

Homelessness Update**Report by Kevin Anderson, Executive Director - Place****Report for Decision****1 Purpose of Report/Executive Summary**

This report provides information for consideration in respect of: the potential repurposing of the former Loanhead Police Station site from its intended original use; and the expected lifespan for the continued use of the shared supported temporary accommodation service provided at Pentland House, Penicuik.

2 Recommendations

Council is recommended to:

- (a) Approve the commissioning of a feasibility report for an affordable new house build development at the former Loanhead Police Station; or
- (b) Approve the option for disposal; and
- (c) Note the requirement for the continued use of the temporary shared supported accommodation based at Pentland House and the proposal to develop a future Decommissioning Strategy of this property as part of Midlothian Council's the Rapid Rehousing Transition Plan.

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3 Former Loanhead Police Station

Background

At a time when the Council needs to make savings, it is appropriate to seek to maximise the use of existing assets and also reduce council spending on the homeless budget while withdrawing from Bed & Breakfast provision to an improved and supportive environment for homeless households in re-provisioned temporary accommodation.

In May 2019 Midlothian Council approved plans to purchase and convert the former Loanhead Police Station building for use as temporary accommodation for 7 homeless service users with no or low support needs. The additional 7 temporary accommodation units are estimated to provide an annual saving for the General Fund of £55,091 per annum as 7 less bed spaces in bed and breakfast accommodation would be required.

This project was scheduled for completion in May 2021.
The site location and layout is provided at Appendix 1.

This report provides further information for consideration in respect of the potential repurposing of this site from its intended original use. It is indicative in the potential options including a new build flatted development in place of the existing building. However, a detailed feasibility study, with design team involvement and discussions with planning representatives, is necessary to fully report on an evidenced basis what is achievable.

Potential Options

Conversion to 7 units in the original proposal.

As reported to the Council meeting held on 25th August 2020, the estimated cost of works in connection with refurbishing the building have significantly increased from the estimate approved by Councillors in May 2019. In overview, the original budget costs were based on a cost per m2 basis which was appropriate at the time given the early stage of the project and the outline nature of the designs, whilst the current Cost Plan more fully represents the overall development costs. The revised cost of refurbishment amounts to £671,428. Key elements which have significantly increased the cost include:

- Thermal and acoustic improvements to meet statutory requirements.
- Sprinkler installation to satisfy the Council's policy.
- Additional survey to existing building and allowance for structural alterations and repairs arising, particularly with regard to chimney demolitions.
- Provisional allowance for upgrading existing mains utilities to suit change of use.
- Relocating the CCTV hub.

Extension with additional units

The site is restricted, being approximately 32m long and 23m deep at its widest point/20m deep at its narrowest point. As depicted in Appendix B. Main roads are on two of the site boundaries, a garage access to the rear boundary and property immediately adjacent to the remaining boundary. Given these limitations, the site is challenging to build extra capacity to the existing building given the space restrictions.

New Build

As indicated above, the site is restricted which will have an impact on development opportunities. Given these limitations, the site is challenging and this will increase the cost of any redevelopment.

Midlothian Council's Construction and Design Team has undertaken an initial assessment to establish the maximum potential capacity for the site and new build options are presented below.

As the existing building is 2 storeys, it is anticipated that a similar height for new development would offer the most likely positive planning outcome. However, this would restrict development to 4 flats which would be uneconomic. Consequently, a 3 storey new build option has been explored, but will be subject to Planning considerations. This has resulted in a 6 flat unit which would retain aesthetics similar to the existing building, and a 7 flat unit which is the likely maximum development opportunity the site can offer

It is likely the new build flat configurations would be either 6 flats or 7 flats (1 double bedroom, 2 person) and these have been used for the comparison exercise. Based on this, an initial assessment has been carried out with Consultants to review this which is provided below. This compares the following indicative floor areas:

1. Refurbishment of existing building into 7 flats	265m2 Gross
Internal Floor Area	
2. Potential 6 flat new build	378m2 Gross Internal
Floor Area	
3. Potential 7 flat new build	430m2 Gross Internal
Floor Area	

The reason for the non-correlation of floor area per flat between new build and refurbishment is because the refurbishment solution would have smaller accommodation than current housing specification guidelines given it is restricted to the existing building dimensions. Any new build would however need to be constructed to current housing specification guidelines – generally indicating around 52m2 per 1 bedroom 2 person flat, plus allowances for stairwells and circulation.

The initial total development cost estimates for the new build options, compared to the current refurbishment proposal, are provided below. The total

cost for the new build options assumes Midlothian Council will receive grant subsidy from the Scottish Government of £57,000 per unit. The Scottish Government's Better Homes Division will be consulted subject to any decision to proceed with a new build house option.

Development Options

	7 Bed Refurbishment	6 Bed New build	7 Bed New build
Development Cost			
Purchase Price	210,000	210,000	210,000
Demo/Site Clearance	0	80,000	80,000
Construction/Fees	671,428	1,138,085	1,260,285
SubTotal	881,428	1,428,085	1,550,285
Deduct: Govt Subsidy	0	-342,000	-399,000
Total Cost	881,428	1,086,085	1,151,285
Cost Per m2	3,326	2,873	2,677
Cost Per Unit	125,918	181,014	164,469

The remaining option is to dispose of the building without undertaking any improvement works. Whilst no active market analysis has been undertaken it is anticipated that the building would realise in order of the original purchase price of £210,000, minus marketing costs of circa £8,000.

It is emphasised that, at this initial stage, further research and development is required to establish whether a new build development is achievable, including the number of units produced. This will require the services of a design team to develop a robust potential accommodation solution, review desk top ground condition information, utilities and planning conditions/requirements.

In order to assess the above in more detail an instruction to carry out a detailed feasibility would be required. Indicative programme for feasibility would be 6-10 weeks to allow a design team to be appointed, undertake a desk top study, to make an initial non-intrusive assessment of ground risk, develop design proposals, broker preliminary discussions with planning colleagues to understand in principle capacity, parking provision etc.

The cost for the feasibility study is estimated to be £10,000 - £15,000. Should intrusive investigations on the site around the existing building be deemed necessary a related cost and time implication would also need to be added.

4 Pentland House

Background

At the Council meeting held on 25th August 2020, Councillors requested a report for consideration in relation to the expected lifespan for the continued use of the shared supported temporary accommodation service provided at Pentland House, Penicuik.

Pentland House is located opposite the supermarket on Edinburgh Road, Penicuik. This council owned building closed in September 2013 as a sheltered housing service and was replaced by Cowan Court Extra Care Housing development.

Pentland House provides accommodation for 43 mainly single homeless clients and some couples. Residents have their own bedrooms and share kitchen, bathroom facilities and communal living facilities. The accommodation includes 3 stand-by rooms that can be accessed out of normal office hours for an emergency homeless response.

The terms of the HMO licence restricts client criteria of those permitted to reside in the accommodation which was informed by community consultation undertaken in 2014. Accordingly, the service is designated a low support service.

Pentland House is the largest service in terms of accommodation capacity within the Council's shared supported accommodation portfolio, representing 37% of total room spaces available across Midlothian. The next largest service is Polton Centre with 15 rooms.

Cabinet approved the repurposing of the building and programme of refurbishment works in November 2014. This site can be used for new build council housing construction once the existing building has reached the end of its serviceable life.

Financial modelling undertaken in 2014 recommended that operating Pentland House as a shared temporary accommodation service was affordable within the Housing Revenue Account's Capital Plan over its initial anticipated lifespan of 10 years and this continues to be the case.

Extensive renovation works and improvements were undertaken in 2015 in order to meet HMO requirements. The property remains in a good condition, both internally and externally, and will not require significant investment within the intended lifespan of 10 years. One exception may be replacement of defective UPVC window units which will be undertaken on an adhoc basis as required.

The shared supported temporary accommodation service has been operational since November 2017 and has been effectively utilised. The occupancy rate is 100%, with an average of 3 rooms allocated per week.

To date, the service has successfully achieved its key objectives which were: to significantly reduce (50%) Midlothian Council's use of Bed and Breakfast accommodation from an average of 82 spaces (the fifth highest level of bed

and breakfast use in Scotland in 2014); delivering significant consequential cost savings per annum as a result of the reduction in Bed and Breakfast use; and providing good quality and well managed accommodation with tailored support to clients.

Scope of Services Provided

An external contracted provider co-ordinates and delivers the accommodation and support services with staff cover provided 24 hours, 365 days. The service was re-tendered in 2019 resulting in cost savings of £742,529 to Midlothian Council. The contract period is from 1st April 2020 to 31st March 2023.

Key objectives of the Pentland House service are:

- To ensure that the accommodation used for the service meet requirements in respect of all related legislation and in accordance with care standards regulated by the Care Inspectorate.
- Service users are supported to move into settled accommodation as soon as possible, spending no longer than is necessary in temporary accommodation.
- To enable service users to gain independent living skills and the confidence to successfully maintain their own tenancy.
- To provide comprehensive housing options advice helping each individual to move on from temporary accommodation and secure alternative permanent accommodation.
- To ensure all service users, as part of their support plan, have a programme of structured and meaningful activities.
- Deliver Midlothian Council's out of hours emergency homeless service.

Accessing quality, well managed temporary accommodation is a key element of Midlothian Council's Rapid Rehousing Transition Plan 2019-2024 and that time spent in temporary accommodation is a positive move away from crisis. Service quality and outcomes for households are regularly monitored by a senior member of the Housing Services Team in accordance within the contract monitoring arrangements. This identifies good practice in terms of partnership working with Health and Social Care services, good support planning and outcomes for residents and high levels of satisfaction from service users. The Care Inspectorate inspected the service in November 2017 and provided a strong assurance regarding both the quality of the management and support services provided.

Legislative and Policy Context

The Scottish Government, Homelessness and Rough Sleeping Action Group (HARSAG) published its final report in June 2018. This report made wide-ranging recommendations to address homelessness in Scotland including that

homeless households should be rapidly resettled in a permanent housing solution and temporary accommodation should only be used as a stop-gap.

It is proposed that a phased decommissioning strategy will include the 8 shared supported accommodation properties dispersed across Midlothian in its scope, including Pentland House, and will be developed as part of next year's annual update of the Council's Rapid Rehousing Transition Plan due in June 2021. This strategy will prioritise the retention, and potential reconfiguration of the existing smaller-scale shared supported accommodation services which is aligned to the HARSAG recommendations. It is anticipated this will be achieved by a combination of enhanced prevention activities and expanding the range housing options for homeless households. As previously reported, there are a number of new and ambitious initiatives included in Midlothian Council's Rapid Rehousing Transition Plan 2019-24 to maximise access to the private rented housing, develop Housing First and sharing services, running alongside the revised Housing Allocation Policy which will provide quicker permanent housing outcomes for homeless applicants, thus reducing the time spent in temporary accommodation.

Decommissioning the use of Pentland House will be challenging in the scale of the service and the current shortage of affordable housing solutions for single and couple households to meet the demand for those experiencing homelessness. Re-provisioning of alternative accommodation models will be addressed during the lifespan of the present building and the RRTP Review.

Single homeless households and couples make up the largest group of homeless applicants with 60% of total homeless applicants received per annum. This equates to an average of 305 households since 2017/18.

While Midlothian Council already has a range of temporary properties in council owned, housing association owned and Private Sector leased accommodation, there are restricted options for young single households and couples and the use of shared supported temporary accommodation with less shared facilities in HMO is the most suitable option for many homeless households. Consequently, this pressure is likely to continue and the Council will continue to make use of the shared supported temporary accommodation services across Midlothian.

A critical priority identified in the Rapid Rehousing Transition Plan is that Midlothian Council complies with the Homeless Persons (Unsuitable Accommodation) (Scotland) Amendment Order 2020. The changes introduced by the Homeless Persons (Unsuitable Accommodation) (Scotland) Amendment Order 2020 mean that local authorities must not place any household experiencing homelessness in accommodation deemed unsuitable for more than 7 days. A range of alternative models of temporary accommodation have been recently introduced to ensure the use of Bed and Breakfast accommodation is ended by the end of October 2020, well in advance of the Order coming into force on 31st January 2021. This will represent a significant achievement for the Homelessness Service and improve outcomes for homeless households. It will not be possible to maintain and sustain compliance with this legislative duty without using the

existing portfolio of shared supported accommodation, including Pentland House.

Given the above, it is anticipated the lifespan of the Pentland House shared temporary accommodation service may run beyond the timeline of the current Rapid Rehousing Transition Plan 2019-24, as initially intended when commissioning the service, and further information will be provided for consideration as part of the Rapid Rehousing Transition Plan annual update in June 2021.

4 Report Implications (Resource, Digital and Risk)

4.1 Resource

Initial cost estimates for a smaller-scale new build housing development at the former Loanhead Police Station are provided for consideration.

Financial modelling undertaken in 2014 recommended that operating Pentland House as a shared temporary accommodation service is affordable within the Housing Revenue Account's Capital Plan.

4.2 Digital

None.

4.3 Risk

The former Loanhead Police Station is a key project identified as supporting the RRTP and meeting the future housing needs of homeless households. If it is agreed to repurpose the site for new housing development, it is proposed a Local Lettings Initiative is adopted that will prioritise homeless households, subject to approval by Councillors.

4.4 Ensuring Equalities (if required a separate IIA must be completed)

The content of the RRTP was considered under the Council's Integral Impact Assessment process.

4.4 Additional Report Implications

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Ending the use of Bed and Breakfast emergency accommodation and the ongoing provision of shared supported temporary accommodation will improve the quality of life for homeless households and reduce the gap in health outcomes.

A.2 Key Drivers for Change

Key drivers addressed in this report:

- ☐ Holistic Working
- ☐ Hub and Spoke
- ☐ Modern
- ☐ **Sustainable**
- ☐ **Transformational**
- ☒ **Preventative**
- ☐ Asset-based
- ☐ Continuous Improvement
- ☐ One size fits one
- ☐ None of the above

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

- ☐ One Council Working with you, for you
- ☒ Preventative and Sustainable
- ☐ Efficient and Modern
- ☐ Innovative and Ambitious
- ☐ None of the above

A.4 Delivering Best Value

Outline costings have been presented in respect of repurposing the use of the former Loanhead Police Station site for consideration.

The proposed continued use of Pentland House and other shared supported accommodation services for the next 5 years reduces the financial burden on the Council in respect of significantly reduced spend on bed and breakfast placements.

A.5 Involving Communities and Other Stakeholders

Internal consultation has taken place with Design and Construction, Finance and Planning services. A community consultation exercise will be held when the preferred use of the former Loanhead Police Station is approved.

A.6 Impact on Performance and Outcomes

The RRTP sets out an ambitious plan to transform services provided to homeless households in Midlothian, subject to annual review by Council and Scottish Government.

A.7 Adopting a Preventative Approach

Provision of shared supported temporary accommodation ensures that homeless households are accommodated in higher quality and more appropriate accommodation. 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

A.8 Supporting Sustainable Development

The proposed ongoing use of Pentland House and other shared supported temporary accommodation services represents a sustainable use of Council assets.

APPENDIX B – Former Loanhead Police Station site location

