

DECISION TITLE: Approval of the provision of accommodation to reduce homelessness
Councillor David Seaton, Cabinet Member for Resources in consultation with the Leader of the Council and Deputy Mayor of the Cambridgeshire and Peterborough Combined Authority
November 2018
Deadline date: n/a

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| Cabinet portfolio holder: Responsible Director: | Councillor David Seaton, Cabinet Member for Resources in consultation with the Leader of the Council and Deputy Mayor of the Cambridgeshire and Peterborough Combined Authority Peter Carpenter, Acting Corporate Director for Resources |
| Is this a Key Decision? | YES If yes has it been included on the Forward Plan: YES Unique Key decision Reference from Forward Plan: KEY/23JULY18/01 |
| Is this decision eligible for call-in? | YES |
| Does this Public report have any annex that contains exempt information? | YES Appendix 1 – Business Case for the strategic purchase which contains commercially sensitive information |
| Is this a project and if so has it been registered on Verto? | NO |

R E C O M M E N D A T I O N S

The Cabinet Member, in consultation with the Leader of the Council and Deputy Mayor of the Cambridgeshire and Peterborough Combined Authority, is recommended to:

1. Approve the purchase of up to 50 homes from the open market inside and nearby Peterborough to a total value of £10m, funded from the Invest to Save Budget, to provide temporary accommodation and homes for affordable rent to meet demand from homeless households in the Peterborough administrative area.
2. Delegate to the Director of Law and Governance the authority to finalise and put in place any agreements and legal documentation needed to give effect to these proposals, in consultation with the Corporate Director of Growth and Regeneration and the Acting Corporate Director, Resources.
3. Delegate to the Director of Growth and Regeneration the authority to spend up to a total acquisition cost of £500k per property (in respect of this programme only) including stamp duty, professional fees and disbursements, subject to the requirements and processes set out in the business case attached as an appendix to this report.

1. PURPOSE OF THIS REPORT

- 1.1 This report is for Cabinet Member for Resources to consider exercising delegated authority under paragraph 3.4.3 and 3.4.6 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (j).
- 1.2 Appendix 1 is NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains commercially sensitive information relating to the business affairs of the Council. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

2. TIMESCALES

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|---|-----------|----------------------------------|------------|
| Is this a Major Policy Item/Statutory Plan? | NO | If yes, date for Cabinet meeting | N/A |
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3. BACKGROUND AND KEY ISSUES

Summary of main issues

- 3.1 Peterborough City Council needs to address the temporary accommodation pressures the Authority is facing due to growth of the city and increasing numbers of homeless households. The latest data from Shelter (published 22, November) reports that the numbers of homeless households nationally continue to rise, with one in every 200 people in Britain classed as homeless. To alleviate the housing demand and financial pressures, the Council wishes to acquire up to 50 properties to be used as an alternative to Bed and Breakfast/Travelodge type of temporary accommodation in the City or in close to its administrative area. The number of households accommodated in these properties will considerably exceed 50 as they will be used as a short term stop gap pending the allocation of more permanent affordable accommodation. This initiative is part of the Council’s overall housing strategy and aims to alleviate homelessness until the Council it is able through new house building to increase the available supply of affordable housing in the City. The Council no longer has a Housing Revenue Account (HRA), its housing stock was transferred to an RSL, Cross Key Homes in 2004.
- 3.2 The Council has already set up a separate scheme to lease properties from private landlords to help accommodate homeless households. This scheme was approved by the Commissioning Board. To enable further properties to be made suitable for lease under this scheme the Council will consider, on a case by case basis, spending up to £5k per property to ensure it complies with applicable accommodation standards. Any repair or redecoration costs paid by the Council will be recovered over an agreed period from the rent paid to the landlord. Approval of this expenditure is covered by existing Council constitutional delegations.
- 3.3 In addition the Council is acquiring a small number of freehold residential properties as part of the North Westgate land consolidation project. If these properties are vacant they will be used for temporary accommodation purposes and if expenditure is required to bring them up to a suitable standard an assessment will be made to ensure any expenditure is recoverable from the savings made by removing households from bed and breakfast accommodation. Approval of this expenditure is covered by existing Council constitutional delegations.

Purpose of Report.

- 3.4 This report seeks the approval of the Cabinet Member for a programme of property purchases both inside and in close proximity to the Peterborough administrative area up to a total acquisition cost (including stamp duty, professional fees and disbursements) of £10m with the aim of delivering around 50 properties to provide temporary accommodation and homes for affordable rent in Peterborough, helping address the demand for accommodation created as a result of the increase in homelessness. The business case for this programme is attached as Appendix 1.

Time scale

- 3.5 The first tranche of properties would be purchased by the end of November and the remaining properties purchased on a phased basis over the course of the next year. Before properties are purchased necessary valuation, building surveys, conveyancing work and clearance of title searches will be managed by a dedicated interim surveyor supported by Legal Services. A 'sign off' report will be prepared for consideration by the Director of Growth and Regeneration when each property is at position of readiness to purchase.

4. CONSULTATION

- 4.1 A decision to approve £20m of Invest to Save Budget to address homelessness demands in the Peterborough administrative area was made in the Tranche 1 of the MTFs 2019/20-2021/22 budget setting process in July 2018 by Council.
- 4.2 The issues associated with homelessness in Peterborough have been subject to significant discussion in various forums, including the Council's Adults and Communities Scrutiny Committee, Cabinet and Full Council.

5. ANTICIPATED OUTCOMES OR IMPACT

- 5.1 The Council will own additional properties, purchased to an agreed specification, which will be available to applicants on the Peterborough Housing Register. The provision of new affordable homes will support the Council to discharge its duties towards homeless households by providing settled accommodation. The proposed approach will reduce costs being incurred by the Council through the provision of nightly paid temporary accommodation for households that the Council has a duty to assist.
- 5.2 A Property Managing Agent will be appointed to manage the properties on behalf of the Council for the duration of their use for temporary accommodation purposes. The property management agent will be procured through OJEU tendering. However, until the OJEU process has been completed a temporary arrangement will be put in place with an appropriate provider.
- A proposal to establish a pilot scheme to manage both privately leased properties and properties the Council acquires as part of the North Westgate land consolidation project was agreed by the Commissioning Board in April 2018. This is currently being established and it is proposed that suitable properties in the North Westgate area should be considered for use as temporary accommodation and also managed within the scope of the services procured through the appointed Property Managing Agent.
- 5.3 Any tenancy of the 50 homes purchased or leased for this project will be granted under the Housing Act 1985 (paragraph 4 of schedule 1). This will ensure the properties will remain indefinitely as accommodation for the homeless unless PCC decides otherwise.

6. REASON FOR THE RECOMMENDATION

- 6.1 Continuing to provide temporary accommodation in the current way through the use of B&B accommodation at the current rate is not financially sustainable for the Council nor

does it provide an appropriate long term solution for homeless households. The proposals set out in this report will enable the Council to take greater control over the provision of accommodation for homeless households.

7. ALTERNATIVE OPTIONS CONSIDERED

7.1 Do nothing

This option was discounted as the Council needs to provide additional homes for households in need of affordable housing as well as a stock of Temporary Accommodation to reduce to a minimum the number of households living in Bed and Breakfast accommodation. Cabinet has allocated approved the use of Invest to Save budget for the provision for accommodation for homeless households, subject to the submission of an acceptable business case.

7.2 Award funding to Medesham Homes or another housing provider

This option was considered. However, as the Council is able to hold properties in its General Fund for the purposes of providing temporary accommodation there are arguments based on best value considerations and procurement risks that make purchase and ownership by the Council itself the recommended option.

8. IMPLICATIONS

Financial Implications

8.1 The Council no longer operates a Housing Revenue Account; its housing stock was transferred to Cross Keys Homes in 2004. However it is permissible for the Council to hold residential properties in its General Fund for the purpose of providing temporary accommodation

8.2 Within the Council's accounts, the purchase of the properties will be treated as capital expenditure and will be funded through the Invest to Save budget. The criteria for use of the Invest to Save budget will be satisfied by the savings made by removing homeless households from bed and breakfast accommodation. The Council will have security over its investment as it will retain the properties purchased and will benefit from any capital appreciation in the value of the properties purchased.

8.3 The decision to approve £20m of Invest to Save Budget to address homelessness was made in the Tranche 1 of the MTFs 2019/20-2021/22 budget setting process in July 2018 by Council.

The Business case, attached at Appendix 1, demonstrates that the provision of these homes will generate net savings from 2019/20 for PCC when compared to using B&B accommodation to address homelessness demand.

8.4

This project has been included within the MTFs 2019/20 to 2021/22 Tranche One service proposals for Housing and Homelessness Prevention, and is included within item 6 of the 10 key actions:-

| | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 |
|---|-----------------|-----------------|-----------------|
| Net Saving on accommodation costs | 0 | (224) | (244) |
| Net cost/(saving) after capital financing costs | 70 | (109) | (129) |
| Budget Tranche 1 Savings proposal for Housing and Homeless Prevention | (154) | (1,079) | (1,289) |

Legal Implications

- 8.5 The direct acquisition of real estate by the Council is not subject to the Public Contract Regulation 2015 and competitive tendering. The Council has a broad power to acquire land under s120 of the Local Government Act 1972.

The transaction as a whole is subject to the Best Value Duty per section 2 of the LGA. The appointment of surveyors, valuers and consultants ancillary to the transaction will be subject to the Public Contract Regulations 2015.

The Council is able to hold housing stock in its General Fund without a Housing Revenue Account if that housing stock is used for temporary accommodation only. The continued use of the housing stock for this purpose will be monitored.

The Council intends to house homeless households using its powers under the 1996 Act, therefore these properties will not be subject to Right to Buy obligations.

Equalities Implications

There are no negative equality implications. The provision of self-contained temporary and permanent accommodation instead of bed and breakfast and hotel accommodation is likely to address existing inequalities in terms of access to services, and will provide a more settled home environment for children in the education system.

9. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

- 9.1 None.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

- 10.1 Council Medium Term Financial Strategy 2018/19

11. APPENDICES

- 11.1 Appendix 1 – Business Case for the strategic acquisition of the properties (Exempt)