

Meeting:	Cabinet
Meeting date:	Thursday 3 December 2020
Title of report:	Purchase of accommodation and refurbishment of 4 & 5 Blackfriars Street to meet strategic housing priorities, as a consequence of the restrictions caused by Covid-19
Report by:	Cabinet member housing, regulatory services, and community safety

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 11 (Cases of Special Urgency) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

Wards affected

(All Wards);

Purpose

To approve the acquisition of eight properties and to undertake the refurbishment of numbers 4 & 5 Blackfriars Street, Hereford. This will enable the council as part of the Covid-19 emergency response to accommodate those who have a long and/or repeated history of rough sleeping.

The eight properties would be self-contained accommodation suitable for homeless clients with disabilities and /or accessibility issues.

4 & 5 Blackfriars Street would be used as accommodation for homeless applicants prior to resettlement into sustainable accommodation.

Recommendation(s)

That:

- (a) Cabinet accepts the Ministry for Housing, Communities and Local Government (MHCLG) capital grant of £420k for the purposes of purchasing up to eight properties**
- (b) Approval is given to purchase up to eight properties within a budget of £1,120k and to refurbish 4 & 5 Blackfriars Street within a budget of £500k, to enable the council to protect and accommodate those currently in Covid-19 emergency accommodation from future homelessness.**
- (c) Authority to purchase the properties be delegated to the Director for economy and place, following consultation with relevant cabinet members and the Chief Finance Officer.**

Alternative options

1. Do nothing. This is not recommended as the council has a statutory duty to house those who are homeless and capital grant funding has been awarded from the Ministry of Housing, Communities and Local Government (MHCLG) to purchase eight properties which, if not spent before 31 March 2021, will have to be returned
2. We could purchase less than eight properties, however, this is not recommended as funding has been secured from the MHCLG to assist in the purchasing of these properties.
3. Not approve the refurbishment of 4 & 5 Blackfriars Street and leave the properties empty. This would be in conflict with the council's County Plan 2020-2024 and the council's Delivery Plan 2020-2024 to bring empty properties back into use. In addition to this without investment, these properties could fall into disrepair.

Key considerations

4. As a local authority we have a statutory duty to house those who are unintentionally homeless and are in priority need and, a duty to understand and plan to meet local housing need.
5. There is a shortage of accommodation for homeless people within Hereford City and without such accommodation, the authority is placing homeless applicants in Bed and Breakfast (B&B) and hotel accommodation which is costly to the council as housing benefits cannot be claimed by the tenant whilst in these forms of accommodation.
6. The council is currently housing 62 homeless people in B&B and hotel accommodation until long-term accommodation can be provided. The council is looking at several alternative solutions to assist in reducing this number. Blackfriars Street and the purchase of up to eight new properties are two of the proposed solutions.

7. £101,000 revenue grant has been secured from MHCLG to create a support role to support the people in the eight flats and Blackfriars Street for a period of 3 years.
8. Once in the accommodation clients will be able to enter into wider supports systems which could include accessing appropriate health care.
9. It is proposed to purchase eight properties from the open market and refurbish 4 & 5 Blackfriars Street and make appropriate arrangements for housing management, usage of rental income and management of risk.
10. The rental income will be used to cover any future repairs and maintenance.
11. The council has to establish a structure to address the increased vulnerabilities for people and households as a consequence of the restrictions caused by Covid-19.
12. An multi agency partnership has been set up with partnering organisations, known as Project Brave) was set up to address the requirements of MHCLG's guidance on housing rough sleepers during the COVID-19 pandemic.
13. A plan has been developed (see appendix 1- project brave briefing) to provide a structured exit strategy for those people who are currently housed as part of MHCLG's response to the Covid-19 pandemic. This includes the acquisition of eight flats, refurbishment of Blackfriars Street, a homelessness hub, expansion of Hope Scott House as transitional accommodation and a conversion at Victoria Street to 7 flats.
14. The purchasing of these eight units and the refurbishment of 4 & 5 Blackfriars Street is identified within the council's exit strategy

Community impact

15. In the County Plan 2020-2024, the council has expressed an ambition to protect and improve the lives of vulnerable people and to reduce the number of people in Herefordshire identified as homeless and to develop its own housing stock.
16. The council's Delivery Plan 2020-2024 embraces the principal of no "second night out" and "housing first" through developing a model of delivery that prevents homelessness.
17. The 8 properties to be purchased will provide accommodation for eight individuals who could otherwise return to rough sleeping in Herefordshire.
18. The accommodation at Blackfriars Street will support temporary accommodation and the ethos of no "second night out".
19. Together these properties will enable temporary housing, long-term housing and reduce the risk of homelessness and rough sleeping reoccurring.

Environmental Impact

20. The properties to be purchased will be centrally located and would therefore allow individuals the opportunity to either walk or use public transport to move around. This in return would help to reduce carbon emission and go some way to improving the air quality. It will also help sustainable modes of transport.

21. By purchasing units from the open market, it will assist with the level of phosphates, as they are already established properties. When updating and refurbishing the units we would look to improve the energy efficiencies wherever possible.
22. By bringing empty properties back into use, the council will be reducing the environmental impact of these properties which could otherwise have detrimental effects on people's health.

Equality duty

23. 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.
24. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision to purchase and refurbish properties for a vulnerable cohort we believe that this decision will support the council in discharging its equality duty in particular advancing equality of opportunity for this cohort many of which share a protected characteristic. It will have a positive impact on our equality duty.

Resource implications

25. Funding for Blackfriars Street has been secured through use of Strategic Housings Empty Property Investment and Development capital project budget of £500,000
26. The refurbishment of Blackfriars is being secured via an open tender procurement process.
27. A Capital grant funding offer of £420,000 has been awarded from the MHCLG. This funding must be spent by 31 March 2021 and has been added to the capital programme by the S151 Officer
28. Funding of £450,000 has been sourced from the Disabled Facility Grants (DFG) capital reserves
29. Further funding of £250,000 has been sourced from Strategic Housings Empty Property Investment and Development capital project budget.
30. Breakdown of scheme costs

Capital cost of project	Acquisition costs	Building Works	Contingency	Total capital scheme costs
<u>Purchase of 8 x1 bed self-contained</u>	£1,000,000	£80,000	£40,000	£1,120,000
<u>Blackfriars St Refurbishment</u>		£500,000		£500,000
<u>Total</u>	£1,000,000	£580,000	£40,000	£1,620,000

Funding streams - Capital	
<i>MHCLG Grant</i>	£420,000
<i>DFG Grant</i>	£450,000
<i>Strategic Housing funded from borrowing</i>	£750,000
TOTAL	£1,620,000

Details of revenue costs, the income received is expected to meet all on going revenue costs for the premises.

Revenue cost of Project	Proposed weekly rent	Proposed weekly housing management fee @ 25% of proposed weekly rent	Proposed weekly maintenance budget @ 75% of proposed weekly rent
1 bed flat	£97.81	£24.45	£73.36
Total per year	£5086.12	£1,271.40	£3,814.72
Total per year for 8 Flats	£40,688.96	£10,171.20	£30,517.76

Legal implications

31. Under Section 1 of the Localism Act 2011 the council has a general power of competence meaning that it has the same powers as any individual to act (subject to the council's fiduciary and statutory duties).
32. In addition to the general power of competence, Section 111 of the Local Government Act 1972 ('LGA') provides that councils 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 including those under those under Part 7 of the Housing Act 1996.

Risk management

33.

Risk / opportunity	Mitigation
Cost of refurbishment works could escalate and cause an overspend if unforeseen problems occur	Site meetings will take place to determine a budget. There will be regular progress and update meetings to ensure the budget is not overspent. This will be managed at a service level
Approval to purchase the accommodation is refused. This will have an implication on the council's homelessness budget due to further cost of temporary accommodation and could return individuals to the street.	Approval of is sought for the purchase and remove 8 individuals from temporary accommodation or off the street, therefore reducing revenue on support costs and alternative accommodation costs.
Failure to spend MHCLG funding by 31 March 2021 will result in the grant being returned. This would have an impact on future bids, reputation and relationship with partnering organisation	On approval of the decision to purchase 8 additional properties negotiations with property agents can start immediately to ensure the grant funding is spent.
The properties would be a first for the council in that the council would be an accommodation provider for a vulnerable group and once in these accommodation they would enter into our wide support systems	The opportunity for excellent publicity and a flagship project when it is successful. This would be managed at a corporate level in terms of publicity
Ongoing maintenance and future refurbishment costs	For the first three years, this will be funded through rents and service charges via housing benefit. Going forward permission has been approved to develop our own housing. Any future costs will be included within the overall housing maintenance budget
Support costs	For the first three years, this will be funded through revenue grant received from MHCLG and rents.

Consultees

34. Due to timescales and urgency there has been no time for any consultation other than in accordance with 4.2.53 of the council's constitution. The Chairperson of the relevant scrutiny committee has agreed to this decision being taken in this manner.
35. The Cabinet Members for Housing, Regulatory Services and Community Safety, who is in support of the opportunity

36. The Cabinet Member for Health and Adult Wellbeing, who is in support of the opportunity
37. The Cabinet Member for Commissioning, procurement and assets, who is in support of the opportunity
38. The Leader of the Council, who is in support of the opportunity
39. Project Brave, who are in support of the purchase of the 8 additional properties and the refurbishment of 4 and 5 Blackfriars Street

Appendices

Appendix 1 Presentation Project Brave

Background papers

None

Please include a glossary of terms, abbreviations and acronyms used in this report.

MHCLG - Ministry of Housing Communities and Local Government

DFG – Disabled Facility Grant