



## CABINET REPORT

<b>Report Title</b>	<b>Next Steps Accommodation Programme (NSAP) Funding 2020/21</b>
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**AGENDA STATUS: PUBLIC**

<b>Cabinet Meeting Date:</b>	16 December 2020
<b>Key Decision:</b>	Yes
<b>Within Policy:</b>	Yes
<b>Policy Document:</b>	No
<b>Directorate:</b>	Housing and Wellbeing
<b>Accountable Cabinet Member:</b>	Councillor Stephen Hibbert
<b>Ward(s)</b>	All

### 1. Purpose

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- 1.1 The purpose of this report is to inform Cabinet of the outcome of Northampton's application for government funding to increase the supply of housing for rough sleepers and ask Cabinet to release the funding that has been awarded to the Council's partners and approve the purchase and refurbishment of 15 one-bedroom homes and 3 five-bedroom HMOs through the Housing Revenue Account.

### 2. Recommendations

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- 2.1 It is **recommended** that Cabinet:
- (a) Notes the outcome of Northampton's successful application for Next Steps Accommodation Programme funding for 2020/21;
  - (b) Approves the release of the Next Steps Accommodation Programme funds that the government has provided to enable Keystage Housing to establish a 'Somewhere Safe to Stay' Hub in Northampton and International Lighthouse CIC to continue its work with non-UK nationals who are sleeping rough;

- (c) Approves the purchase and refurbishment of 15 one-bedroom homes and 3 five-bedroom houses in multiple occupation (HMOs), through the Housing Revenue Account, in order to provide supported housing for people who have been sleeping rough and are rehoused through local move-on initiatives;
- (d) Approves the expenditure of up to £1.265m to be funded from the additional £50m borrowing envelope approved by Full Council in order to complete the purchase and refurbishment of the 15 one-bedroom homes and the 3 HMOs;
- (e) Delegates to the Director of Housing and Wellbeing, in consultation with the Cabinet Member for Housing and Wellbeing and the Chief Finance Officer, the authority to determine the rent levels and service charges for the 15 one-bedroom homes and each of the rooms in the 3 HMOs; and
- (f) Delegates to the Director of Housing and Wellbeing, in consultation with the Cabinet Member for Housing and Wellbeing and Northampton Partnership Homes, the authority to develop and approve a Local Lettings Policy which will determine how the homes are allocated and define how the one-bedroom homes and HMOs will be managed.

### **3. Issues and Choices**

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#### **3.1 Report Background**

##### Northampton's response to the COVID-19 lockdown

- 3.1.1 In response to Dame Louise Casey's sudden 'Everyone In' instruction for local housing authorities to provide housing for rough sleepers and people living in dormitory-style nightshelters "by the weekend", the Council acted swiftly to close Northampton's Emergency Nightshelter and Winter Shelter and 'block book' a total of 85 rooms, in two hotels, for a period of 12 weeks from 27 March 2020.
- 3.1.2 When the Government subsequently asked local authorities to ensure that as few rough sleepers as possible return to the streets, the Council extended its use of the hotels until 30 June 2020 and then moved the remaining rough sleepers from the hotels into one of the University of Northampton's halls of residence.
- 3.1.3 In June 2020, all local housing authorities were required to produce an initial plan, summarising the action they had taken to provide rough sleepers with emergency housing and setting out their plans for moving rough sleepers into settled housing and ensuring that rough sleepers do not return to the street.
- 3.1.4 Northampton's initial plan highlighted the urgent need to find a suitable, COVID-secure replacement for the town's Nightshelter and to increase the supply of affordable rented housing that is available to people who are sleeping rough or are at imminent risk of having to sleep rough.

### Next Steps Accommodation Programme (NSAP) 2020/21

- 3.1.5 On 24 May 2020, the Government announced its plan to invest £433m in the nationwide provision of 6,000 units of longer-term move-on accommodation for rough sleepers brought off the streets during the COVID-19 pandemic. A total of £161m of this national funding will deliver 3,300 of these homes during 2020/21.
- 3.1.6 On 24 June 2020, the Government announced its intention to provide the local authorities and their partners with national funding of £105m to support initiatives and interventions that meet the short-term and interim accommodation and support needs of rough sleepers living in COVID-19 emergency housing.
- 3.1.7 In July 2020, the Government invited local authorities and their partners to bid for a share of the £265m of funding that it was making available, in 2020/21, through its Next Steps Accommodation Programme. The accompanying guidance explained that the purpose of the funding was to ensure that the provision of emergency housing could continue for an appropriate length of time, with a planned transition to more sustainable interim accommodation options until vital longer-term move-on accommodation can be put in place.
- 3.1.8 The Next Steps Accommodation Programme has provided the financial resources needed to support local authorities and their partners to do this work. It includes capital for property costs and an attached long-term revenue stream to ensure that people are supported in their new tenancies. Additional revenue funding has also been provided for short-term and interim accommodation.

### Northampton's application for NSAP funding in 2020/21

- 3.1.9 In August 2020, following discussions with a number of partners – including NAASH, Northampton Hope Centre, International Lighthouse CIC and Keystage Housing (a housing association that operates a very successful government-funded 'Somewhere Safe to Stay' Hub in Luton) – the Council submitted a funding application for short-term / interim and long-term accommodation.
- 3.1.10 Although the Council's bid for funding to support the work of NAASH and Northampton Hope Centre was unsuccessful, the Ministry of Housing, Communities and Local Government (MHCLG) awarded Northampton funding totalling almost £2.68m for short-term / interim and long-term accommodation.
- 3.1.11 Northampton's funding allocation for short-term / interim accommodation is £607.4k. This comprises £101.4k for emergency housing, £481k to enable Keystage Housing to establish a 'Somewhere Safe to Stay' Hub in Northampton and £25k to enable International Lighthouse CIC to continue working with non-UK nationals who are sleeping rough.
- 3.1.12 Northampton's funding allocation for longer-term accommodation is £2,071k. This comprises the following:
- £1.355m towards the cost of purchasing and refurbishing 15 one-bedroom homes. (As the total cost of the scheme, including conveyancing costs, will be £1.98m, the Council's contribution will be £624k;

- £464k towards the cost of purchasing and refurbishing 3 five-bedroom HMOs. (As the total cost of the scheme, including conveyancing costs, will be £1.104k, the Council's contribution will be £640k); and
- £252k to enable Northampton Partnership Homes and NAASH to employ two full-time Tenancy Sustainment Officers (one each) to provide the residents of the 15 one-bedroom homes and the 3 five-bedroom HMOs with tenancy support for three years with effect from 1 April 2021.

## 3.2 Issues

### NSAP funding for short-term / interim accommodation

- 3.2.1 The £101.4k funding that Northampton has been awarded for emergency housing covers most of the net costs that the Council has incurred in operating the hall of residence as emergency housing for 5½ months (1 July – 14 December) and affords the Council the opportunity to procure up to 8 units of nightly-purchased housing to accommodate rough sleepers, if needed, until 31 March 2021.
- 3.2.2 Although there was no guarantee that Northampton's funding application would be successful, Keystage Housing was impressed by Northampton's multi-agency response to 'Everyone In' and gave a commitment to do everything it could, at its own risk, to identify, acquire and convert a suitable building that could operate as a 'Somewhere Safe to Stay' Hub along the same lines as its Luton service.
- 3.2.3 Prior to the submission of the Council's bid, Keystage Housing provided a breakdown of the amount of NSAP funding it would require to set up and operate the 'Somewhere Safe to Stay' Hub during 2020/21. This included £300k for the cost of converting, refurbishing and decorating the building it has acquired.
- 3.2.4 The £25k funding awarded for International Lighthouse will enable the organisation (a Northampton-based community interest company) to continue working with non-UK nationals (mainly Eastern Europeans) to resolve the immigration and benefits issues that have previously prevented them from moving on into settled housing.

### NSAP funding for longer-term accommodation

- 3.2.5 The £1.355m grant funding that the Council will receive from Homes England and the MHCLG to purchase and refurbish the 15 one-bedroom homes will enable the Council to charge the tenants a social rent.
- 3.2.6 The 15 one-bedroom homes will be managed by Northampton Partnership Homes (NPH) and will be used by former rough sleepers, as supported housing, in perpetuity. Revenue funding of £126k is being provided, through the NSAP grant, to enable NPH to employ a Tenancy Sustainment Officer for 3 years.
- 3.2.7 The grant funding awarded to the Council to purchase and refurbish the 3 five-bedroom HMOs will enable the tenants to be charged a rent equivalent to the Shared Accommodation Rate without the need for the service to be subsidised from existing Housing Revenue Account funds.

- 3.2.8 The 3 five-bedroom HMOs will be managed by NAASH, a Northampton-based single homelessness charity that specialises in managing shared housing for single homeless people, including rough sleepers with multiple, complex needs. The properties will be used by former rough sleepers, as supported housing, in perpetuity. Revenue funding of £126k is being provided, through the NSAP grant, to enable NAASH to employ a Tenancy Sustainment Officer for 3 years.
- 3.2.9 If it is not possible to secure ongoing revenue funding for the Tenancy Sustainment Officers at the end of this 3 year period, NPH will assume responsibility for the management of the 3 HMOs and consideration will be given to all available options, such as increasing NPH's Management Fee to reflect the extra responsibilities or letting the properties to former rough sleepers who require less support.

#### Northampton's Rapid Rehousing Pathway

- 3.2.10 Since the COVID-19 lockdown at the end of March 2020, more than 170 men and women have spent at least one night in emergency accommodation.
- 3.2.11 During the same period, almost 200 people have been helped to move on into settled housing. Although a large proportion of this group were living in the hotels or hall of residence, many of them were rehoused before they became homeless and some were sleeping rough and were rehoused from the street.
- 3.2.12 The establishment of a 27-bedroom 'Somewhere Safe to Stay' Hub that is able to accommodate men and women and is staffed 24 hours a day affords the opportunity for the Council and its partners to completely transform the way in which they tackle rough sleeping to one based on a comprehensive needs assessment and rapid rehousing. It will provide a catalyst for change.

### **3.3 Choices (Options)**

#### Option 1 (recommended)

- 3.3.1 Cabinet can choose to support the purchase and refurbishment of 15 one-bedroom homes and 3 five-bedroom HMOs
- 3.3.2 This option is recommended because it will increase the Council's stock of social rented housing and will play a significant role in helping the Council and its partners to meet the housing and support needs of rough sleepers.

#### Option 2 (not recommended)

- 3.3.3 Cabinet can choose to do nothing.
- 3.3.4 This option is not recommended because there is an urgent need to add to the Council's stock of social rented housing and increase the amount of supported housing for rough sleepers. Failure to proceed with the purchase of the homes will result in the loss of £2m of government subsidy and it will undermine everyone's efforts to reduce and prevent rough sleeping.

## 4. Implications (including financial implications)

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### 4.1 Policy

4.1.1 The action that the Council is proposing to take is in line with Council policy and reflects the priorities in the Corporate Plan 2019-21.

### 4.2 Resources and Risk

4.2.1 The following table provides a summary breakdown of grant funding awarded by the MHCLG to the Council as part of the Next Steps Accommodation Programme (NSAP) and the additional HRA capital requirement to support the programme:

	£000's				
	Capital	Revenue	Total Grant	HRA Funding Requirement	Grand Total
Short-term / interim accommodation 2020/21	300.0	307.4	607.4	0.0	607.4
Long-term accommodation 2020/21	1,819.5	252.0	2,071.5	1,265.0	3,336.5
<b>Grand Total</b>	<b>2,119.5</b>	<b>559.4</b>	<b>2,678.9</b>	<b>1,265.0</b>	<b>3,943.9</b>

**Note:** A further detailed breakdown can be found in Exempt Appendix A.

4.2.2 As reported in Exempt Appendix A, the financial viability of the HRA Capital Schemes have been appraised and reviewed, using the ALMO Appraisal Model and based on current assumptions, taking into account the following:

- The total scheme costs (detailed in Exempt Appendix A);
- Grant funding awarded by the MHCLG in support of the schemes;
- Interest on borrowing;
- Management and maintenance costs; and
- Social Rents (1 bed apartments) and Shared Accommodation Rents (HMO).

4.2.3 The financial appraisals have shown that, over 30 years the 15 x 1 bed scheme provides a positive Net Present Value (NPV) at 30 years with the grant subsidy provided by Homes England and the MHCLG.

4.2.4 At 30 years, the HMO scheme does not provide a positive NPV. As this falls outside of the normal HRA Business Plan financial assessment, a 40 year measure has been conducted. Over 40 years, the scheme does provide a positive NPV with the grant subsidy provided by Homes England and the MHCLG.

### **4.3 Legal**

- 4.3.1 It is clear from the contents of the Cabinet Report that the proposed schemes noted above will require a multidisciplinary team to monitor and deliver. It follows therefore, and it is to be recommended, that the Council put in place stringent governance procedures, such that the Cabinet can be assured that the proposed schemes will be appropriately and properly monitored and that appropriate project methodologies are in place to ensure successful delivery.
- 4.3.2 It is further understood pursuant to paragraph 3.2.3 above that funding from MHCLG to support re-development of the “Somewhere Safe to Stay Hub” building, as part of the short term / interim scheme noted above, places only an obligation on the Council to direct such funds to appropriate support services, such an obligation on the Council supports the need for the establishment of a multidisciplinary team as is discussed above in order to ensure that this obligation on the part of the Council is properly and appropriately fulfilled.
- 4.3.3 It is noted at paragraph 3.2.5 above that the Council has received grant funding from Homes England to support the long-term accommodation scheme as noted above. The Council will be required as part of a condition of the grant funding to execute and abide by the conditions of the Grant Agreement, which include the provision of a Legal Opinion. If the Council fail in the opinion of Homes England to comply with the provisions of the Grant Agreement then, in certain circumstances, the grant funding may be recovered in whole or in part by Homes England from the Council.
- 4.3.4 It is noted at paragraph 3.2.9 that it is proposed that on the expiry of the funding which supports the provision of two Tenancy Sustainment Officers if NAASH are unable to secure independent additional funding required to support such a cost that this cost will be met by the Council through securing the provision of same from NPH. In such circumstances the provision of additional services to the Council by NPH is governed by the provisions of the Agreement for the delivery of housing management and other services made between the two parties dated 5<sup>th</sup> January 2015.
- 4.3.5 Cabinet, as part of the decision-making process, has a duty to consider and co-operate with the West Northamptonshire Unitary Council.

### **4.4 Equality and Health**

- 4.4.1 The action that is proposed in this report will help to improve the housing conditions and life chances of people with protected characteristics, including single homeless people and childless couples. It will therefore have a positive impact on Equality and Diversity.
- 4.4.2 Tackling, preventing and reducing rough sleeping and homelessness is part of the Council’s commitment to improving communities and our town as a place to live. In doing so, the Council will have due regard to its Public Sector Duty and continue to work to tackle discrimination and inequality and help create a fairer society.

### **4.5 Consultees (Internal and External)**

- 4.5.1 The action proposed in this report has been developed in consultation with the Housing Advice & Options Service, the Revenues & Benefits Service, the Finance Team, NPH, Homes England and the MHCLG.
- 4.5.2 An Overview & Scrutiny Working Group has reviewed the way in which the Council has purchased and refurbished homes to meet the needs of homeless people.

#### **4.6 How the Proposals deliver Priority Outcomes**

- 4.6.1 The action that is proposed in this report will help the Council to deliver the following priority outcomes in the Corporate Plan 2019 – 2021:
- More homes, better homes
  - Tackle, prevent and reduce homelessness
  - Improve the health and wellbeing of local people
  - Provide value for money services
  - Use public resources effectively

#### **5. Next steps**

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- 5.1 If the recommendations are approved, NPH and the Council will work collaboratively and proactively to purchase and refurbish the 15 homes and 3 HMOs as quickly as possible.
- 5.2 Progress will be closely monitored by a multi-disciplinary group (comprising representatives from Housing, Finance, Legal and NPH) that will meet regularly to oversee the successful implementation of the scheme.

#### **Appendices**

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Exempt Appendix A – Financial Information and Appraisal (NSAP Housing Acquisitions)

#### **Background Papers**

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Cabinet Report – ‘Housing Acquisitions Options’, 19 August 2020

**Phil Harris**  
**Director of Housing and Wellbeing**