



**Author/Lead Officer of Report: Alex Young –
Operations & Development Manager, HNS**

Tel: 2735524

Report of: Executive Director of Place

Report to: Cabinet Member for Finance and Cabinet Member for Neighbourhoods and Community Safety

Date of Decision: May, 2019

Subject: Approval to lease three properties to Roundabout Limited

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
- Expenditure and/or savings over £500,000	<input type="checkbox"/>	
- Affects 2 or more Wards	<input type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? Finance Portfolio and Neighbourhoods and Community Safety Portfolio		
Which Scrutiny and Policy Development Committee does this relate to? Safer & Stronger Communities		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given? 251		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		

Purpose of Report:

To gain approval to lease three properties from the Council's housing stock to Roundabout Limited, a homeless charity, to enable them to provide support services to vulnerable individuals, in line with the Council's Homeless Prevention Strategy.

Roundabout has secured funding to deliver a scheme that will give Sheffield young people the opportunity to gain skills and qualifications in the construction trade. The three properties which have been identified all require a significant amount of

investment in order to bring them up to a decent standard and will be used as the basis for a 'Live Build' project where young people aged 18-25 who are not in education or employment or training and have experienced homelessness are provided the opportunity to access a construction apprenticeship and work alongside established contractors to renovate the properties which they will be able to live in upon completion. This is a 'lease' and not a sale so when they are eventually returned back to the Council these homes will have benefitted from improvement works.

Recommendations:

It is recommended that

- (a) Sheffield City Council grants a lease of three properties to Roundabout Limited for the purpose and on the terms outlined within the report for a term of 7 years at a peppercorn rent subject to consent from the Secretary of State.
- (b) The Chief Property Officer be authorised to negotiate and agree Heads of Terms and instruct the Director of Legal and Governance to complete the necessary legal documentation.

Lead Officer to complete:-							
1	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;">I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.</td> <td style="width: 50%; vertical-align: top;">Finance: Karen Jones</td> </tr> <tr> <td></td> <td style="vertical-align: top;">Legal: Andrea Simpson</td> </tr> <tr> <td></td> <td style="vertical-align: top;">Equalities: Louise Nunn</td> </tr> </table> <p><i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i></p>	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Karen Jones		Legal: Andrea Simpson		Equalities: Louise Nunn
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4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Jill Hurst	Job Title: Head of Housing, Investment & Repairs
	Date: May, 2019	

1. PROPOSAL

1.1 Roundabout is an established Youth Homelessness Charity that has been operating in Sheffield since 1977.

Sheffield Live/Build Project

1.2 Roundabout has secured funding from OVO Energy Foundation, the charitable arm of OVO Energy, for a project that will give Sheffield young people the opportunity to gain skills and qualifications in the construction trade. They will do this by working alongside established contractors to renovate houses that they will be able to live in upon completion.

1.3 A large amount of funding has been secured by Roundabout which will be invested over a two year period in order to develop the project. This budget will provide funding to fully refurbish three houses and employ a staff member to Project Manage the refurbishment and support the young people through the process.

1.4 The proposal is that Sheffield City Council would grant Roundabout a lease of three properties for a 7 year period on a peppercorn rent in order to support the project.

1.5 After the initial two year funding investment, Roundabout will fund their ongoing repair and maintenance obligations under the terms of the lease through the rental income generated by the project.

1.6 The properties identified are all 3 bed sundry terraced houses in the Sharrow area of the city. They were previously leased some time ago to a housing association for use as temporary homelessness accommodation at a time when grant funding was available from the Housing Corporation for such short term use.

1.7 They are all in a very poor state of repair as the grant funding did not extend to carrying out full refurbishment works and now require considerable work to bring them to a lettable standard which Roundabout will complete as part of the project. Roundabout will also be responsible for all repairs, maintenance and tenancy management for the duration of the lease. They intend to charge rent at a level that would be covered by

an apprenticeship wage and would therefore be significantly lower than standard rent.

1.8 **Young People Involvement**

The project will recruit young people aged 18 to 25 who are in Roundabout services and enrol them on a 12 week traineeship course. The course programme and accreditation will be managed by CTS Training who have a wealth of experience developing bespoke courses with this client group.

- 1.9 The aim of the project is that young people who complete the course are able to learn trade skills alongside professional tradespeople whilst working on the house that they will be offered a tenancy on when it is fit to let. They will be supported throughout the process on all areas to ensure any support needs are met. Roundabout will also ensure that the young people integrate well into their new homes and support them to be responsible and positive members of their new community. Roundabout will be responsible for all tenancy management for the duration of the lease.
- 1.10 There will be a strong emphasis on the young people entering sustainable work or apprenticeships on completion of the Live/build course. Rents for the young people living in the property will be set at a low level to ensure they are affordable for people on an apprenticeship wage and does not required a reliance on welfare benefits.
- 1.11 Roundabout will aim to help the young people move on to permanent affordable accommodation after approximately 12 months and will continue to use the properties to help provide other young people with affordable housing whilst they are in work.
- 1.12 The project is an extension of OVO Energy Foundation's Future Builders programme which was initially launched a project in Bristol.

The programme is designed to:

- Address the lack of appropriate move-on options for young people who are at the end of the homelessness pathway.
- Support young people's transition from supported housing to independent living and secure employment.
- Give young people the necessary training to access full-time, sustainable employment to help them avoid the cycle of repeat homelessness.
- Address a skills gap in the construction sector.

In order to achieve this, the scheme has worked with young people aged 16-24 who are not in education, employment or training and have experienced homelessness to:

- Provide them with the necessary training to access a construction apprenticeship and the opportunity to refurbish a property that will become their home.
- Provide an affordable and secure place to live whilst completing the apprenticeship.
- Offer them support to sustain wellbeing.
- Help them find a job and get their own place when they've finished the scheme.

2. HOW DOES THIS DECISION CONTRIBUTE?

2.1 **Thriving neighbourhoods & communities** – The project will bring three dilapidated properties back into a good condition and fit for people to inhabit. The project will also support young people in how to practically manage a tenancy and support them to be responsible and positive members of the community.

2.3 **Tackling inequality** - Support young people's transition from supported housing to independent living and secure employment. The project will also address the lack of appropriate move-on options for young people who are at the end of the homelessness pathway.

2.4 **Strong economy** - Give young people the necessary training to access full-time, sustainable employment to help them avoid the cycle of repeat homelessness.

3. HAS THERE BEEN ANY CONSULTATION?

3.1 There is no requirement to consult on this decision.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

4.1.1 Age - Positive benefits as the project is focussed towards young people who have experienced homeless and supporting them to gain skills & qualifications alongside managing a tenancy.

4.1.2 Poverty & financial inclusion - Positive benefit as the project supports young people who have previously been homeless to access a construction apprenticeship and gain skills to ultimately help them gain employment.

4.2 Financial and Commercial Implications

4.2.1 It is estimated that it would cost the Council in excess of £32,000 per property to bring the properties up to a lettable standard, manage and maintain them for the duration of the proposed lease. Rental income over the same period is estimated to be £29,000 per property. As the costs exceed income it will be more financially beneficial to the Council to grant

the leases on the terms proposed.

- 4.2.2 In addition there is the benefit of Roundabout refurbishing the properties and returning them to the Council in a significantly improved condition at the end of the lease.

4.3 Legal Implications

- 4.3.1 The properties are held for the purposes of Part II of the Housing Act 1985. A lease is a disposal and Secretary of State's consent is required under section 32 of the Act for a disposal of such properties. There is a General Consent for the grant of a lease for a term not exceeding seven years.

- 4.3.2 However, Secretary of State's consent is also needed under section 25 of the Local Government Act 1988 for local authority assistance for privately let housing (where the immediate landlord of the occupier is not a local authority and occupation is under a tenancy or licence). The section provides that any transaction entered into without consent shall be void. The grant of a lease at a peppercorn rent is classed as a "gratuitous benefit" under the Act. General consents have been issued but none is applicable to a lease granted for the purpose set out in this report to an organisation which is not a Registered Private Provider of Social Housing, and so specific consent must be applied for.

4.4 Property Implications

- 4.4.1 The terms of the lease will include:
- Refurbishment of the properties to an agreed specification
 - Ongoing maintenance obligations
 - Provisions as to subletting
 - An indemnity in respect of repair claims as described at paragraph 4.3.3
 - A requirement to hand the properties back at the end of the term with vacant possession and in a condition fit for immediate re-letting as part of the Council's housing stock
- 4.4.2 The lease cannot be granted until Secretary of State's consent has been given. However, Roundabout may be allowed to go into occupation at their own risk under an agreement that the lease will be granted on completion of the works provided that Secretary of State's consent has been received.
- 4.4.3 The funding Roundabout has secured is to be invested in the first two years of the project. Housing have agreed to a 7 year lease for the three properties and Roundabout will fund continuing repair and maintenance obligations through the rental income generated by the project. Housing will conduct annual inspections of the properties to ensure that the required repairs and maintenance are being undertaken.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Bring into general letting - this would require a considerable amount of capital investment which would need to be funded from the HRA. This would result in the net expenditure being higher than the income. With the proposed option the properties will be brought up to a decent standard and returned to the Council in a better condition than they are currently in.
- 5.2 Disposal of freehold or long term leasehold – Whilst the Council would receive a capital receipt from the disposal of these properties, their condition is such that it will be reflected in the value. The benefits of leasing them to Roundabout will not adversely affect the Council financially and the benefits the project will provide to young people are of more benefit to the Council.

6. REASONS FOR RECOMMENDATIONS

- 6.1 Granting leases for three properties on the terms and conditions outlined within the report best meets with the objectives of the Council for the following reasons.
- Financially this option is the most cost effective for the Council as the investment required to bring them up to a lettable standard, maintain and manage them would be in excess of the income they would generate over the term of the lease.
 - The properties will be returned to the Council in a significantly better condition at the end of the lease period.
 - The project will help to address problems faced by young people in the transition between supported housing to independent living.
 - It will help provide young people the necessary training to access full-time, sustainable employment to help them avoid the cycle of repeat homelessness.