



Purpose: For Decision

# Cabinet report

Date **14 OCTOBER 2021**

Title **ROUGH SLEEPERS ACCOMMODATION GRANT**

Report of **DEPUTY LEADER AND CABINET MEMBER FOR COMMUNITY PROTECTION, DIGITAL TRANSFORMATION, HOUSING PROVISION AND HOUSING NEEDS**

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## EXECUTIVE SUMMARY

1. This report seeks Cabinet Approval to initiate and deliver the Rough Sleepers Accommodation Project (RSAP) following a successful funding bid to the Ministry of Housing, Communities and Local Government (MHCLG), now renamed the Department for Levelling Up, Housing and Communities (DLUHC), in July 2021.
2. It further seeks the necessary authorisations to meet the grant conditions of the DLUHC which includes the council becoming a Registered Provider of housing and Homes England Investment Partner to secure the grant offered to the Council.
3. These approvals for the RSAP accommodation project will secure the funding and provide a mandate for staff to deliver this unique opportunity for the Isle of Wight Council to purchase and renovate self-contained affordable accommodation for homeless individuals with a history of rough sleeping.
4. This need has been identified as a primary accommodation gap by Adult Social Care. The capital funding award allows the purchase of properties that will become long term council owned assets for the purposes of providing new “move-on” homes in council control for the first time in many years. The revenue grant allows the necessary support services to be commissioned for homeless individuals.
5. The overarching benefits are to achieve a sustainable reduction in rough sleeping on the Island in the short term with the potential for the council to bid for “affordable” housing grants as an investment partner of Homes England and Registered Provider of Housing in the longer term.

## RECOMMENDATION

6. Cabinet is requested to accept the RSAP Grant Offer and DLUHC grant conditions and approve the associated actions as follows:
  - (a) Approve the Business Case at Appendix 1 including the capital match-funding requirement of £389,868 using Section 106 capital receipts.

- (b) Accept the DLUHC funding offer of £389,868 capital and £82,500 revenue funding for the RSAP Project.
- (c) Approve that the Council becomes an investment partner of Homes England and Registered Provider of Housing to draw down DLUHC funding to deliver the RSAP Project.
- (d) Delegates actual property purchase decisions to the Director of Regeneration to ensure minimal delays to deliver the 5 units of accommodation by 31 March 2022 to prevent any claw-back of grant.

## BACKGROUND

- 7. The next phase of the Government's Covid 19 response to homelessness is to make accommodation available longer term for rough sleepers who have been accommodated during the pandemic, and to make this accommodation available for the purpose of providing accommodation for current and future rough sleepers on a longer-term basis (30 years) through the RSAP project.
- 8. In June 2021, Local Authorities were invited to bid to the Governments Rough Sleeping Accommodation Programme. Local Authority bidders to this capital programme were required to either have Homes England Investment Partner status or to work with a suitably experienced partner with this in place.
- 9. A bid was submitted by the Isle of Wight Council in its own name rather than endorsing a Housing Association as its delivery partner. The main reason for this approach is that the council does not have a registered provider framework agreement in place with local housing associations and would have had to tender the offer of grant through a competitive open-market process. The timescales for doing so would have been outside of the DLUHC timetable for decision. It was also not guaranteed that a local Housing Association would come forward to accept the award or deliver the units in the timescales required by DLUHC.
- 10. The decision for the council to become a Registered Provider of housing was also put aside until the outcome of the bid was known and grant was awarded to the Island as it was a very competitive process nationally with the majority of councils submitting a bid. This approach was accepted by DLUHC and Homes England who have now agreed to offer a total grant allocation of £472,368 (capital and associated support revenue costs) to help deliver five units of accommodation and support on the Island.

## 11. STRATEGIC CONTEXT

The proposal aligns with various outcomes as set out in the following strategies:

- a) Corporate Plan 2019-2022
- b) Homelessness and Rough Sleeping Strategy 2019-2024
- c) Housing Strategy 2020-2025

12. The current 2019-22 Corporate Plan is under review though the emphasis on tackling homelessness and increasing housing opportunities for vulnerable Island residents remains a key priority. This project in turn supports the existing corporate priorities of wellbeing, opportunity, and growth including the council's housing ambition to own and control more of its own housing stock to better meet the needs of homelessness groups and those needing an "affordable" home.
13. The RSAP grant is a fundamental delivery opportunity for the Council's homelessness and rough sleeping strategy 2019-2024 to enhance its Intervention "pillar". That is by focussing on helping people who are already in crisis to get swift, targeted support, supporting us to achieve overarching aspirations to ensure homelessness will be a rare occurrence and a one-off brief experience for Islanders.

### SERVICE IMPACT

14. To fulfil the additional housing requirements needed to scale up our housing-led approaches, new and bold measures are required to acquire additional accommodation. The RSAP funding provides a unique opportunity to develop and bring online affordable accommodation which is frequently cited as one of the key challenges up and down the land, with supporting capital and revenue funding being made available to the Island by DLUHC.
15. The Island has continued to have a mean number of 5 individuals that fall outside of supported accommodation offers for several different reasons. The addition of 5 units will help towards achieving a "Functional Zero" which can be described as the situation in a community where homelessness has become a manageable problem.
16. These units should be available for occupation by 31st March 2022. Allocation of these units would be prioritised for rough sleepers or those at risk of rough sleeping. It is proposed that this is managed via the specific support arrangements within Adult Social Care and the Island Homefinder system.

### CONSULTATION

17. There has been recent past public consultation in regard the development of our housing and homelessness strategies and the potential for new housing development and increasing housing options for vulnerable groups including rough sleepers has been widely agreed and promoted.
18. Further external consultation has not been possible at this stage regarding accepting the grant conditions as the council has not yet decided on this grant offer from DLUHC. The bid process and business case has nonetheless been consulted upon and progressed at each stage through the governance arrangements of the Housing Members Board that is made up of Councillors and senior staff with housing responsibilities and functions.
19. The feedback received to date through our Housing Partnership Board indicates wider stakeholder support for the council to bid for and accept government funding to address the needs and service gaps identified.

20. The principle of the council taking on the responsibilities of tackling rough sleeping through these type of projects and providing its own accommodation solution is well supported by all stakeholders.

#### FINANCIAL / BUDGET IMPLICATIONS

21. This report seeks approval to receive and enter into grant agreement with DLUHC to receive a capital grant of £389,868 and a revenue grant of £82,500 towards this project. The capital will be a 50% match-funded contribution towards purchasing these properties on the open market and any remedial works.
22. This capital grant contribution will be matched from the Council's Section 106 receipts and there is provision in the budget for this. On-going maintenance and housing management for the properties will be funded from the rental income. An existing contract with a Registered Provider of Housing at agreed rates is already in place to do this ensuring a housing management service is in place from the first letting in April 2022.
23. The revenue grant will fund a contract of support for up to three years to ensure that the residents adapt to their new environment and develop the skills to manage their own tenancies. This will be procured through Adult Social Care commissioning arrangements to ensure Value for Money and that a support provider is in place to support the residents once the accommodation becomes available for letting in April 2022.
24. There are no specific VAT or tax implications identified to date for the purposes of this grant funding outside of the council's business as usual activities and obligations as a public body. These implications are being explored further with specialist advice to ensure that this remains the case.
25. This project has been assessed under a finance viability model and has a detailed business case at Appendix 1 agreed by the Section 151 Officer.
26. Primarily through use of income for housing benefit there will be no ongoing revenue budget impact as a result of this project.

#### CARBON EMISSIONS

27. Carbon emissions from the procurement of 5 small flats for on-going occupation from the private sector does not reasonably contribute to the council's carbon footprint. The Council would be a responsible landlord and ensure that the properties would conform to a minimum EPC Level C through repairs and retrofitting as required. It is more likely that there would be a modest reduction to the carbon footprint of the purchased properties as the council would strive to bring them up to the highest possible EPC rating in line with its corporate environment priorities.

#### LEGAL IMPLICATIONS

28. The council is empowered by section 17 of the Housing Act 1985 to acquire land, houses or other properties for the provision of housing accommodation. In exercise of that power, it is a requirement that the acquisition must achieve a quantitative or qualitative housing gain.

29. By virtue of section 21 of the Local Government Act 2003 a Minister of the Crown may pay a grant to a local authority in England towards expenditure incurred or to be incurred by it.

### EQUALITY AND DIVERSITY

30. The proposed decision is to approve the grant funding which is being made available to the Council by the DLUHC to develop bespoke supported housing for people at risk of rough sleeping. The report does not introduce new or revised policy or procedure as it is linked to implementing the Homelessness and Rough Sleeping Strategy 2019-2024 for which a detailed equality impact assessment is in place. The objective of this funding is to also mitigate the impact of Covid-19 on Island residents who are rough sleeping or at imminent risk of rough sleeping.
31. The decision will affect a small number of vulnerable residents who have been identified as rough sleeping or at imminent risk of rough sleeping. We know that since the lockdown homelessness has increased, and Island residents on lower incomes, young people, ethnic minority communities, and lone parents are likely to have faced challenges associated with housing on a disproportionate scale and will likely be among those overrepresented in the cohort of rough sleepers and will positively affected by this Project if approved by Cabinet.
32. The Island's homeless population are exceptionally vulnerable to Covid-19. The proposed decision, therefore, represents a measure to meet the needs of people with protected characteristics and therefore mitigate any new inequalities arising as a result of the impact of Covid-19 and the project can be framed within the Covid-19 Recovery Plan.
33. This decision will help the Council to meet its equalities duties and address known inequalities affecting individuals with protected characteristics. No negative consequences are identified for those who identify with one or more protected characteristics; accordingly, the decision represents progress to eliminate discrimination and advance equality of opportunity.

### PROPERTY IMPLICATIONS

34. The Property Team will be tasked with the acquisition and upgrading the properties as necessary with the relevant due diligence procedures applied. The staff resource to do this work has already been identified within the property team.
35. The Council we take the acquired properties into its property portfolio and become the Landlord. Landlord & Tenant functions including rent collection and property related Statutory Compliance or Health & Safety matters will be managed on an on-going basis through our contract with a Registered Provider.
36. SECTION 17 CRIME AND DISORDER ACT 1998

The RSAP project aims to positively contribute to prevent, crime, disorder, antisocial behaviour adversely affecting the environment, and substance misuse in its area by addressing the housing and support needs of a small cohort of rough sleepers who are at risk from many of these factors due to their life on the streets. The linkages have been made through the development of the Homelessness and Rough Sleeping Strategy 2019-2022 previously outlined with the relevant agencies involved.

## OPTIONS

37. The feasible options available to the council are as follows:

Option 1: Accept the RSAP Grant Offer and DLUHC grant conditions and approve the associated actions as follows:

- (a) Approve the Business Case at Appendix 1 including the capital match-funding requirement of £389,868 using Section 106 capital receipts.
- (b) Accept the DLUHC funding offer of £389,868 capital and £82,500 revenue funding for the RSAP Project.
- (c) Approve that the Council becomes an investment partner of Homes England and Registered Provider of Housing to draw down DLUHC funding to deliver the RSAP Project.
- (d) Delegate actual property purchase decisions to the Director of Regeneration to ensure minimal delays to deliver the 5 units of accommodation by 31 March 2022 to prevent any claw-back of grant.

Option 2: Refuse the RSAP grant offer from DLUHC and not proceed with the RSAP project.

Option 3: Accept the RSAP grant funding from DLUHC and attempt negotiation of delivery of the homes through procurement of an existing Registered Provider of housing.

38. Option 1 is the recommended option as the council directly receives and retains the capital investment from the grant. The Council would also receive an income or return from renting the properties and remain in full control of lettings and the support contract cost implications and those associated to maintaining property.
39. Option 2 is also a feasible option as any risks to the council taking on this responsibility would be avoided, but this option needs to be balanced against the loss of a 'one-off' investment opportunity to support the council's homeless aims and secure the potential quality of life benefits for rough sleepers including public health. The future relationship with the DLUHC and Homes England regarding potential wider housing investment on the Island may also be compromised.
40. Option 3 is a potentially feasible option but there are significant risks to delivery within the timeframe due to the lack of an existing procurement framework for housing partners. There is also the risk of an open-market tender not being successful depending on the risk appetite and capacity of our local providers. As delivery is pivotal to this Project and the reputation of the Council this option is not recommended.

## RISK MANAGEMENT

41. The key risks to the Project via the Preferred Option mainly relate to strategic decision making by Cabinet and critical path timescales as set out below:

Risk Category	Description	Mitigation
Funding Agreement and Registered Provider status	If Cabinet refuse the DLUHC grant funding or the condition to become a Registered Provider of Housing, then the project stops. The date for the funding agreement being in place is unknown as there is an application process to go through which is a key critical path item for starting the project. The programme has identified the end of October, but if this date extends, the whole programme will push out.	Cabinet will need to take a view on whether some elements of the project can progress before the funding agreement is in place.
Timescales	Critical path timescales extend, and the project end date goes beyond funding deadline 31 <sup>st</sup> March 2022.	DLUHC have recently acknowledged that there is some flexibility on delivery date into the 1 <sup>st</sup> quarter of 2022.
Cost	As the current property market is buoyant the IWC will may experience property values increasing.	Staff will review sold prices and factor in a sensitivity/ contingency on prices based on trends.
Timescales	The timescales for delivery are tight and there are a number of critical path items.	Acquisition should consider chain free properties to give more certainty on acquisition time. Properties with minimal renovation required will require less renovation time. Procurement to be factored into programme at the outset.
Demands of Registered Provider and Investment Partner status	There is added bureaucracy with this status including regulatory returns and reporting on spend.	Due to the limited size and scale of the undertaking these demands are seen as manageable and Adult Social Care have identified a staffing resource to ensure that the

		council complies with the regulatory returns.
Procurement	If procurement timescales are not factored into the programme from the outset, then there is a risk of project delay if then subsequently need to be added in.	Keep procurement team appraised and take their input into programming.
Resourcing/ Governance	Sufficient internal resources need to be identified to manage the project overall and for ongoing monitoring and reporting required otherwise the project will not progress to programme.	Adult Social Care to identify project manager and set up governance for the scheme.

## EVALUATION

42. Consideration has been given to the associated risks, legal and budget implications for this project to go forward including the production of a full business case signed-off by our corporate finance team. This is a one-off opportunity for the council to gain capital grant and should be viewed as such. There is undoubtedly a balance to be struck between the potential risks to the council in taking ownership and responsibility for the delivery of this project with DLUHC and Homes England including reputational impact if the project is not delivered or the bid for grant in a competitive process is not taken-up by the Isle of Wight Council.
43. The requirement to become a Homes England Investment partner and Registered Provider of Housing has been considered at length. The council has been considering a number of housing options to bring forward housing delivery over the last year or so. The stated ambition to provide “affordable housing” requires capital subsidy and this decision would more opportunity to bid for grant funding for more “affordable” homes in the future. At the same time, not taking the project forward in the proposed manner would potentially jeopardise any future capital bids that the council makes itself to government for funding “affordable” homes.
44. There remains an appetite for future partnership working with DLUHC and Homes England, including attracting further government funding and it is important for the council to take up this grant and deliver this project as a demonstration to promote confidence for future investment opportunities.

## APPENDICES ATTACHED

Appendix 1 – Rough Sleepers Accommodation Business Case.

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