

STRATEGIC OUTLINE BUSINESS CASE

*To accelerate interventions to reduce the
usage of Bed and Breakfast accommodation*

CITY HOUSING & INCLUSIVE GROWTH PORTFOLIOS



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SRO	Julie Griffin		
Author(s)	Jamie Ounan		
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This document provides the description of the outcomes, analysis, cost, risks, issues and actions planned to accelerate reduction in Bed and Breakfast (B&B) accommodation usage.

Executive Summary

Further intervention is required to help the City reduce the risk of increased temporary accommodation (TA) and bed & breakfast (B&B) usage.

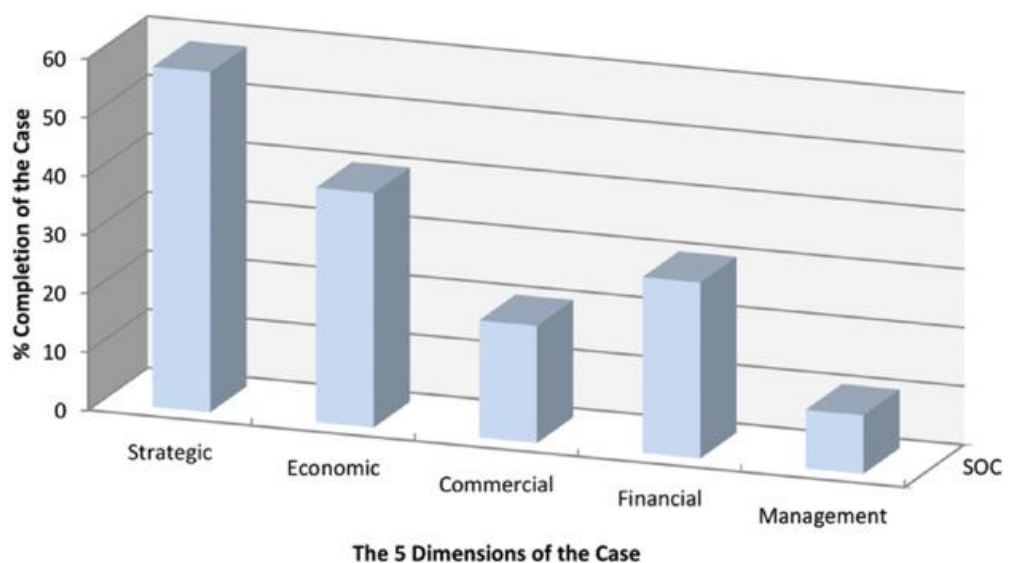
This strategic outline business case considers options to help the city to accelerate reduction in B&B accommodation usage. It concludes that there are range of social and financial benefits to accelerate plans to eradicating B&B.

Introduction

This Strategic Outline Case (SOC) is to set out the rationale for urgent action to achieve additional reductions in B&B usage. This is the scoping phase for the project to affirm the strategic context for the project, to make the case for change and to determine 'the preferred way forward'.

Identifying the preferred way forward is achieved in two stages: first, by appraising a wide range of possible options ('the long-list') against the spending objectives and critical success factors for the project; and second, by calculating the indicative costs and benefits of the shortlisted options.

At the conclusion of the SOC, stakeholders should have a good understanding of the robustness of the proposal and the future direction of travel. Further work will be required for all cases, but the Government's best practice guidance particularly states that it is expected for the commercial and management cases to require substantial additional detail at the next stage.



1 Strategic Case

1.1 The organisational overview

As a result of Cabinet adopting the Investing in our Future strategy in January 2021, the council's strategy is to fundamentally shift its focus from crisis to prevention whilst increasing the pace and scale of growth, to benefit those that need it the most. The strategy created the new City Housing Directorate among other changes to the organisational structure.

City Housing has three main service teams:

- **Housing Options Service:** Delivers statutory support to households who are at risk of homelessness or homeless. This service is responsible for making homeless application decisions, preventing and relieving homelessness, including placing households in temporary accommodation (TA) who present as homeless on the day.
- **Housing Management Service:** Housing Management is defined as all housing landlord and asset management services. This includes managing lettings and voids, tenancy and rental income. Providing estate services and facilities management including Hard and soft facilities management and neighbourhood maintenance. The team also provide Tenancy Management and support includes addressing anti-social behaviour, responding to domestic abuse, tenancy support and other support to vulnerable residents.
- **Housing Investment & Repairs:** The remit of the Housing Investment and Repairs Services includes carry out replacement programmes, ensuring statutory compliance and certification for utilities and carrying out fire protection and safety programmes. The team are also responsible for repairs and maintenance of Council properties through their contracts with the three external providers.

City Housing will undertake a transformation programme to develop a best in class housing service for our citizens. The work will involve carrying out a review of all housing services to ensure fit for purpose operating models are designed across the directorate. Some of this work is already underway within the Housing Options Service, where a new operating model has been designed to reduce the overall cost of provision whilst delivering a more sustainable, legally compliant and customer focussed service.

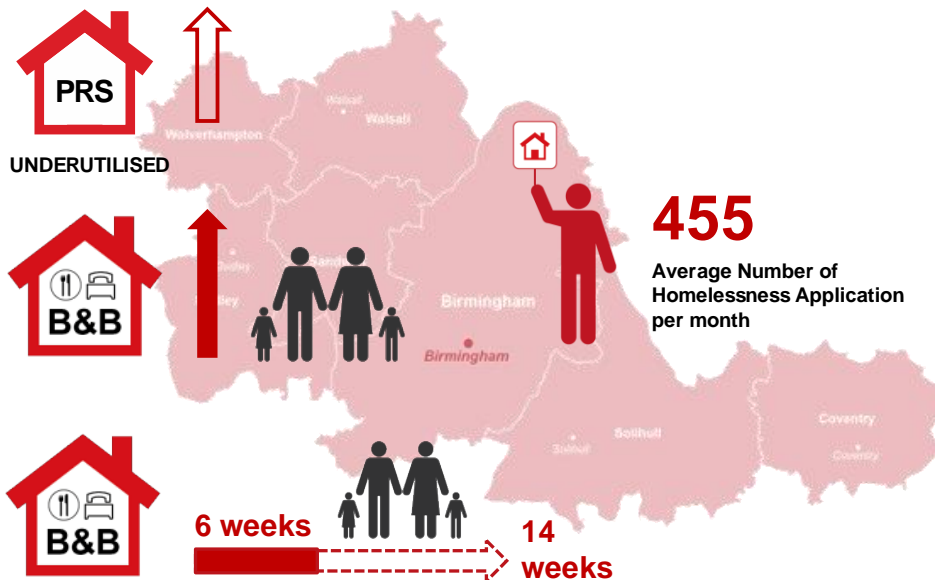
1.2 The case for change

The priority is to enhance the new Housing Options Service operating model, to better support households at the early stages to prevent a housing crisis, before it manifests into a statutory need.

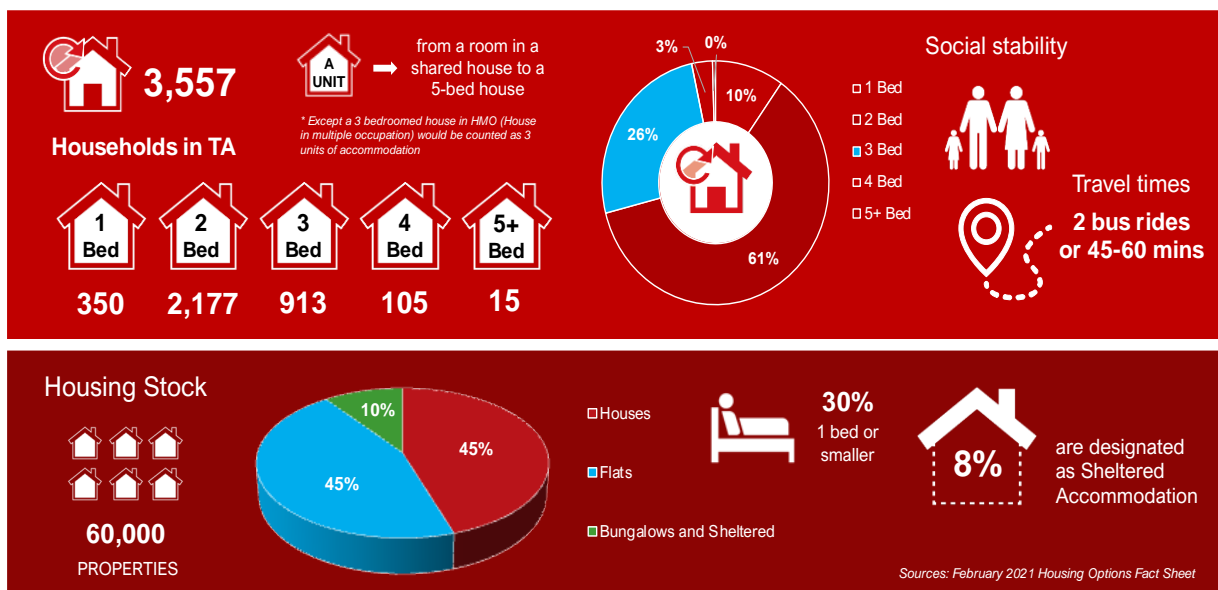
The Housing Options Service has a statutory duty to provide or secure suitable accommodation for residents that present as homeless and are eligible for assistance. The ability to discharge this responsibility effectively through the current operating model and resources is becoming increasingly untenable, which is resulting in a huge increase in the use of TA. It is the provision of TA, and more specifically the use of B&B, which places extreme cost pressures and other performance challenges upon the Housing Options Service.

Compared to other core cities and West Midlands authorities Birmingham City Council have:

- Significantly more families accommodated in B&B.
- Higher volume of families more likely to spend more than the legal minimum time (six weeks) in B&B.
- Assessed a much larger volume of homeless applications during the financial year 2019/20.
- Significantly underutilised PRS accommodation to prevent, relieve or bring the main homeless duty to an end.



Moreover, the volume of homelessness cases presenting, coupled with a lack of housing supply in the city (predicted to be a shortfall of 40,000 units by 2031 – BMHT market report) which is affordable and covered by LHA rates means that there is little capacity to ensure people have a longer-term tenancy to move on to.



Patterns of rising TA demand

Whilst the city council's direction of travel in relation to TA usage is in line with the national trend, our percentage increase is much higher:



Figure 1. Temporary Accommodation National Trends

The chart below illustrates our use of TA continuously increasing over the last three years:

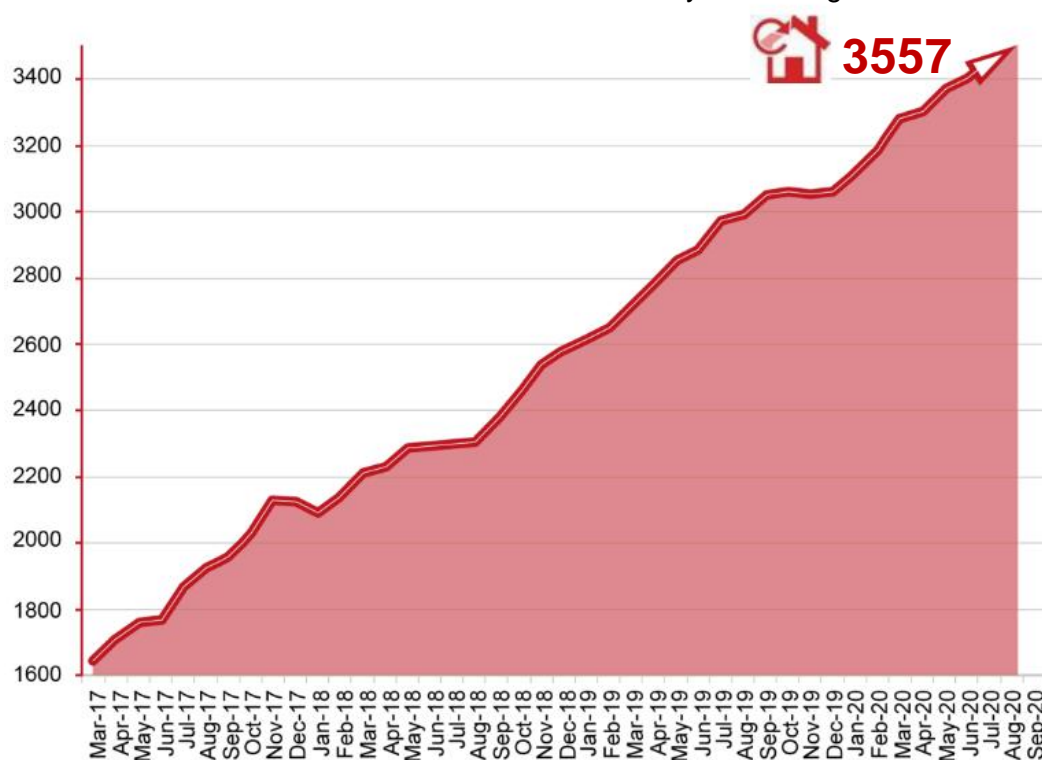


Figure 3. Number of Households in ALL TA (2017-2020)

Bed and Breakfast

Whilst the service has been working hard to reduce B&B usage and its associated expense, there is more work to be done to reduce B&B use as a form of TA. It is by far the costliest and the most unsuitable TA provision for our customers. Compared to other core cities and West Midlands authorities Birmingham has significantly more households in B&B and much higher number of families with dependent children occupying B&B for more than 6 weeks.

The use of B&B has significantly increased since 2017 as it is the most readily available TA provision for use in emergency accommodation situations. The following charts show the changes in the number of households in B&B since 2017:

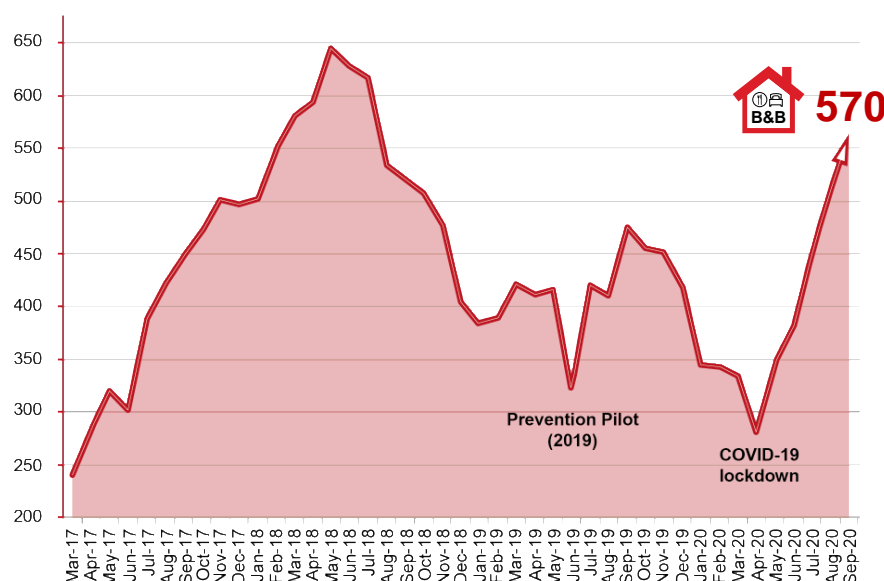


Figure 4. Number of Households in B&B (2017-2020)

Our overall use of TA has increased by 262% during 2015-2020 and B&B has increased by 134% during 2017-2020. If the number of households in B&B continues to increase as it has in previous years, the B&B cumulative cost would amount to £148m by 2024,

In June 2018 a TA reduction action plan was drawn up to use more stock as TA disperse accommodation to address the rising use of B&B. Through successful implementation of this plan the use of B&B reduced from 690 at its peak to a low of 310 – a 55% reduction over a four-month period.

As a result of the Covid-19 national government lockdown, the number of households in B&B decreased to 279 on the 13th April 2020, however the numbers have since increased by an average of 10 households per week due the full impact of the pandemic and this is forecast to increase as the Government policy tapers off.

Homeless Demand

One of the main challenges for the service is to reduce the cost of TA with increasing number of households presenting as homeless in crisis and needing TA. During 2019-20 Birmingham processed more homeless applications than its neighbouring authorities and other core cities. Compared to 2018-19, the total number of homeless assessments conducted by the service during 2019-20 increased by almost 12%:

Shifting from crisis management to prevention

A new operating model for Housing Options Service has been designed that focuses on homeless prevention work and effective casework to move households out of TA in a timely fashion and into suitable accommodation. The change from crisis management to an effective prevention and case management model, supported by a robust accommodation offer for our customers will help the service to reduce the B&B budget to **zero** by 2025.

There is an opportunity to accelerate homeless prevention and TA Move On activity, which will help to further reduce the number of households in B&Bs. To realise this objective needs additional capacity, working to a consistent methodology, defined governance and leadership to manage and deliver this programme.

2 Economic Case

2.1 Critical Success Factors

The key Critical Success Factors (CSFs) are as follows.

Desired outcome	Critical Success Factors
Reducing homelessness	<ul style="list-style-type: none">• Conduct more early intervention and homeless prevention work• Reduce the need for social housing• Increase access to PRS properties
Reduction in all unnecessary costs whilst contributing to the long-term financial sustainability of the council	<ul style="list-style-type: none">• Reduce Bed and Breakfast usage and cost• Optimising the return on investment from assets for the council over short, medium and long-term (true value, tax efficiency and public accounting)• Take investment decisions from a clear understanding of risk and commercial reward• Facilitating regeneration
Increase the supply of quality affordable housing	<ul style="list-style-type: none">• Increase the supply of housing that people need across that city - affordability, size, location and tenure types• Increase the supply of TA that acts as an alternative to B&B• Address unacceptable practice among private landlords.• Support the growth of the city through proactive use of city real estate assets

2.2 Long list of options

The long list of options was generated by a series of workshop held during June 2021. The evaluation was undertaken in accordance with how well each option met the investment objectives and Critical Success Factors:

OPTION 1 - Continue only with the service improvements to eradicate B&B by 2025:

This is not viable as current limitations in service delivery and housing capacity are being exacerbated by changes to COVID policy (increased listing of cases at courts, tapering of furlough) which means the numbers of people presenting as homeless are likely to go up in the short term. This will maintain or enhance cost pressures on the service. To fully implement the new operating model will take many months to mobilise (NOT PREFERRED)

OPTION 2 - Stop providing the service: This is not feasible as most of the service areas within are statutory in nature (NOT PREFERRED)

OPTION 3 - Increase the short and medium-term supply of affordable housing. The Council has been working hard to increase the current build rate from 300 per annum as it does not outstrip the rate of homes lost to right-to-buy, which is nearer 700 per annum. A new approach to accelerating the supply of housing using council land and assets is underway, but more needs to be done faster. The council and / or one of its wholly owned companies could acquire homes by some or all other the following means:

- Buying back leasehold properties in existing estates, particularly those that are earmarked for regeneration
- Changing the mix of homes developed by BMHT
- Bulk purchasing homes from the open market or Registered Providers
- Targeted street purchases
- Construction of meanwhile homes on brownfield sites, or repurposing of buildings

This option is NOT PREFERRED because whilst boosting the supply of housing is desirable, alone it will not address homelessness as there are other management activities that could prevent homelessness, manage the existing stock better and help people into suitable private sector housing.

OPTION 4 - Increasing the supply of additional TA and affordable housing whilst simultaneously accelerating the required operational actions: To accelerate a flexible portfolio of activities to enhance homeless prevention and TA move on activities, expand the use of alternative options to TA, including increase housing supply - **PREFERRED OPTION**

2.3 Preferred way forward

The strategy is to implement as fast as possible a spectrum of activity that effectively manage households when they are in TA and increases the overall supply of TA. Specifically, there are five elements:

1. Expand homeless prevention and TA tenancy support activity
2. Expand the use of alternative options to TA
3. Reduce numbers of households in TA
4. Improved management
5. Increase the supply of Social Housing

Expand homeless prevention and TA tenancy support activity: Planned actions focus on establishing tenancy support capability to prevent crisis occurring and develop “toolkit” of actions including financial incentives, rent guarantees. With enhancement to data and analytics capacity it is also possible to forecast who is likely to present as homeless so support can be given prior to the event.

Expand the use of alternative options to TA: This starts with increasing the use of Private Rented Sector (PRS) accommodation. Working with residents and landlords we can avoid some people going into TA in the first place. It is possible to make PRS option more attractive and we can accelerate use of Help2Rent scheme. Actions below seek to improve the offer in this sector through the use of the InReach and private sector provider of homes.

Reduce numbers of households in TA (people action): The Council currently has circa 3557 households in TA. It is important to:

- Establish an effective “Move-on and Resettlement” capability. This includes encouraging people to bid for social housing
- Move people on if had negative decision i.e. that they are not eligible for accommodation.
- Increase use of alternative options such as increased use of PRS; promotion and use of the Seaside and Country Homes (the scheme is open to people living in council or housing association properties where at least one member of the household is age 55 or above), or innovative schemes such as Home Finder and Bridge Housing.
- Long Term Case Reviews to review all cases of households who have been in a TA setting for a long time, with the aim of offering alternative housing solutions.
- Review Council Housing Register Suspensions cases to stop households being stuck in TA.

Improved management of TA (property actions): In order to reduce the cost of TA by ensure the rates and rentals being paid are market rate (LHA rates), stop using expensive provision such as B&Bs, re-negotiate rates with agents and providers and recommission contracts. Additionally, it is important to ensure effective Void Management to optimise the number of available properties and the length of time a property remains unoccupied. Also critical to this enhanced management is to increase supply of TA properties by repurposing existing assets.

Increased supply of Affordable Housing: Sufficient homes that people can afford to live in is crucial to the ultimate solution to homelessness and therefore a priority for the city. As part of the Investing in our Future strategy approved by Cabinet work is underway to enhance the operating model of the Inclusive Growth division of the council so it can accelerate the supply of homes people need. Given the nature of the property development process and the end-to-end design/approval/construction process the results of this acceleration will be felt from 2023 at the earliest. However, there are activities we can do now to rapidly increase the supply of homes and reduce the number of people in the B&B. We can

- Increase allocations from RPs
- Effective use of settled stock / social housing: mutual exchanges - mobility transfers, homeswapper, under-occupancy
- Block purchase homes to rent: full rent, mid-market offers for key / essential workers, or provide temp accommodation.
- Change the mix from BMHT development
- Single purchase homes to rent: leaseholder buy-backs in estates (especially those earmarked for regeneration where CPO would ultimately be required), large accommodation in suitable locations across the city to support the pattern of demand from families.
- Fundamental increases to the supply of social housing across the city that can be offered with secure tenancies.

2.4 Indicative Cost / benefit analysis of activities to increase the supply of homes within the preferred option

From the shortlisting process, two opportunities have been identified as the preferred options and they form the basis of the cost benefit analysis. The assessment is based on best available data and considers scenarios as a means of sense checking risk and opportunity.

Opportunity A: repurposing an existing property for use as TA: The Council has an existing property with suitable accommodation that can be repurposed. The accommodation consists of individual rooms with showers, WC and wash basins, with a number of shared facilities. The property will require a change of use planning permission, refurbishment, some minor modifications and the appointment of a management team.

Opportunity A: repurposing an existing property, phase refurbishment: £10.7m gross revenue gains (saved and generated) cumulative across 2021/22 and 2022/23

From the beginning of the programme through the end of FY 2022/23, The council will have:

- generated £4.1m in rent
- saved £6.6m in B&B costs
- paid £520,431 in loans and interest (capital costs)
- spent 2.7m in revenue (operating costs)

Net position including B&B costs avoided in FY 22/23: c£6.5m before transformation team costs apportionment.

Opportunity B: Property Acquisition Programme: The council is able to purchase housing assets on the open market. Given the exceptional circumstances in the rise of homelessness, the need for larger three to five bedroom properties, the geographic span of demand and the need to maintain family social support network as far as possible, it is necessary to consider open market purchases. This strategy, when aligned with other area-based regeneration initiatives means the following options should be explored:

- Leaseholder buy-backs on regeneration estates
- Change the mix from BMHT development
- Block purchase from developers
- Targeted street purchase: size and location aligned with specialist need or tackling the worst private landlord behaviour

Unlike investment in assets, we already own, this approach has a higher initial capital outlay. However, the benefits come from reducing revenue costs. Furthermore, the housing asset can be repurposed or sold at a later date. Upon purchase and refurbishment, the asset could be immediately made available to replace B&B and in the long term should the demand for short term accommodation subside, it can be repurposed for different forms of affordable housing.

- **Scenario 1: (Conservative) Purchase 20 properties per month until Dec 2022, total 222 properties**

£3.7m gross revenue gains (B&B costs avoided and rent generated) cumulative by end of FY 22/23 (including 21/22)

- Avoided £2.9m in B&B costs
- Generated £830k in rent
- Spent £116k in revenue
- Spent £668k on acquisition, retrofit/refurb, stamp duty, and loan repayments including interest while acquiring a portfolio of 222 properties with a purchase value of £60m.

Net position including B&B costs avoided in FY22/23: £2.9m surplus before transformation team costs apportionment.

- **Scenario 2: (Accelerated) Purchase 40 properties per month until April 2022, total 222 properties**

£5.9m gross revenue gains (saved and generated) (occupied by June 2022 hence full cost avoidance) cumulative 21/22 and 22/23

- Avoided £4.6m in B&B costs.
- Generated £1.3m in rent
- Spent £216k in revenue
- Spent £2.47m on acquisition, refurb, maintenance, and loan repayments including interest while acquiring a portfolio of 222 properties with a purchase value of £60 m.

Net position including B&B costs avoided in FY22/23: £2.9m surplus before transformation team costs apportionment.

2.5 Summary of the Economic Case

Following a review of the long list of options the priority is to focus on measures to increase the supply of homes (alongside accelerate homeless prevention and TA Move On activity).

The preferred option must be subject to further analysis through the next stage of business case and project delivery planning. However, it is important to note that Opportunity A shows time is of the essence. Every month that passes without sufficient accommodation represents additional B&B costs to the council which could have been avoided.

If, for example, Opportunity A was decelerated to being occupation next fiscal year in April 2022, the council would lose out on a potential c£800k this fiscal year which could have been saved from occupation beginning in November 2021. Therefore, the conclusion is to progress to the next stage of activity as fast as possible, and over deliver on every measure to meet the known need and be prepared to meet any unspecified increase in need due to changes in the Government's pandemic policy.

These require c.£2.8m transformation funding (details set out in the Management Case. This also requires access to £60m capital budget for acquisition."

3 The Commercial Case

3.1 Introduction

This section provides a concise overview of the potential commercial arrangements for the successful delivery of the project. It centres on ownership and leasing of the additional housing stock.

3.2 Commercial Approach

InReach is the Council's PRS provider therefore it is considered as the preferred owner and supply of new homes to meet the aims and objectives set out in this business case. It is wholly owned by the Council. Owning a housing company means that the council can develop and provide affordable housing for rent to a range of tenants. It makes an important contribution to the supply of homes to rent in the city filling a gap for those who are not yet able to become homeowners. It also acts as a means of recycling investment for social purpose because any profit InReach makes is distributed as dividend to the Council as the 100% shareholder and that dividend is reinvested for social purposes (for example in education and social care). In addition, any loan provision made to InReach is on commercial terms resulting in the Council achieving a surplus income to the General Fund.

InReach currently focuses on market rent but has the opportunity to be used flexibly. It could offer properties rented out to the Council to accommodate people who present as homeless and in need of temporary accommodation. It can also be used flexibly to provide a range of affordable tenancies to those cannot afford to buy or rent privately and have limited access to social housing. The mix of rental offers can change over time so long as it is in line with the company's business plan and articles of association. Used flexibly InReach can pioneer a range of affordable housing, providing homes for working people on lower wages, to ensure that everyone benefits from the city's growth and regeneration programmes.

InReach is a relatively new company and currently has limited stock. The more stock the company has the more viable it will become (subject to other managements). Hence any stock acquired as part of the emergency action to boost the supply of housing to tackle the current homelessness crisis is likely to make a positive contribution to the success of the company and help it achieve its purpose.

Given that InReach is a provider of PRS housing, it is already set up to acquire, lease and manage homes for rent albeit the activities require additional resource to move at pace. Work is required to explore a new investment strategy for InReach. That is likely to require a combination of equity and loans over a 35-40 year period to enable the company to acquire sufficient residential property portfolio. Further detailed work is required to develop a viable financial business model and adjust the overall business plan for InReach to deliver on the proposal, this may also result in the need to review and make minor amendments to the articles of association of the company and its governance/board structure. In addition, the financial model will also need to explore the most efficient approach to the ongoing management and maintenance of the purchased property portfolio which may include entering into full repairing lease arrangements with the Council subject to detailed tax advice.

This work is subject to a further phase of business case detail, but resource is required in the meantime to undertake such work based on the agreement in principle to proceed.

4 The Financial Case

4.1 Introduction

The purpose of this section is to set out the indicative financial implications of the preferred way forward (as set out in the economic case section) and the considerations for the potential deal (as described in the commercial case section).

4.2 Impact on BCC's income and expenditure account

At this stage the analysis of financial implications is focused on identifying the short-term funding needed to take the preferred way forward, together with indicative and provisional assessments of the year-by-year cash flows to the council of the various options.

The financial analysis finds that, if not considering B&B revenue cost savings, Opportunity A (repurposing an existing property) operates at a net surplus of circa £0.8m per year and both of the Purchase Programme scenarios operate at a net loss of circa £1.4m per year. While the Purchase Programme would require a subsidy to operate, it still operates at a reduction to the overall budget when considering B&B cost avoidance (seen as the “net position including B&B reductions” in the summary table below).

Programme – Summary

Opportunity A – Repurposed Asset	2021/22	2022/23	2023/2024	2024/2025
Gross B&B Cost Avoidance	(£824,074)	(£5,768,519)	(£5,933,333)	(£5,933,333)
Net Position (revenue generated minus operating costs and loan repayments)	(£132,211)	(£743,137)	(£772,933)	(£772,933)
Net Position including B&B cost avoidance	(£956,285)	(£6,511,656)	(£6,706,266)	(£6,706,266)
Purchase Programme S1 (Conservative)	2021/22	2022/23	2023/2024	2024/2025
Gross B&B Cost Avoidance	(£32,963)	(£2,874,370)	(£4,390,667)	(£4,390,667)
Net Position (revenue generated minus operating costs and loan repayments)	(£4,874)	(£42,011)	£1,447,775	£1,447,775
Net Position including B&B cost avoidance	(£37,837)	(£2,916,381)	(£2,942,891)	(£2,942,891)
Purchase Programme S2 (Accelerated)	2021/22	2022/23	2023/2024	2024/2025
Gross B&B cost avoidance	(£395,556)	(£4,390,667)	(£4,390,667)	(£4,390,667)
Net Position (revenue generated minus operating costs and loan repayments)	(£79,055)	£1,397,825	£1,397,825	£1,397,825
Net Position including B&B cost avoidance	(£474,610)	(£2,992,841)	(£2,992,841)	(£2,992,841)

Opportunity A: Repurposing an Existing Property

<u>Opportunity A Overall</u>	Cumulative total by April 2023	Cumulative total after 5 years
Gross B&B Cost Avoidance	(£6,592,593)	(£24,392,593)
Revenue Expenditure	£2,716,037	£9,937,850
Rent Revenue Generated	(£4,111,816)	(£15,213,721)
Cost of Borrowing	£520,431	£2,081,724
Total Gross Cost Avoidance + Revenue Generated	(£10,704,409)	(£39,606,314)
Total Net Cost Avoidance (Revenue)	(£7,467,941)	(£27,586,740)

<u>Opportunity A PA</u>	PER ANNUM 2021/22	PER ANNUM 2022/23	PER ANNUM 2023/2024 (normalised)
Gross B&B Cost Avoidance	(£824,074)	(£5,768,519)	(£5,933,333)
Revenue Expenditure	£381,766	£2,334,271	£2,407,271
Rent Revenue Generated	(£513,977)	(£3,597,839)	(£3,700,635)
Cost of Borrowing	£0	£520,431	£520,431
Total Gross Cost Avoidance + Revenue Generated	(£1,338,051)	(£9,366,358)	(£9,633,968)
Total Net Cost Avoidance (Revenue)	(£956,285)	(£6,511,656)	£(6,706,266)

Opportunity B: Property Acquisition Programme (Scenarios 1 and 2)

<u>Street Purchase Cumulative</u>	(S1 Conservative) Cumulative total by April 2023	(S2 Accelerated) Cumulative total by end of FY 2022/23	(S1 Conservative) Cumulative total - end of 2031/2032 (10 years)	(S2 Accelerated) Cumulative total - end of 2031/2032 (10 years)	(S1 Conservative) Cumulative total - end of 2036/2037 (15 years)	(S2 Accelerated) Cumulative total - end of 2036/2037 (15 years)
Gross B&B Cost Avoidance	(£2,907,333)	(£4,647,778)	(£38,032,667)	(£39,773,111)	(£59,986,000)	(£61,726,444)
Revenue Expenditure	£116,558	£216,443	£1,975,438	£2,075,323	£3,137,238	£3,237,123
Rent Revenue Generated	(£831,197)	(£1,328,784)	(£10,873,411)	(£11,370,998)	(£17,149,795)	(£17,647,382)
Cost of Borrowing	£667,755	£2,470,692	£24,706,920	£24,706,920	£37,060,380	£37,060,380
Total Gross Cost Avoidance + Revenue Generated	(£3,738,530)	(£5,976,562)	(£48,906,078)	9£51,144,110)	(£77,135,795)	(£79,373,827)
Total Net Cost Avoidance (Revenue)	(£2,954,218)	(£3,289,426)	(£22,223,720)	(£24,361,866)	(£36,938,178)	(£39,076,324)

<u>Street Purchase Per Annum</u>	(S1 Conservative) PER ANNUM 2021/22	(S2 Accelerated) PER ANNUM 2021/22	(S1 Conservative) PER ANNUM 2022/23	(S2 Accelerated) PER ANNUM 2022/23	(S1 Conservative) PER ANNUM 2023/24	(S2 Accelerated) PER ANNUM 2023/2024 (normalised)
Gross B&B Cost Avoidance	(£32,963)	(£395,556)	(£2,874,370)	(£4,390,667)	(£4,390,667)	(£4,390,667)
Revenue Expenditure	£4,550	£34,033	£112,008	£182,410	£232,360	£182,410
Rent Revenue Generated	(£9,424)	(£113,088)	(£821,773)	(£1,255,277)	(£1,255,277)	(£1,255,277)
Cost of Borrowing	£0	£0	£667,755	£2,470,692	£2,470,692	£2,470,692
Total Gross Cost Avoidance + Revenue Generated	(£42,38)	(£508,644)	(£3,696,143)	(£5,645,943)	(£5,645,943)	(£5,645,943)
Total Net Cost Avoidance (Revenue)	£37,837	£474,610	(£2,916,381)	(£2,992,841)	(£2,942,891)	(£2,992,841)

<u>Capital loan repayment</u>	Cumulative total by April 2023	Cumulative total 10 years (5yrs OG)	Cumulative total 15 years	TOTAL LOAN COST
Opportunity A Loan Repayment	£416,345.00	£2,081,724.00	N/A	£2,081,724.00
Street Purchase Loan Repayment	£2,470,692.00	£24,706,920.00	£37,060,380.00	£86,474,234.00

4.3 Capital funds for transformation

In order to pay for the refurbishment of an existing property and similar schemes to refurbish existing multi-unit buildings revenue budget will be used.

In order to facilitate purchase of additional homes a facility for up to £60m capital funding is required. Should the preferred option be for InReach or another wholly owned company to own and lease the units, a suitable investment strategy would require a combination of equity and loans over a 35-40 year period to enable the company to acquire a residential property portfolio.

5 The Management Case

5.1 Introduction

This section of the SOC addresses the ‘achievability’ of the various preferred way forward. Its purpose is to set out the considerations for the next stage business case to ensure the successful delivery of finally selected portfolio of projects required to reduce the use of B&B.

5.2 Delivery phases

This programme will be developed through a series of rapid steps and gateways.

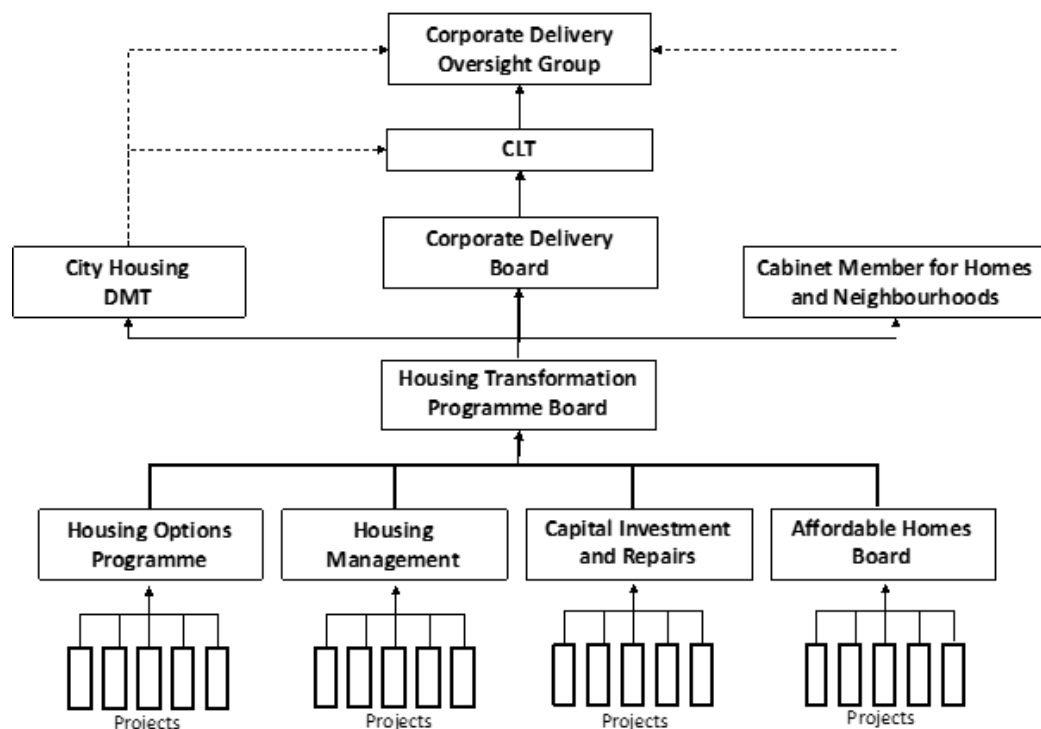
Phase 1: (July 2021) Scope and Align - culminates in this initial Strategic Outline Case.

Phase 2: (August – October 2021) Mobilise the team - accelerate key refurb projects (existing property), provide definition for other elements of the portfolio (detailed business case and investment plan for InReach).

Phase 3: (September 2021 – March 2022) Accelerated delivery – simultaneous acquisition, refurbishment, early intervention and prevention, enhanced management.

5.3 Governance

The project will be managed through the City Housing Transformation Board chaired by the Director of City Housing. That board reports to the Corporate Delivery Board, part of CLT.



5.4 Delivery Capacity

The Council does not have sufficient capacity within its existing teams to support the acceleration of B&B usage reduction. Therefore, it is proposed that a team is created that comprises of internal staff secondments, temporary posts and specialist advisors where necessary.

The Better Housing Management Group:

In TA we believe there are currently circa 600 to 800 households who we will support and work with to accelerate move-on and resettle to alternative housing options.

The Acquisition Group:

InReach will require a small team of suitably skilled individuals to work up an acquisition plan that meets the needs of the Council and specifically this homelessness reduction programme. This team will work closely with the housing management group, with all progress being reported into the client governance as set out above.