

CABINET

DATE	14 th June 2023
REPORT OF	Councillor Philip Jackson – Leader and Portfolio Holder for Economy, Net Zero, Skills and Housing
RESPONSIBLE OFFICER	Sharon Wroot – Executive Director for Place and Resources
SUBJECT	Home Options Service 10-year lease of Swan House.
STATUS	Open
FORWARD PLAN REF NO.	CB 06/23/02

CONTRIBUTION TO OUR AIMS

The delivery of the project contributes to the achievement of a key Council Plan outcome, that citizens of all ages live active, healthy, and independent lives and are much less dependent on public institutions as a result.

People accommodated and supported at Swan House will be assisted to:

1. Reach their full potential through skills and learning.
2. Benefit from a green economy and a high-quality environment.
3. Enjoy good health and wellbeing.
4. Live in a safe environment, can have their say about things that are important to them and participate fully in their communities.

EXECUTIVE SUMMARY

The Home Options Service will lease Swan House for a period of 10 years to provide move on accommodation and support to those households approaching the Authority as homeless, who require support to develop tenancy management and social resilience skills, to successfully move on to independence.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Approves the lease of Swan House for a period of 10 years to provide supported accommodation to relieve homelessness and equip people with skills to move on to independence.
2. Delegates Authority to the Executive Director Place and Resources, in consultation with the Leader and Portfolio Holder for Economy, Net Zero, Skills and Housing to ensure all necessary actions are carried out in relation to implementation including procurement of a housing management function; and
3. Authorises the Assistant Director Law and Governance (Monitoring Officer) to execute and complete all requisite legal documentation.

REASONS FOR DECISION

The lease of Swan House will help to reduce numbers of single households accommodated under statutory duties by the Home Options Service and better equip them to manage future tenancies without reliance on statutory interventions. In addition, it will bring a large empty property back in to use and reduce the likelihood of an unknown support provider taking on the lease which could have a negative impact on Council finances.

1. BACKGROUND AND ISSUES

- 1.1 Swan House is large building located in Newhaven Terrace, in the West Marsh area of Grimsby which has undergone a full scheme of refurbishment. Originally it was a social housing group dwelling but was developed in to 29 1 and 2 bedroom flats several years ago, then left vacant and sold to a developer. This area has challenging levels of crime and poor housing conditions, and the building was a hot spot for fly-tipping, vandalism, and arson prior to the high-spec refurbishment completing in 2021.
- 1.2 In October 2021 a Registered Provider (RP) took a lease of the whole building with a view to provide housing and support. The Council discussed potential usage of the building, the sensitivity of the area and potential client group and any potential impact on the local community. The Council agreed to work with the RP to make the building multi-purpose and to move people accommodated under homelessness duties from bed and breakfast, reducing the burden on the homelessness service budgets.
- 1.3 Unfortunately, the owner relinquished the lease with the RP in August 2022 and the potential project stalled.
- 1.4 The building has stood empty since, but once the Authority became aware that a different housing provider (who was not a register provider) had stepped forward to take control of the building via a lease, which would have a significant, negative financial impact on the Revenue and Taxation Department because they would not be able to recover government subsidy towards the housing costs paid to a non-registered provider.
- 1.5 If the landlord is not a registered provider (i.e. a charity) the local authority can only recover 60% of the difference between the appropriate Local Housing Allowance rate and the actual rent being charged. In many cases, such as this, the full rental, including costs such as housing management, void costs, are in excess of £400 per week. In certain circumstances, Swan House would cost the Authority more than £300,000 per annum.
- 1.6 The Home Options Service are proposing to lease the building for up to 10 years and utilise this as a community hub and multi-purpose accommodation and support project. The building is physically split into different zones, with fobbed access to allow separate access to a wing for particularly vulnerable people which also houses a staff office space and CCTV system. The building is currently having a full roof fitted at the owner's cost, but other than furniture and white goods, it would not appear to require any immediate maintenance,

although this would be fully checked by qualified officers, before signing a lease.

- 1.7 We will work with a support partner of the Council's choice to provide intensive housing management of the building and intend to carry out some soft market testing in advance of agreeing to any lease.
- 1.8 The Authority would follow the National Statement of Expectations (NSE) for supported housing, detailing the government's vision for ways of working in the sector and recommendations for standards in accommodation and support which pulls together expertise and examples of excellent practice from across the sector.
- 1.9 The client groups accommodated in Swan House would include:
 1. Rough sleepers/multiple and complex needs - 8 minimally furnished flats with additional Rough Sleeper Initiative with specialist support provided by We Are With You and Harbour Place.
 2. Move on for those ready to move to greater independence with increased furnishings and white goods and referral to commissioned housing related support where required.
 3. General needs accommodation for those with low level support needs at time of approach for accommodation to the Local Authority which could include shared options.
- 1.10 Tenancies would be granted to a homeless household as part of any function under Part 7 of the Housing Act 1996, and will not be secure, unless the local authority notifies the tenant that it is to be regarded as a secure tenancy. Temporary accommodation or supported 'tenancies' would be issued to discharge:
 - the prevention duty or the relief duty, but which is not an allocation, and as part of a pathway to independence.
 - to give an intentionally homeless applicant reasonable opportunity to secure alternative accommodation.
 - under a duty to an applicant who has 'deliberately and unreasonably refused to cooperate' with the authority
- 1.11 Whilst actual rough sleeper numbers are relatively low (5 on the December 2022 spot count), they are constant, with new rough sleepers continually emerging. Whilst the Service continues to work collaboratively with partners to prevent rough sleeping, in many cases people approach services when it is too late to rescue a tenancy.
- 1.12 Nationally in quarter 1 of 2022/23 single adult households accounted for 30% of the temporary accommodation placements made by Local Authorities. In NE Lincs this figure was 70% (41% male, 29% female). In that quarter 91 single people were accommodated temporarily as there was a statutory duty to do so.
- 1.13 It has long been a necessity to use bed and breakfast accommodation to house single homeless as there is a shortage of 1 bedroom accommodation

locally. B&B leaves the person struggling to feed themselves healthily, no access to laundry or cooking facilities. They become accustomed to someone else cleaning the room and changing bedding and having no responsibility for bills etc. This creates a reliance on homelessness services and a reluctance for the individual to find alternative housing options. B&B should be used for holiday makers; it is not conducive to supporting the homeless and using the B&Bs can negatively impact on local tourism and perceived reputation.

- 1.14 Swan House would act as a community hub for police and additional services who would be visiting the building to provide living skills and housing related support. It is envisaged the outside of the building would be landscaped and those living in the building assist to do so.
- 1.15 Whilst this could be viewed as a 'homeless hostel', it is important to note these are self-contained flats. The building will require 24-hour staffing with a relatively high ratio of staff to tenants due to the nature of those living in and frequenting the building. There will be concierge/security throughout the evening.
- 1.16 The Swan House project will provide high-quality accommodation and support and reduce the numbers of single homeless people in temporary accommodation, as they could be offered supported tenancies on a pathway to independence.

2. RISKS AND OPPORTUNITIES

- 2.1 The Home Options Service continues to see high numbers of single homeless adults approaching for homelessness assistance, and a number of single people 'sofa-surfing' and at risk of rough sleeping, due to cost of living crisis and the post Covid effects.
- 2.2 Due to the numbers of single people requiring homelessness assistance the number of single homeless people in emergency accommodation may well increase. Furthermore, lack of single persons accommodation options is creating additional financial pressure on homelessness budgets.
- 2.3 The annual cost of the lease, management and maintenance of the building will be incorporated into the rental calculations to reduce the overall spend on temporary accommodation budgets. Commuted sums capital can be used to mitigate any risk associated with the lease costs and void costs whilst flats are being furnished and tenanted.
- 2.4 The housing benefit department would have a minimum of £300K increased expenditure annually if a non-registered provider of accommodation and support takes the lease of the building. The option of the Authority leasing and providing supported accommodation mitigates this financial risk.
- 2.5 Impact Assessments:

Equalities (to meet our duty under the Equality Act 2010)

Impact assessment completed, will increase housing options for those with a disability as ground floor flats will be adapted to meet individual needs.

Strategic environmental issues – no impact foreseen.

The General Data Protection Regulation 2018 – a full Data Protection Impact Assessment is not required.

3. OTHER OPTIONS CONSIDERED

3.1 Option 1 Do nothing (Home Options do not refer clients)

The owner is likely to continue with the lease to the non-registered provider, they would have no option but to fill the building by accepting referrals from agencies to recoup the rent, and the Authority would have to incur the housing benefit bill in full without subsidy with an estimated annual cost of £300 ,000 per year minimum.

In experience, this can lead to unsuitable referrals from agencies just wanting housing for their client, not considering the suitability of the accommodation or support needs of individuals, and with the potential to cause anti-social behaviour in the area.

The Home Options Service will continue to require 1 bed accommodation for those approaching as homeless or rough sleeping to discharge their duty and will lease additional properties to manage the demand or use costly Premier Inns and guesthouses. Whilst it is possible to recover housing benefit on the B&B, it is difficult to manage when people are moving in/out frequently, they are in for a matter of days, and for each person per week the Authority pay £25.00 they cannot recover through housing benefit.

3.2 Option 2 – Refer Home Options clients to the non-registered provider

This would in effect reduce the cost of temporary accommodation, the bed and breakfast spend for single people and provide move on options for those who have been in the night shelter, allowing rough sleepers to take up that first stage accommodation. However, there would still be the financial impact on housing benefit bill as in option 1.

3.3 Option 3 – Home Options find alternative accommodation to lease/buy and renovate to provide housing for single people.

There is potential to buy or lease alternative properties and the Service will utilise all possible funding streams that are/become available to fund capital projects.

This option has been discounted at this time as the Authority are not a Registered Provider, and we are unable to apply for capital funding from Homes England at this time.

Swan House is already available, suitable, and well-located for town centre

access. We would need to consider the commercial value of the flats, but this would be in conjunction with the housing benefit/income potential.

3.4 Option 4 – purchase Swan House

The flats stood empty for over 12 months after the refurbishment and the owner was unable to sell them on the open market. He then sold on the building to a company who specialised in working with providers of supported housing. Council believe the owners value the building around £0.5 million.

Although the Authority would gain an asset, the property would be a large investment and the asset would potentially be difficult to dispose of if no longer required in future due to its size and location.

This option could be revisited when the lease is up for renewal or using a break clause in the lease agreement once the Authority is satisfied the project is giving good value for money.

3.5 Option 5

Acquire a 10 year lease and install a dedicated support provider, as outlined in the report.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

There are potential positive and negative reputational implications for the Council resulting from the decision.

An action plan will be agreed with the Council's communications service, covering the following issues:

- Community engagement – residents will need to be engaged with to understand the projects aims and the client group, as well as the potential benefit of a community hub facility.
- Media interest may be high due to the cohort and the location of the building.
- Local homelessness support providers will need to be briefed about the cohort, referral processes and assured this will not impact on their provision.
- Housing Related Support framework providers should see an increase in referrals for support, giving a positive impact on the Council's reputation.

Ending rough sleeping is a government priority. The prevalence of rough sleeping can impact on the public's perception of the Council's wider improvement and regeneration activities.

5. FINANCIAL CONSIDERATIONS

- 5.1 The full annual costs of the building will be factored into the eligible housing benefit calculations which include an amount for maintenance and repairs, voids, insurances, management overheads, depreciation of goods,

replacement of furnishings and fixtures per flat.

- 5.2 The amount of housing benefit per flat would be reviewed at the end of the first 12 months but the initial costs have been calculated based upon the actual lease costs, staffing and security (enhanced Housing Management Service and 24 hour security costs) paid on existing homelessness accommodation projects.
- 5.3 There is a viable 10% void rate factored into the housing benefit calculation. In Jan – Dec 2022, 1234 single people approached the Home Options Service requesting assistance to secure accommodation. 116 people were owed a temporary accommodation duty and provided with temporary accommodation, the majority of this being in bed and breakfast and hotels.
- 5.4 Swan House can be used flexibly, dependant on the duties owed to individuals, and offers of accommodation can be given instead of the offer of a hotel but also to those who require accommodation but lack the funds to secure accommodation in the private or social sector and would require some tenancy support. The first option should always be a void in Swan House for those who would be suitable, before all other options were considered, to achieve maximum occupancy. There are currently 30 single people in temporary accommodation.
- 5.5 Whilst housing benefit can be recovered in most cases, £30.00 per week, per room is not recovered as this is for non-Housing Benefit eligible charges in guesthouses and hotels, the Service pays this portion. In addition, due to short stays, it is not always possible to get the HB claim completed with someone before they have moved on. The current HB recovery rate across all temporary accommodation is 50%. The recovery rate on Swan House would be much higher as it would be staffed 24/7 and intensive housing management staff would ensure the HB forms are completed in all cases on move in.
- 5.6 Revenue funding will be applied for with Department of Levelling Up Housing and Communities (single persons homeless accommodation pathway) but the intensive housing management costs are included in the housing benefit calculations. There will be additional support provided to former rough sleepers through Rough Sleeper Initiative Funding, already awarded up to 2025.
- 5.7 Housing Related Support framework providers will be utilised to provide additional support to those who need additional support who are not former rough sleepers. This is already budgeted for following commissioning of housing related support services in 2021.
- 5.8 The Home Options temporary accommodation budget (homelessness prevention grant) can be utilised to pay the lease costs whilst the housing benefit income comes in. The lease costs would be paid quarterly. Arrangements already in place, housing benefit paid regularly to the service for other leased units.

- 5.9 Commuted sums could also be utilised to cushion the costs for year one, covering voids during the mobilisation in to the building, flats are set up with furniture and white goods and a provider procured for housing management. The Service could manage to run a portion of the building to get a return from housing benefit whilst a partner is procured. Should this not be possible, the Service will consider how to carry out this function with existing resources, or through grant funding and support staff.
- 5.10 Repairs and maintenance arrangements are already in place with Equans. Local charities will be used to purchase furnishings where possible.
- 5.11 No call on Council reserves is anticipated.
- 5.12 The improved value for money is demonstrated through:
- Reduction of bed and breakfast usage
 - Reduction in rough sleeper numbers and recurring episodes of homelessness
 - Reduced reliance on public services in future
 - Reduction in temporary accommodation costs for single people

6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

Swan House can be utilised for care experienced people who may find themselves homeless. The Service is collaborating with Children's Services to improve the accommodation options for young people aged 16 – 25 years where there is a corporate parenting responsibility and beyond. Bed and breakfast usage is not lawful for children therefore a wide range of accommodation offers must be made available short, medium and long-term.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 7.1 In conjunction with housing management services, the Council will continue to develop their recycling programmes and raise awareness with the client group regarding the importance of recycling and how to recycle properly, in line with local collections.
- 7.2 By providing accommodation for many clients in one location it reduces the emissions from staff vehicles moving from place to place currently supporting clients in temporary accommodation.

8. CONSULTATION WITH SCRUTINY

There has been no consultation with scrutiny on this matter.

9. FINANCIAL IMPLICATIONS

The proposal aims to ensure best value for money for the Council through service improvement and reduced cost, including removing the risk of losing Government subsidy.

10. LEGAL IMPLICATIONS

A range of statutory provisions enable the Council to acquire property through agreement for either the delivery of its services and functions or for the benefit, improvement or development of the borough (s120 Local Government Act 1972. S227 Town and Country Planning Act 1990).

11. HUMAN RESOURCES IMPLICATIONS

There are no direct HR implications.

12. WARD IMPLICATIONS

West Marsh

13. BACKGROUND PAPERS

None

14. CONTACT OFFICER(S)

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