

Report sponsor: Director of Communities and Place
Report author: Head of Housing Options and Homelessness

MHCLG Rough Sleepers Accommodation Programme Grant Application 2021/22

1. Purpose

- 1.2 The Rough Sleepers Accommodation Programme (RSAP), launched on 18th March 2021, makes available financial resources to support local authorities and their partners to prevent people from returning to the streets and to work to bring in those remaining on the streets. This follows on from the Next Steps Accommodation Programme (NSAP) run by MHCLG in 2020/21. Derby were successful in an award of £1.655m grant following the bidding process in 2020 and have delivered 20 new units of accommodation for those at risk of rough sleeping, rough sleeping or with a history of returning to rough sleeping. All 20 units are now occupied, and occupants are receiving support in line with the grant conditions.
- 1.3 £212m will be made available in 2021/22 to support local authorities, through a bidding process, to provide both capital and revenue grants which increase the number of properties available, with appropriate levels of support, to those at risk of rough sleeping or with a history of rough sleeping.
- 1.4 The application process is through a co-produced bid, between the local authority and MHCLG. Derby Homes, on behalf of Derby City Council, have liaised with MHCLG to co-produce a bid for Derby totalling £810,000. This is split £600,000 capital and £210,000 revenue. The capital funding is a 50% contribution towards the acquisition of 10 properties. The revenue funding is three-year funding towards support for people awarded non-secure tenancies in the properties.
- 1.5 The closure date for applications is 29th April 2021.

2. Recommendations

- 2.1 To approve submission of a Rough Sleepers Accommodation Programme (RSAP) bid to the Ministry of Housing, Communities and Local Government (MHCLG), for £600,000 capital funding (2021/22) and revenue funding up to a maximum of £210,000 which comprise of £70,000 in 2021/2 and £140,000 over the following 2 years.

2.2 If Derby City Council is successful in the bidding process:

- To delegate approval of the acceptance of the resultant MHCLG RSAP grant to the strategic director of communities and place, following consultation with the strategic director of corporate resources and cabinet lead for adult's health and housing, subject to acceptable grant conditions.
- To approve the transfer of the revenue aspect of the resultant grant award to Derby Homes, in line with the 2021 Partnership Agreement (in line with the principles set out below at paragraph 2.3).
- Subject to successful award, to add £1,200,000 to the Housing Revenue Account capital programme for 2021/22, with £600,000 grant funding and £600,000 as match funding for the grant application funded from Housing Revenue Account reserves.

2.3 To authorise Derby Homes to identify and process all necessary grant payments to third parties in relation to the project, in line with existing agreed processes and subject to the approval of the Strategic Director of Communities and Place.

2.4 To approve the use of non-secure tenancies for the purpose of allocating to the newly acquired properties, in line with the requirements of the bid.

2.5 To delegate the acquisition of up to 10 properties to the Strategic Director for Communities and Place in order to meet the timescales required for this project.

3. Reasons

3.1 The submission of a bid will enable the Local Authority to continue to expand the availability of supported accommodation for those at risk of rough sleeping, rough sleeping or with a history of returning to rough sleeping.

3.2 The bid also seeks to increase the availability of accommodation for rough sleepers, and those at risk of rough sleeping.

3.3. The bid will provide the necessary resources to ensure appropriate levels of support for those with complex needs and challenging behaviours and will offer enhanced pathways for those currently unwilling or unable to access existing pathways.

3.4 In line with the Council's finance procedures rules, cabinet approval is required prior to submitting a bid for external funding and for accepting a bid for external funding.

3.5 The bid requires the use of non-secure or flexible tenancies wherever capital is provided by MHCLG under the NSAP programme. At present the tenancy strategy does not support the use of flexible tenancies, although this is included in the consultation of the refreshed tenancy strategy. The use of non-secure tenancies is currently permitted within the existing tenancy strategy.

4. Supporting information

4.1 CAPITAL FUNDING – ACQUISITION OF 10 1 BEDROOM SELF CONTAINED UNITS OF ACCOMMODATION

- 4.1.1 The capital funding proposal seeks to invest £1.2 million of investment for 10 units of accommodation, which will provide much needed single person self-contained accommodation for this cohort. A stipulation in grant award from MHCLG is that these properties must be used solely for those recovering from rough sleeping, or at risk of rough sleeping for a period of 30 years (60 years for new build – not possible to deliver within the financial year). This investment is based on a 50% contribution from the MHCLG (£0.6m) and a 50% contribution from the Local Authority (£0.6m) funded within the Housing Revenue Account capital programme. Total funding for the acquisition of 10 units, including fees and renovation works is identified in the bid at £1.2m.
- 4.1.2 Suitable properties will be identified in parallel with our existing acquisitions programme by staff who already have the knowledge and experience in this area. Work has already commenced on the identification and valuation of suitable properties.
- 4.1.3 DCC's in house valuers and legal team will undertake the valuations, negotiations and conveyance process with external resource brought in through existing frameworks. Derby Homes will provide the Property Surveyor resource to identify and schedule the work required to each property to bring it up to the necessary lettable standard and post purchase they will undertake those works. Where necessary they will secure additional contractor resource via existing frameworks to ensure the properties are to standard and ready for residents to move into within the required timescales.
- 4.1.4 A further requirement in the bid guidance is that properties acquired for this purpose must be subject to reviewable tenancies such as flexible tenancies or non-secure interim tenancies. This is to ensure that the expansion of available properties for those recovering from rough sleeping, or at risk of rough sleeping, is maintained over time and used for those who will see the greatest benefit in both the accommodation and associated linked support package.
- 4.1.5 We propose, subject to approval, to use non-secure interim tenancies to comply with this aspect of the bid. Move on from these non-secure interim tenancies will be through existing housing pathways into longer term accommodation.

4.5 REVENUE FUNDING LINKED TO CAPITAL FUNDING

- 4.5. 1 Any allocation of capital funding will act as a gateway to continued revenue funding for a further two years.

5. Public/stakeholder engagement

- 5.1 The bid has been developed taking into consideration the views and opinions of representatives of the Strategic Homeless Board, Homeless Liaison forum members and lead advisors from the Ministry of Housing, Communities and Local Government. Cabinet Member for Adults, Health & Housing has been consulted and is supportive of this bid.

6. Other options

- 6.1 The Council could choose not to submit a bid under the Rough Sleepers Accommodation Programme 2021/22. This is not recommended and would threaten the ongoing viability of the Cities Rough Sleeping Strategy and risk an increase in rough sleepers, with the additional risks associated with the coronavirus and those rough sleeping.
- 6.2 The Council could choose to bid for alternate provision to support rough sleepers in the City. We feel that that the bid, as presented, provides the best opportunity to continue to manage rough sleeping in Derby during this coronavirus pandemic.

7. Financial and value for money issues

- 7.1 All financial impacts will be met through the HRA or Derby Homes. The revenue grant will be passed to Derby Homes and they will manage the associated risks, such as compliance with grant conditions and the risk of overspend. The capital funding, and any associated risks, will be managed, as part of Council's HRA capital programme. The impact of these proposals will be to reduce rough sleeping and their associated costs and operational impacts. Without the investment, homelessness costs will increase, some of which would be bed and breakfast which remains a general fund cost.
- 7.2 There is a possibility that in delivering this capital project, resources could be diverted away from work to meet the Right to Buy (RTB) expenditure target. The Ministry for Housing, Communities, and Local Government have relaxed the time within which RTB funds have to be spent within, from 3 years to 5 years. This relaxation should remove the risk of not using RTB funds within time and the resulting repayment of RTB receipts including interest. This RSAP capital grant is at a rate of 50% this would still be a favourable position for the Council, compared to the RTB grant rate of 30%.
- 7.3 We have calculated the revenue bid to be up to £70,000 in 2021/22 and capital bid at £0.6 million plus revenue support of £140,000 (£70,000 per year) in future years related to the capital bid - the current proposals for grant support are below.

Scheme	Cost
Purchase 10 x 1 bed flats (cost £1.2 * 50%) =	£600,000
Revenue for support of tenants within the 10 flats purchased (2021/22)	£70,000
Revenue for support of tenants within the 10 flats purchased (2022/2024)	£140,000
TOTAL	£810,000

8. Legal implications

- 8.1 Other than noting that the bid addresses the application criteria, there are no other legal implications arising from the report.

9. Other significant implications

- 9.1. N/A

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu, Head of Legal Services	22 April 2021
Finance	Mazer Hussain, Group Accountant, Communities and Place	
Service Director(s)	Clare Mehrbani, Director of Housing (Derby Homes)	
Report sponsor	Rachel North, Strategic Director of Communities and Place	
Other(s)		

Background papers:
List of appendices:

