



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
10 April 2018
Agenda Item 9

Key Decision: No

Ward(s) Affected: All

Motion on Notice from Worthing Borough Council - Ethical Landlord Scheme

Report by the Director for Communities

Executive Summary

1. Purpose

- 1.1. To consider the details of a Motion on Notice submitted by Councillor Thorpe referred from the December 2017 Worthing Borough Council meeting. The Motion has been proposed and seconded and is attached as Annex A.
- 1.2. It is for the Joint Strategic Committee to consider and determine whether to accept the Motion as submitted, the background paper provided by Councillor Thorpe is included in this report as Annex B.
- 1.3. If the Joint Strategic Committee accept the Motion then Officers would be tasked with producing an outline proposal for a future meeting of the Joint Strategic Committee.
- 1.4. If the Joint Strategic Committee does not accept the Motion then no action is taken.
- 1.5. The report addresses the issues outlined in the Motion and provides options for the Joint Strategic Committee to consider. As this is a Motion referred from Worthing Borough Council, and therefore any decision by the Committee is in relation to Worthing only.

2. Recommendations

- 2.1. The Joint Strategic Committee is recommended to consider the Notice of Motion as attached to this report at Annex A.
- 2.2. The Joint Strategic Committee follow *Option 1: Continue with current activities to strengthen relationships between the private rented sector and the Councils* in response to the Notice of Motion, taking into account the information provided to the Committee in this report.

3. Context

- 3.1. The Director for Communities, as Proper Officer, accepted the Notice of Motion and under Council Procedure Rule 14.5, Worthing Borough Council accepted her determination that the matter should be considered by the Joint Strategic Committee. Therefore the Notice has been proposed and seconded, and automatically referred for consideration and determination by the Joint Strategic Committee.
- 3.2. The Motion has led to a referral to the Joint Strategic Committee from Worthing Borough Council and whilst this report covers activity that affects both Adur and Worthing, the Committee is being asked to determine matters in respect of Worthing only.
- 3.3. Council Procedure Rule 14.6 allows the mover of the Motion, Councillor Thorpe, to attend the Committee and explain the Motion.
- 3.4. Under Rule 14.6.2 the Member (Councillor Thorpe) may, prior to any debate on the matter, answer questions from the Committee for the purposes of clarification, and may sit with the Committee for the item in Question.
- 3.5. Under Rule 14.6.3 the Member (Councillor Thorpe) may not partake in the debate nor vote upon the item.

4. Issues for consideration

- 4.1. Whether the Joint Strategic Committee wishes to commission the Director for Communities to undertake or commission, a feasibility study on the Council becoming its own landlord and/or creating an 'Ethical Landlords Scheme'.
- 4.2. The attached paper makes several assumptions and comparisons which require further exploration:

- That the provision of privately rented accommodation in Worthing is of a poor quality
 - That relationships between private sector landlords and the Council are poor.
 - That the Council is not exercising its duties to hold landlords to account where this is required.
 - That Universal Credit will exacerbate the number of residents requiring housing assistance
 - That the system being used in Brighton & Hove for the licensing of landlords is transferable to Worthing
 - That there is a surfeit of properties in the Registered Social Landlord system
 - That the Wellbeing Team has developed a pilot scheme to utilise spare rooms
 - That teams within the Councils are not building positive relationships between partners, whether they be statutory, voluntary or business, to promote increases in the availability of affordable accommodation.
- 4.3. As part of delivering the Councils Housing Strategy 'Housing Matters' the Private Sector Housing (PSH) and Housing Solutions teams are already in regular contact with local landlords, whether they be agents or individuals, in order to support them to provide high quality, cost effective accommodation. The Housing Solutions team has an officer dedicated to these relationships, although in reality many officers are in daily contact with landlords.
- 4.4. Partnership meetings are regularly held with letting agents and landlords; the two most recent being in March and November 2017. The next meeting is to be held in May 2018. These are well attended and are a good opportunity for different officers and members from the Councils to meet with landlords and agents.
- 4.5. Between August and December 2017, more than 650 households were given advice by our Housing Solutions Teams. Out of these, 23% (150) families were threatened with homelessness on the day they presented. 115 households were prevented from becoming homeless, many due to direct action and liaison with current landlords and often utilising the financial support that is available to assist with rent in advance, deposits and rent guarantees.
- 4.6. In the main, private sector accommodation across Adur & Worthing is of a reasonable standard and the PSH team, actively takes enforcement action where this is needed. In 2017, 98 enforcement notices were issued. One of the key issues for our area is the lack of available, affordable rental accommodation particularly where a tenant

may need to claim benefits, not necessarily the standard of the accommodation on offer.

- 4.7. In November 2017 the manager of the PSH team and the Director for Communities, met with the Managing Director of 'The Letting Partnership' to scope whether there would be any appetite locally for developing a 'Rated Agency Assessment' quality mark for Letting agents. Together we will be scoping this work in coming months.
- 4.8. Welfare reform has clearly impacted on certain parts of our communities and it is well documented that changing from weekly to monthly payments, which have to be wholly managed by the recipient of the benefit, does have an impact on how housing costs are managed. A number of changes however, may make this and the delay at the start of a new claim, less impactful when Worthing goes on to full service Universal Credit (UC) later this year. A separate detailed report containing updates on the recent changes to how UC will be rolled out and the Councils' response to supporting our communities, is also on the agenda for this Committee meeting. A summary is listed here
- Individual claimants can now immediately receive up to 100% of their claim immediately as an advance payment to be repaid over a 12 month period. Job Centre Plus (JCP) colleagues are trialling offering this to **ALL** new claimants at the Hove Job Centre and more than 95% of claimants have accepted
 - The process for landlords to set up direct payment has been simplified
 - JCP are also engaged with local banks and credit unions to ensure that all claimants are 'banked'
 - A&W Councils are training volunteers to work at our job centres to support access to the IT Junctions and provide immediate advice and triage on housing issues
 - A&W Councils are actively working with WSCC and others to create early identification routes for families at risk of homelessness where budgeting and other supports are key to retaining their homes
- 4.9. The Government's selective licensing schemes are specifically designed to deal with pockets or specific areas with problems which can be clearly demonstrated and evidenced. Applications are made to the Secretary of State (SoS) and an underlying principle of the scheme is that it cannot be used for blanket area licensing. With this in mind, the system in place across Brighton and Hove, of mass licensing of properties, is only possible and has been approved by the SoS as the Council is able to
- a) demonstrate very high levels of ASB and
 - b) in many parts of the Council are at 'saturation' with regards Houses of Multiple Occupation (HMOs).

These criteria do not feature in Worthing and therefore such actions are not permitted.

- 4.10. Please note that there is no spare room scheme/pilot as described in the attached document. Wellbeing officers have at different points in time met with charities wishing to explore this, however none have taken it further than these exploratory discussions at this time.
- 4.11. Directors and Heads of Service across the Communities and Economy directorates recognise the need to build valuable and valued relationships across sectors if we are to influence the number of homes coming on stream in our Borough. A number of key initiatives and relationships serve to demonstrate how these are beginning to develop:
- Joint work between WBC, Worthing Churches Homelessness project and Roffey Homes to bring a successful planning application for a 37 bed supported accommodation project in Lyndhurst Road
 - £10 million loan facility to Worthing Homes
 - Agreement to progress a WBC site at Fulbeck Avenue to planning with a view to further development thereafter
 - Continued liaison with Registered Providers and other developers to ensure affordability and tenure mix are all part of pre planning and planning application discussions
 - Continuing discussions with large specialist landlords and developers of emergency, short term and longer term homes to discuss opportunities within both Councils to meet our needs

5. Current Activity and Projects within Housing

- 5.1. At this present time, the Housing teams are concentrating on a number of major projects which are also outlined in detail in the separate report on this agenda to update on the delivery of our Housing Strategy. In summary these include;
- 5.1.1. The implementation of a new Housing ICT solution to support homelessness applications, housing register applications and allow the Councils to be compliant with the onerous new Homelessness Reduction Act requirements when they come into force in April 2018.
- 5.1.2. Reviewing and refining our approach to implementing the new Homelessness Reduction Act, including revision of processes and procedures, as well as reviewing our service delivery models internally and externally with partners.

- 5.1.3. Reviewing the Housing Registers to ensure all data is current up to date and gives a clear picture of housing need in both council Areas.
- 5.1.4. Supporting increasing numbers of households presenting as at risk of homelessness. Please see above for details of Household seen in the last 5 months of 2017.
- 5.1.5. Streamlining and improving our work to process, approve and implement increased numbers of disabled facilities grants, to enable residents to be discharged from hospital sooner and remain in their homes longer. We are also already able to provide Landlord Repair Grants as long as landlords grant nomination rights or enter a private sector lease scheme with the Council for their property - again this is not dependent upon the Council being its own letting agent.
- 5.1.6. Identifying, inspecting and licensing any dwelling with 5 or more persons forming more than one household as part of the extended mandatory HMO licensing scheme under the Housing Act 2004.
- 5.1.7. Working with landlords, partners and developers to bring forward increased units of accommodation for use as Temporary Accommodation and more longer term affordable accommodation. E.g the joint work with Worthing Churches Homelessness Project and Roffey Homes to bring forward a project for 37 units of short stay accommodation for single people and some couples who are homeless.

6. Options

- 6.1. *Option 1: Continue with current activities to strengthen relationships between the private rented sector and the Councils*

A number of the commitments highlighted in the attached Motion are already in place as part of the Councils Housing Strategy and associated activity. Where there are gaps, actions are underway to strengthen relationships between sectors.

- 6.2. *Option 2: Commission a feasibility study into the establishment of an ethical landlord scheme in Worthing.*

The attached paper does not contain substantial evidence to support the argument that becoming a letting agent - without owning and managing residential property - will in fact increase the supply of long term affordable rented accommodation.

- 6.3. The Council is committed to working positively with existing landlords and agents, engages with landlord forums and has committed to acquiring accommodation to be used under licence, as temporary and emergency accommodation. The Council does not currently have an ambition to resume activities as a Registered Provider.
- 6.4. The Council does not at this time have the internal capacity to undertake a feasibility study of the kind mooted in this Motion. Therefore any such study would need to be commissioned externally, at an estimated cost of £10,000 to £15,000. This budget and work would only cover the exploration of feasibility, for the borough of Worthing, and would not cover and future costs and associated resources of set up and implementation, which would require further consideration at a future date.
- 6.5. The attached paper does not contain substantial evidence to support the argument that becoming a letting agent - without owning and managing residential property - will in fact increase the supply of long term affordable rented accommodation. The Council is committed to working positively with existing landlords and agents, engages with landlord forums and has committed to acquiring accommodation to be used under licence, as temporary and emergency accommodation. The Council does not currently have an ambition to resume activities as a Registered Provider.
- 6.6. Given all of the above, and taking into account factors such as the capacity of the Housing Teams to cover such additional work at this time and crucially and the assessment that this is unlikely to provide substantial further benefit to the councils over and above the actions already in train and described in this report, the recommendation is for the Committee to adopt Option 1; *Continue with current activities to strengthen relationships between the private rented sector and the Councils.*

7. Engagement and Communication

- 7.1. To date the only engagement around this work has been the receipt of the motion under discussion and internal input as described above.

8. Financial Implications

- 8.1. It would be difficult to accommodate the feasibility work in-house at this time due to the number of other major initiatives being undertaken and a decision required as to what work would need to be deferred. Consequently, if this work is to be pursued it will require separate funding of around £10,000 - £15,000.

- 8.2. There is no budget within Worthing Borough Council for this initiative. However, if members are minded to support the initiative then officers will aim to identify any underspend within the current 2017/18 budget which could be used for this purpose.

9. Legal Implications

- 9.1. Council Procedure Rule 14 forms part of Worthing Borough Council's constitution and provides the governance framework for dealing with Motions on Notice. As the substantive subject matter of the Motion falls within the Executive functions, once proposed and seconded, the Motion has been automatically referred to Worthing Borough Council's Executive. In accordance with the Joint Committee Agreement, as it relates to a joint service of Housing, the Executive shall consider the matter when sitting with Adur District Council Executive as the Joint Strategic Committee. In accordance with paragraph 7 of the Joint Committee Agreement although the decision is only relevant to Worthing Borough Council, all Members of the Committee present may participate in the debate and vote, and the decision shall be made by a majority vote provided that the majority of the Worthing Borough Council representatives are part of the overall majority.
- 9.2. Worthing Borough Council does not currently own or manage residential property having transferred its housing stock to a Private Registered Provider of Social Housing, Worthing Homes Ltd. Despite this, should the Committee decide to pursue the option of becoming a letting agent or of resuming activities as a Registered Social landlord it would have the legal power to do so under the Housing and Regeneration Act 2008 and using the general power of competence provided for in section 1 of the Localism Act 2011.

Background Papers

- Notice of Motion to Council December 2017
- Email from Councillor Thorpe with background document 1.11.2018
- Emails from Director for Communities and Councillor Thorpe 27.11.2018

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Sustainability & Risk Assessment

1. Economic

Matter considered, no specific issues identified.

2. Social

2.1 Social Value

This would be addressed in any report from officers on an Ethical Landlord Scheme

2.2 Equality Issues

Matter considered, no specific issues identified from information available.

2.3 Community Safety Issues (Section 17)

Matter considered, no specific issues identified

2.4 Human Rights Issues

Matter considered, no specific issues identified.

3. Environmental

Matter considered, no specific issues identified.

4. Governance

The Councils Housing Strategy and Strategic Plan 'Platforms for Our Places' contain a range of actions to address the many strands of need across the housing sphere. It does not specifically include the creation of an Ethical Landlords scheme as outlined in this Motion.

To explore this proposal will require significant officer time to research and scope whether this is viable or approved budget to commission this externally.

It is also noted that this has been sent from Worthing Council only.

Annex A

Decent Private Sector Homes - New Ethical Landlord Scheme - Reducing Homelessness in Worthing and Adur District.

The Motion.

"Council to request the Director for Communities to place on the Joint Strategic Committee agenda a feasibility report on a Ethical Landlord Scheme "

Proposed by Councillor Hazel Thorpe

Seconded by Councillor James Doyle

The Council acknowledges that;

Due to factors beyond its control, the issue of homelessness, lack of affordable housing in general and consequently the increased need for temporary accommodation exists.

- The purpose of this motion is to enhance and extend the provision already in place in Worthing and Adur for the benefit of the public through using the good practice and ideas around the country highlighted in the *background paper.
- It is well documented that homelessness and eviction has an associated stigma with possible criminalisation of tenants, a drop in educational standards and mental health implications. Therefore minimising this problem can only benefit members of the public and also the Councils in terms of reputation and financial sustainability.
- The introduction of Universal Credit is highly likely to exacerbate the amount of residents requiring housing assistance - so, as a Council, we need to find ways of minimising the impact and symptoms of the issues as well as financing a temporary cure.

Briefly the main thrust of the paper is for the Council to become its own Letting agency, to reward and work positively private landlords for being Ethical Private Landlords. *Background paper attached.

Decent Private Sector Homes - Ethical Landlord Scheme - Reducing Homelessness in Worthing and Adur District.

Introduction

The purpose of this paper is to enhance and extend the provision already in place in Worthing and Adur for the benefit of the public. Prevention of homelessness, eviction and its associated stigma, criminalisation of tenants, drop in educational standards and mental health implications can benefit members of the public and also the Councils in terms of reputation and financial sustainability. The introduction of Universal Credit is highly likely to exacerbate the amount of residents requiring housing assistance - so we need to find ways of minimising the impact and symptoms of the issues as well as financing the temporary cure.

The project promotes ten commitments covering different ways to encourage private landlords to provide decent, sustainable housing for local residents at a reasonable cost to Landlords, the Council and resident, preventing unnecessary hardship in the long term.

Without prejudice, it is a fact that Worthing will never achieve its housing targets mainly due to factors beyond its control, limitation of size and lack of brown field sites. We need therefore to look more creatively at what we have in situ and enable the public to rent privately at a sensible or living rent - one that enables them to minimise their debts and pay their dues. Recently the "Living Rent Campaign" in partnership with Brighton and Hove City Council agreed to work together to scrutinise build costs and tie rents to market costs not market value, thus aligning the living wage to rents. (*Ref. livingrent.org.uk*)

The Ten Commitments in brief.

Commitment 1 Council to assign or provide an designated person to work specially with landlords to create the condition for positive change and value for money.

Commitment 2 Accreditation of private landlords to value their input into the housing market and provision – enhancing the provision and value for money, introducing an Ethical, Good Landlord scheme.

Commitment 3 Social Landlords are registered so why not Registered Private Landlords? This would provide security and knowledge of tenants in the event of a future accident. It could also enhance the partnership between council and the private sector.

Commitment 4 Licensing Landlords to put the public – private partnership on a more formal level leading to better living conditions for residents, recognition for good landlords and encouragement to improve for rogue landlords.

Commitment 5 Councils via their Registered Social Landlords could be offered first refusal on properties, including sitting tenants, in excess to requirements by Preferred Landlords on their register. The Right to Buy Back could also be investigated under this scheme.

Commitment 6 Temporary Leasing of private homes to the Council including those where an elderly resident needs health care or sheltered housing –whereby the family keep the capital and the individual gets their rent to lay towards their own care/ housing. The home is not under-occupied.

Commitment 7 Expand the Lodger scheme with registered families – spare room for rent

Commitment 8 Introduce the Council acting as its own Letting Agent and interest free loans for renting paid back via an insurance.

Commitment 9 Council team including councillors to 1) work specifically with landlords, 2) provide a support network for those needing to move in or out of the area – signposting sources of support , local charities, schools, public services etc.

Commitment 10 Designated officer for Landlords and tenants to work with planning teams so that planning applications favour private and social renting to a minimum of 40% whilst being aware of viability and sustainability.

Commitment 1 Worthing Borough has many good housing strategies in place but it appears that whilst the Council has a Director and Cabinet Member heading up the team responsible of Housing - no overall person is dedicated or designated to work discreetly face to face with Private Landlords. Hence it would be an advantage to have one person overall to provide consistency of criteria and approach to new ideas and strategies. This would not require more financing but more focused use of expertise and officers' time. The cost of emergency accommodation and temporary housing both inside and outside the Borough is spiralling towards a crisis.

Commitment 2 An accreditation of Landlords scheme could be set up by the Council to interact with landlords to provide consistent provision across the Towns to form an Ethical Good Landlord* scheme. Their provision could be star rated as on Trip Advisor so that excellent Landlords would be rewarded with prestige and local esteem. Lesser landlords could also be spurred on to provide adequate accommodation to provide value for the public purse. This would give the Council more control of how accommodation is regulated, set the standards and support tenants when for example a block of flats or house is condemned due to poor, outdated accommodation and no longer fit for purpose under planning or building regulations guidance. *(Ref* Cllr David Gibbons- Good Landlord scheme Brighton and Hove City Council. July 2017)*

Commitment 3 Social Landlords are registered as our preferred providers. They are accountable and governed by their constitution and charitable - non -

profit making status. Why not have Registered Private Landlords? Worthing Borough Council back in the 1980s kept a register of all their landlords and their properties mortgaged to individuals under the Estates team. Landlords in Wales already have a legal obligation to register their properties and apply for a licence. (*Ref. part 1 Housing (Wales) Act 2014*). The advantages - both moral and economic monitoring residents and landlords, knowing who and where residents are, seem to outweigh the disadvantages. It would be accepted that checks and balances are in place and that Data Protection guidance would be followed. In the light of the Grenfell disaster all Councils are expected to review their strategies and this process could enhance the partnership between the Council and the private sector in terms of transparency. *Ref. (Grenfell Disaster model / Sir Robin Wales Joseph Rowntree Foundation) #UK housing* youtu.be/RUqnN7zyV08via@YouTube

Commitment 4 Licensing Landlords to put the public - private partnership on a more formal level leading to better living conditions for residents, recognition for good landlords and encouragement to improve for rogue landlords. Brighton and Hove City Council have a consultation in place to initiate bespoke licensing schemes for the city. Worthing has a relatively high level of HMOs and concerns have been raised about the impact upon the public. A recent report has indicated that these concerns are not in line with current evidence. HMO Landlords appear to be providing good accommodation agreed via the planning team, but the Council can always improve conditions for the public - especially in smaller units.

Brighton and Hove council is currently consulting on two proposed licensing schemes for private rented housing in the city. Reviewing the Brighton approach would be one way of addressing this issue and we could learn useful tools for Worthing.

- [a city-wide Additional Licensing Scheme for smaller Houses in Multiple Occupation \(HMOs\) not covered by mandatory licensing](#)
- [a Selective Licensing Scheme for other private rented homes in 12 wards in the city](#)

The aim is to improve consistency of management and maintenance standards in the city's private rented housing. The council is required to consult interested parties about the schemes and consider representations before reaching a final decision. Ref. (Brighton and Hove City Council 2017)

Commitment 5 Councils, via their Registered Social Landlords, could be offered first refusal on properties private landlords need to offload because of their own financial needs. Councils are being encouraged by the government to invest in housing. A "Good Landlord" scheme in partnership with a Council controlled Letting agency could be a source of increasing the Councils' portfolio. It could minimise costs, (*by approx 11%*), both emotional and financial incurred by the Council providing their duty of care to a tenant

on becoming homeless. Costs to the Council tax payers are rising significantly when the tenant, who has a duty of care by the Council, is placed in emergency accommodation and beyond. If Commitments 1-4 were to be in place, the Council would be in a good position to negotiate an economically sound, incentivising deal for the Council, the sitting tenant and the Private or Social Landlord. Sir Robin Wales of Newham Council is already mopping up properties where landlords are bailing out and taking them into Local Authority ownership. He is prepared to borrow whatever it needs. Worthing Borough has lent £10 million to a preferred RSL, it has access to CIF and S106 monies - so why not combine the two strategies. *Ref.(Keynote address Sir Robin Wales, Directly elected Mayor / Newham Council London) See also #Uk housing Commitment 3)*

Commitment 6 Temporary Leasing of private homes to the Council including those where an elderly resident needs health care or sheltered housing -whereby the family keep the capital and the individual gets their rent to pay towards their own care/ housing. The home is not under-occupied. *(Bognor)*

Commitment 7 The Council's Well- being team have for some time been piloting a scheme where a spare room is put to good advantage. It would be useful if the results of this pilot is shared with Councillors and eventually the public, and expanded if at all possible with registered families who would host individuals checking shelter and roof over their head. Checks and balances and data protections are a given, but the impact on mental health, a symptom of homelessness is too crucial to ignore. *(Worthing Council Well-being Team)*

Commitment 8 Introduce the Council acting as its own Letting Agent and interest free loans for renting paid back via an insurance. The Council as a Letting agent whilst creating competition for existing businesses could add a useful and independent tool to the Council's portfolio. Credit ratings charges and excessive fees are stifling the ability of our residents to afford a decent home. In Weston, for example a letting agent / landlord had insisted upon six months rent up front plus a deposit - approx. cost £1,500, and the same tenant was facing the same demand again one year later, - to extend the tenancy for another year.

Interest fee loans, guaranteed via insurance could be part of the arsenal used in this process. Whilst this approach is not without risk other Councils have forged forward in this field - "Often when Housing Officers know of pending evictions offers a loan (payable to the landlord) and repaid to the Council at affordable monthly rates". *(Horsham District Council)*. Deposits could also be made transferable.

(Keynote address Sir Robin Wales, Directly elected Mayor / Newham Council London) See also #Uk housing Commitment 3)

Commitment 9 Councillors and MPs already work on behalf of residents - this could be extended to a working group, collegiately working with officers and

landlords to ascertain what can be achieved in the above commitments in a given time scale. Currently tenants moving into or out of the area because of the need for a roof over their head are apparently not given a signposting package to help them and their children settle in the new area. Positive contacts with Charities, Churches and/or independent organisations could make the vital difference between a working family settling in to their new life and minimising the stressful effect on mental health, education and self esteem or falling into poverty. *(Karen Croucher Research Fellow Centre for Housing Policy University of York)*

Commitment 10 Commitment 1 suggests the strategy of a Designated officer for working directly with Landlords, - Commitment 10 could include the Council designated officer working; with social landlords and tenants to avoid the "done to" syndrome, to work with the Planning teams so that planning applications favour private and social renting over investment only properties. The planning team have started the process of informing councillors on viability of applications from the Developer's point of view. It is now crucial that the Council listen to the public's view on viability and sustainability of our housing options by at least stating the need for a minimum of 30% affordable housing for local people as in our Local Plan. . Ref *(Brighton City Council stated level 35 / 40%)* Furthermore the Vacant Building Credit which has minimised our flexibility due to loss of at least£2million in local fees to provide homes people want, must be challenged at top level.