

CABINET

Date of Meeting	19 th November 2024
Report Subject	Intensive Housing Management Solutions for Homeless Accommodation
Cabinet Member	Deputy Leader of the Council and Cabinet Member for Housing and Communities
Report Author	Chief Officer, Housing and Communities
Type of Report	Operational

EXECUTIVE SUMMARY

Expenditure on homeless accommodation is a high-risk area for the Council and costs have increased significantly in recent years as demand has grown and covid related hardship grants from Welsh government have reduced.

Area	2020/21	2021/22	2022/23	2023/24
Temporary Accommodation	352,790	694,594	450,634	565,813
Emergency Accommodation	20,706	511,284	1,501,611	4,575,510
Homeless Hub	191,994	249,803	193,785	229,634
Totals	565,490	1,455,681	2,146,030	5,370,957

A specific challenge for the Council is the over reliance on holiday accommodation such as hotels, Bed and Breakfast (B&B's), caravans and other forms of holiday accommodation when fulfilling homeless accommodation duties. This is costly and not a good housing solution. Expenditure on hotels, B&Bs and other forms of holiday accommodation is outlined in the table above and is recorded as emergency accommodation.

The percentage of placements in hotels, B&Bs and other forms of holiday accommodation is significantly higher for Flintshire than the average elsewhere in Wales. As of February 2024, 58% of individuals in homeless accommodation provided by the Council were housed in B&Bs compared to 33% for Wales.

Developing other homeless accommodation solutions is a priority task for the Housing and Prevention Service and options are actively being explored to reduce financial pressures associated with fulfilling statutory homeless duties. Following

consultation with other Welsh Authority Homeless Leads, D2 PropCo have been identified as a potential provider of homeless accommodation.

This report outlines the model of intensive housing management services provided by D2 PropCo for homeless accommodation and the cost benefits of engaging a partner for these services.

D2 PropCo currently provide housing management services for 10 Councils in Wales. They provide homeless accommodation for single people (small scale house shares – up to 5 people sharing) and families in self-contained accommodation as an alternative to hotels, B&Bs and other forms of holiday accommodation. They also provide accommodation for unaccompanied asylum-seeking children (UASC).

Initial discussions with D2 PropCo to better understand their service and to inform cost benefit analysis, has established the accommodation of 40 single people and 10 families could offer significant savings. The savings are estimated at £1,095,000 per year when compared to the potential cost of accommodating those 50 households in hotels. If the Council were to engage D2 PropCo the potential savings could be £3,285,000 over a three-year contract period.

RECOMMENDATIONS

1	Note the work undertaken to identify potential providers of an intensive housing management service for homeless accommodation.
2	Note the outcome of the Prior Information Notice (PIN) by way of testing the market.
3	Approve the direct award to D2 PropCo to engage them as a partner to provide an intensive housing management solution for homeless accommodation.

REPORT DETAILS

1.00	EXPLAINING INTENSIVE HOUSING MANAGEMENT FOR HOMELESS SERVICES MODEL - D2 PROPCO
1.01	<p>D2 PropCo specialises in purchasing and renovating properties to provide temporary accommodation for homeless households, offering a vital alternative to Bed and Breakfast (B&B) placements and efficiencies for local authorities. More information about D2 PropCo can be found on their website HERE.</p> <p>D2 PropCo currently operates in South Wales and is highly regarded by Council partners for reducing reliance on costly B&Bs and delivering high quality housing solutions and property management services. They offer residents low-level support and comprehensive housing management, ensuring a secure and structured environment for residents.</p> <p>Several Welsh authorities, including Caerphilly and Torfaen Councils, have successfully partnered with D2 PropCo using tender exemptions,</p>

recognising that no other provider delivers this type of service or cost efficiency.

During our due diligence processes we approached several South Wales Councils for references. Caerphilly Council reports that D2's model is over 50% cheaper than hotel placements, while Torfaen Council highlighted their high standards of property management and extensive support services, all for a fixed fee and at significant benefit.

Financial background checks on D2 PropCo have also been carried out using the Dun & Bradstreet framework which considers financial viability. The report highlighted no concerns and provided reassurance on the organisations financial standing.

The Council urgently needs to reduce the high costs and resource strain caused by B&B placements. Unfortunately, most B&B placements allocated to homeless clients are out of County due to there not being enough available options in Flintshire. This in turn then places households further away from the authority / support options, which may impact on the client's situation and cause added trauma to already vulnerable people.

In light of the challenges around out of county placements, those residents within neighbouring areas of Chester and Denbighshire will be targeted for relocation into properties acquired by D2 PropCo.

The approach used by D2 PropCo to providing housing solutions is to buy property on open market and then invest in the properties to bring them up to a standard comparable to the social housing Welsh Housing Quality Standard. For house shares, CCTV is also installed within communal spaces for residents' safety and welfare monitoring.

Representatives from D2 PropCo attended the Ending Homelessness Board to present the model and Board Members were impressed by the potential for efficiencies, but also the standard of accommodation and operational management practices. Appendix 1 is the presentation provided to the Ending Homelessness Board.

Board members asked D2 PropCo if there was opportunity to target long term empty homes as a route to, not only increasing supply for homeless needs, but also to address the challenge of long-term empty homes in Flintshire, which can cause a blight on the local landscape. This is feasible and discussions with local auction houses and the Council's Empty Homes Officer are underway.

Full contract price and maximisation of potential efficiencies would only be realised upon all 40 bed spaces and 10 family homes being available for occupation.

2.00	RESOURCE IMPLICATIONS
2.01	<p>Detailed below are the cost implications associated with the delivery of this model in Flintshire:</p> <p>Revenue: Appendix 2 outlines the savings that could be achieved over a 5-year period for housing up to 40 single people and 10 families by using D2 PropCo instead of hotels and B&Bs. Homeless accommodation is Council Fund expenditure so the successful delivery of the contract would present significant potential for savings to the Council Fund.</p> <p>Monitoring and reviewing the contract can be delivered through the Housing and Prevention Service's commissioning and reviewing functions which are already well established and resourced.</p> <p>Focussing this housing solution on residents presently housed out of county, will not only relieve tensions with neighbouring Councils, who have their own homelessness pressures, but will also save staff time and fuel costs for support and housing management services outside of Flintshire area.</p> <p>Capital: There are no capital funding implications for the Council. The business model for D2 PropCo is supported by external financiers and D2 PropCo are currently in discussions with the Development Bank of Wales for growth plans. They have funding in place for work within Flintshire already but are also exploring options for delivery in other parts of North Wales.</p> <p>Human Resources: All staff managing the properties will be employed by D2 PropCo. For vulnerable residents who require more than the low-level support offered by D2 PropCo, additional support can be provided through existing Housing Support Grant funded services.</p> <p>Residents housed by D2 PropCo, will continue to be owed homeless duties under Housing Wales Act 2024 and as a result will remain open to the Homeless Team until they exit homelessness. Rent and service charges will be collected by the Homefinder Team and any breaches of occupation conditions will be addressed by Homefinder Officers.</p>

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	<p>Risk: Potential legal challenge if choosing not to follow the full tendering process exposes the Council to risk around procurement processes</p> <p>Mitigation:</p> <ul style="list-style-type: none"> • Legal advice sought through Weightmans Solicitors (Appendix 3) • In an effort to satisfy ourselves that there are no other providers who can deliver such a service, a Prior Information Notice was posted on Sell2Wales to try and identify any other potential providers. This notice was to inform the market of the upcoming commissioning intentions and to ascertain any other interest for this contract. No other interest was received. Therefore, we feel a tendering exercise

would not be beneficial as it is likely that only D2 PropCo would bid for the contract.

Risk: Entering a full tender process could delay cost savings by up to six months, worsening the current situation and placing further strain on the Council Fund.

Mitigation:

- After receiving external legal advice and consulting with FCC's Legal Department, a Prior Information Notice (PIN) was put on Sell2Wales for provision of intensive homeless accommodation management services. This notice was to inform the market of the upcoming commissioning intentions and to ascertain any other interest for this contract. As noted above no other interest was received. Therefore, we feel a tendering exercise would not be beneficial as it is likely that only D2 PropCo would bid for the contract.
- Support the exception process following recent outcome of the PIN period if no other providers come forward.

Risk: Renovating properties to provide suitable temporary accommodation can be time-consuming. Delays in the renovation process could result in a shortage of available accommodations, prolonging reliance on costly B&B placements.

Mitigation:

- Implement robust project management practices with clear timelines and milestones for D2 PropCo property renovation projects.
- Ensure regular progress reports and reviews of contract delivery to ensure adherence to schedules.

Risk: an intensive housing management partner for homeless accommodation is engaged but they are only able to secure accommodation without HMO status and this dilutes the potential cost benefit and scale of efficiencies.

Mitigation:

- Develop a range of briefings for elected members and Planning Committee to outline the D2 PropCo model and offer reassurance over robust housing management practices.
- Commit to small scale HMOs to reduce density within homes used for shared housing (max 4 or 5 people sharing).

Risk: Local communities may resist the establishment of temporary accommodations in their areas due to misconceptions about the impact on neighbourhood safety, property values, or local services.

Mitigation:

- Conduct proactive community engagement and communication campaigns to educate the public on the benefits of the D2 PropCo model, addressing concerns and demonstrating how the project will positively impact the community.

	<ul style="list-style-type: none"> Carefully select sites for temporary accommodations to minimise disruption and address community concerns. Work with local stakeholders to identify the most suitable locations. Establish channels for ongoing community feedback and ensure that any issues are addressed promptly and transparently. 										
3.02	<p>Ways of Working (Sustainable Development) Principles Impact</p> <table border="1"> <tr> <td>Long-term</td> <td>Positive – Increase in targeted support and alternative delivery methods to ensure services are inclusive for all.</td> </tr> <tr> <td>Prevention</td> <td>Prevention - Preventing homelessness through ensuring there is adequate support and accommodation to cater for a range of people’s needs.</td> </tr> <tr> <td>Integration</td> <td>Positive – Increased integration between services and partner organisations.</td> </tr> <tr> <td>Collaboration</td> <td>Positive – Increased collaboration between services, partner organisations and service users.</td> </tr> <tr> <td>Involvement</td> <td>Positive – Service user involvement to help shape effective services so that support is timely and person centred.</td> </tr> </table>	Long-term	Positive – Increase in targeted support and alternative delivery methods to ensure services are inclusive for all.	Prevention	Prevention - Preventing homelessness through ensuring there is adequate support and accommodation to cater for a range of people’s needs.	Integration	Positive – Increased integration between services and partner organisations.	Collaboration	Positive – Increased collaboration between services, partner organisations and service users.	Involvement	Positive – Service user involvement to help shape effective services so that support is timely and person centred.
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	Vibrant Wales	No impact
	Globally responsible Wales	No impact

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	After receiving external legal advice and consulting with FCC's Legal Department, a Prior Information Notice (PIN) was put on Sell2Wales for provision of intensive homeless accommodation management services. This notice was to inform the market of the upcoming intentions of Flintshire and to ascertain any other interest for this contract. No other interest was received.
4.02	Consultations have been held with other Local Authorities that are utilising D2 PropCo in the same way to ensure that what has been promised is being delivered as part of our due diligence.
4.03	Advice has been sought from our internal procurement and external legal advice about potential for direct award. Their comments are detailed within the Exceptions Report attached as Appendix 3.
4.04	<p>It will be important to inform local ward members of the service delivery model so Councillors can have confidence in the model. In areas where D2 PropCo already provide homeless accommodation services, it is standard practice for local elected members to be invited to view the properties and meet the D2 PropCo team to offer reassurance over property standards and housing management practices.</p> <p>D2 PropCo and Housing and Prevention Service would be happy to host a Member briefing session to showcase the operating practices for intensive housing management service solutions for homeless accommodation.</p>

5.00	APPENDICES
5.01	<p>Appendix 1 – Presentation to the Ending Homelessness Board – July 2024</p> <p>Appendix 2 – FCC value for money modelling for D2 PropCo</p> <p>Appendix 3 – Exemption Report - Procurement and Legal advice</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	NA

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Martin Cooil – Housing & Prevention Service Manager Telephone: 07880 423234 E-mail: martin.cooil@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<p>Housing Support Grant This is an early intervention housing related support programme targeted at people in housing need and at increased risk of homelessness. The HSG programme brings the historic funding streams for Supporting People, Homelessness Prevention and Rent Smart Wales grants into 1 single funding stream.</p>
8.02	<p>Welsh Housing Quality Standard The Welsh Housing Quality Standard (WHQS) was introduced by the Welsh Government in 2002 to raise the physical standard and condition of social housing in Wales. It applies to housing associations and local authorities with social rented housing, ensuring that all dwellings are of good quality and suitable for the needs of existing and future residents.</p>
8.03	<p>Houses of Multiple Occupation House in Multiple Occupation often abbreviated to HMO is a technical term to signify that people of multiple households (i.e. not a single family unit) are living in the same building. Typically, each resident has their own rental contract for the period of occupation.</p>
8.04	<p>Prior Information Notice Prior Information Notices (PIN) are preliminary announcements issued by public sector organization as part of procurement activities. These notices signal upcoming procurement opportunities, acting as an early alert for potential suppliers about future tenders or contracts.</p>
8.05	<p>Dun & Bradstreet Report A Dun & Bradstreet Business Credit Report (D&B) is a report that collects data to determine a company's creditworthiness and financial standing. D&B collects public and private information to produce a comprehensive credit profile. D&B also provides business credit scores called PAYDEX ratings that range from 1 – 100.</p>