



## CABINET REPORT

<b>Report Title</b>	<b>Places of Change Scheme</b>
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**AGENDA STATUS:**

**PUBLIC**

<b>Cabinet Meeting Date:</b>	8 <sup>th</sup> July 2009
<b>Key Decision:</b>	YES
<b>Listed on Forward Plan:</b>	YES
<b>Within Policy:</b>	YES
<b>Policy Document:</b>	No
<b>Directorate:</b>	HOUSING
<b>Accountable Cabinet Member:</b>	Cllr. Sally Beardsworth
<b>Ward(s)</b>	Castle Ward

### 1. Purpose

- 1.1 The purpose of this report is to inform Cabinet of the development work undertaken on the proposed Place of Change Project since the Cabinet meeting of 4<sup>th</sup> February 2009 and to seek agreement to proceed with further work in accordance with the Project Implementation Plan as included at Appendix 1.

### 2. Recommendations

That Members:

- 2.1 Agree to transfer the southern section of the Maple Buildings site, (as edged in red on drawing DO2 revision J, in Appendix 2 to Midland Heart Ltd. Housing Association (MHHA) at a nominal charge, on a long leasehold basis, upon NBC achieving vacant possession of the site and subject to the necessary Social Housing Grant being approved by the Homes and Community Agency (HCA).

- 2.2 Agree that vacant possession notices be issued to the existing commercial tenants.
- 2.3 Agree to delegate authority to the Director of Housing and the Borough Solicitor to complete the detail of the legal arrangements between Midland Heart Ltd and the council.
- 2.4 Agree that the northern part of the site, (as edged in blue on drawing as included in Appendix 3.) be retained by the Council for an alternative use.
- 2.5 Agree that the Director of Housing will oversee progress on the next stage of the project as detailed in the Project Implementation Plan.

### **3. Issues and Choices**

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#### **3.1 Report Background**

- 3.1.1 In November 2007, the Council was invited to make an application for a grant under the “Places of Change” programme. In February 2008, the Council was notified that its bid to the Department of Communities and Local Government (CLG) for £1.42m of capital funding for the PoC programme was successful. The Housing Corporation and its successor, the HCA, have always been, and remain supportive of the Council’s aim to improve facilities for homeless people in Northampton.
- 3.1.2 Following an independent review of potential sites, Cabinet, at its meeting on 4<sup>th</sup> February 2009, agreed to proceed with developing proposals for the Maple Buildings site subject to scheme viability, planning consent, public consultation and the Council’s contributions being agreed.
- 3.1.3 It was agreed that the Director of Housing would oversee the next stage of the project development activities to improve the viability of the project and ensure that the Council can provide vacant possession of the site.
- 3.1.4 It was agreed that a future report on the project delivery plan and financial arrangements be presented to Cabinet at a future meeting.
- 3.1.5 The actions identified at the time of the last report have been completed and we now have a viable scheme. This report sets out the detail of that work and seeks approval to proceed as identified in the Project Implementation Plan.

#### **3.2 Issues**

##### **3.2.1 Revised Scheme**

Since the beginning of February, the scheme design has been subject to considerable review and redesign in terms of the site footprint, massing, circulation space, space standards and spatial relationships. This has resulted in a viable scheme and cost effective proposals.

### 3.2.2 Financial Value and Council's contributions

The revised scheme has been costed by Midland Heart and has been the subject of an independent development assessment. Midland Heart has carried out revisions to the costs, and these revised costs will be submitted to the HCA pending Social Housing Grant Approval.

The Council's contributions have been costed and it has been agreed with HCA that they can be covered by part of the £1.42m capital grant.

The estimated market value of the site is considered to be £440,000. There are more details in 4.2.1 Land value.

The estimated total scheme cost is £5,677,064, with capital funding:-

POC	£1,420,000
PCT (in lieu of DAAT)	£ 350,000 (TBC)
Midland Heart borrowing	£2,227,034
Gross NBC land transfer value	£ 440,000

Midland Heart is seeking from the HCA £1,680,000, which equates to £35,000 per unit for all 48 units.

### 3.2.3 Partnership working:

The Government grant of £1.42m is dependent on fulfilling a number of pre-conditions, including that a partnership approach is adopted and maintained and that there is extensive service user involvement. This report confirms that a Partnership approach has been adopted and that service users and current service providers have been, and continue to be, engaged and involved in the scheme. The Council is currently working with CAN and NAASH in particular to ensure the transfer into the new Facilities is as smooth as possible.

### 3.2.4 Consultation:

The scheme design has been developed in consultation with the service users and providers and the proposals have been discussed with local residents and the commercial leaseholders as described in section 4.5 below.

### 3.2.5 Vacant Possession:

The existing businesses, Pavilion Textiles and Berkley Upholstery, need to be relocated to achieve vacant possession and they have been consulted as detailed in section 4.5.3 below. The cost and time implications have yet to be finalised, but the statutory compensation costs have been estimated at £84,000 and these have been included in the scheme costs. The time implications have been allowed for in the Project Implementation Plan.

### 3.2.6 The Boxing Club is not affected by this scheme.

## 3.3 Choices (Options)

### 3.3.1 Proceed to the next stage as per the Project Implementation Plan.

This is the recommended course of action as it is the most likely means of securing the necessary Housing Grant and Places of Change funding and will ensure that this flagship scheme is built in the borough to provide much-needed accommodation and high quality support services for homeless people.

### 3.3.2 Proceed with any agreed variations to the Project implementation plan.

There is still an opportunity to agree variations to the project as long as they are affordable and agreed by all partners but there is limited time left before planning permission is applied for at the end of July 09.

### 3.3.3 Do not proceed.

This is not recommended as the Places of Change funding would be lost and the borough currently does not have any alternative funding for such a facility.

This option would have a negative impact on the Council's reputation as an organisation which can deliver flagship capital projects. It would adversely affect the Council's relationships with the HCA and its partners who have worked together over the last few months to ensure this project is a success. Just as importantly, the accommodation provision for homeless people in the town would remain of a poor standard and not fit for purpose.

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## 4.0 Implications (including financial implications)

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### 4.1 Policy

#### 4.1.1 This scheme has clear links with the Borough's **Homelessness Strategy 2008- 2013**. In particular, this strategy focuses on three main areas and the Places of Change scheme impacts on all three, which are;

**Prevention** – Improvements that are required for the prevention of homelessness.

**Supply** - Improvements required to ensure that there is sufficient accommodation available for people who are, or who may become homeless.

**Support** - Improvements required to ensure that there is satisfactory support for people who are, or who may become homeless, or who need support to prevent them from becoming homeless again.

In terms of priorities, within the Homelessness Strategy, the scheme will help achieve the following:

- Improve Partnership working with the private sector to provide a wider range of housing solutions;
- Take steps to improve the level of customer service experienced by the service user; and

- Improve and strengthen partnership working between NBC and third parties.

The Council is currently working on the development of its new Housing Strategy 2010-2015. Along with this an Independent Living Strategy will be developed to support the Housing Strategy and address the needs of all vulnerable households. .

The Places of Change Scheme will be an integral part of helping deliver these two strategies, and in particular, will help deliver the following emerging Housing Strategy Priorities:

- Improve Customer Access, Opportunity and Choice;
- Create Resilient and Cohesive Communities; and
- Deliver well-designed, high quality homes and services

## **4.2 Resources and Risk**

### **4.2.1 Land value:**

At the time of bidding to CLG for Places of Change grant funding, it was proposed that the Council would provide a site for this facility at a nominal charge. Since then, the scheme proposals have been developed in the light of the previously identified financial resources, the likely social housing grant and the potential rental income. Development of the scheme proposals and an independent financial appraisal commissioned by the Council have confirmed that, in order to deliver a viable scheme which can attract achievable and realistic levels of Social Housing Grant, it is still necessary for the Council to transfer the site at a nominal cost. The estimated market value of the Maple Buildings site is considered to be £440,000. Although this is less than the initial advice given last year the change is due to changing market conditions and a reduced land take from that originally proposed. Market transactions and conditions remain slow, uncertain and difficult to predict. However, the granting of the land facilitates the inward investment of over £5m to the town and it is therefore, it is proposed to transfer the land at a nominal cost, on a long-term leasehold basis.

### **4.2.2 Compensation:**

The existing commercial tenants will be entitled to statutory compensation for termination of their leases if suitable alternative accommodation cannot be identified. Provision has been included for this within the scheme costs and this will be covered by the HCA Places of Change capital grant funding and not, therefore, paid for by the council.

### **4.2.3 Loss of rental income:**

The Council currently receives rental income from the commercial leaseholders, the Hope Daycentre and Nottingham Community Housing Association Limited (NCHA). This will be lost but will be off set against savings made on the on-going maintenance cost of the old industrial

units/Victorian buildings. In terms of maintenance of the building over the past 2 years the Borough Council has carried out approximately £25,000 of repairs to the building. Therefore it has to be accepted that whilst the Borough Council may lose revenue from a disposal, the redevelopment of the site will result in a potential saving in both revenue and capital expenditure, which could be required for a refurbishment of the building or continued repairs.

#### 4.2.4 The Council's project management and legal costs:

The Council's costs in relation to project management in order to provide vacant possession of the site, (£30,000), are included in the scheme costs and will be covered by the HCA Places of Change capital grant funding.

The Council's legal costs in respect of the leasehold transfer of the site will be covered by MHHA as part of the legal arrangements.

#### 4.2.5 Land ownership

The land is in the Council's ownership and is general fund land.

### **4.3 Legal**

4.3.1 The Land disposal structure proposed is as identified in the Heads of terms document the detail of which is currently being negotiated with Midland Heart.

4.3.2 Vacant possession process proposed for existing commercial tenants.

As the Borough Council has no alternative premises they are able to offer to relocate the tenants, it will be necessary to bring the tenancy to an end by serving a Notice under Section 25 of the Landlord & Tenant Act 1954 Part II (1954 Act) specifying that the Council wishes to terminate the existing agreement and will oppose any application for the grant of a new tenancy because it intends to demolish and redevelop the site. The minimum period of notice that is permitted under the 1954 Act is 6 months from the date of service of the Notice. Therefore it is likely the earliest date of achieving vacant possession of the site will be January/February 2010.

4.3.3 Vacant possession process proposed for existing service providers

4.3.3.1 The Council for Addiction and the Hope Centre are to be relocated within the scheme therefore it should not be necessary to serve any Notices on them to terminate their existing Lease agreements in respect of their occupation of those areas of Maple Buildings now unaffected by the development. This is on the basis that they will voluntarily move into accommodation within the scheme and therefore would be looking to agree surrender with the Borough Council at the time the new premises are ready for their occupation.

4.3.3.2 The Boxing Club is sited in a part of Maple Buildings, which is excluded from the scheme, and they will remain in occupation under the terms of their existing Lease agreement.

- 4.3.3.3 Northamptonshire Association for Accommodation for Single Homeless (NAASH) rent their Oak Street premises from NCHA. NCHA hold a 99-year Lease from the Borough Council at a peppercorn rent. However, this agreement is subject to a very restrictive user clause, which allows the building to be used for only as a night shelter or hostel for single homeless persons. This would prevent its use for any other purpose. On the basis that NCHA would not be able to find any other use within this restriction acceptable to the Borough, it is considered likely that they will look to surrender their Lease of the premises to the Borough Council. The building would then be returned to the Borough Council with vacant possession who could then dispose of the premises or use it to re-house another project or charity as it felt appropriate. It is not planned to communicate further with NCHA until after Cabinet have formally approved the scheme.

#### **4.4 Equality**

- 4.4.1 The client group for this initiative is amongst the most vulnerable in society. This scheme addresses some fundamental inequalities in relation to access to support and accommodation to homeless people.
- 4.4.2 An Equality Impact Assessment has been undertaken and an action plan agreed.
- 4.4.3 Each partner organisation will be requested to adopt a standard monitoring format in line with the Councils monitoring standard which can be reported to the Places of Change operational sub board on a quarterly basis. This will provide the monitoring information required to better understand and plan how to address and mitigate the impact and potential impact regarding service and accessibility by the diverse groups prior to the opening of the new facility, which is planned for Autumn 2011

#### **4.5 Consultees (Internal and External)**

- 4.5.1 The scheme proposals have been discussed at two meetings with NBC and West Northampton Development Corporation Planners (5<sup>th</sup> March and 8<sup>th</sup> April 2009) and the overall principle of the design has been deemed to be an appropriate response to the context and the brief.
- 4.5.2 Local residents were invited to a residents consultation meeting on 8<sup>th</sup> April 2009. 9 members of the public attended and Cllr Scott and without exception they were all extremely impressed by the drawings and supportive of the scheme. They all felt that the building was attractive and would improve the neighbourhood. The concerns raised were also common. Residents and operators of the local businesses cited the issue of street drinking and occasional outbursts of antisocial behaviour as the biggest problem, they were reassured to hear that the partners are investigating ways of addressing this now and confident that the management arrangements for the new building would resolve this issue.
- 4.5.3 Two meetings have been held with each of the existing commercial tenants, Pavilion Textiles and Berkley Upholsterers, and letters have been sent.

- 4.5.4 Regular well-attended monthly meetings are being held with the service users.
- 4.5.5 The existing service providers (HOPE/NAASH/CAN) are represented at the Project Board meetings and at the Operations subgroup meetings.
- 4.5.6 Meetings have been held with the Boxing Club to inform them of proposals for the scheme although no formal written communication has been made. The building which they occupy is not required for the scheme and therefore they are not directly affected by the proposals
- 4.5.7 The current leaseholders of the NAASH building, Nottingham Community Housing Association, have been advised of progress and will be contacted after Cabinet decision to discuss arrangements in respect of their current lease by the Housing Strategy Team.
- 4.5.8 The owner of the Lawn Mower shop has been kept informed of progress via a letter and it was also noted that they attended the residents consultation meeting on the 8<sup>th</sup> April 2009.
- 4.5.9 Ward Councillors were invited to the residents consultation meeting and have been offered a briefing on the 23<sup>rd</sup> April.
- 4.5.10 Internal Consultees,  
Planning.  
Asset Management.  
Finance.  
Borough Solicitor.  
Regeneration.

#### 4.6 How the Proposals deliver Priority Outcomes

- 4.6.1 The Places of Change Scheme has a golden thread impact on not just the Council's Corporate policies, but wider Regional and Sub-regional strategies.

##### **Local (NBC)**

Within the **Corporate Plan 2009-2012** the scheme clearly helps achieve the following priorities:

- Housing health and well-being;
- Partnerships and community engagement; and
- A well-managed organisation that puts customers at the heart of what we do.

The scheme also helps achieve the following priorities in the **Northampton Sustainable Community Strategy 2008-2011**

- Living and thriving; and
- Fit and Healthy



## **Sub-Regional (Northamptonshire)**

Places of Change, will aid the delivery of priorities within the Northamptonshire Sustainable Community Strategy, the Local Area Agreement and the Homelessness Strategy for the County. Below are the main priorities from all three documents that this scheme helps achieve:

### **Northamptonshire Sustainable Community Strategy**

- A Northamptonshire where people are healthy, have a good quality of life and the most vulnerable people are supported to access appropriate services according to need;
- A Northamptonshire where we have strong, safe and cohesive communities; and
- A Northamptonshire where every child and young person matters.

### **Northamptonshire LAA 2008-2011**

- NI 145 – Adults with learning disabilities in settled accommodation;
- NI 115 – Reducing Substance misuse by young people; and
- NI 155 – Number of Affordable homes delivered

### **Northamptonshire Homelessness Strategy**

- Priority 4 – County Prevention Schemes;
- Priority 7 – Investment in Supported Accommodation; and
- Priority 11 – Protocols and Partnerships

## **Regional (East Midlands)**

The Places of Change scheme already has demonstrated clear links with the local and sub-regional Homelessness Strategies, and will have clear links with the Regional Homelessness Strategy. The main priorities it will help achieve are:

- Supported Pathways out of homelessness;
- Homelessness prevention;
- Service users perspective; and
- Engagement with other sectors

- 4.6.2 The site area falls within the proposed boundary of the Central Area Action Plan and will support the aims and objectives of the plan. Any Planning Application would be expected to be consistent with the emerging Policies of the Plan, which will be published for its pre-submission stage at the end of the year.

## **4.7 Other Implications**

- 4.7.1 The future of Single Person's Accommodation (SPA) is currently being reviewed and will be subject to a separate report to Cabinet.

## **5. Background Papers**

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- 5.1 Cabinet meeting papers - 7<sup>th</sup> April 2008
- 5.2 Cabinet meeting papers – 26<sup>th</sup> September 2008
- 5.3 Cabinet meeting papers – 30<sup>th</sup> October 2008
- 5.4 Cabinet meeting papers – 22<sup>nd</sup> December 2008
- 5.5 Cabinet meeting papers – 4<sup>th</sup> February 2009.

## **Appendices**

**Appendix 1 – Project Implementation Plan**

**Appendix 2 – Drawing DO2 revision J**

**Appendix 3 – Drawing DO3 revision J,**

**Fran Rodgers,**  
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