

**Executive Board – 19 Dec 2023**

<b>Subject:</b>	Sutton House – Decommissioning of Independent Living Accommodation & conversion to Temporary Accommodation for homeless families.
<b>Corporate Director(s)/Director(s):</b>	Sajeeda Rose, Corporate Director of Growth & City development
<b>Portfolio Holder(s):</b>	Cllr Jay Hayes, Portfolio Holder for Housing
<b>Report author and contact details:</b>	Mark Lowe, Head of Housing & Regeneration Telephone: 0115 8763532 Email: mark.lowe@nottinghamcity.gov.uk
<b>Other colleagues who have provided input:</b>	Thomas Straw, Senior Accountant Raina Mason, NCC Senior Solicitor Antony Dixon – Head of Supported Housing Catherine Stocks – Head of Housing Options
<b>Subject to call-in:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Key Decision:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Criteria for Key Decision:</b>	
(a)	<input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision
<b>and/or</b>	
(b)	Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Type of expenditure:</b>	<input checked="" type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital If Capital, provide the date considered by Capital Board Date: 2 August 2023
<b>Total value of the decision:</b>	<b>£1,143,781 (£80,000 Revenue, £1,063,781 Capital)</b>
<b>Section 151 Officer expenditure approval</b>	Has the spend been approved by the Section 151 Officer? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Spend Control Board approval reference number: 271
<b>Wards affected:</b>	<b>Radford &amp; City Wide</b>
<b>Date of consultation with Portfolio Holder(s):</b>	<b>12 Sept 23</b>
<b>Relevant Council Plan Key Outcome:</b>	
Green, Clean and Connected Communities	<input type="checkbox"/>
Keeping Nottingham Working	<input type="checkbox"/>
Carbon Neutral by 2028	<input type="checkbox"/>
Safer Nottingham	<input type="checkbox"/>
Child-Friendly Nottingham	<input checked="" type="checkbox"/>
Living Well in our Communities	<input checked="" type="checkbox"/>
Keeping Nottingham Moving	<input type="checkbox"/>
Improve the City Centre	<input type="checkbox"/>
Better Housing	<input checked="" type="checkbox"/>
Serving People Well	<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>	
Nottingham City Council (NCC) has a statutory duty to provide temporary accommodation to people in priority need who are facing homelessness and whilst they have their application for permanent housing assessed. Whilst the long-term strategy for the Council is to focus on prevention, there is in the meantime a requirement for temporary accommodation to ensure it is able to meet its duties, the alternative is to continue to rely on Bed and Breakfast (B&B) and Nightly Paid Temporary Accommodation (NPTA), which is costly and unsuitable for families over an extended period.	

Sutton House is currently an Independent Living (IL) scheme owned by NCC as a Housing Revenue Account (HRA) asset managed by NCC Housing Services. The scheme, which is situated in Radford, has over the last few years suffered from a steady decrease in demand. This report seeks approval to decommission Sutton House from its current use as IL accommodation and for it to be refurbished for use as Temporary Accommodation (TA) for homeless families.

**Does this report contain any information that is exempt from publication? Yes**

“An appendix to this report is exempt from publication under paragraph number 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the anticipated works cost and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

“It is not in the public interest to disclose this information because the capital works are subject to tender, and publishing the anticipated value could prejudice negotiations”

**Recommendation(s):**

**To agree:**

- 1 that Sutton House be decommissioned from use as Independent Living accommodation
- 2 that the outcome of consultation with tenants regarding decommissioning be considered
- 3 that Sutton House be repurposed for use to provide temporary accommodation for homeless families
- 4 to note that the conversion works and decommissioning costs totalling £1,143,781 will be funded by the HRA Capital Programme and revenue respectively, and that this expenditure has been approved by the Section 151 Officer
- 5 a Registered Provider (RP) be procured to lease the building from the Council for less than 21 years to manage the temporary accommodation (lease terms to be agreed by the Director of Economic Development & Property)

**1. Reasons for recommendations**

- 1.1 The Council has a statutory duty to provide TA to people in priority need who are facing homelessness and while they have their application for permanent housing assessed. Currently the Council utilises over 441 units of temporary accommodation (not including Bed & Breakfast). All this accommodation is full and there are currently an additional 185 households in B&B or Nightly Paid Temporary Accommodation (NPTA)
- 1.2 The demand for IL accommodation at Sutton House has been declining over recent years and therefore has been identified as needing an alternative use or declared surplus. Its current use means that it lends itself easily for conversion for use as temporary accommodation, which will keep costs to a minimum and can be provided relatively quickly.

**2. Background (including outcomes of consultation)**

- 2.1 The Housing Act 1996, Part VII as amended by the Homelessness Act 2002 and the Homeless Reduction Act 2017 sets out the council's statutory duties to prevent and relieve homelessness and provide temporary and settled accommodation.

Under this legislation, the Council has a statutory duty to provide TA to people in priority need who are facing homelessness and while they have their application for permanent housing assessed.

- 2.2 The Council's first approach to tackling homelessness is prevention. The Council encourages households at risk of homelessness to contact Housing Solutions (formerly Housing Aid) at the earliest opportunity. This enables the statutory housing assessment to be completed and the personalised housing plan formed. There is an opportunity to prevent homelessness either by saving a tenancy or housing situation or moving a household into alternative accommodation before they become homeless, Housing Solutions can case-manage an approach including referral to commissioned partners for housing related support and specialist services to meet support needs that could be contributing to the risk of homelessness. If homelessness cannot be prevented, the local authority has a duty to relieve homelessness and provide TA if the household meets the relevant priority need criteria.
- 2.3 Despite the focus on homeless prevention, Nottingham, like many other areas of the country is seeing a very high demand for homelessness services including a growing number of households who require TA placements while their applications are assessed, or a permanent housing solution is found. The Council currently has 441 units of TA, either provided directly or through partners and subsidiary companies. All provision is currently full and (as of October 2023) there are an additional 185 households in B&B or NPTA. When homeless households are provided with TA operated by a Registered Provider, then the accommodation costs can be largely met from exempt supported accommodation housing benefit charges. However, when this is not available and households are accommodated in hotels/B&B, the Council has to meet these costs from its budget.
- 2.4 Wider issues with the national and Nottingham housing market have made this homelessness crisis acute, including very high rents in the private sector, well above Local Housing Allowance (LHA) levels, and a shortage of affordable homes. Average incomes in Nottingham are well below national averages while rent increases in the East Midlands over the last 12 months have been higher than in any other English Region. Even lower quartile rents within the private sector market are higher than LHA limits. At the same time, the private rental market within our boundaries receives pressure from the expanding student market and city professionals, further limiting supply. Affordability issues are worsening as the cost-of-living crisis continues and utility and food inflation impacts on a broader spectrum of household income levels, including owner occupiers who have also been significantly affected by the increase in mortgage interest rates. High levels of Right to Buy sales are also reducing the number of available council homes.
- 2.5 Due to the factors described above, the high demand for homelessness services is anticipated to continue for the foreseeable future. In this context, further provision of TA managed by a third-party RP, would help the Council to meet its duties whilst limiting the cost to Council budgets. Hostel type accommodation provides the best opportunities for residents to be supported to find permanent housing from on-site support staff and so has the quickest rates of throughput. This helps to manage demand and so further reduce costs.

2.6 In recent years the demand for IL accommodation has declined. Sutton House provides a total of 48 flats, 39% of these (19) were void as of October 2023. The level of voids at Sutton House has increased steadily over the last 4 years (9 voids in 19/20). The average re-let time for flats at Sutton House between 2018 and 2023 is 275 days and as of January 2023 had reached 611 days – the highest for any NCC IL scheme in the city. The Radford ward, where Sutton House is located, has 1 NCC IL home for every 3.32 residents of the ward over 65 (1 IL) home for every 1.6 residents including RP IL provision. This is the highest level of this type of provision per ward in the City which is a significant contributory factor in low demand for the scheme. Sutton House has subsequently been identified as highest priority for decommissioning.

2.7 The Council proposes to refurbish the building, retain ownership within the Housing Revenue Account (HRA) and lease the facility to a RP to manage the TA. The scheme is estimated to cost £1.143m which includes the cost of the refurbishment works & decommissioning costs. The full breakdown of these costs is provided at exempt Appendix 1. As per the external legal advice provided by Trowers & Hamblins detailed in section 7 of this report, it is legitimate for the Council to own the bricks and mortar of this building within the HRA and to meet the costs for the conversion of the building from within the HRA as long as the property is leased for a period of under 21 years.

2.8 The anticipated timescales for the scheme are set out below:

<b>Milestone</b>	<b>Start</b>	<b>End</b>
Tenants to be informed of Executive Board decision (if proposal approved)	Dec 2023	Jan 2024
Recruitment of additional Temporary Relocation Officer	Jan 24	Feb 24
Relocation of tenants	Feb 2024	Sept 2024
Conversion Works (7 months)	Sept 24	Feb 25
PC & Handover	Feb 25	Apr 25

## 2.9 Outline Business case

2.9.1 Finance have completed an outline Business Case which has resulted in a viable scheme based on the following assumptions. The modelling includes both incorporating the projected revenue savings and also as a stand-alone scheme, in both scenarios the scheme is viable over the 30-year modelling period, breaking even in 3 years and 11 years respectively.

### 2.9.2 Business Case Assumptions

- Income projection from lease to RP - £199,680 p.a. based on 48 units
- Sinking fund for major repairs assuming an Operational Lease to RP has been set at 4% (£57,000 p.a)
- Revenue savings made from 48 units of B&B accommodation at £124 per night (Oct 23) - £2,172,480 p.a.
- 1% inflation on B&B savings per annum
- 7% inflation to rental income every 5 years
- 5% inflation per annum added to Security and Running Costs
- Based on a 30-year model

## 2.9.2 30 Year Business Case Results

<b>Financial Implications</b>			
	<b>Impact on the HRA £m</b>	<b>Impact on the General Fund £m</b>	<b>Combined Position £m</b>
<b>Income</b>			
Rental Income	(6.582)	-	(6.582)
Council Tax Generated	-	(2.719)	(2.719)
Revenue Saving B&B	-	(65.437)	(53.294)
<b>Total Income (30 yrs)</b>	<b>(6.582)</b>	<b>(68.156)</b>	<b>(74.738)</b>
<b>Expenditure</b>			
Sinking Fund	3.313	-	3.313
Security Costs/site holding costs	0.080	4.672	4.752
Running Costs	-	1.603	1.603
<b>Total Expenditure (30 yrs)</b>	<b>3.393</b>	<b>6.275</b>	<b>9.668</b>
<b>Net Revenue Surplus</b>	<b>(3.189)</b>	<b>(61.881)</b>	<b>(65,070)</b>
<b>Capital Assumptions</b>			
Expenditure	1.064	-	1.064
Funding – Per Finance Comments	(1.064)	-	(1.064)
<b>Net Present Value (NPV) at 4.5%</b>			
Position in Year 15	(0.155)	(19.367)	(19.522)
Position in Year 30	(0.761)	(32.675)	(33.436)
Payback Period from approval	11 years	N/A	3 years

## 2.9.3 Revenue costs

Current assumptions include:

- There are currently 29 tenants residing in Sutton House that have been consulted as part of the initial process. If the decision to proceed is agreed then further consultation with tenants will be carried out and they will be offered alternative accommodation. The tenants will each be entitled to £8,100 home-loss payments and disturbance costs. The full decommissioning costs are expected to be £333,403 which includes the home-loss and disturbance payments as well as the recruitment of an additional Relocation Support Officer on a fixed term contract of 12 months. It is worth noting that these costs would also be incurred if the alternative option to decommission and sell the property was taken.
- The requirement for NCC to make revenue payment to the RP to cover personal support allowances in order to access/qualify for Enhanced Housing Benefit. These revenue costs for additional TA will have to be covered by Homelessness Prevention Grant/current TA budgets, however offset against the savings made on B&B/NPTA.
- Security Costs: A security or a concierge service is required at Sutton House a proportion of this would qualify as further support provision and be required from NCC to provide to the operator.

## 2.10 Consultation

**2.10.1** A 28 day consultation about the possible decommissioning of Sutton House as IL accommodation started in September 23. This was undertaken in the form of a questionnaire being provided to each tenant asking for their views about the proposal to close Sutton House as an IL community, the impact they felt this would have on them,

what could be done to improve the appeal of Sutton House as older persons housing and should the decision be made to close Sutton House what preferences and requirements for moving would they need. 8 questionnaires were returned. There were also 2 consultation events held for tenants to attend, of the 29 residents, 17 attended these and 3 were visited separately in their homes. Translation was offered to those that needed this. The general feedback was that a majority of current tenants enjoyed and were happy living at Sutton House. A majority were sorry that it was proposed the property would close although some tenants commented they understood the reasons, given the lack of demand. Officers explained the support and compensation that would be offered to them if decommissioning proceeds. A majority of tenants stated that if they needed to be resettled, they would prefer to remain in the Radford/Lenton area. In the event of decommissioning the Council will utilise the Relocation Team to best meet the requirements and aspirations of tenants as far as this is reasonably possible.

Should the decision be made to close this IL scheme, and repurpose as a homeless family accommodation, home visits will be carried out by the council's relocation team to identify any specific individual requirements and to support the tenants move to alternative IL accommodation in the city. This will include the payments of statutory homelessness and disturbance. The timescales for consultation and relocation of tenants is estimated to take approx. 8 months.

### 3. **Other options considered in making recommendations**

- 3.1 Deliver a new build scheme instead of a refurbishment – this option has been discounted as this would be too costly and would take too long to deliver - B&B costs will be expended in the meantime. The existing building is in good condition so to demolish and rebuild would not only be expensive but would also have a significant carbon impact.
- 3.2 Sale of Sutton House on the open market for capital receipt – Although this option would benefit the Council with a capital receipt, the costs for providing TA through the use of B&B accommodation will still need to be found and the costs to decommission Sutton House will still need to be paid. There is also a risk that due to current market uncertainty the property may take time to sell, incurring holding costs.
- 3.3 Sale of the site to a developer with the requirement to deliver TA. This would likely result in an impairment issue due to the value of the site being less as TA reducing the amount of capital receipt compared to the value site for alternative development.
- 3.4 Do nothing – This option would result in a) the property continuing to operate even though demand is declining b) severe financial implications for the Council to continue paying B&B and NPTA costs c) the detrimental impact on families by placing them in unsuitable TA.
- 3.5 **Preferred Option** - Our preferred and recommended option is to progress with the remodelling of Sutton House into TA for homeless families. Sutton House will remain in the HRA and the conversion works and decommissioning costs will be funded by the HRA, the building will then be leased for less than 21 years to an RP to manage the accommodation. Revenue generated from the lease agreement will reimburse the HRA.

### 4. **Consideration of Risk**

- 4.1 There is a risk of a drop in demand for homeless accommodation however this is highly unlikely in the short to mid-term and also this is already partly mitigated by the fact that within the wider TA units the Council currently uses there are a large number of units on shorter leases or with alternative exit routes that could be reduced more quickly, before demand for Sutton House became a concern. Many of these have much higher average stay times than hostel accommodation, making a new hostel a more suitable option for managing demand.
- 4.2 A further risk is that the Government removes RP's access to exempt housing benefit. This would have huge implications for the whole sector and would require major national mitigation, however if it did occur NCC could step down from most of the other TA provision, if it was no longer viable to operate these. NCC would still have a duty to house homeless families and this accommodation would still be cheaper than using B&Bs to do so.

5. **Best Value Considerations, including consideration of Make or Buy where appropriate**

As IL accommodation Sutton House is a poorly performing HRA asset with significant void losses, extended void turnaround times and resultant Council tax liabilities. It no longer represents the best use of resources to the Council in its current guise. Decommissioning the facility will release the Council from these ongoing liabilities

The current layout and design of Sutton House lends itself to be easily converted for use as TA at a minimum cost. The refurbishment works will consider efficiency, effectiveness and economy.

The change of use requires a capital investment which will be recouped through the lease agreement with an RP. The investment is expected to deliver significant benefit to the General Fund through the avoidance of B&B costs, outstripping the cost of development within 3 years.

The RP management of the facility will be procured through a compliant call off from the Council's framework of Homelessness Provision. This will include assessment of quality and price to secure best value for money. It will be a more efficient way of providing TA than third party private sector provision, as this is becoming increasingly hard to source. The refurbishment work will be procured through the use of Fusion 21 contract to ensure best value.

The scheme will allow the Council to effectively deliver its statutory duty to house homeless families in priority need by housing up to 48 families in one place where they can be supported to find permanent accommodation.

6. **Finance colleague comments (including implications and value for money/VAT)**

- 6.1 Sutton House was originally purchased and intended to be used as Independent accommodation, however significant void losses, extended void turnaround times, and resultant council tax liabilities mean that the property is no longer viable. Changing the use of the building to deliver TA requires a capital investment of over £1m, however, these sums will be recouped through the lease agreement with a Registered Provider (RP)

6.2 The investment is expected to deliver significant benefit to the General Fund and HRA. through the avoidance of B&B costs in the GF and additional lease income to the HRA As Sutton House is a HRA asset, the costs associated with re-housing current tenants, and the necessary remedial works to enable the transition from Independent Living to Temporary Accommodation will be funded by the HRA. The HRA currently has the capacity to fund this expenditure.

David Worthington, Interim HRA Accountant, 6 November 2023

6.3 Any consideration received from the lease of land or property is exempt from VAT unless the lessor has elected to opt to tax the property. The Council elected to opt to tax this property in 2017 however as the proposed lessee is a Registered Provider of Social Housing they will be able to disapply the option to tax therefore the income from the lease will be exempt from VAT.

6.4 VAT incurred on expenditure on assets used to generate VAT is irrecoverable unless the total amount of such VAT incurred by the Council in a tax year is below a de-minimis level. It is estimated that the Council will incur £0.120m of VAT on this scheme, this will not result in the Council exceeding its de-minimis level so the VAT will be recoverable and no additional VAT costs will be incurred.

6.5 The Council has processes in place to manage and monitor this VAT risk, this scheme will be included within this monitoring to ensure that the Council does not incur unnecessary VAT costs from this or any other scheme.

6.6 The Council will need to ensure that it has received the required documentation from the Registered Provider to disapply the option to tax before raising the invoice for the rent, if it has not then the rent will be subject to VAT at standard rate.

Gary Robbins, Senior Accountant Tax, 27<sup>th</sup> October 23

6.7 As detailed within the financial implications table within the body of the report the proposed scheme generates a revenue surplus for both the HRA and the General Fund.

6.8 The financial model meets the requirements as set out in the Council's approved Capital Strategy (Full Council March 2023). The proposed funding is from savings within the current capital programme or a revenue contribution from the HRA. This is due to the current Debt Reduction Policy capping borrowing for both the General Fund and the HRA, meaning the HRA is not able to undertake additional borrowing to fund this scheme.

6.9 This project was endorsed at August's Capital Board enabling it to progress to formal approval.

Tom Straw, Senior Accountant Capital Programmes, 20<sup>th</sup> November 23

## 7. **Legal colleague comments**

Housing law comments



- 7.1 Sutton House is currently occupied by secure tenants of the council. There is therefore a risk to the council, that the existing tenants will refuse to vacate the premises and there is no legal basis to compel them to do so under the grounds for possession in Schedule II, Housing Act 1985. This risk must be taken into account in light of the proposals and due diligence undertaken prior to any redevelopment or refurbishment costs being incurred, to ensure that tenants are willing to move, that there is alternative, suitable accommodation for them to occupy and that correct legal processes are followed.
- 7.2 Under Part VII Housing Act 1996 ("the Act"), local authorities have a statutory duty to provide temporary accommodation to those who are homeless, eligible and in priority need for accommodation. Such accommodation must be suitable for an applicant and their household. The current Homelessness Code of Guidance makes it clear that LHAs have a continuing obligation to keep the suitability of accommodation under review, and to respond to any relevant change in circumstances which may affect suitability, until such time as the accommodation duty is brought to an end (paragraph 17.8). Determining suitability will involve consideration of a number of statutory and non-statutory factors including: affordability, the standard of the accommodation, location, the financial resources available to the applicant, the costs of the accommodation and other reasonable factors. Therefore, in any remodelling of Sutton House and in making offers to applicants, these factors must be taken in to account. Offers of accommodation should only be made to those it would be suitable for taking in to account the legislation, Regulations and Code of Guidance, on a case-by-case basis.
- 7.3 If Sutton House is to be used as accommodation for homelessness purposes, those placed in accommodation must also be granted appropriate rights of tenure (for example licenses or non-secure tenancies) and it needs to be made clear which section of the Act the accommodation is being provided pursuant to. All statutory provisions, including notifications to applicants of decisions made in respect of their homelessness application and their rights to any review, must be followed. If the council let this property directly as temporary accommodation it could use the exemption under Housing Act 1985 Schedule 1 Para 4, to enable the accommodation to be used as temporary accommodation without it being a secure tenancy.

Raina Mason, Interim Team Leader & Senior Solicitor, 6 November 2023

#### HRA legal considerations

Legal advice is that it is possible (using the Council's Section 9 power) for the 'bricks and mortar' of the temporary accommodation to be accounted for in the HRA and paid for from HRA resources. It is also possible for the repair and maintenance of that accommodation to also be paid for from the HRA. However, any services provided pursuant to a Council's homelessness duties under the 1996 Act must be accounted for out of the General Fund.

If the council continue to hold Sutton House in the HRA, which is the intention, then the decommission and conversion costs, in so far as they are **revenue** costs could therefore be paid for from HRA resources. The repair, maintenance, supervision and management of the property when it becomes

used for temporary accommodation can also be debited from the HRA. Capital expenditure falls outside of this ring fence (save for RCCOs).

If we lease Sutton House to a Registered Provider, following the plans to set it up as temporary accommodation, that must be on the basis that we justify why such a route is being pursued rather than letting the temporary accommodation directly. Legal have been advised that such an arrangement is viewed as being best value for the council but also in practical terms of management of the stock and the council's move towards more hostel based temporary accommodation. The council would look for an RP, as part of the procurement process, that has a specialism in temporary accommodation management as well (allowing EHB to be claimed and additional support to be provided to occupants). If this is the case and as long as this justification remains true, the council's case for disposal is strengthened as there is a proper purpose for the disposal.

Pursuant to Section 74 (3) (a) a property would cease to be able to be accounted for in the HRA if it is disposed of by the Council. A disposal in this context, is a "long tenancy" which means if the property is leased to an RP for over 21 years, it could not continue to be accounted for in the HRA. If the lease is for under 21 years, it would not be a long tenancy and so could be accounted for in the HRA.

Legal are instructed that a lease of under 21 years is being proposed, to a RP. Whilst it is correct that under the HRA rules, a lease of under 21 years is not a disposal triggering appropriation to the General Fund, there is a separate (but related) regime governing "disposals" of land that is held in the HRA under s.32 Housing Act 1985. Under s.32 any "disposal" of HRA land requires Secretary of State's (SoS) consent. For the purpose of s.32 "the grant of a lease of any duration" requires SoS consent. The SoS has published a number of general consents which have various conditions attached. General Consent A of the s.32 general consents permits the disposal of a (void) dwelling held in the HRA "for a consideration equal to its market value". The general consent specifies that the market value is calculated by a valuation of a disposal "between a willing buyer and willing seller in an arm's-length transaction". Additionally, to rely on the valuation it must be no older than 3 months at the point at which a buyer agrees to purchase at that value. Therefore, if there is a lease to an RP of any length, it would need to be for consideration equal to its market value and consent would need to be sought. Further, if the council lease the property to an RP, legal advice should be sought on the content, nature and type of lease and any consents required as set out above.

Legal advice provided by external Solicitors, Trowers & Hamblins, 6 July 2023

#### Legal Conveyancing Advice:

The legal advice is correct that the Council requires Secretary of State consent to dispose of HRA land and the Council rely upon The General Housing Consents 2013 to make disposals subject to the conditions within the general consent. It appears from the information provided in the report that the Council can make the disposal by way of a lease to an independent RP relying on A3.1.1 provided the Council is satisfied that the disposal is for market value. Our understanding and this advice is given on the basis that the

disposal will not be to a body to which the Council owns an interest so the Council may rely on the general consent.

The proposal would be for a lease for under 21 years which is contracted out of the security of tenure provisions so that the RP does not gain any rights to remain. We recommend that the heads of terms for the grant of the lease shall contain provisions that:

- a) Sutton House shall only be used as a hostel for temporary accommodation for homeless families (as outlined in this report) for the duration of the lease term with a prohibition against any other use;
- b) there is total prohibition on assignment of Sutton House in whole or in part;
- c) there is a restriction on underletting of Sutton House in whole or in part except by way of a short-term licence to homeless people; and
- d) the lease of Sutton House is contracted outside provisions of sections 24 to 28 of the Landlord and Tenant Act 1954.

The lease will be subject to the normal due diligence and the negotiation and drafting of legal documentation which is agreed and completed between the parties.

Comments provided by Fezil Veli, Senior Solicitor, Conveyancing. 7 Nov 2023

## 8. **Strategic Assets & Property comments**

Strategic Assets & Property support the decision set out in this report.

Sutton House is an asset owned by the HRA and as such any disposal will need to comply with the General Consent Order as stated in the Legal Services advice above. It is proposed that the property is leased to a Registered Provider for a period of 21 years. In accordance with the General Consent Order this must be at market value and this can be assessed by Council Officers at the time the lease agreement is approved.

Strategic Assets & Property will assist the Housing Team to facilitate this project going forward with the development lease terms through to completion of the occupational lease.

Beverley Gouveia, Development and Disposals Manager 31 October 2023.

## **Procurement comments**

- 9. The selection of a Registered Provider to deliver housing related support at the scheme will be through a compliant call off from the Council's framework of Homelessness Provision (Lot 3 - Temporary Accommodation for Homeless Households). The call off competition should be in accordance with the terms of the framework and should include assessment of quality and price to secure best value for money. The Procurement Team will support this process as needed.

Jo Pettifor, Category Manager (People), 26<sup>th</sup> October 2023

The procurement strategy for the construction elements will be developed in conjunction with the client and procured in line with (CPR) Public Contract Regulations. In view of the Works costs being lower than NCC's current Contract Financial Thresholds (£750k), we would expect to utilise LOT1, of the National Framework Agreement provided by Fusion 21 for Construction

and Refurbishment projects. that was procured under Contract Award Notice 2022/S 000-036089 on the 20th December 2022 with an end date on 30th January 2026 The value of the decisions will need to be the true anticipated cost of the works over the proposed contract period. It is understood from discussion with the report author that the cost will be based on current market information and makes reasonable calculations to reflect inflation or other foreseeable impacts on cost during this time. Any savings from this procurement exercise will (where applicable) be allocated in respect of the Council's corporate savings target for procurement. Such savings will be calculated by deducting the actual contract value awarded from the approved budget. Details will be confirmed with the service area at the time of contract award, via the Tender Summary and Decision form.

Jeremy Delderfield, Procurement & Sourcing Manager, Housing Services 14 Nov 2023

10. **Crime and Disorder Implications (If Applicable)**

N/A

11. **Social value considerations (If Applicable)**

- 11.1 The proposal will provide additional TA for homeless households which will reduce the need to accommodate families in Bed and Breakfast accommodation while the Council fulfils its statutory duties. TA occupants will receive regular, enhanced support to find permanent accommodation.

12. **Regard to the NHS Constitution (If Applicable)**

N/A

13. **Equality Impact Assessment (EIA)**

- 13.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:  
(Please explain why an EIA is not necessary)

**Yes**   
**Attached as Appendix x, and due regard will be given to any implications identified in it.**

14. **Data Protection Impact Assessment (DPIA)**

- 14.1 Has the data protection impact of the proposals in this report been assessed?

No

A DPIA is not required because:  
(Please explain why a DPIA is not necessary)

**Yes**   
**Attached as Appendix x, and due regard will be given to any implications identified in it.**

**15. Carbon Impact Assessment (CIA)**

15.1 Has the carbon impact of the proposals in this report been assessed?

No

A CIA is not required because:  
(Please explain why a DPIA is not necessary)

Yes

Attached as Appendix x, and due regard will be given to any implications identified in it.

**16. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

16.1

**17. Published documents referred to in this report**

17.1