

Project Business Case

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0.2	Second Draft	Hannah Heinemann, amends MO	05/04/2024

Project Overview			
Project Name:	Development of Temporary Accommodation and Housing Options for Homelessness		
Project Reference:	HOU01 - 4297	Document Author:	Hannah Heinemann
Project Sponsor:	Hannah Heinemann	Project Manager:	Emma Pemberton
Programme (this project is part of):	Accommodation	Programme Manager:	Abigail Burns
Directorate/Service Area:	Housing	Senior User (Service Lead):	Kim Robertshaw
Senior Supplier:	TBC		

1 PROJECT BACKGROUND

The Council has various statutory duties to the homeless, including under certain circumstances the provision of temporary accommodation. In addition, such accommodation is also used in emergency situations such as in periods of severe weather, where short term emergency placements are needed.

Across North Yorkshire the Council has access to a 'core offer' of 169 units of temporary accommodation that are either owned and managed by the Council or by Registered Providers (RPs). This is made up of a mixture of purpose built and converted accommodation.

Demand for temporary accommodation has in recent years outstripped supply. The overall number of homeless households placed in temporary accommodation exceeds the availability of the 'core offer' and this has meant that the Council is increasingly reliant on the use of hotels, bed and breakfast and guest house accommodation to meet its legal duties. 87.5% of people placed in emergency accommodation such as B&Bs have a noted health condition/are vulnerable¹. Placing people in B&Bs with limited space could potentially exacerbate existing health problems. 18.3% of people placed in emergency accommodation are families with children, including pregnant women² (Families are only housed in B&Bs in an emergency and never for more than 6 weeks). Investing in housing support for vulnerable people helps keep them healthy. Every £1 invested delivers nearly £2 of benefit through costs avoided to public services including care, health and crime costs.³

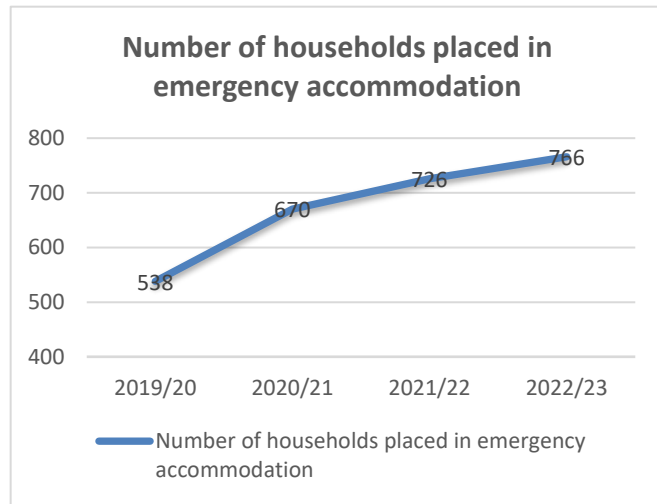
Throughout 2023 the Council was accommodating between 50 to 70 homeless households in hotels and B&Bs at any-one time at an average countywide cost of £80 per unit per night. Whilst hotels and B&Bs are used throughout the county, the greatest area of reliance is on the coast in Scarborough where on average around 40 homeless households are placed in B&Bs and hotels at any-one time. The need for emergency accommodation is however an issue across the county.

The table below illustrates the upwards trend in number of homes placed in emergency accommodation:

¹ Data source: Snapshot of emergency accommodation occupancy (e.g. B&Bs/Hotels & self-contained accommodation for families) in North Yorkshire in February '24 (72 cases, excludes Hambleton as data unavailable).

² Data source: Placements in emergency accommodation (e.g. B&B, hotel, emergency self-contained such as holiday let or Homemore flat) across North Yorkshire from April '23 - Feb '24.

³ [How does housing influence our health?](#)



The cost of using hotels and B&Bs as a way of discharging homeless duties is high with only a small proportion recoverable through housing benefit subsidy, due to nationally set Subsidy regulations. These costs are significantly higher than all alternative forms of Council or RP owned provision. In the Scarborough locality area for example, average gross cost of B&B and hotel placements are in the region of £90 a night (£32,850 per bed used over a full year), compared to £2,000 per flat per year where RP accommodation is used.

This increased reliance on hotels and B&Bs to meet duties has significant cost implications for the Council and a disproportionate impact on overall spending. In 2019/20 gross spend on temporary accommodation was £501,220, while by 2022/23 this had increased to £2,134,491: an overall increase in spending of 400%.

Not only is the use of hotels and B&Bs expensive, it is also un-lawful to place certain groups in B&Bs and hotels for more than 6 weeks, including homeless 16/17 year olds, families with children and pregnant women. Whilst the Council is currently compliant with legislation in this regard this is becoming increasingly challenging as demand increases.

Nationally, levels of homelessness are increasing and numbers in temporary accommodation are at a 25 year high. This is due to a range of factors including a national shortage of social rented homes, a diminishing private rented sector and increased living costs that are impacting on people's ability to pay their rents and mortgages. Demographic changes including increased demand from displaced persons are also pushing up demand.

Within North Yorkshire levels of demand are likely to remain high going forward, which requires proactive intervention measures. In the longer term the Council needs to develop more homes to meet need and has consulted on its draft housing strategy which sets out its ambitious plans to work with partners to develop more affordable housing, along with increasing the supply of its own Housing Stock. In addition, the Council needs to prioritise and step up its approach to preventing homelessness. In the short-term however, there is a clear and immediate need to increase the pool of Council and RP owned temporary accommodation and phase out the use of expensive B&Bs and hotels, which this business case aims to target.

2 OBJECTIVES

- Contribute to Council priorities including preventing and tackling homelessness; meeting supported housing needs and the needs of specific groups and growing the supply of affordable and available housing.
- Reduce current overspend on provision of temporary accommodation and deliver further savings of £750k against base budget.
- Increase the number of temporary accommodation units owned by or available to the Council to a level to meet demand based on projected expectations.
- Ensure suitable temporary accommodation housing is available to priority groups when needed, particularly:
 - Pregnant women
 - Adults with a priority need for housing (under homelessness)
 - Care leavers
 - Families with children

3 BENEFITS

Benefit	Measure	Baseline Measure	Benefit Owner	Target Realisation Date
Reduction in temporary and emergency accommodation expenditure	Annual spend on B&B & hotel accommodation	£2,134,491 (projected spend at Q3 23/24)	Hannah Heinemann	2024/25 Eliminate Overspend 2026/27 Achieve £375k saving against budget 2027/28 Achieve additional £375k saving against budget
Reduction of placements in emergency accommodation (e.g. B&B, hotel, emergency self-contained such as	Average number of placements in emergency accommodation (e.g. B&B, hotel, emergency self-contained such as	Average of 44 placements per month (data from April '23 - Feb '24 inclusive).	Hannah Heinemann	Gradual decrease in line with the profiled expenditure savings

holiday lets) across North Yorkshire	holiday lets) across North Yorkshire	Equating to 528 placements per year.		
Reduction in length of time i.e. number of nights spent in emergency accommodation (e.g. B&B, hotel, emergency self-contained such as holiday lets) across North Yorkshire	Average number of nights spent in emergency accommodation (e.g. B&B, hotel, emergency self-contained such as holiday lets) across North Yorkshire	Average of 22.7 nights (data from April '23 - Feb '24 inclusive)	Kim Robertshaw	Gradual decrease in line with the profiled expenditure savings
Reduction of family placements including pregnant women in emergency accommodation (e.g. emergency self-contained such as holiday lets) across North Yorkshire	Average number of family placements including pregnant women in emergency accommodation (e.g. emergency self-contained such as holiday lets) across North Yorkshire	Average of 8 family placements including pregnant women per month (data from April '23 - Feb '24 inclusive). Equating to 96 family placements including pregnant women per year.	Kim Robertshaw	Gradual decrease in line with the profiled expenditure savings

4 ASSUMPTIONS

- In estimating the number of units required to meet demand and deliver expected savings, it has been assumed that the Council will require 90 additional units that are either Council-owned or provided by an RP. Whilst we currently have less than this number in the highest costing emergency accommodation, demand is expected to continue to grow. As the Housing service continues to transform, supporting improved data analysis, this number will be kept under review.
- One of the facilities currently in use is on the market for sale, and there is therefore a need to replace the number of beds provided by this unit. This is outside the scope of this business case which focuses on increasing our core offer of 169 units.
- This business case assumes that a specialised supported housing scheme of 20 units will be developed in Scarborough (included within the 90). Costs have been estimated at £3.5m, based on the costs to develop the Council's existing accommodation at Fern House. It is intended that this property will be – *a place of change* and it is a priority project for the authority as it represents a means of regaining control over temporary accommodation costs in the face of rising demand for accommodation and services.

- Estimated savings have been assumed based on current cost estimates and may vary depending on future opportunities which are forthcoming. This will be kept under review through-out the project.
- For the purpose of establishing a capital investment figure, the assumption has been made that 30 units will be provided by RPs and 60 units will be acquired or built by the Council. This split has been designed to achieve a balance between speed of delivery (assuming RP partners will be able to support quicker delivery time scales based on historic experience) and the strategic ambitions to grow our own stock within the Council and achieve the best value for money.
- A detailed assessment will be carried out on each property/scheme developed through the work programme, including a detailed financial appraisal, incorporating pay-back performance measures.

5 PROJECT SCOPE

In scope:

- 90 Temporary accommodation units to bolster provision across North Yorkshire.

Out of scope:

- Specialist accommodation for asylum seekers.
- Wider increase of general needs provision across the county.
- Ongoing management processes and structures will be picked up through service planning.

6 OPTIONS APPRAISAL

Option	Description of option	Benefits	Risks	Costs
One	Do Nothing	No upfront investment required.	Budget overspend continues. Increase in number of people placed in unsuitable emergency accommodation.	Budget overspend continues to increase with projected overspend of

				£983,000 forecast for 23/24 at Q3.
Two	Mixed model in-house provision and Registered Provider development	<p>Most likely to be deliverable.</p> <p>Increased savings compared to option 3 as in-house provision receives higher subsidy from central government and capital investment is paid back over time through rent income, which cannot be achieved with the Registered provider model.</p> <p>HRA properties to be used flexibly</p>	<p>Risk that provision cannot be sourced within anticipated budget.</p> <p>Availability of suitable sites / properties for development or acquisition</p>	<p>Total cost of £11.600m</p> <p>It is expected this will be met from existing capital programme budgets</p>
Three	Develop accommodation with Registered Providers (no in-house development)	Potentially a quicker route to delivery and less resource intensive	<p>Risk that provision cannot be sourced within anticipated budget.</p> <p>NYC has less control over development and management than with an in-house solution.</p>	<p>Cost of £2.7m to deliver 90 units .</p> <p>Less scope for revenue savings with this model due to reduced subsidy from central government.</p>
Four	Develop accommodation primarily in-house	<p>Maximum subsidy from central government and therefore achieves more revenue savings</p> <p>Financial modelling aimed at achieving capital investment pay-back</p> <p>HRA accommodation will be used flexibly to meet housing needs.</p>	<p>Unlikely to be deliverable in the timescales required due to resource limitations.</p> <p>Increased risk of capital investment costs exceeding budget estimates.</p>	Cost of £16.1m .

The above options have been evaluated using the 5 case model below:

	Option 1- Do nothing	Option 2 – Mixed model in-house provision (60 units) and Registered Provider development (30 units)	Option 3 – Develop accommodation primarily with Registered Providers (no in-house development) (90 units)	Option 4 – Develop accommodation primarily in-house (90 Units)
Strategic <i>Is the proposal needed? Will it further the aims and objectives of the project? Is there a clear case for change?</i>	Doing nothing will result in the proposed objectives not being met. There is a clear case for change.	Suitable temporary accommodation is needed, as unsuitable accommodation can exacerbate health problems and places the Council in breach of its statutory duties. There is a clear case for change.	Suitable temporary accommodation is needed, as unsuitable accommodation can exacerbate health problems and places the Council in breach of its statutory duties. There is a clear case for change.	Suitable temporary accommodation is needed, as unsuitable accommodation can exacerbate health problems and places the Council in breach of its statutory duties. There is a clear case for change.
Economic <i>Is it value for money? Has a range of options been considered? Is it the best balance of cost, benefits and risk?</i>	The current situation is not sustainable and has seen costs increase 400% over the last few years. The budget is significantly overspent and needs to be brought back to base budget levels.	This option is most likely to be deliverable in terms of value for money when considering the risks versus the opportunities for delivery.	NYC will have no control over the budget and will be totally reliant on the RPs meeting target numbers. Risk of non-delivery.	This option would offer greatest value for money, as it would allow the Council to claim the maximum subsidy from central government. However, it scores lower than option 2 as option 2 widens the pool of opportunities.

<p>Commercial <i>Is it viable? Is there a supplier who can meet our needs? Can we secure a value for money deal?</i></p>	<p>There is insufficient supply currently, resulting in people being placed in unsuitable accommodation including B&Bs.</p>	<p>This option offers the most viable delivery route utilising the in-house delivery teams, access to Council assets along with RP opportunities through the York & North Yorkshire Housing Partnership.</p>	<p>This could be delivered through support for new schemes, leasing of accommodation or nomination agreements. However, it is unlikely that the Council would be able to secure viable proposals at the required scale.</p>	<p>This option would deliver the greatest savings but also the largest capital investment. Including RPs in the delivery of temporary accommodation ensure access to a wider pool of opportunities and potentially delivers the benefits more quickly.</p>
<p>Financial <i>Is it affordable? Are the costs realistic and affordable? Is the required funding available and supported?</i></p>	<p>The current situation is not sustainable and has seen costs increase 400% over the last few years. The budget is significantly overspent and needs to be brought back to base budget levels.</p>	<p>Costs for in-house delivery units are based on indicative estimates, using historic development knowledge and review against benchmarks. Indicative estimates have been sourced in relation to RP partner costs. Each property/site brought forward would require full financial assessment as part of feasibility works. It is expected capital investment can be met from within existing capital programme budgets</p>	<p>Although the Council would be looking to secure an affordable deal with the RPs, this would require a capital investment with no ability to achieve any pay back. The Council would have no control over budgets and there would be reduced Housing Benefit subsidy leading to an ongoing cost to the Council.</p>	<p>The Council already has a programme to deliver 500 new homes over the next five years. Building in-house could contribute towards a wider new homes programme, but Option 2, will offer additional flexibility in terms of accessing additional opportunities to work with our partners. This option would be affordable in terms of attracting 100% Housing Benefit subsidy</p>
<p>Management <i>Is it achievable? Are we capable of delivering the project? Do we have robust systems and processes in place?</i></p>	<p>Management of this option is going to become more difficult as further resources in terms of staff and available properties will be required across the County as needs increase.</p>	<p>With a new in-house delivery team and the York and North Yorkshire Housing Partnership on board, this option will benefit from the management and maintenance of the RPs and the in-house property and maintenance teams.</p>	<p>This option would be achievable through the partnership with the RPs who are already set up to deliver, manage and maintain properties with robust systems already in place.</p>	<p>Resources and systems are in place to deliver the whole programme in-house. However, option 2 allows for a greater proportion of the resource to be deployed for general purpose housing.</p>

7 RECOMMENDED OPTION

The recommended option is option 2 - develop a mixed model of Council owned/acquired and RP developed accommodation. A capital funding budget (agreed through this Business Case) will act as a funding pot which could be drawn upon when the opportunity to acquire or develop temporary accommodation is presented. Capital funds will be earmarked from within the Housing Revenue Account capital programme and from the General Fund once initial approval for the project is granted. The most financially advantageous position is for the Council to provide accommodation for the homeless through its own assets, (providing scheme viability criteria are met) as the Council receives government subsidy in full for the rent that is due for accommodation. However, due to the scale of the need, the proposal is to also work in partnership with RPs as it is unlikely the Council would be able to meet demand solely by developing its in-house estate. The balance between the provision of council-owned accommodation and that of RPs will largely depend on availability of opportunities that emerge over the life of the programme.

This would be managed as an ongoing development programme within housing, with each opportunity required to be reviewed and agreed through the development of an individual business case. This business case will follow the approval route set out in the Accommodation Programme governance, with ultimate delegated authority given to the Assistant Director (Resources) of the Community Development directorate.

The Housing Delivery and Partnerships team will source opportunities to meet the programme targets and reduce the Council's costs regarding emergency accommodation. Availability of Homes England grant funding will be discussed with Homes England on a scheme-by-scheme basis as will the availability of other funding sources, and any funding opportunities will be documented in each individual business case.

Delivery of the programme will be managed by Housing as part of their 'business as usual operations, with support from the Council's Property Services when required. Input from Property Services will be sought as part of the development of individual business cases to ensure proposed projects/schemes meet any required compliance/regulatory standards. Programme updates will be reported through the Housing Capital Board.

The ongoing management and maintenance of the homes will be considered during the feasibility stage of each scheme, but it is envisaged the homes will sit within Community Development, with Housing Management and Landlord services having responsibility for management of the tenancies, Housing Needs in relation to support services relating to Homelessness, and Homes and Places for maintenance responsibilities of the homes. Where this is not feasible, Housing Services will work closely with the Property Service to ensure that appropriate maintenance services can be provided as Homes and Place (the repair and maintenance service) is currently not resourced to operate in areas other than Harrogate, Richmondshire and Selby.

The model of RP provision has been tried and tested and allows for the Council to make a capital contribution towards the refurbishment and/or

acquisition of homes. In return the Council would receive nomination rights for the homes provided for a time between 20 and 30 years. The RP would be responsible for the repair, maintenance, and management of the property whilst the Council provides the necessary support services to the person. RPs are likely to request that any void costs (such as lost rental income for any empty units) are covered by the Council, along with any additional maintenance fees due to the higher costs incurred for this type of accommodation (such as increased CCTV provision).

The largest use of B&B and hotel accommodation is within Harrogate and Scarborough and efforts in these areas will be prioritised. However, this will not preclude us to pursue opportunities in other localities as these become available. The Council can fulfil its statutory duty to provide accommodation to a homeless household by providing accommodation anywhere across North Yorkshire, however, it is recognised that maintaining existing connections and support systems is desirable and where possible this will be considered.

The specialist supported accommodation in Scarborough will be based on the Fern House model, which is purpose built homeless accommodation in Harrogate. Fern House is made up of 19 self-contained bedsits complete with en-suite bathrooms and kitchen facilities. As well as accommodation, the facility provides a complete support package for individuals who are homeless. This includes health and wellbeing, support for any mental health issues, financial guidance as well as any further advice or information they may require. Part funded by Homes England, Fern House also provides laundry and kitchen facilities, a 24-hour reception desk, a large conference room as well as a meeting area. To date, it has provided support for over 74 residents and acted as a steppingstone to alternative accommodation and ongoing support. The facility was built by the Council's in house team acting as both principal and main contractor.

Apart from the hostel in Scarborough, the remaining accommodation will provide a majority of 1 and 2 bedroom self-contained flats. Overall, it is anticipated that the 90 units will be procured/developed over a 3-4 year period, to ensure the full savings target can be achieved in year 2027/28. Current projects in the pipeline include a property delivering shared accommodation, new built accommodation in the Scarborough area as well as a scheme in Northallerton in partnership with an RP.

Detailed business cases will be developed for each scheme. The individual business cases will be considered and scrutinised by the relevant capital board.

8 PROJECT MILESTONES

- Business Case approved by Community Development Management Team – 17th April
- Business Case approved by Management Board – 23rd April
- Business Case approved by Executive – 18th June
- Handover to Housing to deliver programme – 10th May

9 PROJECT RESOURCES

Will the project require resources from any of the following areas for **delivery**?

Area	Yes/No	Brief description of work required
ICT - Does the project involve the purchase or development of any software programme, the procurement or building of any hardware, or has a major impact on the utilisation of ICT software or systems?	No	No changes to IT provision.
HR and training - Does the project involve staff transfers, training, or any other significant staff related issue?	No	Recruitment to some teams may be required, but this will be explored through development of individual business cases.
Finance - Does the project involve any complex assessment of financial information?	Yes	Finance resource in place to support modelling and project savings for each scheme. Support around the overall programme budget delivery and potential scheme monitoring for in-house build/contractors.
Procurement - Does the project involve a procurement process and will this require the specialist advice and guidance from procurement specialists?	Yes	Procurement consultation and advice may be needed, but unlikely to need significant procurement support. Martin Simpson will be the procurement contact to provide guidance around procurement requirements.
Communications - Does the project require Communications resource or consultation?	No	Communications to be managed through Housing BAU. Communications may be required for individual schemes e.g. consultation on building proposals.
Business Change - Does the project involve service or process re-design or improvement and/or will business/user requirements need to be identified?	No	No changes to process required.
Project Management - Does the project require a project manager?	No	Delivery will be managed in-house by Housing or with support from Accommodation programme.
Legal - Does the project involve specialist legal advice and guidance?	Yes	Legal input will be required on individual proposals.
External expertise - Does the project require any Expert knowledge or services outside NYC?	Yes	Consultation and engagement with RPs.
Property - Does the project involve any property management resource?	Yes	Property to be consulted as required/some proposals may require resource from Property.
Risk and Insurance – Does the project require any Corporate risk and insurance resource?	No	
Business Support – Does the project require any specific admin support	No	

Customer Resource Centre – Does the project require any specific CRC input?	No	
Directorate Team(s) - What commitment is required from the team(s) impacted by the project? This includes availability to contribute towards the delivery of the project. (E.g. testing of new solution. Please specify service involvement in delivery to ensure service availability is understood.	Yes	Housing

10 CONSULTATION / ENGAGEMENT

The Council has recently consulted on the draft Housing Strategy for North Yorkshire. This sets out the Council’s aims and ambitions for housing for the period 2024 – 2029. The previous Homelessness and Rough Sleeper Strategies of the districts and boroughs are still in operation, with a statutory duty for a full review and new strategy to be in place by 2025. The Council’s draft Housing Strategy sets out the Council’s vision for housing action and investment across three key themes: People, Places and Homes. The strategy was approved by Executive in March and is expected to be adopted by the Council in May.

As schemes are developed, the Executive Member for Culture, Arts and Housing as well as the relevant local members will be consulted, and an appropriate engagement strategy developed as part of the business case for each project.

11 RISKS AND ISSUES

- Not proceeding with the proposal risks the Council’s expenditure on emergency accommodation increasing significantly putting the Council under further financial pressures.
- As with any development scheme, there are risks in terms of build costs increasing as well as risks associated with site abnormalities. These will be assessed and monitored as part of individual schemes and updates provided through programme monitoring.
- There is a risk that approximately 50% of temporary accommodation units in use by the Council currently are delivered by partners, and may become unavailable in the short to medium term future as existing contracts end. This position will be monitored throughout the project and if further intervention measures are required to maintain existing levels of provision, this will be addressed through programme monitoring and any subsequent financial requirements brought forwards for approval.
- There is a risk of RPs not providing the required accommodation and the Council needing to develop and acquire more of its own assets.

12 DEPENDENCIES / LINKS

Does this project have a link to any of the following cross cutting themes?

Cross-cutting Themes

Will this project have an impact on any of the following cross cutting themes?

Theme	Yes/No	Comments
Stronger Communities	No	
Commercial	No	
Customer	No	
Property	Yes	Property capital projects involvement may be required
Organisational Development	No	
Health & Integration	No	
Modern Council	No	

- There will be a need to link new developments into access management systems (rent and asset management).
- Delivery of the programme will be managed by Housing as BAU or in conjunction with Property's Capital Projects team, however, benefit realisation may be monitored by the Accommodation Programme.

13 STAKEHOLDER MANAGEMENT AND COMMUNICATIONS

Each individual proposal will consider who its stakeholders are and the best way to communicate with them. Regarding the funding proposal, key stakeholders are:

- Housing management team
- Community development management team
- Management Board

- Cabinet

Each of these groups will be given the opportunity to review and comment on the Business Case for funding.

14 EQUALITY IMPACT ASSESSMENT (EIA)

An EIA screening tool was completed, which indicated that a full EIA is not required:

[Dev of Temp Acc 23.1.24 EIA screening form Appx B.docx](#)

15 DATA PROTECTION IMPACT ASSESSMENT (DPIA)

A DPIA screening tool was completed, which indicated that a full DPIA is not required:

<https://northyorksgovuk.sharepoint.com/sites/4297HOU01-Temp.accommhousingforHomeless/Shared%20Documents/General/6.%20Background%20Documents/Reports/Dev%20of%20Temp%20Acc%20DPIA%20Screening%20.docx>

16 CLIMATE CHANGE IMPACT ASSESSMENT (CCIA)

A CCIA screening tool was completed, which indicated that a full CCIA is not required:

[Dev of Temp Acc 23.1.24 Climate change impact ass- initial screening form Appx C.docx](#)

Consideration will be given to utilising the Building Research Establishment Environmental Assessment in order to maximise sustainability and energy efficiency within the refurbishment and building of any buildings where applicable.

Each scheme will be assessed individually, as new build schemes will have different criteria to meet compared to a refurbishment project. All works will be to current building regulation standards. Enhanced energy efficiency measures will be provided to attain an EPC rating of C or higher, where cost effective and practicable. Our partners will be encouraged to build along green lines for any affordable housing.

17 OTHER IMPLICATIONS

- The development of affordable homes is a corporate aim and is part of the Council's draft Housing Strategy which also supports the ambitions around climate change and green building. The Community Development team will work with Planners on the development of the new Local Plan to ensure climate change and any green issues are addressed as part of any affordable housing proposals.
- NYC's draft Housing Strategy 2024-2029 has priorities to ensure our housing stock reflects the needs of the communities across all areas, that it meets the diverse needs of our communities at all stages of their lives; continues to reduce homelessness and provides appropriate housing and support for those with specific needs.
- The Council has developed the Devolution asks around housing, highlighting the importance of increased funding to continue to promote housing development, for both market and affordable.
- Potentially, there will be additional staffing requirement for the following teams: Housing Delivery & Partnerships; Homes & Places, and Landlord Services as there will be ongoing intensive housing management and maintenance services for residents in localities not already serviced by the management and maintenance teams. Resource to support and manage schemes will be developed as part of the individual business case for each project, with the intention being that for Council owned properties all costs can be recovered through rent and service charges. The HRA Business Plan allows for some indicative stepped increases in revenue costs within the 30 year plan, so this will be an ongoing consideration across the whole stock.
- Individual scheme proposals may have community safety implications. To establish these and form appropriate responses, individual business cases will address and consider community safety.
- A decision on whether funding of the projects will be through the General Fund or HRA will be established with Legal on a case-by-case basis as will the provision of grant funding to RPs and any implications relating to grant agreements or subsidy control. The Council can use both its HRA or General fund to provide accommodation for homeless households under its obligations within the Housing Act

18 SUMMARY OF SAVINGS AND COSTS

The table below provides an illustration to show the existing cost of providing 90 units in high-cost Bed and Breakfast and Hotel type accommodation. The expense to the Council appears as Housing Benefit payments, with limited recovery of Housing Benefit Subsidy compensated by the DWP.

This is compared to the estimated cost to provide the same number of units based on the recommended option 2 (20 GF Supported, 30 RP and 40 HRA). Assumed borrowing costs have been incorporated to ensure the programme is viable and savings can be delivered, should borrowing or repayment of internal investment be required. Financing decisions will be subject to approval on an individual scheme basis by the Corporate Director Resources.

The data supporting statistical reporting needs to be developed as the Housing team restructures and consolidates processes for reporting. Savings will be tracked and reported through quarterly financial monitoring cycles as a minimum, this will be the responsibility of the Head of Housing Needs, with support from Finance. The capital programme spend and delivery will be monitored through the Housing Capital Board by the Head of Housing Delivery and Partnerships, with support from Finance.

Whilst the table shows a comparative saving of £1.919m for providing 90 units in high-cost accommodation versus in-house and RP provision, the target savings remain, which is to eliminate the current projected overspend, (est. £983k), plus reduce base budget s by £750k by 2027/28, a total of approximately £1.733m.

Existing Provision	40	20	30	90
Current Cost Gross Cost (B&B Housing Benefit)	1,109,600	554,800	832,200	2,496,600
Housing Benefit Subsidy	-140,943	-70,471	-105,707	-317,121
Average current cost to provide 90 beds	968,657	484,329	726,493	2,179,479
Proposed	Council Owned HRA General	Council Owned GF Supported	RP Partners	Total
Rent paid through Housing Benefit	280,800	217,866	326,799	825,465

Rent Recovered via HB Subsidy	-280,800	-217,866	-121,165	-619,831
Internal Borrowing MRP and Interest	212,544	138,441	54,768	405,753
Property Management and Maintenance Costs	68,256	79,425		147,681
Rental Income Received through HB	-280,800	-217,866		-498,666
Proposed Net cost to provide 90 Beds	0	0	260,402	260,402
Net Saving	-968,657	-484,329	-466,091	-1,919,077

19 FUNDING

The funding requirement is based on Option 2 with costs for in-house delivery of units based on indicative estimates for total scheme costs consisting of acquisition, works and fees. Indicative estimates have been sourced in relation to RP partner costs. Each property/site brought forward would require a full financial assessment as part of the initial feasibility works and financing decisions approved by the Corporate Director Resources. This funding mix is to demonstrate the programme viability should borrowing or repayment of internal investment be required..

It is expected that the capital investment can be met from within existing capital programme budgets. HRA funding will be allocated from the Housing Delivery programme identified in the 2024/25 Housing Revenue Account business plan, and General Fund schemes from legacy programmes which were held pending reassessment of programme requirements. This will however be kept under review as individual assessments are carried out.

Funding	Council Owned HRA General (40)	Council Owned GF Supported (20)	RP Partners (30)	Total (90)
Borrowing / Council Resources	4,320,000	2,275,000	900,000	7,495,000
Grant / Capital receipts / S106 Receipts	2,880,000	1,225,000	-	4,105,000

Total	7,200,000	3,500,000	900,000	11,600,000
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20 APPROVALS

Comments	Signed	Date
Directorate / Theme Programme Manager		
	Abigail Burns	02/04/2024
Project Sponsor		
	Hannah Heinemann	02/04/2024
Directorate Finance Assistant Director		
	Paul Foster	08/04/2024