, resulting in unprecedented affordability issues for inner London authorities.

## Cabinet, 20 October 2021

17. This makes Havering more attractive to other boroughs as an option to house their residents, as it has become a more affordable rental area compared to their own boroughs, and provides an unrealistic view of affordability long-term if the LHA returns to its previous position or is frozen in future years as has been done in the past.
18. Increased unemployment will increase the number of households unable to afford to pay their rents or mortgages and will therefore increase pressure on homelessness. Between July 2020 and November 2020 we started to see a significant increase in applications of homelessness and this rise has remained consistent throughout the remainder of 2020/21.
19. When the council is unable to prevent homelessness then a full duty is accepted and temporary accommodation has to be provided.

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	YTD
<b>2019-20</b>	155	186	160	195	177	165	187	174	111	233	160	129	<b>2032</b>
<b>2020-21</b>	114	141	165	166	228	269	236	256	175	239	255	292	<b>2536</b>

20. There is demand for settled accommodation and to move households who are currently in hostel and short-life units that need to be decanted for redevelopment – approximately 50 a year. PSL landlords are increasingly ending their leases with the Council as they can get higher rental rates by renting privately (Table 3)

<b>Table 3 – PSL properties handed back - Feb 2020 to August 2021</b>		
<b>Bedroom size</b>	<b>Total</b>	<b>%</b>
1 bedrooms	34	<b>29%</b>
2 bedrooms	47	<b>71%</b>
3 bedrooms	33	
4 bedrooms	5	
<b>Total</b>	<b>119</b>	

21. The Council is currently filling the supply gap by using vacant Council stock as short-life temporary accommodation awaiting demolition as part of its regeneration programmes. However, many of the short-life units will be required for redevelopment over the next 5-6 years and the Council will need a new stable supply to enable it to discharge its homelessness obligations.
22. The Council intend to substitute MLH properties for poorer quality PSL accommodation.

**23. Mercury Land Holdings**

24. Cabinet approved Mercury Land Holdings (MLH) Limited Business Plan 2020/22 on the 13 February 2019. This included the proposal to acquire and supply properties from the private sector housing market and in turn, would offer the properties to the homeless households approaching the Council for a minimum 1 year AST as part of the diversification of current private sector lease provision and to reduce the reliance on supply through the current PSL scheme. Therefore this presents an opportunity to have a mixed portfolio of temporary accommodation (PSLs) and private options to be let as assured short hold tenancies (AST) in discharge of homelessness duty.

25. MLH has proposed to acquire and deliver 25 units in the first year and 150 over 5 years. Subject to the current homeless demand management model continuing to be effective, there is demand for Havering Council to deliver 125 units a year and will have to diversify its supply options to alleviate the pressures and over-reliance on current PSL Accommodation Scheme.

26. Housing Services' expectations from the scheme are:

- Any grouping of units would be welcomed, as it simplifies management and engagement from a housing management perspective. Any block or site management acquisition, purchase or long lease, where a number of households could be managed would be beneficial.
- Any M&E, heating, lift services provided on site would need clarity on management company, or block management arrangements so that the Head of Property Services can be assured that there will not be any complication for occupants.
- Any converted stock needs to be of a good standard. All units should pass a HHSRS assessment which procurement team will agree. Portfolio acquisition would be suitable.
- Units should be acquired in locations which have public transport, services, schools and shops within reasonable travel distance.
- These properties will not be subject to Right to Buy.
- At the end of the Council's initial contract, the Company, in consultation with the Council, will assess whether to sell the properties on the open market, dispose back to the Council's HRA, or to another registered provider, to repay the Council or refinance for an additional period.

27. The proposal is to purchase 150 houses over a 5-year period where each property will be kept for 5 years and then sold on the open market. This will negate the need for the Council to provide for MRP on the share equity contribution to purchase costs. MLH will be provided with a drawdown lending facility by the Council where equity and senior debt is drawn down for each purchase.

28. MLH will purchase properties on the open market. An allowance has been made for any additional cost to be borne by the Council of bringing a property up to letting standard required by the Council etc. MLH will provide an Assured Shorthold Tenancy for tenants nominated by the Council. Rents will be set at the maximum LHA level for the area. Rent income will go to MLH. The Council will provide a comprehensive management & maintenance service for the properties for which it will receive appropriate allowances from MLH.

29. These will be based on average costs per property typically incurred by the Council on existing PSL stock (including tenant damage), together with an allowance to cover landlord repairs and maintenance costs such as gas servicing, day to day repairs etc. Any costs incurred above the allowance are the responsibility of the Council. The Council will cover rent arrears and void rent loss in excess of the allowance amount (including any Council tax, utility costs etc.).

30. MLH will make provision for any capital improvement costs required during ownership of the property. MLH will insure the properties.

**31. Financial Assumptions**

	Purchase price	Monthly rent
2 Bed House	£325,000	£1,150
3 Bed House	£375,000	£1,375
4 Bed House	£475,000	£1,730
+ Refurbishment £5k per property 2% inflation uplift added to these figures to bring rents to assumed 2022/23 start point		

**32. Annual Council Allowance per property**

Property Management Fee	£732.00
Repairs & Maintenance – (Current average)	£856.00
Additional R&M Contribution	£765.00
Arrears - 3.40% of average rent	£153.00
Voids - 3.60% of average rent	£161.00

**33. Council Lending Return**

21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	Total
£87k	£88k	£88k	£89k	£89k	£5k	£5k	£4k	£4k	£3k	£462k

- PWLB rate 1.96% (8 year rate)

- |                                     |
|-------------------------------------|
| - Rate charged to MLH 3.2%          |
| - Senior debt to equity ratio 60:40 |

**34. How will Havering Discharge its Duty**

35. Mercury Land Holdings (MLH) will make an offer of a private rented sector property with a 12 month Assured Shorthold Tenancy (AST) which can be renewed each year for the full 5 year term. The Council through a nominated discharge of duty protocol, will discharge its main duty to the household and relinquish responsibility after two years.

36. Officers will send a letter to the applicant when making an offer of private rented accommodation, setting out the following:

- a) the duty under which the offer is being made
- b) possible consequences of refusal or acceptance
- c) the right to request a review of the suitability of accommodation
- d) that the Council is satisfied that the accommodation is suitable
- e) that the Council regards itself as ceasing to be subject to its homeless duty.

37. During the first 2 years of a tenancy, the Council will provide support to the applicant to help sustain the tenancy.

38. In the event households continue to reside into the 4<sup>th</sup> year of the 5 year term they will fall within the agreed move-on policy where the Council will support a move through a range of alternative housing options.

**39. Property sale and disposal**

40. At the end of the 5 year term the Council will retain the option to purchase the properties at cost through the HRA.

<b>REASONS AND OPTIONS</b>
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**41. Reasons for the decision:**

**42. Supply and demand**

43. The Council is short of accommodation alternatives and although new demand has been effectively managed through prevention of homelessness, there is an ongoing need for accommodation to continue to meet the housing need of existing homeless households.

44. Currently, the regeneration short-life properties are being used to fill the gap between supply and demand when PSL landlords cancel their lease arrangements

with the Council. However, many of the short-life units will be required for redevelopment over the next 5-6 years. Therefore, the supply sought of PSL properties is needed to continue to meet the housing need of existing households.

45. In order to reduce the reliance on PSL properties with landlords terminating leases at any time, the Council should seek to diversify the sources of supply of both temporary and settled accommodation for homeless households by developing a mixed portfolio of properties at local housing allowance rent levels. Officers should look into different scheme options and develop costed proposals in order to create sufficient alternative supply.
46. The arrival of mix of portfolio properties will also enable households who are either over-crowded or under-occupying their current PSL accommodation to be moved on in order to alleviate overcrowding as well as release much needed larger accommodation for other families who need it.
47. Their support needs should be taken into account when decisions are made about the type of alternative accommodation that is suitable for them in order to keep residents near their support network.

**48. Pre-Localism Act households**

49. The Council previously identified 145 Pre-Localism Act households who have lived in PSL temporary accommodation for more than 6 years. Those households in the original cohort will be excluded from the MLH scheme with the intention for the Council to continue to offer those remaining PSL residents a social tenancy. Officers will continue to monitor and report back on how this has progressed and when this is complete. The non-duty households should continue to be accommodated in their current accommodation until suitable settled accommodation is secured for them.

**50. Other options considered and rejected**

51. MLH to purchase and subsequently lease properties to the Council to be used as temporary accommodation
52. We considered the use of these properties as temporary accommodation however, the council have already assessed that the rental value and the housing benefit subsidy deficit would lead to the Council losing out financially.
53. The Council to purchase properties and use them as temporary accommodation
54. This was not a viable option for the Council as it conflicts with the existing Right to buy-back (RTB) programme which is also part of the balanced portfolio on schemes.
55. The Council to work with other investors who provide options to supply accommodation

56. The Council still consider this as a viable option in order to further increase the mixed portfolio profile it requires to meet the housing need and will carry out its due diligence of these offers as and when they arise.

## **IMPLICATIONS AND RISKS**

### **57. Financial implications and risks:**

58. In summary, the PHISH scheme proposes that MLH will purchase 150 houses over a 5-year period. The properties will be kept for 5 years and then sold on the open market.
59. The Council will receive revenue in the form of an allowance for the provision of a chargeable management and maintenance service, in addition to this as stated above, the Council will possibly generate £492k income by facilitating the loan to MLH.
60. Any costs incurred above the allowance are the responsibility of the Council.
61. It is anticipated the scheme is likely to reduce the Council's financial burden of the current rental gap funding requirements, because the rent charged by MLH will not exceed the LHA rate for that area.
62. The February Cabinet agreed a MLH Capital Budget of £59.352m over the next 5 years and we will request a contingency of an additional £3m to be agreed in February 2022 as part of the future capital programme to facilitate this scheme. The properties are purchased by MLH and MLH will receive the rental income.

### **63. Legal implications and risks:**

#### **64. General**

65. Members established MLH, a company limited by shares and wholly owned by the Council subject to Part V Local Government and Housing Act 1989 and the Local Authorities (Companies) Order 1995. The company's business is the provision of homes for market rent, sale and if required through compliance with planning obligations the construction of affordable homes. Agreement is sought to approve the business case which affords provision of funding to MLH in the form of either equity or loans, and other support. Delegations are sought to make such decisions and finalise the various documents that will be required to facilitate the above as detailed in the recommendations to this report.
66. The Council has a statutory duty under Section 8 of the Housing Act 1985 to consider housing conditions in its district and the needs of the district with respect to the provision of further housing accommodation.

## **67. Housing Duty**

68. When a family or individual presents to the Council as homeless, the Council has a statutory duty under Part 7 Housing Act 1996 to consider this application and make a decision as to whether the family/ individual is homeless, eligible, in priority need, and not homeless intentionally. If the decision is that these criteria are met, then a duty is owed to that family under section 193 Housing Act 1996 (often referred to as the full housing duty).

69. Once that duty is accepted, the Council must ensure that suitable temporary accommodation is provided pending discharge of the duty. This duty can be discharged in a number of different ways, including via an offer of permanent social housing pursuant to Part 6 Housing Act 1996 or refusals of suitable offers. Section 193(7AA) Housing Act 1996 provides that the acceptance or refusal of a private rented sector offer can discharge the full homelessness duty. To qualify a private rented sector offer has to be the offer of an Assured Shorthold tenancy, by a private sector landlord, and be for a fixed term of at least 12 months. The proposal outlined in this paper, for MLH to acquire properties and then let them to homeless households in discharge of the housing duty, are in line with the statutory provision and lawful. To those individuals or families who accept the offer of a tenancy from MLH the Council will no longer owe a homelessness duty.

70. However, if within 2 years of a private rented sector offer being accepted, the applicant reapplies to the Council for assistance, they will be automatically owed the full housing duty regardless of whether a priority need is still present.

## **71. Regulated activity**

72. Provision of social housing is a regulated activity and requires registration of the organisation as a Registered Provider with the Regulator of Social Housing. MLH is not a Registered Provider of Social Housing. Social Housing is defined in the Housing and Regeneration Act 2008 as either low cost rental accommodation or low cost home ownership accommodation. Section 69 Housing and Regeneration Act 2008 defines low cost rental accommodation as: being made available for rent; the rent is below the market rate; and the accommodation is made available in accordance with rules designed to ensure that it is made available in accordance with rules designed to ensure that it is made available to people whose needs are not adequately served by the commercial housing market.

73. As set out in Table 2 in the report, LHA rates, which is the level at which rent will be charged by MLH on these properties, is within the lowest 30<sup>th</sup> percentile of market rent and there is currently minimal difference between LHA and market rents. As such at present it is not considered that the proposal comes within the definition of social housing, and is not a regulated activity. However, it is recommended that close scrutiny is given to the rent levels as the matter progresses to ensure that the risk of the activity becoming one that should be regulated.

## **74. Procurement**

75. The Recommendations in the report include provision of services and works caught within the Public Contracts Regulations 2015 (as amended). This provides that where the Council procures, services, supplies or works they must follow the procedures set out in the Regulations. In order to make a direct award of contract the wholly owned Council Company is required to fall within the exemptions contained in Regulation 12. The work undertaken for the Council must be more than 80% of the work undertaken by the Company. The level of control exerted by the Council must be akin to the way the Council controls its internal departments. The Company is wholly owned by the Council and has no private capital participation. These requirements must be met continuously and so must be kept under review if the companies undertake non-Council work. The direct award of these contracts is considered to fall within the regulation 12 exemption and therefore lawful.

#### **76. Finance Arrangements**

77. Section 24 Local Government Act 1988 (LGA 88) provides the Council with the power to provide a wide range of financial assistance to MLH (in respect of privately let housing) including making a grant or loan to it and as MLH is a body corporate the Council may under Section 24 (2)(d) also acquire share or loan capital in it. Privately let housing means any form of rented accommodation provided that is not let by a local authority.

78. If the Council exercise its powers under Section 24 LGA 88 then under Section 25 of the LGA 88 it must obtain the consent of the Secretary of State to do so. The Secretary of State has set out pre-approved consents in the 'General Consents 2010' (July 2011 update). If the circumstances of financial assistance meet one of the criteria in the General Consents then the Secretary of State's consent is given.

79. The current version of the General Consents 2011 contains Consent C. This permits financial assistance to be provided to any person (which includes MLH). The only form of financial assistance which may not be given under Consent C is support through the transfer of land – i.e. at nil or a reduced consideration.

80. If the Council intends to borrow to lend to MLH, Reg 25 Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003/3146) treats the giving of a loan by a local authority to a third party (such as MLH) towards expenditure (e.g. works on a new buildings) as capital expenditure providing that if the local authority itself incurred that expenditure (it borrowed to undertake the works itself) it would treat that expenditure (under proper accounting practices) as capital expenditure. It should be noted that the Council borrowing to lend to MLH in connection with revenue funding is not permitted. Any Council borrowing must comply with prudential borrowing code under **Part 1 Chapter 1 Section 1 Local Government Act 2003**, a local authority may borrow for any purpose relevant to its functions or for "the prudent management of its financial affairs".

81. In relation to entering into the financial arrangements the Council may also rely on Section 1 of the Localism Act 2011 which provides local authorities with the power to do anything that an individual may do subject to a number of limitations (this is referred to as the **General Power**). Together with Section 111 Local Government

Act 1972, which provides the Council with the power to do anything whether or not involving the expenditure, borrowing or lending of money or the acquisition of property rights which is incidental, conducive or calculated to facilitate the exercise of any of their functions. This would include the exercise of functions under Section 24 and 25 LGA 88 together with Section 1 Localism Act 2011. The Council could rely on these powers to provide the Company with loans and other support such as providing staff and the use of premises. Any support provided must be state subsidy control compliant and will be the subject of agreements between the Council and MLH.

## **82. State Subsidy Control**

83. The Trade and Cooperation Agreement between the European Union and the UK (TCA) sets out the parameters for giving financial assistance or offering guarantees to 'economic actors' from public resources being generally prohibited if it is selective, confers an economic advantage and has or could have an effect on trade or investment between the UK and EU. TCA therefore requires the United Kingdom to adopt a subsidy control system in order to prevent grantors, that is governments and public bodies, from providing harmful subsidies to businesses.

84. It is important that any loans/credit/guarantee or other support provided to MLH are UK subsidy control compliant. Loans/credit/guarantees which the Council generally makes available to MLH for market housing must be made on commercial terms and at a commercial interest rate or where the Council is acting like any usual market investor. It will be necessary for the Council to obtain independent confirmation that such arrangements have been made on commercial terms prior to them being entered into including taking usual securities over land/assets under usual market conditions.

## **85. Fiduciary Duties**

86. The Council's fiduciary duties could be briefly summarised as it acting as a trustee of tax and public sector income on behalf of its rate and tax payers. The Council in effect holds money but does not own it; it spends money on behalf of its business rate and Council-tax payers.

87. In making decisions concerning MLH, the Council considers whether making investment and/or extending loans to that body (and similar activities) should give proper consideration to the risks and rewards of approving the recommendations. In practice Members will want to consider whether the Council will achieve an appropriate return for its risk and that the Council has minimised the risk and potential cost to it if the Company were to become insolvent and/or defaulted on its loan(s).

88. Consideration should also be given to whether the Council's involvement in this arrangement is proportionate and properly balanced against the anticipated benefit as well as the wider interest of its local business rate and council tax payers. On a practical basis this means that Members should consider whether the monies that they are requested to approve for lending could be better used by the Council for

the wider interests of its local tax payers. This should include considering the impact on the Council (and therefore its local tax payers) if the Company became insolvent or otherwise defaulted on loans it had taken from the Council.

**89. Human Resources implications and risks:**

90. The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

**91. Equalities implications and risks:**

92. The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- ii) The need to advance equality of opportunity between persons who share protected characteristics<sup>1</sup> and those who do not, and;
- iii) Foster good relations between those who have protected characteristics and those who do not.

93. The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce.

94. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants. The scheme will benefit households at risk of homelessness by providing good quality, affordable housing. Households with protected characteristics are over-represented as homeless and therefore this scheme will have a positive impact on those groups.

**95. Health and Wellbeing implications and Risks**

96. It is anticipated that the implementation of this proposal and its subsequent delivery of better quality properties will generate positive health and wellbeing benefits to directly to households who have a need to be accommodated by the Council.

**BACKGROUND PAPERS**

Appendix 1 – MLH Business case (exempt)

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<sup>1</sup> 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.