

Decision Pathway – Report Template



PURPOSE: Key decision

MEETING: Cabinet

DATE: 01 September 2020

TITLE	Imperial Apartments (Parkview development) – Nomination Agreement		
Ward(s)	Hengrove and Whitchurch		
Author: Paul Sylvester			Job title: Head of Housing Options
Cabinet lead: Paul Smith			Executive Director lead: Stephen Peacock
Proposal origin: <i>BCC Staff</i>			
Decision maker: Cabinet Member Decision forum: <i>Cabinet</i>			
Timescales: Cabinet 1 st September 2020			
Purpose of Report: To seek approval to enter into a nomination agreement with Caridon for the site now known as Imperial Apartments to provide 216 units of accommodation for a range of people with housing needs.			
Evidence Base: Homelessness in Bristol has been rising. Before COVID 19 there were over 600 households in Temporary Accommodation, 100+ people rough sleeping, 120 people in night shelters and over 1100 households in some form of supported housing. As part of our COVID response we have used hotels to temporarily house people from night shelters and the streets. We have reduced the number of people sleeping rough from over 100 to the low 30s. We are committed to ensuring that people do not return to the streets. There are over 200 people staying in hotels that need to be moved on before the hotel agreements ends on 30 th September 2020. We have launched the One City Move-on programme to address the chronic shortage in next steps accommodation. The programme is aiming to secure homes across a range of opportunity areas. Mid-term deals like Imperial Apartments form a vital part of the Move-on programme and will contribute to our aim of keeping people from returning to rough sleeping. The former office accommodation at Park View Campus is being converted into residential accommodation (now renamed Imperial Apartments) by the Caridon group. The development is in two phases, with phase one completion in late August 2020. An option appraisal was carried out to consider if and how BCC should work with Caridon. This is a permitted development scheme which means there has been limited planning oversight. There are concerns with the development being high density and the flats not meet planning space standards, however the apartments are finished to a reasonable standard, and are suitable for mid-term next steps housing. On 23 rd June 2020 CLB gave approval to enter into negotiations with Caridon on the basis that BCC have exclusive nominations for all the properties in phase 1. The reasons for this are: <ol style="list-style-type: none"> 1. It is essential that there is the right mix of households living in the site. BCC will control who gets nominated. 2. There needs to be effective management and support to mitigate the potential negative impacts of high density site. BCC will hold Caridon to account on standards of management and provide support to meet tenants' needs. 3. This site provides accommodation at a time when we need to move people out of hotels. 			

Creating a sustainable community

Imperial Apartments will provide accommodation to meet a range of needs, including people in hotels, temporary accommodation, the local community and households on Home Choice (the Council's choice based lettings scheme).

The Lettings plan (appendix A) describes how we are going to achieve the right balance of households to achieve a sustainable community. The expectation is the BCC Tenants for Imperial Apartments come from six main sources:

1. Move on from temporary hotel sites and the YHA and YMCA.
2. Move on from BCC commissioned supported housing pathways.
3. Move on from Emergency spout purchased accommodation.
4. Move on from other BCC owned or commissioned Temporary Accommodation.
5. Direct Nomination for new people approaching the council for and eligible assistance with their homelessness and housing need.
6. Individuals and families registered on Bristol Housing Register who have expressed interest for available accommodation promoted on Home Choice.

Support to tenants and community development

We will be providing targeted support to tenants and community engagement activities to aid the creation of a sustainable community.

We have commissioned, using re-allocated RSI (Rough Sleeping Initiative) funding, a support team of 9FTE managed by Salvation army that will be based at Imperial Apartments.

We will have a BCC community development practitioner working out of Imperial Apartments to build connections between tenants, their neighbours and the wider community.

As part of the tenancy sign up process tenants will have an assessment to check they are accessing welfare benefits they may be entitled to and will receive support with Universal Credit claims where needed.

BCC are supporting Caridon to enhance the facilities at Imperial Apartments. BCC will be providing match funding up to £150k for prioritised improvements including:

1. IT suites/co-working areas – enabling tenants to access training and employment opportunities;
2. Outdoor gym;
3. Indoor and outdoor children's play area;
4. Pop up coffee shop.

Expected costs - revenue

To secure the above BCC are proposing to take on shared risk for bad debt and 100% void loss. This is subject to more detailed negotiation of the final contractual terms.

3% void loss is based on Caridon covering the period when re-let work is being carried out and BCC having 5 working days from a property being ready to let to nominate. Caridon takes on the void loss as soon as BCC nominates a household.

Bad debt works on 8% basis with 50/50 sharing. This could be less than 8% in practice and we will target a reduced percentage.

Additional revenue funding of £36k is needed for the Community Development practitioner.

There will also be a Project Manager and a Lettings Negotiator on a fixed term basis to facilitate the initial nomination

of tenants. These posts are anticipated to cost £50k in 2020/21 and £27k in 2021/22.

Expected costs – capital

Up to £150k is needed to match fund place making improvements to the site.

Contract negotiations

We are in detailed negotiations with Caridon and expect to have agreed a contract by the end of August 2020 with a view to this being signed and executed at the start of September. We have reached the following agreements so far (subject to contract):

1. Five year nomination agreement (with a break clause for both parties upon expiry of 3 years).
2. Caridon will be the Landlord for the properties and carry out all rent collection and tenancy management.
3. The properties will be let as Private Rented Accommodation, this is not temporary accommodation.
4. BCC will nominate households into 216 of the 266 apartments.
5. Caridon will directly let 50 x 2 bedroom apartments, focussing on letting to couples. BCC have no liabilities on these flats.
6. Rents for BCC allocation of units are set at LHA (Local Housing Allowance) levels.
7. BCC will have 8 weeks from the start of September to nominate households for 80% the 216 units, with a further 4 weeks to nominate the remaining 20 %.

Cabinet Recommendations:

That Cabinet:

1. Authorises the Executive Director Growth and Regeneration to enter into a nomination agreement as set out in the report with Caridon for the site now known as Imperial Apartments.
2. Notes the revenue funding required.

Corporate Strategy alignment:

Empowering and caring - Reduce the overall level of homelessness and rough sleeping, with no-one needing to spend a 'second night out'.

City Benefits:

These units will provide much needed affordable move on accommodation, helping us in our efforts to tackle homelessness.

Consultation Details:

Discussions with cabinet member (internal). No external consultation due to time constraints.

Background Documents:

Revenue Cost	£138k for 2020/21	Source of Revenue Funding	Flexible Homelessness Support grant with contribution from Next Steps MHCLG funding if bid successful
Capital Cost	£150k	Source of Capital Funding	Growth and Regeneration capital programme budget to facilitate Affordable Housing
One off cost <input checked="" type="checkbox"/>	Ongoing cost <input checked="" type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. **Finance Advice:** The total gross annual rent to Caridon for the 266 units will be approximately £1.9m which will be paid directly by tenants. In order to secure nomination right into the accommodation the Council will enter into an agreement to share the risk of voids and bad debts.
The potential costs to Bristol (excluding the Salvation Army funding) are as follows:

Revenue	Description	Potential Cost				
		2020/21 (Sept onwards)	2021/22	2022/23	2023/24 (To end August)	Total
		£000	£000	£000	£000	£000
	Voids - 3% of rent	29	58	59	25	171
	Bad Debt 4% rent	38	77	78	33	226
	Employees	71	64	37	19	191
	Subtotal	138	199	174	77	588
Capital						
	Match funding	150				150
Total funding required		288				738

The indicative costs of voids and bad debts are based on similar schemes and are realistic given the lettings policy, and support to tenants that is intended to be maintained which will help to mitigate against the risk of any further impact from Covid on bad debts. However the Council will take on significant financial risk of funding voids if nominations aren't made. Contractual arrangements should be made in the contract to reduce the expose to the Council if voids aren't filled in a timely manner or demand reduces, such as break clauses or ability to review the number of nominations if not required.

Nominations into accommodation will be used as an alternative to spot purchased temporary accommodation, which has a considerably higher net cost per unit. This is part of the Council's plan to support move on of rough sleepers in hotel accommodation and expect to be covered by the Government's Next Steps scheme.

It is not anticipated that there will be a high level of turnover in the second year hence the level of voids will be low. The shortfall in revenue costs will have to be met from any general fund or grant funding received for the service, such as the Flexible Homelessness Support grant if the potential savings from Temporary Accommodation aren't realised. The continuation of support staff managed by the Salvation Army is dependent on the availability of Rough Sleepers Initiative grant funding.

The one off capital costs of £150k are to be funded from capital budget from within the Growth and Regeneration Capital Programme for 2020/21.

Finance Business Partner: Michael Pilcher, Chief Accountant 17/08/2020

2. Legal Advice:

Procurement

The primary purpose of this agreement is to secure nomination rights to the units. Contracts concerning interests in or rights over land fall within the specific exclusion outlined in Regulation 10(1)(a) of the Public Contracts Regulations 2015 (PCR). Whilst the payments in relation to voids/bad debts do not themselves fall within the specific exclusion, the nomination rights and the payments are not objectively separable. On that basis and in accordance with Regulation 4(2)(b) of the PCR, the main subject matter of the contract determines how the contract as a whole should be treated. The monies payable for voids/bad debts are clearly ancillary to the nomination rights themselves and therefore the contract in its entirety falls within the specific exclusion. Whilst the legal position is clear in relation to this contract, it would be prudent to publish a voluntary ex-ante transparency VEAT notice. A VEAT notice may be published when a public authority is proposing to award a contract to a third party directly, but in accordance with the PCR. If 10 days are allowed to pass between the publishing of the VEAT notice, then the authority is protected from the remedy of ineffectiveness. Damages could still be awarded in the event that a successful challenge were to be brought; however, on the basis of the advice above, it would seem low risk that a challenge would be brought and the Council would be in a strong position to defend such a challenge.

Legal Team Leader: Eric Andrews

3. Implications on IT: No anticipated impact on IT Services.

IT Team Leader: Simon Oliver – 19/08/20.

4. HR Advice: There are no HR implications evident.		
HR Partner: Celia Williams – 27/07/2020		
5. Procurement Advice: No additional commentary beyond the Legal commentary with this report has been explicit around the issues and proposed next steps around mitigation of risks.		
Category Manager: Steve Sandercock (Interim Head of Strategic Procurement and Supplier Relations) – 18th August 2020		
EDM Sign-off	Stephen Peacock	27 th July 2020
Cabinet Member sign-off	Paul Smith	3 rd August 2020
For Key Decisions - Mayor's Office sign-off	Mayors Office	3 rd August 2020

Appendix A – Further essential background / detail on the proposal	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	YES
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	YES
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	NO
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO