

WANDSWORTH BOROUGH COUNCILHOUSING OVERVIEW AND SCRUTINY COMMITTEE – 28TH SEPTEMBER 2012EXECUTIVE – 8TH OCTOBER 2012Report by the Director of Housing on a potential new scheme of temporary accommodation for the statutory Homeless at Dawes House, Bramlands Close, SW11 (Latchmere).SUMMARY

This report seeks retrospective approval for actions taken for the refurbishment and use of Dawes House, Bramlands Close, SW11 (Latchmere) as temporary accommodation for the homeless for approximately two years. Retrospective approval is sought to directly appoint the Council's Design Service as consultant and for shortened tender and assessment periods of two weeks respectively.

Dawes House is being decanted by the Primary Health Trust and, refurbished, could provide 13 units of self contained accommodation for use as an alternative to expensive, unsuitable and often out of Borough bed and breakfast accommodation. The Housing Needs Unit could manage the units as part of the Council Owned Support Temporary Accommodation portfolio.

The creation of 13 hostel units would reduce the Council's reliance on more costly bed and breakfast accommodation and help relieve the demand on currently heavily pressurised General Fund budgets over the period it is proposed to be used. Dawes House, currently held for housing purposes within the HRA, would require initial capital investment to refurbish/remodel the accommodation; estimated in the region of £418,000 and approximately £35,000 of revenue funding for fixtures, fittings and furnishings for which positive budget variations would be required. The net rental surplus from letting these units is estimated in the region of £75,000 per annum, which would benefit the HRA. Based on current costs of bed and breakfast accommodation for the units proposed, the potential deduction in General Fund costs is expected to be in the region of £148,200 in the first full year of operation.

GLOSSARY

COSTA	Council Owned Supported Temporary Accommodation
HRA	Housing Revenue Account
LHA	Local Housing Allowance

RECOMMENDATIONS

1. The Housing Overview and Scrutiny Committee are recommended to support the recommendations in paragraph 3.
2. If the Overview and Scrutiny Committee approve any views, comments or additional

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recommendations on this report these will be submitted to the Executive for consideration.

3. The Executive are recommended to approve: -
  - (a) the refurbishment of and subsequent use of Dawes House as temporary accommodation for the statutorily homeless;
  - (b) that £418,000 of funding be added to the HRA capital programme and £35,000 to the Housing Revenue Account revenue budget in 2012/13;
  - (c) that the net rental surplus (-£75,100 in 2013/14) be consolidated within the HRA revenue budgets from 2013/14; and
  - (d) the direct appointment of the Design Service as consultant and a shortened tender and tender assessment period of two weeks respectively.

## **INTRODUCTION**

4. As set out in the annual report on housing resources (Paper No. 12-353, June 2012), the rising use of temporary accommodation for homeless households is a key issue for the Housing Department in the current year and beyond. As part of measures to address the increasing use of bed and breakfast accommodation for the statutory homeless, the potential for a new temporary hostel for homeless households has arisen at Dawes House, 6 Bramlands Close, SW11 (Latchmere). A map showing the location of Dawes House is attached as Appendix 1 to this report.
5. Dawes House is a freehold property within the Council's ownership and held within the Housing Revenue Account (HRA) and has most recently been leased to Viridian Housing Association as a residential care facility. The ground floor is currently part-occupied by the Primary Care Trust, who uses it as a facility for the elderly, with around 12 to 16 patients there at present. The Primary Care Trust is now in the final stages of decanting the premises and it is expected that the building will be fully vacant around the end of summer 2012.
6. The property currently sits within the Borough Valuer's portfolio with the longer term intention of disposing of the building as part of a package of disposals so as to assist the future regeneration of the wider Winstanley area. The previous intention was to protect Dawes House from illegal occupation by use of the Camelot Guardians and this is still likely to be needed, albeit for a shorter period than previously envisaged, if use as temporary accommodation is approved.
7. Through discussions between the Borough Valuer and the Housing Department an alternative proposal for temporary use as temporary accommodation for the homeless has been developed and is set out for consideration in this report.

## **HOMELESSNESS CONTEXT**

8. As reported previously, the homelessness position is, at present, one of increasing underlying demand and of increasing reliance on bed and breakfast accommodation, sometimes located well outside of the Borough and often at high cost. The report on homelessness activity elsewhere on this agenda (Paper No. 585) sets out the

homelessness position as at the end of July 2012 and, whilst numbers accommodated decreased in June and July, the overall trend remains upward in comparison with recent years, with a number of the risk factors discussed in Paper No 12-353 yet to necessarily fully play out or manifest themselves.

9. As set out in recent reports and covered in more detail in Paper No. 12-353, the rising use of bed and breakfast is a major concern for the Council in the current year, both financially and in terms of lawful compliance with relevant regulations. As will be recognised, the Council is currently, and has been for several months, discharging its homelessness duties through continued use of bed and breakfast, and on regular occasions for longer than six weeks. As such, the Director of Housing is exploring all options to obtain suitable alternatives to bed and breakfast and Dawes House is the first opportunity identified.

### **DAWES HOUSE – REFURBISHMENT**

10. The proposal, therefore, is that Dawes House be used as temporary accommodation akin to that already used at Edwyn Trayfoot Lodge, SW11 (Latchmere) and Carnie Lodge, SW17 (Bedford) on a temporary basis given that the Borough Valuer has confirmed that the earliest date at which he may require vacant possession for disposal purposes would be Spring 2015.
11. A feasibility report commissioned by the Housing Department and undertaken by the Council's Design Service indicated that the building, if refurbished as therein planned, would create 13 hostel units: 1 x one-bedroom, 3 x two-bedroom, 1 x three-bedroom and, importantly, 3 x four-bedroom, 2 x five-bedroom and 3 x six-bedroom. All of these units would be fully self-contained.
12. As reported in Paper No.12-353, a real and credible risk around homelessness demand during the foreseeable future is that the ongoing roll out of the Local Housing Allowance (LHA) reforms (the capping of LHA to absolute maximums) may see large family homelessness arising over the coming period. This, in turn, means that any potential for additional self contained units of temporary accommodation would be extremely welcome in addressing that risk.
13. It is confirmed that were Dawes House to be available for occupation now in the configuration anticipated in the feasibility report, there are sufficient families already in bed and breakfast to take up full occupation of the building and to maximum use of each of the units. On this basis, the avoided costs relating to bed and breakfast expenditure, assuming full occupancy of each unit within the scheme, are estimated at just under £12,400 per month.
14. From the feasibility report and verified by the Housing Department's Head of Technical and Programming, subject to planning consent, building control and procurement of the contract for refurbishment, the likely earliest occupation date after refurbishment would be April/May 2013, although all efforts will be made, where appropriate, to accelerate the timetable. For this reason the Director of Housing has appointed the Design Service as consultant and is seeking retrospective approval for this action and a shortened tender and tender assessment period of two weeks respectively.

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15. The Borough Valuer has advised that the earliest date he would need the property vacant again for the purposes of disposal purposes (should they proceed) would be April 2015. Consequently, there is the potential for a minimum period of 22 to 24 months use as temporary accommodation for the homeless. However, and as mentioned by the Director of Finance below, there must be a credible scenario whereby that date slips further into the future.

### **COMMENTS OF THE DIRECTOR OF FINANCE**

16. The Director of Finance comments that the creation of 13 hostel units at Dawes House would create additional accommodation which will reduce the Council's reliance on more costly bed and breakfast accommodation and avoid significant General Fund costs over the period that it is proposed to be available for use.
17. Dawes House, which is currently held for housing purposes within the HRA, will require significant capital investment to refurbish and remodel the accommodation into suitable units which is estimated to be in the region of £418,000 and approximately £35,000 of revenue expenditure for fixtures, fitting and furnishings for which positive budget variations will be required. The net rental surplus from the letting of these units is estimated to be in the region of £75,000 per annum, which will benefit the HRA.
18. Based on the current cost of bed and breakfast accommodation for the units proposed the potential avoidance of General Fund costs would be expected to be in the region of £148,200 in the first full year of operation.
19. A financial appraisal of the scheme has been undertaken as follows:

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
<b><u>General Fund</u></b>				
Savings re: bed and breakfast costs		-148,200	-152,700	-157,300
<b><u>HRA</u></b>				
Refurbishment costs	418,000			
Furnishings	35,000			
Net rental surplus		-75,100	-77,800	-80,600
Loss on interest on reserves	7,900	14,800	12,700	10,300
<b>Total HRA cost(+)/saving(-)</b>	<b>460,900</b>	<b>-60,300</b>	<b>-65,100</b>	<b>-70,300</b>
<b>Scheme Total cost(+)/saving(-)</b>	<b>460,900</b>	<b>-208,500</b>	<b>-217,800</b>	<b>-227,600</b>

20. The current estimate from the Borough Valuer is that the property would be required to be available for disposal from Spring 2015. In reality, the disposal of the site as part of the Winstanley area regeneration is not a fixed date so the accommodation could feasibly be available for use long after the current planned disposal date. For every full year the units are used and occupied beyond 2014/15 disposal date the net benefit to the Council would be a minimum of £227,600 per annum.

### **CONCLUSION**

21. As reported in Paper 12-353, the Council is, in common with many other London boroughs, currently experiencing increasing homelessness pressures and needs to

identify ways of reducing the use of bed and breakfast accommodation. The opportunity that Dawes House presents to provide additional units of good quality, local, self contained temporary accommodation will assist in mitigating the use of expensive, unsuitable and often out of Borough bed and breakfast and will assist the Director of Housing in meeting the Council's statutory duties towards the homeless in the period 2013/14 to 2014/15.

22. Should similar opportunities be identified, further reports will be submitted to the Committee and Executive at the earliest possible date.

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ROY EVANS  
Director of Housing

18th September 2012

Background papers

There are no background papers to this report.

All reports to Overview and Scrutiny Committees, regulatory and other committees, the Executive and the full Council can be viewed on the Council's website ([www.wandsworth.gov.uk/moderngov](http://www.wandsworth.gov.uk/moderngov)) unless the report was published before May 2001, in which case the Committee Secretary (Thayyiba Shaah – 020 8871 6039; email [tshaah@wandsworth.gov.uk](mailto:tshaah@wandsworth.gov.uk)) can supply it if required.

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