

Southend-on-Sea Borough Council

**Report of Deputy Chief Executive & Executive Director
Growth & Housing and Executive Director Adults &
Communities**

To

Cabinet

On

15th September

Report prepared by:

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**Agenda
Item No.**

Rough Sleeper Accommodation Bid Opportunities: Next Steps in Accommodation Programme and Move On Fund

**Eligible for call in to Policy and Resources
Cabinet Member: Councillor Ian Gilbert
Part 1 (Public Agenda Item)**

1. Purpose of Report

- 1.1 To apprise Cabinet of opportunities to secure additional funds to provide permanent and supported accommodation for rough sleepers, together with costs to continue to meet emergency accommodation for rough sleepers as part of the Covid-19 Everybody In programme, and to inform Cabinet of the financial implications of this bidding programme.

2. Recommendations

- 2.1 That Cabinet endorses the recommendation to bid for the Next Steps in Accommodation fund and agrees to the alignment of HRA funds to support this, as set out below in section 3.1-3.6.
- 2.2 That Cabinet endorses the recommendation to bid for the Move On fund and agrees to the alignment of HRA funds and S106 funds to support this, as set out below in sections 3.7-3.8.
- 2.3 That Cabinet agrees to authority for the above to be provided via SO46 in order to support submission of the bid in a timely manner.

3. Background

Next Steps Accommodation Programme (NSAP)

- 3.1 Following the work undertaken by the Rough Sleeper Initiative and Housing Options teams to locate, support and house all rough sleepers throughout lockdown as part of the Everyone In scheme, the MHCLG, along with Homes England, has made provision for councils to bid for both capital and revenue

funding to continue this work and ensure that people are able to be supported into suitable, permanent accommodation. Grant funding is available to bid for a range of different types of accommodation and support:

- **Shorter-term/interim accommodation and immediate support:** £105m is available to fund a range of interventions from moves into the private rented sector, to extending or procuring interim accommodation such as hotels or student accommodation and supporting individuals to reconnect with friends or family. This £105 million is revenue only and to be utilised in 20/21.
- **Longer-term Move-on Accommodation:** £130 million capital funding, along with £31 million revenue is available for 20/21 (as part of an overall £433 million for the lifetime of this parliament) to deliver 3,300 units of longer-term, move-on accommodation.

3.2 Timescales for this competitive bidding process are tight on several fronts. Bids are due for submission by 20th August, with outcomes to be known at some point during September. There has also been very little lead in time for this bid, with the prospectus for bidding not published until late July, and with several components' areas needing further clarification from MHCLG and Homes England advisors. Additionally funds delivering property and its acquisition and refurbishment must be used by 31st March 2021 with the intention that people will be moved into their new homes by then.

3.3 It is notable that MHCLG and Homes England are actively supporting preparation of submissions further to their identification of Southend as a high priority area based both on previously high numbers of rough sleepers in the borough and the successful support put in place as a response to the Covid-19 crisis. To date we have accommodated 85 individuals from emergency B&B accommodation into secure tenancies and supported accommodation. Currently there are approximately 65 individuals remaining in B&B, which we aim to continue to reduce. However, because of the high numbers of people that have been supported via the Council, it is being suggested through this co-production process that up to 60 dwellings are being sought by 31 March 2021. Work is underway to identify the best way to propose achieving this, as well as a full understanding of the officer capacity that would be required to meet these needs, including professional skills required to support acquisition and leasing (e.g. surveyors, legal support) as well the delivery of the ongoing support to the rough sleepers the Council is seeking to provide permanent accommodation for. Cabinet will be further updated as this programme proceeds. Some of the above need will be met via existing provision and partnerships with local homelessness organisations and landlords, others will require additional units of accommodation to become available.

3.4 It should be noted that the capital funding available will not fully cover the costs of any properties purchased in order to deliver this programme, and indicatively a grant limit of £40k per unit let at affordable rent levels has been suggested by MHCLG, along with a proposed grant of around £70k per unit where this will be let at social rent levels. Work to date via the acquisitions programme has identified an average purchase cost of £135k per unit for self-contained one-bedroom accommodation, plus on costs relating to purchase and refurbishment. Given the above it is clear that a significant financial contribution towards the

project may be required if acquisition is to be part of the Southend approach. During preparatory work towards this bid it has been felt necessary to increase the upper price within property search criteria to £170K in order to identify sufficient properties of the type and in the right location deemed appropriate. It is also worth noting that MHCLG has referred to any properties brought forwards under the scheme needing to be reserved for housing rough sleepers and introduced the term 'national asset', which we are challenging and seeking to ensure that any assets would be jointly held.

- 3.5 It has now been clarified that grant cannot be subsidised with Right to Buy receipts so any acquisitions under this programme would need to be separate to the ongoing programme. However, it has been identified that s106 funds (from developers in lieu of providing affordable housing on site) can be deployed and that £700k is available for this purpose in Southend.
- 3.6 It should be noted that £150,000 revenue funding was identified and approved by the Leader of the Council in 20/21, in order to staff further complex needs provision and support, building upon our existing Complex Needs provision delivered by Peabody.

Proposed bidding approach:

- 3.7 There are several components that are felt to be worth pursuing in order to source sustainable and appropriately supported accommodation for former rough sleepers in Southend, as well as ensure there is sufficient ongoing emergency provision for those who may arise during the next winter period. These aspects include acquisitions, B&B costs, support staff costs and project staff costs as outline below.

3.7.1 Acquisitions component

	Number of 1 bed units being proposed = 20 at an average cost of £170k + £18,625 on cost.	£3.773m
	Professional costs (capitalised) – Strategic housing acquisitions and assets acquisitions support officer, South Essex Homes Surveyor and Voids Project Manager	£0.124m
	Total funds required	£3.897m
	Possible contribution from NSAP (social rent) = £70k	£1.4m
	S106 funds available	£0.7m
	Net funds to be bid for from NSAP	£1.524
	Net funds required from HRA Capital Reserves	£1.673m

3.7.2 Private rented sector – No Recourse to Public Funds

The NSAP bid also allows the opportunity to seek monies to support people with no recourse to public funds in the private rented sector in order to allow them to be supported with their relevant legal status or to repatriate as necessary. An additional £85,320 is being sought to provide accommodation for 23 people in this group.

3.7.3 Support costs

As has been well documented resolving homelessness requires much more than the provision of accommodation and is reliant on good quality support to both directly assist people towards independence and link them with other supports and services they may require. In order to provide for this a team of 3 additional 'housing first' officers will be bid for at a cost of £118,936.

3.7.4 HARP

In developing this bid, we have worked with HARP to identify additional units that they can bring forwards alongside their other imminent developments. HARP have identified 10 units across 3 separate properties in Southchurch Avenue and York Rd that they would purchase and develop to suitable standards. Alongside this we have been working with MHCLG to ensure that the existing Rough Sleeper Initiative funding that HARP receive can be repurposed such that any residents would be able to receive the requisite support. An amount of £425k will be included within the bid for capital funds to support HARP's proposal.

3.7.5 Ongoing Bed & Breakfast Emergency Accommodation Costs

Council's are eligible to bid for funds to support the ongoing need to place rough sleepers in B&B accommodation for the period 1st July 2020 to 31st March 2021. Councils are being strongly encouraged to maximise housing benefit contributions to these costs now that support plans are in place for these rough sleepers. As such full costs will not be met for the full year.

It is equally required that provision is made for B&B support in the event of increased winter and other fluctuations in demand and these have therefore been included also in the amount proposed to be bid for of £228,846.

Total amount to be bid for from **NSAP** 20/21(3.6.1, 3.6.3-3.6.6): **£2,382,102**

Total amount of **HRA** contribution sought for NSAP (3.6.2): **£1,673,000**

Homes England Move-On Accommodation Fund

3.8 The Move On Fund aims to free up hostel and refuge spaces by increasing the availability of affordable move-on housing for rent to support homeless people and victims of domestic abuse with low and medium level needs currently living in hostels and refuges; and those who are currently sleeping rough, who are ready to leave this type of provision but might otherwise not be in a position access the next stage of housing.

3.9 The aim is to support delivery of up to 879 bed spaces in move-on housing across England (outside London). MHCLG and Homes England have put forward £44 million grant funding and £6 million revenue funding for on-going tenancy support costs for this purpose from 2018/19 to 2020/21. All schemes delivered under the Move On Fund must be completed by 31 March 2021 with

bids being made via the Investment Management System (IMS). SBC are waiting on confirmation of the grant rates however an early estimation is that it will be £70k per unit. The remaining funding will therefore be required from the Housing Revenue Account Capital Reserves.

3.10 Southend Bid

SBC have identified 4 x 1 bed properties from the open market that could be purchased for the purpose of Move On housing and part funded via this grant programme. The Strategic Housing team have utilised the same assessment criteria used on the Acquisitions Programme for general needs Council housing and the same governance and sign off processes will be used. The properties identified are summarised below:

Type	Bed	Offer (£)	Works Estimate (£)	SDLT (£)	Property & SDLT
flat	1	£ 122,500.00	£ 4,400.00	£ 3,675.00	£ 126,175.00
flat	1	£ 122,500.00	£ 4,300.00	£ 3,675.00	£ 126,175.00
flat	1	£ 127,500.00	£ 7,050.00	£ 3,875.00	£ 131,375.00
flat	1	£ 135,000.00	£ 7,650.00	£ 4,050.00	£ 139,050.00
Totals		£ 507,500.00	£ 23,400.00	£ 15,275.00	£ 522,775.00

The overall cost of the property (including works and SDLT) have been estimated at £523k and the grant funding estimated at £280k therefore **the funding ask of the HRA Capital Reserves is £243k.**

Total HRA sought across NSAP and Move-on Fund: **£1,916,000**
 Total amount to be bid for NSAP & Move-on Fund: £2,662,102

3.11 Total Units across funding bids

Programme	Number of Units	Method	HRA support?
NSAP	20	Council Acquisitions	Yes
NSAP	10	HARP	No
Homes England Move on	4	Council Acquisitions	Yes

4. Other Options

- 4.1 The Council is not obliged to work with MHCLG and Homes England to develop strong bids for additional resources in order to provide permanent housing for rough sleepers temporarily housed throughout the Covid-19 crisis. However, the current arrangements of supporting people in B&B accommodation are extremely expensive and neither provide the most suitable living conditions for people, nor best value for money for the Council. The action to reduce rough sleeping is a key objective of the *Housing, Homelessness and Rough Sleeping Strategy*.

- 4.2 There is already a successful programme of sourcing private rented sector accommodation and supporting rough sleepers into these new homes. This has led to a significant number of people moving out of B&B accommodation already. It is proposed to continue this but is also recognised that this route will not be suitable for everyone. It is also believed that more formal leasing schemes with private landlords are not required as part of this project and are thus not proposed as part of this bid.
- 4.3 Given the very tight deadlines for any grants successfully bid for to be used it is not felt that any secured funds could feasibly contribute to any development programmes. It is for this reason that an acquisitions route and partnering with HARP is being proposed.
- 4.4 The provision of Housing First type of accommodation is not a requirement and thus bidding to the move on fund and potential use of HRA funds for this purpose is not automatic. Housing First is increasingly acknowledged as best practice for some entrenched rough sleepers and is in keeping with the reputation of Southend as sector leaders in the rough sleeping fields, as noted through our status as a Making Every Adult Matter partnership and a leading partner of the Centre for Homelessness Impact.

5. Reasons for Recommendations

- 5.1 To inform Cabinet of the opportunity to secure additional funds to support provision of 34 additional units of accommodation for rough sleepers (24 through Council acquisitions and 10 via HARP) and to recommend endorsement of both bidding opportunities outlined above, and the allocation of HRA capital reserves for this purpose.

6. Corporate Implications

- 6.1 Contribution to the Southend 2050 Road Map
- 6.1.1 The development and acquisition of the housing and regeneration pipeline work towards the Southend 2050 Safe and Well outcomes of **“We are well on our way to ensuring that everyone has a home that meets their needs”** and **“We act as a green city with outstanding examples of energy efficient and carbon neutral buildings”**.
- 6.1.2 Southend’s *Housing, Homelessness & Rough Sleeping Strategy* aims to provide ‘decent high quality, affordable and secure homes for the people of Southend’ and the development and purchase of affordable contributes to this.
- 6.2 Financial Implications

Programme	Number of Units	Method	HRA support?	Overall Cost £'000	Source of Funds		Funding Source within Council
					Grant Bid £'000	Amount to be provided by SBC £'000	
NSAP	20	Council Acquisitions	Yes	3,897	1,525	2,372	£700 from S106
							£1,673 from HRA Capital Reserve
		Support No Recourse to Public Funds			85		
		3 housing officers Support Staff			119		
		B & B Support in case of increased winter			229		
NSAP	10	HARP	No	425	425	-	
Homes England Move on	4	Council Acquisitions	Yes	523	280	243	HRA
Grand Total	34			4,845	2,663	2,615	
						split below	
						Council Resources	700 Section 106
						HRA Capital Reserve	1,915
							2,615

6.2.1 Allocation of HRA Capital Reserves of £1.916m is required in the event that all capital bidding is successful for the acquisition of 24 units of accommodation (all units excluding HARP provision). Income from rental of the units would represent future income to the HRA.

6.2.2 There will be an ongoing revenue reduction on the temporary accommodation budget, where tenants currently in hostels or Bed and Breakfast (B&B) accommodation will be in permanent accommodation. The current average cost is £45 per week. For 34 Rough sleepers placed into permanent accommodation this represents £80,000 annual saving on B&B.

6.2.3 The Housing First Officer funding is for 4 years and this is linked to the success of our capital funding bid of 20 units acquired directly under the NSAP funding. If successful there may be need for further revenue investment if the clients will require further support and intervention from Housing officers.

6.2.4 There will be further revenue implications on Adult Social Care in respect of the tenants with No Recourse to Public Funds. Of the current 26, some do have a social care need and will require ongoing social care support.

6.3 Legal Implications

6.3.1 None

6.4 People Implications

6.4.1 The NSAP bid proposes employment of a number of support posts as well as short term project posts to enable the acquisitions to be achieved.

6.5 Property Implications

6.5.1 The above bid proposal could lead to the acquisition of 24 x 1 bed units of accommodation, together with 10 additional units to be owned and developed by HARP.

6.6 Consultation

6.6.1 Consultation has taken place with internal colleagues and external partners throughout the development of the proposed approach laid out above. MHCLG and Homes England have also been closely involved in shaping the above.

6.7 Equalities and Diversity Implications

6.7.1 The proposal above seeks to provide sustainable, supportive and inclusive accommodation for an often-marginalised group, some of whom experience a range of additional challenges, including some relating to protected characteristics.

6.8 Risk Assessment

6.8.1 Risk assessment and analysis will be undertaken alongside all aspects of the above programme and overseen via a multi-agency officer group.

6.9 Value for Money

6.9.1 All spend in relation to the projects is subject to the relevant procurement rules, in order to ensure full procurement compliance and value for money. All property acquisition is closely scrutinised for value and based on red book valuation.

6.10 Community Safety Implications

6.10.1 Sites will be considered individually as they progress and through consultation.

6.11 Environmental Impact

6.11.1 Sustainability requirements are important to all development schemes and where able to be achieved, optimising energy efficiency will be sought within all refurbishment.

7. Background Papers

None

8. Appendices

None