

**SOUTH HOLLAND DISTRICT COUNCIL**

**Report of:** Christine Marshall, Executive Director - Commercialisation

**To:** Portfolio Holder for Assets and Planning  
(Cllr Rodney Grocock)

**Author:** Caroline Hannon, Strategic Housing Manager

**Subject:** Property acquisition to support the Next Steps Accommodation Programme

**Purpose:** To consider whether to acquire a property to be occupied by rough sleepers and those threatened with rough sleeping, utilising the MHCLG grant allocation and the General Fund Capital program budget 'Capital acquisitions re Growth and Commercialisation'.

**Recommendation(s):**

1. That the funding identified in the report is utilised from the approved General Fund capital program budget 'capital acquisitions re Growth and Commercialisation' and a similar amount from the MHCLG capital grant allocation, to enable the purchase and adaptation of the identified property in Spalding Monkshouse ward.
2. That authority be delegated to the Executive Director – Commercialisation (S.151 Officer) to agree a purchase price, oversee due diligence, sign any necessary contract and complete the transfer, and undertake any other actions necessary to secure the purchase of this property within the agreed budget.

**1.0 BACKGROUND**

- 1.1 At Council on 25<sup>th</sup> November, the authority approved the receipt and spend of MHCLG Next Steps Accommodation Programme (NSAP) grant of £399,255, and noted the requirement for additional funding of approximately £400,000 to support this programme of activity to be funded from the Growth and Commercialisation – Acquisitions Fund on a case by case basis.
- 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 On 2<sup>nd</sup> December, a Leader decision became effective which agreed a project mandate relating to the acquisition and refurbishment of accommodation suitable for occupation by nine households, utilising the MHCLG grant allocation and delegating authority to Executive Director – Commercialisation (S.151 Officer) to approve, enter into and sign the grant agreement with Homes England and/or MHCLG.
- 1.4 The project mandate proposed that SHDC acquires properties which will provide 9 units of non-self-contained accommodation to single people or couples. 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 properties will be managed and maintained by SHDC's Housing Teams as part of the overall management of the interim accommodation portfolio. MHCLG has allocated revenue funding to SHDC for this project. The revenue funding will enable an additional officer to be appointed to work closely with the residents of this accommodation to enable them to sustain their tenancies.
- 1.7 This report relates to the third proposed acquisition in accordance with the project mandate and the conditions of grant. This proposed acquisition of a property in the Spalding Monkshouse ward will be the final of three acquisitions.

## 2.0 **PROPERTY DETAILS**

- 2.1 The identified property is a 3-bedroom semi-detached house which is currently for sale. Further property details including property layout, location plan and photographs of the property and street scene are provided at Appendix C.
- 2.2 The marketing price is in line with the resources available for this project and is within a price range that ensures sufficient further resources are still available to enable the purchase of the two additional properties, which have already been identified.
- 2.3 The property benefits from a rear garden which is mostly laid to lawn with hedging to one side. There is a low maintenance front garden which could provide off-road parking for one vehicle. Ongoing grounds maintenance is expected to be minimal.
- 2.4 The property is in a reasonable condition. However, improvements are necessary before it will be let. As the property has previously been used as a family home, modifications and adaptations will be required for it to provide 3 units of self-contained accommodation such as installation of an additional bathroom, internal fire doors and locks.
- 2.5 The property attributes have been considered by the Portfolio Holder for Assets & Planning, the Portfolio Holder for HRA & Private Sector Housing and the Portfolio Holder for Finance, Strategy & Partnerships. Spalding Monkshouse ward members have been consulted.
- 2.6 The property is deemed by the Housing Team to be suitable for the purposes of providing non-secure, non-self-contained accommodation for single people and couples. The property attributes include that it is in a location where the residents can access local services; the property can be easily adapted to provide three units of non-self-contained accommodation; and the layout allows for refurbishment to provide an additional bathroom and other necessary modifications.
- 2.7 Performance Monitoring Panel will scrutinise any potential decision to acquire this property. The Panel's feedback will be provided to Portfolio Holder – Assets and Planning to consider prior to making any decision on this matter.

## 3.0 **OPTIONS**

- 3.1 Utilise funding from the approved General Fund capital program budget 'capital acquisitions re Growth and Commercialisation' and a similar amount from the MHCLG capital grant allocation, to enable the purchase and acquisition of a property in Spalding Monkshouse ward and delegate authority to Executive Director – Commercialisation (S.151 Officer) to agree a purchase price, oversee due diligence, sign any necessary contract and complete the transfer, and undertake any other actions necessary to secure the purchase of this property within the agreed budget.
- 3.2 Do not utilise the General Fund capital program budget 'capital acquisitions re Growth and Commercialisation' to acquire this property.
- 3.3 Do nothing, in which case the identified property would not be purchased and alternative properties may be pursued.

#### **4.0 REASONS FOR RECOMMENDATION(S)**

- 4.1 The Council has made a decision to accept the grant allocation and to provide accommodation for rough sleepers and those threatened with rough sleeping. This property acquisition meets the approved project mandate.
- 4.2 The property acquisition will be subsidised by grant funding from MHCLG. The proposed match funding will be taken from the approved General Fund capital program budget 'capital acquisitions re Growth and Commercialisation' in accordance with the Council and Leader decision. Whilst the acquisition would still provide a financial return to the authority without the grant funding, as set out in Appendix B, it will provide a better return if the grant is utilised.
- 4.3 This property is considered to be in an appropriate location, close to relevant services and amenities. The property is an appropriate size for the intended purpose. The property is in reasonable condition but some property adaptations are required before it can be occupied.

#### **5.0 EXPECTED BENEFITS**

- 5.1 The acquisition of this property will provide a number of benefits, including
- i. It will provide accommodation for rough sleepers and those threatened with rough sleeping by taking them off the streets and providing them with accommodation and wraparound services to enable them to sustain their tenancy and prepare for longer term accommodation options.
  - ii. It will increase the range of supported housing available in the district.
  - iii. It will enable the authority to utilise capital funding allocated to SHDC by MHCLG, to address a local issue.
  - iv. The delivery of this property will provide a long term Return on Investment as set out in Appendix B.
  - v. The acquisition of this property will increase the SHDC asset base.

#### **6.0 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.

## 6.1 Constitution & Legal

6.1.1 There are various statutory powers that allow the Council to acquire land, including a specific power under section 9 of the Housing Act 1985, a general power to acquire land under s120 Local Government Act 1972, and a general power of competence under section 1 of the Localism Act 2011. In view of the proposed funding arrangements, legal advice has been commissioned on the most suitable power to rely upon which has indicated that these properties can be acquired using the general competence power in Section 1 of the Localism Act 2011.

6.1.1 On 25<sup>th</sup> November, Council agreed to accept this grant allocation and provide appropriate capital match funding.

6.1.2 On 2<sup>nd</sup> December, a decision by the Leader of SHDC became effective which provided a project mandate for the acquisition of existing properties to provide 9 units of non-self-contained accommodation for rough sleepers and those threatened with rough sleeping.

## 6.2 Contracts

6.2.1 This decision delegates authority to the Executive Director – Commercialisation (S.151 Officer) to agree a purchase price, oversee due diligence, sign any necessary contract and complete the transfer, and undertake any other actions necessary to secure the purchase of this property within the agreed budget

6.2.2 The Leader decision of 2<sup>nd</sup> December delegated authority to the Executive Director – Commercialisation (S.151 Officer) to approve, enter into and sign the grant agreement with Homes England and/or MHCLG.

6.2.3 SHDC has received the grant agreement and it is being reviewed by the Executive Manager – Governance, with support from external lawyers, prior to signature. The grant agreement is in a similar format to the Homes England contract signed by SHDC to secure grant for the Small Drove scheme. The contract includes a number of clauses and requirements which SHDC will have to comply with which seek to ensure that the scheme is delivered in accordance with the agreed project and timescales.

6.2.4 Some of the key conditions of the agreement are detailed below:

- **Timescales for delivery** - The grant has been offered to the authority on the assumption that SHDC will deliver the scheme as detailed in the approved application and to the timeframe agreed. The bid has been submitted committing to the delivery of 9 units which will be occupiable by 31<sup>st</sup> March 2021. The grant agreement requires that any deviation to this must be agreed by Homes England. Officers recognise that there is a very tight timescale for delivery and are in regular communication with MHCLG and Homes England.
- **Reporting** – The grant offer is subject to the authority maintaining regular and on-going communication with Homes England. Homes England require strict monitoring and reporting and all data relating to the project must be kept for a minimum of 10 years. Homes England require regular updates on progress and the submission of an 'Officers Certificate' confirming compliance at intervals through the life of the project.
- **Penalties** - The grant agreement lists a series of potential 'grant withholding events', which are instances whereby Homes England may choose to withhold payment of the

grant. These include a material breach of an obligation under the agreement or through not delivering the scheme within timescales.

6.2.5 The grant agreement will be signed once the authority is satisfied with the terms of the contract and that the project can reasonably be delivered in accordance with the requirements.

6.2.6 This will be the second Homes England grant funded project that has been managed by officers who utilise project management tools to ensure that projects are successfully delivered; maintaining appropriate data monitoring systems and excellent communication with Homes England. SHDC's performance was recognised in 2019 when the authority successfully received a green rated compliance audit, with no major or minor breaches. Additionally, SHDC has recently qualified for continued partnership status with Homes England for the upcoming 2021 -2026 grant funding programme based on performance to date.

### 6.3 **Corporate Priorities**

6.3.1 The SHDC Corporate Plan 2019-23 sets out the Council's vision for the district and its priorities for this period.

6.3.2 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.

### 6.4 **Financial**

6.4.1 This property acquisition will enable the authority to utilise part of the capital grant allocation from MHCLG. The financial evaluation assumes that the MHCLG capital grant allocation will be distributed equally across three property acquisitions, irrespective of the purchase prices.

6.4.2 The approved General Fund capital program budget 'capital acquisitions re Growth and Commercialisation' was established to enable the authority to act commercially and rapidly in its endeavours relating to property acquisitions. It has been agreed that this is the appropriate budget to provide match funding for this project and there are resources available from this budget to meet the property acquisition and adaptation costs.

6.4.3 The total indicative scheme costs for this property includes the purchase costs, on-costs, furnishings and costs associated with necessary property modifications/adaptations; and will provide a long-term return on investment to the authority, as set out in Appendix B.

6.4.4 It should be noted that the overall return on investment for this project will not be known until all of the properties have been purchased and the improvement works programme for the properties has been completed. Each property acquisition will have a different return on investment so some will appear to perform better than others. However, investment decisions regarding each property acquisition take account of the available resources, in accordance with the parameters of the project mandate.

## 6.5 Health & Wellbeing

6.5.1 By taking rough sleepers off the streets and providing them with accommodation, there is an opportunity to address the health and social needs of individuals and to stop them going back to the streets.

## 6.6 Reputation

6.6.1 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.

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

## 6.7 Risk Management

6.7.1 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 current timeline for the delivery of the new homes requires the properties to be in ownership by 31<sup>st</sup> March 2021. In order to deliver this third property, these grant conditions will need to be renegotiated. Officers will continue to work closely with Homes England/MHCLG throughout the next period. This negotiation is already underway and MHCLG is keen for SHDC to proceed towards the delivery of nine units as per the agreed project plan. The basis of this discussion is currently focussing around the following options:

- Negotiating an extension of time to enable the properties to complete at a later date.
- Negotiating a reduced/pro-rata rate of funding for those properties which will achieve the contract milestones to ensure that at least some of the funding is retained.
- Negotiating to re-profile the funding allocation into the 2021/22 programme for Phase 2 of the Next Steps Accommodation Programme.

6.7.2 In the event that it is not possible to renegotiate the contract terms with Homes England/MHCLG, the further options for this project are to withdraw from the purchase or to fund the acquisition entirely from the SHDC Commercial Acquisition Fund.

6.7.3 Whilst there is risk around the timescales for delivery of each acquisition, proceeding with the project gives the authority the best opportunity to secure the funding for the district and provide this much needed accommodation.

6.7.4 The authority's Housing Development Team will project manage the acquisitions process and endeavour to meet the grant conditions and maintain robust records which will satisfy any subsequent Homes England audit.

6.7.5 Any offer which is made to the vendor will be subject to the necessary funding being available alongside relevant property due diligence, such as surveys and report on title.

SHDC will exchange and complete on the purchase of this property once the grant agreement has been signed and the authority is aware of the obligations it contains. Accordingly, making an offer to purchase the property does not legally oblige the authority to acquire this property.

6.7.6 Once the property has been purchased, the time limited MHCLG revenue funding which has been made available as part of the NSAP alongside the capital funding, will be used to establish the management approach for this accommodation and support rough sleepers to sustain their tenancies and seek to avoid ongoing management issues. The Housing Management team is experienced at managing interim accommodation and the allocation of revenue funding from MHCLG will enable appropriate processes and procedures to be put in place for managing this accommodation to ensure it is sustainable.

## 6.8 **Staffing**

6.8.1 Appropriate staffing resources will be identified as part of the management strategy for this accommodation. This is likely to include the appointment of a fixed-term officer to lead on the overall management of the NSAP accommodation and to implement appropriate processes and procedures for managing this accommodation into the long term, to ensure it is sustainable.

## 6.9 **Stakeholders / Consultation / Timescales**

6.9.1 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.

## 7.0 **WARDS/COMMUNITIES AFFECTED**

7.1 Spalding Monkshouse ward

## 8.0 **ACRONYMS**

SHDC – South Holland District Council

NSAP – Next Steps Accommodation Programme

MHCLG – Ministry of Housing, Communities and Local Government

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Background papers:- [See The Committee Report Guide](#)

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### **Lead Contact Officer**

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**Key Decision:** Yes

**Exempt Decision:** Part-exempt

**This report refers to a Mandatory Service**

### **Appendices attached to this report:**

Confidential Appendix B - Financial Evaluation

Confidential Appendix C - Property details including layout, location plan and photographs

