

Report for: **Cabinet**

Title: **Update on Capital Letters**

Report authorised by: **David Joyce, Director of Housing, Regeneration & Planning**

Lead Officer: **Robbie Erbmman, Assistant Director for Housing**

Ward(s) affected: **All**

Report for Key/
Non-Key Decision: **Non-Key Decision**

1. Describe the issue under consideration

- 1.1. Capital Letters London Limited (“Capital Letters”) is a collaboration between sixteen London boroughs to improve housing options for homeless households. Operating on a not-for profit basis as a Company Limited by Guarantee, Capital Letters procures accommodation on behalf of its member boroughs for homeless Londoners and those at risk of homelessness.
- 1.2. On 9 October 2018 Cabinet agreed for the Council to join Capital Letters as an ‘A member’, one of its thirteen founder members.
- 1.3. Capital Letters is funded through a combination of Ministry of Housing, Communities & Local Government (MHCLG) grants and contributions from its member boroughs for the delivery of the Services. The Council has entered into a Service Level Agreement with Capital Letters under which it is required to pay for the Landlord incentives for properties provided under the Borough Service Plan (attached to this Report).
- 1.4. This report provides an update on Capital Letters and seeks authority to make on-going payments to cover the incentives and staffing costs.

2. Cabinet Member Introduction

- 2.1. This administration is committed to doing everything within its power to end homelessness. This means building a new generation of Council homes, but it also means providing the best help we can to people who are homeless now – whether that’s the 700 people sleeping rough in Haringey given accommodation by the Council since the outbreak of Covid-19, or the 3,098 homeless households we currently provide with temporary accommodation.
- 2.2. Too often and for too long, families dealing with the trauma of homelessness have been provided with accommodation by London Authorities that is far from friends, schools, and communities. We have taken steps to change this.

- 2.3. The Council has bought 200 good, local homes and let them to homeless Haringey families through the Community Benefit Society we established.
- 2.4. And in October 2019, the Council joined Capital Letters as one of its founder members. Since then, Capital Letters has provided good, local homes for 132 homeless Haringey households.
- 2.5. Instead of boroughs competing with each other for accommodation across the capital, driving up prices and sending families to distant parts of London, Capital Letters sources accommodation on behalf of all its member boroughs and then allocates it on a geographical basis. As a result, not only have those 132 Haringey households been able to stay within their communities, but the Council has also saved £140,000.
- 2.6. Capital Letters shows what can be done when London boroughs cooperate. This report recommends that we allocate the necessary resources to remain part of that initiative.

3. Recommendations

It is recommended that the Cabinet:

- 3.1. Approves the payment of a sum of up to [EXEMPT] to Capital Letters to fund a member of staff, for the financial year period 2020/21 in line with the service level agreement and Borough Service Plan.
- 3.2. Approves the payment of a sum of up to the maximum total of [EXEMPT] to Capital Letters for Private Sector Landlord Incentives, including related insurance and void period payments for the financial year period 2020/21 in line with the service level agreement and Borough Service Plan.
- 3.3. Approves future payments to Capital Letters for Private Sector Landlord incentives, to fund one member of staff, and to cover void and insurance cost annually for the financial year 2021/2022; and gives delegated authority to the Director of Housing, Regeneration and Planning, after consultation with the Director of Finance, to approve all such future payments to Capital Letters from 2021/22 financial year onwards in accordance with the Service Level Agreement, Borough Service Plan; and subject to continued part funding of incentives by MHCLG and government allocation of future Flexible Homelessness Support Grant (FHSG).
- 3.4. Notes that all these payments will be made from the Council's FHSG allocation from Government; and that these payments will only continue as long as there is allocation of FHSG to cover the cost, and on condition that the part-funding of Capital Letters from MHCLG continues.

4. Reasons for decision

- 4.1. Recommendation 3.1 is proposed as it is a membership requirement of the Capital Letters scheme to provide four members of staff, and to date only three have been seconded from Homes for Haringey. Payment will be made on a pro-rata basis dependent on the date of appointment of the additional member of staff, and the amount will be advised prior to invoices being submitted.

- 4.2. Recommendation 3.2 is proposed as it is a membership requirement of the Capital Letters scheme to reimburse the costs of incentives, insurance, and void payments. The cost of the incentive per tenancy of Capital Letters sourced tenancies is partly funded by MHCLG and so are at a lower rate than those previously obtained by Homes for Haringey. The amount to be paid will depend on the number of lets entered into and will be advised prior to the invoices being submitted.
- 4.3. Recommendation 3.3. is proposed as these payments will depend on the number of properties sourced and allocated in each period and the Council will be invoiced frequently during each financial year.

5. Alternative options considered

- 5.1. The Council could decide not to make these payments. This option was rejected because it would mean that the Council would lose the benefit of joining Capital Letters and would be a breach of the membership terms.

6. Background information

Background

- 6.1. Capital Letters (London) Limited ('Capital Letters') was created on 17 December 2018 with the aim of removing competition and duplication between individual London boroughs and, by accessing additional funding, significantly reducing the cost of providing temporary accommodation. By allocating new homes to boroughs on the basis of the home's location, it is also expected that households will be placed more locally than happens when individual boroughs are competing with each other for accommodation across London.
- 6.2. Capital Letters is owned by its member boroughs. It is funded through a grant from MHCLG and is staffed through secondments from its member boroughs or financial contributions from those members in lieu of seconding staff.
- 6.3. At its meeting on 9 October 2018, the Cabinet agreed:

'In principle, for the Council to join Capital Letters London Ltd, a Company Limited by Guarantee that will be established by the London boroughs, as an 'A member' and delegated authority to the Director of Housing, Regeneration and Planning, after consultation with the Cabinet Member for Housing and Estate Renewal and the Statutory Legal and Finance Officers, the following:

- a) Finalising and agreement of the Articles of Association
- b) Payment of up to £100,000 from Flexible Homelessness Support Grant funding in lieu of seconding staff as set out in paragraph 6.11 of that Report.'

Update on Capital Letters

- 6.4. The Council formally joined Capital Letters on 14 October 2019. Since that date Capital Letters has provided homes for 132 homeless households nominated by Haringey Council. Normally, the Council would have expected to pay [EXEMPT] for those

placements, but with the part funding of incentives from MHCLG, it is expected that [EXEMPT] will be paid to Capital Letters as incentives up to October 2020. This is a saving of £140,000 compared to paying the incentives directly.

- 6.5. Capital Letters' performance was under target from October 2019 to January 2020 but was meeting targets until mid-June 2020. It has since been impacted by the coronavirus pandemic which has severely disrupted the housing sector and changed the wider approach to tackling the homelessness crisis affecting local authorities across the country.
- 6.6. As of the end of September 2020, 16 Boroughs are now members of Capital Letters.
- 6.7. Given the impact of the coronavirus pandemic during 2020, the Council is continuing to monitor Capital Letters' performance going forward and notes that interest in joining the scheme from London boroughs continues to grow. The Council is therefore confident this will allow Capital Letters to play an increasingly important and successful role in London's private rented market.

Funding arrangements

- 6.8. Up until September 2019, Homes for Haringey procured private sector tenancies for homeless households through its Acquisitions Team. To ensure that these tenancies were affordable for the full two-years of the tenancy, Homes for Haringey paid the landlords incentives funded by the Council through the AST Incentives Budget.
- 6.9. From October 2019 onwards, Capital Letters took over the procurement of new properties on behalf of its member boroughs, supported by the MHCLG. Homes for Haringey thus reduced the level of sourcing private sector tenancies and seconded three staff to Capital Letters. A fourth member of staff was due to be seconded but left Homes for Haringey and so the Council is required to fund a Capital Letters member of staff to cover this fourth post so that the Council can receive the number of lets needed.
- 6.10. The Council currently nominates homeless households to properties obtained through Capital Letters. Prior to October 2019, Homes for Haringey paid Private Landlords incentives to accommodate Homeless Households with a budget of £920,000 plus additional funding of up to £550,000 allocated from the FHSG.
- 6.11. Since October 2019, the majority of private sector tenancies are now sourced through Capital Letters instead. This arrangement enables a significant saving for each let entered into as the incentives are part funded by the MHCLG grant. Savings of approximately £140,000 have been achieved up to the end of September 2020 compared to paying the incentives directly.
- 6.12. As Homes for Haringey are no longer administering these incentives, authorisation is sought to make payments to Capital Letters to fund the incentives for the lets that they source.
- 6.13. Future payments to Capital Letters under this arrangement will be made from FHSG as agreed in each financial year.

7. Contribution to strategic outcomes

- 7.1. Capital Letters assists with the delivery of Objective 2 of Haringey's Housing Strategy 2017-22 to "Improve help and support to prevent homelessness". Capital Letters will also help to prevent homelessness, providing suitable and affordable temporary accommodation and increase the local placements of households.
- 7.2. Capital Letters assists with the delivery of the Homelessness Strategy 2018 by increasing the suitability, affordability and location of both temporary accommodation and private tenancies.

8. Statutory Officers comments

Finance

- 8.1. The report seeks Cabinet approval of payments for PSL incentives, cost in lieu of staff secondment and associated insurance and void cost of sourced properties.
- 8.2. Membership of Capital Letters requires that we make these contributions. The incentive payment is matched by MHCLG contribution of £1,400 per property secured. Without Capital Letters, the total value of the incentives paid by the Council would have been higher.
- 8.3. There is provision in this year's allocation of FHSG to cover the payment to Capital Letters.
- 8.4. Future payment to Capital letters is dependent on government's allocation of FHSG for future years and MHCLG continued part funding of incentives beyond 2021/22. These have not been announced yet.
- 8.5. Any delegation of approval of future payments to officers should be subject to these funding sources continuing or appropriate funding source identified.

Legal

- 8.6. The Council is a member of Capital Letters and has also entered into a Service Level Agreement. The payments authorised by this report must be made in accordance with the membership requirements set out in the Members Agreement and the Service Level Agreement which the Council has entered into.

Equalities

- 8.7. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- 8.8. Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act.

- 8.9. Advance equality of opportunity between people who share those protected characteristics and people who do not.
- 8.10. Foster good relations between people who share those characteristics and people who do not.
- 8.11. The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex, and sexual orientation. Marriage and civil partnership statuses applies to the first part of the duty.
- 8.12. This report relates to membership of the Capital Letters scheme, which seeks to procure accommodation for statutory homeless households. The decision will therefore primarily affect individuals and households currently living in temporary accommodation and those who are most at risk of homelessness.
- 8.13. Data held by the Council suggests that women, young people, and BAME communities are over-represented among those living in temporary accommodation. Furthermore, individuals with these protected characteristics as well as those who identify as LGBT+ and individuals with disabilities are known to be vulnerable to homelessness, as detailed in the Equalities Impact Assessment of the Council's Draft Homelessness Strategy.
- 8.14. An Equalities Impact Assessment which covers the placement of households in and out of the borough was completed as part of the Temporary Accommodation Placement policy and is published here:

https://www.minutes.haringey.gov.uk/documents/s88241/Supply%20Plan%20Cabinet%20report_Oct16%20App3%20TA%20EqIA%20v2%200.pdf

9. Use of Appendices

There are no appendices to this report.

10. Local Government (Access to Information) Act 1985

Minutes and reports to the Cabinet of 9 October 2018

<http://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=118&MId=8730&Ver=4>

Equalities Impact Assessment for Temporary Accommodation Placement policy

https://www.minutes.haringey.gov.uk/documents/s88241/Supply%20Plan%20Cabinet%20report_Oct16%20App3%20TA%20EqIA%20v2%200.pdf.