

The Royal Borough of Kensington and Chelsea

KEY DECISION

Report Title: ACQUISITION OF A PROPERTY TO ENABLE ITS USE AS SUPPORTED HOUSING BY HOUSING, SOCIAL INVESTMENT & PROPERTY
Date: 22nd January 2025

Decision Maker	Leadership Team
Reporting Officer	Dan Hawthorn, Executive Director, Social Investment and Property; Christine Addison, Director, Social Investment and Property
Key Decision	KD1010525
Access to information	Public (Part A) with exempt appendix The Part B of this report is currently exempt from disclosure on the grounds that (i) it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, (ii) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
Ward	Redcliffe

1. EXECUTIVE SUMMARY

- 1.1 This report sets out a proposal to acquire Princess Beatrice House, situated in Earl's Court (Redcliffe ward), and to use this building to provide Supported Housing (SH) for vulnerable residents in housing need.
- 1.2 There is a significant demand for supported housing from residents, with two key supported housing services having been de-commissioned in the borough since 2023 and an increasing demand for homelessness assistance from single people within the Borough.
- 1.3 The provision of supported housing at Princess Beatrice House would increase supply to meet the demand and needs of vulnerable residents, reduce the need to accommodate residents in costly temporary accommodation or housing which is not as suitable for their needs, positively impact on homelessness prevention, and increase the provision of accessible housing in the borough.

- 1.4 In owning the freehold, the Council will have full flexibility related to its future use and, as necessary and appropriate, can justify investing any capital required to ensure the provision of good quality supported housing in the borough.
- 1.5 The recommended option is to purchase the property and refurbish and remodel it to provide modern, fit-for-purpose studio accommodation, continuing its use as supported housing for the homeless.
- 1.6 This will enable the Council to ensure good quality homes are provided for vulnerable residents and is more financially viable for the Council when considered against alternative uses including Temporary Accommodation (TA).

2. RECOMMENDATIONS

The Leadership Team is recommended to:

- 2.1 Approve the proposed purchase of Princess Beatrice House from Look Ahead Care & Support Ltd, subject to satisfactory due diligence and the contractual signing of the GLA grant, on the terms and for the amount identified in confidential Part B and to enter into any legal agreements to facilitate the acquisition.
- 2.2 From the Capital Programme budget, approve the funding for this project identified in exempt (Part B) appendix to include the amount identified to cover acquisition, fees, immediate repair requirements and post-acquisition feasibility work which will progress the recommended remodelling option through further due-diligence, detailed design, option analysis and narrowing the decisions about the longer-term investment in supported accommodation at this site.
- 2.3 Delegate approval to the Executive Director of Housing and Social Investment, following consultation with the Lead Member of Property, Parks and Leisure, to agree any appropriate and necessary amendments to the terms stated within this report (including agreement on any re-negotiation of the purchase price, providing it does not exceed the current proposed purchase price) to facilitate the acquisition of the Property.

3. REASONS FOR DECISION

- 3.1 Princess Beatrice House is owned by Look Ahead Care & Support Ltd. The Council has previously commissioned Look Ahead to provide a supported accommodation service at Princess Beatrice House for homeless men. There was provision for 68 residents and all residents were referred to Look Ahead by the Council, who had been responsible for the procurement and costs associated with providing this service.
- 3.2 There has been a lack of investment in the building by the owner over a long period of time with short-term and longer-term improvement work

required to reflect up to date service delivery standards. Look Ahead made a decision to sell the building and gave the Council notice of this and its intention to sell with vacant possession. Over recent months the Council has succeeded in moving all residents to alternative accommodation and the building is now vacant.

- 3.3 A decision to acquire Princess Beatrice House and use it for the provision of supported housing will enable the Council to meet its statutory obligations in relation to homelessness and providing suitable accommodation to residents; and it will also provide positive outcomes for some of the borough's most vulnerable residents.
- 3.4 By acquiring the freehold of the building, the Council can ensure that the necessary capital investment is made to provide good quality, modern supported housing for vulnerable residents. The preferred and recommended option is based on a remodelling, redesign and refurbishment of the existing layout. However, this option will be compared in more detail with the alternative option to demolish and rebuild for supported housing purposes, if the post-acquisition detailed feasibility and business case indicates this.
- 3.5 Princess Beatrice House presents an opportunity for the Council to own and manage its own supported housing for vulnerable residents at this location, which will meet known housing needs, and over the longer term will create more stability for residents and save costs.
- 3.6 Using this building to provide a supported housing service to vulnerable residents in housing needs aligns with the strategic housing related commitments in the Council Plan and Action Plan.

4. BACKGROUND

- 4.1 Princess Beatrice House is a five-storey, purpose-built block of flats in Earls Court, constructed in the early 1980s, and purchased by Look Ahead in 2010. It currently provides circa 1,450sqm of usable space.
- 4.2 Princess Beatrice House provided 68 bedspaces across 18 flats and over five floors (from lower ground floor to third floor). This predominantly comprises cluster flats where four residents each had their own bedroom and share living, kitchen and bathroom spaces; there are also two bedsits where two residents share the kitchen area and bathroom.
- 4.3 The Council previously commissioned supported housing services for up to 68 residents at Princess Beatrice House through Look Ahead, a provider of specialist care, support and housing services across London and the South East. Residents were exclusively referred to the service by the Council's Housing Solutions Team within Housing Needs.

4.4 Look Ahead have advised that the building is structurally sound with no obvious external defects, other than some repointing. However, they have not carried out internal maintenance and mechanical and electrical services replacement works for several years, and the building condition and suitability internally is poor. Full technical due diligence has been procured as follows, and the findings are due mid-January. The sale will not complete without the technical due diligence being fully complete as the results will impact directly on the acquisition price being paid by the Council.:

- Condition Survey and report incorporating specialist survey findings
- Desktop Environmental Assessment
- Drainage Survey
- Asbestos Survey
- Structural and MEP surveys associated with the remodelling option

4.5 Look Ahead has considered its own options about whether to invest or not and had decided against given their current operational model and general capital needs. Look Ahead has therefore decided to close the service and has appointed agents to sell the property via an informal tender process.

4.6 The Council have also reviewed various options for acquisition and continued use to meet housing needs, set out in 5, below and further in exempt (Part B) appendix.

4.7 The recommended option is for the Council to purchase Princess Beatrice House and undertake a remodel to provide modern supported housing – and as such lessen the financial and social cost of using temporary accommodation to house eligible residents. The business case for acquisition has been prepared on this basis.

Evidence of need for supported housing at this location

4.8 The Council currently commissions 11 supported housing services in the borough, which provides a total of 453 bedspaces for young people, mothers and babies, domestic abuse survivors, homeless people, and socially excluded people – and seven units are used as assessment beds for rough sleepers.

4.9 Princess Beatrice House was commissioned by the Council as supported housing for many years. It accommodated and supported men aged 18+ who were homeless or threatened with homelessness and who had a relevant support need. The service aimed to help residents move on to more independent living within two years.

- 4.10 There is a significant demand for supported housing from our vulnerable residents. Homeless Link has been commissioned to complete a review of supported housing in the borough and produce the Council's Supported Housing Strategy. Analysis from Homeless Link sets-out the need to increase supported housing provision in the borough.
- 4.11 The analysis concludes that the current provision of 453 supporting housing units is 123 less than the estimated 576 units required in the long term. The acquisition would provide an additional 66 units, resulting in a total of 519 units of supported housing in the borough. However, this would still be 57 units less than the estimated number required to meet demand.
- 4.12 Further, during the period 1 July 2024 to 18 September 2024 – when the operational supported housing team was reconfigured – 82 residents were assessed as being suitable for a move into supported housing. When extrapolating this sample over a 12-month period, this is estimated to be in excess of 300 residents in need of a move to supported housing.
- 4.13 Occupancy levels at Princess Beatrice House had ordinarily been high for the majority of the time it was commissioned by the Council. Demand for supported housing generally is high and voids are ordinarily filled quickly as people wait for supported housing to become available.
- 4.14 In addition, local authorities are increasingly seeing organisations selling properties rather than continuing to use them to provide supported housing services, which is the case with Look Ahead and the property in question. In 2023 St Mungo's closed 173 Cromwell Road, a 54 flat high-needs supported housing service for rough sleepers in the borough.
- 4.15 The Housing Solutions Team have identified 17 clients with high support needs who are currently inappropriately housed in temporary accommodation.
- 4.16 There are approximately between 40 and 50 people in out-of-borough spot-funded supported accommodation (accommodation purchased on an ad-hoc basis to meet a specific need for a certain period of time) at any one time, almost all of whom, should ideally be in 'in-borough' provisions. Ordinarily, this out of borough accommodation is significantly more expensive than in-borough supported housing provision.
- 4.17 There are at least six people waiting for high support on the Clinically Ready for Discharge lists for acute and rehabilitation at the moment, and they have patients waiting up to three years for relatively straight-forward step-downs to more independent settings.
- 4.18 If the building is acquired and used as supported housing, it is likely that it will accommodate local residents who are homeless or threatened with homelessness, and who have medium-to-high-level support needs. It

could also be a mixed-sex provision service. Further analysis post-acquisition would identify any options that are more preferential than the base case.

- 4.19 In summary, there is a significant demand for supported housing from residents; two key supported housing services have been de-commissioned in the borough since 2023, resulting in a loss of 122 supported housing units; and Homeless Link recommends, following their needs analysis and supported housing review, that we significantly increase supported housing provision to meet demand and the needs of vulnerable residents.

The benefits of providing supported housing

- 4.20 If Princess Beatrice House is acquired to provide supported housing, the new supported housing service would not be available for some time following acquisition due to the time needed to redevelop and remodel the building – and the benefits of providing a supported housing service (both financial and in terms of outcomes for vulnerable residents) would therefore not be seen immediately post-acquisition. However, the benefits of this supported housing provision would be seen in the future and on a long-term basis.
- 4.21 Residents who are suitable for supported housing services are often particularly vulnerable and have some of the most complex needs, including mental health issues, social isolation and substance misuse issues. Supported housing offers a more suitable housing option for many vulnerable residents compared to other types of housing, as residents are supported by services to develop their independent living skills over time and work towards more independent living in the long-term.
- 4.22 The provision of modern self-contained supported housing at Princess Beatrice House will therefore help to achieve positive outcomes for some of our most vulnerable residents over time.
- 4.23 The provision of this supported housing service will also help the Council to prevent and relieve homelessness for some vulnerable single residents in the long-term – thereby reducing the use of temporary accommodation to an extent – by providing suitable accommodation to residents who may otherwise be placed in temporary accommodation or reside in accommodation which is not as suitable for their needs.
- 4.24 This is particularly important given the significant increase in demand for homelessness assistance in recent years, the fact that 76% of homelessness applications made to the Council in 2023/24 were from single people, and the significant costs of providing temporary accommodation to homeless residents.

- 4.25 The acquisition of Princess Beatrice House for supported housing would positively impact on the Council's commitment to tackle rough sleeping, and increase the accommodation and support options for rough sleepers in the borough. Many rough sleepers are helped to move away from a life on the streets into supported housing where they can develop their independent living skills.

Accessible housing provision

- 4.26 Under the preferred option, Princess Beatrice House will be remodelled to provide between six and nine wheelchair accessible units. This could be used to provide suitable accommodation to vulnerable residents who are homeless (including those in temporary accommodation) or threatened with homelessness – particularly as there is a lack of availability of wheelchair accessible social housing, private rented housing and supported housing in the borough.
- 4.27 The Council ordinarily needs to place many single people in wheelchair accessible temporary accommodation throughout the year – wheelchair accessible temporary accommodation is difficult and prohibitively expensive to procure.
- 4.28 Consequently, acquiring Princess Beatrice House to use as supported housing would increase the provision of accessible housing in the borough, mitigate against the Council breaching its homelessness duty to residents, and ensure that a greater number of residents in need of an accessible home reside in suitable housing.

Council Plan commitments

- 4.29 Acquiring Princess Beatrice House to be used as supported housing would contribute towards the following Council Plan commitments:
- Prioritise safety in our approach to managing, maintaining and allocating Council homes, while working with registered providers, temporary accommodation providers, and private sector landlords to drive the highest possible standards (safer).
 - Be a good landlord, investing in and maintaining our social housing and targeting more services in areas like health and employment support to people in social housing or on the housing register (fairer).
 - Prevent homelessness and rough sleeping wherever we can (fairer).
 - Ensure that residents who most need our support, including those who live in social housing and temporary accommodation, feel the full benefit of our services and investment (fairer).

- Lead the transition to net zero by making Council-owned buildings like our homes and estates, schools, and offices energy efficient (greener).

4.30 In addition, it will contribute towards the related cross-Council change activity in prioritising the impact on the safety and wellbeing of our residents when we make decisions about spending and being a good landlord by investing in more support for residents.

5. OPTIONS, ANALYSIS AND PROPOSALS

5.1 Five broad options have been assessed for the acquisition of Princess Beatrice House to support meeting the Council's housing need. The preferred option demonstrates a strong case for purchasing the property. The options, assumptions and models are set out in exempt (Part B) appendix to this report and summarised below.

Table 1 Options Considered

#	Option	Recommendation
1	Acquire the property and remodel as supported housing	Recommended Option
2	Acquire the property and remodel as Temporary Accommodation	Not Recommended
3	Acquire the property and remodel for other Council uses	Not Recommended
4	Acquire the property, demolish the existing structure and rebuild	Further investigation if necessary
5	Do not acquire the property	Not Recommended

5.2 Option 1 is the recommended option as ensures the provision of the essential supported housing need in this location whilst achieving cost savings for the Council when compared to either a third-party acquiring or the Council having to provide this accommodation via temporary accommodation. This is supported by effectively utilising available GLA grant.

5.3 Option 2 is not recommended as it is not financially viable given the lower available grant position and income if the property was bought and remodelled as temporary accommodation.

5.4 Option 3 is not recommended as the continuation of a supported housing service from this location is strongly supported, and the planning and grant viability cases for changing use would be challenging and incur unnecessary risk.

5.5 Option 4 is recommended for further exploration post-acquisition if for some unforeseen reason, Option 1 is prevented from coming forward. At present, however, the Council's view is that financial, planning and site

constraints will likely prevent this from being as viable as the recommended option (Option 1). The recommended option remains a viable base case for acquisition in any event.

- 5.6 Option 5 is not recommended as the Council will have less security of supply – potentially losing control of a site that has been critical in meeting its supported housing requirements – and also incur higher costs, either by renting the site from a third party, which is likely to be at higher cost, or having to source additional temporary accommodation.

6. CONSULTATION AND COMMUNITY ENGAGEMENT

- 6.1 Consultation has been ongoing with the GLA in order to secure the grant funding, with funding secured on the basis of funding Option 1 (subject to signing the contract).
- 6.2 Ward Members have been consulted and support the acquisition.
- 6.3 Engagement has taken place with the previous residents at Princess Beatrice House as part of the annual satisfaction surveys that the Council undertakes at its supported housing schemes. This feedback will be used to inform the service and design as it is reproced.
- 6.4 The feedback from previous residents is that they appreciate the support the receive, especially around budgeting, accessing training and health services – although they have shared concerns around the state of the building.
- 6.5 The pre-tender preparation stage for the commissioning of the service will take an estimated four months, running parallel to the planning stage of the refurbishment, and include regular communication with stakeholders, including service users, councillors and the community in the area surrounding Princess Beatrice House – ensuring that the process takes into account the needs and expectations of the community.

7. LEGAL IMPLICATIONS

- 7.1 Section 1(1) of the Localism Act 2011 confers a general power of competence on the Council and provides that a local authority may do anything that individuals generally may do, even though they are in nature, extent or otherwise:- a) unlike anything the authority may do apart from subsection (1); or b) unlike anything that other public bodies may do. In addition to this, Section 111 of the Local Government Act 1972 provides that a local authority shall have the power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.

- 7.2 The Council also has the power under section 120 of the Local Government Act 1972 to acquire land for any purpose for which it is authorised under any enactment to acquire land or for any of its functions.
- 7.3 The Council has a duty under Housing Act 1996 (Part VI) to have a scheme for determining priorities in allocating housing accommodation. The duty under Housing Act 1996 (Part VI) allocation scheme must be framed so as to secure that reasonable preference is given to specified groups;
- (a) people who are homeless (within the meaning of Part 7);
 - (b) people who are owed a duty by any local housing authority under section 190(2), 193(2) or 195(2) (or under section 65(2) or 68(2) of the Housing Act 1985) or who are occupying accommodation secured by any such authority under section 192(3);
 - (c) people occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions;
 - (d) people who need to move on medical or welfare grounds (including any grounds relating to a disability); and
 - (e) people who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others).
- 7.4 The scheme may also give additional preference to other groups with urgent housing needs and may contain provision for determining priorities taking into account other factors as specified in s166A of the Act.
- 7.5 The Council has a duty under the Housing Act 1996 (Part VII), as amended, to ensure that accommodation is made available for homeless applicants who are owed a full housing duty by the Council. When discharging this duty, the Council must, so far as reasonably practicable, ensure that the accommodation is available for the applicant in their own district: s208(1) of the 1996 Act.
- 7.6 Section 206 Housing Act 1996 states that a local housing authority may discharge their housing functions under Part 7 of the Act only in the following ways—
- a) by securing that suitable accommodation provided by them is available
 - b) by securing that he obtains suitable accommodation from some other person, or
 - c) by giving him such advice and assistance as will secure that suitable accommodation is available from some other person
- 7.7 In discharging its functions to homeless persons, the council must also have due regard to the Public Sector Equality Duty (PSED) in s149 Equality Act 2010. S.149 Equality Act provides that the Council must, in the exercise of its functions, have due regard to the need to—

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.8 Therefore, PSED must be considered of those requiring a duty to be housed and any evaluation as to suitability of those properties to be acquired will need to be taken with this in mind.

7.9 Further legal implications are set out in Confidential Part B of the report.

8. FINANCIAL, PROPERTY AND ANY OTHER RESOURCES IMPLICATIONS

8.1 Financial comments are set out in part B of the report.

8.2 The acquisition is conditional on the Council's governance procedures and satisfaction as to the conditions of their bid, including technical and legal due diligence, outlined further in part B of the report.

9. ENVIRONMENTAL IMPLICATIONS

9.1 The recommended option will include proposals retrofitting the building sustainably with modern glazing and heating systems as part of the refurbishment, with further details to be confirmed during the detailed design stage.

10. HUMAN RESOURCES IMPLICATIONS

10.1 There are no HR implications based on this proposal.

11. EQUALITIES IMPACT ASSESSMENT AND IMPLICATIONS

11.1 It is anticipated that the decision will have a positive impact on some protected characteristic groups and will not disproportionately affect other protected characteristic groups. It is not expected that the provision of a supported accommodation service for vulnerable residents will have a negative impact on any protected characteristic group.

11.2 The Public Sector Equality Duty requires the Council to demonstrate that it is making decisions in a fair, transparent and accountable way, considering the needs and the rights of different members of the community.

11.3 A completed EqIA accompanies this Key Decision at Appendix 2.

12. APPENDICES

12.1 Appendix 1: Exempt (Part B) information

12.2 Appendix 2: Equalities Impact Assessment

13. SUPPORTING AND BACKGROUND DOCUMENTS

13.1 None

Christine Addison
Director of Social Investment and Property

Contact officer(s)

Dan Hawthorn, Executive Director of Housing and Social Investment
dan.hawthorn@rbkc.gov.uk

Christine Addison, Director of Social Investment and Property
Christine.addison@rbkc.gov.uk

Mandatory clearance process

Cleared by Corporate Finance NI

Cleared by Legal Services VB

Cleared by Director of Communications and Public Affairs NT