

Greater Manchester Combined Authority

Date: 24th March 2023

Subject: Homelessness Capital Projects

Report of: Paul Dennett, Portfolio Lead for Housing, Homelessness and Infrastructure

Purpose of Report

To update on the wide range of capital projects occurring across Homelessness at a GMCA and Local Authority level, approved proposed recommendations and (where possible) allocation of funding.

Recommendations:

The GMCA is requested to:

1. Approve the allocation of £8.9million to GM Local Authorities under the Homeless Families Leasing Scheme for the purpose of leasing temporary accommodation as described in Table 2.
2. Approve the following approaches to bidding for the Single Homelessness Accommodation Programme (“SHAP”):
 - o **Adults:** Proceed on the basis that a GM-wide bid for this cohort is not viable and work with eligible local authorities to understand if there is a gap to which a GMCA bid would add value.
 - o **Young People:** Work with an investor and Registered Provider of Social Housing to draw up a shared accommodation model with a provider specialising in supporting young people;
3. Note the allocations to GM Local Authorities and ongoing work to progress the Local Authority Housing Fund (“LAHF”).
4. Note the challenges on the Rough Sleeping Accommodation Programme (“RSAP”) and potential to change the model to deliver the most outcomes for the cohort.
5. Note the report is exempt from Scrutiny Committee call-in procedures to enable the execution of grant agreements with Local Authorities and allocation of the funds before the 31 March 2023.

Contact Officers

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Equalities Impact, Carbon and Sustainability Assessment:

Recommendation - Key points for decision-makers

Leaders are recommended to:

- Approve the allocation of £8.9million to GM Local Authorities under the Homeless Families Leasing Scheme for the purpose of leasing temporary accommodation as described in Table 2;
- Approve the following approaches to bidding for the Single Homelessness Accommodation Programme (“SHAP”):
 - o Adults: Proceed on the basis that a GM-wide bid for this cohort is not viable and work with eligible local authorities to understand if there is a gap to which a GMCA bid would add value.
 - o Young People: Work with an investor and Registered Provider of Social Housing to draw up a shared accommodation model with a provider specialising in supporting young people;
- To note the allocations to GM Local Authorities and ongoing work to progress the Local Authority Housing Fund (“LAHF”); and
- To note the challenges on the Rough Sleeping Accommodation Programme (“RSAP”) and potential to change the model to deliver the most outcomes for the cohort.

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion	G	
Health	G	
Resilience and Adaptation		
Housing	G	
Economy		
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		

Further Assessment(s):

Equalities Impact Assessment and Carbon Assessment

G	Positive impacts overall, whether long or short term.	A	Mix of positive and negative impacts. Trade-offs to consider.	R	Mostly negative, with at least one positive aspect. Trade-offs to consider.	RR	Negative impacts overall.
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Carbon Assessment		
Overall Score		
Buildings	Result	Justification/Mitigation
New Build residential		TBC - specific schemes (and therefore subsequent impact assessments) have yet to be identified
Residential building(s) renovation/maintenance		TBC - specific schemes (and therefore subsequent impact assessments) have yet to be identified
New build non-residential (including public) buildings	N/A	
Transport		
Active travel and public transport	N/A	
Roads, Parking and Vehicle Access	N/A	
Access to amenities	N/A	
Vehicle procurement	N/A	
Land Use		
Land use	N/A	
No associated carbon impacts expected.	 High standard in terms of practice and awareness on carbon.	 Mostly best practice with a good level of awareness on carbon.
	 Partially meets best practice/ awareness, significant room to improve.	 Not best practice and/ or insufficient awareness of carbon impacts.

Risk Management

The programmes described within this report are a specific risk item on the Public Service Reform Risk Register. Key risks include:

- **Reputation:** Failure to deliver on the objectives of these projects will affect GMCA's relationship with the Department of Levelling Up, Housing and Communities and may affect our ability to secure future funding into the region.
- **Financial:** Funding clawback may apply where schemes are not delivering the required number of units.
- **Market Sustainability:** As described below, having several schemes buying property simultaneously will have an inflationary impact on local housing markets. This may make schemes more expensive to deliver than originally envisaged at bid/allocation stage.
- **Capacity:** There is limited capacity within Local Authority teams to deliver on multiple schemes at once, meaning coordination is likely to be outsourced and/or LAs will prioritise schemes over one another.

To mitigate this risk, the Homelessness Team is recruiting a Principal to oversee all of this work and providing advice, support and capacity through the Homelessness and Core Investment team to support with the development and delivery of schemes.

Legal Considerations

Legal advice has been taken on onward grant agreements, procurement and information governance considerations where required.

Financial Consequences – Revenue

Revenue funding is ultimately dictated by capital asks under RSAP and SHAP, which therefore links delivery risk to support funding.

Scheme	Revenue Funding	Risks
GM Rough Sleeping Accommodation Programme Scheme	£985,000	<p>Revenue funding for support is linked to the delivery of 60 units of accommodation, which is unlikely to be achieved in the timescales. Alternative routes to delivery are being appraised in order to sustain revenue funding.</p> <p>The GM Rough Sleeper Accommodation Programme for the delivery of 60 units of accommodation for which revenue grant funding is included in the approved GMCA revenue budget.</p>
Single Homelessness Accommodation Programme	TBC	Revenue funding must be linked to a capital project. Revenue allocations are defined through co-production of the bid process with DLUHC. No revenue implications at this stage.
Homeless Families Leasing Scheme	£0	No revenue funding attached, however Local Authorities may choose to apply their

		own revenue funding to support families moving into this accommodation.
Local Authority Housing Fund	£0	No revenue funding attached, however there are existing revenue streams through the resettlement schemes to enable support to be offered.
Total (Excluding SHAP)	£985,000	

Financial Consequences – Capital

Across all of the programs described in this report, there is at least £26.3million in capital funding:

Scheme	Capital Funding	Risks
GM Rough Sleeping Accommodation Programme Scheme	£2,796,000	<p>Capital funding is linked to the acquisition of 60 properties, which is at risk. Options are being explored to adapt the model in order to ensure full expenditure of capital funding.</p> <p>The current approved capital programme includes £2.796m of forecast expenditure on this programme in 2022/23.</p>
Single Homelessness Accommodation Programme	TBC	<p>Viability of a GM bid is being explored. Depending on the property required, SHAP schemes may be subject to the same delivery risks as RSAP (e.g. 1-bedroom availability). This reflects a proposed approach for a bid for government funding for a three-year revenue and capital grant. There are no capital finance implications at this stage.</p>
Homeless Families Leasing Scheme	£8,900,000	A total programme of £8.9m funded from Department of Housing, Levelling Up, and Communities (DHLUC) for the Homeless Accommodation Project of £3.9m plus

		<p>further £5m for tackling homelessness and poor-quality temporary accommodation.</p> <p>This funding was allocated to GMCA in February 2023 and approval is requested in the report for £8.9m to be granted to Greater Manchester local authorities during March to be committed to leasing of properties by 31st March 2023 and spent by 31st March 2024.</p>
Local Authority Housing Fund	£14,700,000	<p>Delivery timescales extremely challenging for Local Authorities, with GMCA supporting to provide investment advice and connect to organisations with a track record of delivery.</p> <p>There are no direct capital financing implications for GMCA.</p>
Total (Excluding SHAP)	£26,396,000	

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

N/A – due to cancellation, the paper was unable to be reviewed in the March Committee meeting.

Background Papers

- N/A

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution

Yes

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

Yes

GM Transport Committee

N/A

1. Introduction/Background

- 1.1. Following the Rough Sleeper Accommodation Programme (RSAP), the Department of Levelling Up, Housing and Communities is seeking to invest further capital monies to support 'move on' from homelessness for key cohorts.
- 1.2. This form of funding provides additional capital investment in affordable homes to benefit specified cohorts via leasing schemes, acquisition on the open market, retrofit and repurposing, and in some cases new build.
- 1.3. Greater Manchester was successful in securing a large proportion of national RSAP funding and is well positioned to draw down significant additional capital via these new funds.
- 1.4. GMCA previously combined RSAP funding with match funding via social investment and could repeat and scale this investment model.
- 1.5. The Devolution Trailblazer negotiations have highlighted the need for more flexible and streamlined funding settlements to meet shared strategic objectives. Whilst these funds both fall outside of any future agreement, they do provide further evidence of the readiness and ability of GM to deliver programmes of work at scale if enabled to do so.

2. Conditions for collaboration and the role of GMCA

- 2.1. The below funds represent a mix of direct allocations to individual Local Authorities, grant funding routed through GMCA and bidding opportunities.
- 2.2. These schemes meet many of the conditions for GM collaboration in bidding and delivery of capital projects relating to homelessness, as established via GM Homelessness Programme Board:
 - Where competition can be reduced
 - Where risk can be shared or minimised
 - Where GMCA managed funding can be added
 - Where additional national funds can be directed into Greater Manchester
 - Where co-ordination and alignment of policy is beneficial
 - Where market trends can be anticipated

- Where quality, sustainability and affordability can be improved

2.3. Not every Local Authority is eligible for every programme, as outlined in Table 1.

	SHAP Young adults	SHAP High needs adults	LAHF	Homeless Families Leasing Scheme
Eligible Boroughs	Bolton	Bolton	Bolton	Bolton
	Manchester	Manchester	Manchester	Bury
	Oldham	Wigan	Oldham	Manchester
	Rochdale		Rochdale	Oldham
	Tameside		Trafford	Rochdale
	Salford		Salford	Salford
	Wigan		Stockport	Stockport
	GMCA			Tameside
				Trafford
				Wigan
Total Funding Available	TBC	TBC	£14.7million	£8.9million

2.4. Where participating in schemes, all Local Authorities are committed to utilising funding under these programmes within their own Boroughs, recognising the need to avoid competition and not exacerbate pressures in neighbouring Boroughs.

2.5. Across all these opportunities, GMCA is supporting Local Authorities to:

- Assess demand and scope potential projects
- Provide advice and support via GMCA's Core Investment Team
- Connect to organisations that can support the delivery of schemes
- Ensuring a coordinated approach to engaging Greater Manchester Housing Providers.

3. Housing Deal – Leasing for Homeless Families

3.1. DLUHC have committed to grant fund £8.9m capital monies to Greater Manchester Combined Authority across two different funds in order to avoid underspend in the year 2022/23. An MoU has been signed and is subject to embargo.

3.2. This funding is directed at reducing the use of Bed and Breakfast accommodation for homeless families where there are overstays of 6 weeks and is expected to be applied to 5-year leases on suitable family homes. £5million of this funding is included as part of a broader allocation from the Department for Levelling Up, Housing and Communities, which is described as a separate paper, 'In Year Capital Allocations Department of Levelling Up, Housing and Communities.

3.3. Funding comprises a £3.9million fund targeting areas with the most families in Bed and Breakfast accommodation and an unrestricted £5million fund which can apply to Boroughs across Greater Manchester to complement, or extend beyond these priority areas.

3.1. Local Authorities estimate that approximately 500 properties (mix of 2, 3 and 4-bed) could be leased for 5 years with this capital investment, supplemented by LA investment and Housing Benefit.

3.2. Funding is expected to be committed by 31 March 2023, with the expectation that Local Authorities will have leased all accommodation by 31 March 2024.

3.3. Discussions around viability & deliverability are underway with Local Authorities and the proposed allocations agreed with homelessness leads under these schemes are outlined in Table 2, proportionate to the extent of Temporary Accommodation need in each Borough.

Table 2) Proposed allocations based on proportionate Temporary Accommodation demand.		
District	Total Units	Capital Grant
Bolton	30	£459,000.00
Bury	20	£306,000.00
Manchester	240	£4,680,000.00
Oldham	25	£382,500.00
Rochdale	40	£780,000.00
Salford	60	£918,000.00
Stockport	20	£306,000.00
Tameside	25	£382,500.00
Trafford	20	£306,000.00
Wigan	20	£380,000.00
Total	500	£8,900,000.00

3.4. **Recommendation:** To approve the allocation of £8.9million to GM Local Authorities for the purpose of leasing temporary accommodation as described in Table 2.

4. Single Homelessness Accommodation Programme

4.1. The Single Homelessness Accommodation Programme (SHAP) is a 3-year capital and revenue fund, developed as a successor to RSAP, consisting of two cohorts:

- Adults with multiple needs and a history of rough sleeping; and
- Young adults aged 18-25

4.2. Whilst Bury, Trafford and Stockport are not eligible for either cohort as individual councils, GMCA is eligible to bid for both cohorts across all GM local authority areas (see Table 1).

4.3. The total number of units that will be funded is expected to be 2,100 nationally. It would be proportionate for GM to look to secure at least 200 units into the region.

4.4. Initial priorities under this funding were as follows:

- **Adults:** ensuring housing supply and continued revenue funding for a GM Housing First scheme, to provide continuity until 31 March 2028; and
- **Young People:** the delivery of high-quality HMOs and support for care experienced young adults, in line with successful local schemes and the GM Care Leavers' Guarantee.

4.5. In appraising this programme however, several risks have been identified which might hamper efforts to submit a GMCA-led bid for SHAP funding.

4.6. Firstly, initial engagement with DLUHC and Homes England suggests that they will be reluctant to support regional bids that do not unequivocally demonstrate a benefit in the identified priority areas. For example, a GM bid that contained accommodation in Tameside would have to demonstrate a tangible impact on rough sleeping in Manchester, Bolton or Wigan.

4.7. In the absence of reassurance from DLUHC about the viability of a GM wide bid, it is difficult to make a case for a GM Housing First proposal and there is limited value that a GM bid could add to the three eligible areas. We continue to make the case for a GM wide bid for the Adults cohort, demonstrating the value that comes from a combined approach, namely:

- Reducing competition across Local Authorities to maximise overall funding into the region, and ensuring that Bury, Trafford and Stockport benefit;

- Mitigating and sharing risk through joint investment in multiple providers and/or new delivery partnerships;
- Add additional funding from GMCA and drawing on wider social investment, as trialled in use with the RSAP Resonance schemes, thus enhancing affordability and sustainability;
- Align policy and service co-ordination alongside existing joint working for both cohorts; and
- Aligning the funding window with the existing GM Housing First service, which runs until 31 March 2025.

4.8. Secondly, there appears to be limited appetite from DLUHC for schemes that do not involve assets held by a Registered Provider of Social Housing. This rules out some social investment models (e.g. the RSAP Resonance model) which may mean that Local Authorities have to provide match funding out of their own resources.

4.9. Considering these risks, the following approaches for SHAP are proposed for a GMCA-led bid:

- **Adults:** Proceed on the basis that a GM-wide bid for this cohort is not viable and work with eligible local authorities to understand if there is a gap to which a GMCA bid would add value; and
- **Young People:** Work with an investor and Registered Provider of Social Housing to draw up a shared accommodation model with a provider specialising in supporting young people.

Recommendation: To approve the described approaches to bidding for SHAP.

5. Local Authority Housing Fund

5.1. DLUHC have established this fund to provide long term accommodation for people accommodated under the Afghanistan, Ukraine and other refugee resettlement schemes, recognising the significant number of people still in hotels and host placements.

- 5.2. The programme provides up to £14.7million to GM Local Authorities for the acquisition and refurbishment projects, with a prescribed minimum number of larger properties (4 bed plus) to be procured for Afghan families currently in bridging hotels. Funding was initially allocated to the following target areas in GM: Bolton, Manchester, Oldham, Rochdale, Salford, Stockport, Trafford.
- 5.3. Local authorities were required to submit non-binding validation forms on 25 January to indicate their acceptance or refusal of the allocation. Apart from Bolton, GMCA understands that all boroughs indicated initial acceptance to all or most of their allocation.
- 5.4. Local Authorities are currently assessing a) the current level of need in Ukrainian and Afghan cohorts for LAHF units, and b) the capacity and means to supply units allocated.
- 5.5. LAHF requires Local Authorities and/or other partners to match fund through capital investment and GMCA are supporting them to scope the level of investment required and provide advice on models and links to prospective partners.
- 5.6. DLUHC require Memoranda of Understanding to be signed for LAHF delivery by 1 March 2023 (with flexibility indicated up to 15 March), with a view to delivering properties by November 2023, although flexibility is anticipated up to 31 March 2024.
- 5.7. **Recommendation:** To note the allocations to GM Local Authorities and ongoing work to progress LAHF acquisition projects.

6. GM Rough Sleeper Accommodation Programme

- 6.1. The GMCA-commissioned Rough Sleeping Accommodation Programme (RSAP) provides move on accommodation for people who have experienced rough sleeping and are currently in A Bed Every Night, supported housing or other forms of emergency accommodation.
- 6.2. The GMCA programme acquires 1-bedroom properties on the open market through a social impact housing fund, which are leased to a registered provider of social housing. Support is provided for up to 2 years by a commissioned provider. So far 29 people have moved into their own RSAP property.

- 6.3. The programme has faced continued challenges due to the scarcity of affordable 1-bedroom accommodation to acquire. In the second phase under the current working profile it is likely that a maximum of 36 properties will be delivered against a target of 60 before March 2024 under the current property parameters. The housing market is unpredictable, and the profile is under constant review, but it is prudent to plan for lower than planned delivery.
- 6.4. We are therefore exploring our options with the investment partner and Local Authorities to understand any changes to the model to deliver further properties for the high needs cohort. Any changes will have to be developed with support from DLUHC.
- 6.5. **Recommendation:** To note the challenges on the RSAP programme and potential to change the model to deliver the most outcomes for the cohort.

7. Key risks and considerations

- 7.1. Delivering 3 separate capital projects at the same time presents a number of risks to GM Local Authorities.
- 7.2. Firstly, the mass procurement of properties in Greater Manchester across three programmes at the same time may have an inflationary effect on an already overheated housing market. This situation is exacerbated by procurement exercises elsewhere in the system e.g. Serco procurement as part of the move to a full dispersal asylum policy.
- 7.3. There is a risk of a knock-on effect which makes the private rented sector less accessible and therefore increase the risk of homelessness for some people. To mitigate this, GM Boroughs are committed to procuring only in their own Borough, to avoid adding to these effects through additional competition, however this will not fully mitigate these effects.
- 7.4. None of these programmes provides additional capacity to Local Authorities to actually deliver these complex acquisition projects. Some areas will have to manage three separate projects simultaneously, without additional resource.
- 7.5. To maximise capacity, GMCA is supporting with investment advice and project coordination support whilst also connecting Local Authorities to organisations with expertise in sourcing and bringing accommodation online.

7.6. The GMCA is recruiting a Principal to support the development of the capital programmes to work alongside Investment and Homelessness Teams to make the most of the opportunities for Greater Manchester.

7.7. These projects underscore the importance of continuing to make the case for consolidated funding settlements for Homelessness, rather than a continual cycle of competitive bidding processes and challenging delivery timescales.