

Cabinet

15 November 2023

Single Homeless Accommodation Programme

Ordinary Decision



Report of Corporate Management Team

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Councillor James Rowlandson, Cabinet Portfolio Holder for Resources, Investment and Assets

Electoral divisions affected:

Countywide

Purpose of the Report

- 1 The purpose of the report is to provide an update on the Single Homelessness Accommodation Programme (SHAP) and to seek approval for a funding bid submitted to Homes England (HE) and Department for Levelling Up, Housing and Communities (DLUHC), which requires match funding, albeit on a self-financing basis.
- 2 The bid seeks to provide accommodation and support as part of a proposal to assist rough sleepers and those who are at risk of sleeping rough and would secure three years of revenue funding also to fund specialist service provision.

Executive summary

- 3 SHAP was announced in September 2022 as part of the Government's rough sleeping strategy and will provide over £200 million in funding for both capital project delivery and revenue support over three years to help deliver the Government's objective of ending rough sleeping.
- 4 The aim of SHAP is to increase the supply of high quality accommodation with accompanying support to address gaps in homelessness pathway provision for both adults with a long history of rough sleeping or with complex needs and young people (aged 18 to 25) at risk of or experiencing homelessness or rough sleeping.

- 5 This aligns with the council's emerging Homelessness and Rough Sleeping Strategy which includes a commitment to reduce rough sleeping with an ambition to end it for good.
- 6 DLUHC and HE invited the council to submit funding submissions for both cohorts (adults and young people aged 18-25 years) as part of the September 2023 bidding round.
- 7 The SHAP funding proposal was co-produced with DLUHC and HE to increase the type of accommodation and capacity to deal with the most complex, hard to house single homeless people in the County. The work involved in developing the bid meant that there was insufficient time to take the proposals through the Council's internal governance processes before the deadline, so a bid was submitted subject to formal approval.
- 8 Should the bid be successful and additional 32 bed spaces will be provided along with wrap around support to help people develop the skills to manage and maintain a tenancy and eventually move through to mainstream housing provision.
- 9 SHAP will ensure strategic alignment with the council's emerging Homelessness and Rough Sleeping Strategy and complement the work that is already progressing on temporary accommodation provision.

Recommendations

- 10 Cabinet is recommended to approve the funding bid on the following terms:
 - (a) Homes England will provide £2,762,382 in capital resources from the SHAP for the provision of 32 bed spaces of supported accommodation;
 - (b) the Department for Levelling Up, Housing and Communities will provide £1,656,181 in revenue funding over three years for the provision of specialist support services for the clients housed by the programme;
 - (c) the council will provide the remaining capital funding of £1,841,588 for the provision of 32 bed spaces of accommodation on a self-financing basis from the ongoing rental income; and
 - (d) a suitably qualified specialist external support provider is procured through a competitive process to provide wrap around support to the clients housed by the programme; and

- (e) no extension of the wrap around support contract beyond three years will be agreed without a further report to Cabinet setting out how the revenue costs would be funded once the grant funding expires and / or options for repurposing these facilities.

Background

- 11 SHAP was announced in September 2022 as part of the Government's rough sleeping strategy to end rough sleeping and provides over £200 million of funding for both capital project delivery and revenue support over three years.
- 12 The objective of SHAP is to increase supply of high quality accommodation with accompanying support for adults and younger people aged 18 to 25 years who are either rough sleeping or at risk of rough sleeping.
- 13 The council's emerging Homelessness and Rough Sleeping Strategy includes a commitment to reduce rough sleeping with the long-term ambition of ending it for good. It includes the provision of supported living accommodation for a variety of cohorts, including those for which the SHAP programme is designed.
- 14 Any accommodation provided through the programme must be delivered by March 2025 and address gaps in homelessness pathway provision.
- 15 There is also a commitment from DLUHC to provide revenue funding for three years from completion of any accommodation to help meet the cost of support to this vulnerable client group.
- 16 DLUHC and Homes England worked with the council to make the funding submissions for both cohorts; adults and younger people aged 18 to 25 years.
- 17 A strategic gap analysis was co-produced with DLUHC and Homes England to identify the need prior to the funding bid being submitted.
- 18 An announcement on whether the council's bid has been successful is expected in November 2023. Approval of the bid submission is subject to the required Cabinet approval (this report).
- 19 A significant amount of work has been taken place in preparing and submitting the bid for SHAP funding in a comparatively short timescale involving:
 - (a) undertaking a strategic gap analysis;
 - (b) consultation with registered providers to determine their level of interest in the project;
 - (c) determining the most appropriate delivery model to meet the need;

- (d) identifying the estimated costs associated with the acquisition, improvement and remodelling of properties with corporate property and land colleagues;
- (e) reviewing potential properties that may be suitable for use;
- (f) undertaking a soft market test to understand the market and delivery approach taken by specialist support providers working in this field;
- (g) developing a delivery model for the support provision;
- (h) working with the housing benefit team to understand the level of financial support that would be available to the potential clients through the housing benefit system;
- (i) modelling a range of financial scenarios; and
- (j) working collaboratively with Homes England and DLUHC on the co-production of the submission ensuring that the criteria was met.

Delivery Routes

- 20 The following delivery routes are eligible for funding:
- (a) purchase and repair of properties either as freehold or on a long lease (60 years minimum duration);
 - (b) acquisition of existing properties which require no or minimal work to bring them into use (known as existing satisfactory);
 - (c) refurbishment and repurposing of existing stock;
 - (d) development of new build properties (including modern methods of construction); and
 - (e) lease and repair schemes can be considered (minimum of five years although longer-term leases will be assessed more favourably).
- 21 DLUHC and Homes England have indicated that preference will be given to schemes that provide homes which provide additional housing stock or bring more homes into use within the social housing sector.
- 22 The Council's proposal is a combination of 20 a), b) and c).

Current Position

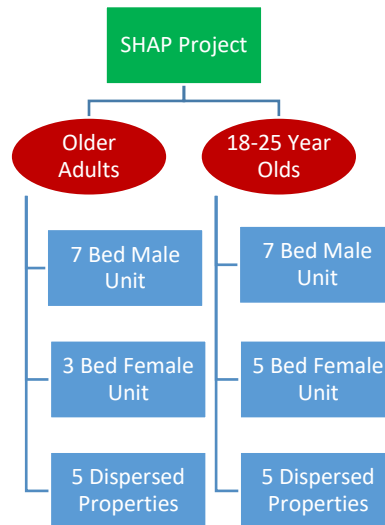
- 23 The council has co-produced and agreed a strategic gap analysis with DLUHC and Homes England to help identify and understand the level of unmet need within the county.
- 24 Consultation has been undertaken with registered providers to determine their level of interest in the programme. A small number of registered providers expressed an interest in the programme, various meetings took place and information was shared.
- 25 Following the approval of the council house delivery programme further internal discussions took place and it was agreed to progress with a submission directly by the council. This decision was made on the basis that owning stock for this client group would deliver advantages; for example, improved access to accommodation and more control of referrals.
- 26 A bid submission was collated on the basis that the council will deliver the accommodation units required and then engage a specialist partner to deliver the ongoing support to people housed as part of the programme. The specialist partner will need to be a registered provider to ensure full subsidy reclaim to the council on enhanced housing benefit.
- 27 A soft market test has also been conducted to understand which organisations may be interested in becoming a support partner and to gain an insight into how providers would deliver the support provision along with an estimate of the costs of the service they would provide.

SHAP Bid

- 28 The data submitted through the Government's Homelessness Case Level Collection (H-CLIC) has been reviewed for both cohorts and criteria applied to focus on people with the most complex needs.
- 29 In addition, statistics relating to temporary accommodation and Government DELTA rough sleeping submissions were also reviewed. DELTA is the online system provided by DLUHC to facilitate the collection of statistical data and the administration of grant applications including local Government finance statistics, housing and planning statistics and homelessness statistics.
- 30 If the bid is successful and the programme progresses it will help meet any unmet need in the county and support the council's priority of reducing the use of temporary accommodation. The strategic gap analysis identified the unmet need, as set out in Appendix 2, and suggests that the following provision would go a long way towards meeting this:

- (a) adults with histories of sleeping rough accommodation:
 - i. seven bed male project;
 - ii. three bed female project; and
 - iii. five dispersed properties.
 - (b) Eighteen to 25 year olds at risk of experiencing rough sleeping accommodation:
 - i. seven bed male project;
 - ii. five bed female project; and
 - iii. five dispersed properties.
- 31 Estimates for the acquisition and re-modelling costs have been determined and financial modelling undertaken to ensure the viability of the project. Homes England will provide grant funding towards the acquisition and remodelling costs to cover any funding gap and would expect the council to part-fund the costs from the ongoing rental income.
- 32 The funding bid for SHAP was submitted on 8 September 2023 to meet the programme deadlines and should the bid be successful the progression of the scheme is subject to obtaining Cabinet's agreement for the funding outlined within this report.
- 33 The council's existing surplus property portfolio has been reviewed to identify any potentially suitable properties that might be available for conversion and as well as targeting existing empty properties and any stock becoming available through the right of first refusal that applies to some former council stock previously sold under the Right to Buy.
- 34 One property has been identified from within the council's portfolio, Bishop Auckland Registry Office, that will be surplus to requirements in November 2023. This would enable the early development of the five-bedroom unit for single females aged 18 to 25 years.
- 35 The proposed service delivery model is detailed in Figure 1.

Figure 1



36 The key elements of the SHAP bid will include:

- (a) at least two bed spaces that are accessible and compliant with the Equality Act 2010;
- (b) dispersed properties to be reviewed and approved by the public protection unit to ensure they are suitable for the clientele;
- (c) dispersed properties would be accessible to LGBTQ+;
- (d) suggested locations are east, south and towns outlying town centre locations;
- (e) individuals would have medium to high and/or multiple complex support needs;
- (f) on-site 24/7 management and support for the project hubs;
- (g) floating support to the dispersed properties;
- (h) accessible specialist support such as drug/alcohol recovery workers and trauma informed social worker;
- (i) development of pathways into longer term accommodation; and
- (j) length of stay is anticipated to be between three to 24 months.

Support Proposal

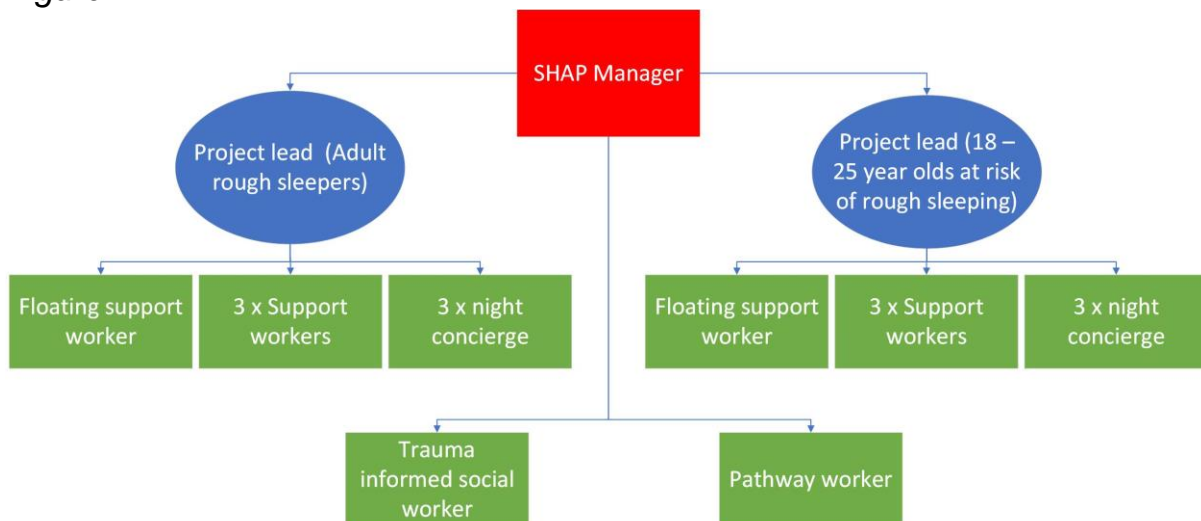
37 The support model proposal is based upon:

- (a) soft market testing via North East Procurement Organisation procurement portal responses;

- (b) co-production with DLUHC; and
- (c) comparison with similar projects where people require intensive support.

- 38 There was a good response to the soft market test with returns being completed by five potential specialist providers. The information from the soft market test helped to inform our proposals regarding the number and structure of staffing required and potential staffing costs. Specific specialist staff to deal with high and complex emotional needs (trauma informed social worker) and ensuring suitable move on accommodation is available when needed and appropriate support networks are in place to progress towards independent living (pathway worker).
- 39 The co-production of the support model with DLUHC has indicated that the costs and staffing proposed are in line with other benchmarks and accepted tolerances.
- 40 The support model proposed is detailed as in Figure 2 and is indicative as this service will be procured externally and delivered by a specialist support provider with suitable experience in working successfully with these two client cohorts.

Figure 2



Funding and Cost Considerations

- 41 The funding model is set out in Appendix 3. The funding available via SHAP is effectively gap funding taking account of the level of borrowing the rental income can support after allowing for management and maintenance costs, planned maintenance and any potential rent loss through vacancies and non-payment. The modelling reflects the council's standard assumptions regarding management, planned and responsive maintenance, rent loss due to vacancies and rent arrears as

well as anticipated borrowing costs and rent levels over a period of 30 years. These assumptions were informed by external specialists, Savills.

- 42 Based upon the council's experience of similar schemes at Wheatley Hill and Shildon, market intelligence on acquisition costs assessed by a qualified Royal Institution of Chartered Surveyors valuer for the required size of the units and median construction costs from the Building Cost Information Service (BCIS) it is estimated that the total scheme costs will be made up of the following:
- (a) acquisition and refurbishment of two x seven bed units; £1,112,760 per unit = £2,225,520;
 - (b) acquisition and refurbishment of a three bed unit - £503,450;
 - (c) refurbishment and remodelling of a five bed unit - £650,000;
 - (d) ten dispersed properties - £122,500 per unit = £1,225,000; and
 - (e) the total cost = £4,603,970.
- 43 The total projected capital cost for the scheme is £4,603,970 with £2,762,382 being sought from SHAP and the remaining balance of £1,841,588 being funded from the ongoing rental income on a self-financing basis. This funding arrangement is projected to produce a modest surplus of £153,615 at the end of 30 years.
- 44 Homes England will make capital payments in three instalments: 45% on acquisition; a further 50% on start on site; and a final 5% on practical completion. For schemes not involving acquisition, payments will be made in two instalments: 95% at start on site and 5% at completion. The acquisition and any remodelling required must be completed by the 31st of March 2025 as there is no guarantee of any funding after this date.
- 45 In addition to capital funding SHAP makes available revenue funding to meet the ongoing costs of supporting the residents for a period of three years once the accommodation is available for occupation.
- 46 The total estimated cost of the staffing provision associated with this project set out in Figure 2 is £2,637,384. This has been developed following a review of the staffing arrangements associated with similar projects of this nature and the results of a soft market test run alongside the development of this bid to help inform the council's approach.
- 47 Enhanced housing benefit payments will also be available to help cover the costs of legitimate enhanced housing management costs associated

with running the project. In consultation with the housing benefit team, it has been determined that around one third of the total cost of the staffing provision can be funded through enhanced housing benefit with the remaining two thirds being required in the form of a revenue grant from SHAP. The estimated figures are as set out in Table 1.

Table 1

	Year 1	Year 2	Year 3	Total
Total staffing costs	£ 836,601	£ 878,431	£ 922,352	£ 2,637,384
Estimated EHB	£ 311,246	£ 326,808	£ 343,148	£ 981,203
SHAP revenue requested	£ 525,355	£ 551,622	£ 579,203	£ 1,656,181

48 There are wider cost savings to the council through SHAP, these being:

- (a) reduction in the use of temporary accommodation through SHAP provision, the client complexities of SHAP is aimed at often mean priority need is met with the council then owing temporary accommodation duties and allocations for SHAP properties would be prioritised from the homeless and rough sleeper teams;
- (b) there are wider savings to the public purse as each rough sleeper costs the authority an average of £20,128 (Crisis 2015); Durham completed similar financial modelling on known rough sleepers in 2019 with the figure being higher when including homeless applications, arrests, prison sentences, substance misuse interventions and hospital admissions; and
- (c) housing solutions currently has two support contracts; Changing Lives for single homelessness and Jigsaw Supported Housing for complex rough sleeping and SHAP could help replace these contracts and reduce costs.

49 In addition, providing good quality supported accommodation for those with the most complex needs will likely deliver savings and / or cost avoidance to the council's adult and health services teams, the NHS and other public bodies.

Proposed Delivery Arrangements

50 The council has applied for SHAP capital funding of £2,762,382 representing a 60% grant to bridge the viability gap to acquire and re-model the accommodation.

- 51 The development of SHAP accommodation could potentially be included in the council new build tender. This could help reduce development costs through a set fee structure or as part of a developers give back scheme.
- 52 A total of £1,656,181 in SHAP revenue funding has also been applied for to deliver the support element via an external third-party specialist provider selected through a procurement exercise.
- 53 The council's financial modelling and bid for resources to Homes England has included the costs associated with the acquisition process for survey and legal work. Team members within CPAL and legal services are already funded by this mechanism to support the acquisition process. More recently, Capita have also been engaged to provide additional further capacity for property valuations and dilapidation reports.

Project Benefits

- 54 There are significant benefits in progressing this project which will reduce the level of rough sleeping within the county, a key priority set out within the emerging Homelessness and Rough Sleeping Strategy 2024-29. The strategy aims to prevent rough sleeping wherever possible and where it does occur ensure that it is rare, brief and non-recurrent. This is aligned with the Government's strategy aimed to end rough sleeping.
- 55 During 2022/23, around 126 people were found to be rough sleeping; an average of 11 on a single night. 42% of these were new to rough sleeping, the remaining had previous experiences of sleeping on the street. Across the north east region there was a 27% rise in rough sleeping in 2022/23.
- 56 The majority of rough sleepers have multiple complex needs, including mental health and substance misuse problems, which is often the reason why their previous housing situation has failed. The council know that the main reasons why people find themselves sleeping rough is because their family will no longer accommodate them, they have been evicted from supported accommodation or their private rented tenancy has ended.
- 57 At the present time there is a gap in service provision identified through the strategic gap analysis as set out in Appendix 2. This project will:
- (a) provide good quality temporary accommodation with wrap around support;

- (b) promote health and wellbeing as the cost of rough sleeping in social terms is significant; lacking a settled home can cause or intensify social isolation, create barriers to education, training and paid work and undermine mental and physical health and when homelessness becomes prolonged, or is repeatedly experienced, there are further deteriorations in health and well-being;
- (c) reduce society costs: according to Crisis, the National Homelessness Charity, the cost for a single person rough sleeping in the United Kingdom in 2015 was £20,128 per annum, around £25,000 per annum in 2025; up to 32 people can be assisted through this project which would save an estimated £800,000 per annum based upon this; and
- (d) support the council's aim of reducing the cost of providing temporary accommodation.

Exit Strategy

Revenue Funding

58 DLUHC revenue support is only available for three years after which time the funding would be withdrawn. At this time the council will review the service and explore funding options, with any decision to extend the service subject to further Cabinet approval. The council's options would include the following:

- (a) explore the potential to secure other external funding to continue providing the service;
- (b) fund the service from within existing resources: if external funding is not available, or is available with unacceptable conditions, consideration would be given to fund the service from within existing resources; to achieve this, all existing contracts with other support providers would be reviewed and any revenue funding released directed toward the SHAP project if considered a priority. Given the competing financial pressures within the council there could be no commitment that a growth bid for funding to continue the service would be agreed.
- (c) change the service offer: should no alternative revenue funding be available to support the continuation of the existing project then a substantially reduced support offer could be provided, the ongoing housing management support would be reduced to around five hours per week in line with similar provision currently provided to CDLA clients; this level of support would be unlikely on its own to meet the needs of clients with high and complex needs; and

- (d) withdraw the service: if after review none of the options detailed above (a to c) are considered viable the service would be withdrawn.

Capital Funding

- (a) The position regarding the future use of the properties and implications for any capital funding would only need to be considered if option d, detailed above, was adopted. The options that would apply in this scenario are; use the properties as general needs affordable housing with the projected rental income continuing to cover ongoing costs, this would require some additional capital investment to repurpose the properties and in particular integrate any common and/or office areas in the hubs into dwellings, but as the individual properties will be self-contained, overall additional expenditure will be relatively low; in addition properties will be designed from the outset with the ability to flex the use in mind and any capital work costs will be funded from within budget and would be funded from the ongoing rental income;
- (b) repurpose properties to be used for a different client group or specialist need or by another department; the properties would need to be appropriated for this purpose with any income being used to pay down any outstanding loans; and
- (c) sell the properties and pay down any loans associated with these properties held by the council; any surplus would have to be earmarked in a recycled capital grant fund and held by the council to be used to fund the delivery of affordable housing.

59 Clarification is being sought from DLUHC and Homes England on their position regarding any grant clawback. Initial discussions have indicated that this would not be the case where the properties were retained as affordable housing in some form. This is a standard clause within government/Homes England grant conditions.

Conclusion

- 60 SHAP funding provides an opportunity to create new accommodation pathways coupled with intensive support for complex cohorts of people that housing solutions find challenging to source accommodation for.
- 61 Durham County Council was offered the opportunity to apply for funding from DLUHC and Homes England as part of the SHAP that would have been lost had the submission not been made within the programme deadlines. The submission requires approval from Cabinet before it can progress if agreed by DLUHC and HE.

62 There are several separate schemes that the council is involved in that are all based upon similar funding models and assumptions which include:

- (a) rough sleepers accommodation project;
- (b) acquisition of temporary accommodation;
- (c) Afghan resettlement scheme; and
- (d) council housing programme.

Background papers

Single Homelessness Accommodation Programme: prospectus and guidance (outside of Greater London)

<https://www.gov.uk/government/publications/single-homelessness-accommodation-programme/single-homelessness-accommodation-programme-prospectus-and-guidance-outside-of-greater-london>

Other useful documents

None

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Appendix 1: Implications

Legal Implications

The Homelessness Reduction Act published in 2017 signalled a significant change to homelessness protection across England.

The Act aims to reduce homelessness by joining up services to provide better support for people, especially those leaving prison/hospital and other groups at increased risk of homelessness, such as people fleeing domestic abuse and care leavers.

Finance

Should the bid be successful, Homes England will provide £2,762,382 in capital resources from the SHAP for the provision of 32 bed spaces of supported accommodation, and the Department for Levelling Up, Housing and Communities will provide £1,656,181 in revenue funding over three years for the provision of specialist support services for the clients housed by the programme.

Durham County Council will need to borrow to fund the match funding required but financial modelling shows that this would be self-financing from the ongoing rental income generated. The council would need to fund the remaining capital funding of £1,841,588 on a self-financing basis.

A suitably qualified specialist external support provider would need to be procured through a competitive process to provide wrap around support to the clients housed by the programme.

In agreeing to support this bid Cabinet are not agreeing to extend the wrap around support contract beyond the initial three years. A further report will be presented to Cabinet setting out how the revenue costs would be funded once the grant funding expires and / or options for repurposing these facilities.

Consultation and Engagement

Necessary consultations will take place with local Members and a process is in place for this. Any necessary consultation in line with any planning regulations will be undertaken.

Equality and Diversity / Public Sector Equality Duty

Equality and diversity duty has been considered, need identified, discussed and agreed with DLUHC as part of the strategic GAP analysis undertaken. Provision of accessible accommodation compliant with the Equality Act 2010 has been factored into the council's SHAP proposal.

Climate Change

The proposal will mean the addition of 32 bed spaces of accommodation into the Council's property portfolio and this will need to be factored into the Council's carbon footprint and carbon reduction targets.

Human Rights

None.

Crime and Disorder

The dispersed properties will potentially house registered sex offenders/multi-agency risk assessment conference cases and will be discussed with the public protection unit prior to acquisition.

Staffing

Support staffing will be provided via a third party provider scheme once the accommodation is in place.

In order to deliver the contract an additional staff member is required in the acquisitions team.

Accommodation

The funding will provide up to 32 new bed spaces in the county.

Risk

Deadlines were tight with the funding application being required to be submitted by 8 September 2023 as part of SHAP round 2.

Practical completion must be achieved by 31 March 2025 any slippage will mean that 5% of the funding allocated for that element of the programme may be lost.

Revenue funding for the programme is only available for three years, after which the council will need to exercise the exit strategy as set out in the report.

Procurement

A formal procurement process would be required to select a support provider and be developed within the council's procurement framework.

Any decision to extend the contract beyond the three years would be subject to a separate future cabinet report.

Appendix 2: Strategic Gap Analysis

Adults with histories of sleeping rough

Based on the identified criteria, there were a total of 66 'complex' needs rough sleepers between 1 April 2021 and 30 September 2022 (18 month period) who were assessed and where a statutory duty existed:

- there were seven presentations from those people in the targeted priority group (TPG);
- 60% (40) have presented greater than three times to the service and some as many as seven to nine times; and
- 32% (22) were rough sleeping because they had been evicted from supported housing.

Outcomes (from a relief duty):

- 44% (29) found secure accommodation;
- 18% (12) 56 days elapsed and a main duty decision was required;
- 33% (22) lost contact; and
- 5% (3) deceased or withdrew their application.

Contact may have been lost due to the time taken to source and availability of suitable and appropriate accommodation.

The council know that those we lost contact with, had previously presented more than twice and were not accommodated by housing services during the period.

On 31 December 2022 there were 38 singles in a range of temporary accommodation (14 male and 17 female) which the council recognise may not be the most suitable accommodation for some of these people and their support needs.

Young People aged 18 to 25 at Risk of Homelessness and Rough Sleeping

During 2022/23, there were 70 no. 18 to 25 year olds in a range of temporary accommodation of which 60 were placed in bed and breakfasts or other nightly paid for accommodation.

Temporary accommodation may not be the most suitable and appropriate accommodation for some of these people and their support needs.

Based on the criteria, there was a total of 255 'complex' 18 to 25 year olds who were assessed and owed a duty over an 18 month period; 58% (150) had a relief duty end.

Of the 150 cases where a relief duty ended:

- 37% (55) secured accommodation;
- 63% (95) were not accommodated;
- 37% (55) lost contact;
- 9% (14) 56 days elapsed and required a main duty decision; and
- 17% (26) withdrew application, deceased or other.

Contact may have been lost due to the time taken to source and availability of suitable and appropriate accommodation.

Between 1 April 2022 and 31 March 2023 there were 20 no. 18 to 25 year olds reported as sleeping rough on the council's rough sleeping monthly returns to DLUHC.

If the council consider that 50% of the lost contact cases (27) could have been prevented if suitable accommodation was available, in addition to the 14 cases requiring a main duty decision, this demonstrates a requirement for 41 additional units across the 18 month period; an average of 2.2 per month.

Appendix 3: Self Financing Funding Model

See document attached separately.