

**CABINET
MEETING**

6th August 2020

Replacement of Burcot Hostel

Relevant Portfolio Holder	Cllr Shirley Webb
Portfolio Holder Consulted	N/A
Relevant Head of Service	Judith Willis
Ward(s) Affected	All wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non-key decision

1.0 SUMMARY OF PROPOSALS

In February 2016 the Cabinet Committee received a report entitled 'Replacement of Burcot Lodge Hostel', and noted that the hostel would be closing as part of any redevelopment of the wider area. It also agreed 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 Bromsgrove District Housing Trust (BDHT), and that the cost of the alternative option for the provision of temporary accommodation be released from balances. This report sets out how Burcot hostel has now finally been replaced by alternative facilities in the district provided by BDHT.

2.0 RECOMMENDATIONS

The Cabinet is asked to recommend

- 2.1 the creation of a £35k capital budget for the scheme for the 2020/2021 capital programme funded from borrowing
- 2.2 the creation of a new net revenue budget of £41k as per 3.5 and 3.6 below to be funded from balances in 2020/2021 and an ongoing unavoidable revenue pressure for future years to be considered as part of the review of the medium term financial plan
- 2.3 the creation of a bad debt provision of £5k per annum for potential non payment of council tax liabilities as per 3.7 to be funded from balances in 2020/21 and as an unavoidable pressure from 2021/22 onwards

3.0 KEY ISSUES

- 3.1 Careful consideration has been given to the most cost-effective way to replace the hostel and as part of this, the matter has been considered several times in detail by the Overview and Scrutiny Board, and by the Preventing Homelessness Task Group in 2016.
- 3.2 In discussion with BDHT it was agreed to replace the hostel with six units of alternative temporary accommodation from their stock. These units comprise of 2x1 beds, 2x2 beds and 2x3 beds and they will form part of the emergency facilities available to homeless households for the duration of the housing agency contract currently in place between the Council and BDHT. Currently BDHT have made good progress in terms of preparing the alternative resources, with five of the six properties now in a position to take homeless households.
- 3.3 It is also worth noting that since the outbreak of the Covid 19 crisis, the government has actively encouraged homelessness services not to place homeless households in facilities with shared living spaces and there is no indication that this will change in the foreseeable future. So from this perspective the hostel is therefore no longer fit for purpose and its closure is timely in the current circumstances.

Financial Implications

- 3.4 There is a capital requirement of £35k to complete the works on the properties. A capital budget will be needed to fund this and approval is sought for the capital monies and associated financing costs, which are minimal due to the scale of the expenditure.
- 3.5 There is an estimated net £50k budget requirement to run the scheme on going made up by the following estimates with the income being based on recovering 40% of the utilities and rent:

	£
Ongoing Furniture/carpet replacement	5,000
Predicted Void and Safety Check Budget	22,500
Rent	27,040
Utility Cost	10,804
Income Rent	-10,816
Income Utilities	-4,322
Total	50,206
Current budget in place	9,628
Total budget requested	40,578

- 3.6 There is at present a net budget of £9,628 which can be used to offset these costs. This results in approval being required for an additional £40,578 revenue budget per annum.
- 3.7 A provision will be required to offset the potential bad debts arising from occupiers not paying the council tax when in residence as this liability arises when the units are occupied. An assessment will be carried out when the units are completed. This is estimated to be a maximum of £5k based on 40% occupancy and a revenue budget will be required to fund this.

Legal Implications

- 3.8 The council has a statutory duty to provide temporary accommodation to homeless households under the Housing Act 1996. Although this accommodation does not have to be furnished it is considered good practice to provide basic facilities including carpets and most local authorities do this as part of their temporary accommodation offer.

4.0 Background / Service Implications

Customer / Equalities and Diversity Implications

Homeless households face considerable disadvantages at a time of crisis and providing temporary accommodation offers them the opportunity to

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address these. The provision of temporary accommodation can also play a role in meeting the Council's Strategic Purposes.

5.0 RISK MANAGEMENT

5.1 If demand for temporary accommodation outstrips supply, there is an increased risk that households may be placed in bed and breakfast which is the most costly form of temporary accommodation placement. Supply and demand issues will therefore be monitored on an ongoing basis as part of the wider contract monitoring arrangements in place between the council and BDHT to ensure that the provision of six units as a replacement for the hostel provides adequate enough provision to avoid any increased use of bed and breakfast in the district.

5.2 The units will be funded by rental payments so it will be important for BDHT to achieve a consistent and high collection rate for rents due – this will also be monitored on a regular basis. The budget in 3.4 is based on a 40% collection rate – maximising/improving upon these collection rates will reduce the overall spend per annum.

6.0 BACKGROUND PAPERS

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

Cabinet Report - Replacement of Burcot Lodge Homeless Hostel, Bromsgrove 3rd February 2016

7.0 APPENDICES

None

AUTHOR OF REPORT

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