

**Manchester City Council  
Report for Information**

**Report to:** Resources and Governance Scrutiny Committee - 6 October 2020

**Subject:** Capital funding for temporary accommodation

**Report of:** Director of Homelessness and Deputy Chief Executive and City Treasurer

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### Summary

The report commences with a summary of current data, to show the demand and financial impact of homelessness. It also presents the impact covid has had on the service, although it is accepted that demand will increase significantly in the future as the consequences of covid and the recession impacts on the service. The report then covers the financial steps the Council is taking within its capital budget to improve the provision of good quality temporary accommodation within the broad geographical boundaries of the city. It also covers the value of money that could be derived from the Council building its own provision for homelessness.

### Recommendations

Members are invited to consider and comment on the information contained within this report.

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**Wards Affected:** All

<b>Environmental Impact Assessment</b> - the impact of the issues addressed in this report on achieving the zero-carbon target for the city
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Having high quality homes reduces the need to waste valuable resources on heating properties. This will help reduce the amount of carbon used.
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<b>Our Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Having good quality accommodation will help people to thrive. Reducing the number of people who are homeless, or placing them in appropriate accommodation with help to access employment and learning opportunities will contribute to Manchester becoming a thriving and sustainable city.
A highly skilled city: world class and	Having accommodation that people can

home grown talent sustaining the city's economic success	access, in areas where they have a support network to help them, and their children, into education or employment will help grow talent in the city.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Having good quality accommodation in our communities improves the environment people live in and helps them to make a positive contribution.
A liveable and low carbon city: a destination of choice to live, visit, work	Ensuring properties are a good quality and high standard will reduce the need to heat properties and therefore reduce energy waste.
A connected city: world class infrastructure and connectivity to drive growth	n/a

### Contact Officers:

Name: Mike Wright  
Position: Director of Homelessness  
Telephone: 07971 587 977  
E-mail: m.wright@manchester.gov.uk

Name: Carol Culley  
Position: Deputy Chief Executive and City Treasurer  
Telephone: 0161 234 3406  
E-mail: carol.culley@manchester.gov.uk

Name: Nicola Rea  
Position: Strategic Lead for Homelessness  
Telephone: 0161 234 1888  
E-mail: nicola.rea@manchester.gov.uk

Name: Chris Thomas  
Position: Head of Group Finance - Health and Social Care Integration & Homelessness  
Telephone: 0161 234 3851  
E-mail: chris.thomas@manchester.gov.uk

### Background documents (available for public inspection):

Not applicable.

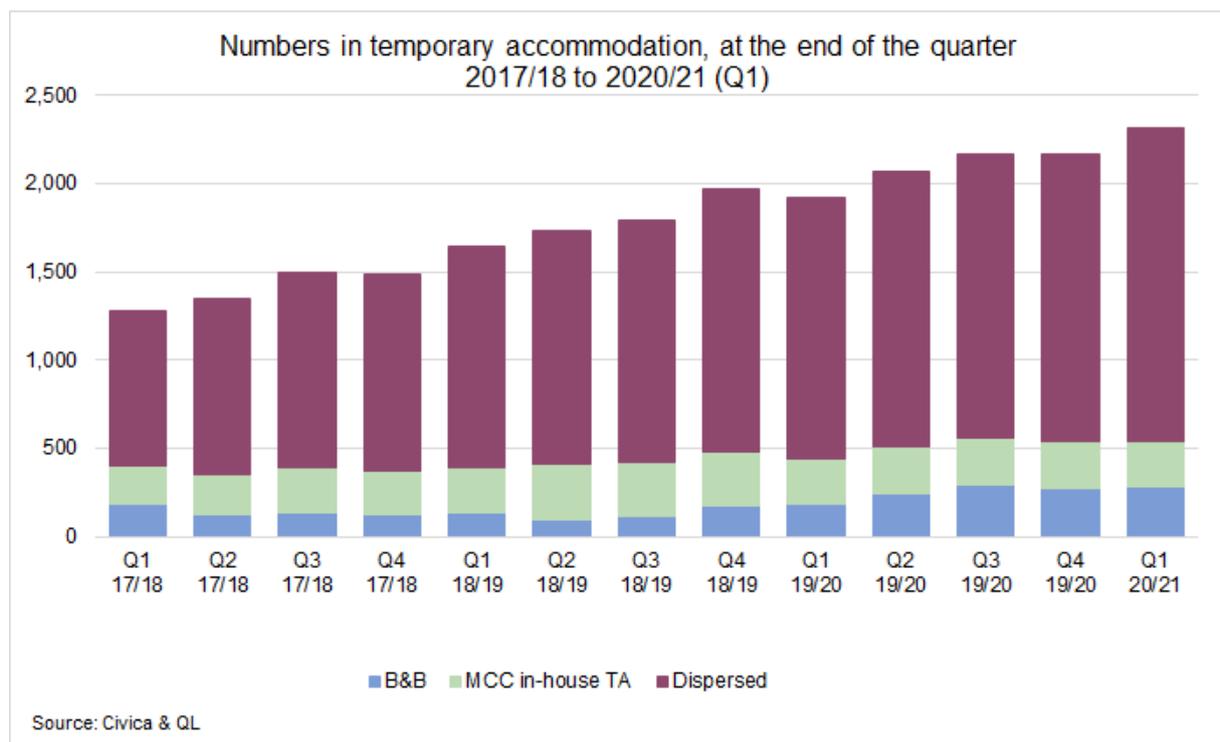
## 1.0 Introduction

This report is produced at the request of the Resources and Governance Scrutiny Committee to discuss projects that have been undertaken with capital finance in order to improve temporary accommodation in the city. It also contains the figures requested to aid Members to understand if it would be better value for money for the Council to manage emergency accommodation itself, or to continue with the current practice.

## 2.0 Background

The figures requested with regards to capital expenditure need to be read in the context of homeless demand in the city. As can be ascertained from the graph below, demand for homeless services is increasing in the city. Due to the level of rents, and increasing population in Manchester, which is pushing up demand, it is becoming increasingly difficult for people to move out of homelessness into permanent accommodation.

Graph 1 shows an increase in the number of homeless people who are housed in temporary accommodation across the conurbation.



## 3.0 The capital budget to improve the provision of good quality temporary accommodation within the broad geographical boundaries of the city.

There are a number of schemes in the city where we have used capital funding to provide, or release good quality temporary accommodation.

### **3.1 Apex House**

Apex House is a 21 unit self-contained purpose built scheme. It has been developed in partnership with the Council and a private housing provider, HS Property Group, who are also providers on the dispersed contract. The scheme has been developed as an alternative to B&B, for families, including large families. The site is made up of 13 x 2 beds and 8 x 3 beds, however, the 8 x 3 bed units can be converted to 4 x 6 beds via an adjoining doorway. This would offer increased flexibility and offer the potential of securing some much needed larger family type accommodation.

The scheme's target is to move families into the private rented sector within 8 weeks, ensuring a limited period of time is spent in temporary accommodation. The site will have dedicated move on officers / support workers and a manager, as well as security out of hours in order to achieve this.

The 8 week target will ensure throughput through the scheme, therefore helping to reduce the B&B usage and longer term dispersed accommodation for families.

Costs are significantly cheaper than B&B, as the scheme will be, in the main, funded through the dispersed accommodation contract. However, this is an interim measure, as the Service works towards the contract being managed by an external provider. Once all associated costs are accounted for, a reduction in B&B spend of £100k per year could be achievable. This is based on current figures. If families are moved directly into the private rented sector, this will also result in a reduction in the dispersed accommodation contract costs as families will not be moved into this longer term form of accommodation.

Social value and quality will be greatly improved, as the site is a brand new development with self-contained units, which is a positive step in terms of Covid risk. The site is located on an arterial route in south Manchester, in an area the service struggles to place families in both temporary and settled accommodation.

Due to its location, families from this area may be able to keep children in school during their time spent here, which has been a significant issue over the last few years, travel time to school will also be reduced. Family and support networks will also be easier to maintain.

The site is a former office, and if this operates successfully, in terms of financial and social value, then this model could be replicated elsewhere across the city. Due to the increased levels of homeworking that many companies have adopted throughout the pandemic, and the success of this model, there is potential for more smaller office sites coming on to the market for redevelopment purposes.

### **3.2 Buying of larger properties for families**

The Council currently has 112 families in temporary accommodation who need homes with 4 or more bedrooms. 88 of them need 4 beds; 20 need 5 beds and 4 need 6 beds. There are also around 400 requiring at least 3 bedrooms. Many of these are families who are struggling with welfare reform and the benefit cap.

The number and availability of larger properties that are affordable is minimal, and this has resulted in many larger families potentially spending years in temporary accommodation.

The Council recognised this as a problem and the Executive agreed in December 2018 to invest £5m, in conjunction with registered provider partners, who match-funded this with just over £9m of their own resources. In 2018, there were 62 families in temporary accommodation who needed 4 or more beds. This number has increased since then due to the continuing pressure through welfare reform, and also families having additional children whilst residing in temporary accommodation.

The agreement was signed in April 2019. However, despite the Council providing equity funding, it has been difficult to identify large numbers of properties which can be bought and refurbished and which are affordable within a 30-year business plan. There has also been a period this year when no property transactions were being undertaken due to covid restrictions. Despite this, the project has been successful, with offers accepted on 43 properties and 28 being purchased so far. 26 of these have been let and we have rehoused 38 adults and 128 children.

To help to free up larger homes across Manchester the Manchester Housing Providers Partnership has jointly-funded with the Council an officer to work with residents to move to more suitable accommodation - known as right-sizing. Since April this year the rightsizing officer has helped to release 36 family homes, 10 of which are suitable for families requiring 4 or more bedrooms.

### **3.3 Refurbishment of Shared Housing**

The refurbishment work of Homelessness Shared Housing is part of an ongoing programme of improvement works. The majority of the work involved relates to the rewiring the houses and making good afterwards, including redecoration. The contractor has completed 9 of the 14 Houses. The work was delayed due to the Covid 19 lockdown and subsequent issues sourcing materials, but it is envisaged that all the work to the 14 houses will be completed by July 2021. The allocation to improve this accommodation is:

- 2018/19                      £265k
- 2019/20                      £496k
- 2020/21                      £445k
- 2021/22                      £285k

### **3.4 Woodward Court**

This tower block in Miles Platting is in need of major refurbishment work. A programme of internal and external works is being drawn up by Northwards Housing. Sprinklers are currently being installed in all flats and the office space and urgent works to renew the roof and replace the lifts will also be carried out in this year's capital programme, with works due to start after Christmas.

The works required to the rest of the block include new kitchens, bathrooms, rewiring, low carbon heating replacement, communal area upgrade, structural

repairs, work to balconies, new windows, external wall insulation, ventilation, entrance improvements, ground floor insulation.

No detailed costs have yet been identified as the actual design and delivery process has not been completed. However, the total cost of the work is likely to exceed £5m. Discussions are ongoing around the potential requirement to decant residents whilst extensive works are undertaken.

### **3.5 Women's Direct Access**

A major refurbishment programme was undertaken at the Women's Direct Access Centre following a successful funding bid to Homes England in 2017 for £160,000. £371,717 contribution came from the HRA to complement the grant.

As well as replacing the roof and fire alarm system, the building was developed to deliver a 'psychologically informed environment' that informs the approach taken in delivery of support to residents. The reception, office and communal areas were all redesigned and the residents' rooms were refurbished. This building now provides a very good standard of accommodation for the female residents.

### **3.6 Homes England - Dalbeattie Street**

The Homelessness Service lacks adapted and accessible accommodation within the in-house property estate. Emergency accommodation on the Council's emergency accommodation framework also lacks suitable adapted accommodation and in general sites are not set-up for vulnerable people on discharge from hospital.

This lack of suitable property results in considerable delayed transfers of care for many homeless vulnerable adults in this position at considerable cost to health services.

Working with Mosscafe St Vincent and Homes England, the Homelessness Service proposed to make positive temporary use of Dalbeattie Street, in Harpurhey, which is a capital funded, new build facility partially funded by Homes England which Learning Disability Social care services were not ready to utilise on completion of the build in 2019. Working with Homes England we have secured approval to use this site until March 2021. The Housing Solutions Hospital Discharge Service works with vulnerable homeless adults who are subject to delayed transfer of care from Manchester hospitals as a result of a lack of suitable temporary accommodation to support their transition from hospital to a settled home that can fully meet their needs.

In some cases a person is unable to return to their former property following a change in their medical circumstances or physical ability. Some cases are vulnerable people who have previously slept rough for whom it would be an unsafe discharge to return to the street. Some people may have been 'sofa surfing' prior to hospitalisation, who are no longer able to return to live with friends or family due to changed medical circumstances.

The use of this 10 flat scheme has addressed delayed transfer of care cases through the provision of level access self contained facilities and over an 8 month period has assisted 23 people to manage life changing ill health and surgery to then move on to their own tenancies.

### **3.7 Extra Care**

The Homeless service has an incentive scheme that is working in conjunction with the capital investment that has been invested in Extra Care facilities. Often older people want to move from their larger property, into extra care, but the costs of moving are occasionally prohibitive, or they are concerned about managing the move. There are specialist workers who will help older people with the logistics of moving, and the homeless service will pay for additional items or processes that will aid the move. This means that the larger property is released to a homeless family, and the older person has the opportunity to move into a newly built, manageable property. The investment into extra care, and the incentive scheme, means that not only does the older person benefit from the capital investment, but a homeless family moving into the released property also benefits. Despite the difficulties with moves during covid, 36 family type homes have been released since April 2020:

- 12 x 2 bed
- 14 x 3 bed
- 6 x 3 bed parlour
- 3 x 4 bed
- 1 x 4 bed parlour

11 families have already moved and the rest should be let by the end of the year as moves occur.

### **4.0 Next Steps Accommodation Programme (NSAP) Ministry for Housing, Community and Local Government (MHCLG) and Homes England Bid**

Manchester City Council has partnered with a number of Registered Providers to put in a bid to Homes England and the MHCLG for revenue and capital investment into the city. The bid is for the financial year 2020-21; but there will be future phases of the NSAP programme over the financial years 2021-22; 2022-23 and 2023-24.

The vision is that the longer term capital options in the bid will create 1 bed accommodation for people who are currently residing in supported accommodation, and who are therefore more tenancy ready. This will subsequently make space in supported accommodation to move people from the covid hotels and from the streets into this supportive environment. Although this phase of NSAP will not meet the full demand, the units will start to address the need for more accommodation for homeless people, and especially people who sleep rough, in Manchester.

The capital accommodation is provided by a mixture of registered providers to ensure there is enough capacity in the system so that the provision is delivered before March 2021. The potential accommodation is a mixture of additional modular properties, acquisitions and refurbishment to provide additionality, and accommodation that would have otherwise not been available to bring into use for homeless people. The accommodation will be ringfenced for people coming from supported accommodation to create the required vacancies for people who sleep rough.

The long term plans for future MHCLG NSAP phases of this programme will address the shortage of a range of affordable accommodation for single people in Manchester

either in the social housing sector or private sector. Manchester Housing Provider Partnership members have committed direct capital funding over the lifetime of this programme to deliver newbuild and refurbished accommodation and supported housing as a long term asset available for single people to ‘move on’ from supported housing. Development programmes will reflect this strategic priority and future bids will look to deliver 100-150 homes per annum. The pilot undertaken in phase 1 utilising modular housing, will be explored further in future phases, along with the development of a range of newbuild and refurbishment developments across the city to meet the requirements.

The Council has not yet heard from Homes England or MHCLG if they have been successful, or partially successful, in their bid, but it is hoped and anticipated that there will be access to capital funding for progressing access to accommodation in the city.

**5.0 Emergency Accommodation being built and managed by the Council**

The below table shows the yearly cost of the Council running two establishment types. The first is a hostel for women with high needs, which is staffed 24/7. The second is the new, potential, option that the Council is looking at for homeless families, which would be staffed during the day, but overnight and weekend security.

	Women’s Direct Access	Apex House Plus
Gross Cost	£709,353	£516,421
Beds	33	33
Cost per week per room	£413	£301

The current average gross cost per week in emergency hotel accommodation is £484 for families and £387 for singles.

When Apex House is opened in autumn 2020, officers will review the service and costs over a 6 month period. If the model continues to be financially viable, then this is a model that will be rolled out in the future.

**6.0 The value for money that could be derived from the Council building its own provision for homelessness**

There are three options for delivering additional accommodation that could be used for homelessness, namely:

- The Council could build accommodation through applying for an Affordable Homes grant
- A Registered Provider partner could build the accommodation
- Accommodation could be delivered through the Local Delivery Vehicle.

The government has just announced its Affordable Homes funding programme for the next five years from March 2021 onwards. This includes 10% for supported housing including homelessness. The council is an investment partner with Homes England, so can bid for grant funding to support the delivery of homelessness accommodation as long as the finances will allow for a repayment basis to be viable. One of Manchester's Registered Provider's could also apply, on the same basis, needing the repayments to be viable. If this were to be progressed, the Council would need to identify a site, or a number of sites, for this type of accommodation.

The capital funding for building housing units includes an element for homelessness which could be considered.

## **7.0 Conclusion**

The Homeless Service is utilising capital funding as much as possible to increase access to both temporary and permanent accommodation and to improve the quality of its accommodation. It will continue to do this through maximising potential future capital bids and working with partners to utilise their funding options.

It remains a priority in the capital programme to consider developments which will support the revenue budget position in areas such as homelessness and social care.