
Report to Council

Date of Meeting: 15 December 2011

Subject: Council New Building at Hallpark, Sauchie

Report by: Head of Community & Regulatory Services

1.0 Purpose

- 1.1. The purpose of this proposal is to provide Council with a Business Case for the construction of 25 new Council houses and associated facilities on the site of the Forth Valley (FV) College Hallpark Annex in Sauchie. The Business Case follows the successful award of £750K by the Scottish Government under the new Innovation and Investment Fund 2011- New Council House Building.

2.0 Recommendations

It is recommended that Council approves:

- (a) the proposal for a further phase of 25 new Council houses at the former FV College site at Hallpark, Sauchie.
- (b) the acquisition of the Hallpark Annex Site from Forth Valley College.
- (c) funding of the project as detailed in the report.
- (d) authorises the Head of Facilities Management to seek tenders for the construction works element of the project and to appoint the successful contractor on agreed terms up to a maximum of £2.094m and amend the capital plan accordingly.

3.0 Considerations

- 3.1. As reported at Council on 30 June 2011, the Scottish Government invited bids for the 2011/12 Innovation and Investment Fund budget - a new arrangement to allow all suppliers to provide new affordable homes. The budget of £50m included £20m for council house building (social rent). Bids from councils were assessed by COSLA and the Association of Local Authorities Chief Housing Officers (ALACHO) and successful projects announced by Ministers on 14 September 2011, with Clackmannanshire Council confirmed as receiving £750,000 of development funding for the proposed project at Hallpark.

- 3.2. As discussed at Council in June, the Hallpark proposal has been a clear priority within the Strategic Housing Investment Plan (SHIP) for 3 years. The project has been discussed at length with the Scottish Government and Ochil View Housing Association, as well as land owners Forth Valley College. The proposals have also been discussed with neighbouring NHS Forth Valley, Clackmannanshire Tenants' and Residents' Federation and Sauchie Community Council. The annual SHIP was most recently approved at Council on 4 November 2010.
- 3.3. As set out at paragraph 3.4 of the June paper the Council has maintained a dialogue with the Tenants and Residents Federation on shared priorities. Subsequent discussions have taken place on emerging Local Housing Strategy themes and outcomes within the new Scottish Social Housing Charter. It remains the position that new affordable housing is regarded as welcome and necessary, so long as this does not affect tenant investment priorities.
- 3.4. The Council's bid to the Innovation and Investment Fund set out our broad objectives for the site, providing a service centred upon the prevention and alleviation of homelessness. This is particularly important given the new statutory duty to assess and potentially provide housing support needs for people who are homeless, or threatened with homelessness, as contained in the Housing (Scotland) Act 2010 (s.158, inserted as s.32B in the Housing (Scotland) Act 1987).
- 3.5. The proposal aims to provide an innovative model of housing with support to help deliver the Council's wider objectives to;
- reduce homelessness by taking preventative action,
 - assess housing need and ensure appropriate support is available to vulnerable people,
 - increase housing opportunities,
 - tackle poverty and help people to maximise their incomes and avoid debt.
- 3.6. In 2003, the organisation "Crisis" looked in detail at the financial costs involved in a failed tenancy in their report '*How Many, How Much?*' and calculated the cost of failed tenancies for a series of case studies. Their 'hard cost' figures included such items as loss of rental income, eviction costs and solicitor's fees. A typical case study showed that the local authority/housing provider lost an average of £15,500 for a failed tenancy, with these 'hard cost' figures ranging from £3,000 to £28,500, depending on the scenario.
- 3.7. This research identifies the monetary cost of failed tenancies. For homeless people this further impacts on a range of Council priorities including criminal justice, health, social policy and educational attainment. However there is also the human cost to consider. A failed tenancy affects the self esteem and potential life outcomes of not only the tenant but the whole household.
- 3.8. Our successful bid is therefore for new Council housing on the site, but clearly focused on the importance of assisting those who have an assessed need for support. Consideration will be given to use of a Short Scottish Secure Tenancy, a probationary tenancy that can be offered, combined with an

essential housing support element (Sections 34, 35 and Schedule 6 of the Housing (Scotland) Act 2001).

- 3.9. Progress to date has been led by Ochil View, who were developing the project through the previous Housing Association Grant funding regime. This included:-
- Planning approval for the development on 3 September 2009,
 - Building warrant attained in 2010,
 - A well advanced valuation and conveyancing process, with an agreed valuation ,
 - Site Specification and design.
- 3.10. The project comprises 25 units in 2 blocks comprising 10 x 1 bed and 15 x 2 bed units including one for wheelchair use, and an associated office/ancillary unit for concierge service and assessment or support capacity.
- 3.11. Negotiations between the Council and FV College, through a process involving the District Valuer, established an agreed sale price of £217,500.
- 3.12. It is proposed to make best use of the work conducted by Ochil View. In good faith and in partnership with the Council's Homeless Service, Ochil View, until changes to the Affordable Housing Investment Programme in 2010, had achieved Planning Permission and Building Warrant. In the interests of best value it makes sense where feasible to endorse design and specification work to date which will avoid abortive or duplicative work. It is proposed therefore to pay Ochil View for legitimate costs incurred to date and to consider novating the Design Team from Ochil View to Clackmannanshire Council. This will enable design work to be assigned to the Council and therefore tendering and project management work to be taken forward by Facilities Management.
- 3.13. Good practice visits to Fife and Aberdeen confirm that a facility which combines support, health and employability services should be in our service design once the project is approved. It is envisaged that the project will have the capacity to be of benefit to clients referred from a range of partners including Housing and Social Policy. The demographic profile of traditional Council tenants is gradually changing with significant numbers of younger households, including large demands from young single vulnerable applicants with support needs.
- 3.14. On a more complex related issue for housing applicants, there is a particular additional issue for service users centred upon changes to the Housing Benefit rules which include reductions for long term unemployed, non-dependent reductions and single room rent benchmarks for those aged under 35. We would propose that an increase in opportunities for affordable single person and shared accommodation will anticipate the needs of some of these changes.

4.0 Financial Considerations

- 4.1. The total project costs as submitted to the Scottish Government are based upon reliable estimates of expected build costs and agreed fee levels. Land and construction costs will be around £2.094m with fees and other expenses at £372K. The total cost therefore in the bid is £2.466m though tender returns may reduce that figure.
- 4.2. The contribution from the Homeless Strategy Budget, including carry forward from 2010/11, will take the total General Fund contribution to £389,377. This is in line with the apportionment initially agreed with Ochil View between residential housing costs for the 25 units, and other costs such as the ancillary facility and additional security measures on site.
- 4.3. After deduction of the £750K Government Grant the remainder of the cost of the project will be met through the Housing Revenue Account (HRA) and the property will be owned and managed by the HRA. New Build also increases the financial valuation of the stock and helps to offset depreciation costs.
- 4.4. It is proposed that the cost to the HRA can be met from the earmarked reserves resulting from our internal trading partnership between housing and PCU (SIMCO reserves). Since 2007/08 half of all savings on the HRA Repair and Maintenance budget have been held in reserve to support the HRA Business Plan and currently that fund totals £1.005m with this year's allowance to be included. The remainder, approximately £322K, will be met from savings in the capital programme as outlined in the report to Council of 3 November 2011 "Central Heating: Fuel Switching Strategy."
- 4.5. In summary the total costs of £2.466m will be met as follows:

	£000s
Government Grant	750
General Fund	389
SIMCO HR Reserve	1.005
HRA Capital	<u>322</u>
	<u>2.466</u>

- 4.6. The Hallpark project will be an addition to the housing and homeless prevention portfolio and extend the choice for vulnerable people locally. It centres upon providing support to those households who need it. The project would operate to enable households to complete personal housing plans, obtain housing options advice and ultimately obtain a full Scottish Social Tenancy, following a period of appropriate support. The cost of failed tenancies outlined above affects not only the Council landlord function, but also affects the delivery of social care services, education, health services and employment services. If even a proportion of the 25 units each year prevent this loss then the gross savings associated could be widespread and significant.
- 4.7. The financial provision of a broader range of supported accommodation for vulnerable people is aimed at avoiding more expensive and far less effective provision such as Bed and Breakfast (B&B). The financial impact of B&B is tied to Housing Benefit subsidy rules where the Council is permitted to retain just over 20% of benefit, or typically a cost of around £14,500 per annum per person. The direct cost to the Council therefore in B&B lost subsidy in

2010/11 was £614,809. The initial CIPFA report on Hallpark confirmed that a project of this nature will impact on reducing this cost.

5.0 Sustainability Implications

- 5.1. The projects contained herein are consistent with Council policy on maximising development on brownfield sites.

6.0 Resource Implications

6.1. *Financial Details*

- 6.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes ☒

- 6.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes ☒

6.4. *Staffing*

The delivery of the Project will be in line with Phase 1 Council new build where the lead will transfer to Facilities Management's Major Capital Works service, using existing resources.

Part of the Tender and Procurement discussions from here will include the Agency Services negotiated with Ochil View Housing Association's design team which to date has led the project as developer.

7.0 Exempt Reports

- 7.1. Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

8.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities 2008 - 2011** (Please double click on the check box ☒)

The area has a positive image and attracts people and businesses	<input checked="" type="checkbox"/>
Our communities are more cohesive and inclusive	<input checked="" type="checkbox"/>
People are better skilled, trained and ready for learning and employment	<input checked="" type="checkbox"/>
Our communities are safer	<input type="checkbox"/>
Vulnerable people and families are supported	<input checked="" type="checkbox"/>
Substance misuse and its effects are reduced	<input checked="" type="checkbox"/>
Health is improving and health inequalities are reducing	<input checked="" type="checkbox"/>
The environment is protected and enhanced for all	<input checked="" type="checkbox"/>

The Council is effective, efficient and recognised for excellence

☐

(2) Council Policies (Please detail)

Local Plan Policy Res 5 Affordable and Particular Needs Housing

9.0 Equalities Impact

9.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes ☐ No ☒

10.0 Legality

10.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☒

11.0 Appendices

11.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

None

12.0 Background Papers

12.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☒ (please list the documents below) No ☐

Report to Council on 30 June 2011.


Innovation and Investment Bid Document 2011/12.

Report to Council on 18th December 2008.

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