

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Lord Porter, Leader of the Council and Christine Marshall, Executive Director, Commercialisation (S.151 Officer)

To: South Holland District Council Wednesday, 25 November 2020

Author: Caroline Hannon Strategic Housing Manager

Subject MHCLG Next Steps Accommodation Programme

Purpose: To consider the offer of £399,255 in time limited grant funding from MHCLG / Homes England.

Recommendation:

1. That the authority approves the receipt and spend of the MHCLG grant of £399,255, comprising £289,190 capital and £110,075 revenue, in time-limited funding in accordance with Financial Procedure Rule 3.8(h) and the necessary amendments to the budget required for this project.
2. That Council notes the requirement for additional funding of approximately £400,000 to support this programme of activity and that this will be funded from the Growth and Commercialisation – Acquisitions Fund on a case by case basis.

1.0 BACKGROUND

- 1.1 The Council has been allocated £399,255 in grant funding from the MHCLG Next Steps Accommodation Programme (NSAP). The funding comprises £289,190 in capital funding and £110,075 revenue funding.
- 1.2 The NSAP is a national funding programme to support the Government's policy to end rough sleeping for good. It follows the 'Everyone In' initiative which sought to take rough sleepers off the streets at the start of the pandemic. The NSAP programme is aimed at providing capital funding to secure move-on accommodation for rough sleepers for up to 3 years and provides revenue funding for staffing resources to support the residents to sustain their tenancies.
- 1.3 A proposed project has been submitted to and approved by MHCLG. The proposal is that SHDC acquires properties which will provide 9 units of non-self-contained accommodation for single people or couples. Funded units must be practically delivered by the 31 March 2021.
- 1.4 To progress with this project it is anticipated that the authority would provide match funding of c£400,000 utilising the General Fund capital program budget 'capital acquisitions re Growth and Commercialisation'
- 1.5 It is anticipated that a Leader decision will be published ahead of the Council meeting. The Leader's decision is likely to make the following recommendations:

- That a project mandate relating to the acquisition and refurbishment of accommodation suitable for occupation by nine households, be approved.
- That the authority accepts the MHCLG grant offer of £399,255 (comprising £289,190 for capital and £110,075 for revenue) in time-limited funding and, in accordance with Financial Procedure Rule 3.8(h), the Council be recommended to approve the receipt and spend of the grant and to approve the necessary amendment to the budget.
- That subject to Council approving the receipt of the grant allocation and amendment to the budget, the Executive Director – Commercialisation (S.151 Officer) be granted delegated authority to approve, enter into and sign the grant agreement with Homes England and/or MHCLG.

1.6 The project mandate will propose that decisions on individual property purchases will be taken by the Portfolio Holder for Assets & Planning, in consultation with the Portfolio Holder for HRA & Private Sector Housing; the Portfolio Holder for Finance, Strategy & Partnerships; and relevant Ward Members.

1.7 It is considered that additional capacity of 9 units will allow the council flexibility in providing safe and suitable accommodation for rough sleepers. Whilst the delivery of the homes cannot guarantee to eliminate rough sleeping in the district, it will ensure that rough sleepers can be matched with suitable accommodation for a suitable period, between 6 months and up to 3 years, to meet their needs; with wrap around support ensuring they are able to move in to longer term accommodation in due course.

2.0 **OPTIONS**

2.1 Approve the receipt and spend of the MHCLG grant of £399,255 in time-limited funding in accordance with Financial Procedure Rule 3.8(h) and the necessary amendments to the budget.

This option is recommended. SHDC will accept the grant allocation and sign up to a grant agreement which comes with a number of conditions which are outlined in paragraph 5.2 of this report. SHDC will acquire around 3 properties, which provide 9 units of non-self-contained accommodation.

2.2 Do nothing.

The authority will not accept the grant allocation from MHCLG and will not deliver the project in accordance with the anticipated conditions of grant outlined in paragraph 5.2 of this report.

3.0 **REASONS FOR RECOMMENDATION(S)**

3.1 By accepting the grant allocation, SHDC will receive a capital contribution towards the costs of acquiring new accommodation and a revenue contribution towards the staffing costs associated with supporting tenants to sustain their tenancies. This provides good value for money.

4.0 **EXPECTED BENEFITS**

4.1 By accepting the grant allocation, the level of direct capital investment required to acquire new properties will be subsidised by up to 50%. It will also provide a revenue income stream which can be utilised for staffing provision until March 2024, to support the residents to sustain their tenancies.

5.0 **IMPLICATIONS**

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Data Protection; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

5.1 **Constitutional & Legal**

5.1.1 The authority approves the receipt and spend of the MHCLG grant of £399,255 and the necessary amendment to the budget in accordance with Financial Procedure Rule 3.8(h).

5.2 **Contracts**

5.2.1 SHDC will enter into a contract (the grant agreement) with Homes England who are administering the NSAP programme on behalf of MHCLG. SHDC will be obliged to fulfil the conditions of grant. The funding agreement has not been shared with SHDC yet, however, the NSAP prospectus indicated that capital grant will be paid on the following conditions:

- New units need to be practically delivered by the 31 March 2021.
- Each unit of property must be available for rough sleepers, those at risk of rough sleeping or those at risk of homelessness on first let and re-let.
- Partners must seek permission from MHCLG when they want to use any property that has received capital grant funding under NSAP for a different purpose, and either reinvest the funding it into another property for the same use as the original purpose or repay the capital grant funding received.
- Units should be made available for use as accommodation to support rough sleepers (or those at risk of rough sleeping) for a minimum period of 30 years
- Tenancies under this scheme should be for a maximum of three years to ensure a continuing flow of this type of accommodation and support for those who need it.

5.2.2 The properties will be owned by the General Fund and do not form part of the HRA. Accordingly, tenants will be offered non-secure tenancy agreements, rather than secure tenancies, as this will not be their permanent home.

5.3 **Corporate Priorities**

5.3.1 The SHDC Corporate Plan 2019-23 sets out the Council's vision for the district and its priorities for this period. Acceptance of the grant allocation supports the agreed vision and priorities of the Plan, including:

- Delivering cost-effective core services by reducing costs or raising money by being more commercially-minded in how we work.
- Applying for national and regional funding to help with local project

5.4 **Financial**

5.4.1 The project enables £399,255 of government subsidy to be invested in the district. The MHCLG funding is predicated on SHDC providing match funding for capital costs. It is estimated that the SHDC capital contribution will be c. £400,000.

- 5.4.2 SHDC will utilise the already agreed General Fund capital program budget 'capital acquisitions re Growth and Commercialisation' to provide match funding. This budget requires an executive decision to access the funding.
- 5.4.3 A detailed financial assessment relating to acquisition and operating costs will be presented in due course by the Portfolio Holder for Planning & Assets, as part of the consideration to acquire each property.
- 5.4.4 Part of the funding offered by MHCLG includes a revenue contribution of £110,075 to be used up to 31st March 2024. This allocation will be used to fund a dedicated officer to work with residents to support them to sustain their tenancies. By 2024, once the revenue funding has been expended, the homes will be managed by the existing homelessness team as part of the overall management of the interim accommodation portfolio.
- 5.4.5 During 2019/20, the authority spent £584,873 on nightly paid interim accommodation for homeless households. Housing Benefit subsidy rules meant that only £122,938 of this was recoverable by the authority. The provision of non-secure, non-self-contained accommodation owned by the authority provides a more cost effective solution when compared to the provision of nightly paid interim accommodation.

5.5 **Reputation**

- 5.5.1 Accepting this grant allocation will demonstrate the authority's commitment to addressing the needs of rough sleepers and those at risk of rough sleeping which should create a positive impact on the authority's reputation.

5.6 **Risk Management**

- 5.6.1 SHDC will be entering into contract with Homes England. SHDC must adhere to the terms of the grant agreement to safeguard the grant award. The timeline for the delivery of the new homes is very tight, with properties due to be in ownership by 31st March 2020. Officers will continue to work closely with Homes England/MHCLG throughout the next period. The authority's Housing Development Team will project manage the acquisitions process to ensure the grant conditions are fulfilled and maintain robust records which will satisfy any subsequent Homes England audit. If the delivery date of 31st March 2021 cannot be met, officers would have to renegotiate the position with MHCLG/Homes England and this poses a risk.

5.7 **Staffing**

- 5.7.1 Accepting the MHCLG revenue funding allocation of £110,075 will enable the costs associated with a dedicated officer to work with the tenants of this accommodation, to be met for 3 years.

5.8 **Stakeholders / Constitution / Timescales**

- 5.8.1 MHCLG and Homes England are funding and administering NSAP. Housing Development officers and the Housing Landlord Services Manager will maintain close contact with both parties to ensure they are informed about SHDC's project through the delivery phases and that all activity is in accordance with the grant conditions.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 All Wards

7.0 ACRONYMS

7.1 HRA – Housing Revenue Account
MHCLG – Ministry of Housing Communities and Local Government.
NSAP – Next Steps Accommodation Programme.

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Key Decision: N

Exempt Decision: N

This report refers to a Discretionary Service

Appendices attached to this report: None