

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

4902

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Department:

Growth and City Development

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Subject:

DLUHC grant funding for Homelessness Accommodation

Key Decision (decision valued at more than £1million):

Yes

Total Value:

£1.024m (Type: Capital)

Decision Being Taken:

To accept, subject to the grant conditions, £1.024m of DLUHC capital funding, via Derbyshire County Council/East Midlands Combined City Authority (EMCCA), for the purchase of 6 residential properties for use as temporary accommodation for homeless families.

To delegate to the Director of Economic Development and Property the approval of the terms and conditions of individual property purchases

Funding was made available from DLUHC to Nottingham City and Derby City to address homelessness via the authorities' East Midlands Combined City Authority (EMCCA) deal.

Derby and Nottingham put forward a joint business case for £1.995m to purchase 12 properties for temporary accommodation, on the basis that any surplus rent revenue would be reinvested into the provision of support officers to accelerate homeless families to permanent accommodation.

The summary business case for Nottingham is as follows:

- £1.024m in 100% capital grant funding to purchase 6 homes (ex RTB/former council) from market for use as temporary accommodation. The grant covers works to bring homes up to standard, stamp duty and conveyance and valuation fees.
- Homes will let as temporary accommodation on licences at a market rent to families currently in B&B accommodation.
- Revenue/rent surplus, remaining after maintenance and management, will be used to support a full time support officer in the homelessness team, who will assist families in the 6 units as well as other in B&B to accelerate their move to permanent accommodation.
- The 6 properties will allow 48 families to be accommodated over a 5 year period, saving a forecast £70k compared to cost of accommodation in B&B.
- The accelerated move to permanent accommodation enabled by the support officer, will further increase throughput in the units of temporary accommodation allowing a potential, additional 12 families to be accommodated, generating further savings of £18k versus the cost of B&B.

The conditions of the grant are that the properties (or an equivalent number of council owned properties) will remain in use for the purpose of addressing or preventing homelessness of 30 years; the council reserves that ability to lease these properties to an RP provider to operate as above in the future. Purchase of the properties must be in train by end March 2023, although some flexibility is expected and works and lettings can take place into the subsequent quarter(s).

Potential properties have been identified and resources are being organised in legal and property services. Properties will all be ex council/RTB and filtered as their availability and potential for this project. Properties will be assessed for both market value and for any works to bring them up to lettable standard; value for money for which will be considered accordingly and will form the basis of the terms and conditions approved by the Director for Economic Development and Property.

A 3 quote mini tender process was undertaken to appoint external chartered surveyors for the market valuation and assessment element of the project and to assist with securing the offers. HEB provided the successful quotation, providing the best value quote against specification. Works assessment will be undertaken by NCH commercial team and onward conveyance by NCC Legal Services.

These costs of these valuation and assessment are included in the grant funding budget.

The properties will be managed and maintained by NCH and then via SLA to the in-house(d) housing management function.

The scheme is 100% grant funded and brings much needed additional capacity to Nottingham's temporary accommodation offer at a time when homelessness presentations are so high and pressures on general fund budgets are so severe.

B&B accommodation is not suitable over any length of time for families with children and at present NCC, as is the case with many local authorities, is breaching the statutory 6 week stay limit for families being in B&B accommodation. At present, there are over 90 homeless families in B&B.

Briefing notes documents: For Information not Publication - EMCCA B&B Reduction Business Case November 22.docx

Other Options Considered: To refuse or return the funding: The funding is 100% capital grant and therefore carries little to no financial risk beyond the onward operation of the properties alongside NCC's existing stock; there is zero financial match requirement. The monies can be spent according to the timescales and grant conditions and will deliver much needed accommodation in Nottingham. Rejected.

Background Papers:

Unpublished background papers: Capital Grant Determination Addressing Homelessness 22-23.docx, Letter to East Midlands - confirmation of funding.docx

Published Works:

Affected Wards: Citywide

Colleague / Councillor Interests:

Consultations:
Date: 27/10/2022
Other: Portfolio Holder - Cllr Toby Neal
Supported.

Date: 14/10/2022
Chief Finance Officer: (Clive Heaphy, Ross Brown)
Agreed to progress bid subject to resolution of capital/revenue accounting issues. Resolved via revised business case and 100% capital grant funding. DDM has been to both Capital Officers Group (6/3/23) and Capital Board (15/3/23) and agreed to proceed with recommendations.

Those not consulted are not directly affected by the decision.

Crime and Disorder Implications: n/a

Equality: EIA not required. Reasons: The decision concerns the purchase of properties. Onward allocation is covered by separate policies and EIAs.

Decision Type: Leader's Key Decision

Subject to Call In: No
The call-in procedure does not apply to the proposed decision because the delay likely to be caused by the call in process would seriously prejudice the Council's or the public's interests. The Chair of the Overview and Scrutiny Committee (or Vice-Chair) in his/her absence has been consulted and agreed both that the decision proposed is reasonable in all circumstances and that it should be treated as a matter of urgency.

Person Consulted: Councillor Samuel Gardiner
Consultation Date: 10/02/2023
This funding was made available to NCC and Derby City, via EMCCA, as an off prospectus underspend from DLUHC, subject to a suitable business case and it being committed (i.e. 6 properties under offer) by end of this financial year. We have resources ready to start the property viewings and purchase process, including on boarding of external surveyor capacity (HEB) via a mini tender/3 quote process. All associated costs with the purchases and works are covered in the business case and grant award.

Advice Sought: Legal, Finance, Procurement

Legal Advice:

The specific grant conditions need to be carefully checked, to ensure they are as set out in this DDM, so there is no onward risk to the council of using the funds in the way being recommended. In particular, surplus rent being reinvested in a support officer and to check that as well as those in the 6 properties being purchased, they are able to also support those in B&B generally as is being recommended. Any restrictions on the role of the support officer or the reinvestment need to be carefully understood and addressed if appropriate.

Houses can be let on licenses to families in temporary accommodation, however it should be ensured that the correct occupation/license agreements are in place, including appropriate clauses for termination, fees and other terms and conditions as appropriate. Housing Aid must ensure that it is clear which section of the Housing Act 1996, Part VII, the properties are being let under and any rights that occupiers have under that legislation.

It is noted that properties need to remain in use for 30 years as temporary accommodation. If that is not possible (due to demolition or disrepair) then replacement properties will need to be identified to meet the grant conditions identified in this DDM.

Raina Mason, Senior Solicitor
Advice provided by Raina Mason (Solicitor) on 13/03/2023.

Finance Advice:

This decision is entirely externally funded and following approval of this decision will be added to the capital programme.

Purchasing the homelessness properties contained within this decision (i.e. up to 6) will generate a revenue savings in relation to the Council's temporary accommodation costs. The grant conditions stipulate that any surplus generated from these properties is retained and reinvested in the homelessness service.

Advice provided by Tom Straw (Senior Accountant - Capital Programmes) on 06/03/2023.

Property Advice:

The matter relates to the proposed purchase of up to 6 properties for temporary accommodation. The council has already appointed external surveying capacity who will provide valuation advice, assist in the negotiation and finalisation of purchase terms and support the legal documentation processes to the extent required. It is understood that the intention is to agree terms for purchase by 31st March with completions taking place during the first quarter 23/24. There are no material issues arising from a property perspective. Advice provided by Steve Sprason (Interim Head of Property) on 20/02/2023.

Procurement Advice:

Acquisition of existing buildings is a specific exclusion under Regulation 10(1)(a) of the Public Contracts Regulations 2015, and so there are no direct procurement implications associated with the decisions being sought, though the usual considerations regarding best value will still apply. In the event that a requirement for any ancillary services, works, or goods, relating to the acquisitions arises, Contract Procedure Rules will apply and advice should be sought from the Procurement Team. Advice provided by Jonathan Whitmarsh (Lead Procurement Officer) on 13/02/2023.

Signatures:

David Mellen (Leader/ PH Strategic Regeneration Communications)

SIGNED and Dated: 28/03/2023

Sajeeda Rose (Corporate Director of Growth & City Development)

SIGNED and Dated: 27/03/2023