

**Replacement of Burcot Lodge Homeless Hostel, Bromsgrove**

Relevant Portfolio Holder	Cllr Kit Taylor
Portfolio Holder Consulted	Yes
Relevant Head of Service	Judith Willis – Head of Community Services
Wards Affected	All
Ward Councillor Consulted	No
Non-Key Decision	

**1. SUMMARY OF PROPOSALS**

- 1.1 Burcot Lodge Homeless Hostel is owned by Bromsgrove District Council and provides temporary accommodation for up to eight homeless households in Bromsgrove. The hostel is managed on a day-to-day basis by Bromsgrove District Housing Trust (BDHT).
- 1.2 The council is planning to sell the former Council House and surrounding land, so at some stage in the future, Burcot Lodge homeless hostel will need to close down.
- 1.3 This report proposes to immediately begin the process of replacing Burcot Lodge Homeless Hostel with alternative temporary accommodation, to be provided in partnership with BDHT.

**2. RECOMMENDATIONS**

- 2.1 That Cabinet notes the sale of the former Council House and surrounding land will eventually lead to the closure of Burcot Lodge Homeless Hostel
- 2.2 That the Head of Community Services in consultation with the Portfolio Holder for Strategic Housing be granted delegated authority to organise the replacement of the hostel with alternative temporary accommodation to be provided by BDHT.
- 2.3 That the cost of the alternative option for the provision of temporary accommodation be released from balances.

**3. KEY ISSUES**

- 3.1 It is important for members to note that the hostel will remain available for use until the completion of any sale for the Council House site ( to include the land where the hostel is sited) . It is anticipated that

completion of a sale would generally take approximately 12 months from a successful offer being accepted.

3.2 Given that these processes can take up to 12 months, the hostel would continue to operate during this period, and given there are costs associated with replacing the hostel, it should be noted that:

- It is not possible to accurately predict when the capital receipt will be received
- Any potential sale could experience delays and/or not result in a completion
- The hostel could continue to remain operational during the course of the sale of the land
- As the Council receives rental income from the hostel it's use is effectively cost-neutral – future replacement options will not be cost neutral as the Council would no longer receive the rent

3.3 As a result, replacing the hostel with other facilities in advance of the sale of the land will potentially create a position where:

- The hostel is no longer used when it could have continued to operate as a hostel
- Start-up and on-going costs of new replacement facilities are spent whilst an existing cost neutral facility remained available to the Council

3.4 However, should the Council decide to demolish the buildings on the site in advance of any sale, the hostel would effectively no longer be available from that point onwards, as it would be financially prudent to demolish all the buildings on site at the same time.

3.5 Given the current position, although it is not entirely clear how long the hostel will remain available for use for homeless households, pending the matter of sale with or without demolition, there is agreement between Council and BDHT officers that replacement facilities need to be created when the hostel is no longer available. For the last eighteen months, Council officers have explored and ruled out a range of possibilities in terms of replacing the hostel with private providers and other Councils.

3.6 Officers from the Council's Strategic Housing Service and BDHT have met to discuss the best options for replacing the hostel, analysing data concerning usage over the last few years. The Council's Overview and Scrutiny Board have also been looking at options for replacing the hostel and two written reports have been provided to them about progress in relation to this matter.

3.7 It is clear from the data that the hostel plays a role in providing a temporary address for homeless households in Bromsgrove. However, there are several things to note:

- In four of the last five years, a small number of households have been placed in bed and breakfast in Bromsgrove, despite the hostel being less than fully occupied.
- Although the hostel has played a role in addressing homelessness in Bromsgrove, over the last few years it has regularly been occupied at less than full capacity indicating that there is no need to replace like for like going forwards.

3.8 As a result of these discussions, BDHT have proposed two options to replace the hostel as below:

Proposal 1	Proposal 2
2 x 1bed =£45k conversion cost plus rent cost while conversion takes place average 2 bed cost (average 2 bed £86.95 per week). We would ongoing require rent to be guaranteed through rent loss and void loss.	4x1 bed = £90k conversion cost plus rent cost while conversion takes place average 2 bed cost (average 2 bed £86.95) We would ongoing require rent to be guaranteed through rent loss and void loss.
1 x 2 bed = No conversion cost but would require rent to be guaranteed through rent loss and void loss.	1 x 2 bed = No conversion cost but would require rent to be guaranteed through rent and void loss.
1 x 3 bed = No conversion cost but would require rent to be guaranteed through rent loss and void loss.	1 x 3 bed = No conversion cost but would require rent to be guaranteed through rent and void loss.

3.9 On balance, given the higher conversion costs associated with proposal two, it is proposed to pursue proposal one in the first instance, and monitor demand for and use of temporary accommodation in the following twelve months after closure of the hostel.

3.10 If it becomes clear during the course of this activity that further one bed temporary accommodation is required, another property can be converted by BDHT, funded by the Council, thereby providing a further temporary accommodation resource.

**Financial Implications**

- 3.11 The Council will be required to fund the conversion costs, rent loss and any future void losses associated with proposal one. It is proposed that once the final option is agreed through the delegations as recommended, the cost will be met from from balances.

**Legal Implications**

- 3.12 The Council has a statutory duty to provide temporary accommodation to homeless households under the provisions of the Housing Act 1996, and the requirements of the Homelessness Act 2002.

**Service / Operational Implications**

- 3.13 Being able to provide temporary accommodation to homeless households when necessary is a fundamental part of the housing agency service provided by BDHT. As a result, it is important to ensure that a replacement for the hostel is available as soon as it is required to minimise the risks of less suitable and more costly temporary accommodation being sought, such as bed and breakfast accommodation, in Bromsgrove.
- 3.14 Taking the necessary steps to replace the hostel now minimises the risks that a replacement for the hostel will not be ready before it closes, and it also allows the Council to demolish the building should it wish to do so in the future.

**Customer / Equalities and Diversity Implications**

- 3.15 Homeless households face considerable disadvantages at a time of crisis and providing temporary accommodation offers them the opportunity to address these. The provision of temporary accommodation can also play a role in meeting the Council's Strategic Purposes:
- Help me live my life independently
  - Help me find somewhere to live in my locality
  - Help me to be financially independent

**4. RISK MANAGEMENT**

- 4.1 If the hostel is not replaced the following risks may arise:

## **CABINET**

**3 February 2016**

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- Increased B&B placements and costs
- Increased rough sleeping in the District
- Negative impacts on health, education and similar through increased homelessness

**5. APPENDICES**

None

**6. BACKGROUND PAPERS**

Two written updates for Overview and Scrutiny Board on 26<sup>th</sup> October 2015 and 18<sup>th</sup> January 2016

**7. KEY**

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