

Jarnac Court Dalkeith – Homeless Accommodation

Report by Kevin Anderson, Executive Director - Place

1 Purpose of Report

This report provides further information on proposals to use the two upper floors at Jarnac Court Dalkeith to provide emergency homeless accommodation. It also seeks members views on which of three Options should now be progressed.

2 Background

- 2.1 In November, 2018, Midlothian Council agreed that the upper floor offices at Jarnac Court could be refurbished and utilised for emergency homeless accommodation. The Report highlighted that there were a number of benefits that this project would bring:
- Supported a reduction in the use of bed and breakfast accommodation for homeless households.
 - Provided a saving to the General Fund as a result of reduced expenditure on bed and breakfast accommodation.
 - Making best use of office accommodation which was no longer required and may otherwise sit empty.
- 2.2 Midlothian Council's Construction and Design Team estimated the cost of works in connection with refurbishing the building as £443,000. However during 2019 it became apparent that repairs were required to the exterior of the building that had not been considered as part of the refurbishment works to the building. In August 2019, Cabinet agreed to an additional expenditure of £93,000 in order that the external repairs could be carried out in addition to the refurbishment works.
- 2.3 In September 2019 an external consultant team was appointed to project manage, develop the design and provide detailed costing for the proposed works. Their assessment of the total cost of works was that the project could not be met within the existing budget. This is partly due to revised planning and building standards conditions which had not been anticipated during the initial cost estimate. As there is a change of use from commercial to residential, building standards apply as if the building was being built as new.

Key elements which significantly increase the cost include:

- Provision of acoustic windows to the South Street Elevation.
- Provision of escape windows to the 1st floor and amending the sill height of windows to meet with building standards in terms of fire safety and to provide a raised floor to facilitate the drainage on the first floor and obviate the requirement to undertake works in the shops not in Council ownership.
- Insulation to improve the energy efficiency of the second floor of the building.
- Odour management from the adjoining Café.
- Odour management from the adjoining Nail Bar.
- Works to re- decorate the exterior of the building following repair to the external fabric of the building.

2.4 In total approximately £60,000 has been spent on this project on consultancy, design and survey fees. However, whether or not the accommodation project goes ahead expenditure would still have been required on fees in relation to the required external repairs and reconfiguring the existing building.

2.5 It is estimated that these additional identified works can be completed by September 2020. However, due to the unforeseen costs the project does not have governance until agreement has been reached about how it should be progressed. The following three options are being presented for consideration:

Option A

Original plan for full refurbishment of both Upper Floors of the Building – cost estimated at £1.15m

The external repairs are carried out and upper two floors of the building are fully refurbished despite the additional expenditure involved which provides 22 units for temporary accommodation. The building is used for at least 5 years which would generate a saving in to General Fund expenditure on bed and breakfast costs of £0.866m during this period.

Option B

Alternative proposal to provide Temporary Accommodation only on the 1st Floor of the Building – cost estimated at £0.627m

The external repairs are carried out and the first floor would be refurbished to provide 15 units on one floor only. This is a substantially less expensive option due to works only being required to one floor. The upper floor would be utilised as office space for housing support staff as well as providing space for storage. Staffing costs would reduce from £0.257m to £0.180m as a result of the reduced number of households who would stay in the building. There would be a saving to the General Fund expenditure on bed and breakfast costs of £0.590m during 5 years of the building being in operation.

Option C

Do not progress with the use of Jarnac Court for emergency homeless accommodation

3 Report Implications

3.1 Resource

Consultancy, design and survey fees have been paid by the Housing Revenue Account. Further works would be funded by the Council's Housing Revenue Account. Provision of funding for the development of additional temporary accommodation was approved by Council in February 2018 as part of proposals set out in the Housing Revenue Account – Rent Setting Strategy 2019/20 – 2021/22 Report.

Non-domestic rates of £22,124 are payable for this building as office accommodation. If the building is converted into emergency accommodation there would still be a requirement to pay non-domestic rates but would be paid by the Housing Revenue Account.

3.2 Risk

Given the age of the building there is a risk of further unforeseen costs. This could include works to address asbestos if discovered or additional repairs required as works are being undertaken. There is a limited contingency within the budget to address some additional expenditure.

Jarnac Court is one of several projects identified as supporting Midlothian Council's Rapid Rehousing Transition Plan specifically in relation to reducing the use of bed and breakfast accommodation, and not progressing with the use of this building mean an unachieved £0.300m reduction in expenditure on bed and breakfast accommodation that is proposed for 2020/21 onwards.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report are:

- ☒ Community safety
- ☒ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☒ Business transformation and Best Value
- ☐ None of the above

3.4 Key Priorities within the Single Midlothian Plan

Midlothian Council and its Community Planning Partners have made a commitment to treat the following areas as key priorities under the Single Midlothian Plan:

- Reducing inequalities in the health of our population
- Reducing inequalities in the outcomes of learning in our population
- Reducing inequalities in the economic circumstances of our population

The themes addressed in this report impact on the delivery of the Single Midlothian Plan outcome particularly in terms of priorities in

relation to the delivery of affordable housing, homelessness and health and social care outcomes.

3.5 Impact on Performance and Outcomes

The redevelopment of Jarnac Court for the provision of Homeless accommodation not only impacts positively on the Councils need to provide such accommodation, but also reduces the financial cost that such provision makes on the General Fund whilst also removing the burden of business rates security costs and essential maintenance costs from the General Fund with immediate effect.

3.6 Adopting a Preventative Approach

Provision of increased supported accommodation ensures that homeless households are accommodated in higher quality and more appropriate accommodation than bed and breakfast provision. Addressing the needs of homeless clients will assist in moving the balance of services and resources into preventing the need for longer term or crisis support

3.7 Involving Communities and Other Stakeholders

Internal consultation has taken place with Finance, Planning Environmental Health and Building Control services. A consultation exercise has been carried out in full as shown in Appendix 1 to this Report.

3.8 Ensuring Equalities

An Equality Impact Assessment has not been undertaken in regard to this specific report. However, the development of the Local Housing Strategy has taken account of the needs of equality groups in relation to homelessness.

3.9 Supporting Sustainable Development

The proposed use of Jarnac Court upper floor for Homeless Accommodation during at least the next 5 years reduces the financial burden on the Council; and ensures that effective use of a soon to be vacant building is ensured resulting in a sustainable use of Council assets. This is achieved whilst not precluding the potential to redevelop the town centre to provide further permanent affordable accommodation including

3.10 IT Issues

The provision of management accommodation with the proposed residential Homeless unit will require ongoing IT connectivity. CCTV would be installed in the building, which is the same arrangement for most Council HMOs used for temporary accommodation.

4 Recommendations

It is recommended that Council agree to progress with Option B identified in Section 2.4 of the Report as this provides additional accommodation without a significantly higher additional burden on the Housing Revenue Account.

Date 25th November 2019

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Background Papers:

**Report to Council – Jarnac Court Dalkeith – Proposed Homeless
Accommodation, November 2018**

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Title of Report: Jarnac Court Dalkeith – Homeless Accommodation

Meeting Presented to: Midlothian Council

Author of Report: Stephen Clark

I confirm that I have undertaken the following actions before submitting this report to the Council Secretariat (Check boxes to confirm):-

- x All resource implications have been addressed. Any financial and HR implications have been approved by the Head of Finance and Integrated Service Support.*
- x All risk implications have been addressed.*
- x All other report implications have been addressed.*
- x My Director has endorsed the report for submission to the Council Secretariat.*

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Likewise, please advise the Council Secretariat if any report for Midlothian Council has an education interest. The Religious Representatives are currently entitled to attend meetings of the Council in a non-voting observer capacity, but with the right to speak (but not vote) on any education matter under consideration, subject always to observing the authority of the Chair.