

Bath & North East Somerset Council

DECISION MAKER:	Cllr McCabe, Cabinet Member for Built Environment, Housing and Sustainable Development	
DECISION DATE:	On or after 12th October 2024	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3576
TITLE:	23 Grosvenor Place, Bath: Operating Arrangements	
WARD:	Walcot	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1: Financial Details		

1 THE ISSUE

- 1.1 23 Grosvenor Place, a Grade 1 listed building owned by the Council, was repurposed in 2020 to provide accommodation for individuals transitioning from rough sleeping to a more stable living situation. A Government grant of £1.2m facilitated extensive refurbishment, resulting in 20 units of high-quality, self-contained accommodation.
- 1.2 Since April 2020, Julian House has managed housing and personal support services, collecting and holding all rental income. This income, along with additional financial support from the Council, funds their services.
- 1.3 This decision recommends bringing the housing management and support services inhouse.

2 RECOMMENDATION

The Cabinet Member for Built Environment, Housing and Sustainable Development is asked to;

- 2.1 Agree to transfer, and bring inhouse, the housing management and support arrangement currently provided by Julian House.**
- 2.2 Delegate all operational decisions required to progress this decision to the Head of Housing.**

3 THE REPORT

Background

- 3.1 23 Grosvenor Place is a significant Grade 1 listed building under the ownership of the Council. Previously leased to Guinness Housing Association for social housing purposes, the property was repurposed in March 2020 as part of the Council's response to the government's "Everyone In" homelessness directive during the early stages of the COVID-19 pandemic.
- 3.2 A grant of £1.2 million from the former Department for Levelling Up, Housing and Communities (DLUHC) facilitated extensive refurbishment. The building now offers 20 units of high-quality, self-contained accommodation for individuals transitioning from rough sleeping to a more stable living situation. Additionally, it includes office space for housing management and support staff.

Current Arrangements

- 3.3 Since April 2020, Julian House has been responsible for housing management and personal support, collecting and holding all rental income. This income, supplemented by additional Council financial support, funds their services. The Council retains responsibility for asset maintenance and repair costs. This arrangement was intended as a temporary and pragmatic solution during the COVID crisis and pending the building's refurbishment.
- 3.4 With refurbishment now complete, a more streamlined and cost-effective operational strategy is required. The original business case anticipated the Council receiving rental income to fund a formally procured combined housing management and support service provider, as well as to cover asset repair costs. However, two formal procurement attempts have failed to secure a provider within the agreed financial parameters. The first procurement process attracted only two bids, neither meeting the specification requirements. A subsequent re-tender, following a revision of available funds, received no bids.

Proposed Changes

- 3.5 Since the initial business case in 2020, and subsequent unsuccessful procurement activities, the Council's housing management and support capacity has significantly developed, particularly through the establishment of B&NES Homes, the Council's in-house Registered Provider. B&NES Homes now provides a full housing management and support service to 33 units of accommodation, of which 21 units are supported housing units. It is proposed to leverage this existing capability to manage and support the 23 Grosvenor Place supported housing scheme directly.
- 3.6 Directly providing the full housing management and support functions at 23 Grosvenor Place offers several significant benefits, including:

Operational Simplicity and Accountability: Providing all operational aspects of the scheme in-house (housing management, support, and maintenance) ensures simplicity and greater accountability.

Financial Control and Oversight: Greater financial control and oversight allow the Council to identify and mitigate any issues in a timely manner, reducing risks while providing increased scope for economies of scale.

Leveraging Existing Expertise: The existing B&NES Home Management Team, experienced in the operational management of supported housing schemes, can leverage their skills and capacity.

Operational Resilience: Increased capacity will provide the B&NES Home Management Team with greater operational resilience across all supported schemes, reducing risks associated with staff leave and absences.

4 STATUTORY CONSIDERATIONS

4.1 The delivery and management of housing is supported by the following:

- Local Authorities (Land) Act 1963 which allows Councils to develop land for the benefit or improvement of their area.
- Local Government Act 2000 (section 2) which allows Councils to act to promote or improve the economic, social or environmental wellbeing of their area.
- Localism Act 2011 (sections 1) which provides the local authority's general power of competence.
- The Council is registered with the Regulator of Social Housing as a Local Authority Registered Provider of Social Housing.

4.2 A transfer agreement will be required with Julian House to address TUPE requirements for eligible staff, including addressing any pension and staffing liabilities.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 The operating expenditure (OPEX) model for proposed insourcing of housing management and support can be found in Appendix A. For comparative purposes the current operating model is shown, which runs a deficit. The deficit is currently being funded by other homelessness funding streams. The insourcing model would remove that deficit.

5.2 The proposed insourcing of housing management and support model is based on current expenditure figures, Julian House staffing figures and best practice. At present the Council receives an annual grant of £81k from the Ministry of Housing Communities and Local Government (MHCLG) to contribute to the running of the scheme.

5.3 This grant is yet to be confirmed for future years though informally MHCLG are positive about future allocations. Several years of Julian House scheme running costs allow the Council to better understand where financial savings could be focused, such as on security and client support requirements. Hence, whilst the loss of the grant would be unfortunate, it would not be existential, and having the scheme fully under our control allows the Council to better mitigate against any such loss of grant.

6 RISK MANAGEMENT

6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance.

6.2 Key risks and mitigation include:

Risk	Mitigation
Operational management & support risks: These include inability to recruit suitable staff, including security staff; health & safety risks, safeguarding etc.	Mitigated by existing knowledge and experience in supported housing management and recruitment, improved resilience due to increased team capacity and existing scheme staff TUPE to the Council.
Financial risk: inability to operate scheme within agreed financial parameters creating corporate financial risk.	Mitigated by clear financial business plan supported by past financial data. Implement cost savings programme. Develop range of staged exit strategies to further reduce costs if required, such as, reducing client support need levels.
Reputational Risk: ASB or other negative behaviour or activity have a negative reputational impact on the Council.	Mitigated by having an experienced and dedicated team to support the residents with a focus on reducing neighbourhood or other negative impacts.

7 EQUALITIES

7.1 An EIA has not been completed on this decision. However, the provision of high-quality supported move-on housing for former rough sleepers has a positive impact on equality. It provides housing for those residents would be unable to cope or compete on the open-market and may otherwise be forced to remain living on the streets or reside in unsustainable housing.

8 CLIMATE CHANGE

8.1 During the refurbishment the Council significantly improved the Energy Efficiency and performance of the building, securing an EPC C rating on all apartments. The building is fully electric and boasts roof top PV array.

9 OTHER OPTIONS CONSIDERED

9.1 Do Nothing: Whilst the current arrangement was appropriate at the time the Council needs a clearer strategic direction for the operation and management of the scheme, which requires a more formal basis that can operate within agreed financial parameters.

9.2 Procure separate management & support contract: While it is possible to further review and amend this contract, it is unlikely to end in a successfully let contract, given experience. However, more importantly, the in-house management and support option now provides a better option as detailed above.

10 CONSULTATION

10.1 This report has been cleared by the S151 Officer and Monitoring Officer. HR and Julian House have also been engaged in this decision.

10.2 At this stage no wider consultation has taken place though residents will be engaged in due course.

Contact person	Graham Sabourn, Head of Housing. graham_sabourn@bathnes.gov.uk
Background papers	None
Please contact the report author if you need to access this report in an alternative format	

Appendix 1: Financial Details

Operating Expenditure Summary (2024)

Grosvenor Place OPEX		
	Proposed Inhouse housing management and support	Current JH Temporary Arrangement
<i>Income</i>		
Rents	118,105	n/a
Service charges	247,510	n/a
Grant income*	80,736	80,736
Total Income	446,351	80,736
<i>Expenditure</i>		
SSB	32,441	32,441
Voids & bad debts (2.5%)	9,140	n/a
Major repairs fund (1.5%)	5,484	5,484
Repairs	30,000	30,000
Maintenance & operational costs	54,844	n/a
Concierge (security)	147,000	n/a
JH Support "top-up"	n/a	100,000
Staff costs	166,642	n/a
Total expenditure	445,552	167,925
Surplus/deficit(-)	799	- 87,189

Notes:

- Proposed inhouse option figures based on current expenditure.
- Housing management & support costs based on current Julian House operating model of 5 FTE staff providing all housing management & 90hrs client support per week.
- Rough Sleepers Accommodation Programme Grant income subject to review in 2025. While MHCLG has informally suggested it will be continued, this is yet to be confirmed. Mitigation strategies are in place should funding be withdrawn as detailed in report.