

Report

Report Subject : Funding for Homelessness Projects

Report to : The Cabinet

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Cabinet Member for Community & Housing: Councillor John Cole-Morgan

1. Purpose:

This report outlines three proposals that are seeking an allocation of resources to support improved services to single homeless people. They are:

- a) Alabare – Damascus House – £500,000 Capital funding to support the re-modelling of the homelessness hostel.
- b) Morning Star - Revenue funding to support a new service to people sleeping rough. Proposal 2 in the appendix provides a recommended option.
- c) Signpost Housing Association – 51 St Marks Road - £198,000 Capital funding towards providing three self contained move-on units.

2. Introduction:

In May 2006 Cabinet previously agreed to ring fence resources for projects that would support improved services to homeless people but that more detailed evaluations were required. The three proposals in this report will contribute significantly to improving services to homeless people and making available better accommodation.

3. Allocation of capital resources:

The council is being asked to allocate capital resources that would support the improvement of homelessness services. In doing so the council does need to consider what return it may seek from such an investment and to ensure that it may be possible to recover such resources should the project cease operation or is transferred to another provider. Whilst the risks are considered low, it is prudent for the council to establish a set of principles for the allocation of any grant monies to housing projects. These could be:

- a) That the council has the right to nominate to an agreed percentage of properties.
- b) Should the recipient close the service for which the grant was made then 100% of the grant is recoverable by the council.
- c) Should the recipient transfer the service to another provider, the council has the right to recover all or part of the grant.
- d) Should the property be sold the council will require 100% of the grant to be repaid.
- e) That at the end of 30 years the requirement to repay the grant is lifted, this being the natural life of the organisations business plan.
- f) That the payment of grant does not hold the council liable for any other funding or requirements bestowed on the recipient.



Awarded in:
Housing Services
Waste and Recycling Services



4. Proposals:

Appended to the report are detailed proposals of each of the three projects. Table 1 summarises each of the proposals and the purpose for which the grant would be used. The three proposals fit with current outcomes from the Bannan Report and those expected to be delivered by the SHOOTs project (Single Homeless, Opportunities, Options, Training and Support).

Organisation	Proposal	Total funding
Alabare	Re-model Damascus House to provide a Direct Access and Homelessness Hostel	Capital - £500,000
Morning Star	Provide emergency accommodation and intensive support to rough sleepers	Refer to Option C in Proposal 2
Signpost Housing Association	Re-model 51 St Marks Road to provide 3 self-contained move-on properties	Capital - £198,000

(Table 1)

5. Available resources:

Capital

The Council has previously agreed to set aside £500,000 for a homeless / direct access project and it is therefore able to formally allocate this, subject to conditions. A further £500,000 has also been set aside to support the provision of move-on accommodation. Therefore the bid by Signpost Housing Association for £198,000 can be met from this leaving an unallocated balance of £302,000.

Revenue

The Morning Star proposal predominantly requires revenue funding. There is no new money available to allocate, however, there remains some £20,000 of unallocated resource within a Strategic Housing budget for pump priming new projects such as this. Option 3 detailed in the Morning Star proposal suggests that the council offers a three-year pump priming funding package. Although the total amount for 2006/07 is the largest sum, pro-rated over the remaining six months of the year would require an allocation of £10,830.

Recommendations: Cabinet are recommended to:

1. Agree and approve which of the conditions are to be applied to the allocation of capital grant to housing projects as set out in paragraph 3.
2. Approve the allocation of £500,000 capital grant to Alabare for the remodelling of Damascus House. This is subject to Alabare achieving the relevant planning consents and additional funding for the project.
3. To approve Option C in Proposal 2 for Morning Star to receive an allocation of revenue funding for 2006 to 2009 and the one-off capital funding of £2,800.
4. Approve the capital allocation of £198,000 to Signpost Housing Association for the remodelling of 51 St Marks Road.

Implications:

Financial:	All capital expenditure recommended is contained within the existing Capital Programme for Affordable Housing. Up to £20,000 is available from within existing revenue budgets which could be utilised for the Morning Star proposal.
Legal:	Contained in paragraph 3 of this report
Human Rights:	None in respect of this report
Personnel:	None in respect of this report
IT	None in respect of this report
Community Safety:	Reducing rough sleeping and hence the fear of crime, supporting improved intervention with people who may have drug and alcohol addictions.
Environmental:	Any construction should achieve Eco-homes standard very good
Council's Core Values	Promoting excellent service, supporting the disadvantaged, being fair and equitable, communicating with the public, wanting to be an open, learning council and a willing partner.
Wards affected:	All
Consultation undertaken	Internal

**Project Appraisals
Proposal 1**

Organisation	Alabare
Project	Damascus House – Homeless Hostel
Proposal	To demolish and construct a new building that: <ul style="list-style-type: none"> ▪ Achieve's a fit for purpose homeless hostel; ▪ Provides 34 bedspaces based on the principle to each self contained unit has two single bedrooms, a kitchen and a bathroom; ▪ Make better use of existing site; ▪ Improve the local built environment; ▪ Enable the use of modern methods of construction.
Outcomes	
Improved physical environment for residents and staff	A new build project will provide significantly improved facilities for both residents and staff. For residents: <ul style="list-style-type: none"> ▪ Own bedroom with shared use of kitchen and bathroom with one other person; ▪ Informal meeting areas; ▪ Disabled access; ▪ Welcoming entrance. For staff: <ul style="list-style-type: none"> ▪ Improved meeting areas; ▪ Greater visibility of communal areas.
Demonstration of meaningful activity for residents within services	Provision of housing related support to enable service users to develop skills to sustain and maintain their accommodation. This includes information, advice and guidance from other agencies regarding training, employment, counselling and health. In addition the design of the new building will allow leisure activities such as a pool table. The building is close to Salisbury College enabling easy access to further education. The project will also have a number of free spaces at Alabare's Training and Education project which enables individuals to learn about woodworking, pottery, art and craft and assist with job search.
Clear pathways to independent living for each resident	The project will be part of the Salisbury Pathway for single homeless people. Damascus House will provide direct access accommodation for intensive high support clients including rough sleepers. The design of the building also allows for medium and low support clients, removing the need for them to have to continually move to have their needs addressed. <p>At the appropriate time clients will be supported to move through the Pathway and to be able to access more appropriate move-on accommodation that is managed by either the council, a registered social landlord or other charity.</p>
Well-trained, motivated and supported staff	The design of the building improves facilities for staff by placing offices and sleep-in room on the ground floor. The staff team are trained in housing support, dealing with difficult situations, multi-agency working and welfare benefits advice. Staff are encouraged to undertake relevant NVQs. Alabare is an Investor in People and has developed appraisal and supervision systems. Alabare is also accredited by Wiltshire Supporting People.
Reduction in exclusions and abandonment amongst residents	The layout of the building will result in residents having to share a kitchen and bathroom. This design will reduce sources of tension regarding the current shared facilities.
Provision of a Direct Access facility for single homeless people	The project will provide a specific facility for direct access outside of normal working hours to support people who find themselves homeless. The service will operate on the basis of offering a comprehensive assessment and support package to help people back into independent living.
Positive partnership approach	The project is required to participate in the SHOOTS project and in continuing to develop services that support single homeless people. <p>The project should work closely with other services and arrange for them to be present at the project. These include GP surgery, Drug and alcohol advice,</p>

	mental health support etc.
Reduce rough sleeping	The project should successfully contribute to eradicating people sleeping rough in Salisbury.

Project Costs and Funding

Capital

The total re-build cost is currently estimated at £2.5m. This figure is based upon the Building Cost Index but is still subject to tender.

Site preparation	150,000
New build 1051m2 @ £1500	1,576,500
External works and services	100,000
Sub Total	1,826,500
Professional fees	273,975
Sub Total	2,100,475
VAT	367,583
Total	2,468,058

The Council has ring-fenced £500,000 of grant funding towards this project.

Alabare propose to raise funds of £500,000 from a bank loan, secured against the property.

The balance of £1,500,000 needs to be raised through a bid to be submitted to the Department for Communities and Local Government Hostel Capital Improvement Programme. The Council's External Funding Officer is also working with Alabare to identify other potential sources of capital fund.

Revenue

The Wiltshire Supporting People currently allocate £326,426 of SP funding to this project. This is currently under review to ensure the service is meeting the relevant need. A further £50,000 of SP funding is being held to finance the Direct Access provision.

Comparison / Value for money

There is no direct comparison available at present. However, an allocation of £500,000 would equate to £14,706 per bed space based on 34 bedspaces. Comparing this to other allocations the council has made then this would represent value for money.

Proposal 2

Organisation	Morning Star
Project	
Proposal	<p>There are three elements to Morning Star's proposal:</p> <ol style="list-style-type: none"> 1. Provision of two crisis beds for rough sleepers 2. Provision of two beds for single homeless people together with intensive housing support 3. Daily rehabilitation and therapy programme <p>Crisis beds Morning Star would make available two beds to help street homeless people. They would provide them with transport to and from Newlyn. There would be no expectation for these individuals to attend the daily rehab programme or remain at Newlyn. Due to the transient nature and the strong likelihood that such people will have no money then there would be no charge to the individual. Allocation of these beds would be on a first come basis.</p> <p>Accommodation and intensive support Morning Star would make available a further two beds that could provide a residential setting within their 'family' unit. Together with intensive housing support, individuals would be able to attend Morning Star's daily programme to support the individual's rehabilitation.</p> <p>Daily rehabilitation and therapy programme Morning Star would offer:</p> <ul style="list-style-type: none"> ▪ A therapeutic environment in order to promote opportunity for individuals to look at and deal with pivotal issues in their lives. ▪ An informal work situation (unpaid) enabling and promoting work disciplines and ethos, character development, relational development, social skills, positive attitude, trustworthiness, self esteem, concern for others and sense of responsibility. ▪ An opportunity to become part of a team. For example helping with the preparation and running of the Banquet Run and learning horticulture and smallholding skills.
Target client group	<ul style="list-style-type: none"> • <i>People with complex or multiple needs</i>, who are likely to need support from more than one source, or from a service offering generic and more specialist support. The combination of mental health problems, offending and substance abuse causes greatest concern. • <i>People who are 'hard to reach'</i> in that they are resistant to services, or have perhaps already been excluded. This includes those who do not want to be drawn into, or are trying to escape, the 'systems' of support and care or of homelessness. • <i>People who are remote from services</i>, including those in certain minority ethnic communities which have little or no connection with formal services. Also included are those relying on informal support, and people who live in private-sector accommodation and are unaware of services.
Outcomes	<ol style="list-style-type: none"> 1. To help clients solve personal crisis and minimise self-harm. 2. To support clients in stabilise and make changes to their lives in order to move on. 3. To support clients in be able to return to live and independently support themselves in the community. 4. To support clients in securing move-on or independent accommodation.

Project Costs and Funding

The proposal submitted by Morning Star relies on the council providing some 90% of the funding. However, such reliance is not sustainable and the council would propose to offer a mixture of core funding, pump priming resources and one-off funding. This proposal would indicate the council's support for the project but place an emphasis on Morning Star to secure other sources of income. With the council's support it is envisaged that this will significantly help the process.

Morning Star proposal

Crisis beds	£20 per night – assume 2 people	Core funding for two years	£7,300 per year
Intensive housing support	£90 each per week – assume 2 people	Core funding for two years	£9,360 per year
Daily programme	£90 each per week – assume 4 people	Pump priming money for one year	£18,720
Total			£35,380
Other items	£800	Funding of Polytunnel – one-off	£800
Other items	£15,000	Contribution towards vehicle – one-off	£15,000

Two alternative options

Option A

Crisis beds	£52 each per week – assuming 2 people	Core funding for two years	£5,408 per year
Intensive housing support	£60 each per week – assuming 2 people	Core funding for two years	£6,240 per year
Daily programme	£2,000	Pump priming money for one year	£2,000
Total			£13,648

Option B

Crisis beds	£60 each per week – assuming 2 people	Core funding for two years	£6,240 per year
Intensive housing support	£90 each per week – assuming 2 people	Core funding for two years	£9,360 per year
Daily programme	£2,000	Pump priming money for one year	£2,000
Total			£17,600

Comparison / Value for money

If the council were finance the whole cost as set out in option C then this will require additional revenue resources to be found over and above that which is available within existing budgets.. Option C also has the greatest capital requirement, in particular the contribution towards a vehicle. The overall revenue costs are comparable to other projects that offer similar services, however, the Daily Living programme is not a housing related service. A view should be taken as to whether the council should fund all or part of this cost.

Given that this project requires greater investment in the early years, and that there should not be a reliance on the council to provide all revenue funding, then a way forward would be to offer a funding package that reduces over a three-year period. This will enable Morning Star to seek alternative forms of revenue funding to replace that which the council will withdraw and to continue developing the service.

Option C – Recommended option

	2006/07	2007/08	2008/09
Crisis beds	7,300	6,240	5,408
Intensive housing support	9,360	7,800	6,240
Daily programme	5,000	3,000	2,000
Total	21,660*	17,040	13,648
Capital			
Funding of Polytunnel one-off	£800		
Contribution towards vehicle one-off	£2,000		

*Funding would be prorated on a monthly basis and therefore the allocation for 2006/07, including October, would be £10,830.

Resources for this funding could be met from within existing resources within the Strategic Housing budget set aside for such projects.

Proposal 3

Organisation	Signpost Housing Association
Project	51 St Marks Road, Salisbury
Proposal	To remodel and extend the existing property to provide 3 self-contained move-on properties for single homeless people.
Target client group	Low-level support for single homeless people
Outcomes	Clients to be able to maintain and sustain independent living in the community. To support clients in accessing and sustaining training and employment.

Project costs and funding

Signpost Housing Association is seeking a capital grant of £198,000 towards the cost of the remodelling. An analysis of the project costs is set out below:

Purchase price	£46,500
Cost of renovation works including VAT	£199,750
On costs (fees, furnishings, interest)	£36,000
Total	£282,250

SHA would look to secure the balance of £84,250 from private finance which is supported by a proportion of the rent income.

Comparison / Value for money

The proposed allocation of £198,000 represents a unit cost of £66,000. Using data from the 2006/08 National Affordable Housing Programme bid round, this figure is comparable with the grant requirement for other one-bedroom units.