

# Birmingham City Council

## Report to Cabinet

16<sup>th</sup> May 2023



**Subject:** Single Homelessness Accommodation Programme Bids

**Report of:** Paul Langford, Interim Strategic Director, City Housing

**Relevant Cabinet Member:** Councillor Sharon Thompson, Cabinet Member for Housing & Homelessness  
Councillor Mariam Khan, Cabinet Member for Health and Social Care  
Councillor Yvonne Mosquito, Cabinet Member for Finance and Resources

**Relevant O &S Chair(s):** Councillor Mohammed Idrees, Housing and Neighbourhoods  
Councillor Mick Brown, Health and Social Care  
Councillor Akhlaq Ahmed, Resources

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 011214/2023		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential :		

## **1 Executive Summary**

- 1.1 This report requests that Cabinet approves a submission for grant funding to the government's Single Homelessness Accommodation Programme (SHAP) fund for capital and revenue funding. This is to support two bids.
- 1.2 The first SHAP bid is for the acquisition and adaptation of 15 self-contained 1-bed properties to be let to people with life limiting conditions and experience of sleeping rough, who are ready to move to settled, self-contained accommodation but cannot do so because of the lack of suitably adapted properties.
- 1.3 Properties would be let within the Housing Revenue Account (HRA) at social rents and would be ringfenced for the target client group.
- 1.4 Properties would be acquired and adapted with a combination of Council HRA capital funding and capital grant from Homes England.
- 1.5 The acquisition and adaptation of the 15 properties would require capital investment of around £1.5m from the HRA, depending on the final cost and the level of grant. This route offers the best financial, legal, operational and tax option.
- 1.6 Properties would be purchased using the acquisitions mechanism established through the Council's existing Property Acquisitions Programme, which is currently buying properties for homeless families, including buying back suitable former Council properties sold under the Right to Buy (RTB) scheme.
- 1.7 The 15 properties would be owned by Birmingham City Council, would be added to the existing Council owned stock and would be maintained and managed through the HRA.
- 1.8 In addition to the social care support required due to physical disabilities, part of this SHAP bid will be for three year revenue funding to provide intensive 'Housing First' style support to enable the target client group to live independently.
- 1.9 The second SHAP bid is for revenue only funding to continue the Council's existing Housing First programme for people at risk of sleeping rough.
- 1.10 The Council already commissions a successful Housing First programme within for adults with experience of sleeping rough who do not need specially adapted accommodation flats.
- 1.11 The funding for this programme is coming to an end in 2025 and the service is therefore expected to reduce the number of clients being supported and not to take on any new clients.
- 1.12 A bid for three-year SHAP funding, if successful, gives an opportunity to continue the programme during 2025 to 2028.
- 1.13 New clients coming on to the Housing First programme as a result of this funding would be allocated Council accommodation through direct lets due to exceptional needs.

## 2 Recommendations

That Cabinet:

- 2.1 Agrees to bid for, accept and use capital funding of up to £1.2m from SHAP to support the acquisition and adaptation of 15, 1-bed properties, prioritising properties available under RTB buy back arrangements in order to provide independent self-contained accommodation for former rough sleepers with disabilities.
- 2.2 Delegates authority to the Interim Strategic Director for City Housing (or their delegate) in conjunction with the Strategic Director of Place, Prosperity and Sustainability (or their delegate), and the Chief Finance Officer (or their delegate) to negotiate the acquisition of up to 15 properties for social housing use where it makes financial sense.
- 2.3 Agrees to bid for, accept and use revenue funding of up to £600k from the Department for Levelling Up, Housing and Communities (DLUHC) to provide 'Housing First' type support to the people accommodated within the properties so acquired.
- 2.4 Agrees to hold these 15 properties within the Housing Revenue Account (HRA) and let them as settled, general needs Council owned accommodation.
- 2.5 Agrees to ringfence the properties for letting to people with complex needs and experience of homelessness.
- 2.6 Authorises the Interim Strategic Director for City Housing (or their delegate) to enter into grant agreements with DLUHC and Homes England committing the Council to purchase, adapt and use the properties as set out above, in accordance with Homes England and DLUHC grant conditions under the SHAP funding programme.
- 2.7 Authorises capital investment from the HRA to make up the difference between the full costs of purchasing, renovating and adapting properties to meet the physical requirements of the target client group tenants and the SHAP grant available. This route offers the best financial, legal, operational and tax option.
- 2.8 Authorises the Strategic Director of Adult Social Care (or their delegate) to commission 'Housing First' type support for the target client group tenants of this accommodation from one of the Council's existing framework providers.
- 2.9 Agrees to bid for, accept and use revenue funding of up to £2.3m from DLUHC to provide 'Housing First' type support to extend the Council's existing Housing First programme.
- 2.10 Authorises the Interim Strategic Director of Adult Social Care (or their delegate) to use any revenue funds granted by DLUHC as a result of this bid to continue providing Housing First type services to those currently in the programme, and to extend the service to new individuals who are rough sleeping or at risk of rough sleeping.

- 2.11 Authorises the City Solicitor to negotiate, execute and complete all necessary documentation to give effect to the above recommendations.

### **3 Background**

- 3.1 The Government launched the SHAP funding programme in November 2022. SHAP is intended to provide both capital funding and three year revenue funding to selected local authorities to fill gaps in accommodation and support provision for people with experience of street homelessness.

#### **SHAP Eligibility Criteria**

- 3.2 There are two eligible client groups for SHAP funding:
- a) those with the longest histories of rough sleeping or the most complex needs (including those known to Councils as the Target Priority Group), to help them recover from rough sleeping and its associated traumas;
  - b) vulnerable young people (age 18-25) who are experiencing or are at risk of homelessness or rough sleeping.
- 3.3 Birmingham has been assessed by DLUHC as eligible for funding for group a), but not for group b). However, we understand from DLUHC that 18 to 25 years olds with higher support needs and a history of rough sleeping can be assisted within group a).

#### **Current Provision and Gap Analysis**

- 3.4 In line with the SHAP requirements, the Council, in consultation with partners within the Homelessness Partnership Board and other stakeholders, as well as in discussion with DLUHC, has recently conducted a Strategic Gap Analysis to establish the gaps in provision for adults in group a).
- 3.5 This has resulted in the identification of a number of priority areas, where SHAP bids might be made. Two of the identified areas can be summarised as follows:
- Gap A.** Adapted self-contained 1-bed flats for former rough sleepers needing wheelchair accessible accommodation or with other physical needs which cannot be met in standard accommodation.
- Gap B.** Additional revenue only funding to continue support for adults being supported through the Council's existing Housing First Programme and for a further 30 to 50 Housing First properties which can be made available from existing, non-adapted, 1-bed council stock.

### **Approach to Gap A.**

- 3.6 It is proposed that the best approach to delivering accommodation to address Gap A. is for the Council to acquire and adapt 15, 1-bed homes, prioritising former Council owned properties which had previously been sold through Right to Buy.
- 3.7 The need identified for adapted 1-bed accommodation for former rough sleepers with a disability arises as a result of a small number of people with serious disabilities, including bariatric conditions and wheelchair use, who have been street homeless, and for whom suitable independent accommodation is not available.
- 3.8 Typically individuals would have been discharged from hospital into specialist hostel accommodation with shared facilities which is not suitable for them for more than a short stay, but is the only accommodation available.
- 3.9 The process of identifying a suitable move on property where their social care needs can be met and the issues which led to the sleeping rough can be addressed is extremely difficult, due to the lack of suitably adapted properties, and the unavailability of Housing First type support.
- 3.10 Identifying a Council property and adapting it specifically for the individual can take many months through the current Disabled Facilities Grant (DFG) process, during which time the property would be sitting empty. This renders such moves impractical, and individuals are typically unable to move on for around 2 years after being assessed as ready to do so.

### **Approach to Gap B.**

- 3.11 The Council already commissions a successful Housing First programme within its own housing stock for adults with experience of sleeping rough who do not need accessible flats.
- 3.12 There are currently 98 clients being supported by this service, which provides support through 16 navigators. However, the number of navigators is due to reduce to 11 over time as a result of no further funding available.
- 3.13 In terms of funding, the Council has so far been awarded the following amounts of grant to provide a Housing First service
- 2022-23: £326,194
  - 2023-24: £774,532
  - 2024-25: £495,000
- 3.14 As funding is not available after 2024/25, the service is expected to reduce the number of clients being supported in line with the caseloads of remaining navigators, and not to take on any new clients as they will not now be able to receive the comprehensive and ongoing support they need.

- 3.15 A bid for three year SHAP funding, if successful, gives an opportunity to continue the programme during 2025 to 2028 and to keep the number of navigators at 16.

## **4 Options considered and Recommended Proposals**

### **Proposed Option for Gap A.**

- 4.1 There is an identified need for a pool of adapted self-contained properties available to this group to enable them to move into a more settled home, increasing their independence.
- 4.2 The proposed option is to use SHAP funding to help purchase suitable 1-bed properties for this purpose, prioritising suitable ex RTB properties which come up for sale. The Council has first refusal to purchase these properties under the current RTB regulations.
- 4.3 Properties would be renovated to a good standard and adapted to be suitable for individuals using wheelchairs (considering bariatric citizen need).
- 4.4 They would be allocated as move on accommodation for former rough sleepers needing this type of accommodation and let at social rents within the HRA.
- 4.5 Social Care support would be provided using current Council funding to provide care for those who are eligible as defined in The Care Act.
- 4.6 In addition, Housing First type support would be commissioned through the Council's current provider framework using SHAP funding for the first three years.
- 4.7 If a tenant moved on or became too ill to live independently, the properties would be let to another former rough sleeper in similar circumstances.

### **Alternative option**

- 4.8 The main alternative considered would be to work with a housing association to buy and adapt properties for sale on the open market. This option is not recommended as we are unaware of any potential provider interested in bidding to offer this service, who meets the requirement of being a Homes England Investment Partner
- 4.9 The preferred option is for the Council to purchase properties to be added to the existing Council owned stock and would be maintained and managed through the HRA. This would provide the Council with a long term asset
- 4.10 There are advantages in buying back former Council properties for this purpose, rather than street properties dispersed throughout Birmingham. The Council is currently receiving notification of circa four 1-bed buy back properties per month.
- 4.11 The Council would be able to use part of its HRA capital budget to buy properties for this purpose.

## **Recommended Process**

- 4.12 It is proposed that the properties would be purchased using the Council's successful, existing Property Acquisitions Programme acquisition mechanism, which is buying family sized properties to be let as temporary accommodation for homeless families.
- 4.13 However, this programme would be distinct as the funding to buy and adapt properties, not covered by the SHAP grant, would come from the HRA budget, and the properties would be let as general needs Council housing.

## **Available Grant Funding**

- 4.14 It is estimated, based on the experience of the Council's current property acquisition programme and the Council's experience of the cost of adaptations for similar client groups, that the total cost of buying and adapting 15, 1-bed properties would be up to approximately £2.7m
- 4.15 On this basis, based on discussions with Homes England about the potential grant available would bid for approximately £1.2m of Capital Funding through the Homes England online IMS bidding platform.
- 4.16 If successful, this would lead to a need for up to an estimated £1.5m to be contributed from the HRA, although the amount could be more or less.
- 4.17 The SHAP funding would be paid to BCC on a property-by-property basis in the following way:
- a) 50% on legal completion
  - b) 45% at point of void repairs being undertaken
  - c) 5% at point of letting
- 4.18 SHAP funding is conditional on property purchases completing by the end of March 2025 at the latest and having a minimum lifespan of 30 years.
- 4.19 SHAP revenue support funding from DLUHC will be bid for three years at up to £200k per year on the basis of fifteen properties. This is based on commissioning three officers working with service users on an intensive 1 to 5 caseload ratio, and one team manager.

## **Proposed Option for Gap B.**

- 4.20 The proposed option for Gap B. is to bid for up to £2.3m to support 120 Housing First clients for three years.
- 4.21 This will allow the Council to continue to support 88 clients projected to be in the service already in Housing First tenancies, who would otherwise be left without appropriate and comprehensive support despite having that need.

- 4.22 It will also allow capacity to take on up to 32 additional clients on to the Housing First programme until 2028. The proposal is that £2.3m would fund 16 FTE Navigators and 1 FTE Team Leader for the service for 3 years.
- 4.23 If the bid is successful then there would be no need for a Council contribution to be able to continue the Housing First programme at a level which meets projected levels of need.
- 4.24 If the bid is not successful, or only partially successful, the Council would need to look elsewhere for potential funding beyond 2025 or would need to reduce the size of the programme and if necessary bring it to an end.

## 5 Consultation

- 5.1 Consultation has taken place internally and with the Council's external partners who work with the target client groups. They have confirmed the acute unmet need for the small number of people who meet the criteria described above for Gap A. and the larger number of people who meet the Gap B. criteria.
- 5.2 Consultation has also taken place with officers at DLUHC and Homes England, who have expressed an interest in supporting proposals of this kind from the Council. However, this can in no way be interpreted as a guarantee of funding, as all SHAP bids are assessed on their merits by a panel.
- 5.3 The next SHAP assessment of bids following Cabinet in May will take place in June. The intention would be to submit a bid to Homes England and DLUHC for consideration in June.

## 6 Risk Management

- 6.1 The main risks of implementing the recommendations of this report are as follows:

Risk	Impact	Likelihood	Mitigation
SHAP grant is not approved by DLUHC and Homes England	High	Medium	<ul style="list-style-type: none"> <li>Close consultation with DLUHC and Homes England in advance of bid submission</li> <li>The Council will be no worse off than if it had not bid</li> </ul>
SHAP grant is agreed at a lower level than bid for	Medium	Medium	<ul style="list-style-type: none"> <li>Close consultation with DLUHC and Homes England in advance of bid submission</li> <li>This report delegates authority to the Strategic director of City Housing to determine if value for money would be achieved by going ahead at a lower grant rate</li> </ul>

Suitable RTB properties do not come onto the market	High	Low	<ul style="list-style-type: none"> <li>There is a need to buy 15 properties by March 2025. This is a small percentage of the 1-bed properties becoming available.</li> </ul>
There are not enough service users meeting the need for the adapted properties, either now or within the next 30 years	Medium	Low	<ul style="list-style-type: none"> <li>The council is aware of a number of people needing the properties now, who do meet the criteria</li> <li>Turnover of properties once let is likely to be infrequent</li> </ul>
Adaptation works are subject to long delays	High	Medium	<ul style="list-style-type: none"> <li>The property acquisitions scheme has agreed with the Council's HRM contractors an arrangement to undertake remedial works/adaptations, which will ensure that adaptations can be done as part of the initial purchase and renovations process</li> <li>Properties would be adapted outside the DFG process to a generic specification initially, with funding for individual bespoke adaptations not funded by SHAP coming from the acquisitions budget</li> </ul>
SHAP revenue support funding for Housing First ends after 3 years	Medium	Certain	<ul style="list-style-type: none"> <li>The council will need to find revenue support funding for the tenants of these properties who still need support from elsewhere or if necessary from its own resources</li> <li>Support for these client groups would be needed anyway. This scheme allows that support to be provided in a better setting for the individual</li> </ul>

## 7 Compliance Issues:

### 7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

7.1.1 The provision of the proposed accommodation and support will contribute to the following priorities in the Birmingham City Council Corporate Plan 2022 to 2026:

- Priority 5. Tackle poverty and inequality

- Priority 10. Protect and safeguard vulnerable citizens
- Priority 11. Increase affordable, safe, green housing
- Priority 12. Tackle homelessness
- Priority 13. Tackle health inequalities
- Priority 15. Champion mental health
- Priority 16. Improve outcomes for adults with disabilities and older people

## **7.2 Legal Implications**

7.2.1 Section 8 of the Housing Act 1985 places a duty on the Council to consider housing conditions in their district and the needs of the district with regard to the provision of further housing accommodation.

7.2.2 Under Section 9 of that Act the Council have the power to provide housing accommodation by acquiring houses and may alter, enlarge, repair, or improve a house so acquired and it may fit out, furnish and provide with all requisite furniture, fittings and conveniences a house provided by them. For these purposes housing accommodation includes flats and “house” is to be construed accordingly.

7.2.3 Sections 32 to 34 of the Housing Act 1985 contain the Council’s powers of disposal of land, with the consent of the Secretary of State, of land held for the purposes of the provision of housing accommodation under that Act. The General Housing Consents 2013 (issued March 2013 and corrected July 2013) set out the circumstances where such disposals can take place without the need for specific consent from the Secretary of State.

7.2.4 Part VI and Part VII of the Housing Act 1996 contains the Council’s duties relating to homelessness and threatened homelessness.

7.2.5 Section 166A(6(b) of the Housing Act 1996 enables housing authorities to allocate particular accommodation to people of a particular description, whether or not they fall within the reasonable preference categories, provided that overall the authority is able to demonstrate compliance with the requirements of s166A(3). This is the statutory basis for so-called ‘local lettings policies’ which may be used to achieve a wide variety of housing management and policy objectives.

## **7.3 Financial Implications**

7.3.1 The first SHAP bid, to support the acquisition and adaptation of 15, 1-bed properties, includes both a capital and revenue element.

7.3.2 The capital cost for the 15 properties is expected to be up to approximately £2.7m. This will be financed from the SHAP funding of up to £1.2m together with additional capital investment of around £1.5m from the Council’s existing HRA budget in 2023/24 and 2024/25.

- 7.3.3 All 15 properties acquired will be added to the existing Council owned stock and be maintained and managed through the existing HRA budget.
- 7.3.3 The first SHAP bid also includes a revenue element of up to £0.6m over three years up to 2028. This would cover the cost of commissioning three officers to work with service users and one team manager. At the end of the three years, the revenue SHAP funding will end and the Council will need to decide how to fund any ongoing support.
- 7.3.4 The second bid is for SHAP revenue support funding from DLUHC to continue the Council's existing Housing First programme. This is revenue only and is to provide continued support for 120 clients (the projected 88 clients already in Housing First tenancies, plus up to 32 additional clients). The existing Housing First funding ends in 2025 so this would allow the scheme to expand and continue up to 2028. The proposed bid is for up to £2.3m over three years and would provide 16 FTE Navigators and 1 FTE Team Leader.
- 7.3.5 In summary, the impact on the Council's budgets is as follows:
- The Council's capital contribution for the first bid will come from the existing HRA capital budget;
  - The Council will manage the additional stock of 15 properties from the existing HRA budget;
  - The SHAP revenue funding will, for both bids, cover costs for three years, after which the Council will need to determine what, if any, ongoing support is required and how that would be funded.

## **7.4 Procurement Implications**

- 7.4.1 Procurement implications arising as a result of this report to utilise existing arrangements for acquisition, support and maintenance will be covered under separate reports and will comply with the Council's Procurement, Contract and Governance Rules.

## **7.5 Human Resources Implications (if required)**

None

## **7.6 Public Sector Equality Duty**

- 7.6.1 An Equalities Impact Assessment is included at Appendix 1.

## **8 Environment Sustainability Assessment**

- 8.1 An Environmental Sustainability Assessment is included at Appendix 2.

## **9 Background Documents**

**List of appendices accompanying this report:**

Appendix 1. Equalities Impact Assessment

Appendix 2. Environmental Sustainability Assessment