

# Decision Pathway – Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 05 September 2023

<b>TITLE</b>	Approval to submit a Single Homelessness Accommodation Programme (SHAP) Funding Bid
<b>Ward(s)</b>	City Wide
<b>Author:</b> Paul Sylvester	<b>Job title:</b> Head of Service, Housing Options
<b>Cabinet lead:</b> Cllr Tom Renhard, Cabinet Member for Housing Delivery and Homes	<b>Executive Director lead:</b> John Smith, Interim Executive Director Growth and Regeneration
<b>Proposal origin:</b> BCC Staff	
<b>Decision maker:</b> Cabinet Member <b>Decision forum:</b> Cabinet	
<p><b>Purpose of Report:</b> To seek approval to accept and spend grant funding from the Single Homelessness Accommodation Programme (SHAP).</p>	
<p><b>Evidence Base:</b></p> <p><b>1. Summary</b> The Single Homelessness Accommodation Programme (SHAP) offers the opportunity to secure grant funding to increase the supply of high-quality supported accommodation which is needed to help individuals recover from the root causes of homelessness and reduce rough sleeping in Bristol. This accommodation would be targeted at single people who would normally be owed a full homelessness duty and would therefore provide a cost-effective alternative to privately managed unsupported temporary accommodation.</p> <p><b>2. Single Homelessness Accommodation Programme (SHAP) - Overview</b> The Department for Levelling Up, Homes and Communities (DLUHC) have launched SHAP - a new £200 million programme offering grant funding to increase the supply of high quality, specialist supported accommodation to address gaps in the existing homelessness pathways and achieve a sustainable reduction in rough sleeping.</p> <p>The programme is targeted at two cohorts:</p> <ol style="list-style-type: none"> <li>1. Single adults with a long history of rough sleeping or with complex needs.</li> <li>2. Young people (aged 18-25) at risk of experiencing homelessness or rough sleeping.</li> </ol> <p>Funding is available for:</p> <ol style="list-style-type: none"> <li>1. Capital grant funding to deliver additional accommodation (specifically, blocks of supported housing or dispersed Housing First units).</li> <li>2. Revenue grant funding to provide intensive support to tenants in the accommodation.</li> </ol> <p>The programme aims to provide an additional 2,400 units of accommodation nationally. Capital funding is available until 31/03/25, with three years of accompanying revenue funding for support services. Revenue</p>	

funding for support services is available until the longstop date at the end of 31/03/28.

The programme is primarily aimed at funding Registered Providers (RPs) or local authorities to deliver units. However, the programme leaves the door open for other providers to deliver accommodation where explicit agreement is given by DLUHC.

Eligible organisations are expected to contribute their own resources towards capital costs. Capital grant funding is intended to cover gaps in funding, and awards will be made up to approximately 50% of total costs.

100% of support costs are available as revenue grant funding.

SHAP provides flexibility in how RPs acquire and deliver units which can enable creative delivery of accommodation units throughout the city. Options include:

- Purchase and repair of properties, either as freehold or on a long lease (60 years minimum duration)
- Acquisition of existing properties which require no or minimal work to bring them into use (known as Existing Satisfactory)
- Refurbishment and repurposing of existing stock
- Development of new build properties (including Modern Methods of Construction)
- Lease and repair schemes can be considered (minimum 5 years – although longer-term leases will be assessed more favourably).

Rents charged cannot be above affordable rent levels, which helps facilitate individuals who are in or starting employment, particularly compared to other forms of temporary accommodation including Temporary Social Housing where much higher rents can be charged.

Delivery of units for awarded schemes must be completed by the longstop date of 31/03/25.

### 3. SHAP – Bid Process

Funding is allocated on a first come, first served basis, and there are five rounds for submitting bids (February, April, June, September and November 2023).

Before bids are submitted, local authorities are required to submit Strategic Gap Analyses to DLUHC outlining the services needed in the locality for each target cohort. In Bristol, these documents have been completed with input from commissioners in Homelessness, Adult Social Care, Public Health and Children’s Services (attached).

Eligible organisations then submit a bid directly to DLUHC for both capital and revenue funding. Bids are assessed with reference to the Strategic Gap Analyses completed by the local authority to ensure that funding requested will go towards services that are needed locally.

### 4. The local need for additional specialist supported housing

The council already delivers a range of supported accommodation services for adults and young people. However, the city faces a number of challenges in its response to homelessness. These include:

Challenge	Description
<b>4.1. Existing supported accommodation is oversubscribed, increasing the use of expensive temporary accommodation</b>	Existing high support accommodation is used to accommodate homeless clients with complex and overlapping support needs. These clients are usually found to be in priority need and therefore owed a full homelessness duty.  This high support accommodation however is oversubscribed, leading individuals to instead be placed in privately run unsupported temporary accommodation, which is unsuitable for their needs and expensive for BCC. Reducing the reliance

	<p>upon this privately run temporary accommodation is one of the top four corporate priorities for the Council.</p> <p>Whilst there is existing work to reduce the cost of temporary accommodation, this is largely focused on families. There are however 394 single households in unsupported temporary accommodation, which costs BCC approximately £3m per year in subsidy loss.</p>
<p><b>4.2. Existing supported accommodation doesn't work for everyone</b></p>	<p>Existing supported accommodation is grouped into pathways, with the aim being that clients are supported to progress through high, medium and low supported accommodation and then move-on to independent tenancies. However, this model doesn't work for everyone; there is an identified cohort clients with more complex needs who have repeatedly cycled in and out of pathway accommodation and homelessness and for whom hostel environments may no longer be suitable or available.</p> <p>Evidence has shown that Housing First and Housing Led approaches, where clients are given their own tenancy with intensive floating support, work well for this client group. While Bristol has a small number of Housing First units, these too are oversubscribed and do not have a secure long-term funding stream.</p> <p>For young people, a small cohort of clients have been identified who, due to risks and/or vulnerabilities, cannot be placed in existing hostels. For this group, a need has been identified for much smaller settings to provide more intensive support (max 5 beds).</p>
<p><b>4.3. Existing supported accommodation is at risk</b></p>	<p>Existing supported accommodation is commissioned until October 2023. Providers have already contacted the council to note that contract costs have not increased in 6 years despite their delivery costs increasing. Unless the council can provide a sufficient uplift in contract values, the number of supported accommodation units that the council will be able to procure will reduce when current contracts come to an end, which would lead to an increase in the use of privately managed unsupported temporary accommodation.</p>

SHAP provides a timely opportunity to address these challenges by providing capital grant funding to develop cost-effective, high quality, supported accommodation. This accommodation can fill gaps in provision and reduce reliance on privately managed unsupported temporary accommodation, as well as offering 100% revenue funding for three years to supplement existing BCC funding for support services.

**5. Opportunities to develop scheme ideas externally**

Partnering with RPs to deliver SHAP is attractive as it would avoid the council needing to contribute finances towards the development and delivery of this accommodation, with RPs instead using their own capital.

In partnership with the Strategy and Enabling Team, Housing Options promoted SHAP to 26 external accommodation providers, including all of the RPs who work in Bristol, but have had limited uptake. We've had some feedback on the reasons for this, including:

- A reluctance to work with the SHAP cohort (particularly those “with the longest histories of rough sleeping and the most complex needs”), who are seen as a higher risk;
- Organisations reporting that they are already at capacity with existing developments;
- Organisations reporting that the level of capital grant funding is insufficient for acquiring properties in Bristol;
- Concerns that delays/ capacity in BCC planning would prevent schemes from being delivered

within SHAP timescales;

- Decisions to focus on other asks from BCC (e.g. around temporary social housing, Ukrainian households, Afghan refugees).

#### 5.1. Potential schemes with Registered Providers

We are in continued discussion with 3 RPs with a view to them submitting bid for SHAP funding. These bids would be made directly by RPs to DLUHC and, if successful, grant funding would go directly to the provider. As such, these schemes are for noting rather than requiring Cabinet approval.

- Places for People – (1) Acquisition of 4 x 5 bed houses for high/ medium support; and (2) Remodelling of existing Pathway supported accommodation to cater for clients with higher support needs.
- Bristol Community Land Trust – Clusters of studio flats for young people.
- Ashley Community Housing – Clusters of studio flats for young people.

#### 5.2. ARA – Bid for 15 units of Housing First

We are also in discussions with Addition Recovery Agency (ARA), the lead provider of Pathway 4, regarding submitting a bid for 15 units of Housing First accommodation. ARA are proposing to buy 15 dispersed 1 bed properties using SHAP capital grant funding and a loan from Social and Sustainable Capital (SASC). Support would be delivered by ARA workers, funded 100% from SHAP revenue grant funding.

ARA are not currently a RP, so cannot bid directly for grant funding. Instead, their bid would be submitted by BCC and, if successful, SHAP grant funding would be paid to BCC. BCC would then enter into an agreement with ARA to pass on the grant money. BCC is not required to contribute any funding for the scheme, however compliance with the grant conditions would sit with BCC.

ARA have modelled costs as follows. Please note that these figures are indicative and may change prior to bid submission in September.

##### Revenue Grant Funding

- £184,000 p/a (£552,000 for three years)
- Unit cost of £12,267 per client
- 100% of costs covered by grant funding

##### Capital Grant Funding

- Modelled on average cost of £188,667 per property
- Grant ask of £94,333 per property (50%) with remaining 50% to be borrowed from SASC
- Total grant ask of £1,415,000 for 15 properties

Total grant funding over three years: £552,000 + £1,415,000 = £1,967,000

As ARA are not yet a RP there will be an element of subsidy loss; however as it is a SHAP grant requirement that rents are set as either affordable rents (with no service charges) or social rents (with service charges), this subsidy loss will be significantly lower than privately run temporary accommodation. Based on initial rent estimates, the subsidy loss is likely to be around £1,560 per client per year, however if clients are classed as 'vulnerable' then the subsidy loss will be lower than this. As a comparison, the average subsidy loss on 1 beds in unsupported private temporary accommodation is £12,887 p/a.

#### **Cabinet Member / Officer Recommendations:**

##### **That Cabinet:**

1. Approves the submission of a bid on behalf of ARA to the Single Homelessness Accommodation Programme (SHAP).
2. Authorises, subject to successful grant award, the Executive Director of Growth and Regeneration, in consultation with Cabinet Member for Housing Delivery and Homes, to accept and spend the

grant funding in line with the maximum envelopes contained in this report.

3. Notes that BCC is working with other Registered Providers to encourage and facilitate further SHAP bids made directly to DLUHC by Registered Providers.

**Corporate Strategy alignment:**

This proposal aligns with the following priorities in the Corporate Strategy:

1. Increase the supply of affordable homes.
2. Reduce and prevent homelessness and rough sleeping.
3. Reduce the number of households in temporary accommodation.
4. Help prevent homelessness by building and retaining social housing.

**City Benefits:**

1. The proposal will assist people that are rough sleeping and recovering from rough sleeping to access accommodation and support, improving their health and reducing the physical and mental health impact of living on the streets.
2. The accommodation will support the reduction of rough sleeping in the city and will prevent people from having to spend time on the streets and/or in emergency and temporary accommodation.
3. The accommodation will provide a cost effective alternative to privately managed, unsupported temporary accommodation.

**Consultation Details:**

1. The proposals included in the bid were developed with the input from a range of colleagues in Housing and Landlord Services, Adult Social Care, Children’s Services and Public Health; homelessness sector partners; Registered Providers and other key stakeholders.
2. Consultation with Cabinet Member for Housing Delivery and Homes.
3. There is no requirement for public consultation.

**Background Documents:**

- Single Homelessness Accommodation Programme: Prospectus and guidance (outside of Greater London): <https://www.gov.uk/government/publications/single-homelessness-accommodation-programme/single-homelessness-accommodation-programme-prospectus-and-guidance-outside-of-greater-london>
- SASH Borrower Leaflet

<b>Revenue Cost</b>	£552,000 (to be confirmed)	<b>Source of Revenue Funding</b>	External grant funding
<b>Capital Cost</b>	£1,415,000 (to be confirmed)	<b>Source of Capital Funding</b>	External grant funding
<b>One off cost</b> <input checked="" type="checkbox"/>	<b>Ongoing cost</b> <input type="checkbox"/>	<b>Saving Proposal</b> <input type="checkbox"/>	<b>Income generation proposal</b> <input type="checkbox"/>

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

**1. Finance Advice:**

This proposal seeks approval to bid for Single Homelessness Accommodation Programme (SHAP) capital grant of £1,415,000 and £552,000 of revenue grant over 3 years. The bid is being made on behalf Addiction Recovery Agency (ARA) who are not eligible to bid directly as they are not a Registered Provider.

If the bid is successful, the grant funding will be transferred by the Council under a contract with ARA so they can acquire 15 properties for £188,667 each that will be 50% funded from the capital grant and the remaining 50% from a loan from Social and Sustainable Capital (SASC). The Council will in return get nomination rights for the properties.

The revenue funding will provide £12,267 per client for support workers to provide the required support needed by the people being housed.

A financial standing check has been carried out and this has shown ARA to have a low risk score. This is reinforced by an examination of their Accounts that indicate that ARA is low risk for contracts up to £1.4m. The capital grant will finance 50% of the acquisition cost and the remaining 50% will be taken from SASC, who specialises in helping financially stable organisations such as ARA, to acquire properties that are used to house individuals in receipt of housing benefits. The 50% capital grant means that the SHAP grant requirement that rent income be set at affordable housing levels is financially sustainable for ARA. As rent will be covered by housing benefit the level of bad debts will be relatively low. Taking these and the draft grant conditions that are covered in the next paragraph below into account, the financial risk for the council can be minimised. However, any material risk that the council may need to underwrite will be considered if the bid is successful by incorporating an appropriate security provision in the agreement with ARA. The extent to which the council would underwrite the project would be capped through the agreement, with conditions being set that would further minimise the Council's exposure.

The draft grant conditions at this bidding stage contains a general requirement for the capital grant to be spent for capital purposes only and that the Council will need to confirm that the spend has been carried out for capital purposes through a declaration. There are no other specific requirements set by the funder within the draft grant conditions. The actual grant conditions, should the bid be successful, will be closely examined and addressed as necessary through an appropriate agreement with ARA. Such an agreement will specify any necessary conditions including open book principles requiring ARA to use the capital grant for purchasing properties, future rent levels and the Council's nomination rights.

The housing benefit subsidy level for these properties will be subject to a rent officer determination and is expected to result in small subsidy loss of around £1,500 within the housing benefits subsidy budget. However, this housing benefit subsidy loss will be substantially less than if these tenants were alternatively housed in temporary accommodation (TA). ARA are interested in gaining Registered Provider (RP) status. If they are successful in gaining RP status, then their rents will not be subject to any subsidy loss.

Any direct favourable (subsidy loss) impact for the Council's TA budget is likely to be small as the tenants that are expected to be accommodated from the acquired properties from this grant are unlikely to be all switched from current more expensive TA properties. A fair proportion are likely to be single people that are not currently in the TA system. However, the cohort of single homeless people that expected to take up this accommodation would be likely to present themselves as homeless in the future. So, any increase in supply of suitable accommodation that this grant makes possible will help in alleviating future pressures.

**Finance Business Partner:** Richard Young, Head of Strategic Finance, 7 August 2023

**2. Legal Advice:** Legal Services will work with the service area in relation to whether, if successful, a grant agreement or a contract would be suitable for passing on the grant funding to ARA. Should this be by way of a contract, it would be exempt from the Public Contracts Regulations 2015 by virtue of the fact that it relates to acquiring an interest in land (Regulation 10(1)(a)).

**Legal Team Leader:** Eric Andrews, Team Manager/Solicitor, 28 July 2023

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

**IT Team Leader:** Alex Simpson, Lead Enterprise Architect, 3 August 2023

**4. HR Advice:** I can confirm that there are no HR implications for this proposal

**HR Partner:** Niki Rodgers, HR Consultancy Manager, Homes and Landlord Services, on behalf of Celia Williams, G&R HR Business Partner, 4 August 2023

<b>EDM Sign-off</b>	John Smith, Interim Executive Director Growth & Regeneration	12 July 2023
<b>Cabinet Member sign-off</b>	Cllr Tom Renhard, Cabinet Member for Housing Delivery and Homes	11 July 2023
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	7 August 2023

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