

**TO: EXECUTIVE
6 JUNE 2017**

**ACCOMMODATION FOR YOUNG SINGLE HOMELESS PEOPLE
Director of Adult Social Care, Health and Housing**

1 PURPOSE OF REPORT

- 1.1 To seek Executive consideration of award of a tender for housing related support for young single homeless people and subject to that decision enter into a funding agreement so as to ensure suitable accommodation for young single homeless people and care leavers is available.

2 RECOMMENDATIONS

That the Executive agrees:

- 2.1 **To award a contract to tenderer A as in the exempt part of the agenda for four years plus the option to extend for one year.**
- 2.2 **To enter into a funding agreement to provide up to £ 450,000 to part fund refurbishment works to Holly House.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 A tender process has taken place to select the provider of housing related support for young single homeless people including support for care leavers. The value of the contract requires executive to consider award.
- 3.2 Holly House is a Council owned ex-sheltered housing scheme that is leased long term to a registered provider to provide accommodation for young single homeless people. The continued use of the property is dependent upon essential investment to provide at least 15 years life for windows, and heating and some design improvements to ensure its continued availability. The registered provider is seeking 50% of the cost of those works from the Council. There is a clear business case for the Council providing the capital funding compared to the revenue savings that can be achieved in relation to the current cost of providing accommodation for care leavers.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Council could decide not to provide housing related support for young single homeless people. However, the Council could then face the cost of providing temporary accommodation for young single homeless people as well as processing homeless applications for the number of young people who could be accommodated by these proposals. Not only would the revenue costs of that course of action exceed the annual revenue cost of the housing related support contracts it would lead to adverse impact on the lives of young single homeless people in the borough and for that reason it is not recommended.

- 4.2. The lack of capital funding from the Council could lead to the registered provider who leases Holly House could decide to close parts of the building where repair costs are prohibitively high or where the running costs in terms of heating are prohibitive for the young people who are the tenants. Moreover, that would threaten the availability of accommodation for care leavers who are currently accommodated in more costly provision which in turn would threaten the ability to provide better and more cost effective accommodation solutions. Therefore, it is not recommended to withhold capital funding.

5 SUPPORTING INFORMATION

- 5.1 The Executive Member for Adult Services, Health and Housing agreed a procurement plan for an accommodation based housing related support contract on the 22/2/2017. The service which was offered to tender was the provision of a minimum of 75 units of accommodation for young homeless people between the age of 18 – 25 who are at risk of homelessness. The service is to specifically include provision for care leavers.
- 5.2. The previous housing related support contract did not provide a specific service for care leavers. It did include a floating support service for families threatened with homelessness. The latter aspect was removed from the services offered to tender so as to generate capacity to provide more specific services for young single homeless people.
- 5.3. The exempt part of the agenda provides the tender responses. The recommended provider's price for the service will generate an annual saving of £ 70,000 compared to budget. The Adult social care health and housing budget proposals for 2017/18 included a requirement to generate at least £ 30,000 economy a year and the annual saving is in addition to that sum giving an overall contract saving on original budget of £ 100,000 a year. The new contract will start on the 1/9/2017 and as such part year saving of £30,000 over and above the proposed economy will be achieved in 2017/18.
- 5.4. Part of the accommodation provided for young single homeless people will be in Holly House which contains 35 self contained units. Holly House is a Council owned building let on a long lease to a registered provider. The building is in need of repair in terms of heating, windows and roof. The current condition of flats has made them very difficult to heat and the council has provided some revenue subsidy to tenants to offset high heating costs during the winter months. Holly House occupies a wider site owned by the Council which includes a shop and car park. Development of the individual building is limited due to existing lease arrangements. However, the lease on the shop is up for renewal in 15 years time. Consequently, it is sensible to limit investment in Holly House to provide a 15 year life for the building so that a decision on a wider development opportunity can be considered when leases are up for renewal.
- 5.5. The registered provider has estimated the costs of providing Holly House with a 15 year life including improved heating and remodelling so as to better accommodate care leavers at £ 900,000 including fees. It has requested the Council part fund those costs. It is recommended that the Council provides up to £ 450,000 capital funding towards the cost of works. The conditions of the funding would be that the registered provider provides evidence of costs on an open book basis and that the Council will be obliged to fund 50% of the costs capped at £ 450,000. The work would enable care leavers to be accommodated at Holly House. There exists the risk that the

provider will not invest in Holly house unless the Council provides part funding as it may be more economic for them to close the building and pay the costs associated.

- 5.6. A provision of £ 450,000 is included in the Adult social care health and housing 2017/18 capital programme. The indicative revenue cost of supporting that capital expenditure over a 15 year period is between £ 45,000 to £ 50,000.a year The estimated saving in revenue costs of accommodating 12 care leavers in Holly House compared to existing accommodation arrangements is in the region of £200,000 a year. After taking into account the cost of supporting the cost of the £450,000 capital funding there is potential to generate an economy of up to £ 150,000 depending upon the number of care leavers accommodated in Holly House. Therefore, there is clear business case to provide the capital funding to refurbish Holly House.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 There are no specific legal implications arising from the recommendations in this report.

Borough Treasurer

- 6.2 The financial implications of the recommendations are included within the body of the report.

Chief Officer: Childrens Social Care

- 6.3 Children Social Care supports this proposal and have been closely involved in the development of this project, led by Head of Service for Care Leavers. This proposal will assist the council in its Corporate Parent duties by increasing the local accommodation provision for care leavers, and will manage those with the highest risk and need, at a lower cost, compared to the placements currently used.

Strategic Risk Management Issues

- 6.5 A risk exists that the investment required to refurbish Holly House will exceed the estimate obtained by the registered provider. That risk is mitigated by capping the Council's contribution to the costs.

Contact for further information

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