

Operational Decision Record

Publication Date 16 September 2024	Decision Reference Number 5170
Decision Title	
Grant funding to support development of supported accommodation for high needs rough sleepers	
Decision Value	
£200,000	
Revenue or Capital Spend?	
Capital	
Spend Control Approval	
Has the spend been approved by Spend Control Board? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> n/a Spend Control Board approval reference number: 9696	
Department	
Growth & City Development	
Contact Officer (Name, job title, and contact details)	
Mark Lowe, Head of Housing & Regeneration	
Decision Taken	
To award £200,000 of recycled funds to Framework Housing Association to support the development of a 20-unit development of supported accommodation for rough sleepers with support needs.	
Reasons for Decision and Background Information	
<p>The Councils Strategic Gap Analysis in relation to provision for single homeless people, completed in December 2022, concluded that there was an urgent need for two sites of single sex accommodation for high needs individuals with severe multiple disadvantage issues. These people are difficult to house in any other way than via an intensive support unit.</p> <p>Framework bid to the Single Homelessness Accommodation Programme (SHAP) to provide this service was successful. While the female service is going ahead, they struggled to find a location for the male service. After several attempts a site was located but unfortunately, following costings of works, the cost of the development is significantly more than the available budget.</p> <p>Framework have appealed to the MHCLG/Homes England for additional funding. Although the SHAP programme is fully committed they are hoping to pull together funding from under-delivery on other projects to provide additional funding.</p>	

However, the MHCLG have written to the Council asking if we can make a financial contribution to support this and help bridge the gap. If this facility isn't provided it will leave us with a significant gap in provision for our most complex and entrenched rough sleepers. It will substantially hinder our ability to reduce rough sleeping.

NCC has a pool of recycled funds that were originally invested in the creation of shared equity affordable housing. The owners of some of these shared equity properties have since staircased to full ownership or sold the property. In both cases a sum equal to the Council's equity stake in the property has been returned to the Council for reinvestment in new housing provision. There are sufficient funds within this pot to meet this contribution. Legal comments raise a risk in relation to these funds related to the use for homeless accommodation and the definition of affordable housing in the National Planning Policy Framework. Although a small risk does exist, the risk relates to the ability for developers to request repayment of these funds. This is a remote risk as the funds have already been used once for the provision of affordable housing within the s106 timescale and are now being recycled. The recycled funds are held in a central pot and not linked to any specific section 106 agreement.

This payment will only be made in the event that Framework and the MHCLG can together find the remaining funding to support the development of this facility.

The Portfolio Holder for Housing & Planning has been consulted and supports this decision.

Finance Comments

NCC has historically invested some S106 Affordable Housing contributions into equity shares in new developments, enabling shared equity affordable housing to be offered to the market. Where the owner progresses to full ownership (i.e. purchases the Council's share) or sells the property, the Council receives back the same percentage share of the market price as they had invested.

The interpretation of the original S106 conditions means that these returned equity shares are held pending reinvestment into Affordable Housing, in effect recycling the original contributions under their original spend conditions which are to: To use the Affordable Housing Contribution towards Affordable Housing provision in the City of Nottingham.

The proposed application of capital funds towards the development of two sites of homelessness accommodation would meet these spend conditions. It is confirmed that the sum of £200,000 is available to commit for these purposes.

On approval of this decision the sum specified will be committed as capital funding towards a capital project to be set up for the grant expenditure.

The development budget shortfall is c.£1.640m, with the majority to be found by Homes England and MHCLG and a proposed £0.200m as above from NCC. It is understood that this payment will only be made in the event that Framework and

these funders can together find the remaining funding to support the development of this facility.

In terms of revenue impacts of the proposed scheme: the Head of Service advises that the target cohort (habitual rough sleepers) are different from those citizens we generally spend our Homeless B&B budget upon. Therefore, while it is possible that there may be revenue benefit, this will be hard to quantify. He believes that the likeliest impacts will be in Policing and ASB costs.

Advice provided by:

Sarah Baker, Senior Commercial Business Partner (Corporate Landlord)

Tom Straw, Senior Accountant (Capital Programmes)

Legal Advice

Provision for affordable housing has periodically been secured via s106 Planning Agreements using a shared equity model. Although no longer the preferred method of securing such provision this model worked by :-

- a number of identifiable units being sold at a discounted price
- on the next subsequent sale the owners either sold at the same % discount or paid to the council a sum equal to the % discount that they had acquired at (the Deferred Payment).
- the council then has the money available for re-use

Current templates require that the Deferred payment is used towards Affordable Housing purposes. Older agreements which do not follow the current template may not have this requirement (eg Chalfont Drive although the affordable housing scheme ultimately approved in relation to that development did envisage monies would be used for that purpose.). The decision does not identify the specific schemes or s106 agreements the Deferred Payments to be appropriated to the Supported Accommodation have been made under and therefore it is not possible to check whether the Deferred Payments have a requirement to be used towards Affordable Housing or not.

In all cases where the S106 Agreement does specify that Deferred Payments are to be used towards Affordable Housing the definition of Affordable Housing is linked to that contained in the National Planning Policy Framework . It is understood that the provision of the supported accommodation unit is unlikely to meet the NPPG definition of Affordable Housing and therefore there is an element of risk associated with the use of such monies should the original developers or those who have made the Deferred Payments seek to challenge its use for these purposes.

Ann Barrett, Team Leader, Legal Services

13 August 2024

Other Options Considered and why these were rejected

Not to provide this funding. This would make the provision of this facility unlikely resulting in an unmet need for one of the most vulnerable groups of citizens in the city. Without this provision the city will have very limited ability to tackle entrenched rough sleeping and the challenges this creates.

Reasons why this decision is classified as operational

This decision is under £300k and involves utilising available funding within available budgets.

Additional Information

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| <ul style="list-style-type: none">• It is recommended that you seek and include finance advice where your decision has financial implications. |
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You should also consider:

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| <ul style="list-style-type: none">• obtaining and recording advice if necessary from legal, finance or other colleagues• informing relevant ward councillors if a decision particularly affects their ward• whether an EIA, DPIA, Carbon Impact assessment or consultation exercise is required for this decision• for capital spend, confirmation that the decision has been through the appropriate capital approval processes• referring to any related previous decisions• risks of the decision and any mitigation of those risks• if the decision is approving capital spend, please include confirmation that the Chief Finance Officer has agreed to it. |
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Decision Maker (Name and Job Title)
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Sajeeda Rose, Chief Executive, Nottingham City Council
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Scheme of Delegation Reference Number
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Date Decision Taken

12 September 2024
