

To: City Executive Board
Date: 10 April 2019
Report of: Head of Housing
Title of Report: Project Approval for the development of a Homeless Shelter and Assessment Hub at Floyds Row

Summary and recommendations	
Purpose of report:	To seek Project Approval for the development of a new homeless shelter and assessment hub at Floyds Row to further develop services focusing on the prevention and relief of rough sleeping, including winter shelter provision. To request further capital funding from Council; and to delegate authority to enter into construction contracts accordingly.
Key decision:	Yes
Executive Board Member:	Councillor Linda Smith, Deputy Leader, Portfolio for Leisure and Housing
Corporate Priority:	Meeting Housing Needs, and An Efficient and Effective Council
Policy Framework:	Housing and Homelessness Strategy 2018 to 2021
Recommendations: That the City Executive Board resolves to:	
<ol style="list-style-type: none"> 1. Give Project Approval to the proposal to convert this building to deliver the initiatives as set out in this report, and within the allocated capital budget for this purpose; 2. Request Council that subject to the outcome of the forthcoming architectural feasibility work being affordable and within the proposed budget envelope that a revised capital scheme now totalling £458k (an additional £274k up from an original £184k) relating to Option C is included in the Council's 2019/20 capital programme (the funding of which is achievable albeit potentially from a variety of sources the ranking of which is still as yet to be finalised); 3. Delegate authority to the Regeneration and Major Projects Service Manager, in consultation with the Head of Finance, to enter into contracts for the conversion of this building to this purpose, on the basis that in the opinion of the Head of Finance this continues to represent best value; and 4. Note that the timely delivery of a new winter shelter service for the 2019/20 winter period is a priority in this project. 	

Appendices	
Appendix 1	Risk Register
Appendix 2	Equality Impact Assessment

Introduction and background

1. The number of rough sleepers in Oxford increased by 510% between 2012 and 2017, with 61 people counted sleeping rough on a given night in November 2017. This represents a rate of 10.2 people per 10,000 households – over five times higher than the national average of 2 people per 10,000 households.
2. Whilst the Council’s November 2018 street count showed a reduction in the number of people sleeping rough (45), an intelligence-based estimate carried out at the same time indicated that a total of 94 people may be sleeping rough in the city on any given night.
3. The Council currently commits £1.8m per year on services to prevent and reduce rough sleeping, and the Housing and Homelessness Strategy 2018-21 sets out an approach to do more. This is in line with the Government’s new rough sleeping strategy which sets out the government’s vision for halving rough sleeping by 2022 and ending it by 2027 (published Aug 2018, with an action plan and funding intentions published in Dec 18).
4. The plan for a ‘rapid re-housing approach and assessment hub’ forms part of Oxford City Council’s comprehensive service development strategy to prevent and reduce rough sleeping, drawing on successful examples in other large cities. The provision of such a service should result in a step change in our ability to ensure that nobody has to sleep rough on the streets of Oxford and also will ensure that we meet Members’ strong commitment to provide continuous temporary winter shelter for rough sleepers over the 19/20 winter period.
5. The identification of a suitable building to operate such a service in Oxford’s City Centre is challenging. A hub is currently funded using a two-year Government grant, but this is daytime only and does not provide emergency accommodation.
6. A Council-owned building at Floyds Row is considered to provide an ideal location for an enhanced offer to rough sleepers, that would not only provide a winter shelter, but also a range of other services and short-stay accommodation options designed to prevent and relieve rough sleeping. We anticipate that with specialist support being provided, in a safe and secure environment, persons rough sleeping in the city can be supported to quickly progress towards sustainable independence.
7. Such a facility would form part of a wider service provision for persons at risk of rough sleeping, through a comprehensive range of services and dedicated supported accommodation pathways.

Proposal

8. The Housing and Homelessness Strategy 2018-21 and the opportunity of assembling an MHCLG funding bid has enabled the Council to develop a proposal that aims to:
 - Increase the scope and effectiveness of ‘front-end’ engagement and assessment services
 - Provide extra emergency accommodation open to all rough sleepers, including those with No Local Connection (NLC) and No Recourse to Public Funds (NRPF) every night throughout the winter
 - Develop the range and effectiveness of sustainable Move On routes and options for individuals who are eligible for pathway accommodation and those who are not
 - Consolidate and improve the efficiency of accommodation and other services, including for those with NLC/ NRPF, and vulnerable groups including women and persons identifying as LGBTQI
9. The proposal is to use the building at Floyds Row to provide this new facility. This will require rapid mobilisation and the completion of building works in a very short time period.
10. The proposed services that will be run from Floyds Row are envisaged to be as follows:
 - a) Daytime Assessment Hub (part of 1 wing - daytime) - 5-20 clients a day
 - b) Winter Shelter (1 wing overflowing as necessary) – 20+ clients a night
 - c) Somewhere Safe to Stay (1 wing) – 20 clients
 - d) Staging Post (1 wing plus other bedrooms if possible) – 20 clients
11. Each service has different characteristics – for example different eligibility requirements and facilities. These will need to be reflected in the physical design of each service. Most of the accommodation will be very temporary, short stay, dormitory style bed spaces, ranging from roll-mats for the winter shelter to beds in the ‘Staging Post’ service. An indicative service specification for these services is being developed and this will continue to be refined through the co-design and commissioning stages of the project, involving various stakeholders and service users.
12. It is envisaged that the service will be commissioned to a third-sector provider, ideally an organisation with experience of such facilities and outreach to rough sleepers, that are also a registered provider. Additional agencies are also likely to engage with clients in this space, on an individual and group basis. The Council will monitor the contract accordingly, to ensure the Provider delivers the service as agreed.

Options

13. As part of the usual asset management activities of the Council’s commercial portfolio, officers have been considering various options for the use of the building going forward. In summary these were:

- a) Use as a homeless shelter and assessment hub - £180k p.a. rent (over 5 years)
 - b) Continue to market the building to let for office use - £180k p.a. rent after initial spend
 - c) Freehold sale - approx. £1.4m valuation
 - d) Conversion to residential use albeit previous feasibility work suggested that this is unviable.
14. Developing the first option, three approaches were set out and costed (capital and revenue):
- a) Option A [Phase One]. Only one wing of the building would be developed. This would provide a winter shelter for six months per year, for 20 rough sleepers, and a daytime assessment hub.
 - b) Option B [Phases One and Two]. Two wings of the building would be developed, in order to provide the service above, as well as an additional residential assessment wing. Both services could be operated year-round, providing shelter for 40 clients.
 - c) Option C [All three phases]. This is the full development of Floyd's Row. Three wings of the building could be developed and shelter provided for. This would include both services outlined in Option B and an additional staging post wing, providing shelter for up to 60 clients in total.
15. Significant work has already been undertaken with regard to this project. A small project team has been assembled and various teams have supported initial feasibility work to prepare a business case preparation. This includes:
- Significant feasibility work of the building itself, including a measured survey; discussions with Building Control; the preparation of high-level costings for capital development and refurbishment, with good knowledge of the building and of the alterations necessary; a planning application for change of use has been submitted; and various specialist surveys undertaken;
 - The Outline Business Case for the project has been approved by the Council's (internal) Development Board with support from various Council teams;
 - The work required from an architect has been specified and tendered. Work is expected in a two stage approach in a very compressed timescale of 8 weeks, comprising of feasibility work, consultations and co-design to produce a concept design; then following sign-off, to move to developing technical drawings and a costed build specification;
 - Direct Services have been sent the draft proposals, plans and timelines as advance notice of the request for a quotation, and to help schedule various trades in a busy summer period, whilst at the same time delivering to agreed budgets and quality;
 - Revenue costings have been undertaken by the rough sleeping and single homelessness team, based on costs of running similar services. The rental income assumptions within this have been discussed with Housing Benefit to ensure that these will be acceptable. Full HB subsidy is expected on the current proposal (as the anticipated provider is an RP);

- A grant application is being prepared for the second round of the Rapid Rehousing Pathway (RRP) funding (£14m nationally). This bid round closes on the 31st March, with an announcement expected “hopefully in Spring”;
- Conversations have started with the Oxfordshire Community Foundation and City Conversion partnership to explore alternative and corporate giving initiatives that might support this project;
- Meetings have taken place with St Mungo’s with a view to agreeing a contract variation in the last year of their contract (2019/20) to deliver this service. The service would then need to be retendered going forward; and
- A wider ‘transformation project’ around the adult homeless pathway, joint commissioning (countywide) and the inter-relationships of various projects is being launched.

16. The next priority for the project is to commission an architect and move into design and specification phases, prior to agreeing and commissioning the build contract in May 2019.

Financial implications

17. The headline budget position and the consideration of the 3 options is as set out in the following table:

Item	Y1 Capital spend	Revenue				
		2019- 20	2020- 21	2021- 22	2022- 23	2023- 24
		Y1*	Y2	Y3	Y4	Y5

SUMMARY: OPTION A (Winter Shelter Only)						
TOTAL EXPENDITURE	184	329	284	284	284	284
TOTAL FUNDING	184	273	30	30	30	30
NET	0	-56	-254	-254	-254	-254

The current capital funding (£184k) is fully utilised to deliver the winter shelter for six months. The identified revenue funding from reserves (£153k) is also fully deployed in year 1 to ensure operation within the financial envelope. However, there is a £254k revenue deficit from year 2 onwards, making this option unsustainable beyond year 2 without a substantial increase in base budget. The option does not provide the best value return from investment.

SUMMARY: OPTION B (Two wings for Winter Shelter and SStS)						
TOTAL EXPENDITURE	276	669	918	822	822	822
TOTAL FUNDING	184	669	833	645	645	645
NET	-92	0	-85	-177	-177	-177
<p>This option is the mid-point between Options A and C. Current capital funding (£184k) is fully utilised to deliver as much of two wings of the building as possible (a £92k capital shortfall at present). The identified revenue funding from reserves (£153k) is deployed across years 1 and 2, which ensures operation within the financial envelope in year 1. There is a £72k revenue deficit in year 2, increasing to £177k from year 3 onwards, making this option unsustainable beyond year 2 without a substantial increase in base budget. The option does not provide the best value return from investment.</p>						

SUMMARY: OPTION C (Full Development - Whole building/ three wings)						
TOTAL EXPENDITURE	458	719	1022	959	959	959
TOTAL FUNDING	184	719	1022	959	959	959
NET	-274	0	0	0	0	0
<p>All the capital funding expected to be required to complete the project is committed. The total building project cost, to open the full service, including professional services, fees and contingencies is £549k. (£458k capital is required, with £91k currently identified as being funded from revenue in year 1, for professional fees). £274k additional capital funding is required to meet the shortfall. The identified revenue funding from reserves (£153k) is fully deployed across all years, to ensure operation within the financial envelope. This option provides the best value return from investment, delivering the full service with best use of rental income streams. The costs assumed in this model will increase if the commitment to invest in full is not made prior to end April 2019 (when build contract will be scheduled).</p>						

18. Option C is the only option that presents a near sustainable business case over the MTFP period. The revenue analysis suggests that the scheme is roughly neutral i.e. self-financing given the weekly costs that can be charged and recovered from housing benefit, together with the initial anticipated capital shortfall being funded from earmarked homelessness reserves, a future Government funding bid or/ and available GF capital receipts. We are submitting a bid for government funding but will not know the outcome of this in the timeframe required to commit to the undertaking the works needed to open the facility by Winter 2019/20. The homelessness reserves could be utilised to underwrite the £300k shortfall to enable the project to be launched but if other funding is not secured, use of the reserves for

this project will mean these reserves will not be available to meet other homelessness demands.

19. Members should note that whilst this proposal seeks to utilise as yet uncommitted homelessness reserves, it is nonetheless our main objective that these are in the first instance not called upon, and are replaced by Government grant, or if used are speedily replaced. This is due to the scale of the unknowns that could be encountered during the MTFP period, namely the potential for the County Council to reign back even further on its reducing homelessness commitments, reduced Government grant funding; increased service demand (the number of people and the complexity of needs); and continued pressure on statutory homelessness services (prevention, relief, and main homeless duties/ interim accommodation provision) from new Homelessness Reduction Act duties.
20. We have made these resources available so that in the absence of any alternative capital funding the Council does not let this opportunity pass it by and a flagship homelessness facility, ideally located and easily accessed, providing the space and range of necessary, specialist emergency and longer term services is started in time to meet the 2019 winter provision timeline. There are significant risks to this decision and the parallel application for Government funding is also necessary to replenish the homelessness reserves resources, as is considered prudent and necessary to operate a continued effective service offer to homeless households in Oxford.
21. We are also working with the City Conversation Partnership now known as Oxford homeless movement to pursue further fundraising initiatives which we hope will supplement the services we will be able to offer from Floyds Row.
22. Over the MTFP period, further work is proposed to fundamentally review spending on the wider commissioning of rough sleeping and single homelessness services. The intention would be to ensure the most effective service delivery outcomes from Council investment, and ensuring best value. If the (continuous) review of this initiative demonstrates that it needs to remain a priority for spend, then the expectation, is that current revenue spend on other homelessness commissioned services will need to be redirected to support this as a priority going forward.

Legal issues

23. The Council has the duty to prevent and relieve homelessness under the Homelessness Reduction Act 2017. The Council also has general powers under the Localism Act 2011 to provide additional community well-being services.

Level of risk

24. A Risk Register is provided at Appendix 1.

Equalities impact

25. An Equalities Impact Assessment is provided at Appendix 2. There are no adverse impacts in undertaking this activity, with the potential to improve provision for vulnerable and marginalised households.

Conclusion

26. That the Council should look to use this opportunity to undertake the new development of a Homeless Shelter and Assessment Hub at Floyds Row.

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Background Papers:	None