

BIRMINGHAM CITY COUNCIL**PUBLIC REPORT**

Report to:	CABINET
Report of:	Corporate Director - Place
Date of Decision:	15 August 2017
SUBJECT:	TEMPORARY ACCOMMODATION – REFURBISHMENT OF COUNCIL OWNED PROPERTIES FOR USE AS TEMPORARY ACCOMMODATION _ FULL BUSINESS CASE AND CONTRACT AWARD
Key Decision: Yes	Relevant Forward Plan Ref: 003534 /2017
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/>
Relevant Cabinet Member(s)	Cllr Peter Griffiths - Housing and Homes Cllr Majid Mahmood – Value for Money and Efficiency
Relevant O&S Chairman:	Cllr Victoria Quinn – Housing and Homes Cllr Mohammed Aikhlaq - Corporate Resources and Governance
Wards affected:	Aston & Nechells Wards

1. Purpose of report:

- 1.1 This public report sets out proposals for the creation of two additional homeless centres for use as temporary accommodation as a part of the Council's statutory duty to provide temporary accommodation.
- 1.2 This public report also sets out the approach and procurement strategy for the refurbishment of two Council owned properties for use as Temporary Accommodation.
- 1.3 The Private Report contains confidential financial information and seeks approval to a Full Business Case (Public Appendices 1 and 1A-E) for the proposed works and the placing of orders to undertake the identified works.

2. Decision(s) recommended:

That Cabinet:-

- 2.1 Notes the approach for the securing of two additional homeless centres for the provision of Temporary Accommodation (TA) and the procurement strategy for the necessary works refurbishment as set out in section 5 of this report.

Lead Contact Officer(s):	Rob James, Service Director – Housing
Telephone No:	0121 464 7699
E-mail address	robert.james@birmingham.gov.uk
Telephone No:	Andrew Perry, Senior Service manager, Housing Options Service Temporary Accommodation and Homeless Centres 0121 303 7529
E-mail address:	Andrew.perry@birmingham.gov.uk

3. Consultation

3.1 Internal

The local Elected Members for Nechells and Aston Wards have all been consulted on these proposals and support it going forward for an executive decision. The outcome of these consultations is included at Appendix 1E.

The Property and Assets Board considered the proposed change of use of Magnolia House on 3 May 2017 and are supportive of these proposals.

Officers from Legal and Governance, City Finance and Procurement have been involved in the preparation of this report.

3.2 External

West Midlands Police will be consulted as part of the planning process.

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

The proposal contributes to the strategic priorities and outcomes set out in the Homeless Strategy 2012 and the Vision and Forward Plan: Children – Birmingham's a great city to grow up in and Housing – Birmingham's a great city to live in. The decisions support the objectives of the council by protecting the most vulnerable and offering support where it is most required. It also assists households to enjoy a high quality of life by allowing them to access support when it is most required and ensuring the dignity and safeguarding of vulnerable citizens. By providing an additional two homeless centres the decisions will provide accommodation for up to 215 vulnerable homeless households and children in a supportive environment following a period of distress and disruption in their lives. Appropriate educational support and facilities will be provided at each centre along with communal play facilities.

The contractors proposed to carry out the refurbishment work are existing signatories to the Birmingham Business Charter for Social Responsibility and will provide additional social value commitments that are proportionate and relevant to the contracts. Their implementation will be monitored during the contract period.

4.2 Financial Implications

(Will decisions be carried out within existing finance and Resources?)

The initial Capital costs to deliver these proposals amount to £11.655million. This will be funded through a combination of Service funded prudential borrowing and contributions from the HRA for Barry Jackson Tower to be retained within the HRA. The prudential borrowing relating to each property will be repaid over the shorter of the estimated useful life of the property and 30 years.

The net revenue costs of these proposals are estimated to amount to £21.745million over 30 years before taking account of costs avoided relating to the reduced use of B&B accommodation. These costs comprise £0.480million in 2017/18 (part year effect only), increasing to £1.4million per annum from 2018/19. These costs will be funded from the existing approved budget for 2017/18 and future years for temporary accommodation (Bed & Breakfast element). Once costs that will be avoided as a result of the reduced use of B&B accommodation are taken into account, these proposals are anticipated to generate a net financial benefit to the Service amounting to £12.2million over a 30 year period, as a combination of savings and potential future pressures avoided.

The overall position is summarised in the following table, with full details included in the FBC at Appendix 1.

	2017/18 £'000	2018/19 £'000	2019/20 £'000	Later Years £'000	Total £'000
Capital Expenditure	11,655	0	0	2,320	13,976
Funded by:					
Prudential Borrowing	(13,364)	0	0	0	(13,364)
Revenue Cont'ns	(292)	0	0	(2,320)	(2,716)
Total Funding	(11,655)	0	0	(2,320)	(13,976)
Revenue Consequences					
Net Income	(579)	(2,385)	(2,456)	(40,777)	(46,197)
Running Costs	1,058	3,821	3,883	56,858	65,620
Revenue Cont'ns	0	0	0	2,320	2,320
Net Revenue Impact (funded from existing approved B&B budget)	480	1,437	1,427	18,401	21,745
Note: B&B Costs avoided	(477)	(1,946)	(1,985)	(29,872)	(33,920)

4.3 Legal Implications

- 4.3.1 Part VII of the Housing Act 1996 provides that if a local housing authority has reason to believe that an applicant may be homeless, eligible for assistance and have a priority need, it shall ensure that accommodation is available for his/ her occupation pending a decision as to the duty (if any) owed to him/ her. A Local Authority is able to provide temporary accommodation by utilising a range of different providers and accommodation types, including using its own housing stock.
- 4.3.2 Section 120 of the Local Government act 1972 gives the City Council general powers to acquire, hold and manage land. Building works to Magnolia House will be procured through Acivico Limited through exclusivity arrangements, to develop and procure the scheme either through the CWM framework or existing Mechanical & Electrical Contracts, which ensures best value in view of the client's financial, time and quality priorities. Barry Jackson Tower works will be undertaken by Wates Living Space under the existing contract for Housing Repairs, Gas Servicing and Capital Investment for the West / Central area of the City.

4.4 Public Sector Equality Duty

It is considered that no equalities analysis is required as this report relates to property functions only. Allocation of temporary accommodation will remain consistent with existing processes and according to household need and family size.

5. Relevant background/chronology of key events:

- 5.1 There is a legal requirement for the City Council to provide interim accommodation to homeless households pending a decision on their homeless application and the subsequent discharge of any duty owed.

Temporary accommodation in Birmingham is currently provided through four main accommodation types:

- Dispersed properties – Council owned stock that is managed and furnished by the Council
- Four homeless centres
- Bed and breakfast accommodation (B&B)
- Properties procured through the private rented sector.

- 5.2 The use of bed and breakfast for homeless families is considered inappropriate for a number of reasons:

- Guidance is that families with children should not be accommodated in B&B type accommodation unless in an emergency and then for no longer than 6 weeks.
- The use of bed and breakfast accommodation over a medium to long term can have a detrimental impact on the health and wellbeing of families and does not support their long-term housing need. In addition, the use of bed and breakfast can result in a greater likelihood of children requiring intervention from education welfare or social workers
- Bed and breakfast accommodation is often a substantial distance away from the schools that the children may attend and away from the support network of the household.
- There is no on-site support provided by council staff

Although it is recognised as the most inappropriate form of temporary accommodation it is also the most expensive.

- 5.3 Due to the reasons above the Council's approach is to seek to eliminate the use of B&B for families and to provide appropriate temporary accommodation that meets the needs of households presenting as homeless. Birmingham City Council deals with approximately 6,000 homeless applications each year with between 3,000 -3,500 households being owed the main housing duty which includes temporary accommodation, if required followed by permanent housing.

- 5.4 During the last 18 months the Council's Housing Options Service (the Service) has undertaken a number of actions to increase the Council's stock of temporary accommodation to meet the demand, including:

- The number of council homes used as temporary accommodation has been increased from approximately 370 to 700
- Currently undertaking a refurbishment programme of 54 properties in Newtown which were previously earmarked for demolition.

- Undertaken a refurbishment of the Council's four current homeless centres which are located in Acocks Green, Cotteridge, Northfield and Small Heath.
- Have continuous discussions with our Private Sector Leasing (PSL) providers to increase numbers of available properties which has seen an increase of approximately 50 properties.

The Service is seeking to secure additional accommodation from the private rented sector through a re-procurement of the Council's existing Private Sector Leasing (PSL) contracts.

- 5.5 The Housing Options Service has historically accommodated between 1,000 and 1,150 homeless households in temporary accommodation. However, since April 2016 there has been a significant increase in the number of households living in temporary accommodation, both nationally and locally by around 50%. By 17th July 2017 1,907 households were accommodated in temporary accommodation with 411 of these accommodated in bed and breakfast establishments. The Housing Options Service is seeking to acquire and refurbish Council owned properties that can be developed as homeless centres as an alternative to the use of bed and breakfast accommodation.
- 5.6 The use of Council owned and operated homeless centres provides a more suitable alternative to the use of bed and breakfast accommodation. Homeless centre staff provide support to households in homeless crisis seven days a week, 365 days a year, ensuring vulnerable citizens are safeguarded and able to move from a position of crisis to an ability to live independently upon securing permanent accommodation. This wrap around support for families increases the life chances of children and vulnerable families at the point of crisis. Homeless centres are funded from a combination of Supporting People funding, housing benefit and rental income.
- 5.7 The Service has identified two properties that have become available and are surplus to Directorate requirements. These are:
- **Barry Jackson Tower** – will accommodate up to 160 households. The block was previously identified for demolition and redevelopment
 - **Magnolia House** – This is an Adult Social Care and Health Directorate property. It was identified as appropriate for conversion to a homeless centre following consideration at the Property and Assets Board (3 May). This centre will accommodate up to 55 households.
- 5.8 These properties were selected due to both their availability and suitability for use as temporary accommodation and are the next stage of the approach to increase the Council's temporary housing stock as an alternative to the use of B&B accommodation.

If we continue to see temporary accommodation increase then it will be necessary to secure additional units across the city, above and beyond those set out in this report. It is anticipated that the Barry Jackson Tower would be used as temporary accommodation whilst the demand for TA exists and its future use reviewed if demand decreases.

The Service is seeking a phased hand-over of accommodation with the first properties to be handed over by December 2017 to allow the properties to be partially occupied, and therefore support the reduction in the number of households in bed and breakfast accommodation at the earliest opportunity, while work continues to the remainder of the property.

- 5.9 The four existing homeless centres operate in excess of 98% capacity and the expectation is that the new centres will operate at this capacity once they have been refurbished.
- 5.10 Recent surveys, undertaken by Acivico (for Magnolia House) and Wates Living Space (for Barry Jackson Tower), have identified the scope of works required to each property to both refurbish them to the required standard, create homeless centre units within the blocks and bring them up to an acceptable living standard. The condition surveys identify significant mechanical and electrical works required at each property. This includes:
- the installation of new kitchen and bathrooms at each property
 - new central heating systems including boilers
 - replacement of floor tiles and carpets
 - re-wiring
 - health and safety works to meet the statutory requirements
 - essential works to the fabric of the buildings to ensure they are weatherproofed
 - asbestos removal/ encapsulation where identified
- Further works will also be undertaken to incorporate appropriate fire suppressant measures, including the installation of sprinklers.
- 5.11 The proposed works to each centre will require planning permission for change of use and this will be sought following Cabinet approval.
- 5.12 Buildings Works will be procured as follows:
- Barry Jackson Tower – using the existing Housing Repairs, Gas Servicing and Capital Investment Contractor for the West / Central area of the City (Wates Living Space).
 - Magnolia House through existing Mechanical & Electrical Contracts and the CWM framework managed for the Council under exclusivity arrangements by Acivico.
- 5.13 The Service is aware of the need to minimise any impact on the local community and will ensure that:
- Each homeless centre is staffed 24/7 with a mix of homeless centre staff and security officers
 - Households will be placed into homeless centres which, wherever possible, support their children's continued education in their existing schools and for the household to continue to receive the support of relatives and the local community where appropriate.
 - The Service will liaise and work with local policing teams and other agencies to ensure all concerns are taken into consideration prior to occupancy of each centre.
- All of the existing 4 homeless centres are located in residential areas.
- 5.14 Other requirements (including IT infrastructure and furnishings) will be procured through existing contractual arrangements appropriate to the goods and services required.

6. Evaluation of alternative option(s):

- 6.1 To do nothing and continue with the spot purchase of bed and breakfast accommodation. This is not an appropriate option – bed and breakfast accommodation is expensive, inappropriate and those providers willing to work with the City are limited in number. If this option is pursued there is a substantial risk of a significant overspend on the existing approved temporary accommodation budgets based on current levels of demand.
- 6.2 Acquire increasing numbers of City owned accommodation from the general housing stock for use as temporary accommodation. Although this is an option, this reduces the available stock for permanent lettings of council homes (including to households currently in temporary accommodation).
- 6.3 Increase the number of private rented sector properties used as temporary accommodation. The Service has recently gone out to tender for a new PSL contract to provide up to 800 private rented sector properties for use as temporary accommodation. The initial tender was unsuccessful and a retender is under way.

7. Reasons for Decision(s):

- 7.1 To progress the proposal to carry out works at two Council owned buildings to provide homeless centres for temporary accommodation.

Signatures**Date**

Cabinet Member

.....
 Cllr Peter Griffiths
 Cabinet Member for Housing and Homes

.....

Cabinet Member

.....
 Cllr Majid Mahmood
 Cabinet Member for Value for Money and Efficiency

.....

Chief Officer

.....
 Jacqui Kennedy, Corporate Director - Place

.....

List of Background Documents used to compile this Report:
--

--

List of Appendices accompanying this Report (if any):
--

- | |
|--------------------------------------|
| 1. Full Business Case and appendices |
|--------------------------------------|

Report Version

	Dated
--	--------------