
A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it contains information relating to the financial and business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information.

Cabinet
Council

10 March 2020
17 March 2020

Name of Cabinet Member:

Cabinet Member for Housing and Communities – Councillor T Khan

Director Approving Submission of the report:

Deputy Chief Executive (People)

Ward(s) affected:

All

Title:

Options to increase the supply of affordable permanent housing for households living in Temporary Accommodation

Is this a key decision?

Yes - the proposals involve financial implications in excess of £1m per annum and are likely to have a significant impact on residents or businesses of two or more electoral wards in the City.

Executive Summary:

The Council has been experiencing an increase in the number of households living in temporary accommodation. The length of time households are required to live in temporary accommodation is also increasing. Not only is this unsuitable for households but it also places significant financial pressure on the housing service. Critically, there is insufficient suitable and affordable permanent accommodation available. Increasing the supply of this type of accommodation is a key priority of the Council.

The gap between the cost of temporary accommodation and housing benefit subsidy grant is met by the Council, and as activity has increased in temporary accommodation this is creating a significant financial pressure.

A proposal put forward by Cornerstone Partnership, a social enterprise, offers the Council access to affordable permanent accommodation. Access to the properties would be phased over a 2-year period but would ultimately give access to 103 permanent properties at the Local Housing Allowance rental level for the city. Nomination rights will enable the Council to fill these properties with families from temporary accommodation, ending main housing duty and reducing temporary accommodation activity

All aspects of the proposal have been considered and compared against other possible options. The outcome of this work is that this option would create financial benefits and allow quick access to a large number of affordable permanent properties. This report therefore seeks approval to enter into a 15 year transaction with Cornerstone Partnership for the supply of temporary accommodation for two years and permanent accommodation for fifteen years.

Recommendations:

Cabinet is requested to recommend that the Council:

- 1) Approve the amount specified in the Private Report to be funded from the Housing & Homelessness Revenue Budget over the 2 year period
- 2) Approve the Cornerstone Partnership transaction and delegate authority to the Director of Housing and Transformation, following consultation with the Cabinet Member for Communities and Housing, to agree detailed terms of the transaction and to enter into the relevant legal agreements and associated documents necessary to complete the transaction

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List of Appendices included:

None

Background papers:

None

Other useful documents

Council Report 19 March 2019:

[Adoption of Housing & Homelessness Strategy 2019-24](#)

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes – 17 March 2020

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Report title: Options to Increase the Supply of Affordable Permanent Housing for Households Living in Temporary Accommodation

1. Context (or background)

- 1.1 In common with most of the Country, the Council has been experiencing increasing demand for support for homeless households over the past few years. This may be due to several factors, including the introduction of the Homelessness Reduction Act 2017 which brought in the new prevention and relief duties, changes to welfare benefits, and an increasing gap between typical rent and income levels in the city.
- 1.2 The service now has a caseload of over 800 households owed some form of homelessness duty, and over 680 households living in interim or temporary accommodation provided by the local authority. The number of approaches to the service, the number owed a homelessness duty and the number in temporary accommodation all continue to rise.
- 1.3 A key issue preventing temporary households owed a homelessness duty from moving on to permanent accommodation is the lack of suitable and affordable properties that are accessible to this group.
- 1.4 The Council understands that this is a key issue and has been exploring ways in which this problem can be addressed. As well as considering proposals to increase the supply of suitable affordable housing, the Council has also been working on proposals to reduce the cost of temporary accommodation.
- 1.5 A property proposal that aims to supply more affordable permanent properties has been put forward by Cornerstone Partnership, a social enterprise, who own and lease properties across the city. This paper explores the Cornerstone Partnership proposal in more detail and discusses the reasons why it is recommended that the Council enters into a transaction with them.

2. Options considered and recommended proposal

2.1 Option 1 (not recommended) – do nothing

- 2.2 Demand on the housing and homelessness service is continuing to increase, resulting in a growing cost to the Council and pressure on the service. This is a common issue across other Local Authorities and internal analysis of approaches to the service indicates that net admissions will continue to increase. By doing nothing the number of households living in temporary accommodation is expected to continue to increase.

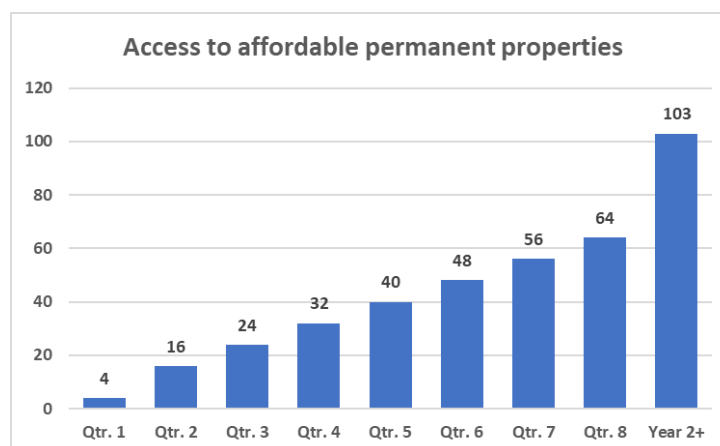
2.3 This is not the recommended option.

2.4 Option 2 (recommended) – Enter into Cornerstone transaction

- 2.5 This recommended option would supply much needed suitable and affordable properties to households living in temporary accommodation. It would also provide financial benefits.
- 2.6 Cornerstone are now offering the Council direct access to temporary and permanent properties under a property transaction. The transaction requires a commitment from the Council to pay to access 78 temporary accommodation properties over a 2-year period. The transaction is 2 years for temporary accommodation and a 15-year nomination period over the permanent accommodation. There will be option to extend for a further 15 years if both parties mutually agree.

- 2.7 Increasing the supply of affordable housing is a key priority of the Council and this deal offers an opportunity to do this. The deal would enable households to move on from temporary accommodation into more long-term and stable properties.
- 2.8 Although there is an additional cost associated with the temporary accommodation element of the transaction, the Council will derive financial benefits from access to additional permanent affordable properties.
- 2.9 For the purposes of this report 'affordable' is used to describe rents set at Local Housing Allowance levels. At these rates, rent can be covered in full by Housing Benefit and reclaimed through a subsidy grant.
- 2.10 At the commencement of the deal the Council will have access to 4 permanent properties. Access to the remaining properties will be phased over the 2-year period, with 103 available from the end of year 2.

Table 1: Cornerstone proposal – supply of permanent properties



- 2.11 Once the Council has access to 103 permanent properties, it will have the right to use them for a 13 year period. Each property will enable the Council to discharge duty to a household living in temporary accommodation.
- 2.12 The estimated value of 103 permanent affordable properties to the Council is significant and will create large financial savings overall.
- 2.13 The non-financial benefits of this proposal provide an opportunity to move on households from temporary accommodation into more stable permanent accommodation.
- 2.14 By ending main duty and reducing the number of households in temporary accommodation there will also be a reduction in the pressure on the housing team, freeing up time for them to focus on the remaining group of households in temporary accommodation.

3. Results of consultation undertaken

- 3.1 No consultation required.

4. Timetable for implementing this decision

- 4.1 Subject to Cabinet and Council approval, officers will work with Cornerstone Partnership to complete the necessary agreements as soon as possible to enable the deal to start in April 2020

5. Comments from Director of Finance and Corporate Services

5.1 Financial implications

5.2 The deal would allow the Council to gain much needed access to permanent affordable properties that would create financial savings over the lifetime of the arrangement.

5.3 The costs of the deal would be funded through the housing and homelessness budget, with future savings first used to alleviate the budgetary control process. After this savings will ultimately deliver budget reductions to the Medium-Term Financial Strategy, reducing the additional resource that has been put in over the last 3 years.

5.4 Further details of the financial implications are provided in the Private report.

5.5 Legal implications

5.6 General Powers

The Council has a general power to enter into leases under the powers of general competence contained in Section 1 of the Localism Act 2011 as well as the powers contained in S111 and S120 of the 1972 Local Government Act.

5.7 Procurement and State Aid

The Council is not purchasing any services, goods or works as part of the transaction, and so the Public Contracts Regulations 2015 and the Council's contract procedure rules will not apply as this is a property transaction.

The Council is complying with EU State aid law as the transaction is being undertaken upon arms' length terms, meaning that no benefit is conferred on the vendor and there is no distortion to competition.

6. Other implications

6.1 How will this contribute to the Council Plan (www.coventry.gov.uk/councilplan/)?

This scheme contributes to the following objectives in the Council Plan:

- 'Reducing the impact of poverty' – by supporting people and placing them in suitable accommodation, including secure long term permanent accommodation. Evidence shows that secure housing can lift people out of poverty and reduce the wider impact of poverty on their lives
- 'Improving health and wellbeing' – by providing safe and secure accommodation, which evidence shows is one of the key wider determinants of health and wellbeing
- 'Protecting our most vulnerable people' – by ensuring that people who are homeless or threatened with homelessness have appropriate and suitable housing, with more opportunities to secure long term permanent accommodation.
- 'Making savings so that we can support frontline services' – by having more affordable permanent accommodation available to move households on from expensive temporary accommodation, savings will be made. This allow more money to be used to fund activities that prevent homelessness and other frontline services.
- 'Empowering citizens and encouraging active communities' – by providing families with the security of long term accommodation within communities across the city.

- 'Working together with neighbours and partners across the voluntary, public and private sectors' – under this deal the Council will work with Cornerstone Partnership, a social enterprise, who aims to tackle homelessness issues through the provision of permanent housing. The council will also continue to work with many partners to support homeless people.

6.2 How is risk being managed?

A number of risks have been identified related to this project along with mitigations:

- Risk that occupancy levels are not maintained at the properties – this will be mitigated by close housing management and performance monitoring. There is high demand for accommodation of this type and there will not be a shortage of suitable clients. The Accommodation Team have experience maintaining other properties above 90% occupancy.
- To mitigate the risk of the transaction not providing the long term benefits to the Council in relation to the permanent accommodation, security has been sought from Cornerstone. The two directors of the company have agreed to provide security to the Council to mitigate the risk.

6.3 Equality and Consultation Analysis (ECA)

No formal Equalities and Consultation Analysis has been carried out for this project. Citizens placed in the accommodation related to this project will be determined based on the homelessness duties owned and their specific housing need. Due to the size of the properties that will be made available through this deal, it will only have an impact families.

Beyond this it is not anticipated that there will be any particular impact on any group based on age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

6.4 Implications for (or impact on) climate change and the environment

None

6.5 Implications for partner organisations?

None

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