

Report to: EXECUTIVE CABINET

Date: 25 November 2020

Executive Member: Councillor Bill Fairfoull - Deputy Leader

Reporting Officer: Richard Hancock - Director of Children's Services

Subject: TRANSITION SUPPORT - ALTERNATIVE LEASE

Report Summary: To seek continued authority to acquire tenancies for the Transition Support Scheme under the existing governance for a management agreement and to enter into lease arrangements.

Recommendations: That Executive Cabinet be recommended to agree to amend the approval given by Executive Cabinet in February 2019 to allow for 17 tenancies for the Transition Support Service under a Management Agreement to also be obtained by entering into lease arrangements with RPs and Private Providers where required subject to Head of Legal being satisfied with the terms and the Director of Growth confirming in each case that the tenancy represents value for money whether under a Management agreement or lease.

Corporate Plan: **Our People – Our Place – Our Plan:**

2. Aspiration and hope through learning and moving with confidence from childhood to adulthood.
3. Resilient families and supportive networks to help and grow our young people.

Corporate Parenting Plan

Subgroup – Transition to Adulthood.

Policy Implications: In line with existing policy

Financial Implications: The expansion of Transition Support properties was approved by Executive Cabinet on 13 February 2019. This is an 'invest to save' proposal and will enable young people who are aged 16/17 to step down from high cost external residential placements. The Transition Support properties will also be used to accommodate young adults who are not ready to have their own tenancies but can be stepped down from high cost external placements.

(Authorised by the statutory Section 151 Officer & Chief Finance Officer)

There will be significant cost savings to the Council by securing the remaining transition properties. The exact level of savings will depend on the age of the young person (if they are 16/17 or over 18) and the type and cost of the external placement the young people will move from.

Based on the most recent young people who have moved into the Transition Support properties it is estimated that each new property that is secured will deliver cost savings of approximately £800 per week.

The saving for occupied properties to date is an average of £1072 per week. It is worth noting that some of the transition properties have been used to accommodate young adults who were homeless or had been living in inappropriate accommodation with

friends and family. In these cases the transition properties have not delivered cost savings, but has led to cost avoidance. If the young people had been accommodated in external placements; the cost to Children's Social Care is currently approximately £600 per week.

Full financial implications can be found at section 4.

**Legal Implications:
(Authorised by the Borough
Solicitor)**

When this matter was last before Cabinet in February 2019 it is understood that the expectation was that the providers of the accommodation were agreeable to proceed on the basis of entering into a management agreement with the council.

However it later became apparent that the providers were insistent on the arrangement being formalised by way of a lease agreement which has led to the unsatisfactory position the council now finds itself in where some of the properties are occupied under tenancies at will.

As set out in this report there are some advantages to the lease arrangement if entered into appropriately. It will therefore be critical for appropriate advice to be sought in relation to the Heads of Terms and the terms of the leases themselves.

Whether a lease or management agreement is used the property in question will become a Council assets so in this regard there is no benefit of one approach over the other

It would be advisable that the service negotiating the terms of the leases ensures that wherever possible those liabilities do not exceed the liabilities in the management agreement.

Members already be mindful of the need for all services to show value for money in all of their projects. Therefore section 4 of the report specifically addresses that issue for Members consideration.

The Council is required to ensure it has proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) uses three criteria to assess the value for money of government spending i.e. the optimal use of resources to achieve the intended outcomes: Economy: minimising the cost of resources used or required (inputs) – spending less; Efficiency: the relationship between the output from goods or services and the resources to produce. This means any arrangements we put in place to deliver services can't just be cheaper than existing ones they need to be value for money i.e. reasonable cost for service being delivered i.e. we should not be paying above the market unless there are exceptional reasons for doing so. Members need to be satisfied this is being achieved or failing that agreeing to a transition/step down savings plan so we reduce costs whilst doing work to achieve vfm.

Additionally all options must be considered both registered providers and private landlords in order that we can ensure we have the most appropriate properties for the needs of the young people in our care at the most appropriate cost.

Risk Management:

There is risk to Children's Services budget due to the current reliance on accommodating care leavers in high cost external supported accommodation whilst experiencing delay in accessing

suitable move on accommodation. Increasing capacity within the transition support service from 7 to 17 tenancies was previously agreed under an Invest to Save proposal.

Background Information:

The background papers relating to this report can be inspected by contacting Richard Hancock



Telephone: 0161 342 3354

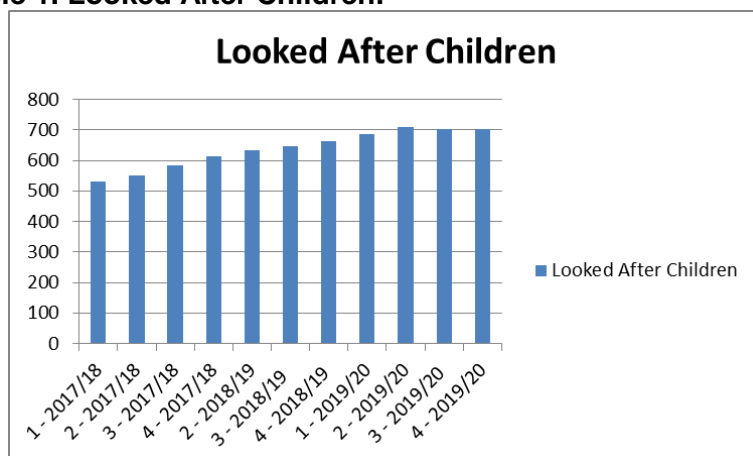


e-mail: richard.hancock@tameside.gov.uk

1. BACKGROUND

- 1.1 In February 2019 Cabinet approved the expansion of the Transition Support Service from the existing 7 tenancies up to 17 under use of a management agreement. This expansion was to be delivered through approaches made to the Registered Providers in the borough. The existing staffing structure of a Team Manager and 6 Transition Support Workers remained unchanged. Tameside currently has 716 Looked after Children, many of whom will become Care Leavers.

Table 1. Looked After Children:



- 1.2 In Tameside we currently have 357 Care leavers aged 18- 25 –this does include 128 who are not currently open to the service following the change in legislation increasing support to age 25.

Table 2.

Ages of Care Leavers	Open to Service	Not open to Service	Comment
18 Year olds	64		
19 Year olds	72		
20 Year olds	56		
21-25 Year olds	37		
21 – 25 Year olds		128	following change in legislation to increasing support to age 25.
Total	229	128	

Table 3. Of those Care Leavers aged 18+ open to Service:-

Secured own Tenancy	70
Remain in a Staying Put arrangement	28
Supported Lodgings	10
Higher Education	10
Total	118

There are currently 111 Care Leavers aged 18+ who require suitable and appropriate accommodation.

- 1.3 There will be a small number in adult service provision but these figures highlight a large proportion who return to live with friends and family.
- 1.4 There are currently 35 Care Leavers aged 18+ who remain in Children's funded supported accommodation and experiencing delays in accessing suitable move on provision. Of the 35, 18 are actively bidding and awaiting allocation of properties. A further 5 require support

to complete their applications, 4 have additional needs and require on-going support to engage with services. 4 young people are awaiting transfer to Adult Services. 3 have identified move on provision and are awaiting a move date. 1 young person has an agreed extension of support as part of a planned step down process from previous residential. Limited access to suitable move on accommodation that would adequately support young people to leave care creates significant cost pressures whilst they remain in high cost external provision.

2 PROCUREMENT

- 2.1 The February 2019 Cabinet report agreed the expansion of the pilot bedsit program with Jigsaw Housing Trust that was created in 2016, offering seven people at any one time an opportunity to move into independent living. The support is high quality, initial results have been excellent, and the annual cost is dramatically reduced. In February 2019 it was agreed that the Service was to expand by an additional 10 properties.
- 2.2 The Head of Major Programmes in the Investment, Development and Housing Growth team is supporting the team to source the provision of the appropriate one and two bed properties to fulfil the requirements outlined in the February 2019 Cabinet report expanding from the original seven tenancies to seventeen.

Table 4: Current Provision

No	Provider	Address	Occupation	Status	Rent Per week	No of Beds
1-4	Jigsaw Homes 4 Properties	Waterloo Ward	Occupied	MA pending	Total £339.94 pw Avg £84.99	4 Bedsits
5-7	Jigsaw Homes 3 Properties	Waterloo Ward	Occupied	MA pending	Total £241.50 pw Avg £80.50	3 Bedsits
8	MSV	St Peters Ward	Occupied	Tenancy at Will Requires Lease	£80.50	1 Bed
9	MSV	St Peters Ward	Occupied	Tenancy at Will Requires Lease	£80.50	1 Bed
10	MSV	St Peters Ward	MSV on site- December 2020 completion	Requires Lease	£80.50	1 Bed
11	MSV	St Peters Ward	MSV on site- December 2020 completion	Requires Lease	£80.50	1 Bed
12	Arcon Homes	East Droylsden Ward	Handover current	MA	£102.92 (this is regardless of the number of occupants)	2 Bed
13	Arcon Homes	Newmarket Rd. AUL	Handover current	MA	£102.92 (subsidised rental £10.87 pw)	1 Bed

14	Arcon Homes	St Peters Ward	Arcon on site completion date tbc	TBA	TBA	2 Bed
15	Jigsaw Homes	Hurst Ward	Re-let on site completion TBC	MA	TBA	1 Bed
16	TBC					
17	TBC					

- 2.3 Progress has been made with Registered Providers to identify appropriate accommodation from existing housing stock available for re-let in the Borough and this is twin tracked with identifying potential new provision through conversion of empty property both owned by the RPs and available on the open market.
- 2.4 Whilst from February 2020 there were offers from the Registered Providers to identify properties for the scheme delivery has been very slow. Reasons offered by the Registered Providers have included low turnover and limited appropriate stock. However, there has also been a general lack of response despite repeated efforts by the local authority. Although remaining a high priority for the Local Authority this scheme does not appear to have been grasped with similar urgency by the Registered Providers.
- 2.5 Of late, Coronavirus has had a further impact with a halt on evictions leading to a reduction in available properties. The Registered Providers have reduced their repairs services, impacting on any re-let work on voids.
- 2.6 The quickest route to access provision should be through the Registered Provider's re-let stock however this has been slow due to low turnover. It is noted that most Registered Providers have nomination agreements in place with the Council through which we are pursuing access to lettings. This single point of access has been the route followed in seeking to access accommodation for the scheme.
- 2.7 New provision (unless bought off the shelf) will have a time lag while suitable property is identified, feasibility work undertaken, funding put in place, technical issues resolved (i.e. Planning for conversions) and works undertaken. In addition, direct lets by the Council via the Private Sector and their Agents are being investigated in the absence of available Registered Providers stock being available.
- 2.8 While some Registered Providers are comfortable with a Management Agreement and Licence arrangement as set out in the February 2019 Cabinet report, some Registered Providers currently do not want to enter these arrangements and have been advised to request a Lease arrangement rather than a Management Agreement / Licence. The two properties with MSV are held on Tenancies at Will. MSV will not to enter the Management Agreement / Licence arrangement and are requesting Lease arrangements for all 4 properties at Pottinger Street subject to the Council agreement.
- 2.9 There are advantages to Lease arrangements in that they allow the Council to have a legal interest and more formal arrangement in the property, ability to be flexible to meet the circumstances for each property and landlord, manage risks and be clear/ limit liabilities such as repairing obligations. The lease can be structured to suit the requirements of the Council and the Registered Provider/Private Sector partners require this arrangement. The same arrangement could be achieved in a Management agreement.
- 2.10 The model Management Agreement and Licence in the February 2019 Cabinet report is still considered appropriate for those who will utilise this arrangement such as Arcon Homes and therefore it is recommended that the authority to continue to use this arrangement.

- 2.11 It is recommended that authority is given to enter into Lease arrangements for those Registered Providers and Private Sector partners who require this form of Agreement to proceed when making property available for the Councils requirements.
- 2.12 In respect of rent levels as noted above the rent for each property will be negotiated at the point of the proposed properties are offered for the service, this will be regardless of whether the property is to be subject to a MA or Lease arrangement. Rents will be reflective of the going rate in the market at the time of the transaction with the Private Sector or Registered Provider Partner, this will be both at the lease agreement date and the review point.
- 2.13 It is noted that if the Private Partner or Registered Partner Provider can subsidise the provision of the accommodation this may be reflected in a lower rent level at the point of the transaction rather than the equivalent market rent. Rent setting at the point of the transaction should be referenced to the market rent.
- 2.14 Prior to entering into a lease with a Registered Provider and Private Sector partners, early involvement with Estates will ensure that Heads of Terms are agreed, which for example will include ensuring the rent can't be increased substantially, from which TMBC Legal will ensure that the proposed lease with partners meet with the Council's requirements.

3 CURRENT POSITION ON REGISTERED PROVIDER'S AND PRIVATE PROVIDERS APPROACHED TO IDENTIFY REMAINING PROPERTIES:

- **Jigsaw Housing** – currently provide 7 tenancies in the Borough and have identified a further property in Ashton, subject to re-let works and are looking to identify further stock for this project.
- **Mossacre St Vincent** - have provided 2 properties and are on site with a further 2.
- **Onward Homes** - Onward have agreed to identify appropriate stock from void /turnover as a priority. In addition will consider new accommodation in the areas of their operational areas.
- **Irwell Valley** – Irwell Valley have agreed to identify appropriate stock from void /turnover as a priority. In addition will consider new accommodation in the areas of their operational areas.
- **Ashton Pioneer Homes** - have agreed to identify appropriate stock as a priority from void and turnover.
- **Arcon Homes** – have recently acquired 2 x 2 bedroomed properties and 1 x 1 bedroom property for refurbishment with Homes England subsidy.2 properties have been handed over with 1 to follow. This company have limited stock in the borough and minimal turnover.
- **Guinness Partnership**- are undertaking a full review of their supported Housing provision and are considering if this is a scheme which fits with that review.
- **Regenda** – have considered 1 property but this was disposed of on the open market.
- **Riverside Housing Group**-own one property in the Borough, Harper House, Ashton-U-Lyne , which is void and requires works to convert to provide up to 8 apartments and communal space for the service to utilise. Feasibility study and financial appraisal are in progress.

4 FINANCIAL IMPLICATIONS AND VALUE FOR MONEY

- 4.1 The Transition Support properties are part of an 'invest to save' report Cabinet agreed in February 2019, and will enable young people who are aged 16/17 to step down from high cost external residential placements. The Transition Support properties will also be used to accommodate young adults who are not ready to have their own tenancies but can be stepped down from high cost external placements.

There will be significant cost savings to the Council by securing the remaining transition properties. The exact level of savings will depend on the age of the young person (if they are 16/17 or over 18) and the type and cost of the external placement the young people will move from.

- 4.2 Of the properties that have been occupied to date, the figures below are based on 9 young people in 9 properties in **Table A**, the savings are £10,390.16 per week of care costs due to the age of the young people placed in those properties which allows them to claim benefits, so, the council has not had pay toward the rental costs. Had the council had to pay the rental costs (i.e. the young people had been under 18 years of age) the difference would have been the amount saved. £9,647.72 per week.

Table A

Provider	Property	Weekly Costs		
		Rental Cost	Previous Care Cost	Difference
Jigsaw Homes	Waterloo Ward x 4 tenancies	£322.00	£2,589.26	£2,267.26
Jigsaw Homes	St Peters Ward x 3 tenancies	£241.50	£6,006.00	£5,764.50
MSV	St Peters Ward x 2 tenancies	£178.94	£1,794.90	£1,615.96
Total		£742.44	£10,390.16	£9,647.72

- 4.3 If the Transition Support properties are unoccupied the Council will have to pay the rent; which based on the existing properties averages at £86 per week. The expectation is that the rent payments on the future transition properties will be comparable with the rent payments on the existing properties in line with market rents at the time. The average rents above have some historic weighting and current rents are £100+ per week. The rent levels charged by providers that want lease agreements are similar and in line with the rent levels set by providers that will enter into management agreements. For young people who are aged 16/17 the Council will need to pay the full rent as well as utility costs.
- 4.4 It is worth nothing that three of the identified Transition Properties have two bedrooms. If there were to be a single young adult in these properties the Council would need to subsidise the rent on these property due to the spare room subsidy (often referred to as the bedroom tax). Under the spare room subsidy rules if a property is under occupied a claimant's housing element of Universal Credit (UC) is reduced. Based on the rent level for the two bedroom properties the Council would need to contribute £14.40 per week to offset the spare room subsidy (14% of the rent values). This would not the case for a young adult with a child.
- 4.5 The young people within the transition properties receive support from the Transition Support Team. The Transition Support Team consists of a Team Manager and six full-time Transition Support Workers. Full budget provision already exists for the Transition Support Team.
- 4.6 Within the housing rental market Registered Provider properties can be on occasion cheaper than a Private Rental Provider. This is due to either being existing stock which is re-let at Social Housing rents or new stock where the capital investment is subsidised by grant funding. If these properties were available in the current market it is possible they would provide better value for money. However as noted in section 2 above there are limited such properties currently available in Tameside. Where properties have been identified to date these are either the Jigsaw 7 properties (from New Charter arrangements) or new property provide by Registered Providers which have an element of subsidy in the projects.

- 4.7 The rents for the latter are based on the Registered Provider rent setting models and are comparable to the current market rental are in line with what residents in the borough can expect to pay. These arrangements would offer better value for money than current cost of placements the young people are placed in.
- 4.8 The accounting for leases will change due to a change in accounting regulations for Local Authorities due to IFRS16 – Accounting for leases which takes effect from 2020/21. This will mean that any property that the Council enter into will be treated as a council asset for accounting purposes only. The accounting legislation explains that it is important to consider substance over form when determining if a lease is in place, i.e. just because an agreement isn't called a lease doesn't mean there isn't one. A contract is, classified as a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. There for the Accounting treatment for either a lease or a management agreement would be the same. This does not present any additional risk to the Council.

5 RECOMMENDATIONS

- 5.1 As set out at the front of the report.