

FORM 1

NOTICE OF DELEGATION OF DECISION TO CABINET MEMBER BY STRONG LEADER

Section 15(4) of the Local Government Act 2000, the senior executive member may discharge any of the functions that are the responsibility of the Cabinet or may arrange for them to be discharged by another member of the Cabinet or Officer. On 1st December 2010, the Council adopted the Strong Leader Model for Corporate Governance 2011 as required under Part 3 of The Local Government and Public Involvement in Health Act 2007 (The 2007 Act).

I, Helen Dyke, as Strong Leader, delegate the decision to purchase a property for LAHF, to be used for inline with the Homes For Ukraine scheme and temporary accommodation and to refurbish an empty property for temporary accommodation to the Cabinet Member detailed below:

Cabinet Member- Graham Ballinger

Dated: 28 April 2023

Signed:

A handwritten signature in black ink that reads "H.E. Dyke". The signature is written in a cursive style with a large 'D' and 'y'.

Leader of the Council

NOTICE OF DECISION OF CABINET MEMBER

Pursuant Section 15(4) of the Local Government Act 2000, as amended by section 63 of the Local Government and Public Involvement in Health Act 2007, the senior executive member may discharge any of the functions that are the responsibility of the Cabinet or may arrange for them to be discharged by another member of the Cabinet or Officer. On 1st December 2010, the Council adopted the Strong Leader Model for Corporate Governance 2011 as required under Part 3 of The Local Government and Public Involvement in Health Act 2007 (The 2007 Act).

In accordance with the authority delegated to me by the Leader, I have made the following decision:

Subject	Decision	Reason for decision	Date for Decision to be taken
Purchase of property under Local Authority Housing Fund scheme and refurbishment of an empty property	To agree the purchase of a property to be used in conjunction with the Homes For Ukraine scheme and temporary accommodation, utilising Evergreen Investment Fund and the further refurbishment of an empty retail unit for temporary accommodation which requires an amendment to the capital programme.	Cabinet are required to approve the use of the Evergreen Investment Fund and the amendments to the capital programme, where the funding is coming from an external source.	28/04/2023

I confirm that the appropriate statutory officer consultation has taken place with regard to this decision.

Dated: 28 April 2023

Signed: 

Councillor: ...Graham Ballinger.....
Cabinet Member

WYRE FOREST DISTRICT COUNCIL

Strong Leader Report

Report to consider the purchase of a property through the Local Authority Housing Fund and the refurbishment of a property in Stourport on Severn

CABINET MEMBER:	Cllr Graham Ballinger Deputy Leader
RESPONSIBLE OFFICER:	Kate Bailey -Head of Strategic Growth 01562 732560
CONTACT OFFICER:	Kate Bailey (as above)
APPENDIX	Appendix One – Temporary Accommodation Revenue Impact of Proposal Appendix Two – LAHF Revenue Impact of Proposal

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to outline the case for purchasing a property through the Local Authority Housing Fund (LAHF) for rehousing Ukrainian families in Britain under the Homes For Ukraine (HFU) scheme and its subsequent use as temporary accommodation and the refurbishment of an empty retail unit in Stourport as a further unit of temporary accommodation

2. RECOMMENDATION

That the Leader decides to:

- 2.1 delegate to the Deputy Leader authority to approve the use of £120k from the Evergreen Investment Fund to support the purchase of a property to be used for assisting Ukrainians under the Homes For Ukraine scheme and then to be retained as temporary accommodation AND
- 2.2 delegate authority to the Deputy Leader authority to amend the Capital programme to include the refurbishment of an empty retail unit in Stourport on Severn, utilising £85k of an earmarked reserve from an externally funded grant to meet the cost.

3. BACKGROUND

- 3.1 The LAHF scheme provides 40% of the capital required to purchase a property at lower quartile prices for those assisted under the humanitarian schemes to provide Ukrainians with sanctuary. The scheme will provide additional units of social housing in areas under particular housing pressures to mitigate against homelessness and temporary accommodation costs. WFDC currently has approximately 85 guests and is anticipating a steady stream of hosts ending placements over the next few months whose guests will require rehousing (a minimum of two families are already identified as potentially homeless).

- 3.2. Working with Community Housing Group, we will utilise housing units that would otherwise be disposed of on the open market for shared ownership. The Council will provide the 40% capital plus a further £20k for refurbishment and any relevant fees for each property and five properties will be purchase through this route. A further larger property is required for an Afghan family which will attract a 50% grant. These six properties will remain in CHG ownership and it is anticipated they will be let on an affordable rent.
- 3.3. This scheme provides the council with an opportunity to also purchase a further property utilising the grant funding, the £20k and evergreen investment fund to retain a unit in our ownership. The property officers have identified is a two bedroom bungalow capable of having some disabled adaptations undertaken. This property has been valued at £200k with an anticipated £25k needed for refurbishment. Once all HFU guests have been rehoused the property has the potential to support the Council's need for temporary accommodation to fulfil our legal duties under the Housing Act 1996 (as amended) and the Homelessness Reduction Act 2017 in a more cost effective way than using Bed and Breakfasts and Hotels. The Council would also utilise disabled facilities grant funding to undertake adaptations.
- 3.4. Using Bed and Breakfast and Hotels as temporary accommodation is costly as the council is unable to recover all the Housing Benefit (HB) paid out (through the subsidy). If demand outstrips supply, then the Council must look for other temporary accommodation, beyond that which is procured, which is usually more costly and/or out of district placements and this can potentially expose WFDC to legal challenge.
- 3.5. Having one self-contained property adapted for use by disabled people and a further self-contained family unit will help meet a need that is difficult to address in the current portfolio of properties in the Council's ownership.

4. KEY ISSUES

- 4.1. There are now a number of guests that have been accommodated by hosts for longer than twelve months and are therefore at increasing risk of homelessness. The council has tried to mitigate this risk by topping up payments to hosts above the government scheme and identifying hosts and properties suitable for rematching but this may not meet the full requirements. The temporary accommodation will therefore bridge the gap for families without using Bed and Breakfasts, whilst they wait for an offer in the private rented sector.
- 4.2. In 2022/23 there were 939 formal homeless approaches; of which 109 were prevented from becoming homeless, 201 had their homelessness relieved and 5 had the main rehousing duty accepted. In 2022/3 the Council accommodated 169 households, single and families into B&B accommodation and 50 into 2-3 New Street.
- 4.3. Where households are placed in temporary accommodation the Council currently pays between £245 and £525 per week dependent on family size. Although a housing benefit (HB) claim is made and the household is charged for non-housing benefit eligible items (such as heating and hot water), the current HB subsidy only enables the Council to recover approximately 30 – 40% of the costs.

- 4.4. Table one below shows the total temporary accommodation cost to the Council in each of the last five financial years. 2020/21 is significantly higher due to Government's "Everyone in" initiative.

Table One: Bed and Breakfasts / Hotels costs

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/2023
Bed and Breakfast /Hotels	99,937.06	127,804.31	187,246.19	334,202.15	265,211.23	291,893.47*

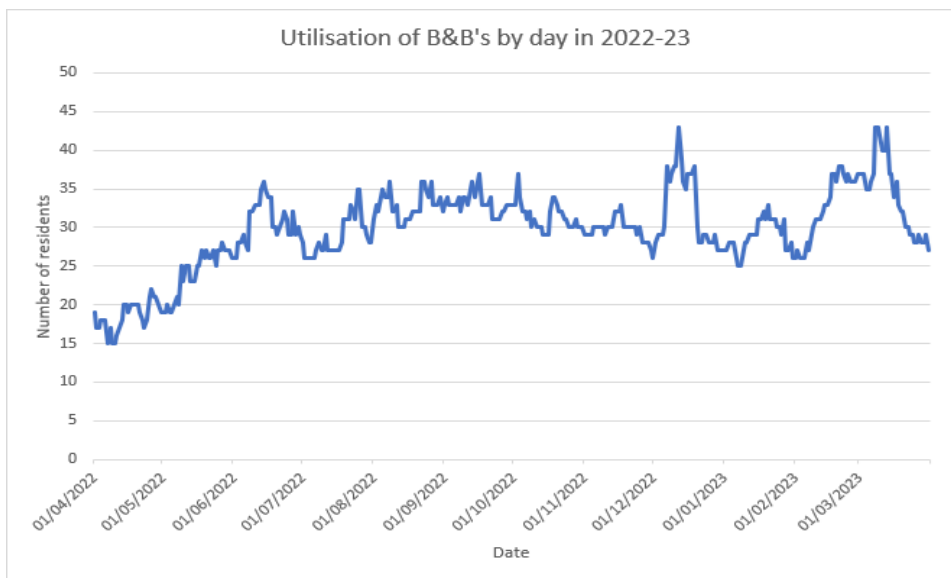
*Estimated figure subject to clawback determination

- 4.5 The Council is also implementing a new development at Castle Road, Kidderminster. These units complement the Council's existing provision in Stourport as they will be able to accommodate larger households in a self-contained facility as opposed to a shared unit.

5. FINANCIAL IMPLICATIONS

- 5.1 This initiative is a spend to save project aimed at reducing the temporary accommodation expenditure.
- 5.2 Based on data from the last financial year (2022-23) the occupancy levels of households in B&B accommodation are shown in the table below:

Table three: B&B utilisation rates



- 5.3 Officers have assumed that occupancy of the units will be for 48 weeks (with time already deducted for repairs or cleaning between lets) and the annual income that would be derived from temporary accommodation is projected to be £4,418 (based on weekly rent of £92.05).
- 5.4 In addition, there may be some Housing Benefit eligible service charges added to this. The service charge payable by the occupiers will be approximately £20 per week to be determined when costs are received from contractors (a contribution towards non-housing benefit eligible items). Costs of furnishing the property to be

met from the HFU and Welfare Assistance (EMR) funding. The revenue costs are included in Appendix one and Two.

- 5.6 The cost of purchasing the property is £200k, with £80k coming from the LAHF and it is proposed that £120k comes from the Evergreen Investment Fund (EIF). This will require a strong leader report to agree to the use of the EIF.

Table Four: Current balance in the Evergreen Investment Fund

Evergreen Fund Capital Receipts	£
Current Unspent Balance of Evergreen Investment Fund	1,500,830
Add 2022-23 RTB receipts	284,127
	1,784,957
Less:	
Current commitments	(677,810)
Provisional allocations pending business case	(406,000)
	(1,083,810)
UNALLOCATED BALANCE	701,147

- 5.7 The estimated cost for the unit in Stourport on Severn would be £84,700 (including a 10% contingency). Please see appendix one for further details. These costs will be met from an existing External Funding Earmarked Reserve. A strong leader report will be required to amend the capital programme. As this funding was from an externally funded grant, based on the decision of Council on 12/05/2021, Cabinet can approve this amendment.
- 5.8 The unit in Stourport on Severn has previously been rented as a retail unit and this generated the council an income of £6,350. Whilst this is higher than the income from renting the unit as accommodation, this doesn't consider the loss of subsidy from using B&B. If we consider the average Bed and Breakfast costs for a family for 48 weeks the loss of subsidy is in the region of £7,500.
- 5.9 The proposal will save current void property expenses of the property, circa £4,500pa including the liability for void business rates of £3,720. The property team have indicated that it is a hard to let unit and there is likely to be a lengthy void period.
- 5.10 The annual revenue costs of the proposals are set out in table five and six below.

Table Five: Revenue Costs

Temporary Accommodation (shop conversion)	Amount (£)
Operational expenditure	3,500
Cost of Capital (Nil as funded from revenue EMR)	0
Income	(5,280)
Net Income	(1,780)
Service efficiency savings	
- Reduced Cost of B&B (Subsidy)	(7,500)
- Operational expense (vacant property)	(4,500)
	(12,000)
Lost income from shop	6,350
Savings (2 scenarios)	
Total impact (assuming vacant unit)	(13,780)
Total impact (assuming new tenant in shop)	(2,930)

Table six: LAHF Revenue costs

LAHF Temporary Accommodation	Amount (£)
Operational expenditure	3,500
Loss on investment income	3,300
Income	(5,280)
Net Income	1,520
Service efficiency savings	
- Reduced Cost of B&B (Subsidy)	(7,500)
	(7,500)
Savings (2 scenarios)	
Total impact on MTFS	(5,980)

- 5.11 The proposals offer the opportunity to reduce the cost of meeting our homelessness duty by circa £20k. This represents an accounting rate of return of 11.8%, after deduction of investment income foregone for use of capital receipts

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 WFDC is able to own and manage temporary accommodation for homeless people under existing legislation. There are no legal implications arising in relation to the projects around inadvertently granting secure tenancies or the right to buy. The use of excluded licences/ tenancies with limited rights (especially for households accommodated under the s188 duties) and the short-term nature of the accommodation should safeguard against any risks.

7. RISK MANAGEMENT

7.1 The risk analysis combined for both projects is shown below at table seven.

Table seven: risk analysis

RISK REGISTER	Impact (H/M/L)	Likelihood (H/M/L)	Risk Rating (R/A/G)	Risk Mitigation	Action Owner
Cost of living impacts are worse than anticipated and income doesn't meet expectations	H	M	R	Having the accommodation under the Council's control and managed by a dedicated resource should mitigate against non-payment.	WFDC
Scheme costs greater than estimated resulting in inadequate budget available (Raven St).	H	L	A	A contingency has been included and further funding could come from the EMR if required. Costs have been provided by a local contractor.	WFDC
Unable to manage accommodation with staffing resource	H	L	A	Other staff in the team would need to provide cover and support as and when required.	WFDC
LAHF scheme doesn't complete in time and Council unable to draw down grant	L	L	G	Officers have commenced negotiations with CHG and have until November 2023 to complete the sale	WFDC

8. CONCLUSION

- 8.1 The demand for temporary accommodation cannot be met by the existing provision alone. This has a cost to the council of around £291k. The demand from homeless households could be met in part through utilising these properties as temporary accommodation units.
- 8.2 For the LAHF property the cost of purchasing the property is £200k, with £80k coming from the LAHF and £120k from EIF. The refurbishment costs will be met through a combination of the £20k LAHF grant and disabled facilities grant. For the Stourport property the cost is £84k and will be met by an earmarked reserve.
- 8.3 Planning permission will be required for the refurbishment as it involves a change of use.
- 8.4 This Strong Leader report is required to approve the spend from the EIF and to amend the capital programme for the works to the empty retail unit.

9. CONSULTEES

9.1 Statutory Officers and CLT

10. BACKGROUND PAPERS

10.1 N/A

Appendix One

Temporary Accommodation (Shop conversion)	Revenue Impact of Proposal			
	Medium Term Impact			
	Year 1	Year 2	Year 3	Year 4
	£	£	£	£
Expenditure				
Staffing	1,300	1,390	1,450	1,490
Annual Repairs and Maintenance	930	1,000	1,040	1,070
Other Running Expenses	1,050	1,120	1,160	1,190
Management O/H	220	240	250	260
Cost of Capital*				
Depreciation	0	0	0	0
Loss on investment interest	0	0	0	0
Income				
Rental Income	(4,420)	(4,420)	(4,420)	(4,420)
Service Charge	(960)	(1,030)	(1,070)	(1,100)
Less: Bad Debt Provision	100	100	110	110
Service Efficiency/Savings				
Reduced Cost of B&B (Subsidy)	(7,500)	(7,500)	(7,500)	(7,500)
Operational expense (vacant property)	(4,500)			
Lost Income - commercial rent (shop)		6,350	6,350	6,350
TOTAL	(13,780)	(2,750)	(2,630)	(2,550)
Average Impact				(5,428)

*Funding to be met from external funding Earmarked Reserve

Appendix Two

Local Authority Housing Fund Temporary Accommodation	Revenue Impact of Proposal			
	Medium Term Impact			
	Year 1 £	Year 2 £	Year 3 £	Year 4 £
Expenditure				
Staffing	1,300	1,390	1,450	1,490
Annual Repairs and Maintenance	930	1,000	1,040	1,070
Other Running Expenses	1,050	1,120	1,160	1,190
Void expenses	220	240	250	260
Management O/H	0	0	0	0
Cost of Capital*				
Depreciation	0	0	0	0
Loss on investment interest (EIF)	3,300	3,420	3,520	3,610
Income				
Rental Income	(4,420)	(4,420)	(4,420)	(4,420)
Service Charge	(960)	(1,030)	(1,070)	(1,100)
Less: Bad Debt Provision	100	100	110	110
Service Efficiency/Savings				
Reduced Cost of B&B (Subsidy)	(7,500)	(7,500)	(7,500)	(7,500)
TOTAL	(5,980)	(5,680)	(5,460)	(5,290)
Average Impact				(5,603)

Capital Transactions

Local Authority Housing Fund	£
Capital Expenditure	
Scheme cost (VAT excl.)	200,000
SDLT	0
Fees (legal, surveyors etc)	1,600
Agents fees (1)	0
Other Expenses	0
Refurbishment Cost	25,000
Disabled adaptation (Estimate)	10,000
Scheme total	
	236,600
Capital Financing	
Contribution from capital receipts	86,600
Contribution from revenue	10,000
Grant contribution (LAHF)	140,000
Borrowing	
	236,600