



COMMUNITY OVERVIEW AND SCRUTINY COMMITTEE

Committee Report

Public

Date of Meeting: 5 June 2008

Title: Families Hostel Replacement Project

Report of: Director of Development Services

Report reference: DS.70/08

Summary:

This report presents Members of the Community Overview and Scrutiny committee with the report that went to Executive on 29 May 2008 to update them on progress on proposals to replace the homeless families hostel with a new build alternative.

Questions for / input required from Scrutiny:

Input from this committee surrounds the progress made to date in taking the project forward.

Recommendations:

That the attached report that went to the Executive on the 25 May 2008 be considered and comments forwarded to the Executive.

C Elliot

Director of Development Services

Contact Officer: Rob Stephenson

Ext: 7217

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

Report to Executive DS.63/08



PORTFOLIO AREA: HEALTH AND COMMUNITIES

Date of Meeting: 29 May 2008

Public

Key Decision: Yes

Recorded in Forward Plan: Yes

Inside Policy Framework

Title: Families Hostel Replacement Project

Report of: Director of Development Services

Report reference: DS.63/08

Summary:

This report asks the Executive to approve the proposals for the new hostel for women and families/centre of excellence, adjacent and linked to the men's hostel at John Street, the £3.89 million capital costs funded by government grant of £1.89 million and £2 million from the Council's Housing Strategy Capital programme resources including the capital receipt from the sale of the existing hostel building.

Recommendations

It is recommended that Members:

1. Approve the following for recommendation to Council in relation to the funding of the scheme:
 - a) Confirmation of the decision to sell, and ring fence the capital receipt from, the London Road Hostel (Exec 334/07 - 17/12/07).
 - b) Acceptance of the government grant offer of £1.89 million and attached conditions.

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

- c) Confirmation of the allocation of £400,000 Regional Housing Board grant from 2007/8 agreed in principle (Exec 334.07 – 17/12/07).
 - d) The re profiling and release of £750,000 within the 2008/09 Housing Strategy Programme to the scheme.
 - e) The pre-commitment of £400,000 from the Regional Housing Board Grant for 2009/10.
 - f) The allocation of interim funding from the Capital Programme for 2010/11 in the event of a delay in selling the existing hostel, the capital receipt from which would be subsequently credited back to the programme funds.
2. Note that although there will be a loss of car park revenue from the site at John Street the proposed development will produce higher revenue savings from efficiency gains through service integration which will lead to net savings to the Council overall.
3. Agree to a planning application being submitted.

C Elliot

Director of Development Services

Contact Officer: Rob Stephenson

Ext: 7217

1.0 BACKGROUND INFORMATION**The project**

- 1.1 The London Road Homeless Families Hostel accommodates families and single women. It is a 3-storey building converted from two adjoining terraced houses and has communal facilities including a kitchen, laundry, bathrooms and sitting rooms. There is an office and sleep over facilities for staff. It has a large enclosed concrete yard at the rear.
- 1.2 The new project will provide 8 flats in either 2 or 3 bed shared flats (ensuite facilities) – or 2 or 3 bed self contained flats, to accommodate up to 22 women. It will also improve existing, and provide new, communal space and facilities in the men's hostel to enable the Council to provide a resource centre which will include training, health and employment programmes and day facilities. It will create a first class building with open, welcoming reception facilities accessible for men and women in the Council's own accommodation and also those people living in other supported housing and poor accommodation in the private sector. It will provide facilities and space for training, skills development and opportunities for accessing paid or voluntary work, including gardening/allotments and construction skills training.
- 1.3 The project will also create limited direct access accommodation for rough sleepers for emergency use to enable staff to then engage positively with them, assess their needs and give them advice and help to obtain accommodation, support and positive opportunities to resettle. This will be achieved by relocating the homelessness prevention, advice and options service to the new site, to create integrated working which will improve the Council's overall response to homelessness. It is confidently expected that this approach will enable the Council to prevent and reduce homelessness and particularly address the needs of the 30 or so cases of people identified with complex needs, who are or have been, rough sleepers and are at risk of repeat /cyclical homelessness and continuing exclusion from the wider community.
- 1.4 The scheme has been designed in such a way as to enable the Council to reduce the amount of temporary accommodation it provides, if homelessness is further reduced in future. The accommodation can be readily utilised as long term settled accommodation if the need for temporary accommodation does diminish.

- 1.5 The new building and facilities are designed to be carbon neutral incorporating passive and active solar gain, photovoltaic cells and/or solar hot water, a green roof and if technically feasible, ground or air source heat pumps.
- 1.6 The project is radical, sustainable and forward looking both in its design and the vision of what it can provide in terms of services, within an approach which addresses the short and long term needs of homeless people. It will help the Council drive forward real and long lasting changes in their lives.

Capital funding

- 1.7 A bid was made to the Government under the Places of Change programme, which aims to improve the quality and range of services for homeless people including rough sleepers. £70 million was available nationally for local authorities. The Council has been successful, in the face of strong competition, in being awarded a grant of £1.89 million. The offer of grant is attached at Appendix 1. The grant conditions require the Council to:
- increase the number of clients positively moving on to independent or more appropriate accommodation, and to
 - increase the number of clients moving into education and employment.
- 1.8 With the Council's new approach to homelessness combined with the partnership projects, through for instance the Carlisle Homeless Improvement Partnership, it is expected that these outcomes will be achieved.
- 1.9 The grant offer of £1.89 million leaves a balance from the £3.89 million scheme costs, of £2 million for the Council to fund.
- 1.10 The suggested funding streams are:

Government Places of Change grant	£1.89 million
Ringfenced capital receipt from sale of London Road	£0.45 million
Regional Housing Board grant from 2007/08	£0.4 0 million
Re profiling of £750,000 within the 2008/09 Housing Strategy Programme	£0.75 million
Regional Housing Board Grant for 2009/10	<u>£0.40 million</u>
Total Cost	£3.89 million

- 1.11 The Executive agreed, at its meeting on 17 December 2007, in principle to the allocation of £400,000 from the Regional Housing Board Grant for 2007/8. At that meeting it also agreed in principle, subject to Council approval, that if the bid for CLG grant funding was successful, to declare the hostel surplus to requirements and sell it, with the capital from the sale ring fenced to help fund the new hostel development.
- 1.12 The funding it is proposed, will be spread over 3 financial years as follows:

	2008/09	2009/10	2010/11
CLG grant (£ million)	0.3	0.7	0.89
Regional Housing Board grant	0.4	0.4	
Council capital (£ million)		0.75	
Capital receipt			0.45
Total	0.7	1.85	1.34

Revenue funding

- 1.13 There will be a loss of revenue from the redevelopment of the John Street car park, estimated at £7,000. However there will be revenue savings arising from the new project including for example the ending of the existing security contract at John Street producing a saving of £16,000 a year. This will be achievable because the cover required will be provided through existing staff, possible because of relocation to a shared site.
- 1.14 There will be further savings in staff costs through the bringing together of the three existing teams, but at this stage the extent of the savings cannot be identified, depending as they are on the final shape and structure of the new service teams. This will be developed and recommendations made following detailed investigations, analysis of options and consultation with managers and their staff. This will be a key early stage of the project plan.

Risks

1.15 There are a number of key risks inherent in the project, including:

- the risk that the amount of anticipated capital receipt will not be realised at the assumed level. In this case the Council would have to consider a further reprofiling of the capital programme. The capital receipt may be delayed in relation to the anticipated funding profile as set out above. This would require the Council to consider allocating a further amount of the housing capital programme temporarily until such time as it can be paid back when the capital receipt is realised.
- the costs of the building project may escalate leading to the need for further funding or adjustment of the specification, standards or facilities. There is a substantial contingency built into the building cost estimates which should allow for adjustments and realisation of the project as specified. CTS will be project managing the build project through the Prince 2 process with a separate Project Manager.
- the costs of reconfiguring and moving services will not be budgeted for adequately, and may exceed any other cost savings that might arise from the process. The consequence would be that savings would have to be made from other parts of the budget which may affect service delivery to customers. If this is identified as a potential problem through the project management process, all the options for meeting any such costs will be considered, including for example, considering it as a “spend to save” initiative and as a growth item in future budget deliberations, and reducing other costs to maintain budget savings.

- not carrying out the project would risk not achieving government aims and expectations for homelessness services and Places of Change. It would also compromise the ability of the Council to meet contract expectations and deliver outcomes expected. The consequence of this would be a poorer rating by government of one aspect of the Council's performance together with potential loss or reduction of homelessness grant in future. This too would harm the Council's reputation and perceptions of its positive approach to good practice in homelessness prevention. In terms of the Council's Supporting People (SP) contracts it is expected the Council will improve its performance under the Quality Assessment Framework from the current level of "C" to "B" by the end of this year and to "A" by 2009/10. Not proceeding with this project would compromise significantly the Council's ability to achieve the scale and type of improvement in support and resettlement that will produce the outcomes it is expected to achieve. The risk is that this will affect the Council's future revenue funding through Supporting People contracts. This risk will be managed as part of the Prince 2 project management process by putting in place plans to develop an outcomes based way of working which fits with the national and local SP frameworks. This will enable the Council to be in a position, by the time the project is developed, to fulfil its contract and performance obligations.

2.0 CONSULTATION

Consultation to Date

- 2.1 Both staff and residents at the hostels have been consulted on the initial design brief and proposals for the new hostel and associated facilities. The consultations stretched over several months as the design concept evolved especially around the issues and risk concerns over co-location of the women's hostel and the men's on adjacent sites. Consultation also took place with homelessness staff about the proposed relocation of the homelessness/housing options advice service from the Civic Centre to the John Street site. The proposals have also been discussed with - and are supported by - the Carlisle Homelessness Improvement Partnership – CHIP, who are likely to be involved in the project, providing and supporting services which will be based there.
- 2.2 The project has been discussed by SMT on several occasions since late 2006 and by JMT, most recently in early May 2008. It has been considered by both Executive and Community Overview and Scrutiny several times since January 2007, and at Community and Overview Members workshops on two occasions.

- 2.3 In April 2008 the project was considered by the Capital Projects Board.
- 2.4 Local Members have raised concerns and questions about the project particularly its location and the proposal to locate the new women's hostel adjacent to the existing men's hostel. Meetings have been held with some Members to discuss their concerns and these are ongoing.

Consultation Proposed

- 2.5 There needs to be further discussion with local members and with the local community. Arrangements are in hand - and meetings may have taken place by the time of the Executive meeting – to carry out detailed consultation with both local members and the community to provide details of the project, how it will work and what arrangements there will be to enhance the contribution the project makes to, and how it might fit better with, the local community and Caldewgate/Shaddongate area. A planning application will be submitted, subject to Executive approval as soon as practicable in June 2008. There will be further detailed consultation with staff and their representatives as the project develops particularly in relation to how and where the service will be delivered, how it will impact on working arrangements etc.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Members:

1. Approve the following for recommendation to Council in relation to the funding of the scheme:
 - a) Confirmation of the decision to sell, and ring fence the capital receipt from, the London Road Hostel (Exec 334/07 - 17/12/07).
 - b) Acceptance of the government grant offer of £1.89 million and attached conditions.
 - c) Confirmation of the allocation of £400,000 Regional Housing Board grant from 2007/8 agreed in principle (Exec 334.07 – 17/12/07).
 - d) The re profiling and release of £750,000 within the 2008/09 Housing Strategy Programme to the scheme.
 - e) The pre-commitment of £400,000 from the Regional Housing Board Grant for 2009/10.

- f) The allocation of interim funding from the Capital Programme for 2010/11 in the event of a delay in selling the existing hostel, the capital receipt from which would be subsequently credited back to the programme funds.
2. Note that although there will be a loss of car park revenue from the site at John Street the proposed development will produce higher revenue savings from efficiency gains through service integration which will lead to net savings to the Council overall.
3. Agree to a planning application being submitted.

4.0 REASONS FOR RECOMMENDATIONS

- 4.1 To enable the scheme to proceed and the Council to create a first class building with open, welcoming reception facilities and services that are accessible for all - a Place Of Change for how we work and how we provide services to make a difference.

5.0 IMPLICATIONS

- Staffing/Resources – it is proposed that the project will be cost neutral to the Council in terms of revenue costs, with the integrated management of services leading to better use of existing resources. In capital terms the project will reshape the Housing Strategy Capital Programme and at the same time enable the Council to access a substantial capital grant from the government.
- Financial – This is a major proposal and notwithstanding the successful grant application that has been made to DCLG for £1.89m capital grant towards the cost of this scheme, the Council needs to be aware of the full financial implications of what is being proposed. The capital cost is estimated at £3.89m, based presumably on current prices, and the funding stream is outlined earlier in the report. As the grant offered is £1.89m, this leaves £2m for the Council to find from its own resources.

A capital receipt of £0.45m is anticipated from the sale of the London Road property. The timing of this sale is necessarily uncertain in view of the need to maintain the hostel service until the new premises have been completed. It therefore seems very likely that other capital receipts would have to be used initially to fund the new hostel with these being 'paid back' in due course once London Road has been sold. As with any capital receipt, there must be an element of uncertainty as to the final amount to be received, particularly in the present housing property climate.

Report DS119/07, considered by the Executive in December 2007, agreed in principle that £400,000 Regional Housing Board Grant from 2007/08 could be allocated to this scheme. This report now also proposes to allocate £400,000 from 2009/10 Regional Housing Board Grant towards the proposal as well. There is no certainty at this stage that the Council will receive this sum. The allocation in 2008/09 was reduced by almost £400,000 as compared to 2007/08 and in the current financial climate it is difficult to see the allocation in future years being increased. If the current allocation is fully committed elsewhere, care again needs to be taken to ensure that this sum will be available in 2009/10 to help to fund this proposal. At present there is no such provision in the 2009/10 capital programme. It should also be recognised that such an element of pre commitment well in advance of the budget process is not normal Council policy.

The balance of the funding is proposed to come from the Housing Strategy Programme (£0.75m) being reprofiled from 2008/09. The housing strategy provision is included within the capital programme though care needs to be taken to ensure that this sum is not in any way committed elsewhere.

The issue of revenue costs also needs to be addressed. The scheme is intended to be cost neutral in revenue terms but this needs to be clearly demonstrated as a part of the appraisal process. There is an acknowledged loss of car park income but very little detail is provided on the wider revenue implications of the proposal on the Council's homelessness service as a whole.

The Medium Term Financial Plan incorporates certain assumptions, based in the anticipated use of capital receipts, for the revenue consequences of spending these sums. These involve both the loss of interest and the additional minimum revenue provision. In broad terms, spending £1 million of capital receipts has an ongoing revenue cost of around £90,00 pa i.e. %5 loss of interest and 4% minimum revenue provision. Thus if there is any call on capital reserves (receipts) to fund this scheme, this call will have a revenue implication. This would apply for example if the receipt from London Road is delayed or is less than anticipated.

In addition there are likely to be transitional costs involved in moving the service from London Road to John Street, possibly even involving the use of temporary accommodation if London Road were to be sold in advance of completion of the new hostel. The Council needs to be assured that the project planning aspects of the scheme are sufficiently robust to ensure completion on time and to budget, from both the service and the financial point of view.

In summary therefore, it must be stressed that the scale of this project is such that there must be some risk that costs will overrun or that alternatively there will be a shortfall in funding either from the capital receipt or the Regional Housing Board Grant. In revenue terms the project may be cost neutral but this must be demonstrated much more clearly before Council approval can be given.

- Legal – The Council is the Local Housing Authority (Section 1 of the Housing Act 1985) and as such has responsibility to deal with Homelessness under Part 7 of the Housing Act 1996.

The Local Government Act 2000 (Section 2) provides that the Council has the power to do anything which it considers likely to achieve the promotion or improvement of the economic, social or environmental well-being of its area. The power may be used in relation or for the benefit of the whole or any part of the community or all or any persons present or resident in the Council's area.

The Council is able, amongst other things, to incur expenditure and services or accommodation to any person. In exercising the power, the Council must have regard to its Community Strategy.

The Council must comply with the conditions of Grant as specified in Appendix 1

- Corporate – This project will contribute to the Council's corporate objectives, helping tackle crime and disorder, worklessness, learning, social exclusion and equality and diversity.
- Risk Management – the business case was taken to the capital board in April 2008 which required a risk analysis to be carried out. The risks identified have been, or will be managed through the PRINCE 2 project management process.
- Equality and Disability – the provision of the new hostel and centre of excellence will provide accessible and improved services for a wider range of customers and will fully comply with equality and disability principles and legislative requirements.
- Environmental – the design and concept of the building will reduce the impact on the environment and be more sustainable than the existing facilities and services. It will make extensive use of affordable green technology.
- Crime and Disorder – the provision of the new hostel and centre of excellence and the services they will provide , will impact on anti social behaviour, drugs and alcohol misuse and crime by providing more positive experiences and opportunities for homeless and vulnerable people to encourage them to live successfully by becoming more engaged with positive, productive activities.
- Impact on Customers – the new hostel and wider range of services provided will significantly improve the outcomes for homeless people and the quality of their lives leading to more successful transition to sustainable independent living and settled re engagement in the community.

C Elliot

Director of Development Services

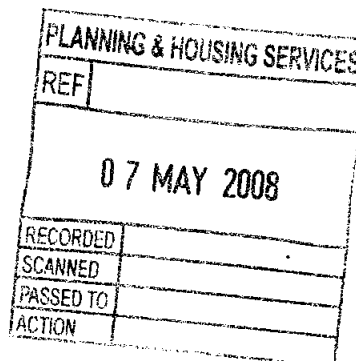
Contact Officer: Rob Stephenson

Ext: 7217

Places of Change Programme Application

2nd May 2008

Rob Stephenson
Carlisle City Council
Housing Department
Civic Centre
Carlisle
CA3 8QG



Dear Rob

PLACES OF CHANGE PROGRAMME APPLICATION

I am delighted to inform you that your application for funding under the Places of Change Programme for the **Centre of Excellence/Women's hostel replacement** project has been successful. On the basis of your successful bid we will offer you an allocation of up to **£1,890,000** for the period covering 2008 - 2011. We would propose to profile the allocation as follows 2008/09 - £300,000; 2009/10 - £700,000; and 2010/11 - £890,000. If you would like us to review this profile please inform us immediately.

In accepting this funding, you undertake to:

- increase the number of clients positively moving on to independent or more appropriate accommodation; and to
- increase the number of clients moving into education and employment.

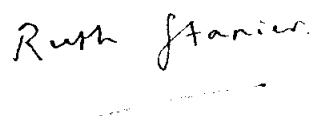
Funding will be on the basis that there will be no additional grant from CLG to deal with running or support costs and that you remain satisfied of the strategic importance of the projects to meeting your homelessness objectives.

Grant payments will be made under section 31 of the Local Government Act 2003. Before funding can be drawn down we would require a spend profile of when you intend to claim the grant over each financial year. For example, whether the full amount will be claimed in one go, or it will be separated out across the year. Please could you send this profile to Michael Wilson at michael1.wilson@communities.gsi.gov.uk by 16th May 2008.

Monitoring will take place in the form of quarterly monitoring reports. In these we will request details of the projects progress as well as its performance against the Places of Change outcomes as set out in the application guidance. We will be requesting baseline figures against which to assess these outcomes shortly.

Thank you for all the hard work that went into submitting your bid. I would like to take this opportunity to congratulate you upon your success. We look forward to working with you in the future.

Yours sincerely

A handwritten signature in cursive script that reads "Ruth Stanier". Below the signature is a horizontal line with a small arrow pointing to the right.

Ruth Stanier
Deputy Director Homelessness, Overcrowding and Worklessness Division