

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Leader of the Council

Date: 10/03/2023

Subject: Council intervention in the local Supported Housing Market to protect resident wellbeing

Report of: Cabinet Member for Finance and Reform

Report author: Linda Jackson, Corporate Director of Transformation

Responsible Director: Sukvinder Kalsi, Director of Finance

SUMMARY

1. Shepherds Bush Housing Association are disposing of supported housing property in the borough during February and March 2023. Disposals pose varying degrees of risk to the wellbeing of occupants who are both local residents and Council service users across Adult Social Care, Children's Social Care and Community Safety.
 2. In order to reduce the risks posed to occupants, each Council department affected has developed individual business cases to assess the feasibility/merits of acquiring the supported housing units affecting their service users. Work is underway to assess the financial viability for each service area and related property for sale and a case is established to acquire properties with implications for Children's Social Care and Community Safety.
 3. This paper asks that any necessary approvals for property acquisitions arising from each be delegated to the Strategic Director for Finance, in consultation with both the Cabinet Member for Finance and Reform and the relevant Cabinet Member (Children and Education or Social Inclusion and Community Safety); up to the maximum total value outlined in Appendix 1 (exempt from this report for commercial reasons).
 4. Delegated approval will enable Council decision making to be sufficiently responsive and agile to a complex and varying set of factors informing each acquisition decision: the timeline and process for disposal set by local housing associations; time limited grant money potentially available to support acquisition; the specific risks posed to each occupant depending on their vulnerability, security of tenure, property, recourse to Council and wider public funding; potential complexities in property negotiations and transactions.
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REASONS FOR URGENCY

The properties are due to go up for sale at the end of February as part of a wider portfolio of supported accommodation being divested by Shepherds Bush Housing Group (SBHG). Interested parties will then have six weeks to submit closed bids. A

decision is needed urgently in order to take these properties out of the portfolio prior to other parties having the opportunity to submit more competitive offers.

RECOMMENDATIONS

1. To agree that Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. To approve one off capital spend up to the agreed maximum value outlined in appendix 1 (and associated costs of borrowing) be delegated to the Strategic Director of Finance in consultation with the Cabinet Members for Finance and Reform, Children and Education and Social Inclusion and Community Safety.
3. To approve spend of possible GLA grant secured up to the agreed maximum value outlined in appendix 1 be delegated to the Strategic Director of Finance in consultation with the Cabinet Members for Finance and reform, Children and Education and Social Inclusion and Community Safety.
4. To delegate authority for the purchase of each property to the Strategic Director of Finance, in consultation with the Cabinet Members for Finance and Reform, Children and Education and Social Inclusion and Community safety and the Assistant Director, Legal Services.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	Ensuring more secure accommodation is an enabler for service user wellbeing and prosperity.
Creating a compassionate council	The case for intervening in the Supported Housing market through acquisition is being pursued to ensure residents wellbeing.
Doing things with local residents, not to them	The business case for acquisition is being developed in consultation with key stakeholders.
Being ruthlessly financially efficient	Robust business case appraisal will ensure ruthless financial efficiency: a viability models will be used to assess each property acquisition; and financial analysis will include an assessment of the financial implications for Council commissioning budgets.
Taking pride in H&F	Hammersmith and Fulham Council are proud to maintain a strong Supported Housing offer in the borough
Rising to the challenge of the climate and ecological emergency	Acquired properties will be included in the Council's commitments to the climate and ecological emergency

Financial Impact

The financial implications are outlined in Appendix 1 and exempt from the body of this report for commercial reasons.

Implications provided by Kellie Gooch, Head of Finance (Environment) and Tony Burton, Head of Finance (CHS and Education), 27 February 2023
Verified by Sukvinder Kalsi, Director of Finance, 27 February 2023

Legal Implications

Section 120 of the Local Government Act 1972 enables the Council to acquire land (either within or outside of the borough) by agreement for the following purposes:

- (a) any of its statutory functions; or
- (b) the benefit, improvement or development of its area

The Council's duty to provide supported accommodation is governed by a variety of legislation, including (but not limited to) the following: Housing Act 1996, Children (Leaving Care) Act 2000, Care Act 2014, Domestic Abuse Act, Equality Act 2010, Domestic Abuse Act and Equality Act 2010. Accordingly, by acquiring the properties, the Council will be ensuring the provision of supported housing is maintained and it is able to carry out its various duties in accordance with the aforementioned statutory frameworks.

It will be necessary to carry out the due diligence on each property to be purchased. This includes Land Registry title checks as well as carrying out the relevant property searches against each property. If any of the properties are being sold as leasehold, further enquiries will need to be made of the freeholder/landlord and their consent to the purchase will also be required. Due diligence will need to be completed prior to exchange of contracts and so it is imperative this is started as soon as possible.

There will be substantial costs involved in the conveyancing process for each property, including legal fees, search fees, stamp duty land tax and Land Registry fees. For any leasehold properties, the Council may also be required to pay the landlord/freeholder's costs.

Implications provided by: Afshan Ali-Syed, Senior Property Solicitor, Legal Services, 20 February 2023

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Proposals and Analysis of Options

1. Doing nothing may put residents and service users at risk from local housing association divestment. Risks include vulnerable people becoming street homeless; young people in the Council's care having to move from a stable in borough accommodation placement to out of borough accommodation away from their peer

and wider support networks. All of these having a potential adverse impact on the Council's reputation.

2. Each business case may result in proposals for acquisitions with a total value above £5m. The option of taking a single decision to Cabinet was considered but not recommended because the governance timeline is not sufficiently responsive to align with the timescales for acquisitions.

Reasons for Decision

3. Delegated approval will enable Council decision making to align with the timescales for acquisitions and be sufficiently responsive and agile to a complex and varying set of factors informing each acquisition decision.

Equality Implications

4. Residents with protected characteristics in receipt of Council support are occupying supported housing units for sale.
5. Intervention in the supported housing market is being appraised as an effective strategy to protect residents with protected characteristics including children in care, learning difficulties and poor mental health.
6. The business case to acquire or not each property in scope will consider equality implications.

Risk Management Implications

7. The report recommends delegating approval to acquire properties which are about to be divested by local housing associations, subject to a business case being demonstrated and funding being available. The sale of these properties may put vulnerable residents who are currently housed in these properties at risk, including their being able to remain resident in the borough, being able to access support networks and supporting their health and wellbeing and achievement of life outcomes. This is in line with the objective of creating a compassionate council.
8. The delegation will enable prompt appropriate action to be taken and enable access to potential funding to secure properties which demonstrate a robust business case. This is in line with the objective of being ruthlessly financially efficient.

David Hughes, Director of Audit, Fraud, Risk and Insurance, 10 February 2023

Climate and Ecological Emergency Implications

9. Acquiring properties would enable the Council to invest in their decarbonisation and wider environmental performance as part of its commitment to respond to the climate and ecological emergency.

Hinesh Mehta, Head of Climate Change, 22 February 2023

Property

10. Sufficient due diligence will be undertaken to ensure an understanding of property liabilities informs acquisition decisions. e.g., surveys, valuations etc.
11. Property finance will be arranged in a cost-effective way and GLA grant pursued to support viability. Rental rates will be reviewed for the properties and set considering market appraisal and regulatory constraints.
12. The implications of the Council's commitment to net zero will require working through in relation to properties acquired, but this will not be possible in the timescales available for decision.
13. It's expected that properties acquired will be leased to the incumbent supported housing providers with responsibility for compliance and day to day repairs residing with the leaseholder.

Jonathan Skaife, Acting Head of Commercial Property

LIST OF APPENDICES

Appendix 1 (EXEMPT FROM REPORT)