

# North Yorkshire Council

## Executive Member for Finance and Assets

14 November 2023

### USE OF PROPERTIES IN KNARESBOROUGH FOR UNACCOMPANIED ASYLUM SEEKING CHILDREN (UASC) AND OR MOVE ON ACCOMMODATION

#### Report of the Corporate Director Resources.

#### 1.0 PURPOSE OF REPORT

- 1.1 The purpose of the report is to request the properties be taken off the open market in order to offer immediate accommodation to meet the current needs of Children and Young Peoples Services (CYPS) for Unaccompanied Asylum Seeking Children (UASC), or as an alternative move on accommodation for current looked after children in order to free up accommodation already allocated in order to house UASC

#### 2.0 BACKGROUND

- 2.1 North Yorkshire Council is legally required to provide accommodation for UASC. There are currently 20 UASC waiting to be housed in North Yorkshire. North Yorkshire Council will therefore need to urgently secure accommodation for these children to fulfil its obligations.
- 2.2 These four refurbished flats above shops in Knaresborough (3 x 2 bed/ 1 x 3 bed) were previously owned and refurbished by Harrogate Borough Council. The Council took on the dilapidated properties in order to restore the High Street.
- 2.3 The properties, both shops and flats above, were purchased and refurbished at a cost of £1,539k. £381k of the expenditure was financed by internal borrowing, with the anticipated shop rentals to cover the borrowing costs (MRP and interest foregone). The anticipated net capital receipt from the sale of the flats (£855k) was supporting the wider capital programme.
- 2.4 The four flats have been on the market for some time now, with prices advertised at £195,000, £199,950, £189,950, £295,000 (£879,900 in total, compared to an anticipated net capital receipt of £855k). However, the selling agents have advised a reviewed figure of £780,000 for all four properties to reflect the current market condition.
- 2.5 Harrogate Borough Council's Cabinet (30 March 2022) approved the disposal via long leasehold of the properties on the open market. Freehold sale was discounted as was the use of the flats for Social Rented Housing. The Social Rented Housing rejection was based on a commercial business case associated with the return on investment at that moment in time.

2.6 As mentioned, the current properties are being marketed and although some interest has been shown, the slowing down of the current property market and uncertainty on interest rates is having an impact of moving to conclusion of sale.

### **3.0 Detailed Proposal**

3.1 The new proposal is to appropriate these flats for a statutory service requirement in the short to medium term (up to 5 years) and still look to place back on the market when the immediate need for UASC has reduced or can be met through wider strategic activities being undertaken (purchase, new builds etc) by Property and Housing Services. The flats and provision will be reviewed on a two-year cycle in preparation for placement back on to the market.

3.2 It is proposed that these properties are used as accommodation for Unaccompanied Asylum Seeking children and/or for other young people living in supported housing. CYPS have a number of young people who have lived in other supported housing provision across North Yorkshire and are in a position of being ready to move on, but suitable accommodation is difficult to find. Some of these are separated migrants and others are care leavers who have come into care through other routes.

3.3 CYPS know that some young people new into the county will benefit from the semi supported accommodation in the pathway, given there is support to settle and build relationships with workers and Safe and Sound Homes (SASH) hosts. The initial period of settling in following immigration claims and other appointments is key to ensuring they feel happy in the new environment they find themselves in.

3.4 CYPS are talking with the pathway providers now in order to see if they can move people on in order to free up provision in the pathway for UASC, and so free up the system all the way through for other pathway referrals. CYPS are mindful of ensuring the wider community can see how accommodation is available to all young people, and not just those who are new to the county.

3.5 Given the nature of the accommodation with nine young people in four different flats this is a good opportunity to have a mix of young people in the accommodation rather than nine newly arrived young people who may be struggling to adapt to life in North Yorkshire.

3.6 CYPS are hopeful they can mix the flats so that one can be over 18's and thus support the other flats where younger people might be accommodated.

3.7 The properties would be supported through Housing Services regarding the maintenance and repair of the properties. CYPS will be providing on-going support to the children. Prior to occupation housing services will carry out some minor works to the properties.

3.8 Under 18s will receive daily support and up to 10 hours per week. This will consist of floating support, social work visits and leaving care workers. The benefit of these properties is that they are a street away from the main Manor Road offices where

childrens services are based making it easy to visit quickly if needed. Over 18s also receive Care Leaving support.

#### 4.0 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Property Services have reviewed the Council’s assets. Whilst there are other properties that have been identified as suitable for UASC accommodation, these require more significant works and are therefore not available for immediate occupation.
- 4.2 Should there be no future requirement to house UASC, the properties are ideally suited to meet the needs of temporary/move on accommodation housing, to which there is a great shortage in this location. The option to dispose of the properties at a later stage also remains an option.

#### 5.0 FINANCIAL IMPLICATIONS

- 5.1 A basic financial feasibility has been undertaken with an assumed capital value £780,000 based on the advice from the selling agents. A works figure of approximately £1,000 per property to carry out some minor works has been assumed. An element of cost has been included within the financial feasibility in order to accommodate such items as new windows, boilers, bathrooms and kitchens which will be programmed within a set period of time.
- 5.2 We are advised the homes currently sit within the General Fund, so no Secretary of State (SoS) approval is required to remove them from the Housing Revenue Account (HRA) to meet this need.

This would result in total scheme costs of:

Loss of Capital Receipt	£780,000
Works	£ 4,000
<b>Total</b>	<b>£784,000</b>

- 5.3 The properties are newly refurbished and yet to be lived in since the refurbishment. A nominal fee for works has been included at £1,000 per property in order to provide locks to doors, boxing in of boilers, ease windows etc.
- 5.4 Making allowances for voids, management and maintenance costs we anticipate a net income between £58,000 and £66,600 per annum. This represents an initial yield between 7.4% and 8.5%. Appraisals have been run based on external borrowing at a PWLB rates as of 25<sup>th</sup> Oct 2023 at 5.75% over thirty years. The table below shows the payback period based on different rental assumptions

Rent per week per child	Initial annual income	Initial Yield	Payback period
£150pw per child	£58,000	7.4%	Year 44
£160pw per child	£62,160	7.9%	Year 28
£170pw per child	£66,600	8.5%	Year 21

5.5 It is envisaged that the transfer of the properties to housing, the financing and the rental charges are to be agreed and finalised by the relevant Assistant Directors in consultation with the Corporate Director for Resources. Furnishings and utility provision is anticipated to be provided by CYPS.

## **6.0 LEGAL IMPLICATIONS**

6.1 The Council is under a legal duty to house and support UASC and there are currently 20 children waiting on the national transfer scheme and in hotels. Legal advice has been sought and these properties are to be held in the General Fund and not the Housing Revenue Account. Given the urgency of the decision we are currently seeking the agreement of the Chair of the Overview and Scrutiny committee that this an urgent decision.

## **7.0 EQUALITIES IMPLICATIONS**

7.1 This accommodation has previously been considered for general needs social rented housing and dismissed.

## **8.0 CLIMATE CHANGE IMPLICATIONS**

8.1 There are no implications with regard to climate change.

## **9.0 REASONS FOR RECOMMENDATIONS**

9.1 The Executive Member for Finance and Assets is asked to

## **10.0 RECOMMENDATIONS**

- i) Authorise to take the properties referred to off the market, for the properties to remain in the general fund and to allow CYPS to place UASC and/or other young people from supported housing provision into these properties
- ii) Agree that the properties will sit within the General Fund and Housing Services will be responsible for the management and maintenance of the properties.
- iii) Delegate authority to the Corporate Director Resources to finalise the financing, rental and associated charges

## **BACKGROUND DOCUMENTS:**

N/A

Corporate Director – (*Resources*)  
County Hall  
Northallerton  
(6<sup>th</sup> November 2023)

Report Author – *Hannah Heinemann – Head of Housing Delivery and Partnerships*  
Presenter of Report – *Gary Fielding (Corporate Director Resources)*

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions