

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 07 November 2023

TITLE	Single Homelessness Accommodation Programme (SHAP) Funding Bid (Expansion of Housing First)
Ward(s)	City Wide
Author: Paul Sylvester	Job title: Head of Service, Housing Options
Cabinet lead: Cllr Tom Renhard, Cabinet Member for Housing Delivery and Homes	Executive Director lead: John Smith, Interim Executive Director Growth and Regeneration
Proposal origin: Councillor	
Decision maker: Cabinet Member Decision forum: Cabinet	
Purpose of Report: To seek approval to submit a bid including up to £2.85m of match funding from the HRA and, if successful, to accept and spend grant funding for the Single Homelessness Accommodation Programme (SHAP).	
Evidence Base:	
<p>1. Summary</p> <p>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>2. Single Homelessness Accommodation Programme (SHAP) - Overview</p> <p>The Department for Levelling Up, Homes and Communities (DLUHC) have launched SHAP - a £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> <ul style="list-style-type: none"> • Single adults with a long history of rough sleeping or with complex needs; • Young people (aged 18-25) at risk of experiencing homelessness or rough sleeping. <p>Funding is available for:</p> <ul style="list-style-type: none"> • Capital grant funding to deliver additional accommodation (specifically, blocks of supported housing or dispersed Housing First units); • Revenue grant funding to provide intensive support to tenants in the accommodation. <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 the acquisition and delivery of units which can enable creative delivery of accommodation 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. Five bidding rounds were announced: 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 by 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
4.1. Existing supported accommodation is oversubscribed,	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.

<p>increasing the use of expensive temporary accommodation</p>	<p>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 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>4.2. Existing supported accommodation doesn't work for everyone</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>4.3. Existing supported accommodation is at risk</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. September BCC bids for SHAP funding

Approval was given for BCC to submit two SHAP bids to the September round:

- A bid on behalf of ARA for capital and revenue grant funding to provide 15 units of Housing First accommodation. Please see [05 September 2023 Cabinet Report, 'Single Homeless Accommodation Programme \(SHAP\) Funding Bid'](#).
- A bid in partnership with St Mungo's to increase the level of support offered across 37 units of supported accommodation, spread across 5 buildings. Capital funding was not needed for this proposal as the units were already fit for purpose. This bid was approved via the exceptional

approval process, owing to the short deadline for its submission. Officer Executive Decision published [here](#).

If the bid is successful, the proposal is to change the current staffing model from visiting support during office hours to a dedicated staff presence in each of the 5 buildings Monday – Friday 9am-5pm, along with visiting support across evenings and weekends. This would change the service from a low support service to a medium-high support service, addressing a key gap in BCC’s supported accommodation pathway and reducing reliance on privately managed, unsupported temporary accommodation.

The total grant funding requested is £1,355,624 across 3 years: £422,153 in year one; £455,013 in year two and £478,458 in year three. The proposal does not require any contribution from BCC.

As authority to bid was approved through the exceptional approval process, this Cabinet report seeks authority, subject to successful grant award of the bid submitted in partnership with St Mungo’s, to accept and spend any grant award from DLUHC.

6. November BCC bid for SHAP funding using HRA capital

Approval is also sought for a further bid to buy up to 30 dispersed 1-bed properties using SHAP capital grant funding and HRA capital, along with revenue funding to commission a Housing First service for residents placed in the properties by BCC.

6.1. Considerations for delivery

In accordance with the grant programme, all SHAP funding units need to be available for occupation by 31 March 2025. DLUHC aims to award SHAP bids submitted on 10 November 2023 on 15 December 2023. With one month for mobilisation, this would leave 14.5 months to acquire, refurbish and furnish all 30 units.

BCC is in the final stages of acquiring 15 1-bed properties funded through the Rough Sleeping Accommodation Programme (RSAP) in August 2021. This scheme has taken significantly longer than 14.5 months to deliver, however we feel that it is ambitious, but possible, to deliver 30 properties through SHAP in this timescale because:

- We will look to outsource the process of sourcing, valuing and putting offers in on properties. Previously this was done in-house, but was not well resourced leading to delays. We will consider commissioning a third party to undertake this work.
- Property prices have stabilised/ are reducing. BCC’s acquisition scheme faced delays as the original grant award was too low to keep up with rising property prices, vastly reducing the pool of available properties until an additional grant award was made.
- In addition to BCC, two other providers received RSAP capital grant funding to purchase a total of 44 dispersed 1-bed flats, creating competition among providers for a finite pool of suitable properties. The majority of remaining RSAP properties are in conveyancing, so there will no longer be the same level competition among providers for similar properties.
- In September 2023, BCC accepted a £4.1m grant from the DLUHC to acquire 20 family sized homes for Afghan refugees and Ukrainian families: [ModernGov - bristol.gov.uk](https://www.moderngov.com/d/67629192/summary). This gives us confidence that increasing our acquisitions target to 30 properties is achievable and necessary given the pressures on specialist supported housing noted in point 4 above. We will share information and knowledge across council teams working on both acquisitions projects, to ensure our operations are well organised and efficient.

Acquisitions will focus on ex-local authority properties and freehold properties to avoid exposing the council to excessive leaseholder charges and/or major works programmes.

6.2. Capital costs

Capital costs are modelled on average cost of £190,000 per property. This figure was established by officers based on a review of the RSAP acquisitions programme which, in September 2023, completed on its 15th (and final) property. This is made up of:

Item	Cost
Purchase price	£165,000
Refurbishment costs and furniture	£15,000
Property sourcing, valuation, negotiation, legal costs, stamp duty	£10,000

Grant ask of £95,000 per property (50%) with remaining 50% to be met by the HRA:

Funding Sources	Per Property	Whole scheme –30 properties
HRA	£95,000	£2,850,000
Capital Grant Funding	£95,000	£2,850,000
Total	£190,000	£5,700,000

6.3. Revenue costs

SHAP offers 3 years of revenue funding, with 100% of costs covered by grant funding.

BCC will commission a support provider to deliver the Housing First service to clients. Additionally, costs will be included to account for BCC Officer time spent on ensuring that grant conditions are complied with. Costs are modelled on:

Year	Commissioned Housing First service	BCC officer time	Total
1	£400,000	£10,840	£410,840
2	£416,000	£11,242	£427,242
3	£449,280	£11,518	£460,798
Total	£1,265,280	£33,600	£1,298,880

BCC intend to continue to commission support after grant funding ends and a paper exploring a long-term, pooled Housing First budget has already been taken to Bristol's Multiple Disadvantage Transformation Group attended by leaders from Housing, Adult Social Care, Public health, Probation and the ICB. Three years of SHAP revenue funding would help leverage funding from these departments in the longer term in recognition of the service meeting the needs of a shared client group.

If continued revenue funding could not be found, then the designation of the properties would have to be changed to unsupported accommodation. Under the grant conditions the units must still be used for rough sleepers; single homeless people with support needs; or vulnerable young people (aged 18-25) at risk of or experiencing homelessness or rough sleeping.

6.4. Link to savings on Temporary Accommodation

This proposal is put forward primarily to meet the needs of rough sleepers with complex needs for whom BCC have struggled to find long term solutions, rather than to generate cost savings.

There may however be some incidental cost savings. The average subsidy loss on 1-beds in unsupported private temporary accommodation is £12,887 p/a. These units will not have any subsidy loss and may be

used for people who BCC owe a duty to accommodation, in which case savings would be made in line with the corporate priority to reduce expenditure on temporary accommodation. However, as Housing First provides long term housing to residents, any savings would be one-off.

Cabinet Member / Officer Recommendations:

That Cabinet:

1. Approves the submission of a November bid to the Single Homelessness Accommodation Programme (SHAP) for an HRA match-funded Housing First scheme.
2. Approves the use of match funding of up to £2,850,000 from the HRA.
3. 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 award from DLUHC for the SHAP bid submitted in partnership with St Mungo’s, in-line with the maximum envelopes contained in this report.
4. 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 award from DLUHC and match funding of up to £2,850,000 HRA funding, in-line with the maximum envelopes contained in this report.

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>

Revenue Cost	£1,298,880	Source of Revenue Funding	Grant funding
Capital Cost	£5,700,000	Source of Capital Funding	50% grant funding, 50% HRA

One off cost <input checked="" type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>
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Required information to be completed by Financial/Legal/ICT/ HR partners:

Finance Advice:
Rising homelessness is a nationwide issue, and also impacts acutely within Bristol City. The increasing number of individuals and families presenting themselves to the Council as homeless continues to apply significant upward pressure to budgets.

Currently, TA is predominantly provided through third party landlords, hotels and bed and breakfasts, which are both expensive to use and also limited in number. The ability to replace these placements with alternatives, such as the acquisition of our own units, is one of the Top 4 areas of saving. The use of capital grant funding of up to 50% to aid acquiring these units will also help with the long-term viability of these units, which will be let at a maximum of Affordable Rent, thereby avoiding as far as is practicable any housing subsidy loss, reducing pressure on revenue budgets.

A Proval appraisal has been undertaken on the above proposal and demonstrates a positive NPV.

The assumptions contained within this report have been included in the current initial update of the 2023/24 HRA Business Plan in order to determine if these additional capital costs can be accommodated. The plan demonstrates that it can cope with the purchase of these additional units at a 50% grant rate, let at social rent.

Provision for these units has also been made within the draft 2024/25 HRA Business Plan utilising development provision previously allocated against as yet unidentified sites. However the full refresh has not yet been finalised and the plan is subject to additional investment pressures around compliance, health and safety, energy efficiency, de-carbonisation and potential as yet unknown factors, as well as the wider economic climate. As a result of these unknown pressures, we would not recommend committing to more than 30 units given the risk of the business Plan becoming non-compliant in the short to medium term.

Should the application for this grant proceed and be successful, then potential purchase should be measured against the budget envelope within the financial appraisal to ensure Value for Money and no budgetary overspends. To support this, independent valuations will be sought.

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. Grant will be claimed at the appropriate milestone during the acquisitions process. There are no other specific requirements set by the funder within the draft grant conditions.

Finance Business Partner: Ben Hegarty – Finance Business Partner (Growth and Regeneration), 27 October 2023

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.

Legal Team Leader: Husinara Jones, Team Leader/Solicitor, 26 October 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 October 2023

4. HR Advice: There are no HR implications evident

HR Partner: Celia Williams, HR Business Partner 17 October 2023

EDM Sign-off	John Smith, Interim Executive Director Growth &	03 October 2023
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	Regeneration	
Cabinet Member sign-off	Cllr Tom Renhard, Cabinet Member for Housing Delivery and Homes	30 October 2023
For Key Decisions - Mayor's Office sign-off	Mayor's Office	09 October 2023

Appendix A – Further essential background / detail on the proposal	NO
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