



Overview and Scrutiny Board

13 February 2025

Subject Heading:

Call in of Cabinet Decision - Office to residential conversion to accommodate homeless families – Eastgate House

ELT Lead:

Patrick Odling-Smee, Director of Living Well

Report Author and contact details:

Darren Alexander, Assistant Director of Housing Demand

Policy context:

Financial summary:

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

People - Supporting our residents to stay safe and well **X**

Place - A great place to live, work and enjoy **X**

Resources - Enabling a resident-focused and resilient Council

SUMMARY

Following Cabinet decision and using its Constitutional powers under the Overview and Scrutiny Procedure Rules, the Overview and Scrutiny Board has called in the decision to enter into an agreement to lease Eastgate House to accommodate homeless families. This report provides a response to each of the comments and questions raised in the call-in.

RECOMMENDATION

1. **That the Overview and Scrutiny Board consider the responses to the issues raised in the call-in.**

REPORT DETAIL

2. **Have any of the Cabinet been to visit the site? Have any officers? Assuming, as the Cabinet have agreed this, any concerns presented were not insurmountable, what were the concerns raised by Cabinet or officers and how were they addressed?**

Darren Alexander, Assistant Director and his Housing Demand Service Managers went to visit the site last summer. Videos of the unit were taken. At the time of the visit officers accessed the building through all three access points, the car park, shopping mall and main external entrance of the building.

The building is in the heart of the town centre yet relatively discreet i.e. you don't know it is there unless you are looking for it and this will provide a degree of privacy to our families with access to amenities all within the footprint of the building.

We will not entered a lease if the council are not satisfied the building meets control and fire safety standards including for evacuation.

3. **I am concerned that we are taking whatever National Housing Group are offering, are we providing any criteria to them of what is acceptable and what is not?**

The council has had extensive discussions with the National Housing Group (NHG) as about our need. The NHG have already delivered accommodation for our single people with complex needs cohort. They have provided Farringdon Avenue (which has now been bought by Penrose, Social Interest Group), a scheme for people with complex needs; as well as a mother and baby unit in Mawney Road, which has enabled us to get young mothers and their new born babies out of emergency hotel placements.

NHG have had the opportunity to visit Royal Jubilee Court and speak to some residents to understand the provision we currently have for our families and they intend to provide a larger, higher quality provision at both Chesham House and Eastgate House.

4. Being as we are so concerned about social care being a vehicle for investment profit, have we considered the implications of the TA sector becoming the same?

The Council are equally concerned about local estate agents and lettings providers exploiting a fraught market with low quality accommodation and extraordinary rental premiums in the emergency temporary accommodation sector.

This is a central reason why the local authority has been exploring deals with equity fund partners that has access to low cost capital that can deliver better quality accommodation that we can control as well as provide the affordable rent levels we require.

The approach with the NHG is one of the many vehicles available to counteract the rising emergency costs and while they ask for longer leases to provide more security to their capital they are able to offer value for money that aligns with the local housing allowance.

In the past deals of this nature would have annual cost increases in line with CPI indexation however, NHG are offering indexation to be tracked against the government's local housing allowance. This protects the local authority from the type of exposure we are currently experiencing with last year's overspend reaching £6.2m.

We anticipate deals of this nature will help to alleviate our cost pressures significantly as well as balance our budgets by 2028 and savings have been built into the MTFs as a consequence of this scheme.

There is some subsidy deficit that will be borne by the council but as outlined in our report this is £1.8m in cost avoidance over a 10 year term, we will also receive £5.3m of capital receipts over that period.

5. How will we maintain residents links to healthcare, schools, etc, what is the estimated move-on time, will they be assisted to change placements to Basildon or given any assistance with travel?

We already place 50+ households out of borough as a result of the increase in use of nightly paid accommodation and as part of the offer households are expected to meet their needs accordingly. These properties are largely dispersed and are not planned placements.

The Eastgate Scheme will be a planned placement and come with a package of support that caters to the household needs with regards to healthcare schools etc. The assured shorthold tenancies mean that families will have tenancy rights for the duration of the 10 year term. This offers greater stability to families who can then plan longer term what their needs may be. Although we have the power to discharge our duties we as part of the Localism Act, we will retain responsibility for the housing for two years and will also maintain their registration on our housing register, so they will be able to bid for council properties in Havering. In the event that circumstances change we will be able to make local decisions about move-on including a return to Havering if that is indeed the wish of the household. We

anticipate as has others who have settled in Basildon for this to occur on an individual basis.

6. Will there be any Family Welcome support on site as mentioned with regards to Chesham House?

Although Eastgate House is an office to residential conversion, it is quite unlike Chesham House and therefore we cannot treat it in the same way with on-site support.

The building does not have the features of Chesham House where office accommodation could be provided in a central location that provides the type of amenities and relationships with staff we expect will be created at Chesham House and has already been achieved at Royal Jubilee Court.

However, its features does lend itself to allow satellite support for residents with officers able to access all units on single visits that won't require much travelling that would be required for dispersed properties. We also want to enable our families to have some independence so those families allocated to these properties will be those that won't require the hands on support we are able to provide.

7. What mechanism will be used to determine that this is exempt accommodation for the purposes of attracting the higher LHA rate?

Although we will achieve the higher rate LHA that will enable us to make significant cost avoidance. With the building in another district we are unable to provide certainties that we can achieve exempt housing benefit rates. This will be explored with our colleagues in Basildon and if they are amenable to this provision that will improve an already positive financial model.

8. Will there be any communal or play space on the site?

This scheme will not provide communal or play space on site. However, its close proximity to the town centre which means that this need can be met elsewhere.

9. Given the discrepancy between the Havering and the Basildon LHA rates, are we still only passing on the LHA rate to QLM, or are we 'topping up' to the Havering rate?

We will be topping up the rates as part of our subsidy provision which amounts to £2.8m but still represents a net cost reduction in hotels of £1.8m plus capital receipts of £5.3m over the same period.

10. Bearing in mind at the Chesham House call-in, it was discussed that we wanted to proceed with Chesham House to prevent the property being used by other boroughs. As we are now doing this to Basildon, will this damage any relationship we have with them?

We have a working relationship with our colleagues in other London boroughs and it is a common understanding that we are now all operating in each other's

boroughs. Our endeavour now is to focus on making sure we do not inadvertently inflate their existing market. This particular scheme will operate at the local housing allowance and therefore would not create an inflation in market forces. We are aware of the activity of inner London boroughs and are resigned to not being able to operate in the market in the same way they are able to.

The NHG have presented an opportunity to us with Chesham House that other boroughs would not be privy to without local knowledge so we are proud that there is still a market for us to be able to operate in without outside interference.

11. Are the Council comfortable with housing our residents in a building where we have had no oversight of planning or building control?

Although we won't have oversight on planning or building control we will expect that this will be met to the highest possible standards through our own contractual controls and specifications which will be overseen through a council appointed employer's agent.

12. If persons placed in this accommodation become tenants of QLM, their Housing Duty is ended (as per the conversation at call in for Chesham House) how long would a person have to remain in this accommodation to be considered to have broken their residency in Havering for the purposes of the Housing Register? In the event of an unavoidable delay, will this be waived?

Yes this can be waived. The new allocations policy, which will be implemented by the time Eastgate opens, looks at residency for 4 out of 6 years. Meaning a resident can be in the Eastgate scheme for 2 years and still remain on the register. We will have our own discretionary powers that can consider unavoidable delays, as they are placed outside of Havering.

13. Will these be single-occupancy units or family accommodation?

2 bed self contained flats for families.

14. How are the issues raised by Basildon Council in their letter of 22/1 being addressed?

We will provide Basildon a full response to their letter dated 22 January 2025. The issues will be addressed by NHG as part of their application for planning permission and building control consent.

IMPLICATIONS AND RISKS

Financial implications and risks: None. This report is for information only.

Legal implications and risks: None. This report is for information only.

Human Resources implications and risks: None. This report is for information only.

Equalities implications and risks: None. This report is for information only.

Environmental and Climate Change implications and risks: None. This report is for information only.

BACKGROUND PAPERS

None.