



Author/Lead Officer of Report: Jess Senior -
Team Manager

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Report of: *Mick Crofts, Executive Director, Place*

Report to: *Cllr Paul Wood, Executive Member for Housing, Roads and Waste Management*

Date of Decision: *16th March 2022*

Subject: *Agreement to accept and spend external finance to set up private sector leasing scheme for rough sleepers.*

Is this a Key Decision? If yes, reason Key Decision: -	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>	
- Affects 2 or more Wards	<input type="checkbox"/>	
Which Executive Member Portfolio does this relate to? Place		
Which Scrutiny and Policy Development Committee does this relate to? Overview and Scrutiny Management Committee		
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? tbc		
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:

1. To seek approval from the Executive Director of Place in consultation with the Director of Finance and Commercial Services to accept the external grant funding of £228,400 from Homes England (HE) to meet the aims and objectives as set out in this report.
2. To seek approval from the Executive Director of Place in consultation with the Director of Finance and Commercial Services to accept and spend external grant funding of £175,126 from Department of Levelling Up, Housing and Communities (DLUHC).

3. To seek approval from the Executive Director of Place in consultation with Legal and Governance for the Council to become head lease on residential property units with private landlords to offer as accommodation to rough sleepers to fulfil the project aims and objectives.

Recommendations:

1. That the Executive Director of Place be authorised to accept the grant funding from Homes England in sum of £228,400 to meet the aims and objectives of this report and approve expenditure of this grant.
2. Accept the grant funding for staffing support from DLUCH of up to £175,126 to meet the aims and objectives of this report and approve expenditure of this grant.
3. Delegate authority to Executive Director of Place in consultation with the Director of Finance and Commercial Services and the Director and Legal and Governance to enter into such grant agreements.
4. Approve authorisation to enter into the necessary individual leases with private landlords subject to the approval of the CPO and the associated non-secure tenancy agreement to the occupant subject to the approval of the Director of Housing.

Background Papers:

- 1) Bid Prospectus - For Info
- 2) Sheffield RSAP bid - For Info
- 3) 21.11.16 Sheffield City Council RSAP- Contract - To be Signed
- 4) Schedule 11 - legal opinion - RSAP - To be signed

Lead Officer to complete: -		
1	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: Mark Wassell
		Legal: Henry Watmough-Cownie and David Sellars
		Equalities: Louise Nunn
<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>		
2	EMT member who approved submission:	
3	Cabinet Member consulted:	Cllr Josie Paszek on behalf of Cllr Paul Wood
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: Jess Senior	Job Title: Team Manager
	Date: 28th February 2022	

1. PROPOSAL

- 1.1 The proposal is to set up 15 units of self-contained accommodation through a Private Sector Leasing (PSL) scheme to contribute to reducing rough sleeping in Sheffield. This will be done by the Council taking a head lease of a property for 5 years and then sub-letting 15 units within that property. This project will sit within the Private Rented Solutions team within Accommodation and Support, Citywide Housing.
- 1.1.2 The accommodation units will be procured with assistance of the Council's Procurement Services and Legal Services from private landlords/investors and the Council will if the terms are acceptable enter into a 5-year lease with them. The Council will be responsible for arranging the repairs and maintenance of the Property and rent collections throughout the lease.
- 1.1.3 The accommodation will be free from Category 1 and high Category 2 hazards as defined under Housing Health and Safety Rating System (HHSRS) and the landlords will be subject to a "Fit and Proper" check which is managed by the Council's Private Housing Standards team.
- 1.1.4 The rents of the units will be set at the current 1-bed Local Housing Allowance rate which means they are more affordable to clients in receipt of benefits.
- 1.1.5 It is intended that the terms of the sub-tenancies will fall within the current definition of Temporary Accommodation and therefore will be eligible for Housing Benefit (HB) for those tenants who make a claim. HB is awarded at various levels depending on the circumstances of the person claiming, the level of rent and the rules governing its calculation which can change over time. The Council will claim subsidy for the HB it awards. The intention is that these occupants will receive HB at a level which will cover the current Local Housing Allowance rate. Services such as utilities will be at a cost to the occupant and HB will not cover these.
- 1.1.6 The occupancy agreement between the occupant (former rough sleeper) and the Council will be a "non-secure tenancy" (excluded from security as it is accommodation provided under homelessness legislation) and it is classified as "move-on accommodation". This provides flexibility for the Council and the tenant should circumstances change.

1.1.7 The Council will support the occupant in their tenancy so that they become ready for independent living within 2-years. The Council will then help these people move-on to private rented accommodation or Council accommodation to prevent homelessness from reoccurring.

1.2 **Project Budgets and Funding**

To deliver the Lease & Repair scheme for the RSAP, the Council have been offered two grants with the budgets for both summarised below.

1.2.1 **DLUHC Grant (Staffing Support up to £175,126)**

This grant will be used to support 3 years of staffing costs to deliver the project. Table 1 shows the estimated 3-year staffing costs / funding (1/10/2021 - 31/3/2024) and for the following unfunded 2 years. The Council will provide funding for some of the posts by redirecting current posts/ budgets to support the project for the next 3 years. However, it should be noted that from 2024/25 + the Portfolio will need to either continue to redirect existing posts/funding and/or find additional revenue funding (including any available grant finding) as there is currently an estimated funding shortfall of around £203k (excluding inflation).

Table 1: Project Support Staff Estimated Salaries (1/10/21 to 31/3/24)	2021/22	2022/23	2023/24	Total (Funded)	2024/25	2025/26	Total (Unfunded)
	£	£	£	£	£	£	£
TSW - Grade 5 x 2fte	34,199	69,766	71,161	175,126	71,161	71,161	142,322
PSH Officer - Grade 6 x 0.4fte	8,013	16,348	16,674	41,035	16,674	16,674	33,348
BSO Grade 3 x 0.5fte	6,480	13,219	13,483	33,181	13,483	13,483	26,966
Total : Estimated Costs	48,692	99,332	101,319	249,343	101,318	101,318	202,636
DLUHC Grant (G5 posts-3 yrs only)	34,199	69,766	71,161	175,126			
SCC (Existing Revenue Budget-G6)	8,013	16,348	16,674	41,035			
SCC (Existing Revenue Budget-G3)	6,480	13,219	13,483	33,181			
Total : Estimated Funding	48,692	99,332	101,319	249,343			
Net Expenditure (to be funded)	-	-	-	-	101,318	101,318	202,636

1.3 **Homes England Grant (Project Delivery - £228,400)**

Homes England are providing a grant of £228,400 for which the Council has received a detailed agreement. The grant will go towards landlord and property services. 95% will be paid when the property is fit to let, and the Council has possession of the keys. The contract between Homes England and the Council stipulates this must be by the end of March 2022. The remaining 5% is paid once the occupants move in. Payments are made per property. To maximise the total grant, the Council needs to procure 15 units of accommodation.

- 1.4 A stipulation of the bid was for the Council to put in an internal financial contribution and so £50,000 has been allocated from the service budget (approved by the Head of Service of Citywide Housing). The rest of the costs are intended to be covered by Housing Benefit subsidy (paid in the standard way as all other tenant housing benefit claims through Temporary Accommodation) ensuring the occupant is eligible and the claim is carried out timely and accurately will be a priority of the operational management of the service.

- 1.5 Table 2 below summarises the estimate costs and funding profile over the 5-year project (subject to reprofiling as budgets develop).

Table 2: Estimated Budget Rough Sleepers (15x1 Bed)	Yr1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Total
	£	£	£	£	£	£
Landlord Payment (Today's LHA) x 15	85,500	85,500	85,500	85,500	85,500	427,500
12% void x 15 units	10,260	10,260	10,260	10,260	10,260	51,300
Repairs (1250 x 15)	18,750	18,750	18,750	18,750	18,750	93,750
Annual change x1 per unit tenancy (x15) (furniture)	26,250	3,825	3,825	3,825	3,825	41,550
Certificates / boiler services etc x 15	2,400	1,200	1,200	1,200	1,200	7,200
Estimated Total Costs	143,160	119,535	119,535	119,535	119,535	621,300
FUNDING:						
Estimated DWP Funding / subsidy (x 15)	68,580	68,580	68,580	68,580	68,580	342,900
SCC Revenue Contribution	10,000	10,000	10,000	10,000	10,000	50,000
Homes England Grant (evenly profiled - tbd)	45,680	45,680	45,680	45,680	45,680	228,400
Estimated Total Funding	124,260	124,260	124,260	124,260	124,260	621,300

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 This decision contributes to the One-Year plan by offering safe and affordable homes to some of the most vulnerable citizens of Sheffield and by supporting them out of rough sleeping. In terms of climate change and carbon emissions all private rented accommodation must have an Energy Performance Certificate rating of E or above and from the beginning of 2025 it must be C or above.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 There has been consultation with landlords and property investors in Sheffield who have given a positive response to offering their accommodation to the Council for this purpose.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 No issues identified.

4.2 Financial and Commercial Implications

4.2.1 **Estimated Project Costs and Funding**

Estimated project costs and funding are summarised at table 1 and table 2 above. The Grant Manager will need to ensure that there are no unfunded costs during the life of the project and once it has ended. The Grant Manager will also need to liaise with the Housing Benefits team where necessary to ensure that project budgets are kept up to date.

4.2.2 **DLUHC Grant (£175,126)**

Details of the DLUHC grant are estimated at Table 1 (para 1.2) which summarises the current estimated staffing costs/funding profile for the project and the Homeless/ Housing Service area will need to ensure that the current estimated budget shortfall of around £203k is prioritised and found to balance the current project budget.

4.2.3 Key features (not exclusive) of the grant terms and conditions are:

- The first grant instalment is (£34,199) covers the 21/22 period of the scheme (*at this stage it is anticipated that future allocations of this grant will follow the same / similar terms and conditions)
- Grant to enable recipient to provide accommodation/support to recover rough sleeping as per programme guidance/ local delivery plan submission.
- Grant is ring-fenced to delivering RSAP in 21/22: Longer-Term Move-on Accommodation (including support services linked to longer-term move-on accommodation.)
- Grant must be spent as per the Programme Guidance - see link: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/907977/NSAP_Guidance.pdf
- Each RSAP Rent Dwelling must use most appropriate form of tenancy as per terms of the Tenancy Standard / efficient use of public funds and must comply with eligible tenancies guidance - see link: <https://www.gov.uk/government/publications/next-steps-accommodation-programme-guidance-and-proposal-templates/letting-accommodation-funded-through-the-rough-sleeping-accommodation-programme-guidance-for-local-authorities-and-private-registered-providers>
- Grant recipient must meet the agreed milestones, monitoring arrangements, and achieve objectives set out in the recipient's application, delivery plan and monitoring reports.
- Grant recipients to report monthly to DLUHC who may occasionally require additional monitoring information.
- Any changes to grant, budget, delivery plan/timings must be agreed by DLUHC in advance.
- Grant subject to clawback if the terms/conditions are not complied with.

4.2.4 **Homes England Grant (£228,400)**

The Homes England (HE) Funding Agreement is a lengthy, detailed, and technical document that the Grant Manager will need to read, understand, and comply with. Key features (not exclusive) of the Funding Agreement terms are summarised below (NB whilst the Funding Agreement is issued as a capital grant by Homes

England, it does not meet the Council's accounting criteria for capital and so will be accounted for as revenue despite references being made to capital in this report.

- Grant for rough sleepers' emergency accommodation and to prevent return to sleeping rough.
- Comply with UK Competitive Requirements as per EU-UK TCA and/or other Legislation regulating Subsidy.
- Must achieve the objectives in the Funding Agreement.
- Grant subject to clawback if the terms/conditions are not complied with.
- The Council must comply with the applicable requirements of the Capital Funding Guide, the Recovery Determination and the information submitted/approved.
- Affordable Rent not to exceed 80% of market rent (inc. service charges).
- Capital Firm Scheme (CFS) Delivery Timetable as per HE (via IMS).
- Comply with and/or legally enforcing Subsidy or UK Competition Requirement or otherwise authorised to recover any Unlawful Subsidy.
- Grant paid when Practical Completion achieved/recorded on IMS; and each RSAP Dwelling (CFS) is in accordance with required standards.
- Compliance Audit required by External Auditor (see Section 11)
- Milestones - Delivery of CFS as per IMS (inc. as a minimum: Acquisition Date, Start on Site Date and a CFS Completion Date).
- The Council to complete the CFS by the Completion Date.
- Follow Grant Claim Procedures (17.7) before submitting a claim.
- Provide RSAP Dwellings as per the terms/conditions of this Agreement.

The Council to ensure the CFS:

- Is delivered as per the CFS Delivery Timetable and consistent with the Submitted Standards.
- Has no Public Sector Funding other than in CFS details.
- Comply with all requirements of Capital Funding Guide re: the CFS
- No Sire is a Social Housing Dwelling, already owned by The Council/ Affiliates.
- Any proposed changes to CFS via IMS and must be approved by HE and may result in a recalculation of grant (see full details).
- If milestones are not hit, HE may consider an extension (not guaranteed see full details).
- For each CFS, The Council to carry out site acquisition, procure and pursue works completion: CFS delivered as per Delivery Timetable and to standard to Procurement Law.
- Comply fully with monitoring/reporting, claims requirements (Section 15).
- The Council must retain records for 10 years from the start of the CFS Grant.

4.3 Commercial Implications

All public sector procurement is governed by and must be compliant with both the Grant Agreement and UK National Law. In addition, all procurement in the Council must comply with its own Procurement Policy, and internal regulations known as 'Contact Standing Orders' (CSOs).

4.3.1 CSO requirements will apply in full to the procurement of services, goods or works utilising grants. All grant monies must be treated in the same way as any other Council monies and any requirements to purchase/ acquire services, goods or works must go via a competitive process.

4.4 Legal Implications

4.4.1 The grants will be paid to the Council under the powers conferred by section 31 of the Local Government Act 2003. The grants will be subject to conditions determined by DLUHC and HE respectively, the Council will need to be satisfied that they can meet any such requirements under any agreements entered. At the time of writing the Council has only been provided with one agreement, from HE, which legal have not commented upon.

4.4.2 The Council has a duty (under Part VII of the Housing Act 1996) to secure permanent accommodation for unintentionally homeless people in priority need. Changes introduced by the Homeless Reduction Act 2017 placed additional duties on local authorities which apply to all eligible homeless applicants.

4.4.3 Utilising the grant money for the purposes set out in this report will be in accordance with those duties and allow the Council to develop and expand existing support where gaps in current service provision have been identified.

4.4.4 The taking of a 5-year lease from a private landlord is an acquisition. Section 120 of the Local Government Act 1972 allows the Council to acquire property and the proposal set out in this report falls into that section.

4.4.5 To the extent that the proposals are not covered by any of the above legislation currently in force the Council is empowered to carry out these activities by the General Power of Competence contained in Part 1 of the Localism Act 2011, subject to any specific statutory restrictions none of which apply in this case.

4.5 Other Implications

4.5.1 The Council has a homeless prevention strategy and rough sleeper delivery plan agreed with partners. This complements the work we do across the city with rough sleepers which includes:

- The Council's rough sleeper team
- Rapid rehousing for young people
- Rough sleeper emergency beds
- Housing First (currently have 30 units and funding from RS14 for an additional 20 units plus a housing officer to specifically work with women)
- The Council has several commissioned housing services-model currently under review to better reflect needs.

This service will compliment the recent bids to provide private rented sector

accommodation for ex-offenders and the complex needs service in our Changing Futures bid. This service will also compliment the 6 units for move on to be provided by Great Places for which funding was granted in the July round of the bid.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 All options available for the funding put forward by the DLUHC and partnership working with Registered providers and Private Sector Lease agreements are the two which the Council could deliver on within the set timescales. Another round of funding has since been announced and the Council are looking to submit another bid to get funding to rehouse more rough sleepers. A steering group has been set up and discussions around how to deliver have begun.

6. REASONS FOR RECOMMENDATIONS

- 6.1 There is an identified need in Sheffield to offer move-on accommodation to rough sleepers in the city to support them and get them ready for independent living. The Council have the links to the private rented sector embedded within the Private Rented Solutions team and this service will be an extension of that whilst providing another housing option for some of the most vulnerable people in the city. The Council has been successful with receiving the grant funding and now needs to get the approval to accept and spend so that 15 units can be set up and ready to let by the end of March 2022.