

Report from Head of Housing Growth / Senior Technical Manager

Report to Director of Resources and Housing / Director of City Development

Date: 16th December 2020

Subject: Next Steps Accommodation Programme (NSAP) – Leeds funding approval / 1 bed property acquisitions for supported move on

Are specific electoral wards affected? If yes, name(s) of ward(s): City wide	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary

1. Main issues

- The Ministry of Housing, Communities and Local Government (MHCLG) invited local authorities, registered providers, and their local partners to engage with the next stage of their COVID-19 Rough Sleeping response in July 2020 through bidding for capital and revenue funding to deliver long-term accommodation and support for rough sleepers or interim accommodation and support during the pandemic.
- As part of the Next Step Accommodation Programme bid for £4.4m in August 2020 the Council requested £1m of capital funding to provide additional supported accommodation. The Council was awarded the £1m to provide 20 x one bedroom properties dispersed across the City to provide additional capacity in the housing stock for people who have been homeless / rough sleeping. £315k of additional revenue funding for three years was also awarded to provide support for the people moving into these newly purchased properties.
- MHCLG advised that the bid was successful on 1st October 2020, on condition that the accommodation was operational no later than 31st March 2021. The Council was provided with the NSAP non-negotiable Funding Agreement on the 16th November 2020 that required discussion & clarification with Homes England which has now been concluded.

- Approval is being requested under the General Exception powers of the Council for the decisions set out in the recommendations part of this report to enable the Council to progress the delivery of this accommodation in a timely manner to avoid the risk of losing the grant allocation being offered to the City.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- This proposal supports a number of the Council's Best Council Plan priorities including
 - a. **Safe, strong communities** – keeping people safe from harm and protecting the most vulnerable;
 - b. **Health and Well-being** – ensuring support for the health and social care sector to respond and recover from covid-19; and
 - c. **Housing** – minimising homelessness through a greater focus on prevention.

3. Resource Implications

- The scheme is estimated to cost £2,606,000 capital with and additional £314,684 of revenue support costs over 3 years. The Capital element is proposed to be funded via a combination of £1,000,000 capital funding from MHCLG with the balance from the Council Housing Growth programme within the Housing Revenue Account (HRA) capital programme. The Revenue element if fully funded by the grant.
- A £2,606,000 capital scheme will need to be injected into the HRA capital programme with £1,000,000 of grant funding and £1,606,000 of capital funding from the Council Housing Growth programme. The £1,606,000 will be funded via HRA borrowing previously approved for the Council Housing Growth programme to purchase properties as part of the Right of First Refusal programme. The borrowing will be financed by rental income over 30 years.
- Land & Property (valuations) and Legal services (conveyancing) are unlikely to be able to fully support this scheme due to timescales & other workload priorities for the Council, therefore, both these services shall be secured as required via agreed framework arrangements. Legal services have obtained fee quotes from the WYLAW framework and confirmed the use of Ward Hadaway. Land & Property are currently looking to procure valuation services with experience / expertise and knowledge of the Leeds property market.
- Revenue grant was awarded to fund a dedicated Housing Navigator Support team (3 x FTE)

Recommendations

The Director of Resources and Housing is recommended to:

- a) Approve the acceptance of the MHCLG grant of £1,000,000 capital and £314,684 revenue funding as a result of the Council's bid to the Next Steps Accommodation programme;
- b) Approve the necessary injection of the £2,606,000 scheme into HRA Council Housing Growth capital programme to enable the scheme to be delivered noting the requirement of £1,606,000 capital funding; and

- c) Note that a further report will follow to request approval as a subsequent significant operational decision to establish the arrangements with a third party to provide the support for people in the properties via a dedicated Housing Navigator Support team (3 x FTE) from 1st April 2021.

The Director of City Development is recommended to:

- a) Support in principle the approval for the purchase of 20 x 1 bedroom properties which shall provide self-contained additional accommodation. This is a fully funded scheme;
- b) Note that property addresses cannot be provided at time of drafting this report, therefore, approval is requested to process each individual property purchase as a significant operational decision (using the same process as agreed on the Right of First Refusals purchases); and
- c) Note that some valuation and conveyancing services shall be secured using agreed framework arrangements primarily due to other council priority workloads currently being experienced.

1. Purpose of this report

- 1.1 The purpose of this report is to seek Director approval for the decisions set out in the recommendations part of this report; for the proposed funding and the purchase of 20 x 1 bedroom properties to enable the Council to provide accommodation under the Ministry of Housing, Communities and Local Government (MHCLG) Next Steps Accommodation Programme (NSAP) as described in this report.

2. Background information

- 2.1 As part of the 'Everyone In' initiative, approximately 15,000 people nationally, who were sleeping rough, in unsafe communal settings or at imminent risk of rough sleeping were placed into emergency accommodation during the COVID-19 pandemic. The Next Steps Accommodation Programme (NSAP) promoted by MHCLG aimed to make available the financial resources needed to support local authorities and their partners to prevent these people from returning to the streets.
- 2.2 The Ministry of Housing, Communities and Local Government (MHCLG) invited local authorities, registered providers, and their local partners to engage with the next stage of their COVID-19 Rough Sleeping response in July 2020 through bidding for capital and revenue funding to deliver either long-term accommodation and support for rough sleepers or for interim accommodation and support for the 15,000 vulnerable people accommodated during the pandemic.
- 2.3 As part of the Next Step Accommodation Programme bid for £4.4m in August 2020 the Council requested £1m of capital funding to provide additional supported accommodation. The Council was awarded the £1m to provide 20 x one bedroom properties dispersed across the City to provide additional capacity in the housing stock for people who have been homeless / rough sleeping. £315k of additional revenue funding for three years was also awarded to provide support for the people moving into these newly purchased properties.

2.4 MHCLG advised that the bid was successful on 1st October 2020, on condition that the accommodation was operational no later than 31st March 2021.

3. Main issues

3.1 The Next Steps Accommodation programme has provided the Council with an opportunity to acquire additional supported accommodation in the City. The preference of people housed in emergency accommodation is for self-contained tenancies with support. Leeds City Council propose to purchase 20 x 1 bed properties, these are to be dispersed across the City providing choice for the client. Potentially suitable areas for acquisitions will be determined by reference to the availability of relevant support services and other amenities in the nearby area.

3.2 The properties will be owned and managed within the Council's HRA. For the period of the programme priority will be for people who are recovering from rough sleeping. This could either be in the form of move on from emergency accommodation or one of the Beacon intensive support environments (ISEs) or directly from the street in a 'housing first' approach. At the end of the programme the properties will be let as part of the council's housing stock.

3.3 Tenancies will for up to 2 years and rent will be social (formula) determined by equivalent stock but has been budgeted at an average of £65 per week. Support will be provided by a dedicated Housing Navigator Support team (3 x FTE) funded from the revenue element of the grant that will be an addition to existing commissioned housing support service. The Housing Navigators will support people who have previously been sleeping rough into an independent, LCC Next Steps Accommodation specified tenancy, and help them to improve their personal and social skills and enable them to build their resilience to sustain their tenancy and live positively within the community.

4. Corporate considerations

4.1 Consultation and engagement

4.1.1 The bid specification has been developed through a collaborative approach involving partners from the statutory and third sector and views from rough sleepers and people currently in emergency accommodation. The project has been designed to meet the needs and preferences of people who have been rough sleeping but who would want their own property.

4.1.2 The Council's Lead Member for Communities has been engaged and is fully supportive of the proposed scheme.

4.1.3 Ward Members have been consulted in line with the approved arrangements set out in the Housing Growth Member Engagement Strategy to ensure effective engagement, consultation and information is shared at key points throughout the life cycle of the scheme. The specific location of the properties has not been identified in this report in order to protect the vulnerable residents that would be supported by this project.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 **National Rough Sleeping Strategy:** The government published its national rough sleeper strategy in August 2018. The national strategy includes the targets to halve rough sleeper numbers (from the 2017 baseline) by 2022 and to end rough sleeping by 2027. The national strategy is rooted in three ‘pillars’:
- To prevent new people from starting to sleep rough;
 - To intervene rapidly when people start to sleep rough to help them off the street; and
 - To promote a person’s recovery once they are off the street to build positive lives and don’t return to rough sleeping.
- 4.2.2 The delivery of the proposed accommodation identified in this report directly contributes to the Council’s response to homelessness and the additional pressures that covid-19 has placed on some of the most vulnerable people living in Leeds.
- 4.2.3 Other initiatives are underway to address and support homelessness prevention in the City, but this programme has been identified as a priority for the City due to the vulnerable nature of the proposed residents.
- 4.2.4 The provision of this accommodation will therefore have a significant positive impact on this group and support wider council initiatives in preventing homelessness in the City.
- 4.2.5 An Equality, Diversity, Cohesion and Integration (EDCI) screening has been completed to evaluate the impact of the delivery of these homes. A copy of the EDCI screening document is attached for reference at Appendix 1.

4.3 Council policies and the Best Council Plan

- 4.3.1 Housing has been identified as one of the Best City priorities and this programme will directly support the following priorities:
- Housing of the right quality, type, tenure and affordability in the right places;
 - Minimising homelessness through a greater focus on prevention; and
 - Providing the right housing options to support vulnerable residents to remain active and independent.
- 4.3.2 The programme will also directly contribute to the achievement of a number of the key performance indicators the Council will use to measure success including:
- Growth in new homes in Leeds; and
 - Number of affordable homes delivered.

Climate Emergency

- 4.3.3 Although there are no specific proposals in regard to the works which relate to the Council’s climate emergency targets, energy efficiency improvements shall be maximised where possible. The works will meet all legislative and Building Regulation requirements appropriate to the intended residential use.

4.4 Resources, procurement and value for money

- 4.4.1 The total estimated property purchase, refurbishment cost and other costs (stamp duty, agent fee & legal costs, Council staffing costs & fit out (white goods, floor

coverings, furniture, etc.)) of the scheme is £2,606,000. This is funded via a combination of £1,000,000 capital grant funding from MHCLG combined with £1,606,000 HRA Capital previously approved for the Council Housing Growth programme to purchase properties as part of the Right of First Refusal programme.

- 4.4.2 The scheme shall be delivered via a co-ordinated team effort involving colleagues in Resources & Housing, Adults & Health, Land & Property, Legal, Property & Development and Leeds Building Services; and shall be overseen by the already established and experienced CHG acquisitions team. The work shall be delivered in house with the exception of some valuation and conveyancing services; these services are to be secured using agreed framework arrangements primarily due to other council priority workloads currently being experienced and a deadline of 31st March 2021 to ensure the grant funding can be drawn down; current position:
- a) Legal services have obtained fee quotes from the WYLAW framework and confirmed the use of Ward Hadaway - typical legal service cost per property is £800plus VAT (which was included as part of *other costs* referred to above).
 - b) Land & Property are currently looking to procure valuation services with experience / expertise and knowledge of the Leeds property market; options include procuring from frameworks such as Homes England Panel or CCS. It is anticipated that additional valuation services shall be available in Jan 2021.
- 4.4.3 The properties shall be refurbished by either the Councils voids team or Leeds Building Services, once refurbished they will have a tenant in place who will be charged rent in accordance with the council HRA rental policy. This rent will fund the borrowing cost of the HRA Capital.
- 4.4.4 The delivery of this project also requires revenue funding for a dedicated Housing Navigator Support team (3 x FTE). The cost of this team over 3 years is estimated at £314,684 with this funding being awarded as part of the from the Next steps programme bid.
- 4.4.5 Our historic and current property acquisitions programmes indicate an average of c£10k works per property. However with only a few exceptions these were all ex-council and benefited from some council decency works prior to the tenant exercising their Right to Buy, so for non-ex-council properties we would expect to see higher refurbishment costs.
- 4.4.6 The established process LCC utilises for assessing viability of its property acquisitions is based on an annuity model which deems properties / schemes to be viable if the repayment period for the interest and capital is 30 years or less. This 30 year period is aligned to the HRA business plan. Having assessed the above costs, and proposed social rents, the authority is comfortable that these purchases represent viable investments.

4.5 Legal implications, access to information, and call-in

- 4.5.1 This report is a key decision but approval is being requested from the Director of Resources and Housing (funding) and Director of City Development (property purchase) to enable the Council to progress the delivery of this accommodation by the deadline of 31st March 2021 to avoid the risk of losing the grant allocation being offered to Leeds.
- 4.5.2 A notice of a forthcoming Key Decision (Next Steps Accommodation Programme (NSAP) - Leeds funding approval / 1 bed property acquisitions for supported move on) was published on

10th November 2020. The decision date put in the notice is: not before 9th December 2020.

- 4.5.3 The Council was only provided with the NSAP non-negotiable Funding Agreement on the 16th November that required discussion & clarification with Homes England which has now been concluded. In order to deliver this programme by the 31st March 2021 the end to end timeframe from property identification to completion is a minimum of 17 weeks. This includes property identification, valuation, approvals, conveyance, works period and occupancy, it also relies on no new COVID measures or restrictions, free from chain properties, etc.

4.5 Risk management

- 4.5.1 The scheme will be delivered using the Council's agreed project management methodology and a programme risk log will be maintained and risks managed, monitored through the governance process as necessary.
- 4.5.2 Local lockdown or additional COVID wave would highly likely have implications with undertaking physical valuations, survey inspections and refurbishment works. The project would have to be placed on hold depending on the severity of the restrictions and advice sought from the Homes England.
- 4.5.3 The acquisition of 20 x 1 bed properties is dependent on supply of suitable properties within the required timescales. Bid was informed by research into currently available properties, estate agents have been approached with mailing planned in target areas, chain free properties will be prioritised, if sufficient 1 bed houses are not available in the timescales, 1 bed flats will be considered as alternative.
- 4.5.4 Some valuation and conveyance services shall be secured using agreed framework arrangements due to other council priority workloads currently being experienced and a deadline of 31st March 2021. Individual acquisition will be recommended for approval to the Director of City Development (or other officer with delegated authority) on the basis the Council will be paying no more than market value.
- 4.5.5 There is a risk that some properties would exceed the average budget cost, however, based on properties identified to date we are confident that we shall receive the average cost of £127,400 per property over the 20 units. We also have the ability to switch to lower cost properties addresses should time allow & this be necessary.
- 4.5.6 There is a risk that the dedicated Housing Navigator Support team (3 x FTE) will not be in place by 1st April but this risk will be mitigated by taking early action to start the process and to work with providers who are experienced at recruiting suitably experienced staff.

5. Conclusions

- 5.1 The successful bid for £1,000,000 of capital funding from MHCLG to provide self-contained additional accommodation provides a major opportunity to support the Council's wider strategic aims to prevent homelessness and meet national targets in relation to the provision of accommodation. In particular it provides an opportunity to provide 20 x 1 bedroom properties dispersed across the City to provide additional capacity in the housing stock.

- 5.2** The provision of this self-contained accommodation will enable the City to safely house and support some of the most vulnerable residents in Leeds, who have been even more impacted by the covid-19 pandemic.

6. Recommendations

The Director of Resources and Housing is recommended to

- a) Approve the acceptance of the MHCLG grant of £1,000,000 capital and £314,684 revenue funding as a result of the Council's bid to the Next Steps Accommodation programme;
- b) Approve the necessary injection of the £2,606,000 scheme into HRA Council Housing Growth capital programme to enable the scheme to be delivered noting the requirement of £1,606,000 capital funding; and
- c) Note that a further report will follow to request approval as a subsequent significant operational decision to establish the arrangements with a third party to provide the support for people in the properties via a dedicated Housing Navigator Support team (3 x FTE) from 1st April 2021.

The Director of City Development is recommended to

- a) Support in principle approval for the purchase of 20 x 1 bedroom properties which shall provide self-contained additional accommodation. This is a fully funded scheme;
- b) Note that property addresses cannot be provided at time of drafting this report, therefore, approval is requested to process each individual property purchase as a significant operational decision (using the same process as agreed on the ROFR purchases); and
- c) Note that some valuation and conveyancing services shall be secured using agreed framework arrangements primarily due to other council priority workloads currently being experienced.

7. Background documents¹

- 7.1** None.

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.