

PURPOSE: Key decision**MEETING:** Cabinet**DATE:** 01 November 2022

	Temporary Accommodation partnership with UHBW Hospital trust	
Ward(s)	Central	
Author: Paul Sylvester	Job title: Head of Housing Options	
Cabinet lead: Cllr Tom Renhard, Cabinet Member for Housing Deliver and Homes	Executive Director lead: Stephen Peacock, Executive Director Growth & Regeneration	
Proposal origin: BCC Staff		
Decision maker: Cabinet Member Decision forum: Cabinet		
Purpose of Report: <ol style="list-style-type: none"> To update Cabinet on the proposals to bring into use empty residential accommodation to use as Temporary Accommodation for homeless families. To seek approval for the Council to enter into a short term lease agreement with University Hospitals Bristol and Weston NHS Foundation Trust "UHBW" for 24 flats at Eugene Street Approve up to £600k to bring the properties back into use 		
Evidence Base		
1) Introduction		
<p>Bristol City Council has a forecast £5m budget pressure on Temporary Accommodation expenditure in 22/23.</p> <p>This report describes one of a suite of initiatives under consideration or being developed to reduce the Council's Temporary Accommodation (TA) overspend. On 4th October 2022 Cabinet approved a proposal to procure a flexible multi-level supported housing service for citizens without dependent children. Other initiatives include amendments to the Supported Families Accommodation Framework (SFAF) and further utilisation of Block Contracts.</p> <p>Options are being explored to increase the supply of cost effective Temporary Accommodation. The use of existing accommodation on a "meanwhile basis", whilst longer term development is being explored is an ideal opportunity to bring online additional properties.</p> <p>This is an opportunity to work in partnership with the UHBW Trust to increase the Council's supply of Family Temporary Accommodation whilst reducing expenditure on expensive privately managed Temporary Accommodation.</p>		
2) UHBW accommodation		
<p>UHBW have stated their intentions of redeveloping a site near the BRI hospital including 3 blocks of residential accommodation (3 x 12 flats). The Trust have explored the potential for additional parking some time ago, and have no plans to revisit that proposal for this site which is clearly defined for clinical use in the future. The Council has sought and received assurance from the Trust that there are no plans to use the Marlborough Hill site for additional car parking, such assurance is contained in the letter of 19th October as referred in Appendix A.</p>		

UHBW understand that there is a Housing Crisis in Bristol and want to work in partnership with Bristol City Council to enable the use of currently empty flats for much needed family temporary accommodation.

Bristol City Council sold the freehold of all the flats in 2010 to the hospital trust. Bristol City Council took a lease back of one flat, due to it being occupied by a secure tenant.

UHBW have 10 tenants living on the site across the three blocks, with 6 tenants living in the two blocks BCC are planning on leasing – Eugene & Marlborough. The 6 hospital tenants will be moved to the third block (Montague), which the UHBW are retaining, after UHBW have completed improvement works to the properties. This is due to be completed by January 2023

3) Proposal

The initial lease will be for 18 flats, excluding the flats occupied by UHBW tenants. When the UHBW tenants move into the Montague block, we will enter into further leases for the additional 6 flats as and when they become available. The Council will lease 24 flats in total, 8 x 3 bedroom flats and 16 x 2 bedroom flats. The leases will be until October 2024.

The Trust are happy to consider a new lease if their proposed redevelopment is delayed. Key elements of the deal are:

- The trust will not expect any rent until BCC has recovered its capital investment in bringing the properties up to a lettable standard. This will be on an open book accounting basis
- The initial lease of vacant units will start before the hospital tenants have moved into Montague to enable the Council to have use of the vacant properties for the maximum amount of time
- Full repairing lease– Council will be responsible for all repair and maintenance during the lease period.
- The Council shall not be obliged to return the property in any better state of repair and condition than at the date of the lease
- The Council will surrender its existing lease of No. 9 Eugene Block, Eugene Street, Bristol (HRA property) on expiry of the new lease of the Property.
- The Trust will pay a premium of £215,000 for the surrender of lease payable to HRA.
- The properties will be let to families with low support needs

To ensure a smooth transition at the end of the lease, there will be a comprehensive decanting plan agreed between the Council and the Trust so that households living in these properties are moved to suitable accommodation before the lease period ends.

4) Refurbishment and management

Each unit will be refurbished to standard for BCC Temporary Accommodation. The refurbishment works will be carried out by the Repairs and Maintenance Service in Bristol City Council. We anticipate that works will be started shortly after Cabinet approval on 1st November 2022 with properties ready for letting within a few weeks. We have an ambitious plan to complete all refurbishment works for the initial 18 properties by the end of January and the following 6 properties 8 weeks after the UHBW tenants move out.

The costs of the refurbishment will be funded within Housing Delivery Capital programme. This proposal was taken to Capital Investment Board on 18th October 2022 and received the boards support.

The refurbished properties will be managed by the Temporary Accommodation Team in Housing Options who provide Housing Management and Support.

An additional Temporary Accommodation officer will be recruited to ensure that the site is well managed.

5) Temporary Accommodation savings

We will deliver savings by moving clients out of expensive TA managed by private organisations. The clients will also benefit from receiving support.

A breakdown of income and expenditure and expected savings of £484k is set out in the finance advice:

Cabinet Member / Officer Recommendations:

That Cabinet:

1. Authorises the Executive Director: Growth and Regeneration to take all steps required to negotiate and agree a lease/leases for the Council to take possession of the 24 flats at Eugene Street.
2. Authorises the Executive Director Growth and Regeneration to take all steps required to spend up to £600k to refurbish the 24 flats as outlined in this report.

Corporate Strategy alignment:

This proposal aligns directly with the Corporate Strategy priority to reduce and prevent homelessness and reduce the number of empty homes in Bristol

City Benefits: Stable housing is intrinsically tied to how well people can focus on other needs or difficulties in their lives and participate within their communities. This proposal will have a positive impact on both the households who are supported and the communities they live in.

Consultation Details: N/A

Background Documents: Flexible-level supported homelessness accommodation service (Temporary Accommodation Services) Cabinet paper 4th October 2022 [Flexible-level supported homelessness accommodation service2309.pdf \(bristol.gov.uk\)](https://www.bristol.gov.uk/sites/default/files/2022-10/Flexible-level_supported_homelessness_accommodation_service2309.pdf)

Revenue Cost	£226k (inc. interest cost)	Source of Revenue Funding	Rental and Service Charges income
Capital Cost	£600k	Source of Capital Funding	Borrowing (General Fund)
One off cost <input checked="" type="checkbox"/>	Ongoing cost <input checked="" type="checkbox"/>	Saving Proposal <input checked="" type="checkbox"/>	Income generation proposal <input checked="" type="checkbox"/>

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

This report seeks approval to lease 24 flats (8 x 3 and 16 x 2 bedrooms) from the University Hospitals Bristol and Weston (UHBW) Trust for under 2 years and social rents will be applied to these flats.

The refurbishment cost will be paid from Housing Delivery Capital Programme (General Fund). The budget will be temporarily transferred from the Housing Delivery Salary Capital project which needs to be replenished to the project as part of the budget setting process.

The ongoing maintenance, support cost and prudential borrowing cost will be recovered through the collection of rent and service charges. As stated in the report, Council will not be obliged to return the property in any better state of repair and condition than at the lease date, which will be stipulated in the lease agreement.

The proposal is estimated to provide gross savings of £973k in subsidy loss over the lease period by transferring clients from Temporary Accommodation into these units. The cost of the debt is charged to revenue over the life of the asset, in this case 2 years, as a result the net savings is £484k.

In 22/23, 3 months of income and expenditure are assumed and 7 months in year 24/25.

In the event of the lease continuing the UHBW Trust will charge lease payments for use of the accommodation, however, this is yet to be agreed.

The UHBW Trust as part of this proposal will pay £215k to surrender the lease for No. 9 Eugene Block, Eugene Street, Bristol which is payable to HRA.

Table 1 - The financial position for leasing 24 beds from the Hospital Trust

		22/23 3 Months	23/24	24/25 (Finish on Oct 24) 7 months	Total
	Capital Outlay				
1)	Refurb Cost	£480,000			£480,000
	Furniture	£30,000			£30,000
	Contingency	£90,000			£90,000
	Total Capital expenditure	£600,000	£0	£0	£600,000
	Revenue Cost				
2)	Repair & Maintenance	£12,500	£25,000	£14,583	£52,083
3)	Void Repairs	£18,000	£36,000	£21,000	£75,000
4)	Staffing X 1	£8,833	£36,037	£21,442	£66,311
	Total Revenue Expenditure	£39,333	£97,037	£57,025	£193,394
	Income				
5)	Rent	-£35,900	-£147,909	-£88,869	-£272,679
6)	Service Charges	-£10,800	-£44,494	-£26,733	-£82,027
	Void @ 5%	£2,335	£9,620	£5,780	£17,735
	Total Income	-£44,365	-£182,783	-£109,822	-£336,970
	Borrowing Cost @ 3%	£4,500	£18,000	£10,500	£33,000
	Revenue Pressure/(surplus)	-£532	-£67,747	-£42,297	-£110,576
7)	Savings on Subsidy Loss	-£54,405	-£580,320	-£338,520	-£973,245
8)	MRP (debt)		£300,000	£300,000	£600,000
	Net pressure/(Surplus)	-£54,937	-£348,067	-£80,817	-£483,821

Figures are illustrative and will depend on the actual numbers placed each year.

1. The refurbishment cost is £20,000 per property.
2. The Repair & Maintenance assumes cost of £25,000 per annum and prorata 3 months in year 1 and 7 months in year 3.
3. The void repairs assume cost at £1500 per property

4. Staffing Cost is based on 1 FTE at scale BG8 midpoint (19) with 3 months in year 1 and cost increase by 2% for next two years.
5. Rent income is based on formula rent, increases at 3% from year 2. Year 1 rent is prorata at 3 months and 7 months for year 3.
6. Service charges income only relates to Support increase at 3% from year 2. Year 1 rent is prorata at 3 months and 7 months for year 3. It is assumed that other property service charges will be cost neutral.
7. Subsidy loss is based on 2 bed and 3 beds. Year 1 loss is prorata at 3 months and 7 months for year 3.
8. The repayment of the investment is profiled over 2 years.

Finance Manager: Archa Campbell – 14th October 2022

2. Legal Advice:

The Council's power to acquire property by agreement and at market value falls within the Local Government Act 1972 for the purpose of any of its functions or for the benefit, improvement or development of the area.

A valuation exercise should be undertaken to ensure the proposed level of rent is at market value.

Legal Team Leader: Andrew Jones 19th October 2022

3. Implications on IT: I can see no implications on IT in regards to this activity.

IT Team Leader: Alex Simpson – Senior Solution Architect 3rd October 2022

4. HR Advice: There are no HR implications evident

HR Partner: Celia Williams 30th September 2022.

EDM Sign-off	Stephen Peacock	18 th October 2022
Cabinet Member sign-off	Councillor Tom Renhard	18 th October 2022
For Key Decisions - Mayor's Office sign-off	Mayor	18 th October 2022

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	NO
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 (unredacted letter in Appendix A)	Yes
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO