

Decision maker:	Cabinet member contracts and assets
Decision date:	Friday, 4 January 2019
Title of report:	Purchase of property to support vulnerable care leavers
Report by:	Estates management officer commercial

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 10 (General Exception) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

Wards affected

All wards

Purpose and summary

To approve the purchase of a residential property in Hereford in order to provide supported accommodation for vulnerable people with complex needs.

The council faces challenges in finding accommodation for vulnerable people with complex needs. Social housing providers have to prioritise commercial considerations and are often unwilling to take the risk of letting homes to this user group. The council therefore needs to find alternative accommodation solutions which are economic and sustainable. The property proposed for purchase will be used to accommodate five very vulnerable care leavers to improve

outcomes and help prevent specialist high cost placements.

It is proposed to purchase a residential property in Hereford City Centre from the open market and make appropriate arrangements for housing management and the usage of rental income. It is ideally located and there is a time limited opportunity in which to acquire it.

Recommendation(s)

that:

- (a) The acquisition, improvement and refurbishment of a property to provide accommodation for vulnerable care leavers be approved within a budget of not more than £740k; and**
- (b) the acting assistant director for technical services be authorised to take all operational decisions necessary to complete the purchase and commissioning of improvement and refurbishment works.**

Alternative options

1. Do not acquire this property. This option is not recommended as it would not enable improved outcomes for this vulnerable group or provision of transitional support to more independent living. There would be a continuing risk of escalating mental or physical health needs, substance misuse or anti-social behaviour, leading to some individuals being admitted to high cost specialist placements. Registered housing providers are unable or unwilling to accept the risk perceived in relation to this user group.

Key considerations

2. As the strategic housing authority, the council has a duty to provide suitable accommodation for certain groups of vulnerable people including care leavers, to whom it also has wider obligations. At its meeting on 13 December 2018, Cabinet approved the policy principle of purchasing accommodation to meet these needs.
3. This property is suitable for an identified cohort of vulnerable individuals with complex needs, being a single property which would offer five places with extended common areas and staff accommodation appropriate to provide 24 hour support. The accommodation will be in the form of five self contained one bedroom apartments, the location within the city is appropriate and will promote appropriate social networks and take up of further education and employment opportunities.
4. The location also allows the support which will be provided on site to be extended to a wider group of individuals with support needs, currently accommodated independently nearby. This model of support has the potential to be extended to further individuals living in the vicinity and therefore to offer further savings by sharing the costs of support.
5. The accommodation will be complemented by a support service operated by a specialist provider. This service will be commissioned in 2019 in parallel with the improvement and refurbishment of the building.
6. The council has a comprehensive property service with expertise in acquisition, property management and maintenance. All property owned or leased by the council is held

corporately and overseen by property services. Housing management for the proposed accommodation would be provided either by the Housing Solutions Team (HST) or one of the council's registered provider partners, subject to any procurement requirements. Appropriate arrangements will be made for utility charging and rental income. A detailed risk assessment will be undertaken in relation to the letting of the property, allied with advice on insurance options.

7. General housing management and maintenance of the building will be funded through rent and service charge, which in turn will be funded from housing benefit. In addition to basic housing management and maintenance, there will be need for enhanced housing management, which would be funded through enhanced housing benefit (EHB). This will complement the work of the support provider and also establish a "sinking fund" to cover costs of repair of the property beyond usual maintenance. Housing management and enhanced housing management will be undertaken by a registered housing provider, subject to a procurement in accordance with council contract procedure rules. The provider will not necessarily be a local stockholder.
8. This acquisition is the subject of a business case which is an exempt document. The property is subject to initial survey and adaptation and improvement to suit the purpose, with continued maintenance to ensure the appropriate standards. Maintenance will be overseen by property services. The property acquired will offer sufficient utility and flexibility so that it would continue as a usable asset to the council, even if the immediate accommodation purpose was subsequently supplanted. The sales market for housing in Herefordshire offers a range of options to the council in meeting the needs of its priority groups. This is in contrast to the rental market which currently has significant fragilities and limitations, notably in relation to self contained one-bedroom units in Hereford.
9. The cost of supported housing flats for sale on the open market locally would range between £117k and £168k or higher, but direct comparisons are difficult as nothing for the care leaver user group is offered for sale. The unit cost of the accommodation to be provided directly in the proposed property is estimated around £148k. This excludes any management costs. The cost of accommodation with space for 24 hour staff support on site would be much higher if it were sourced through individual flats from the open market, as these would need to be of two-bedroom size.

Community impact

10. The joint strategic needs assessment, Understanding Herefordshire (JSNA) identifies the numbers of care leavers locally and a broad analysis of their needs. The needs of the small cohorts of very vulnerable people who are the focus of this report represent a level of specific detail within the broader data in the JSNA. The purchase of the property will significantly contribute to the priorities in the council's corporate plan through; enabling vulnerable young adults to live in good quality housing, helping to ensure they are safe and live independent lives and allowing them to enjoy their home and neighbourhoods. In particular the proposals will support the participation of care leavers and others who routinely find themselves living outside or away from communities.
11. Housing also appears among priorities in Herefordshire's Health & Wellbeing Strategy, including housing those with hidden issues and reducing health inequalities. Enabling people to live independent lives through provision of good quality affordable housing is also reflected in the strategy and would be advanced by this proposal.

12. The purchase will advance the council's discharge of its role as corporate parent by helping it to provide new, safe and sustainable housing solutions for vulnerable care leavers. It will help avoid the "revolving door" experience had by many care leavers and reduce the risks they face.
13. The council is committed to providing a healthy and safe environment for all individuals affected by the council's activities. Therefore the council seeks to ensure that the work it and its partners undertake, does not adversely affect the health, safety or welfare of this cohort of young adults. In acquiring property, the council operates to high standards of health and safety in all aspects of maintenance and management of its premises.

Equality duty

14. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows: A public authority must, in the exercise of its functions, have due regard to the need to –
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
15. The council is committed to equality and diversity using the Public Sector Equality Duty (Equality Act 2010) to eliminate unlawful discrimination, advance equality of opportunity and foster good relations. The equality duty covers the following nine groups with protected characteristics: age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The decision does not discontinue services and has no detrimental impact for eligible service users.
16. The purchase of properties generally will create greatly improved housing options for small numbers of very vulnerable local residents who share protected characteristics. This specific decision will create new supported housing opportunities for vulnerable care leavers and this constitutes improved services and support for a group who share a protected characteristic.
17. In improving and refurbishing the property, the council will ensure that its contractor is compliant with the provisions of the Equality Act 2010 relating to physical access to and within the building, so far as this is practicable. One of the flats and all the staff and ground floor common areas will be fully accessible to disabled people. The construction of the building does not lend itself economically or practically to conversion of the upper floors to be accessible to disabled people. However, the cohorts of care leavers to be accommodated are not expected to include disabled people with access needs. The accommodation needs of disabled care leavers are managed through the transition pathway for disabled young people and are met through existing properties and a pipeline of new-build social housing.

Resource implications

Revenue or Capital cost of project	2018/19	2019/20	2021/21	Future Years	Total
Purchase Price of the property	£350,000	£000	£000	£000	£350,000
Cost of refurbishment works		£300,000			£300,000
Contingency and fees		£90,000			£90,000
TOTAL	£350,000	£390,000			£740,000

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2019/20	2020/21	2021/22	Future Years	Total
Affordable Housing Capital Budget	£350,000	£390,000			
TOTAL	£350,000	£390,000			£740,000

Revenue budget implications	2019/20	2020/21	2021/22	Future Years	Total
General operating and maintenance cost of the property	£2,080	£16,640	£16,640	£17,680	£53,040
External Income from housing rents	£2,080	£16,640	£16,640	£17,680	£53,040
Savings against revenue budget (1 st 3 years)	£77,000	£231,000	£231,000	£231,000	£770,000

18. The capital finance to purchase and refurbish the building will be provided from the affordable housing capital budget allocation for 2018/19 & 2019/20, the purchase price is agreed at £350,000 with a refurbishment and contingency allocation of £390,000.
19. There is the potential for cost avoidance of up to £4,500 weekly and £231k annually from current placement costs for care leavers with complex needs. The first financial year will see a potential saving of £77,000 as it will only be operation for approximately 4 months due to the refurbishment.
20. Rental income will be set initially at £80.00 per week per apartment over 4 apartments as

the 5th apartment is emergency accommodation and unlikely to be utilised 52 weeks a year therefore only likely to provide a return for 26 weeks on average. Rent and service charge will be used to pay for housing management and general maintenance costs, funded from housing benefit.

21. There will also be a cost associated with providing enhanced housing management in view of the nature of the accommodation and the needs of the cohort, although these do not represent a cost to the council. They will be met from Enhanced Housing Benefit which is the subject of individual claims on behalf of the tenants. These costs will include a sinking fund which will cover additional maintenance works over and above the programmed maintenance.

Legal implications

22. Section 1 of the Localism Act 2011 provides a general power of competence for local authorities. It gives a local authority the same power that an individual generally has, to act (subject to the authority's fiduciary and statutory duties).
23. In addition to this general power of competence, Section 111 of the Local Government Act 1972 ('LGA') provides that local authorities can act when specifically permitted by legislation or to facilitate the discharge of its statutory functions. Section 120(1) LGA provides the power to acquire by agreement, any land inside or outside its area for the purposes of any of its statutory functions. Acquisition of property by the council for care leavers and young people with complex needs is therefore permitted under the general power of competence in Section 1 Localism Act 2011.
24. Council duties to young people and care leavers are set out in the following legislation:-

Children Act 1989 (as amended by the Children (Leaving Care) Act 2000, the Adoption and Children Act 2002 and the Children and Young Persons Act 2008)
Children Act 2004
Housing Act 1996 Part 7 (as amended by the Homelessness Act 2002, the Localism Act 2011 and the Homelessness Reduction Act 2017)
Children and Social Work Act 2017
25. The recommendations in the report ensure the council complies with its statutory duties.

Risk management

26. If the proposal in the report is not approved, the existing very significant risks for the council will remain in relation to housing high risk vulnerable care leavers. These include:
 - Poor or very poor outcomes for care leavers with complex needs including escalating health needs, behaviour needs or exploitation
 - Increasing placements of care leavers in specialist and very expensive services, often outside Herefordshire.
 - Continuing voids in nearby residential properties owned by the council or increased costs of providing support to more independent care leavers.

27. In approving the recommendations in the report, the following risks may arise;

Risk / opportunity	Mitigation
Property acquisition and individual support becomes more expensive than accommodating the individuals in supported accommodation	Acquisition of this property will offer flexibility, utility and potential for more than one use. There will be an exit strategy for the property, should needs or cost modelling change. The property will be assessed for its investment value at acquisition so that disposal will generate capital benefit to the council if necessary.
Resistance from home owners	Subject property is in a city centre location with a mixed local environment. It was last used as a house in multiple occupancy (HMO) so neighbourhood should not be adversely affected
House price inflation lower than predicted	Investment assessments at acquisition are reviewing all factors and reflecting good knowledge of the local market. The focus will be long term investment. There would be no impact on any projected revenue savings but low house price inflation would lead to a slower appreciation in value..
Costs of improvement and refurbishment works could escalate beyond the estimates made by the council's contractor.	Property Services in conjunction with its new building services provider has implemented a revised process for the assessment and specification of works in order to drive efficiencies. The current contract enables the Council to seek alternative quotes if the submitted costs are assessed as being too high. Whilst building work budgets do contain a contingency cost element, the cost of work is agreed with the contractor at the outset and has to be with the authorised budget.
The property may not be effectively utilised in accommodating care leavers.	There is very little possibility of significant voids in the property to be purchased or in the three nearby flats to be used. The accommodation needs of care leavers in Herefordshire are substantial and understood and the subject of weekly placement meetings. There is a clearly demonstrated and proportionate need among care leavers with complex needs. Plans are already in development for commissioning the appropriate support for

Consultees

28. There has been continuing consultation with care leavers and looked after children in relation to housing needs through the corporate parenting panel, in developing the corporate parenting strategy and accommodation strategy for vulnerable young people. This has served to highlight the importance of meeting the needs of those care leavers with complex needs. The decision directly addresses that priority.
29. Political groups have been consulted on the proposed decision and no comments or suggestions were received.

Appendices

None

Background papers

Business case; (exempt)