

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

4996

Author:

Ceri Davies

Department:

Growth and City Development

Contact:

Ceri Davies

(Job Title: Housing Strategy Specialist, Email: ceri.davies@nottinghamcity.gov.uk, Phone: 01158763530)

Subject:

Lease of Highwood House to Nottingham City Homes Registered Provider Ltd

Total Value:

£432,098 (Type: Capital)

Decision Being Taken:

To lease Highwood house to Nottingham City Homes Registered Provider (NCH RP) for a term of 2 years to run concurrently with NCH RP's provision of services at Highwood House.

Reasons for the Decision(s)

Highwood House is the Council's main temporary accommodation hostel for homeless families. It has 29 self-contained units of accommodation, with staff on-site to provide essential care, support and supervision for resident families. In addition, Highwood is staffed 24/7, maintaining security of residents and the ability to provide emergency assistance to families at any time of the day or night.

The level of service required at Highwood House cannot be accommodated within Housing Benefits levels or practically within universal credit due to it being paid directly to families with a lag period of 5 plus weeks. The solution to provide adequate funding is to access Exempt Accommodation Housing Benefit, where neither rent nor service charges for exempt, in the case supported, emergency temporary accommodation, are capped with the basic housing costs. Council owned accommodation cannot be classed as exempt accommodation; the lease will allow Highwood House will be considered owned and operated by NCH RP and therefore classed as exempt accommodation.

NCH RP are in the process of direct award of a new 2 year service contract for Highwood House (Lot 3 Service 1 Temporary Accommodation for Homeless Families) via the Procurement Framework for the 'Provision of community based support and accommodation based services for homeless people (and those at risk of homelessness)'. NCH RP have retained operation/ownership of the property for continuity, via a temporary 3 month licence, which will be extinguished upon grant of this new lease.

Any repair and maintenance obligations that remain with the council will be funded via the lease income.

NCH RP have provided services and leased the accommodation at Highwood House for the past 5 years since 2018.

The new lease will run for a maximum of 2 years. It contains a termination clause should NCH RP cease to operate the service contract and will be charged at a market value, as per the Council's obligations when disposing of assets via lease or sale. Rent will increase in year 2 in line with CPI+4%.

Considerations and obligations:

NCC is required to obtain market value for any disposals from the HRA, including leases. This minimum has been assessed as the value NCC could obtain for letting the properties (individual units or flats) directly.

Local authorities can only dispose of a property to a company in which they hold an interest if it is within the first 5 disposals of HRA property in a financial year. "Slots" for such disposals remain available at July 2023, however all other HRA disposals (e.g. to other RPs or the market; but excluding Right to Buys) will in effect be queued behind the signing of this lease.

Other Options Considered:

Do nothing:
 Without the property being leased to a qualifying registered provider, the services could not draw on exempt accommodation levels of service change, meaning the services/service level required by and provided to vulnerable residents would be financially unviable to deliver.

Lease to another RP: This would involve an extra level of complexity involved a third party in the lease and service arrangements, as NCH RP have already been awarded the service contract for Highwood House. Having a service provider in place makes means the lease of the building a far less attractive or meaningful opportunity for a second registered provider.

Licence not Lease to NCH RP: NCH RP have a 3 months licence to cover the interim, which will be extinguished if this lease is approved. A licence is not suitable for the longer term as it only gives permission to occupy and does not contain the same level of detail regarding terms and conditions.

All the above have been rejected.

Background Papers:

n/a

Published Works:

n/a

Affected Wards:

Mapperley

Colleague / Councillor Interests:

n/a

Consultations:

Date: 30/06/2023

Other:Councillor Steve Battlemuch, Portfolio Holder for Property

I have no concerns about this decision subject to it being agreed and supported by the PFH for Housing.

Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

n/a

Equality:

EIA not required. Reasons: Decision concerns property not residents.

Relates to Council Property Assets:

Yes

Decision Type:

Portfolio Holder

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 Leslie Ayoola, the Chair of Corporate Scrutiny Committee

Consultation Date: 25/07/2023

The decision needs to be taken in a timely and prompt way, because its actioning has onward implications for other disposals, and other disposals with statutory timeframes, may close the window or severely delay the new lease being activated.

Advice Sought:

Legal, Finance, Property

Legal Advice:

From the information provided and following discussion with colleagues in Property Services and Regeneration, the proposed transaction does not appear to raise any major legal issues of concern. The grant of any lease will need to be in accordance with the relevant legislation that applies to disposals of Housing Revenue Account land. The grant of a new lease will be subject to normal property legal due diligence, agreement of the detailed terms of the letting and the drafting, agreement and completion of formal legal documentation between the parties.

Advice provided by Mick Suggett (Team leader: Conveyancing) on 29/06/2023.

Finance Advice:

HRA Finance have reviewed the proposed licence fee in lieu of the renewal of the full lease agreement and can confirm it is at an appropriate level for the period of time under consideration.

Advice provided by Sam Davidson (Senior HRA Accountant) on 28/06/2023.

Property Advice:

The decision detailed does not cause any substantial issues for Strategic Assets & Property. The lease for Highwood House will be renewed on market facing terms following the required due diligence. The rent will be assessed in accordance with the requirements of the Housing Act 1985 as being at Market Value and the disposal will need to take place within the 'first 5' five disposals from the Housing Revenue Account. Property Services will work with Legal Services and the Housing Team to ensure the lease is completed quickly to facilitate further transactions from the Housing Revenue Account portfolio.

Advice provided by Beverley Gouveia (Disposals and Development Manager) on 28/06/2023.

Signatures

Jay Hayes (Portfolio Holder for Housing)

SIGNED and Dated: 27/07/2023

Mel Barrett (Chief Executive)

SIGNED and Dated: 25/07/2023