

# Nottingham City Council Delegated Decision



**Nottingham**  
**City Council**

Reference Number:	4086
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Department:	Development and Growth
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Subject: **Acceptance of Ministry of Housing, Communities & Local Government (MHCLG) Next Steps Accommodation Programme Grant Funding**

Key Decision (decision valued at more than £1million):	Yes
Key Decision (decision affects 2 or more wards):	Yes
Total Value:	£1,572,000 (Type: Capital and Revenue)

Decision Being Taken:

1. To approve acceptance and spend of a capital grant of up to £630,000 and revenue grant of £312,000 from MHCLG Next Steps Accommodation Programme for the Council to fund the acquisition of 15 units to provide long term accommodation for the homeless to include intensive housing management support & personal care packages.
2. To approve the capital project budget of £1,260,000 to be included in the Public Sector Housing Capital Programme. The Council's element of the spend is £630,000 which is to be funded by Prudential Borrowing.
3. To agree that £45,000 per annum for 3 years is paid to NCH towards the provision of intensive housing management
4. To agree that an amount specified in the exempt Appendix 1 will be paid to Framework through the variation of the existing contract 'Enhanced tenancy support services for Housing Led accommodation' to provide personal support packages from Jan 2021 up to 31 March 2022.
5. To grant dispensation from Contract Procedure Rule 4.1.1 in accordance with Financial Regulation 3.29 (operational reasons) to allow the award of contract to Framework.
6. To delegate authority to the Corporate Director for Development & Growth to spend the element of the grant awarded to the city council in accordance with the programme set out in exempt Appendix 2.
7. To delegate authority to the Head of Contracting and Procurement to sign contracts arising from this decision for the delivery of support services using this grant funding.

**Reasons for the Decision(s)**

In July 2020 MHCLG invited local authorities, registered providers and their local partners to submit bids for funding to deliver long term move-on accommodation and personal support for rough sleepers as part of the Next Steps Accommodation Programme. The overall objective of the programme is to ensure that as few individuals as possible return to the street following time spent in emergency accommodation as a result of the Covid-19 pandemic. This included funds for longer-term move on accommodation, including capitals for acquisitions, refurbishments and new build and an attached long-term revenue stream to ensure people are supported in their new tenancies. The City Council submitted a bid for the acquisition of 15 one bed flats dispersed across the city with some already having been identified by the team delivering the Council's property acquisition programme. The Council's contribution to the capital expenditure will be funded by Prudential Borrowing. The revenue costs to fund the intensive housing management and personal support packages up to 31 March 2024 will be funded by a combination of revenue grant and rent. Any intensive management support required after this initial 3 years will be subject to additional funds being identified.

The capital project budget of £630,000 will be repurposed from within the capital amount previously allocated for the HRA purchase programme so that this decision does not require any further capital commitment to NCC beyond what has already been agreed. The decision for the HRA to purchase properties was the Executive Board Decision for £34.817m titled Housing Revenue Account Property Acquisition Extended Second Tranche and was approved on 18 June 2019.

The proposal to award a contract to Framework will be for a period up to 31 March 2022, the remainder of the grant for support services from April 2022 to 31 March 2024 will be awarded via a compliant procurement process.

MHCLG has confirmed that the Council has been successful in its application for funding. The grant funding requires the properties to be acquired and money to be spent by 31 March 2021. 45% of the grant is to be claimed upon acquisition, 50% to be paid when on site and the final 5% will be paid upon practical completion, The payments will be made by Homes England under Section 19 of the Housing & Regeneration Act 2008.

The identification & acquisition of suitable units needs to commence urgently as the funding must be spent by 31 March 2021, therefore an urgent decision is required.

The following reassurance can be given in relation to the risks highlighted in the Finance comments in the exempt appendix.

1) Sourcing Properties. Recent discussion with the MHCLG has clarified that Nottingham is more advanced in sourcing these properties than most other authorities and that MHCLG is considering extending the timescale. Although the current timescale is tight we are well placed to achieve it and it is unlikely to be withdrawn if we do not. If the grant was withdrawn we would be able to utilise the properties as general HRA stock, subsidised by Right to Buy Replacement Funds as part of the existing purchase programme.

2. Cessation of Revenue Funding. The capital grant element of this funding is to provide accommodation for people who are at risk of rough sleeping but it does not have any requirement for ongoing revenue costs to NCC. The revenue funding is to provide intensive support to high need individuals with complex needs. In the event that revenue funding ceases, NCC will no longer utilise the properties for people who are in need of intensive support but will instead use it to house people who are at risk of rough sleeping but who do not have these high support needs. This will prevent the Council from being in a position whereby we have ongoing revenue costs without the support funding to meet those costs. The requirement to provide intensive support is linked to the MHCLG's revenue funding and so will cease if that funding ceases

**Other Options Considered:** 1) not to bid for the funding. This was rejected because it would have resulted in missing an opportunity to obtain funding to deliver longer term move-on accommodation and personal support for the homeless putting them at risk during the covid-19 pandemic.  
2) to tender the personal support packages for the full term from Jan 2021 - March 2024. A full procurement exercise is not possible due to the MHCLG deadline of needing to have this accommodation and associated support in place before 31 March 2021,

**Background Papers:** n/a

**Published Works:** Executive Board Report 18 June 2019 - Housing Revenue Account Property Acquisitions Extended Second Tranche - Key Decision

**Affected Wards:** Citywide

**Colleague / Councillor Interests:** None

**Any Information Exempt from publication:** Yes

**Dispensation from Financial Regulations:** Yes

**Exempt Information:**

**Description of what is exempt:** Appendices 1 & 2 - Exempt Finance comments and value of personal support packages

An appendix (or appendices) to this decision is exempt from publication under the following paragraph(s) of Schedule 12A of the Local Government Act 1972

**3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).**

**The public interest in maintaining the exemption outweighs the public interest in disclosing the information because this could prejudice contract negotiations**

**Documents exempt from publication:**

**Appendix 1 - Recommendation 4.docx, Finance Comments - Next Steps Accommodation 2020 12 16.docx**

**Consultations:**

**Date: 22/12/2020**  
**Other City Council Bodies: Mel Barrett - Chief Executive, Nottingham City Council**  
**Report submitted to CLT 22 Dec 2020 and agreed subject to Chief Finance approval, see below.**

**Date: 03/12/2020**  
**Other: Catherine Stocks, Head of Housing Options, Nottingham City Homes**  
**Confirmation that NCH will deliver the intensive housing management to the 15 new steps residents over the next 3 years for £45,000 per annum (total £135,000) in revenue funding.**

**Date: 17/12/2020**  
**Chief Finance Officer: Clive Heaphy**  
**Approval obtained via email 23 Dec 2020**

**Those not consulted are not directly affected by the decision.**

**Crime and Disorder Implications:**

**The provision of long term accommodation for rough sleepers will help to reduce the likelihood of any crime & disorder incidents.**

**Equality:**

**EIA not required. Reasons: Decision does not relate to new or changing policies, services or functions**

**Social Value Considerations:**

**N/A**

**Relates to Council Property Assets:**

**Yes**

**Decision Type:**

**Leader's Key Decision**

**Subject to Call In:**

Yes

**Call In Expiry date:**

19/01/2021

**Advice Sought:**

Legal, Finance, Procurement

**Legal Advice:**

**This report seeks approval to accept grant funding from MHCLG and to spend the funding in accordance with the arrangements described in the report. The City Council must ensure it can comply with the terms of the grant funding agreement to ensure the risks of clawback are mitigated as far as possible. The City Council should ensure the contracts to be awarded as described in this report enable the City Council to fulfil its obligations in the grant funding agreement.**

**The report seeks authority to contract with NCH for the provision of intensive housing management. As NCH is a subsidiary company of the City Council which benefits from the 'Teckal' procurement exemption a contract can be directly awarded to NCH without the need for a dispensation from the City Council's Contract Procedure Rules. A contract or SLA should be entered into with NCH which sets out the management services to be provided and ensures the City Council can demonstrate value for money. A dispensation is required for the award of the contract to Framework for accommodation based support services. The Legal Services team will work with colleagues in Procurement and Commissioning to identify the contractual arrangements to be put in place with Framework - where possible this will be a variation to an existing contract. The contract will be awarded for 5 quarters with a new contract to be procured competitively for the remainder of the period to 2024. A direct award is supported on the basis of the urgent timescales to commence provision of the services and may be made as it is below the applicable procurement financial threshold.**

**It is understood from discussions with the report author that the properties to be purchased are not new build and formed part of an existing acquisition programme and therefore should not lead to an increase in conveyancing workload. Advice provided by Andrew James (Team Leader Contracts and Commercial) on 15/12/2020.**

**Finance Advice:**

**This advice is exempt from publication and is contained within an exempt appendix.**

**Advice provided by Julie Dorrington (Senior Accountant (Housing Revenue Account) on 16/12/2020.**

**Procurement Advice:**

**This decision relates to the receipt and expenditure of MCHLG grant funding under the Next Steps Accommodation Programme for the acquisition of 15 units of accommodation for homelessness and associated intensive housing management and support services provision. The proposal to contract with NCH for the provision of intensive housing management services is permissible under the 'Teckal' provisions of the Procurement Regulations and therefore is supported provided value for money is demonstrated. In relation to the proposal to contract with Framework Housing Association for the delivery of support services up to 31st March 2022, this will enable MHCLG deadlines for the establishment of these services within the current financial year to be met. It is not feasible to undertake an open tender process within these timescales therefore dispensation from Contract Procedure Rule 4.1.1 in accordance with Financial Regulation 3.29 is supported. As framework have existing services of this nature in place, it is anticipated that the award will be through a variation to an existing contract. The remainder of the grant funding for support service provision from April 2022 will be awarded through a compliant procurement process to be undertaken by the Procurement Team. All contractual arrangements should ensure that the conditions of the MHCLG grant funding will be fully met. Advice provided by Jo Pettifor (Procurement Team Manager) on 15/12/2020.**

**Property Advice:**

**The 15 properties referred to in this report will be identified through the Property Acquisition Programme and their purchase will be negotiated by Property. A valuation will be undertaken on each property to be acquired to establish market value. Advice provided by Rodney Alan Martin (Development Manager) on 11/12/2020.**

**Signatures:**

<b>David Mellen (Leader/ PH Regeneration, Schools, Communications)</b>
<b>SIGNED and Dated: 11/01/2021</b>
<b>Chris Henning (Corporate Director for Development and Growth)</b>
<b>SIGNED and Dated: 05/01/2021</b>
<b>Clive Heaphy (Chief Finance Officer) - Dispensation from Financial Regulations</b>
<b>SIGNED and Dated: 04/01/2021</b>
<b>Chief Finance Officer's Comments:</b>