

Business Case: Supported Housing Scheme, 23 Grosvenor Place, Bath.

September 2020

Current Overview

23 Grosvenor Place is a large Grade 1 listed building owned by the Council and divided into 20 small flats. It was held on a lease by Guinness Housing Association and used as social housing for single households. In March 2020 an existing agreement to surrender was expedited in response to the government's "Everybody In" directive.

It is now being used as part of a small portfolio of property providing accommodation for people who were rough sleeping at the time of the "Everyone In" directive. This was an ideal response to Everybody In and ensured former rough sleepers were able to quickly and safely self-isolate in small flats, with food delivered daily. Support for the occupants and management of the building was and continues to be undertaken by Julian House, with additional mental health and substance misuse support coming from AWP and DHI respectively. At the outset, it was agreed that any rough sleeper with an opiate dependency would be given access to a methadone script within 24 hours. This was a condition of any offer of accommodation that reduced the threat of overdose and enabled residents to self-isolate during lockdown. Thirteen people accepted this support and of those 11 remain scripted. This emergency access to a script was unprecedented locally and has attracted national attention as an example of good practice.

Overall, the current arrangements have been very positive for the residents of 23 Grosvenor Place with a number moving onto permanent social housing. Other reported improvements include: increased engagement with support services due to a more settled lifestyle; those with substance misuse issues more able to maintain abstinence through being scripted; reduced begging incidents linked to drug use; improved aspirations for change, including work and training; and reduced domestic abuse.

On the 18th July the Ministry of Housing, Communities and Local Government (MHCLG) launched their Next Steps Accommodation Programme. This scheme gave Local Authorities the chance to bid for up to £266m of funding to provide support and accommodation for rough sleepers. Following support from informal cabinet a bid for £2.1m was submitted to MHCLG to fund a range of options including: revenue funding to operate the current arrangements at 23 Grosvenor Place until 31st March and further capital and revenue funding to transition the scheme into a tiered supported housing scheme for former rough sleepers.

Proposed Scheme

The proposal is to develop a permanent 20 unit supported tiered housing scheme for former rough sleepers. The property will transition from the current provision, emergency accommodation for people coming in off the streets during the pandemic, to supported housing, where people with a history of rough sleeping are able to continue their development of independent living skills following a period of recovery in Manvers Street Hostel. Their complexity of needs will be reduced, and the focus will be on rebuilding their lives and moving on into fully-independent accommodation.

The scheme will be owned and maintained by the Council with allocations overseen by the Council. Criteria for nominating residents have been developed that will ensure best value is gained from use of the building. A multi-agency panel chaired by Housing Services and including Julian House, DHI, AWP, Home Group and Virgincare will consider all nominees. The headline criteria include the need for a local connection the Bath & North East Somerset area, ensuring that maximum benefit is gained for local residents, and a readiness to move towards independent living. The panel will ensure maximum advantage is gained in terms of creating capacity and reducing rough sleeping. Further details on this are set out below.

The on-site management and security will be outsourced to a suitable and specialist partner, such as Julian House or similar. The scheme will be split internally with the upper floors being reserved for those more settled residents. This will assist with scheme management and incentivise good behaviour.

Strategic Objectives

At a national level the proposal accords with, and is driven by, the government's target to end rough sleeping by 2027. Funding secured from MHCLG enables a local contribution to this national target.

The proposal addresses commitments set out in the Council's Corporate Strategy 2020-24:

- Preparing for the Future
- Delivering for local residents
- Focusing on Prevention

The proposal also responds to the approach set out in the Council's Homelessness & Rough Sleeping Strategy 2019-2024:

- Preventing homelessness
- Supporting vulnerable households
- Reducing rough sleeping

- Increasing accommodation options

At a project level, the strategic objectives of the proposal are:

- To reduce levels of rough sleeping in Bath & North East Somerset
- To improve the accommodation pathway for people who have a history of rough sleeping by creating a clear move-on option from Manvers Street Hostel and other provision
- To improve the health & wellbeing of people who have a history of or who are at risk of rough sleeping

Operational & Management Approach

The scheme will be owned and maintained by the Council with allocations overseen by the Council. As described above, allocation of flats will be made through a multi-agency panel, already established and operational, which will prioritise people moving on from Manvers Street Hostel or other supported housing. This will enable targeted and efficient use of the building and free up bed-spaces at Manvers Street Hostel, thereby contributing to the reduction in rough sleeping numbers and enhancing the existing homelessness pathway. Residents will arrive with an agreed move-on plan that identifies longer term options and ongoing support to achieve set objectives. A target limit of 12 months' residence will be set and milestones agreed in order to achieve this outcome.

The property will be managed by contracted providers, identified via a procurement exercise, who will also provide all on-site support to residents. Out of hours security will be provided via a concierge-style service that will ensure only residents enter the building and that residents' associates do not congregate on the street or in areas adjacent to the building. The proposed staffing includes 3x FTE Housing Support Workers on site 8am-7pm Monday-Friday and 2x concierge workers in attendance 7pm – 8am daily.

Outcomes achieved under the contract for the management and support service will be monitored against a set of targeted indicators on a quarterly basis by Housing Services and reports made to MHCLG on a monthly basis.

Day to day maintenance will be managed by the contracted providers with responsibility for major repairs and cyclical maintenance retained by the Council.

Capital Summary

The property has been declared surplus to requirements by Property Services and prior to its current emergency use was being considered for disposal. In its current condition property services had previously estimated its value at around £1.6m. The business plan allows for the capital financing costs of the asset, which are shown as a

rental revenue stream. This revenue stream is broadly equivalent to funding £1.6m of borrowing.

In addition the business plan provides £1m of funding to bring the property up to a suitable standard as determined by a detailed independent survey of the building, including full costings and schedule of works and an appraisal of lifecycle costings for the 30-year business plan period. This included major repairs and cyclical replacement of kitchens and bathrooms. Due to the age and complex nature of the building, significant contingency funds have been included in the business plan.

The above funding also allows for up to £100,000 of energy efficiency measures to be installed at Grosvenor Place. This will allow us to push the boundary of what can be achieved in a Grade 1 listed building, planning permitting. As such the proposal will investigate PV panels, secondary glazing and modern energy efficient electric heating, equivalent in affordability terms to gas.

The capital costs are summarised as follows:

Capital Summary	Cost (£)	Inc VAT	Funding
Works	496,545	595,854	
Prelims	59,585	71,503	
OHP (overheads)	24,827	29,792	
Contingency	74,482	89,378	
Fixtures and Fittings	44,250	53,100	
Fees	133,644	160,373	
<i>Cost Total</i>	<i>833,333</i>	<i>1,000,000</i>	
MHCLG Grant Funding*			1,000,000

* In addition, the Council committed to providing £200k of Affordable Housing Grant to the scheme. When final costs are known this will need to be factored in.

Revenue Summary

The clients we intend to house in the asset require enhanced housing management support to enable them to manage and sustain a tenancy. This is eligible for benefit in addition to housing benefit. This has been factored into the rent assumptions used in the business case, the conclusion of which is that the income the asset is forecast to generate is expected to cover the costs.

There are additional types of support which will need to be provided to clients, which are not eligible for benefit. The cost of this support is the basis of our revenue bid to MHCLG and will be covered for the first 3 years (4 if you include current year). After that period, it is anticipated that the needs of the clients we house in the asset will be less intensive, therefore less expensive and be funded from other sources.

Annualised revenue figures are summarised as follows:

Annualised Revenue Summary	Cost (£)	Funding
<i>HB Eligible Costs</i>		
Acquisition Financing/Core rent ⁽¹⁾	71,163	
Management ⁽²⁾	82,601	
Routine maintenance/void works	21,999	
Voids and bad debts (5%)	15,915	
Major repairs/lifecycle costs ⁽³⁾	15,998	
Operating Costs (HB eligible) ⁽⁴⁾	110,622	
<i>Non-HB Eligible Costs</i>		
Support Cost ⁽⁵⁾	73,052	
<i>Cost Total</i>	<i>391,350</i>	
Service Charge (100% HB Eligible) ⁽⁶⁾		110,622
Rent (100% HB Eligible) ⁽⁶⁾		207,676
MHCLG Revenue Funding ⁽⁷⁾		73,052
<i>Funding Total</i>		<i>391,350</i>

Notes

- 1) Effectively the rent payable to the Council in lieu of asset disposal.
- 2) Commissioned HB eligible management/support costs, including staffing, management, overheads etc.
- 3) Includes sinking & cyclical replacements, such as, life-cycle replacement bathroom/kitchens, floors, heating etc.
- 4) Operating costs include cleaning, utilities, grounds maintenance, compliance checks, maintenance of fire detection equipment, refuse disposal and pest control, buildings insurance, CCTV, white goods, concierge/security and furniture and fittings depreciation.
- 5) Support cost: all non-housing related client support.
- 6) Total housing benefit charges (£305 p.w.) benchmarked against other local and comparable services.
- 7) Funding available for 4 years after which transition to stable supported housing scheme will be complete and support can be reduced.

Rent & Service Charge assumptions used in the business case forecast cost recovery. The clients housed will require enhanced housing management support to enable them to manage and sustain a tenancy. This is eligible for grant funding for 3 years, after which, client needs will be less intensive and able to be funded from other sources.

Whilst below the de-minimis for Housing Revenue Account, a trading account will be required to demonstrate income is ring-fenced to costs of scheme; with appropriate development of recharges for Council support costs from Housing, Property, Finance

and Insurance etc as well as tendered external support costs. Sinking funds for long term maintenance will be needed along with reserves for bad debts and voids.

Overall Summary

The proposed Supported Housing scheme will provide 20 units of accommodation for former rough sleepers in the centre of Bath. The refurbishment costs will be fully met by the MHCLG grant and the scheme is self-supporting with all revenue costs met through housing benefit eligible rent and service charges. The scheme also provides a revenue return in lieu of capital costs.

The residents will benefit from good quality and fully supported accommodation. The complexity of their needs will be reduced, and the focus will be on rebuilding their lives and moving on into fully-independent accommodation.