

BROMSGROVE DISTRICT COUNCIL

EXECUTIVE CABINET

4TH APRIL 2007

**PROGRESS REPORT AND REVISED STRATEGY FOR DE-COMMISSIONING
COUNCIL OWNED HOSTELS PROVIDING TEMPORARY ACCOMMODATION
FOR PERSONS EXPERIENCING HOMELESSNESS**

Responsible Portfolio Holder	Cllr Peter Whittaker
Responsible Head of Service	David Hammond

1. SUMMARY

- 1.1 Members will recall that in September 2006, the Council approved a strategy for the de-commissioning of three of the Council owned hostels that provide temporary accommodation for the homeless and are managed under a Service Level Agreement by BDHT.
- 1.2 This report provides members with information regarding the progress that has been made on this strategy involving the closure of Wythall Hostel and the development of more detailed proposals for re-modelling the hostels at Rubery and Sidemoor. The report seeks member approval to these more detailed proposals to the supply of additional dispersed accommodation through a 'buy back' scheme to assist in replacing the loss of hostel spaces.

2. RECOMMENDATION

- 2.1 That the progress made in closing Wythall Hostel be noted.
- 2.2 That delegated authority to be granted to the Corporate Property Officer and the Corporate Director – Services through the Asset Management Group for the disposal and settlement of the terms of sale of Wythall Hostel.
- 2.3 That Sidemoor and Rubery Hostels be conveyed to BDHT for nil capital receipt to the Council for re-modelling into self contained units of affordable housing to rent and the revised scheme proposals as set out in sections 5 and 6 of the report be approved.
- 2.4 That the Grant funding to BDHT for the development of self contained flats on the Sidemoor and Rubery sites and for the purchase of 'buy backs' as detailed in sections 5 and 6 of the report be approved.

3. **BACKGROUND**

3.1 On the 6th September 2006, the Executive Cabinet considered a report on a proposed strategy for the phased de-commissioning of the Council's four hostels for persons experiencing homelessness and their partial replacement with better quality self contained units of temporary accommodation. The report explained why there was a need to de-commission the hostels, highlighted the potential risks to the Council arising from the proposals and identified actions that would assist in minimising such risks. During the discussion, the Leader of the Council emphasised the need for good working relations between Bromsgrove District Housing Trust (BDHT) and the Council.

3.2 It was resolved that:

- a) The Council commit to working in partnership with BDHT on the de-commissioning of Council owned hostels;
- b) that the strategy be approved in principle on the basis of option a) as detailed in Sect 6.4 of the report (*this is explained at 3.3 of this report*) subject to further consideration of financial and design proposals and to an assurance from BDHT that it will make available two units of temporary accommodation for emergency use by the Council in the Wythall area on the basis that the Council will consider allocating grant funding towards conversion costs;
- c) that in the event that the Council withdraws from the strategy, any abortive design and plan preparation costs (commissioned following the approval of the strategy in principle) experienced by BDHT be met in accordance with arrangements to be mutually agreed by the Council and BDHT.

3.3 As stated above, the strategy was approved in principle on the basis of option a) as detailed in Sect 6.4 of the September report. To summarise, the approval was therefore based upon:

- Three of the four hostels being de-commissioning:

Holly Lodge (Sidemoor)	7 Rooms
Rubery Lodge	10 Rooms
Wythall Lodge	10 Rooms
- As a first step, Wythall Lodge hostel was to be de-commissioned and sold on the open market as two separate 3 bedroom houses or as a potential site for the re-development of new open market housing. The capital receipt would be ring fenced and utilised to enable the greater benefit of providing self contained units of affordable accommodation on the Sidemoor and Rubery sites.

3.4 The report considered by members in September proposed that:

- BDHT would investigate the conversion of the Sidemoor and Rubery hostels into self contained one bedroom flats specifically designed as temporary accommodation for allocation on short term agreements to persons owed a duty by the Council.
- Sites at Sidemoor and Rubery be conveyed to BDHT at zero or a reduced value sufficient to enable re-modelling into self contained flats.
- An application would be made by BDHT to the Housing Corporation for development funding to re-model the Sidemoor and Rubery sites based upon a joint commissioning approach whereby the Council would be contributing the sites and subject to financial appraisal contribute a proportion towards the development costs from the capital receipt gained from the sale of Wythall hostel.
- Consideration of the Council's fourth hostel, Burcot Lodge be deferred pending the successful de-commissioning of Wythall, Rubery and Sidemoor hostels and that proposals for a Foyer type scheme with a high level of supervision are being considered for North Worcestershire could provide a specialised service for younger homeless people on this site.

4. PROGRESS TO DATE

- 4.1 Since September the reduced use of Wythall Hostel has enabled it to be closed and preparation for marketing has been undertaken. Guideline valuations have been received from three estate agents all of which would be subject to planning permission being granted for private residential use. The current permission on the property covers institutional use only and as identified in the September report, re-instatement of residential permission would be contrary to SPG 10 and subject to the consideration of the Planning Committee as a change of use from the existing institutional use would be required.
- 4.2 Interest has been expressed by RSL's for the development of affordable housing on the site (permission for which is not restricted under SPG 10) and a bid has been submitted by two RSLs. Recommendation 2.2 of this report therefore asks for member's approval for delegated authority to be granted to the Corporate Director (Services) and the Corporate Property Officer to agree the terms of the sale.
- 4.3 Discussions have taken place with the Housing Corporation to assess the likelihood of funding being available towards the hostel re-modelling scheme. The outcome of these discussions has established

that funding for one bedroom units is unlikely to be supported and that generally the scheme does not address the Housing Corporation regional investment priorities. Small scale schemes of this nature are seen to be more appropriate for local funding and in the event of Housing Corporation funding being approved it is unlikely to be released until after 2008.

- 4.4 A Hostel De-commissioning Officer Working Group has been meeting regularly to monitor de-commissioning progress and develop the detail of the re-modelling proposals in respect of the Sidemoor and Rubery hostels. The outcome and views of these discussions now provide the outline financial and design proposals for the scheme to move forward. These are set out below in Sect 5 for member approval.
- 4.5 In formulating the proposals, a realistic view has been taken by the working group upon the uncertainty of gaining Housing Corporation Grant bearing in mind the identified urgency to move forward with the scheme without unnecessary delay. Lengthy consideration of the original proposal to remodel the existing hostel sites into small self contained flats for the homeless has lead to an agreed view that a preferred option is to disperse homeless clients into self contained flats in BDHT's housing stock across the District. It is therefore proposed that the two hostel sites (Sidemoor and Rubery) be converted into affordable flats (for rent) for mainly general needs allocation with a maximum of two units at each site being let as temporary accommodation for the homeless.

5. REVISED PROPOSALS FOR HOSTEL RE-MODELLING

- 5.1 The proposals are for the hostel de-commissioning scheme to proceed on the following basis:
- Subject to successful re-location of temporary hostel occupants, the land and buildings comprising of Sidemoor and Rubery hostels be transferred to BDHT for nil capital receipt to the Council.
 - It be agreed that subject to planning permission, BDHT to convert each of the two sites (Sidemoor and Rubery) into self contained blocks of primarily 2 bedroomed flats (for rent) for a mix of mainly general needs but also temporary accommodation.
 - That a total of two additional one bedroom flats be provided at either Rubery and/or Sidemoor sites through extension of the premises for allocation as temporary tenancies for the homeless. If this cannot be provided then a minimum of one of the 2 bedroom flats at each location must be equally as affordable as a one bedroom flat for allocation on a temporary basis to meet the needs of smaller family units.

- The Council utilise the ring fenced capital income from the sale of Wythall Hostel (as previously agreed) to partnership fund the re-modelling of the remaining hostels on an open book basis up to the following maximum amounts:
 - For the conversion of hostel buildings to 2 bed flats (8 in total) and new build of one bed flats (2 in total), a partnership funding allocation not exceeding £290,000 be granted to BDHT on an open book basis. (This equates to an average of £25k per conversion and £45k for new build units)

- For each of the eight two bedroom flats that BDHT are grant funded to deliver through conversion on the Sidemoor and Rubery sites and let as general needs accommodation, BDHT are to match with a dispersed dwelling from their wider housing stock for allocation to the temporary accommodation pool.

- As per the original Cabinet approval – BDHT are to provide a minimum of two units of temporary accommodation at Wythall either through conversion/improvement of guest room facilities or by re-designation of older person's accommodation. BDC to continue to make available up to £12k grant to assist with the conversion. In preference to the conversion of sheltered housing office / guest accommodation BDHT are proposing to re-designate four older persons flats as temporary accommodation.

- In addition, to assist in meeting the temporary accommodation needs of the Council in addressing its statutory duty, BDHT are to provide a minimum of twelve one and/or two bedroom units of accommodation through a continuing programme of 'buy backs' funded from the Council's Capital programme on a non matched basis. (Ten to be delivered by March 08 and the remaining 2, subject to future BDC funding, by December 2008).

- Maximum grant funding for buy backs is to be allocated at the following rates: Grant funding of up to £45k per unit (open book). Such dwellings will be situated within the District however where geographically (not exceeding 4 miles from Bromsgrove town centre or a radius of two miles from Rubery or Wythall) or financially suitable, dwellings may be considered outside of the District on a case by case basis if approved by the Strategic Housing Manager.

- BDHT to manage the enlarging pool of temporary accommodation and the phased closure of Rubery and Sidemoor Hostels in a manner that continually minimises the risk of clients being placed in B&B.

- The pool of dwellings within the scheme are to be protected from the occupants being made long term secure tenants to ensure that there is a continuing supply of appropriate temporary accommodation. Occupants of temporary units will only be made permanent tenants

with the authority of the Strategic Housing Manager and then only when a replacement pool dwelling is made available by BDHT.

- To ensure that temporary accommodation is available BDHT will identify 'dwellings undergoing repair pending re-letting' that can be brought into the temporary pool at short notice as emergency accommodation.
- All dispersed temporary units within the scheme to be equipped with white goods, flooring and blinds.
- Rents / service charges applicable to the pool of temporary dwellings is to be set to provide for internal fittings and equipment and to make allowance for more regular turn over and higher than average void periods.
- Arrangements be agreed to ensure that the pool of temporary accommodation is replenished whenever a temporary tenancy is made secure by the replacement tenancy being made available before the outgoing tenant is made secure.
- In the event that BDC do not have a suitable nomination to a vacant temporary property, within five days of it being available for letting, BDHT reserve the right to convert the property to a permanent tenancy, subject to an alternative property being made available to BDC for temporary use in the future, if the need arises.
- In the event that all temporary units are occupied by genuine temporary tenants, within the homelessness process, BDHT will make available on a temporary basis (not exceeding 4 months in any twelve month period) a further five units of accommodation for BDC's use.
- BDHT to manage the dispersed stock of temporary accommodation through the re-designation of staff resources within the existing SLA released as a result of the closure of Wythall, Sidemoor and Rubery hostels.
- BDC will transfer its B&B budget of £21,000 per annum to BDHT to manage for two years in the first instance and BDHT will guarantee to pay any expenditure in excess of the Council's existing B&B budget for two years from the closure of Sidemoor and Rubery hostels.
- Grant to be payable to BDHT in four tranches representing 50% of the grant payable appropriate to each hostel site on commencement of works and 50% of the grant payable appropriate to each hostel site on completion of works on each site.

6.0 FINANCIAL IMPLICATIONS

6.1 Projected grant expenditure for the scheme is as follows:

Grant for 8 x 2 bed flats @ £25K	£200,000
Grant for 2x 1 bed flats @ £45k	£90,000
Grant for 10 buy backs @ £45k	£450,000
Total Cost of Grant support to scheme	£740,000

6.2 Projected income available to fund the proposed scheme:

Projected minimum income from sale of Wythall Hostel.	£300,000
Grant available for Affordable Housing 'For Rent' schemes in 07/08 Cap Prog (inc unallocated c/f from 06/07)	£394,000
Regional Housing Single Pot Safety Net Funding (07/08)	£83,000
Total Funding Available in 07/08	£777,000

7.0 RISK MANAGEMENT CONSIDERATIONS - POTENTIAL EFFECTS AND RISKS OF THE PROPOSALS

7.1 The proposals present a number of potential risks to the Council both during the de-commissioning process (whilst there will be potential loss of up to two hostels being out of commission) and also following re-modelling when the total number of hostel places is not likely to be equally matched by newly remodelled / developed flats. The potential risks therefore are:

- Inability to meet the statutory duty to provide temporary accommodation in the district thus necessitating placement in B&B accommodation outside of the District.
- Increased B&B costs.
- Weakened performance against BV 183a (number of families placed in B&B) which is currently zero.
- Increased difficulties in finding temporary accommodation for problematic households unacceptable to B&B establishments.

8.0 RISK MANAGEMENT

- 8.1 To minimise the risks set out at 7.1 above and to reduce the impact upon the customers as a result of losing a hostel facilities, the following proposals are being incorporated:
- BDHT are being required to provide a minimum of two units of temporary accommodation for homeless in Wythall.
 - BDHT are guaranteeing to meet the cost of any increase in the use of B&B for a period of two years in the first instance in excess of the Council's existing budget.
 - Revenue funding of a Rent Deposit Scheme for persons over 25 years of age and a Spend To Save Scheme to assist in reducing homelessness have both been approved
 - Support has been given for an increased level of early intervention homeless prevention work to avert the need to provide temporary accommodation in the first place and support work to clients in temporary accommodation to encourage them to pursue alternative housing options, other than just waiting for social housing to be allocated.

9.0 LEGAL IMPLICATIONS

- 9.1 The Homelessness legislation (Part 7 of the Housing Act 1996) places a general duty on housing authorities requiring them to assist individuals and families who are homeless or threatened with homelessness and apply for help. The legislation also places a general duty on housing authorities to ensure that advice and information about homelessness and preventing homelessness is available to everyone in their district free of charge.
- 9.2 The Homelessness Act 2002 and the Homelessness (Priority Need for Accommodation)(England) Order 2002 amended the previous legislation to ensure that a more strategic approach to tackling and preventing homelessness is taken. It also extended the priority need category of clients to include homeless 16 and 17 year olds, care leavers aged 18,19 and 20; people who are vulnerable as a result of time spent in care, the armed forces, prison or custody, and people who have fled their home because of violence.
- 9.3 Failure to maintain an appropriate supply of temporary accommodation would impact upon the Council's ability to respond to the statutory duties placed upon it.

10. CORPORATE OBJECTIVES

10.1 Objective 1 – Regeneration (Town Centre, Longbridge and Housing)

Improved standard of temporary housing for homeless people avoiding shared facilities and increased housing options to those in housing need.

10.2 Objective 2 – Improvement (Customer Service, Reputation and Performance)

Improved service to customers by the ability to provide a higher standard of temporary accommodation.

10.3 Objective 3 – Sense of Community and Wellbeing (Community Influence and Community Events)

Dispersal of homeless clients into better standard self contained accommodation aims to improved tenancy sustainment and should be reflected in improved tenant satisfaction with lettings outcomes. stability.

10.4 Priority 4 – Environment – Clean District and Planning

A policy of dispersal of homeless clients is aimed at supporting better neighbourhood integration and therefore reduce any negative impact upon the environment.

11. CUSTOMER IMPLICATIONS

- 12.1 The strategy is aimed at improving the service to homeless clients by providing self contained temporary accommodation that minimises the impact of becoming homeless and provides a more stable environment in which to live whilst awaiting the allocation of permanently settled accommodation.

12. OTHER IMPLICATIONS

Personnel Implications – Closure of three hostels will impact upon the staff management requirement
Community Safety including Section 17 of Crime and Disorder Act 1998 Providing people with choice were they live promotes personal investment and greater sustainability of communities.
Environmental More sustainable communities and potentially better managed estates.
Equalities and Diversity Provision of self contained dispersed accommodation will be more flexible to the meeting the diverse needs and requirements of homeless clients. Ground floor flats in the scheme will be wheelchair accessible.

13. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	Yes
Acting Chief Executive	
Corporate Director (Services)	Yes
Assistant Chief Executive	
Head of Service	Yes
Head of Financial Services	
Head of Legal & Democratic Services	Yes
Head of Organisational Development & HR	Yes
Corporate Procurement Team	Yes

14. BACKGROUND PAPERS

Audit Commission Inspection Report upon Strategic Housing Services.

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