SOUTH HOLLAND DISTRICT COUNCIL

Report of: Executive Director - Commercialisation

To: Leader South Holland District Council
Cllr Gary Porter

(Author: Caroline Hannon, Strategic Housing Manager

Subject: Next Steps Accommodation Programme - grant allocation

Purpose: To consider the conditions of an allocation of the grant from MHCLG/ Homes England and to decide whether to accept the allocation.

Recommendation(s):

1. That the project mandate set out in this report and relating to the acquisition and refurbishment of accommodation suitable for occupation by nine households, be approved.

2. 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.

3. 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.

1.0 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. To progress with this project it is anticipated that the authority will provide match funding of c£400,000 as set out in section 5.4 of this report.

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 support to enable the tenants to sustain their tenancies.

1.3 Funded units must be practically delivered by the 31 March 2021. Priority for any new accommodation must be given to rough sleepers but is also available for people who are at risk of rough sleeping and therefore will help the authority to provide interim housing to people who present as homeless.

1.4 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 to single people or couples. This accommodation will not be used to house families with children. In terms of the strategy for the use of the funds, SHDC will explore both the acquisition of existing houses in multiple occupation that would be suitable for the proposed
use, alongside exploring the acquisition of a small number of properties which can be easily converted into units of non-self-contained accommodation.

1.5 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.

1.6 The 2019 Rough Sleeper count identified 12 rough sleepers in South Holland and the district has an ongoing baseline of 12 rough sleepers. As part of the ‘Everyone in’ initiative, 29 rough sleepers or people at risk of rough sleeping were accommodated by the council in emergency accommodation.

1.7 The Change4Lincs project (a collaboration aimed at supporting rough sleepers and reducing the incidence of rough sleeping) and the current provision of street outreach provided by P3 (an organisation delivering services for socially excluded and vulnerable people) enables the council to reach out to those rough sleeping. However, the limited availability of supported housing and time taken to secure permanent social housing, often results in unsustainable private sector accommodation being the only viable option for rough sleepers. Additionally, the service provided by P3 is due to finish in March 2021.

1.8 The council has worked with individuals to secure alternative move on accommodation for them. However, there has been a rise in the number of people returning to the streets because they have been unable to sustain the move-on accommodation. These tenancy failures are likely to be due to the lack of wraparound support being provided alongside the accommodation.

1.9 It is considered that additional capacity of 9 units will allow the council flexibility in providing safe and suitable accommodation for rough sleepers. Whilst it 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.

1.10 By acquiring, rather than leasing the accommodation, the council can continue to respond and meet the needs of rough sleepers in perpetuity.

2.0 OPTIONS

2.1 Accept the grant allocation, subject to Council approval. 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 5.2.1 of this report. SHDC will acquire around 3 properties, which provide 9 units of non-self-contained accommodation.

2.2 Do not accept the grant allocation. SHDC could deliver the project without accepting the grant allocation which would provide additional time to identify and acquire suitable properties. Whilst this option would enable the benefits of the project to still be delivered, SHDC would have to meet the full capital costs and would not receive the MHCLG revenue contribution towards staffing resources.

2.3 Do nothing. The project will not be delivered. SHDC will not acquire properties or provide additional accommodation for rough sleepers. However, officers could continue to seek to identify alternative solutions to address housing need in the district.
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 will make a meaningful contribution towards reducing rough sleeping in the district and attract c£400,000 of government investment.

3.2 The provision of non-self-contained accommodation will maximise the number of households who can be supported from the resources available. Additionally, residents can benefit from peer support enabling them to prepare for longer term housing options which may include shared accommodation in the private sector.

4.0 EXPECTED BENEFITS

4.1 This project will:
   i. Increase the accommodation options available to rough sleepers in the district by providing move-on accommodation.
   ii. Provide good value for money as MHCLG will contribute £289,180 towards the capital costs of acquiring new accommodation.
   iii. Provide a revenue contribution towards staffing costs until March 2024, to support the residents to sustain their tenancies.
   iv. Increase SHDC’s asset base by bringing additional housing stock into the General Fund ownership.
   v. Diversify SHDC’s accommodation offer.
   vi. Enable SHDC to provide interim accommodation to people who present as homeless, reducing the use of (and costs to the council associated with) nightly paid bed and breakfast accommodation.

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 Constitution & Legal

5.1.1 This decision to accept the grant allocation is subject to Council also agreeing to accept the grant allocation and agreeing a variation in the budget in accordance with Financial Procedure Rule 3.8(h). A report on this matter will be presented to a meeting of Council on 25th November 2020.

5.1.2 The Constitution provides that ‘Any functional area within each Portfolio includes power for the cabinet member to authorise the acquisition (within agreed budget) or disposal of land or an interest in land held for that purpose (“land” to include any buildings on the land), subject to consultation with ward members and the appropriate chief officer at a price not less advantageous than a qualified valuers valuation.’ The proposed budget for the SHDC element of the capital funding is the General Fund capital program budget ‘capital acquisitions re Growth and Commercialisation’ which was approved at Council in September 2020. To utilise this budget, it is proposed that Portfolio Holder – Assets and
Planning will make decisions about individual acquisitions in consultation with Ward Members.

5.1.3 This decision proposes the necessary delegation to the Executive Director – Commercialisation (S.151 officer) to enter into the grant agreement with Homes England and/or MHCLG.

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.

5.3.2 This project supports the agreed vision and priorities of the Plan, including:
- Providing good-quality housing that everyone in our community can call their home.
- 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 projects.
- Work to prevent and mitigate homelessness.
- Enable effective planning and delivery of housing solutions to meet local needs and aspirations to ensure that our residents have access to a range of housing options in the district.
- Ensure that our residents are enabled to live in high quality housing no matter the tenure.
- Ensure that national policies relating to modern slavery and the safeguarding of vulnerable children and adults are embedded effectively throughout all aspects of our services.

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 approved General Fund capital program budget ‘capital acquisitions re Growth and Commercialisation’ which requires an executive decision to access the funding.

5.4.3 Affordable Housing Commuted Sums might also be utilised for capital costs, subject to an executive decision.

5.4.4 A detailed financial assessment relating to acquisition and operating costs will be presented by Portfolio Holder for Planning & Assets, as part of the consideration to acquire each property.

5.4.5 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 including with tasks such as submitting claims for welfare support, obtaining support from partner agencies, obtaining employment and finding permanent, settled accommodation. 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.

5.4.6 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 Health & Wellbeing

5.5.1 A specialist national taskforce has been created to lead the government’s support for rough sleepers during the pandemic. The taskforce provides expert advice and knowledge to put in place a long-term plan to stop as many vulnerable people as possible from returning to life on the streets. The NSAP programme forms part of the measures to reduce rough sleeping. The spearhead of the taskforce indicated that in bringing people inside, there is a real opportunity to address the health and social needs of individuals and to stop them going back to the streets.

5.6 Reputation

5.6.1 Addressing the needs of rough sleepers and those at risk of rough sleeping should create a positive impact on the authority’s reputation. It will demonstrate the authority’s commitment to safeguarding vulnerable people and create a positive impact on the environmental impact of rough sleeping in the district.

5.6.2 The risks associated with this project will be carefully managed, with mitigation plans in place to support the delivery of the project and uphold the Council’s reputation.

5.7 Risk Management

5.7.1 All project risks will be managed by the Council’s Housing Development team, utilising risk registers and other project management tools. The known risks around this project include:
5.7.2 **Financial.** As set out in section 5.4, the authority will be investing c.£400,000 in capital funding. However, this represents only a portion of the value of the properties and accordingly, represents good value for money. An expert property valuation will be commissioned to ensure the purchase price is appropriate. Furthermore, a financial assessment of this project indicates that based on assumed costs, the project will achieve an operational surplus.

5.7.3 **Contractual.** 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 to ensure the grant conditions are fulfilled and maintain robust records which will satisfy any subsequent Homes England audit. Additionally, the property selection criteria will reflect the timeline for this project to ensure compliance. 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.

5.7.4 **Legal.** The housing development process, whether by construction or acquisition, comes with inherent risk. To mitigate this, SHDC will appoint expert legal representation to commission and advise on all conveyancing matters including a report on title and transfer documentation.

5.8 **Staffing**

5.8.1 MHCLG has allocated £110,075 to SHDC for revenue expenditure. This will be used to meet the costs of a dedicated officer to work with the residents of this accommodation to enable them to sustain their tenancies. In the long term, once the MHCLG revenue contribution has been expended, residents will be supported by existing officers in the Homelessness Team, following a reorganisation of that staffing structure.

5.9 **Stakeholders / Consultation / Timescales**

5.9.1 The stakeholders include:

5.9.2 MHCLG/Homes England who 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.

5.9.3 **External appointees** including Property Valuers and Legal representatives who will provide the necessary expertise to mitigate risks associated with property acquisition.

5.9.4 **Ward Members** who will be consulted prior to making offers for any property.

5.9.5 **Planning Services.** The Housing Development team will be working closely with the Planning team on this project.

5.9.6 The indicative timescales for this project are:

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity Description</th>
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<tbody>
<tr>
<td>25.11.20</td>
<td>SHDC decision on whether to accept the grant allocation.</td>
</tr>
<tr>
<td>Nov 2020</td>
<td>Commence property search.</td>
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<tr>
<td>Nov-Dec 2020</td>
<td>Make offers for properties in consultation with relevant Members.</td>
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<tr>
<td>Dec 2020-Feb 2021</td>
<td>Undertake property due diligence and conclude acquisitions.</td>
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<tr>
<td>Mar 2021</td>
<td>Property conversion and improvements, as necessary.</td>
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Properties ready for occupation.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 All Wards

7.0 ACRONYMS

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

Background papers: See The Committee Report Guide

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Key Decision: Yes
Exempt Decision: No

This report refers to a Discretionary Service

Appendices attached to this report:
None