

**Appendix B is NOT FOR PUBLICATION**  
**By virtue of paragraph 3 of Part I of Schedule 12A**  
**of the Local Government Act 1972**

<b>Cabinet</b>	<b>Ref No: CAB08 (19/20)</b>
<b>03 December 2019</b>	<b>Key Decision:</b> Yes
<b>Lease of vacant residential properties to a Registered Provider</b>	<b>Part I: Report</b> <b>Part II: Appendix B for Members Only</b>
<b>Report by Director Property and Assets</b>	<b>Electoral Division:</b> St Leonards Forest, Three Bridges, Rother Valley, East Grinstead Meridian, Bersted, Selsey, Chichester South, Felpham, Arundel and Courtwick, Southwick, Horsham East.
<p><b>Summary</b></p> <p>This report seeks approval by the Cabinet Member for Finance to lease vacant residential property to a Registered Provider for the purpose of housing families to whom the County Council has a Children Act duty for their temporary accommodation. It is proposed to lease the properties to YMCA Downslink Group (YMCA) a suitable local Registered Provider.</p>	
<p><b>West Sussex Plan: Policy Impact and Context</b></p> <p>The County Council's Future West Sussex Plan set outs its ambition to minimise the burden of local taxation, delivering the best outcomes for residents with the money it spends, whilst living within its means.</p> <p>The County Council's Asset strategy aims to ensure that assets are used efficiently and sustainably to provide suitable accommodation in appropriate locations to enable the County Council to deliver services and to generate revenues and growth.</p> <p>The County Councils objective is to give Children the Best Start in Life. It has a duty to children in families temporarily in need of accommodation and the proposal provides an approach to the discharge of this duty.</p>	
<p><b>Financial Impact</b></p> <p>It is anticipated savings of up to £200,000 per annum could be achieved. The identified properties are owned by the County Council but currently not required for operational service use and are vacant and incurring security costs and council tax liabilities.</p>	
<p><b>Recommendations:</b> The Cabinet endorses that:</p> <ol style="list-style-type: none"> <li>1. The County Council enters into Lease agreements with the Registered Provider, YMCA Downslink Group on selected residential properties identified</li> </ol>	

as suitable to house families to whom the County Council has a Children Act duty for their temporary accommodation, and such other suitable properties as become available at nil rent to the registered provider, for either 6 or 11 years (length of lease to be determined by extent of works required to bring the properties up to standard) on the terms set out in section 2 of the report; and that

2. Authority is delegated to the Director Property and Assets in consultation with the Director of Law and Assurance to conclude the terms of the leases, and the nomination arrangements with the Registered Provider and to agree the list of suitable properties to be part of proposal for the scheme currently and in the future, in consultation with the Cabinet Member for Finance, should further properties become available.

## **PROPOSAL**

### **1. Background and Context**

- 1.1 The County Council has duties for the safety and wellbeing of children in need of assistance including accommodation under The Children Act 1989. Rather than taking children into care these duties have been met by facilitating accommodation for all the members of the households concerned.
- 1.2 Currently this duty is met by initially housing families in Bed and Breakfast establishments. These are sometimes out of the area which impacts upon other services which are supporting the family. At any one time there are 30-50 families in B&B establishments, an estimated cost of this is about £0.7m per annum. Gross spend by the County Council on homelessness is approx. £1.7m pa therefore approximately just over 40% of the expenditure is providing Bed and Breakfast accommodation.
- 1.3 The County Council has a small number of vacant residential properties which are no longer needed for their original operational purposes; some of these have been identified as suitable for families with children needing accommodation. The County Council is not legally able to grant residential tenancies of a nature that would facilitate the letting of these properties directly to the families.
  - 1.1 To resolve this and make the properties available it is proposed to lease the properties to a Registered Provider (RP) for an initial term of six years, who in turn would be able to let the properties on Assured Shorthold Tenancies (ASTs) to the families. For some properties where more extensive works are required a term of eleven years may be required to secure the grant funding. The RP would be required to either enter into a nominations arrangement with the County Council, or accept an obligation in the lease, to grant the ASTs to families to which the County Council has a duty.

## **2. Proposal Details**

- 2.1 This proposal is to use vacant residential property owned by the County Council to house families with children in need of accommodation to whom the Council has a duty, by leasing the properties to a Registered Provider.
- 2.2 YMCA Downslink Group (YMCA) has been identified as a suitable Registered Provider. The YMCA proposes to apply for government grant to bring the properties up to a lettable standard, manage and maintain the properties for either 6 or 11 years under the terms of the lease, accepting nominations from the County Council, manage the tenancies, collect rents, carry out day to day maintenance of the properties and prepare the properties between tenancies. The YMCA will also enter into an agreement regarding the terms of the nominations. The length of lease to be determined by extent of works required to bring the properties up to standard.
- 2.3 It is proposed that the Cabinet Member for Finance agrees to this transaction being concluded by delegated authority to the Director Property and Assets in conjunction with the Director of Law and Assurance.
- 2.4 The proposed list of properties for inclusion in this scheme are listed in the Appendix (Part II for members only) of the report. The inclusion of each property will be subject to survey and subject to contract.
- 2.5 The final selection of properties which are deemed suitable for leasing under this arrangement will be delegated to the Director Property and Assets in consultation with the Cabinet Member for Finance and in conjunction with the Director of Law and Assurance.
- 2.6 The decision to lease to the YMCA further properties that become vacant in the future which are deemed suitable for the scheme is delegated to the Director of Property and Assets in consultation with the Cabinet Member for Finance.
- 2.7 The lease will require the Registered Provider to carry out the repair works required to the properties to meet the agreed lettable standard and address any other boundary measures required to isolate the properties from other County Council assets and that the Registered Provider may seek grant funding for this work.
- 2.8 The County Council will enter into a nominations arrangement with the Registered Provider, YMCA Downslink Group to allow the County Council to nominate families, to which it has a temporary housing duty, to the properties leased to the Registered Provider.

## **FACTORS TAKEN INTO ACCOUNT**

### **3. Consultation**

- 3.1 Local Members for each of the identified properties and the Cabinet Member for Education and Skills have been consulted as part of this process. Where applicable, schools have been advised of the plans.

#### **4. Financial (revenue and capital) and Resource Implications**

4.1 The properties to be proposed are currently not required for operational service use and are vacant and incurring security costs and council tax liabilities.

#### **4.2 Revenue consequences of proposal**

The proposal is to make savings by cost avoidance on the cost of provision of temporary accommodation in bed and breakfast establishments for families to whom the County Council has a duty.

#### **4.3 Current Expenditure**

The current gross budget for housing homeless families is £2m per annum and the net spend after income from housing benefit is £1.5m per annum.

Approximately 40% of the budget is spent on housing families in bed and breakfast establishments.

In 2018/19 the average cost of housing a family in bed and breakfast was £460 per week, typically the family may receive £60 a week through housing benefit, resulting in an average net spend of £400 a week. On the assumption that there may be a two-week void period per annum the average cost to the County Council per family is approximately £20,000.

#### **4.4 Savings arising from this proposal**

The potential saving is approximately £20,000 per year, per property used. Therefore if 10 properties are made available and leased to the YMCA, up to £200,000 per annum could be achieved.

There are no ongoing revenue costs to the County Council from this scheme, as all the costs of managing and maintaining the properties, rent loss and voids are passed to the Registered Provider through the lease agreement.

#### **4.5 Capital consequences of proposal**

None.

#### **5. Legal Implications**

5.1 The proposal is that the County Council enters into a Lease with the Registered Provider, YMCA Downslink Group (YMCA) in respect of each of the suitable properties. The Lease will provide that the Registered Provider is able to obtain Grant funding from the government in order to refurbish the properties. Each property will be refurbished to a specification of works drawn up by Registered Provider to bring the properties to a lettable standard, but such standard shall meet the Council's minimum requirements

to house homeless families in West Sussex. The length of lease will be determined by extent of works required to bring the properties up to standard, the usual term will be 6 years but in the case of some properties requiring more extensive works, this may rise to a maximum of 11 years.

- 5.2 Under the terms of the Lease the Registered Provider will be required to carry out the agreed works seeking landlord (WSCC) consent to any structural alterations.
- 5.4 The County Council will enter into an arrangement with the Registered Provider, YMCA, in respect of the proposed tenants of the property, so that the County Council will be able to ensure that the occupants of the property are those nominated by the County Council. This agreement will either be included in the Lease, or in a separate nominations agreement.
- 5.5 The lease will restrict the Registered Provider from dealing with the property, other than by granting a pre-approved Assured Shorthold Tenancy to a family nominated by the County Council.

## 6. Risk Assessment Implications and Mitigations

	<b>Risk</b>	<b>Mitigating Action</b>
1	Risk that security of tenure could be created preventing future disposal of the properties	The County Council will require the Registered Provider to grant Assured Shorthold Tenancies (ASTs) of the properties to the homeless families. ASTs are the most flexible of residential tenancies and do not give occupiers rights to remain at the property following the expiry of the agreement.
2	Risk that major capital works are required to the properties.	It is planned that if major capital repairs are required the lease will be terminated and (subject to the relevant requirements to obtain possession of the property) the tenant be re housed by WSCC, allowing WSCC to dispose or redevelop the property rather than expend capital sums on major repairs.
3	A number of the properties identified are adjacent to schools, being former caretaker cottages posing potential privacy or related risks.	As part of the work to bring the properties up to the habitable standard, the properties will be isolated from the school with appropriate fencing. The schools have been advised of plans to ensure that any concerns the schools may have, can be addressed.

## 7. Other Options Considered (and Reasons for not proposing)

- 7.1 Alternative options for using the vacant property have been considered. The main alternative option is disposal for a capital receipt; this will still be

possible in the future once this arrangement comes to an end, however it is not a viable option for some of the properties for a variety of reasons hence they have remained empty.

Alternative WSCC uses have also been explored but the County Council has no identified service need or need for staff accommodation in these locations. In the case of the properties adjacent to schools the premises could be handed over to the schools for education purposes outside of basic need provision, but this would likely require additional investment and brings no savings while removing the opportunity for future capital receipt.

## **8. Equality and Human Rights Assessment**

- 8.1 The Equality Assessment does not need to be addressed as this is a report dealing with an internal procedural matter only. The properties will be allocated on a needs basis by the Temporary Accommodation Team at the County Council.

## **9. Social Value and Sustainability Assessment**

- 9.1 The proposal will bring social and community benefits by keeping families together in good quality homes within the County boundaries avoiding housing in unsuitable Bed and Breakfast accommodation often out of County.

## **10. Crime and Disorder Reduction Assessment**

- 10.1 Not applicable

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**Appendix:** (Part II) List of properties for inclusion in the scheme (Subject to contract and survey)